The Key Elements of Advocacy Marketing

by

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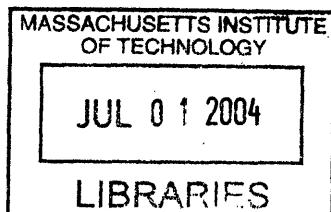## Massachusetts Institute of Technology

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ABSTRACT

Customer power is growing, and customers now have tools that inform them of the true state of affairs. This power enables them to avoid the pushy messages of marketers, make their own decisions, and determine what to buy. A company advocates for its customers and earns their trust. It may not be a strategy for everyone, but innovative companies are following this path. The marketing paradigm is shifting from traditional push-based marketing to trust-based advocacy marketing.

This research identifies and summarizes the key elements needed to create customer advocacy. It considers the following research questions: What are the key elements to creating customer advocacy? What means or types are there in each key element? Which elements are influential on advocacy marketing in each company and industry?

The author sent out requests for interviews to many firms and received affirmative replies from about thirty.

Based on the data gathered by the author, twelve new key elements were identified, and several means for realizing these elements, which can be distilled in several ways. These key elements and means are effective for firms in a variety of industries and categories.

In addition, the author introduces a new framework which can effectively identify a firm's position in terms of two dimensions: push and trust. This framework is useful for confirming differences between competitors and validating corporate strategies for building and maintaining competitive advantage.

Few firms can afford to ignore advocacy marketing as a marketing strategy. Advocacy marketing is associated not only with customer marketing, but also with overall corporate strategy.

This research will focus on enriching practical knowledge for the real world, and be a useful reference when a company launches its advocacy marketing campaigns.

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ACKNOWLEDGEMENTS

CHAPTER 1   Introduction and Thesis Objective

1.1. Background

Traditionally, companies have relied on push marketing to sell their products and services. The 1990s witnessed a major shift in marketing theory and practice, with greater emphasis on the cooperative aspects of business. Leading companies also have taken a proactive stance on relationship marketing. Most managers agree that close cooperative relationships between business partners yield benefits to all parties. A firm's relationships with its key business partners are an important part of strategy and competitive advantage.

Recently, thanks to the Internet, people can easily access tremendous amounts of information and, as a result, become educated customers. This increase of customer power has caused marketers to lose their effectiveness. In response, innovative companies are shifting to a different approach, trust-based marketing. They give customers transparent information and participate in trust-building activities with them. If companies advocate for their customers, the customers will, in turn, trust and advocate for the company. This is a mutual close partnership between customers and companies. Even if a company sets higher prices for its products and services, customer advocates are generally willing to pay for what they perceive to be extra value. Once customers become advocates, the company can reduce its costs for selling products and services and spend more on creating new customers. They are willing to transfer products and services by word-of-mouth.

Advocacy is a major step forward in the evolving relationship between companies and their customers. The foundation of an advocacy approach is total quality management (TQM), specifically as it relates to quality products and satisfied customers (see Figure 1 "The

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Advocacy Pyramid). Customer advocacy is further supported by relationship marketing. Advocacy strategies have emerged in a range of industries, including the financial, automotive, industrial, and high-tech sectors (Urban 2004).

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               / Advocacy  \
              /─────────────\
             /               \
            / Relationship     \
           /  Marketing         \
          /─────────────────────-\
         /          │             \
        / Total Quality│ Customer   \
       /  Management  │ Satisfaction \
      /   (TQM)       │               \
     /───────────────┴────────────────\
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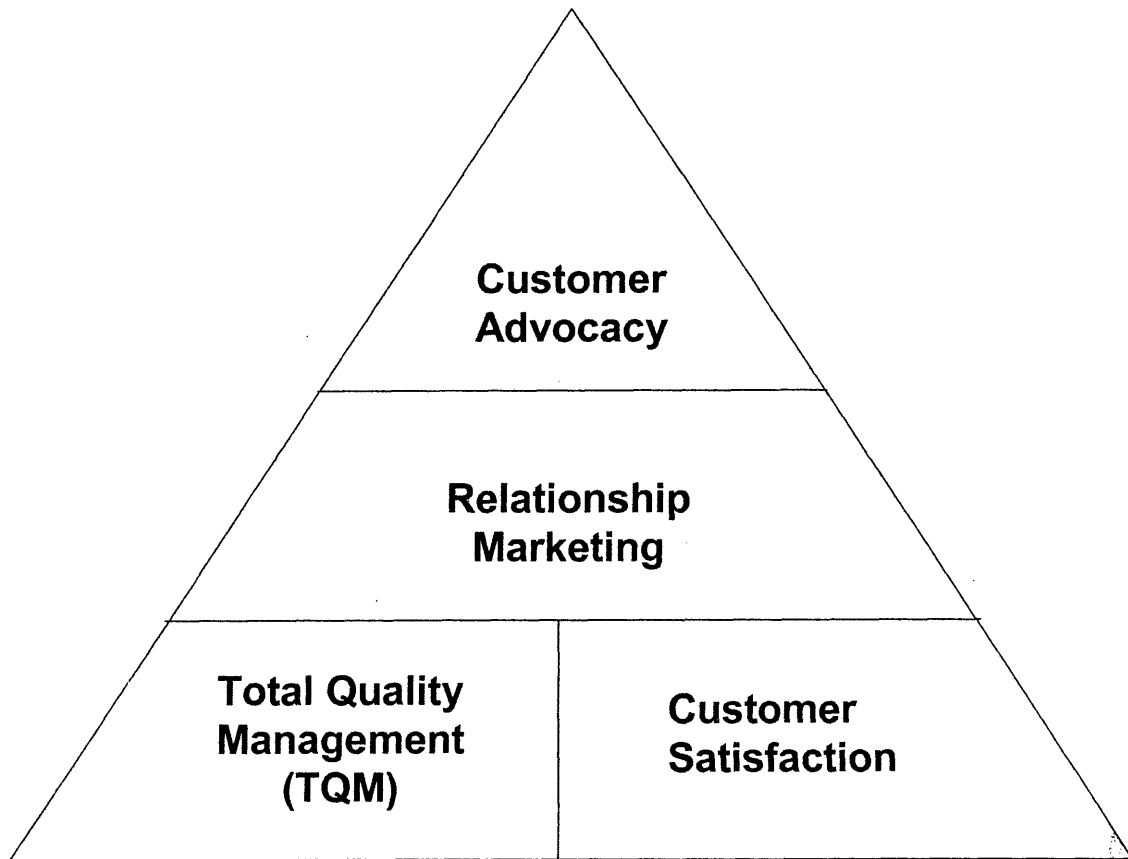
Source: Urban 2004

Figure 1 "The Advocacy Pyramid"

1.2. Objective

The objective of this thesis is to identify the key elements of advocacy marketing and to summarize that information in a form that will be useful to the business world. It is important to summarize the key elements when firms execute effective advocacy marketing. There are a

variety of elements that are key to creating good customer advocacy. The importance of the key elements is different in each company and industry.

In order to identify and categorize the key elements, I conducted interviews and sent questionnaires to a number of companies in a variety of industries: automobiles, transportation, travel, auctions, electronics manufacturer, telecommunications, toilet manufacturer, fast food, retailing, device maker, IT, and education.

I introduced a new framework that can effectively identify a company's position in terms of two dimensions: push and trust. This framework is useful for defining, or establishing, or confirming differences with competitors. To confirm the effectiveness of the framework, it is applied to several companies that are introduced in the following chapter.

I used several processes to identify the key elements. The information obtained from the questionnaires returned from many companies makes clear the most effective means of achieving advocacy. Their responses identify concrete means and processes they have used to create customer advocacy, and I present a number of real examples. The specific means presented here are clues that tell when firms are trying to achieve a key element in advocacy marketing.

In addition, I also conducted a quantitative survey to determine the level of importance of customer advocacy in relation to the key elements, as well as the benefits gained, the environment best suited to achieving advocacy, and a variety of dimensions such as B2B and B2C.

Finally, this research summarizes the key elements and means needed to execute advocacy marketing, and then proposes an effective framework to enable each firm to identify its unique marketing position. I believe this will be a practical reference tool when a firm makes the decision to launch its own advocacy marketing program.

CHAPTER 2   Literature Review

2.1. Relationship Marketing

Customer advocacy is supported by relationship marketing, which helps companies learn enough about each customer to become that person's advocate (Urban 2004).

Relationship marketing (RM) has emerged in recent years as a topic of significant importance in both academic and practitioner discourse (Aijo 1996). It is concerned with consumer loyalty and suggests that retaining customers over their life compared with a transactional policy of marketing will contribute to enhanced profitability (Jackson 1985)

Relationship marketing has been one of the key developments of modern marketing science (Hennig-Thurau 2000) and has generated enormous research interest (Sheth 2000). Several leading scholars suggest that relationship marketing represents a paradigm shift in marketing approach and orientation (Kotler 1990, Webster 1992, Gronroos 1996a, Gronroos 1996b, Parvatiyar and Sheth 1997). This emphasis on relationships, as opposed to transaction-based exchanges, is very likely to redefine the domain of marketing and lead to a new general theory of marketing (Sheth, Gardener and Garrett 1988), as its fundamental axioms explain marketing practice better than other theories (Sheth and Parvatiyar 2000).

Generally speaking, in a relational economy it is possible to identify a variety of relations (Achrol and Kotler 1999). In this thesis, I focus primarily on relationships between companies and customers, which have always represented the essential aspect of relationship marketing (Möller and Halinen 2000).

Morgan and Hunt (1994) contend that the success of relationship marketing lies in the development and growth of trust and commitment among partners. Commitment and trust are key because they encourage marketers to (1) work at preserving relationship investments by cooperating with exchange partners, (2) resist attractive short-term alternatives in favor of the expected long-term benefits of staying with existing partners, and (3) view potentially high-risk actions as being prudent because of the belief that their partners will not act opportunistically. Therefore, they produce outcomes that promote efficiency, productivity, and effectiveness. In short, commitment and trust lead directly to cooperative behaviors that are conducive to relationship marketing success (Morgan and Hunt 1994). Trust is indeed a focal construct in the analysis of relationship marketing (Blois 1996, Kumar 1996, Doney and Cannon 1997).

2.2. Trust-based Marketing

Trust is generally viewed as an essential ingredient for successful relationships (Berry 1995; Dwyer, Schurr, and Oh 1987; Moorman, Deshpande, and Zaltman 1993; Morgan and Hunt 1994). Moorman, et al. (1993) define trust as "a willingness to rely on an exchange partner in whom one has confidence." They propose that an expectation of trustworthiness results from the ability to perform (expertise), reliability, and intentionality. Morgan and Hunt (1994) define trust as the perception of "confidence in the exchange partner's reliability and integrity."

Morgan and Hunt (1994) also found that trust leads to cooperative behaviors and to a decrease in uncertainty. Ganesan (1994) found that trust positively influences a retailer's long-term orientation toward a relationship, reflecting a perception that joint outcomes will

benefit both organizations in the long run. Thus, trust enhances perceptions that outcomes will be mutually beneficial for both partners. Likewise, Anderson and Narus (1990) argue that cooperative behaviors lead to outcomes that exceed what one partner could achieve if it acted alone and focused only on its interests. Trust, then, is expected to lead to cooperation.

The idea of a transactional/relational continuum also arose in theories and popular writings advocating the development of partnerships. Dwyer, Schurr, and Oh's (1987) adaptation of a marital relationship model to describe the development of exchange relationships is an influential source. A central idea in the theory of partnering implies that differences in trust and commitment are the features that most distinguish customer partners from customers with an orientation toward single or repeat transactions (Berry 1995; Webster 1992). Textbooks on personal selling (Weitz, Castleberry, and Tanner 1995) and retailing (Levy and Weitz 1995) differentiate relational partnerships from functional relationships on the basis of differences in trust and commitment to the other party.

However, there are various key elements of trust-based marketing in addition to partnership. The key to an advocacy strategy is that a company must become trustworthy in the eyes of its customers. Urban (2004) found that to achieve that, organizations should consider eight factors: transparency, quality of products and services, product comparison, alignment of incentives, partnering, cooperative design, supply chain, and comprehensiveness. My research focuses on identifying and clarifying new key elements and bringing out the means and processes to achieve these elements for practical utilization.

CHAPTER 3 Research Methodology

The goal of this research is to identify key elements of advocacy marketing and the various means and ways to achieve those elements. I conducted a qualitative survey and a quantitative survey focused primarily on managers of marketing or business planning.

3.1. Data Collection by Qualitative Survey

The qualitative survey was carried out by means of interviews based on a questionnaire aimed at marketing personnel (see Appendix A for an example of the questionnaire.) The first version of the qualitative survey was later refined through trial interviews with five marketing people who were selected randomly. Their feedback led to adjustments, such as modifying some questions to increase their clarity, deleting some, adding others.

I selected companies that take a proactive approach to trust-based marketing or are suitable for such marketing activities from a variety of industries and types such as B2B and B2C. I sent questionnaires to participants and conducted telephone interviews to receive in-depth perspectives and examples.

3.2. Data Collection by Quantitative Survey

The quantitative survey was created based on the trial interviews and the real interviews (see Appendix B for an example of the survey.) It was sent by e-mail to people who had participated in the qualitative survey. The contents of both the qualitative and quantitative surveys were prepared in English and in Japanese. The English version was used for U.S.-based firms and the Japanese version was for Japan-based firms.

The questions are separated to four categories: elements of Consumer Advocacy (CA), benefits of CA, environment around CA, and means of CA.

3.2.1. Elements of Customer Advocacy

This category identifies the key elements that are important for creating customer advocacy:

1. Transparency
2. Quality of products and services
3. Product comparison
4. Partnering
5. Cooperative design
6. Supply chain
7. Comprehensiveness
8. TQM
9. Organizational leadership

3.2.2. Benefits of Customer Advocacy

This category states the benefits that are obtained from customer advocacy:

1. CA is a key element of customer strategy.
2. CA will remain important as a key part of customer strategy.
3. CA contributes to the company's competitive advantage.
4. CA brings profit to the company.
5. Creating and sustaining CA is generally expensive
6. CA generally gets good results in the long term rather than the short term.
7. Trust-based marketing (CA) is generally cheaper than traditional push marketing.

3.2.3. Environment around Customer Advocacy

This category states the characteristics of a corporate environment that are conducive to addressing customer advocacy:

1. Current products are more suitable for creating CA than new ones.
2. A value-added product is needed to create CA.
3. Trust with customers is necessary to create CA.
4. It is easier to create CA in a niche market than in a general market.
5. Large companies are more suitable for a CA strategy than small ones.
6. Employee satisfaction is important for CA.
7. A company with a strong corporate philosophy is suitable for CA.
8. An exclusive marketing VP for CA is needed to implement CA.

3.2.4. Ways to Achieve Effective Customer Advocacy

This category suggests ways to achieve customer advocacy:

1. An Internet site for potential customers is effective in creating CA.
2. An Internet site for current customers is effective in creating CA.
3. E-mail marketing is effective for CA.
4. Real direct-mail is effective for CA.
5. One-to-one marketing is effective for CA.
6. Integrated marketing is effective for CA.
7. Word-of-mouth is effective for CA.
8. Distribution channels are effective for CA.
9. Customer data-mining is effective in creating CA.
10. Pre-sales activities are effective for CA.
11. Post-sales activities are effective for CA.
12. Brand image is important in creating CA.
13. High-tech products are better suited for CA.
14. Innovative products are better suited for CA.
15. Customer service is effective for CA.
16. Face-to-face activities are effective for CA.
17. Customer loyalty is necessary for CA.
18. Claims management is important in creating CA.

19. Punctual fulfillment is important in creating CA.

20. A Six-Sigma program as a corporate business activity is well-suited to creating CA.

3.3. Description of Research Sample

Basic information about the research sample is provided in Table 3-1. Companies in the final sample are well-distributed among different industries, between business-based firms and consumer-based firms, between US-based firms and Japan-based firms, and between direct-sales firms and distributors.

Company	Firm Base	B2B or B2C	%Direct sell	Interview
General Motors	U.S.	Consumer	Distribution	Yes
eBay	U.S.	Consumer	Direct	Yes
Travelocity	U.S.	Consumer	Direct	Yes
Expedia	U.S.	Consumer	Direct	Yes
Motorola	U.S.	Consumer	Distribution	No
Cisco Systems	U.S.	Business	Distribution	Yes
Agilent Technologies	U.S.	Business	Direct	No
General Electric	U.S.	Business	Direct	No
BEA	U.S.	Business	Distribution	Yes
CITI Bank	U.S.	Consumer	Direct	No
Apple computer	U.S.	Consumer	Distribution	Yes
Oracle	U.S.	Business	Distribution	Yes
Microsoft	U.S.	Business	Distribution	Yes
Toyota Motor	Japan	Consumer	Distribution	Yes
NTT DoCoMo	Japan	Consumer	Distribution	Yes
Vodaphone	Japan	Consumer	Distribution	Yes
NEC	Japan	Consumer	Distribution	Yes
Japan Airlines	Japan	Consumer	Distribution	Yes
Tabino maduguchi (Mytrip)	Japan	Consumer	Direct	Yes
Gunze	Japan	Consumer	Distribution	Yes
Benesse	Japan	Consumer	Direct	Yes
Kikkoman	Japan	Consumer	Distribution	Yes
Takeda Chemical Industries	Japan	Consumer	Distribution	Yes
MacDonald's Japan	Japan	Consumer	Direct	Yes
MOS FOOD SERVICES	Japan	Consumer	Direct	Yes
MK TAXI	Japan	Consumer	Direct	Yes
Snow Brand Milk Product	Japan	Consumer	Distribution	Yes
KYOCERA	Japan	Consumer	Distribution	No
Itoyokado (7-Eleven)	Japan	Consumer	Direct	Yes
TOTO	Japan	Business	Distribution	Yes
ROHM	Japan	Business	Direct	Yes
MABUCHI MOTOR	Japan	Business	Direct	Yes
TEPCO	Japan	Business	Direct	Yes

Source: Author, 2004

Table 3-1. Basic information about the research sample

CHAPTER 4   Push vs. Trust

4.1. Introduction

As trust-based marketing as become more important, a company must find a balance between push-based marketing and trust-based marketing. This balance depends on characteristics of the products, the industry, and the firm's corporate strategy.

In a push-based strategy, a company tries to lead customers to buy products and services. The goal is to maximize sales and profit through appealing promotional activities, and to strive to acquire further sales rather than pursue after-sales support to get customer satisfaction. Push marketing is suited to companies with commodity products and price-sensitive customers in markets where the companies do not have to build a valuable relationship with customers. The focus is on obtaining short-term benefits.

In contrast, trust-based marketing is well-suited to companies that sell the best products to educated customers. Such companies are eager to create a long-term relationship with their customers and to refine customers into advocates. Trust is useful for high-value products and services from which customers cannot easily get benefits. Through a trust-based strategy, companies maintain high customer retention and high sales volume with low marketing costs. Table 4-1 lists the characteristics that distinguish push-based marketing from trust-based marketing.

	Push Marketing	Trust Marketing
Product	Commodity	Best products
Price	Low	High
Promotion	High	Low
Customer	Price-sensitive	Value-sensitive and educated
Relationship	Short-term	Long-term
Marketing cost	High	Low
Revenue	Fluctuant	Stable

Source: Author, 2004

Table 4-1. Characteristics of Push Marketing vs. Trust Marketing

4.2. Framework

In the era following the start of trust-based marketing, I believe a good balance between Push and Trust will become important as a customer strategy, and traditional push marketing activities will shift to trust-based ones. However, it is not necessarily the case that full trust-based marketing is the best strategy. The balance depends on a corporate strategy balanced with the characteristics of the product and the industry.

I am here proposing a framework, the "Push-Trust Framework" (see Figure 4-1) which will help identify the position of balance between push and trust. This framework is useful for identifying a company's position in relation to its competitors, or for comparing the company's position relative to another company that pursues the same strategy. That is why advocacy marketing is correlated to corporate strategy. As I introduce each of the interviewed companies, introduced in Chapter 5, I will plot their position on the Push-Trust Framework.

Full Push Marketing	**One-to-one Marketing**	**Selective Advocacy Marketing**
Advertisement Direct mail Pricing	**CRM**	**Advocacy Marketing**
TQM CS	**Relationship Marketing**	**Full Trust Marketing**

Push (vertical axis), Trust (horizontal axis)
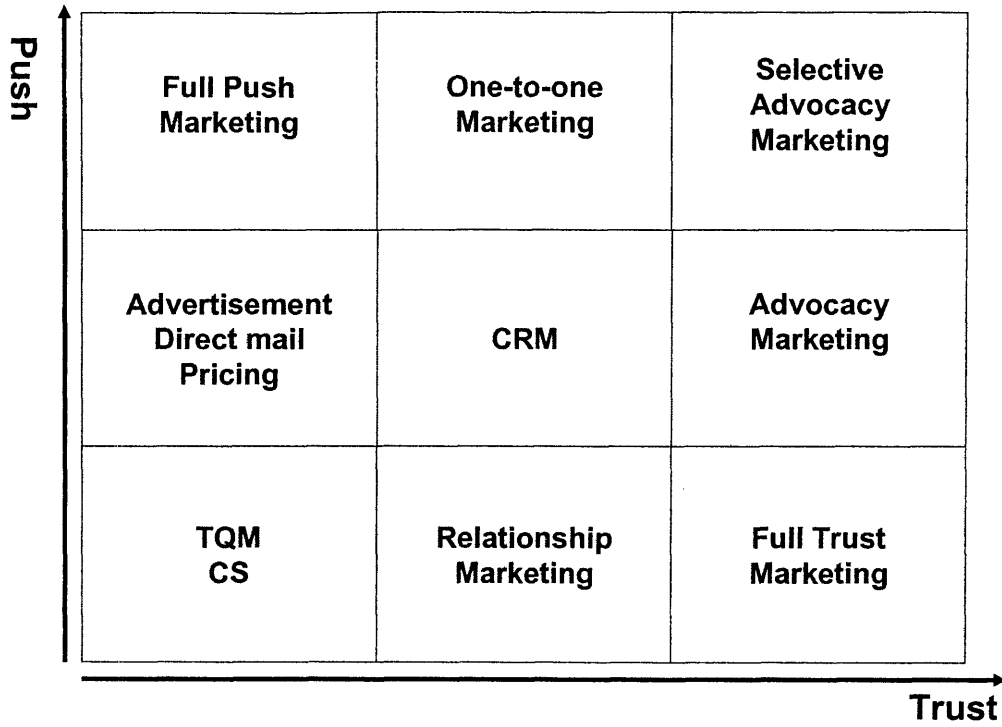
Source: Author, 2004

Figure 4-1. Push-Trust Framework

CHAPTER 5   Trends in Customer Advocacy

5.1. Introduction

Strategies for dealing with customers vary from company to company and from industry to industry. Some companies engage in formal customer advocacy programs by designating a vice president of customer advocacy. Some companies emphasize building trust between the company and its customers—in practice, if not in profession.

Here are some of the specific customer advocacy marketing activities that were discussed in my interviews with executives, managers, and public relations people from the following companies.

5.2. Cisco Systems

Customer focus has been an essential component of Cisco Systems' corporate culture since the company's inception in 1984. Because customer satisfaction has always been a core value, Sandy Lerner, one of the founders of Cisco Systems, created an organization whose specific task is to ensure that customers are well cared for. Called "Customer Advocacy," this innovative organization is responsible for customer satisfaction, and it has devised many programs and incentives to ensure that all Cisco employees are committed to upholding this value. In fact, at Cisco, employee bonuses are based on the results of customer satisfaction reports. Cisco is number one in networking vendor customer satisfaction.

Cisco's Customer Advocacy program focuses primarily on ensuring service and support to Cisco customers. Bob Corwin, Manager of Customer Advocacy said in an interview with the author: *"Cisco's Customer Advocacy mission is to identify each customer's definition*

of success, and then to accelerate that success using Cisco's sales personnel and technical staff. Ultimately, Cisco helps its customers make a hero."

Cisco is evolving—from a company that provides hardware and device-based value propositions, to a provider of solution-based value propositions. The Customer Advocacy organization is positioned to deliver solutions that meet customers' needs today and to support their migration to the Intelligent Information Network of the future.

Technical support services work together to create the tools, establish leading practices of methodology, and provide the expertise needed to support Cisco technology. In turn, this support helps customers reduce their operational costs, increase network availability and reliability, and reduce their time to market through the use of network applications. Most importantly, this enables Cisco customers to build their competitive advantage and increase their productivity. Now, Cisco not only supplies the network, Cisco provides the support necessary to ensure that customers make the most of their networks.

With Customer Advocacy, they get unparalleled breadth and depth of support, and they get the people, processes, tools, and partners they need to help ensure their success with Cisco technology. *"In the future, it will be important to place Cisco's experts inside each customer and establish a personal relationship with each customer. Cisco is going to become a much closer advisor with its customers,"* Corwin said in my interview. *"The customer's success is Cisco's success."*

Figure 5-1 shows Cisco's position in the Push-Trust framework. Cisco has succeeded in business with a typical full trust-based strategy.

Full Push Marketing	One-to-one Marketing	Selective Advocacy Marketing
Advertisement Direct mail Pricing	CRM	Advocacy Marketing
TQM CS	Relationship Marketing	Full Push Marketing Cisco

Push (vertical axis) **Trust** (horizontal axis)
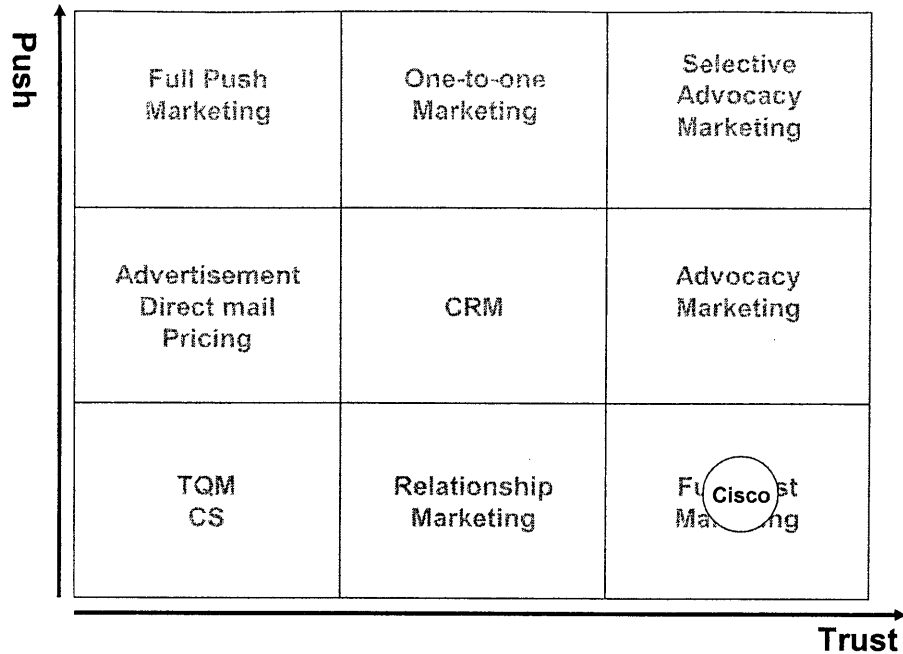
Source: Author, 2004

Figure 5-1. The position of Cisco on the Framework

5.3. Travelocity

As the Internet's leading travel website, Travelocity does much more than sell airline tickets. Owing to its zero-commission policy, Travelocity is diversifying its revenue mix to rely less on transactional airline ticket sales and more on high-margin products like cruise packages. With no commission involved, agents can be unbiased when locating low fares for their customers.

In addition to Internet sales, loyalty programs remain a strong aspect of push marketing, and travel agencies still favor certain airlines. With the Internet, consumers have the luxury of more options, more information, and simpler transactions. To develop trust-based relationships,

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a company must become more transparent to its customers, making them feel they are receiving honest and open information.

In my interview with Jeffrey Glueck, Chief Marketing Officer of Travelocity, he stated:

Now Travelocity offers a "sell watcher program." Based on past customer data, customers can receive good price offers and information about their favorite cities. This is a unique benefit for the customer, helping to build an emotional connection and trust between Travelocity and that customer. Now we are studying another kind of personalization we call "Genome norm." We believe it can stimulate the customer's rational mind by creating fantasy and magical possibilities.

Because of strong competition, consumers can now choose from a variety of ways to purchase travel: a traditional agent, an airline aggregator site, an online travel site like Travelocity, or a direct supplier site. In response to this rising consumer power, online travel players should provide unbiased price comparisons and convenient transactions. A trust-based approach is a key to meeting these consumer needs.

Figure 5-2 shows Travelocity's position on the Push-Trust framework. Travelocity is eager to carry out one-to-one marketing based on advocacy marketing.
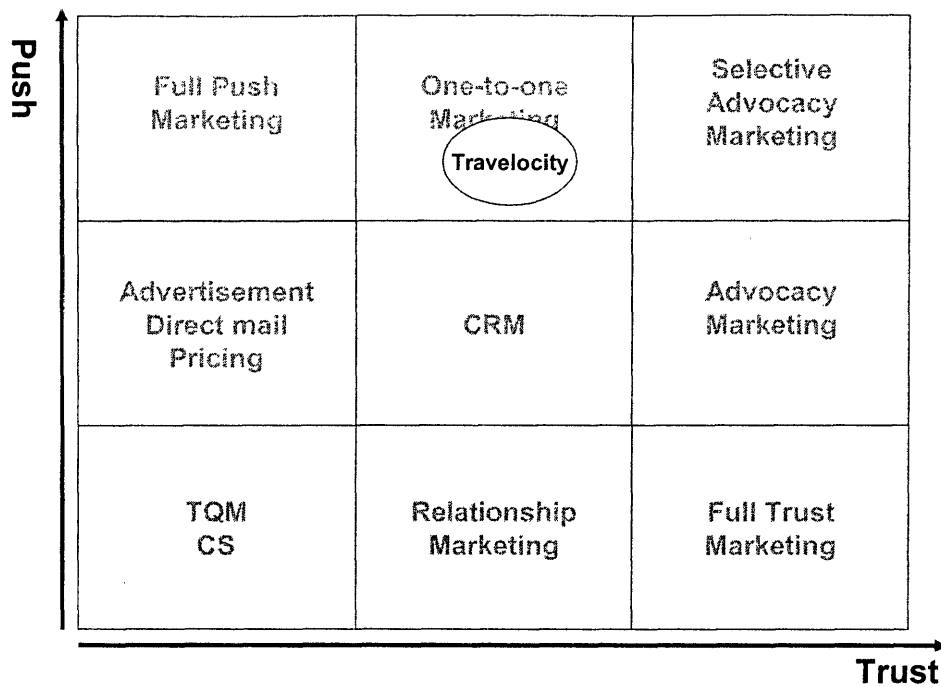
Source: Author, 2004

Figure 5-2. The position of Travelocity on the Framework

5.4. General Motors

General Motors is shifting from traditional marketing to advocacy marketing. This strategy has two dimensions: (1) offering an Auto Choice Advisor for potential customers, and (2) an Owner's Center for current customers.

The Auto Choice Advisor <www.autochoiceadvisor.com> is designed to attract users by promising to simplify the car selection process by providing knowledgeable, impartial advice. The website asks potential customers a few questions about what they want from a car and the relative importance of those desires. The site then offers several possible vehicles that are not GM products. Customer can get unbiased information and data from the Automotive

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Information Center (AIC) and from independent reports such as the J.D. Power & Associates quality ratings.

The key for GM is that the website can watch as people sift through information and make comparisons. In addition, GM has set up links to its site from such well-known services as Kelley Blue Book <www.kbb.com>. The information GM receives is more trustworthy than traditional surveys and focus groups, in which people frequently say what they want rather than show what they want. The information from Auto Choice Advisor also is richer and more immediate than customer reactions that filter back to GM through dealers. Joyce Ann Lindbloom Salisbury, a GM Manager, said in an interview with me: *"If there are no GM vehicles in the Top 10, there is an option to see the best vehicle. From that, we learn about how to best meet consumers' needs."*

The Owner's Center is a free on-line service for current customers. who can go there to find links to valuable information designed to meet their driving needs. The site offers such services as e-mail reminders, vehicle-specific information such as owner's manuals, maintenance tips, a service center locator, service history log, and special promotions. Information includes maintenance reminders, recall and safety information, PDA applications, service history tracking, vehicle value estimates, warranty and service information, news and events, and special offers and promotions. This site offers owners the best possible online support during their ownership experience.

GM also has a GM card for all its owners which automatically includes entrance to the Owner's Center. The GM card collaborates closely with the Owner's Center to sustain their customer. *"Advocacy marketing is increasingly important because traditional marketing has become very expensive,"* said Joyce Salisbury. *"Word of mouth is the number one driver of trust and credibility.* (Source: 2004 Intelliseek Research)"

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Figure 5-3 shows GM's position in the Push-Trust framework GM had traditionally carried out push-based marketing at enormous expense, but has actively pursued advocacy marketing in recent years.

Push			
Full Push Marketing	One-to-one Marketing	Selective Advocacy Marketing
Advertisement Direct mail Pricing	CRM	Advocacy Marketing (GM)
TQM CS	Relationship Marketing	Full Trust Marketing
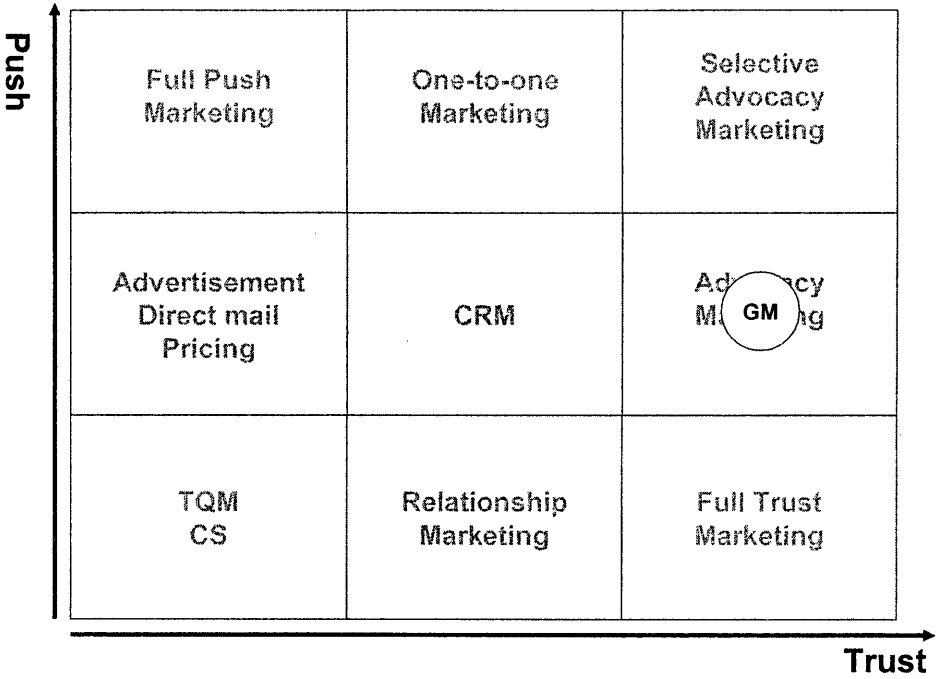
Trust

Source: Author, 2004

Figure 5-3. The position of GM on the Framework

5.5. eBay

I interviewed Larry Friedberg, Director of Trust in eBay's Trust and Safety Department. He told me that the eBay marketplace thrives because it is based on five core values that are printed on plastic cards and attached to every employee's security badge:

- We believe people are basically good.

- We recognize and respect everyone as a unique individual.

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- We believe everyone has something to contribute.

- We encourage people to treat others the way they want to be treated.

- We believe an honest, open environment can bring out the best in people.

"People here at eBay take these values seriously and so do our community members," said Friedberg. eBay creates a relationship with its members by adhering to these core values. eBay strives to offer buyers the broadest selection of products on-line, at a fair price, with a user interface that is fast, easy, and safe. And eBay offers sellers the most cost-effective channels for customer acquisition, volume, and profit.

The key to maintaining this sense of community is trust—trust not only between the user and the company, but between the buyers and sellers as well. In order to show the online community that eBay is a safe, person-to-person, online trading place, they have developed several tools. eBay developed the first electronic information exchange, called the Feedback Forum. Through this tool, buyers can enter feedback about a seller (rating and description) and vice versa. This mutual evaluation leads to trust. Trustworthy eBay sellers build a good reputation with buyers, and eBay's feedback system results in transparency for buyers.

By basing the entire company on these concepts of community and trust, eBay has built a company that will last for the long run rather than be just a fad. At the end of his interview, Friedberg noted, *"We continue to work hard to retain and improve the value we deliver to our community. At the end of the day, it's entirely about them and their success."*

Figure 5-4 shows eBay's position on the Push-Trust framework. eBay has implemented several types of advocacy marketing, and its reputation has been transferred and confirmed by word-of-mouth.

Full Push Marketing	One-to-one Marketing	Selective Advocacy Marketing
Advertisement Direct mail Pricing	CRM	Advocacy Marketing
TQM CS	Relationship Marketing	F(eBay)st M ng

Push (vertical axis)

Trust (horizontal axis)
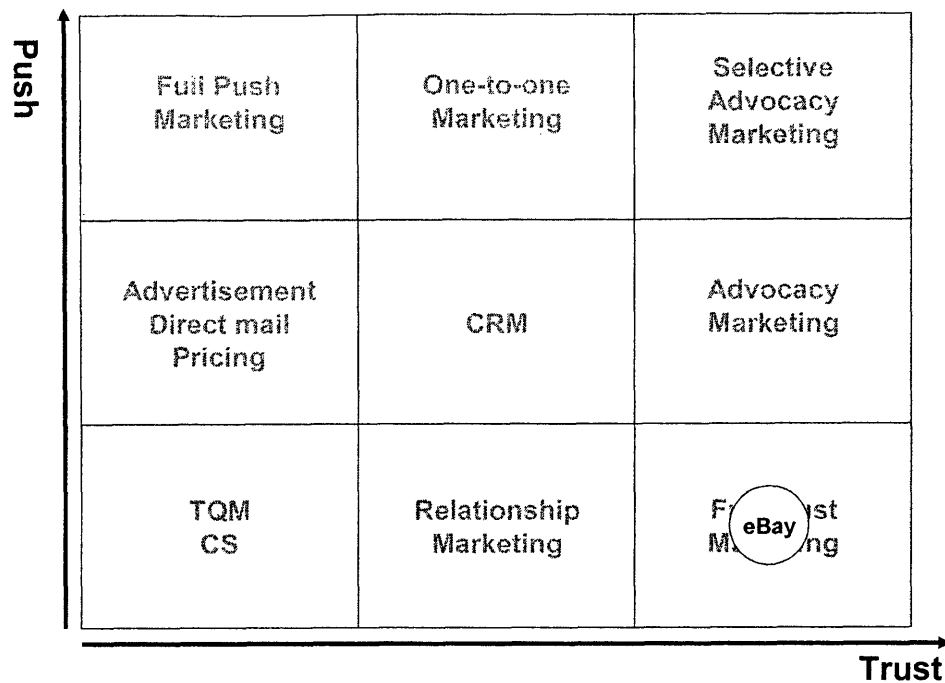
Source: Author, 2004

Figure 5-4. The position of eBay on the Framework

5.6. McDonald's Japan

An unknown person, Den Fujita ventured into McDonald's USA alone to negotiate with Ray Kroc, the CEO of McDonald's. Fujita had been CEO of McDonald's Japan for thirty years and had created the second-largest McDonald's in the world, with unique products and systems, some of which were re-imported to the U.S., such as the POS system.

"Our vision is to provide customers with the best shop experience as a quick service restaurant. Also, we attach the highest importance on improvement of their shop experience," said Yuichi Sugimoto, chief of the Communication Department, in my interview with him. *"In order to achieve our vision, there are three challenges: (1) to offer space for a favorite meal,*

(2) to offer the McDonald's brand of a unique experience, and (3) to offer the best quality, service, and cleanliness" [QSC].

By providing a better shop experience, McDonald's aims to build better relationships with its customers. McDonald's refers to its customer advocacy as "Loyal Customer." This program was established based on several key elements of customer advocacy (explained in Chapter Five). In general, it is believed to be difficult to apply advocacy marketing to price-sensitive products. Since it offers high-quality products and services, McDonald's can utilize advocacy marketing effectively. Given the increasingly competitive circumstances, or a serious condition like problems with the beef supply, the company believes that this "Loyal Customer" concept will continue to work for the company.

Figure 5-5 shows the position of McDonald's Japan on the Push-Trust framework. McDonalds' strategy is basically push-based, but it contains many of the factors of advocacy marketing.
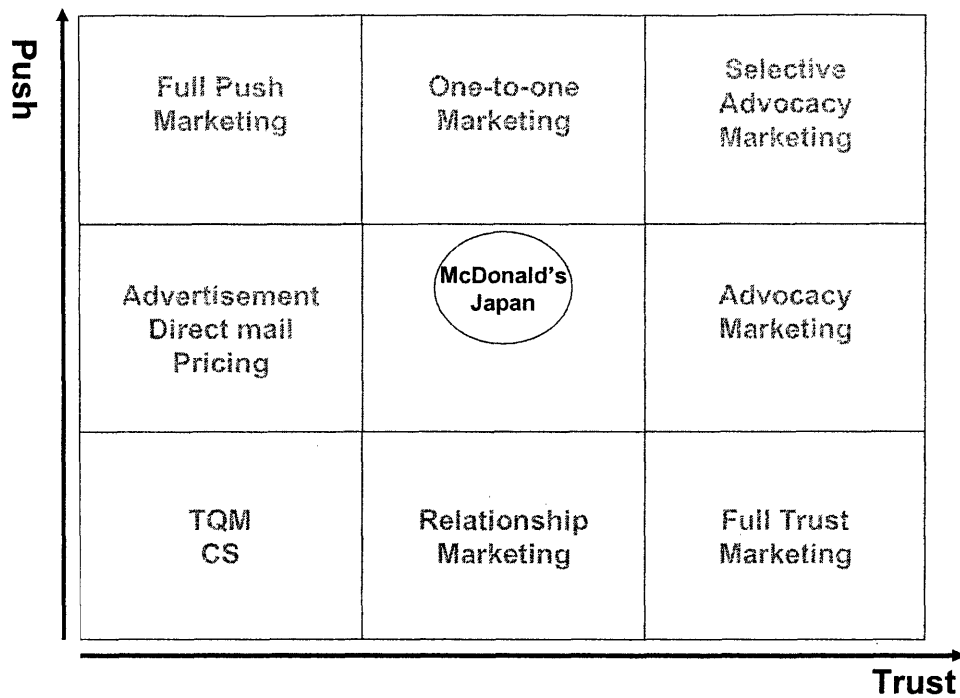
Source: Author, 2004

Figure 5-5. The position of McDonald's Japan on the Framework

5.7. MOS Food Services

MOS Food Services, Inc. operates a chain of fast-food restaurants, either directly run or franchised, under the name of "MOS Burger" in domestic and overseas locations.

MOS Food Services was founded by three former "salarymen." Satoshi Sakurada, a former Nikko Securities employee, was the leader of the trio, and the other two were his juniors. The three shared a love of nature, which this led them to name their new company MOS, which is an acronym meaning "Mountain, Ocean and Sun." The following is a synopsis of my interview with the owners. It also includes a case study from the Keio Business School.

MOS Food Services opened its test store in March 1972, about eight months after McDonald's Japan opened its first store in Ginza, Tokyo. The test store occupied a corner of a grocery store in a growing suburb of Tokyo. Sakurada had just begun researching the food industry when he heard that McDonald's was opening its Ginza store. His experience in the U.S. during his Nikko tenure made him believe that fast food would be the next big item and this led him to start his hamburger business. While Mr. Fujita, McDonald Japan's CEO, was determined to "stick to the American way," Sakurada started his business by highlighting the differences between American and Japanese history and keying on the fact that his company "should pursue things original to Japan."

Sakurada chose not to open stores in major locations but purposely chose small stores in secondary locations. The partners believed in providing good food and a comfortable ambience to Japanese customers who are especially sensitive to taste. MOS launched its "Rice Burger" and "Teriyaki Burger" in 1987. These were the first Japanese-style hamburgers in the industry. With the addition of the "MOS Burger," MOS now has a highly successful family of Japanese-style hamburgers. These Japanese burgers enabled MOS to deliver unique products with unprecedented high level of quality.

One of MOS's differentiating features is food that is "made-to-order." They do not attempt to be "fast," which is the fundamental feature of fast food. By giving up speed, customers are rewarded with the taste of "just prepared" food—something they have never experienced before with traditional fast food. Sakurada believes: *Eating places are not quick-delivery services; if you think in terms of having a meal, taste becomes important. Good tasting, safe, and healthy food is our identity.*

Despite the disadvantage of having small outlets in non-major locations, MOS has achieved substantial accomplishments. First, their products deliver a taste to which no other

hamburgers can compare. Second, as part of serving the community, they try to make sincere hospitality a selling point. Sakurada emphasized the importance of human interactions. For example, he likes to help his young customers with their homework. Such thinking continues today, even as the restaurant chain expanded. The partners are determined to maintain friendly calm, polite and helpful human interactions, and peaceful beauty.

Since some of the stores are operated by franchisees, the company believes that each store should be loved by the local community. While the McDonald's way makes its crews follow an instruction manual perfectly, MOS operates with a more flexible manual; e.g., it is all right for MOS employees to engage in conversation with customers. MOS's aim is to make every restaurant the most loved store in the community by providing customer service that fits the local community. With their superior product quality and community-friendly attitude that emphasizes human interactions, MOS has won the trust of local customers, which has resulted in a large number of high-level MOS advocates.

Figure 5-6 shows the position of MOS Food Services on the Push-Trust framework MOS's strategy is a trust-based philosophy. However, push-based marketing is also effective considering that the product is a hamburger.
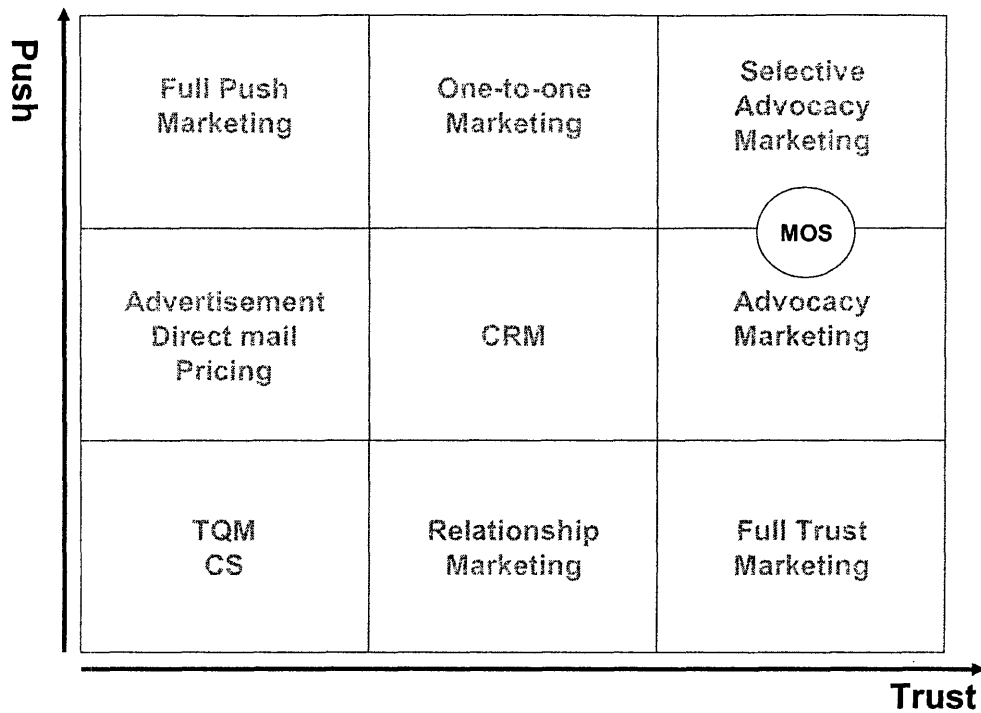
Source: Author, 2004

Figure 5-6. The position of MOS Food Services on the Framework

5.8. ROHM

ROHM makes a wide range of semiconductor devices and electronic components, including capacitors, resistors, transistors, integrated circuits, LEDs, LCDs, and power modules. Currently, ROHM supplies the largest share of semiconductor devices in the world market. The products are classified into two groups: (1) customized LSI, based on customer specifications; and (2) commodity- type, mass produced products such as transistors and diodes.

According to Kohei Nozato, PR Manager for ROHM, in an interview with the author:

Among the former products, we emphasize customer-oriented marketing in order to give proposals to customers and to help their development. In the development of the cell phone, for example, we may propose that a client should develop clear sound and then bring the device for development. In some cases, if client companies do not have enough resources to develop a device, we may develop it instead.

According to Nozato, among the latter, there are two important factors. The first is to respond flexibly to demands, and the other is to constantly maintain high quality.

The majority of ROHM's manufacturing equipment is developed in-house. ROHM's distinctive production technologies are established in their domestic competence centers and then shared with the overseas plants of the ROHM Group throughout the world. In addition, the equipment is designed for long-term use.

Placing the highest priority on establishing and ensuring a consistent and reliable supply to customers, ROHM has more than one mass production facility for each product category. Enhanced production capacities in China, combined with existing strong production bases in Thailand, Philippines, and other countries, ROHM's supply system is continually updated to avoid any supply problems for their customers (ROHM, Annual Report). In this way, ROHM can work flexibly to produce high quality that satisfies its customers' strict demands. ROHM continues to build its customers' trust, and the proof can be seen in the 70-80% of its customers who are repeat customers.

Figure 5-7 shows ROHM's position on the Push-Trust framework. ROHM's strategy is built on a trust-based philosophy. Clients have become ROHM advocates as a result of the

firm's full-trust marketing strategy. Push marketing is not necessary for a management style like ROHM's.

Full Push Marketing	One-to-one Marketing	Selective Advocacy Marketing
Advertisement Direct mail Pricing	CRM	Advocacy Marketing
TQM CS	Relationship Marketing	ROHM
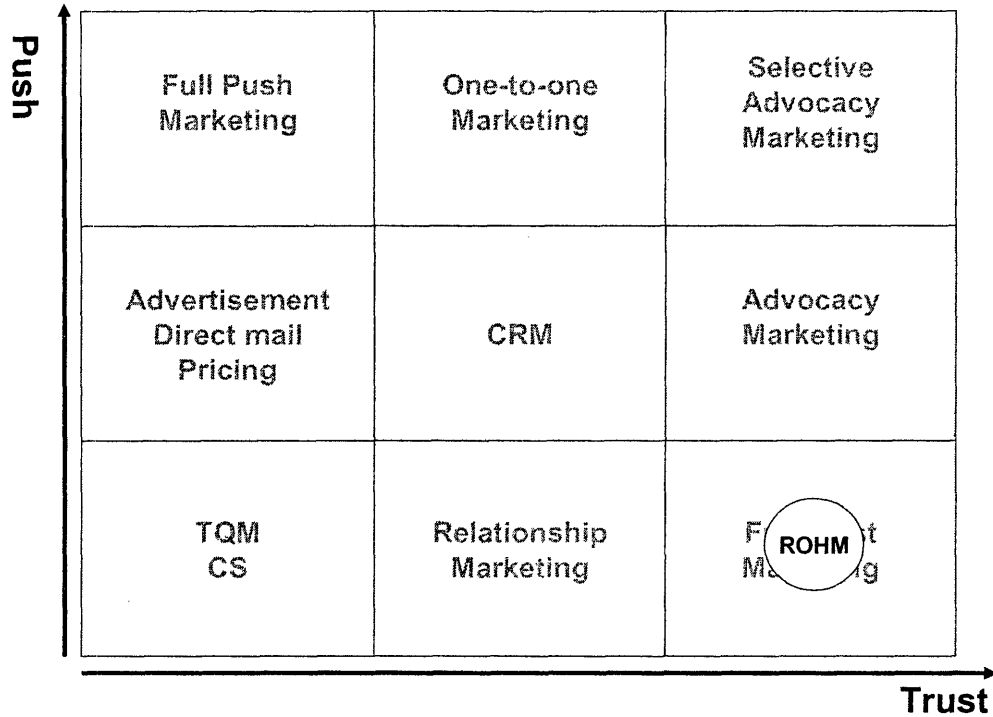
Source: Author, 2004

Figure 5-7. The position of ROHM on the Framework

5.9. MK Taxi

MK Taxi was the first cab company in Japan—and so far the only one—to apply for permission to break away from charging a flat rate. MK first applied to the Osaka Transport Bureau in 1981 and was initially granted permission in 1983. However, the authorities appealed the decision and after further appeals and counter-appeals from both sides, approval was finally granted in 1993—twelve years after the initial request. Sadao Aoki, the founder

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and CEO of MK, said price deregulation was key to reviving the Japanese taxi industry, which had been hit hard by rising costs and sharply declining revenues.

MK's services are unique, and help it to remain well above its competitors. An innovative culture that resulted in higher wages for its drivers (which went against common practice in the taxi industry), government appeals, etc.—all contributed to MK's reputation as a maverick in the taxi industry.

However, the company's policies have been strongly supported by its customers. In an interview with the author, Shinichi Azuma, Manager of Management Planning, said:

> *For 40 years we have continued to respect our customers as our #1 priority. We have built a service that cherishes our customers, and we expect every driver to greet each customer—at a time when most taxi companies take it for granted that drivers will refuse to take customers that they perceive to be less valuable. A clear differentiation based on quality when compared with other competitors, and our long history of facing new challenges, has resulted in profound trust from our users.*

Today, MK has built a huge cadre of advocates from among the local residents by daring to take actions that break with common practice.

Figure 5-8 shows MK Taxi's position on the Push-Trust framework MK's strategy is derived from advocacy marketing. However, push-based marketing is effective to some degree.

Push		
Full Push Marketing	One-to-one Marketing	Selective Advocacy Marketing
Advertisement Direct mail Pricing	CRM	Advocacy Marketing
TQM CS	Relationship Marketing	Full Trust Marketing

Trust
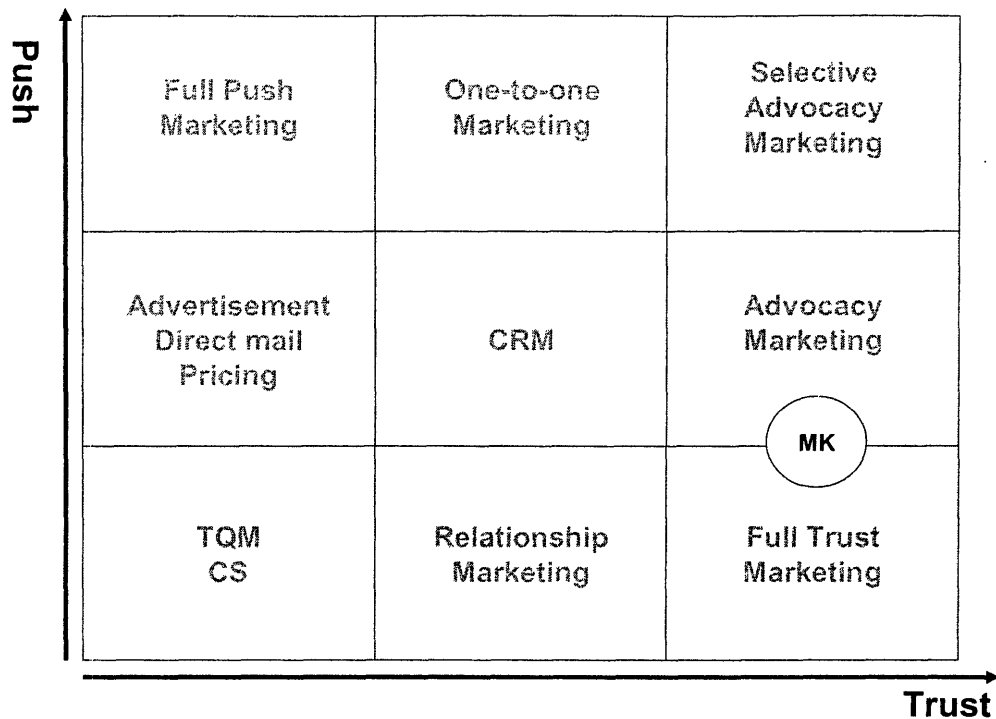
Source: Author, 2004

Figure 5-8. The position of MK Taxi on the Framework

5.10. Benesse Corporation

Benesse Corporation ($2,155 mil in 2003 sales) is the most famous correspondence course firm in Japan. Benesse wants to improve everyone's quality of life. Today, Benesse focuses its business on education, language study, lifestyles, and personal welfare. There are four major parts of the Benesse business:

1. Its primary business is correspondence courses by mail. It offers preschool courses, course for infants, primary, junior, and high school students, and for high school students wishing to enter a university.

2. Benesse is also engaged in language education, translation, and interpretation through

its subsidiaries, including "Berlitz International," the largest language service company in the world, located in 32 countries, which Benesse acquired in 1993.

3. Benesse provides women with various opportunities to obtain lifestyle information, exchange information with each other, and to study, in the hope that they can enjoy richer lives by taking part in social activities despite their busy household duties and childcare.

4. Finally, through the facilities of its consolidated subsidiary, Benesse provides home nursing care services, trains nursing care staff, and dispatches medical and nursing care staff to customers who need assistance.

Benesse has maintained a corporate philosophy of customer-oriented care and trust since 1987. Benesse's Statement of corporate philosophy states, in part:

> We will provide services which our customers, and even ourselves and our families, will want to use, with the aim of supporting a wide range of people from babies to the elderly in realizing their wish for "well-being." We will provide services which our customers, and even ourselves and our families, will want to use, with the aim of supporting a wide range of people from babies to the elderly in realizing their wish for "well-being." To this end, we will think about our customers earnestly and conduct our business operations faithfully. The results of our work are measured by our customers' satisfaction. We will strive to acquire the capability to continue providing our customers with quality products and services, which they really want, and to do so promptly and at reasonable prices, based on our concepts of "being utterly customer-oriented" and "creating well-being together with our customers." Given the fact that we have access to our customers' important personal information, we will always ask ourselves if our actions and judgments are worthy of winning customers' confidence, and we vow to take responsible action as a corporate citizen.

Benesse's business covers the whole range of human life, from infants to the elderly. Benesse aims to establish long-term relationships with customers, offering its services throughout their lifetime.

Therefore, it is clear that advocacy marketing is suitable for Benesse's business.

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Katsuyasu Hamano, Manager of PR, said in an interview with the author:

Through a number of activities, and comments about home study by mail

between us and customers, we aim to build long-run customer relationships.

It can be said that these activities are a kind of cooperative design utilizing

key elements of advocacy marketing.

People who use Benesse's products and services become long-term advocates based on their

own experiences or through word-of-mouth from family members or friends (see Figure 5-9).

Full Push Marketing	One-to-one Marketing	Selective Advocacy Marketing
Advertisement Direct mail Pricing	CRM	A y N(**Benesse**)
TQM CS	Relationship Marketing	Full Trust Marketing

Push (vertical axis) **Trust** (horizontal axis)
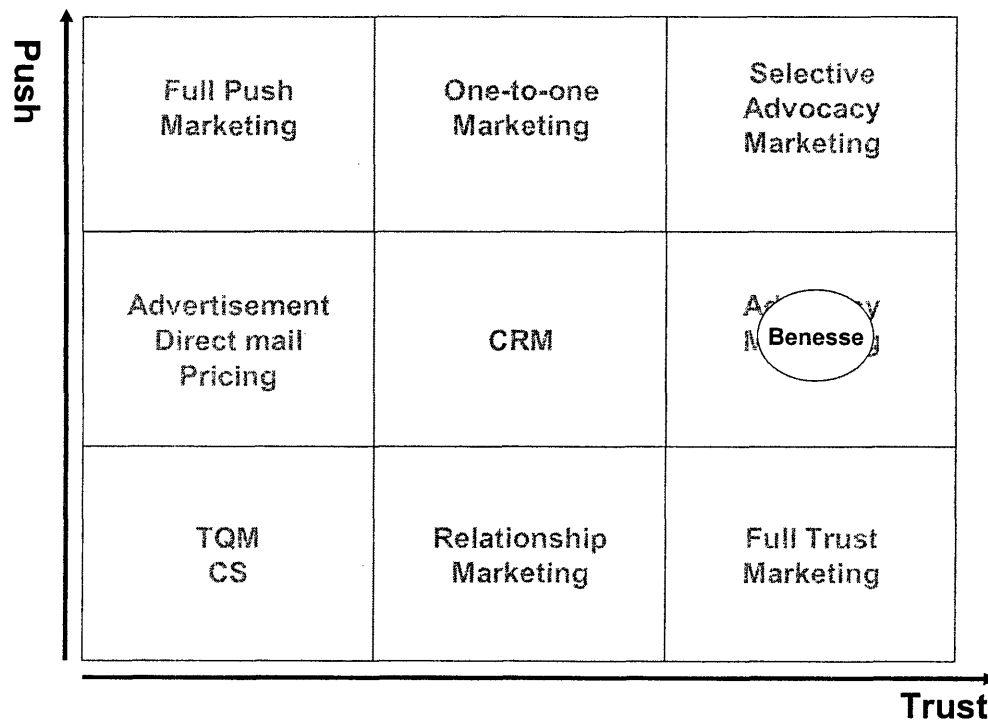
Source: Author, 2004

Figure 5-9. The position of Benesse on the Framework

5.11. Tabi no Madoguchi

"Tabi no Madoguchi" has reached the peak of top online lodging site in Japan. In 2003, "Rakuten", the largest e-commerce site, acquired "Tabi no madocughi" for $300M. Members (mostly business customers) and monthly reservations reached more than 3.5M and 1.2M respectively.

Back to history - "Hotel no Madoguchi" (Online hotel reservation services) was launched by Hitachi Zosen Information Systems Co., Ltd. in 1996. The name was changed to "Tabi no Madoguchi" (Online travel reservation service). MTRIP NET CO., LTD, which run "Tabi no Madoguchi", was established as an independent company from Hitachi Zosen Information Systems Co., Ltd.

The keys to success lie in charging less than half of the commission charge to lodging, and offering a public space (ie. a forum where members can post experiences) from the time of its start-up. Before "Tabi no Madoguchi", a number of travel agencies dominated the market of lodging reservation. Naturally, they did not want to decrease their sales source and commission, and had to care for hotel and Japanese-inn. Thus, these establishments faced significant endogenous barriers to change. However, "Tabi no Madoguchi" could do what it did because of its status as an outsider. This manner of public space where customers can post information about staying experiences became popular in Japan way in advance of U.S. travel sites such as Travelocity.

"We have committed ourselves to offering unbiased and open information free of travel industry norm," Muneo Tsujimoto, chief of business planning, MYTRIP NET, said in an interview with the author. Today, the number of members and reservations on its site has continued to go out to the public (see Figure 5-10). "Tabi no Madoguchi" has built a large

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number of advocates from among business travelers by daring to provide transparent information that break with common practice.

Source: http://www.mytrip.net/en/index.html
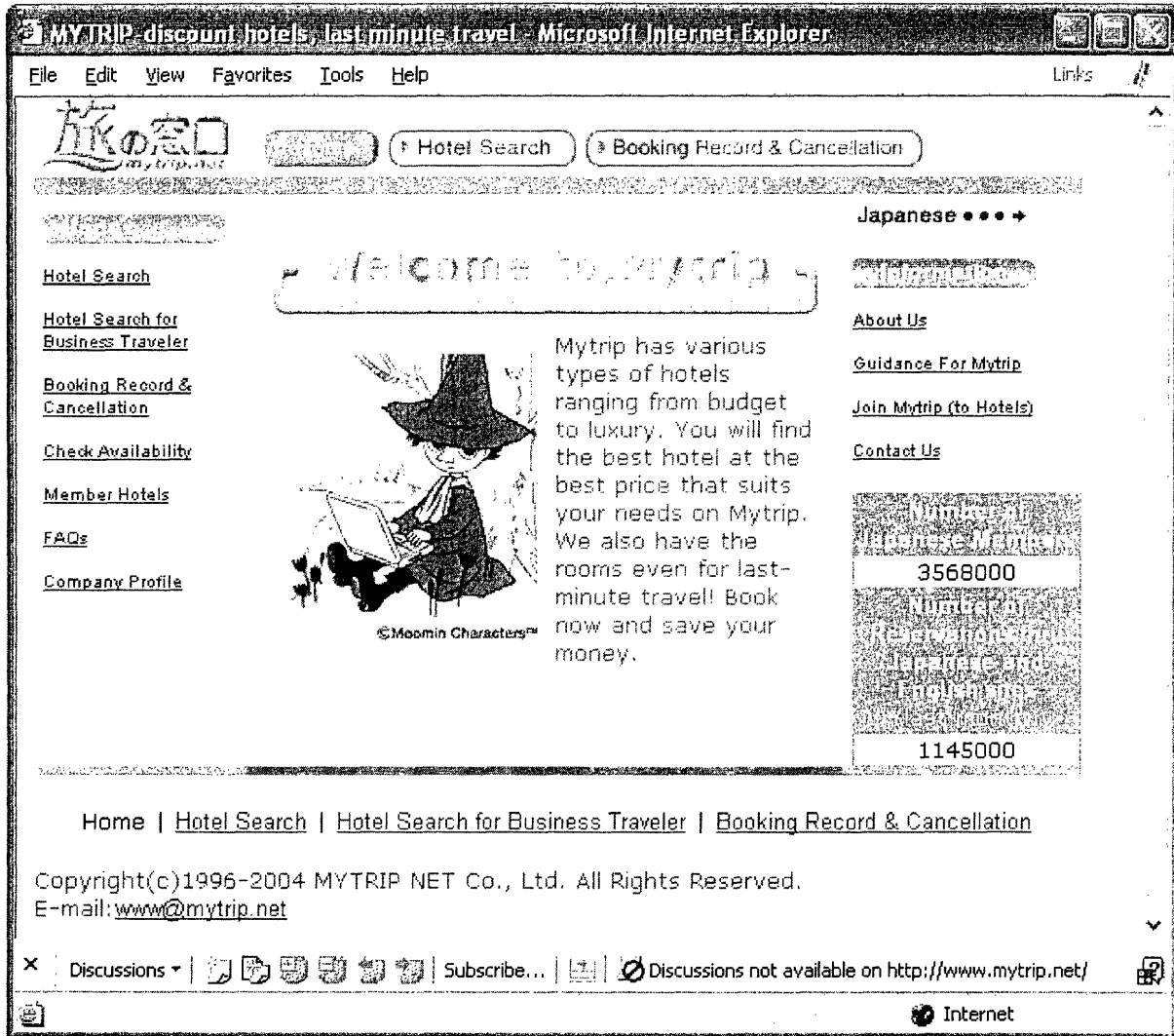
Figure 5-10. Tabi no Madoguchi

Figure 5-11 shows "Tabi no Maduguchi" position on the Push-Trust framework. "Tabi no Madoguchi" has originally been based on trust-based marketing and the reputation has been transferred through word-of-mouth, utilizing push marketing a little.

Full Push Marketing	One-to-one Marketing	Selective Advocacy Marketing
Advertisement Direct mail Pricing	CRM	Tabi no Madoguchi
TQM CS	Relationship Marketing	Full Trust Marketing

Push

Trust
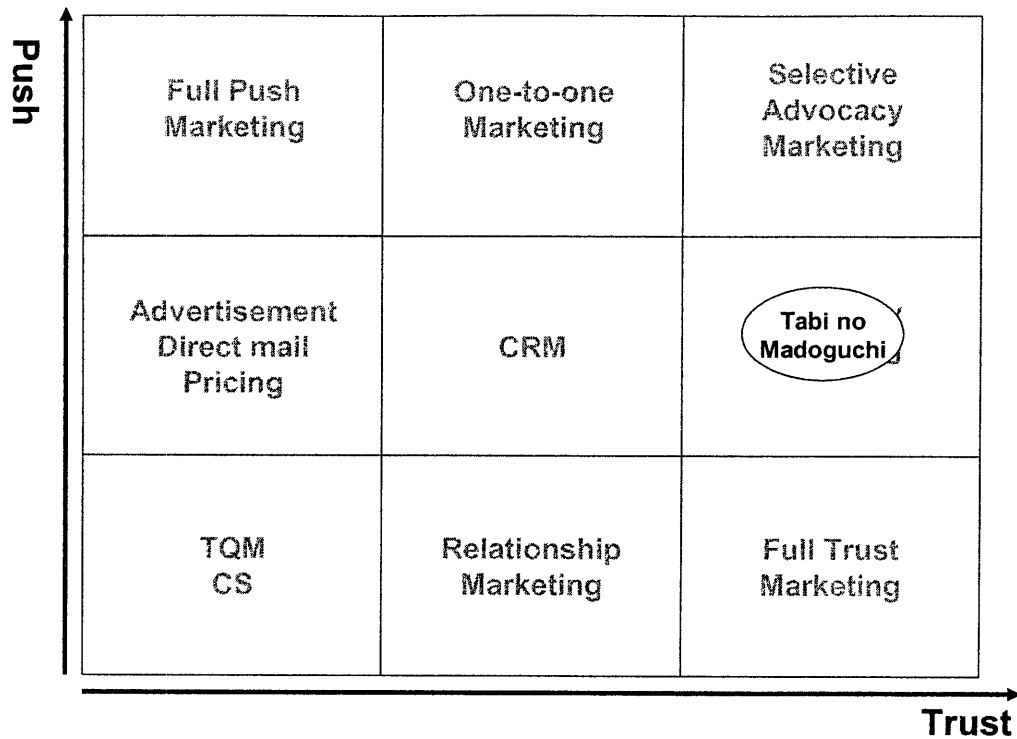
Source: Author, 2004

Figure 5-11. The position of Tabi no Madoguchi on the Framework

5.12. BEA Systems

BEA Systems is the company that popularized the "Application Server", a piece of application integration and middleware software critical to managing the web sites for companies that conduct businesses online. Founded in 1995 by Bill Coleman, Ed Scott and Alfred Chuang (their first initials make up BEA), they made their first major acquisition in 1998 of a firm called WebLogic, which sold an early version of the Java application server. WebLogic technology became the clear leader in Java application servers by 1999. BEA's

revenues tripled between mid-1999 and mid-2001, making it the fastest software firm ever to reach $1 billion in revenues, with a customer base of more than 13,000 enterprises around the world.

By the end of 2001, BEA's strength started to become its liability. Projects of BEA's customers grew beyond the scope of the application server model. BEA users were buying their portal technology, integration technology, systems management technology and development tools elsewhere. Meanwhile, the maturing Java 2 Platform, Enterprise Edition (J2EE) standard and improving vendor execution enabled a number of vendors to offer competitive, alternative J2EE application servers. Most notably, IBM's WebSphere grew from a rudimentary to an increasingly powerful product. Now, BEA and IBM dominate the Application server market.

According to Terry Barrett, Vice President, Customer Advocacy, BEA Systems, in an interview with this author:

"Recently, CIO's and IT managers are under increasing pressure to deliver more business value under budget and cost scrutiny. As a result, they need more from relationships with support providers, more flexibility, and more tangible return from their loyalty to technology vendors. Gaining and keeping that loyalty is fundamental and software providers must rise to the challenge of meeting and beating changing expectations. Have innovative, quality products that meet customer requirements is a cornerstone of BEA's business. Delivery and support or quality Products and Services is one of the strongest relationship building strategies we have with our customers. "

He considers quality of products and services as the most important elements of advocacy marketing. In addition, he emphasizes new product development and customer advocacy in the marketing activities. BEA has created its advocates who develop web-based

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systems on a large scale using JAVA since its start-up. BEA has not forgotten the start-up

mindset, specifically the eagerness to develop innovative products for its advocates.

Figure 5-2 shows BEA's position on the Push-Trust framework. BEA has been based

on customer advocacy, and the reputation has been transferred through word-of-mouth.

Push			
	Full Push Marketing	One-to-one Marketing	Selective Advocacy Marketing
	Advertisement Direct mail Pricing	CRM	Advocacy Marketing BEA
	TQM CS	Relationship Marketing	Full Trust Marketing

Trust
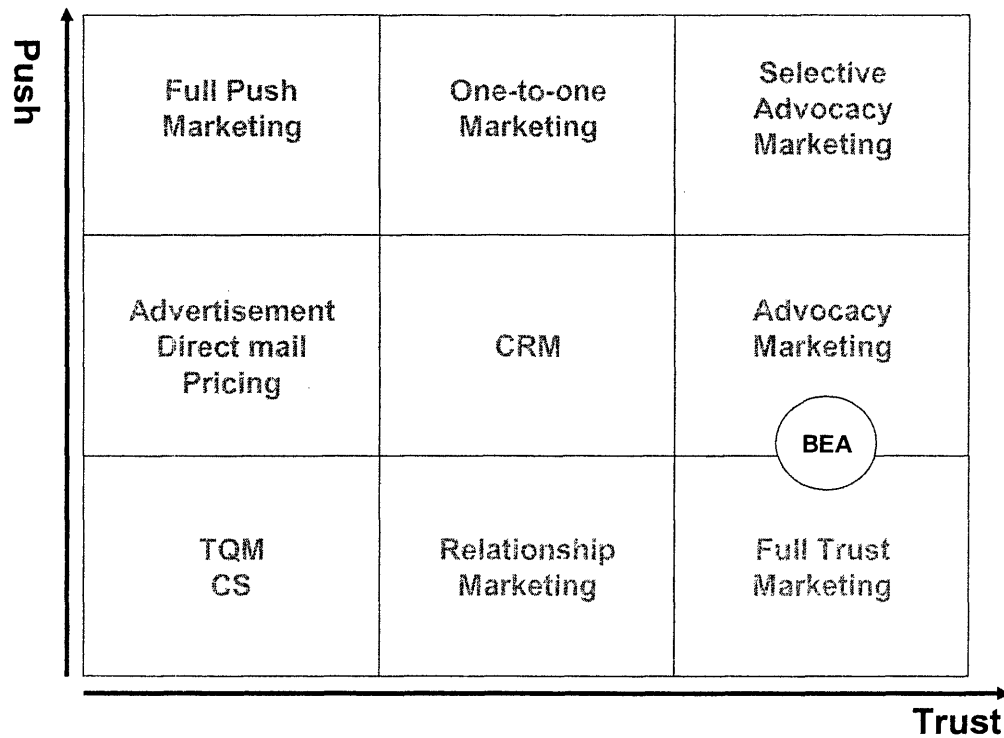
Source: Author, 2004

Figure 5-12. The position of BEA Systems on the Framework

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5.13. Summary and Findings

The trend analysis found that there are different levels in advocacy marketing. Some companies formally address the issue of advocacy marketing, while other companies carry out some activities that could be characterized as trust-based marketing. A number of U.S.-based firms engage in proactive efforts to do advocacy marketing. In contrast, few Japan-based firms have formal advocacy marketing program, but a number of firms are beginning to recognize the importance and effectiveness of such marketing. According to the Push-Trust framework, there are actually many Japan-based firms that utilize trust-based marketing as part of their corporate strategies for building trust-based relationships.

The research also confirmed that the Push-Trust framework can easily be applied to any firm and can effectively identify a firm's position in terms of the two dimensions of push and trust. In some cases, the push dimension is relevant to the trust dimension, but, in other cases, a mixed strategy that incorporates both push and trust is equally effective. In my opinion, many firms can utilize a well-balanced, selective strategy that includes both push and trust. This chapter identified the practical efficacy of this framework for confirming a firm's position in the push and trust dimensions.

CHAPTER 6   The Key Elements of Advocacy Marketing

6.1. Introduction

The key to advocacy marketing is that a company must become trustworthy in the eyes of its customers. There are several key elements needed to create customer advocacy. They vary among companies in terms of importance and utilization. As a result of my interviews, I was able to identify some key elements of customer advocacy, and a variety of means to realize these elements.

6.2. Transparency

To develop trust-based relationships, a company must become more transparent to its customers by dealing with them honestly and providing open information. There are several ways this can be achieved, as discussed below.

6.2.1. Customer Reviews in a Public Place

Travelocity provides a public space on its website where customers can leaves reviews and ratings of hotels, and where other customers can compare information from Travelocity with the reviews. If Travelocity provides biased information, customer trust will vanish. *"There are 35,000 reviews on the site* <http://dest.travelocity.com/Reviews/> *independent of information from Travelocity. We are paying increasing attention to transparency and honest. Thus, transparency is most important in these elements of customer advocacy,"* Jeffrey Glueck said in his interview with me.

6.2.2. Smooth Transactions Between Internet Buyers and Sellers

Larry Friedberg stated in his interview:

Transparency is a key ingredient to the success of the eBay marketplace. Buyers are not buying from eBay, they are buying from sellers on eBay, complete strangers. Sellers need to describe their items accurately, offer clear return policies, communicate well, and respond to buyers, and that will dictate the success of that seller and that transaction.

In addition to what sellers can do to create transparency, eBay has created its feedback system in which transactions for both buyers and sellers are rated on every aspect of the transaction: quality of communication, quality of item description, and so on. In order to facilitate a smooth transaction between buyer and seller, transparency is a crucial factor.

6.2.3. Use of a Third Party

A number of companies have increased their transparency by utilizing the services of a neutral third party. For instance, eBay partners with Escrow.com to offer escrow services. Escrow services help to safeguard transactions by withholding funds from a seller until the buyer receives and approves the goods. The site also provides aggressive protection against fraud.

eBay utilizes another third-party service for dispute resolution. On-line dispute resolution is an unbiased method that can help users resolve disputes that may arise involving eBay transactions. SquareTrade <www.squaretrade.com>, eBay's preferred dispute resolution provider, offers two services: a free Web-based forum that allows users try to resolve problems on their own or, if necessary, via a professional mediator. All eBay buyers and sellers can use this on-line dispute resolution service. There is no charge to file a complaint and then users can

try to settle their dispute using SquareTrade's free web-based process and patent-pending technology. A significant number of complaints have been directly resolved using this method (ebay.com).

Use of third-party opinions is effective in traditional industries as well. In my interview with Sumio Hirano, Manager of New Business Development of Tokyo Electric Power Company (TEPCO), he stated: *"By meeting with corporate executives as well as talking with academics and local opinion leaders, we are making efforts to obtain unbiased evaluations from third parties."*

TEPCO supplies power to more than 27 million customers in Tokyo, Yokohama, and the Kanto region. As one of the world's largest electric utilities, TEPCO has a generating capacity of more than 60,000 MW, produced by fossil fuel, nuclear, and hydroelectric power sources. In the face of further deregulation, TEPCO is diversifying its operations. TEPCO owns a major stake in a local and long-distance telephone company, Tokyo Telecommunication Network (TTNet), and its POWEREDCOM venture offers data communications services through the utilities' fiber-optic networks. (Hoover's Online)

6.2.4. Disclosure of Materials and Processes

Transparency is an important factor in the apparel industry because of regulations requiring the disclosure of fabric content and where the product was made. According to Yasumichi Komatsubara, PR Manager at Gunze, which produces underwear, hosiery, socks, nightwear, babywear, and women's apparel:

> *Our labels also clearly state the snug size and how the item will coordinate*
>
> *with outer clothing— in addition to the obligated disclosures of material*

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content and production area. We aim to offer people-friendly products and to convey a transparent policy about our products. We do this by using a label that signifies trustworthiness: the PA logo, approved by the Institute of Physiology Anthropology Japan.

From another perspective, Yoichi Sugimoto of McDonald's Japan said: *"It is very important to disclose our products and provide company information in order to gain long-lasting trust from our customers. Recently, with the outbreak of BSE, customers have become very conscious of food safety."*.

Since the requirement for information disclosure confirms that a food item is secure, in the food industry a company is perceived as most reliable when it provides details and trustworthy information. MOS Burger has re-designed its web page to proactively promote information disclosure about the materials and processes involved in its food production and distribution. Regarding the major foodstuffs, such as beef, chicken, wheat, potatoes, and rice, customers can track each process and obtain a clear picture from production to distribution. On the pages related to vegetables, information is provided about the area where the vegetables were produced, and the various producers of "MOS Vegetables" are shown. *"It is MOS's philosophy that we will provide tasty, safe, and healthy foods, so we proactively disclose product information online, "* said the PR of MOS Food Services in my interview with him.

A small number of companies disclose their materials and processes at each store on a monthly basis. Since consumer demand for disclosure regarding food is high, customers often become advocates when a company discloses more information than is required and it exceeds the customers' expectations.

6.2.5. Best Product

Sometimes a company may propose a cheaper plan to its customers if it believes there are benefits for them. According to an interview with this author, NTT DoCoMo, Japan's largest mobile phone carrier, works hard to offer a transparent company stance. Staff in retail shops look for the cheapest price plan that will give the maximum benefits to any customer who requests it.

A B2B case is ROHM, which commits itself to preparing the best proposals for their customers. Since a system LSI circuit is complicated, and the manufacturing equipment tends to become large-scale, competitors may propose unnecessary specifications to customers. But ROHM has a full manufacturing line which means it can offer the precisely right size product to meet every customer need. Customer benefit is ROHM's first priority. By offering the proper size and price, ROHM has built its reputation for integrity and trust with its customers.

Another B2B example is Cisco's account managers, who must give an analysis of Cisco's performance to the executives of each user customer. If the account managers find redundant configurations in the customer's network environment, they can propose a downgraded configuration to the company. The aim is to produce maximum benefit for their customers at minimum cost to that customer. In turn, Cisco's customers have come to trust the company, believing that it has proven it will choose benefits to its customers over Cisco profits.

6.2.6. Product comparison

Joyce Ann-Lindbloom Salisbury, a GM manager said in her interview:

> *GM understands that the consumer can compare our vehicles with our competition, so we may as well help them in that process. The Auto Choice Advisor website has all makes and models, and displays the JD Power*

quality numbers (whether or not GM beats the competition). The "Auto Show in Motion" allows consumers to test- drive our vehicles and the competition's side by side with no sales pressure. Also, in our advertising, GM has been honest that our vehicles may not have been as competitive in the past but that we can now compete with the best" (Road to Redemption campaign).

By creating an environment where customers can compare products, a company inevitably becomes transparent to them.

6.2.7. Frequent Communication

In my interview with Sumio Hirano, Tokyo Electric Power Company (TEPCO), he said:

Corporate contracts are dealing with companies. We focus and make most of our sales efforts on the local companies or the industry leaders, and build relationships through forums hosted by us or conferences hosted by other companies. We believe that fair sharing of information and frequent communication with customers are the keys to creating advocates. We are aware that it takes a long time to create advocates, therefore we are slowly but steadily continuing such activities to understand the customer.

In dealing with large corporations, TEPCO believes it is necessary for such corporations to be cognizant of TEPCO's position, so it offers explanations in terms of the customer's viewpoint. Even if a company is transparent in releasing information, it is still

possible that the information does not actually reach the customer. Frequent and continuous communication with customers is the key to delivering transparent information.

6.3. Quality of Products and Services

Advocacy marketing requires high product and service quality. Thus, companies need to evaluate their products and services. Without quality, it is difficult for companies to build and maintain trust and advocacy.

6.3.1. Customer Experience with High-Quality Products

"We attach great importance to offering a safe food experience. As one of McDonald's safety policies, we have our own standard [McDonald's standard] regarding quality and safety for all the products we offer," said Yuichi Sugimoto of McDonald's Japan. From raw materials to completed products, through strict control of quality and hygiene, McDonald's will sell only products that meet these standards. Moreover, McDonald's Japan brings in a Hazard Analysis and Critical Control Point (HACCP) system to assess and reconfirm our system scientifically. This thorough quality control ensures that the customers will experience the best possible food safety.

Takeda Chemical Industries, Japan's top drug maker, encourages trust in its product by providing superior quality and specifications that produce effective products. Takeda also builds trust by providing physical benefits to users. Customer experience with high-quality products is a key element in creating customer advocacy. In an interview with Tomoya Kawakami, Director of the Marketing Department for Takeda, he said:

In the case of pharmaceuticals, the products are used when symptoms are severe or when there is an urgent need for cure. Therefore, If the user feels that a product is effective, he/she becomes an advocate of that product. If the user feels the product is even more effective than other previously taken measures, including those other than drugs, he/she is apt to become a very strong advocate.

6.3.2. Total Quality Management (TQM)

Advocacy marketing is built on the foundation of total quality management (TQM). This is echoed in comments by Yuichi Sugimoto of McDonald's Japan:

McDonald's introduced an operating system called MFY (Made for You) in 1999, which continues to be installed today, and will be completed in all stores by 2005. This is a system that makes custom-made sandwiches, and can serve sandwiches of higher quality than those made by using the former system.

In his interview with me, the TEPCO manager said:

Product quality and cost are linked to the whole organization. We cannot gain our customers' understanding unless we establish a common goal across the whole company. We have a 15-year history of TQC activities at TEPCO, and corporate activities (performance measures) related to PDCA were the foundation of official operating plan and are still the base of corporate activities.

TQM is necessary if TEPCO wants to provide products that will win customer trust in the electric company, which is part of the traditional essential industries.

6.3.3. Offered Value

To create effective advocates, the value provided by the company should be equal to or more than the value perceived by the user. I interviewed Shigeharu Kishida, head of Consumer Marketing Strategy, Marketing Department at NEC. He said:

> *It is especially important to increase the value after purchase. Keeping a relationship with customers is an effective means of increasing the post-purchase value, and we are taking care of our customers after the purchase through one-to-one service <http://121ware.com>."*

In building trust, it is important to meet each user's expectations and to keep on responding to them. Through such actions, a brand builds its image and becomes a trustworthy brand. Especially in the laptop computer business, the strong players are the ones that have an established brand image.

Yoshihisa Kashimoto, head of New Product Planning, NEC Marketing Department, stated in his interview with me:

> *Regarding new product development, we are creating functions that can be created by NEC only while responding quickly to global technology trends. And it is important that customers find such functions valuable. Customers are apt to become advocates if the intent of the brand and the product is delivered to them. We can measure current customer needs, but it is difficult to figure out future needs.*

Advocacy marketing will become successful if companies can succeed in making the value expected by customers exceed the provided value. This can be accomplished by determining future customer needs as quickly as possible and then reflecting those needs in product features.

MK Taxi has tried to differentiate itself with service and low fares. *"Once customers experience our service, they will compare whenever they use another service. We are always looking for appropriate services and prices for our customers,"* said Mr. Asuma in an interview with the author. In the 1970s, taxi fares tended to increase even as the number of users decreased. Although MK Taxi applied to the Ministry of Transportation for a reduction in fares, the Ministry denied their application because of existing regulations that called for flat fares. MK went to court with a suit against the government, and ultimately won its case. Many citizens became advocates of MK's attitude because they knew MK was only asking for reasonable prices for customers.

MK has launched various new services, such as delivery of urgent packages and lost property, a message service paid by metered fare, a representative service for shopping, and 10% off the fare price for customers wearing a kimono. *"These new idea came directly from needs expressed by our customers,"* added Mr. Azuma. To pursue benefits for its customers, and offer a reasonable fare price has created many citizen advocates who are impressed with MK because it offers appropriate service with good value.

Nikkei Restaurant magazine conducted an "Evaluation and Survey of Restaurant Chains" among 1,000 consumers in the Tokyo area and published the survey results in its June 17, 1998 issue. According to the article, MOS won first place in the fast-food category for three consecutive years, followed by McDonald's. MOS received an "outstanding" ranking for

"tastes good (75.3%)" and "gives healthy perception (33.4%) in five out of eight features." Repeat purchasers of MOS food are the highest among all eat-out locations.

In the same survey, McDonald's closely beat MOS and took the top rating in "cheap considering the content (48.2%)," "food is served quickly (40.4%)," and "employees' attitude and service are good (35.6%)." On the other hand, McDonald's received a low rating in "tastes good."

MOS won absolute trust from Japanese people who are choosy about taste and sensitive about food safety and healthiness. Although McDonald's was not highly ranked in terms of taste, customers thought it was adequate considering the price. That information indicates that even though a product is inferior in one aspect, customers may become advocates if they perceive overall value to be adequate.

Current MOS CEO Atsushi Sakurada, says:

We have been working together with farmers to grow vegetables with low-pesticides and low-chemical fertilizers since 1992. In the past few years, Japanese attitudes toward food have become more conscious of safety than price. Even before this attitude change, we had established a cooperative system with our suppliers in order to contribute to the health of our customers. As a result, we were able to supply all our outlets with "MOS vegetables" and "MOS beef" from 1997. Through our products, customers can understand our corporate philosophy of making a healthful contribution to people.

In 2003, MOS launched its ultimate hamburger, made with the most highly selected ingredients. Named TAKUMI, and priced at ¥580 (¥680 with cheese), its sales were limited to only ten units per store per day. Sakurada said:

We tried to come up with a product that can be tied with our corporate philosophy of contribution to people and society. Since people have the desire to live a comfortable life, restaurants should provide pleasure to people. We tried to develop a product in pursuit of providing such comfort, and this is how we came to develop TAKUMI.

TAKUMI is a representation of MOS's corporate philosophy. It provides integrated value far beyond its price, and MOS's customer advocates are eager to try it—over and over again.

6.4. Cooperative Design

As a company continues to do collaborative work with its customer, trust is established between the two parties. Some companies supply their customers with tool kits to aid them in solving problems which leads to successful products for the company. Some companies have created on-line forums on their websites to discuss hot topics about company products and to exchange useful information among users. Sometimes even the company's staff takes part in the forums. By building user communities, the users can be led to customer advocacy.

6.4.1. Tool Kits for Customers

Some companies provide tool kits to help customers solve problems and to enhance their efficiency. If Web-based tool kits are installed by the company, it is harder for users to switch to another process. This often results in a strong and long-term relationship.

Cisco Systems introduced its Services Management System (SMS), a new service contract life-cycle management application for customers. With this new Web-based system,

Cisco has reengineered the business process used for service contract management to eliminate the need for physical contracts, to capture customer registration information, and to provide advance notice of a contract's expiration date which helps with renewals.

"The new Cisco SMS application is a milestone in our continuing effort to provide our partners and customers with programs and services that yield tangible business benefits and competitive advantage," said Karl Meulema, Vice President of Cisco Customer Advocacy. *"With this new online application, Cisco has automated much of the administration of hardware support contracts, making the process of conducting business a much less costly and time-consuming matter."*

Bill McFadden, Customer's Vice President of Product Management and Marketing, had this to say about tool kits:

> Customer was the first distributor to adopt the SMS tool. We identified early on that the SMS program would fundamentally enhance the way Cisco's services business would be managed by Customer and our resellers. Working collaboratively, Customer and Cisco were able to build a strong implementation team to test and improve the SMS processes and tools, creating a services program that delivers an outstanding customer experience for our partners who can now manage their customers' services needs more proactively. Customer's approach to services is focused on achieving the highest levels of customer satisfaction. This is an important part of our value-based business model. (*Business Wire*, 4/21/03)

Online advisor

Advocacy marketing can also apply to the financial industry, particularly for credit unions. Recently, a number of innovative credit unions, such as First Tech, SACU, Mission Federal and Bellco, have implemented online advisors, namely web-based tools that help customers select mortgages, loan programs, IRAs and other financial instruments. The mortgage advisor, for instance, educates customers about the complexity of mortgages and helps them choose the best option. The online advisor substantially contributes to improving

customer relationships.

6.4.2. Community Site

Companies may provide a community site where users can exchange information among themselves. A community site is a useful tool that helps to execute cooperative design. eBay works closely with its community and solicits their input on a range of factors. eBay hosts workshops online for millions of members; in-person eBay University sessions for thousands of people each year; community discussion boards with hundreds of topics to which anyone is invited to participate. eBay conducts monthly in-person "Voices" sessions as well as scores of "Voices" conference calls—high-caliber focus groups designed to introduce new ideas, product features, new programs, and proposed changes to the site before actually launch. A number of computer companies, such as Microsoft, Apple and HP, have also provided online community sites where customers can discuss the products.

Microsoft actively utilizes a community site through a unique award system called "MVP Award." The MVP Award was established by Microsoft more than nine years ago as a way to award outstanding individuals for their contributions to a wide range of community activities. From newsgroup to top user groups, websites and message boards worldwide, MVP status is awarded to the most active online community "gurus" for their technical expertise, voluntary willingness to share their experience, and commitment to helping others realize their potential within Microsoft technical communities. Each year, Microsoft looks to these communities for the most outstanding, active participants who make incredible and noteworthy contributions to the technical community.

By far, Microsoft's largest online community is the Microsoft public newsgroups, with over 11% growth in membership and nearly 1.5 million active community members

annually participating at <u>Microsoft.com</u> or <<u>news://msnews.microsoft.com</u>>. There are thousands of freely available newsgroups covering a wide variety of Microsoft products and technologies, including more than 250 devoted to developer topics (MVP Award in Microsoft).

In an interview with the author, a Microsoft manager stated:

Microsoft appoints influential people on the community site to be MVPs. The MVP program improves their motivation and is used to create a customer advocate. Microsoft tries to enhance the importance of MVP by posting important notices and delivering software in advance. It emphasizes a chain of satisfaction.

6.4.3. Cooperative Development

Strong relationships can be established through mutual communications and cooperative development activities. TEPCO believes that through the ideas and efforts of electricity producers, consumers will understand the convenience being offered and appreciate the real service that is provided. Therefore, TEPCO supports the electricity producer companies by providing feedback on market research, subsidizing development cost, co-promotions, etc.

Gunze operates online membership communities called "Mama Club," which targets a variety of different segments for the purpose of obtaining and exchanging information on the Internet. Gunze utilizes the voices of users, who talk about products directly. It also releases products that have the same brand as the community name.

6.4.4. Cooperative Social Action

Through cooperative social actions with customers, a company can effectively transfer a trustworthy company image to them. As part of its IS14001 efforts, since September 2003, MOS Food Services has implemented a program to reduce the use of plastic bags for takeout. *"We are appealing the activity to customers and promoting the deduction collaborated with them,"* said the PR of MOS Food Services in an interview with the author.

6.5. Partnering

Partnering activities between a company and its customers is another way to establish trust. Also, partnering between a company and its distributors is very beneficial for companies that do not have direct selling channels.

A good approach is a consultative selling relationship in which a company helps its customers even if that help falls beyond the boundaries of its own products and services.

6.5.1. Offering Knowledge and Expertise

Cisco has introduced a formalized mentoring and knowledge transfer program called Partner Consultative Support (PCS). Through PCS, partners have access to Cisco's intellectual resources and proven practices, which have been validated in the Advanced Services program for end customers. The program helps accelerate time-to-profitability for Cisco's channel partners by helping them develop engineering practices for rapid deployment and support of complex network infrastructures in new growth markets.

PCS is available to Cisco partners that have achieved a high level of knowledge about a specific technology and wish to complement this knowledge with Cisco expertise. The goal of

the PCS program is to help produce quality and consistency within a channel partner's support offerings with respect to delivering Cisco technology. This in turn gives end customers security knowing that whatever level of expertise they need, Cisco has taken the necessary steps to enable their channel partner network to deliver the same quality support that customers would expect from Cisco.

Stated Karl Meulema, Vice President of Cisco Customer Advocacy:

> It all boils down to providing a positive experience for our customers. Cisco Partner Consultative Support helps channel partners fill specific expertise gaps so they can successfully provide their customers with their own branded suite of channel partner services. It's a win/win for both our end customers and our channel partners, as we rely on our channel partners to deploy better than 90 percent of our products and technology to our customer base. (*Business Wire,* 4/21/03)

6.5.2. Partnering with Distributors

For companies that do not have direct selling channels, partnering with distributors is key, and the company can then focus on converting that distributor into an advocate for the company.

Shinya Tamura is the leader of New Business Promotion in the Marketing Department of TOTO, and he said in an interview with the author: *"We and our contractors act with one heart and mind."* TOTO is the largest toilet manufacturer in the world, producing more than 7 million toilets annually. Given its strong brand name, TOTO supports relationships with customers which their contractors have. TOTO offers a membership club, the "TOTO Re-modeling Club". More than 4,000 remodeling shops in Japan are members. The idea is to become a remodeling shop that is viewed as secure and trustworthy in the local neighborhood around the shop. Members proactively sell TOTO products as local shoppers. If a member shop receives a complaint from a customer, TOTO can go to end-customer sites to conduct

direct on-site support to rebuild that customer's confidence. Members can improve their credibility by using the TOTO brand.

On the other hand, TOTO can expand its distribution channels and build close relationships with its members. They, in turn, become TOTO advocates through deepening their understanding of the products and working cooperatively with them. *"It is important for customers to recognize that we can understand their mind,"* said Mr. Tamura.

Another example is Kikkoman, the number one soy sauce producer in the world and supplier to the Japanese imperial household (that batch is brewed separately). Beyond soy sauce, the company's products include cooking sauces, sake, and wines. While about 80% of its sales come from Japanese customers, domestic demand is sluggish at present, and Kikkoman's growth now comes from overseas expansion. The company roots are deep—it is more than 300 years old—and it is still controlled by descendants of its founding families (Hoover's Online).

Mitsunobu Nakamura, Manager of Sales Planning, said in an interview with this author: *"We have regular meeting with valued retailers. By presenting Kikkoman's policy, we try to reduce the distance between us and them so as to establish a human relationship."*

Kikkoman develops its product in cooperation with its valued retailers in order to proactively expand a number of private brands which big retailers want to develop. Kikkoman hosts a Japan-US food distribution symposium every five years specifically for the purpose of touring the company's Wisconsin factory, with 70 invited retail executives.

Recently, in addition to a human interface, Kikkoman has tried to develop closer contacts in systems. One example is to install category management—a method by which manufacturers and retailers operate together in product assortments. *"Regarding the displays which retailers have to maintain, we installed an Efficiency Consumer Response (ECR)*

program which allows us to think through the best merchandise displays using data analysis. Our aim is to develop a win-win relationship between the retailers and us," said Nakamura.

6.5.3. Consultation for customers

GE is sharing its management experience with its customers via consulting engagements that involve teaching the Six Sigma and other methodologies (at the customer, for the customer). Through the programs, GE experts help the customers improve specific business processes free of charge. It is important that a project does not have to relate to GE - the goal is mainly to transfer best practices that will help the customers remain profitable.

For instance, the GE aircraft engines division is currently helping the ailing airline companies. GE's efforts in this area go far beyond those related to the products which the company sells and supports. The projects include any aspect of airline operations in which GE's expertise can be utilized. This free consulting service to help ensure customer's profitability can create customer advocacy by capturing the customer's heart.

6.6. Sincere Response

Sincere response arguably captures customer loyalty, and can lead to a strong and sustainable relationship. However, insincere response can result in unrecoverable losses.

6.6.1. Prompt response to the crisis

Johnson and Johnson's response to the Tylenol crisis was a very famous case of a company staying true to its values (in this case embodied in the Credo). In 1982, seven people died after ingesting Tylenol capsules that had been laced with cyanide. Even though the poisoning was limited to the Chicago area, J&J took immediate action to withdraw all Tylenol

capsules from the U.S. market, at an estimated loss of $100 million. In doing so, Johnson and Johnson managed to maintain the high level of customer's trust.

In contrast, Japan's biggest dairy producer, Snow Brand Mile Products, left more than 14,000 people ill with vomiting and diarrhea and set off a nationwide food-poisoning panic in June 2000. Though it was, in a narrow sense, a case of careless sanitation controls, the episode has once again raised the ugly specter of irresponsible corporations being more concerned about profits than consumer safety, and bureaucrats who fail to regulate the companies. Snow Brand has totally betrayed the consumers' trust.

So in summary, prompt and sincere response to a crisis can sustain or even improve a company's trustworthiness. On the other hand, delayed and insincere response can cause heavy damage to it.

6.6.2. Complaint Handling

Mr. Azuma, of MK Taxi, said in an interview with the author:

Complaints give us clues to improving our services. The higher MK's image grows, the higher are customer expectations for MK. As a result, complaints—even for trifling affairs—increase. An episode such as no greeting from a driver, which a customer would never report to another taxi company, becomes a complaint for us. We respond quickly to complaints and handled them completely. Most customers who complain expect us to do something, and when we do, they tend to become MK advocates as a result of our quick and sincere response.

By handling complaints sincerely, and going well beyond common industry practice, MK has acquired overwhelming trust from its customers.

6.7. Product Comparison

For advocacy marketing to succeed, a company must be willing to honestly advise its customers, even if the best choice is a competitor's product. Even if the company has excellent products, they may not be the best choice for that customer. Through such honest activities, credibility and trust are built.

6.7.1. On-line Advisor for Potential Customers

An online advisor is a useful tool for building trust among users. An on-line advice website provides unbiased recommendations that users can trust will provide information that best fits their preferences.

General Motors

GM designed Auto Choice Advisor as an in-depth tool for new car shoppers who are looking for unbiased information and support. Auto Choice Advisor considers personal use habits, price, brand and style preferences, gas mileage, and frequency of repairs. The site then offers a handful of possible vehicles, none of which is a GM product, although there is a GM logo (see Figure 6-1). Users are aware of two factors: this is a neutral advisor site, and it is a GM-produced site—facts that are subconsciously planted in the users' minds. After all, the hope is that they will become customer advocates for GM.

Source: http://www.autochoiceadvisor.com
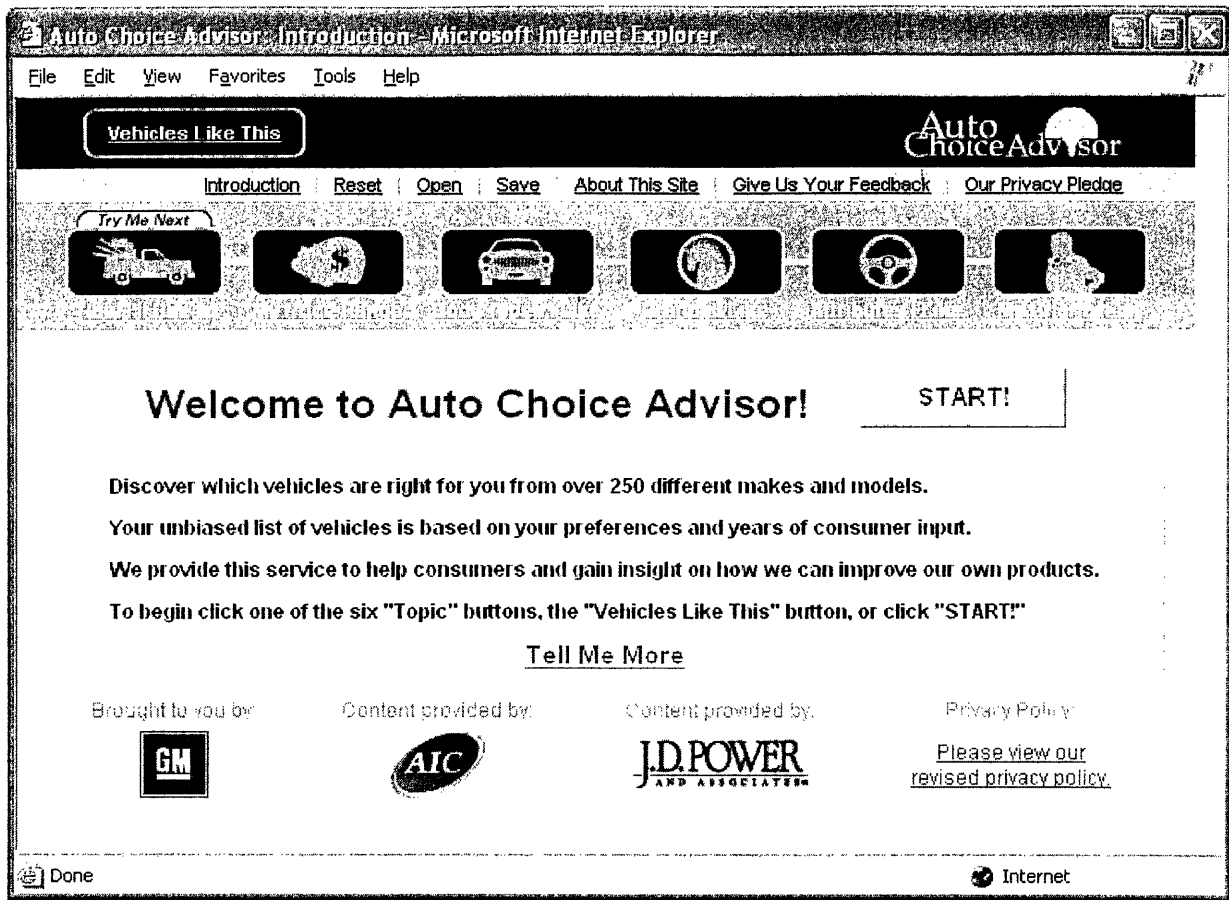
Figure 6-1 GM Auto Choice Advisor

John Deere & Company

John Deere is one of the world's two largest makers of farm equipment. Deere also is a leading producer of industrial, forestry, and lawn-care equipment. Its farm equipment includes tractors, tillers, harvesting machinery, and soil-preparation machinery (Hoover's Online).

John Deere offers an online product advisor tool that enables customers to compare products, including those of John Deere's competitors (see Figure 6-2). The advisor helps customers find the best product to meet their needs, and provides competitive comparisons

with their own products.
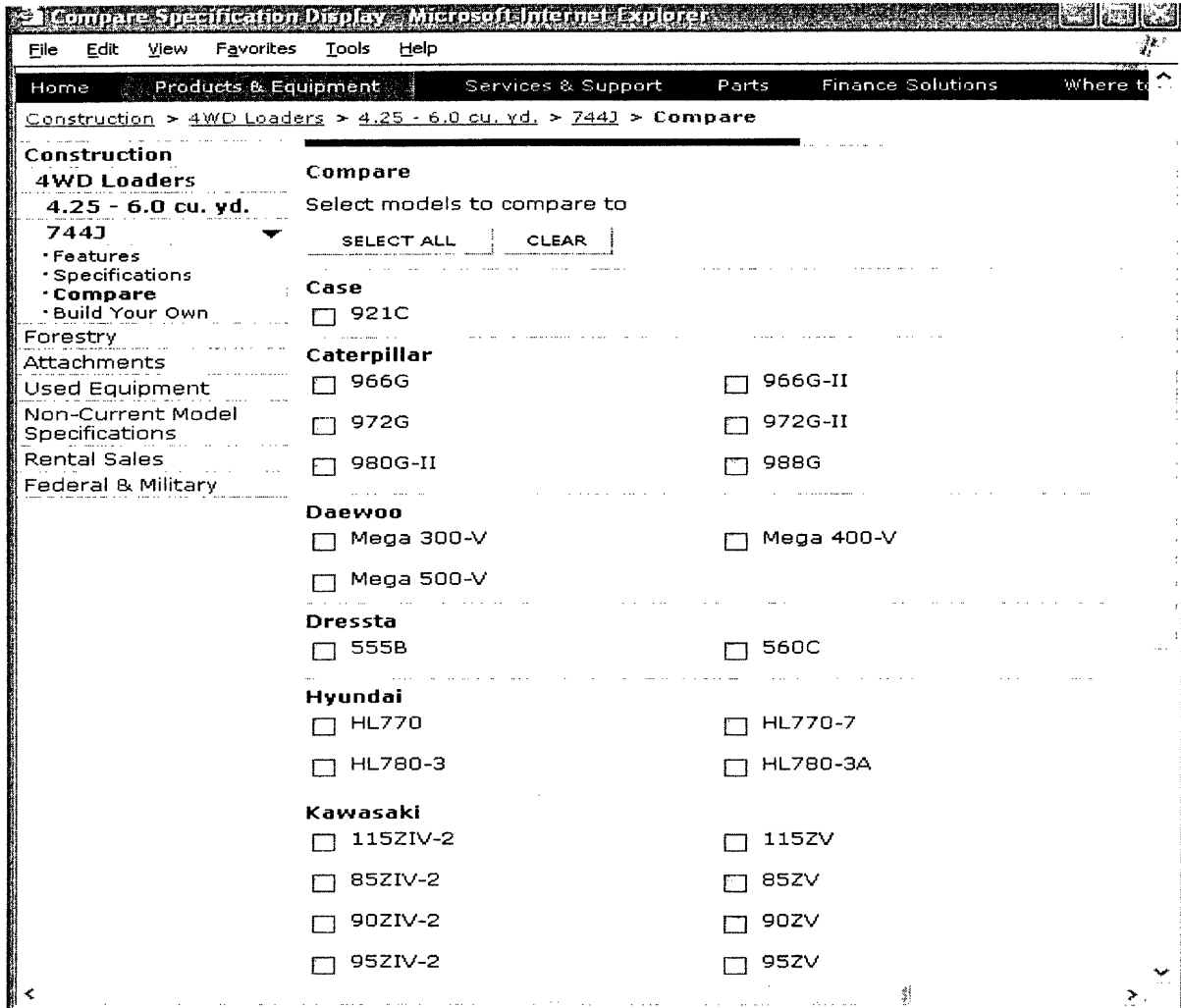
Source: http://www.deere.com/en_US/deerecom/usa_canada.html

Figure 6-2 Example of John Deere's online product advisor

6.7.2. Offerings of Comparable Environment

Gunze launched a sales space for 700 shops called GAIA (Gunze Amenity Impression

Amusement) in November 2003. The concept is to provide attractive amusements for

customers. In order to achieve this objective, Gunze actively displays other companies' products in its space. *"First of all, it is important that the space be active, because it is a contact point with our customers. Thus, we display other companies' products in order to offer a variety of choices to customers,"* said Yasumichi Komatsubara, PR of Gunze in an interview with the author. Gunze customers become Gunze advocates, because the company is willing to provide attractive spaces for anybody's products, including competitors.

6.8. Supply Chain

Products and services gain added value by being bundled with channel partners, such as distributors or retailers. Companies can build a supply chain network with them and then provide a trusted product or service to customers. These bundled distributors and retailers play a major role in enhancing the brand image and maintaining strong customer relationships. Companies actively seeking advocacy marketing should work with their channel partners to establish a trustworthy supply chain network.

6.8.1. Robust Infrastructure

Occasionally there are negative impacts. As an example, NTT DoCoMo suffered a distressing experience when it released FOMA, its third-generation mobile communications service. FOMA is the first W-CDMA service in the world. However, some customers encountered communication difficulties during the first phase, and as a result NTT DoCoMo lost the trust of many customers because of the weak infrastructure.

According to Akira Kitamura, Brand Manager at Vodaphone, in an interview with the author:

At regular intervals, we have conducted customer surveys to ask about why they selected a particular cellular phone. They always listed three factors— quality and features of the handset, the call center, and the network. We believe we should make steady efforts for infrastructure improvement by making huge investments, in spite of unspectacular work, in order to keep our customers' trust.

Travelocity believes that most customers are looking for the *right* price, not necessarily the *lowest* price, and that a secure and reliable site will have a positive effect on purchases. Therefore, it has invested heavily in its technological infrastructure. Travelocity was originally established by SABRE, the leading computer reservation system (CRS). SABRE had provided its services to professional travel agencies for many years, so its infrastructure was robust. Travelocity made good use of this infrastructure and its broad knowledge of the travel industry. Thus, information is exchanged with suppliers on fully automated backbone network in an EDI format.

Jeffrey Glueck of CMO ranked "supply chain" second among the key elements in an interview with the author, saying, *"We invest considerable money in technology and infrastructure so that customers can use Travelocity with a sense of security. In contrast, Expedia may exchanges data by fax. Thus, our system differentiates us from the rest."*

6.8.2. Efficient and Scalable Network

A company builds trust with its customers through quick and efficient service. Such services are backed up by an efficient and scalable supply chain network. eBay has a number of suppliers that service their seller community, like "Auction Watch" and "Channel Advisor." These services are designed to help make the sellers' businesses more efficient and scalable.

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"The outstanding supply chain system of 7-Eleven Japan (SEJ) contributes to create customer advocacy," said Mitsuru Yamada, Manager of Business Development of Itoyokado and 7-Eleven Japan said in an interview with this author. 7-Eleven Japan is the country's largest convenience store operator with more than 10,000 company-owned and franchised stores. Alcohol, candy, soft drinks, and fast foods (such as box lunches and rice balls) make up most sales, followed by cigarettes, magazines, software, and other nonfood goods. 7-Eleven Japan also provides in-store ATMs and, for customers who choose to pay their utility bills in person each month, 7-Eleven provides a utility bill payment service. The operating hours and locations are more convenient than banks or other financial institutions. Transactions amounted to 144 million in 2002. This shows that people trust the security of the network and appreciate its convenience.

Beginning with its first store information system in 1978, 7-Eleven Japan has continued to develop such advanced information systems as point-of-sale (POS) and electronic ordering. Indeed, 7-Eleven was the first company in Japan to introduce a POS system. SEJ has invested ¥60 billion in its fifth-generation total information system and implemented it in stores to strengthen their information network. One of the world's most advanced information networks, the fifth-generation total information system connects stores, headquarters, and suppliers through satellite telecommunications and an integrated services digital network (ISDN). The information network is a powerful tool used in daily operations to quickly and precisely meet customer needs, and to improve service operations (see Figure 6-3, Corporate Outline 2003).

7-Eleven Japan provides stores with multimedia information in the form of movies and still pictures, audio, text, and numeric data. Employees at each store use a computer to check the latest product information, weather, and events as well as current TV commercials and product display methods. It is also possible to create a database of sales performance figures

and use voice and handwritten memos for intra-store communication (see Figure 6-4, Corporate Outline 2003).

Fifth-Generation Total Information System Network

Figure 6-3 Seven-Eleven Japan Network Structure

POS Cash Register

Customer's View

Clerk's View

Store Computer

The system enables various information to be easily called up on a color monitor.

Color Printer

On-screen information can be printed out as necessary.

Graphic Order Terminal

Color screen terminals confirm product display orders and out-of-stock items, enabling easy product ordering for employees at each store.

Scanner Terminal

Scanner terminals are used for data input when merchandise is delivered to stores. They are also used to change the order screens of store computers and graphic order terminals to the sequence in which items are arranged on shelves to make order data entry easier for employees.

Source: Corporate Outline 2003, an introduction to Seven-Eleven Japan Co. Ltd. for Investors

Figure 6-4 Seven-Eleven Computers

SEJ believes it is important to monitor the movement of every product in the system. Products are replaced three times a day using a one-to-one product monitoring system that responds based on customer needs and purchases. Thus, customers can find many of their favorite products anytime at a 7-Eleven store as a result of this efficient supply chain. This system is unique to 7-Eleven Japan and has gone a long way to creating a cadre of customer advocates.

6.8.3. Safe and Stable Supply Chain

McDonald's operates its own supply-chain management system that enables it to maintain a safe source of supplies around the world. Since the company's supply sources are strictly selected and contracted farmers in every country, the safety of those supplies is guaranteed. The supply chain infrastructure that is in place can cope with changes of weather condition and most other volatile conditions. This base enables McDonald's to maintain its constant quality and service, and it is a significant contributor to building customer trust. *"Maintaining a constant and stable supply can improve brand image,"* noted Yuichi Sugimoto of McDonald's Japan.

6.8.4. Flexible supply

It is equally important to respond to demands flexibly and to maintain high quality. ROHM is able to deal flexibly and maintain high quality that satisfies its customers' demands, and ultimately builds its customers' trust.

Mabuchi Motor Co. is one of the world's largest manufacturers of small electric motors. Its motors are used in audiovisual equipment and in automotive, home appliance, office, and precision equipment applications, such as power windows, electric shavers, toothbrushes, copy

machines, cameras, and CD-ROM video games. Mabuchi makes its motors and motor parts in Asian countries outside Japan, where production costs are lower. The company markets its products throughout Asia, Europe, and the Americas (Hoover's On-Line).

According to Soichi Tamatsu, Manager of the Sales Department at Mabuchi Motor, in an interview with this author:

> *Flexibility is very important when responding to customer needs. We have established factories in China from the earliest stages. Our factory is designed not with automation but with manual labor in order to realize flexible outputs, high quality, and low prices. Recently, people who were trained by Mabuchi went to work at another company in China. These companies are competitors with low prices. But Mabuchi keeps its competitive advantages: flexible outputs and high quality.*

6.9. Comprehensiveness

Traditional push-based strategies are the general responsibility of marketing. But trust-based strategies require more wide-ranging activity from the company as a whole. All company interfaces should be harmonized under an overall trust-based strategy. The culture of the firm will then reflect the effectiveness of advocacy marketing.

6.9.1. Comprehensive Marketing Approach

Takuya Yamazaki, Overseas Planning Division, Toyota, said in an interview with this author: *"We seek to become a car life consultant, offering customers a comprehensive package.*

Not just new car sales, or used car sale and after-care services, but also insurance, mortgages, and credit card business."

Toyota launched its membership credit card, the "Toyota Card," in order to gather additional customers, and today members number five million within Japan. Recently Toyota launched a software game business and a securities business, both of which seem totally unrelated to the automobile business. However, Toyota, views it direct support of its users' overall lifestyle in terms of software services as well as hardware. More than just the main business, Toyota offers total services to its customers, and ultimately aims to become a trusted partner.

Vodaphone is looking at a future scenario where people will only need to bring their cell phones when they leave the house. Akira Kitamura, of Vodaphone, said in an interview with me:

> *Generally speaking, people take their keys, wallet, and cell phone when they*
>
> *go out the door. So, as a first step, we want to condense other items, such as a*
>
> *walkman, into the features of a cell phone. We are eager to create an*
>
> *environment where people can easily listen to music by their cell phone.*
>
> *Specifically, the handset should provide high-quality features and handle the*
>
> *installation of a number of songs. After that, cell phone could even have the*
>
> *functions of keys and money. Ultimately, we'd like to install everything into*
>
> *our cell phones.*

In Japan, people have used Internet access, e-mail, and digital cameras for a long time, and the general rate of use is very high. Recently, Vodaphone released a cell phone that has a TV feature, and it has proven to be very popular. In addition to this wealth of features, Vodaphone is now trying to install everything people might want bring with them when they

leave the house. Vodaphone's aim is to become a trusted partner by adopting a comprehensive marketing approach.

MK Taxi is trying to maximize trust by accelerating its program of wide-ranging and comprehensive marketing through approaches to other enterprises. Mr. Azuma, of MK Taxi, said in his interview with the author:

> *The trust built by our taxi enterprise will contribute to other enterprises—limousines for hire by executives, dispatched drivers, and special buses for company trips. So customers find additional ways to be satisfied with MK services beyond the taxi business. Beginning in the fall, we will begin a local bus business in Kyoto. To enhance mutual use of buses and taxis, we will offer discounted taxi prices to customers who have a commuter pass. We continue to look for new ideas that will accelerate mutual use of both our buses and taxis.*

MK Taxi feels confident that these new services, offered to customers with whom they have built great trust and consumer advocacy, will be beneficial to its taxi business. The company expects to gain even further trust from its customers who expect excellent and comprehensive businesses based on the MK policy.

6.9.2. Social Action

"It is important. Relations with customers are not built only by our products. It is obvious that customers' choices depend on the image of the company if the same price and similar products are available. A company's image is influenced by its social action and local charitable activities," said Yuichi Sugimoto of McDonald's in an interview with this author. Customers tend to put more trust in companies that actively engage in social action programs.

MOS's view about social contributions is fundamentally different from other large corporations. MOS's philosophy is based on making meaningful contributions to people and society, and the company sees its marketing activities as one way to bring their philosophy to life. The company believes that "service from the heart" is missing in many restaurants. Service should come straight from the heart, and wholehearted service will help a store to grow and succeed. MOS trains every employee to act wholeheartedly and to provide such service to their customers. *"A store can never be successful without the love of the local people,"* MOS believes. MOS's comprehensive corporate activities, which include contributing to the community (in addition to providing high-quality food and service), have enabled the company to build absolute trust with its customers.

MK Taxi also mounted a campaign called "Send a taxi back to the citizens," early after the company was founded in 1972. Because all the taxis were in the garage between 2am and 6am, there were no cabs available in town. So the campaign launched an emergency dispatch service for medical crises, directions, etc., available after midnight. In addition, MK established a program that gives priority to physically disabled customers, a discounted fare, and drivers who are trained to assist them. MK continues to work from the citizen's point of view, trying to identify other services they can offer to their users.

Mr. Asuma reiterated in his interview: *"It has been over 30 years since we proposed reforms of the Kyoto city transportation system, seeking a more efficient utilization of buses and taxies. We have criticism Through deregulation, which made it possible to start operating, we have installed several programs since last autumn. Dealing with city transportation issues is an urgent issue for Kyoto, a busy tourist city. Environmental concerns, which arise because of severe traffic congestion and the increasing number of private cars, will affect all aspects of*

civil life. We want to contribute to society by tackling reforms of urban transportation that go

beyond the company's taxi activities."

Recently MK entered an official protest statement against the City of Kyoto and its

mayor, as the chief executive of Kyoto City Bus (which has been running in deficit), because

they have wasted the valuable tax monies of Kyoto's citizens. In another approach, MK is now

battling Kyoto City to heed MK's request to share the use of city bus stops. MK sees this

request as a way to prevent the installation of unnecessary and useless bus stops.

Most companies have policies in place to deal with environmental and social issues, but

it is often the case that actually implementing those policies occurs randomly and sporadically.

In MK's case, it is the core of their corporate strategy. MK does not hesitate to "break the rules"

given the clear policy of "Reform of city transportation," which means doing away with the

industry's bad habits. MK has gained the hearts of many citizens and built committed trust

through a variety of serious and bold actions.

6.9.3. Safety Measures

ROHM has taken steps to install materials following proper safety guidelines regarding

the production process. If it uses materials that are potentially dangerous, there may be adverse

affects in customer products or unstable production that can result in a negative impact on the

company's customers. Thus, ROHM's clients are likely to take steps to ensure that the

company deploys sufficient safety measures and is trustworthy.

6.9.4. Environmental Concerns

Many companies believe that environmental conservation is important as a corporate

social responsibility. If a company does not respond with such activities, it risks losing trust.

ROHM's examples of environmental conservation activities include the development of environment-friendly, energy and resource-saving products, zero emission of waste, and "green" or environmentally friendly procurement policies. Under the Kyoto Protocol, ROHM has stopped using chlorofluorocarbons, and it has also established an environmental management system based on ISO 14001 standards (Annual Report 2003).

6.9.5. Comprehensive Power

According to a TEPCO manager:

Our product is the basis of business as well as household activities, and it is not something that can be sustained by extraordinary ideas. Customers want stupidly honest but reliable product, and such voice of customer lead the guidance to the whole company's activities. Their expectation is on the comprehensiveness of the whole company, not on the prominent performances of individual departments.

TEPCO's product is electricity, which is a fundamental support of a society. The company considers comprehensiveness as the most important element of customer advocacy. Comprehensive total corporate activities are surely the largest element in gaining customers' trust.

6.10. Employees

It is common knowledge that employee satisfaction leads to customer satisfaction. Along the same lines, the behavior and mindset of employees influence the level of success of customer advocacy.

6.10.1. Quality of Employees

"Although McDonald's has high-quality standards manuals, in the end the quality of its products and services depends on the operating staff's skills," as Yuichi Sugimoto pointed out in his interview with this author.

There are only one or two permanent staff in each store, with the balance being part-time employees. McDonald's Japan offers manager positions to part-time employees seeking to run a store. To improve the skills of permanent and part-time employees, McDonald's Japan established its "Hamburger University" to educate employees on various subjects such as cooking and service. In another effort, the company also has "Japan Group Crew Contests, called JGCC" in which employees compete on the basis of performance with a view to improving staff techniques and motivation. Strong HR development leads to improved employee quality and satisfaction. And this helps the company to gain trust from its customers through high-quality, sophisticated products and services that result in greater customer satisfaction.

According to Katsuyasu Hamano, of Benesse Corporation, in an interview with the author:

> *Benesse has more than 20,000 people, called Akapen-sensei (meaning teacher with red pen), to correct answers from students. Benesse recruits potential Akapen-sensei and then educates them. After that, the quality of the Akapen-sensei is maintained through correspondence between themselves and Benesse.*

The network of *Akapen-sensei* utilizes prime social assets, and if Benesse did not

utilize them, their abilities would be buried in society. The typical *Akapen-sensei* is a housewife with higher education and an excellent ability to educate children. The community is organized with about fifteen *Akapen-sensei* and one group leader. The community is very close, and members confer with each other and interact beyond work, going shopping and watching movies.

A student's paper is randomly assigned to an *Akapen-sensei* in the nationwide network, and his subsequent papers are corrected by that same *Akapen-sensei*. Since each *Akapen-sensei* is responsible for the work of the same students, a trust relationship develops between the student and the *Akapen-sensei* in charge. A robust distribution network, which utilizes a huge customer database, maintains high-quality standards and supports a complex delivery system. As a side note, Benesse is the second-largest user of postal mail in Japan.

These activities have made the *Akapen-sensei* strong advocates for Benesse. Thus, Benesse contributes to society as a trusted firm by using the abilities of the *Akapen-sensei* to create trust. And since the *Akapen-sensei's* activities comprise a major portion of Benesse's services, the company is eager to sustain a high level of quality that will create customer advocacy.

6.10.2. High Quality Beyond Stereotype

"Better service comes from recruiting high-quality drivers and then educating them. Since we offer a thorough education, we don't normally take experienced drivers. We continue to educate our employees in monthly study meetings and training sessions twice in a year," said Mr. Azuma of MK Taxi. Shortly after the company was founded, MK doubled the wages of its drivers compared with the industry standard, and this continues to be an effective tool for maintaining high employee motivation.

MK also has various innovative education programs for employees, such as learning foreign languages, lessons to become a tour guide, manners and hospitality, and studying abroad in the UK. The study abroad program began in 1992, and several drivers attend every year. They acquire a better understanding of international customers and are able to receive visitors in English. The Ministry of Foreign Affairs makes special requests for MK drivers, and they are capable of acting as tour agents or as tour guide drivers who can speak English. If a customer asks for a tour guide who speaks English, the service is available at ¥1,000 per hour, and the money becomes directly part of the driver's income.

In addition, MK hires more than ten new graduates with bachelor degrees every year. Such hiring has gone a long way toward breaking down the industry stereotype of taxi drivers, and it makes a favorable impression to have highly intelligent drivers. Some have gone on to become middle-management executives. Such high-quality drivers are yet another way MK Taxi has created strong trust among its customers.

6.10.3. Self-Motivated Employees

A prospective franchisee must go through at least five rounds of interviews in order to become a MOS franchise, and only 3.5% of the applicants make it to the end of the process. *"We enter into contracts only after we gain a thorough knowledge of the applicant and convince ourselves that we can work with this person,"* says Sakurada of MOS. *"We cannot continue fulfilling our dreams unless the person enjoys working with MOS and will provide good service to customers. We begin a new relationship when MOS's philosophy is resonated between the two parties."*

In order to strengthen solidarity among all the owners, they unite via a "Co-Prosperity Committee," an organization initiated by MOS franchisees. MOS headquarters takes a

supervisory role, but is nothing more than a member of the committee. There are four sub-committees: product development, sales promotion, welfare and benefits, and education. The franchisees participate on the committee, but the activities are equally available to regular MOS employees. The committee even has a voice in product development. The education process takes individual personalities into account.

When a franchise restaurant loses its motivation and customer complaints begin to increase, other associated franchised restaurants lend support by helping with cleaning or whatever needs to be done. This type of support has enabled several low-performing players to regain their standing, thanks to the help of other franchisees. Such open relationship contributes to mutual improvement between franchises. MOS franchisees compete with and encourage one another at the same time—a typical Japanese way of cooperating among franchises.

Lost motivation often occurs because of problems in human relationships. When there is no revenue growth, often it is because the franchisee does not understand MOS's philosophy of management. The Co-Prosperity Committee has been very helpful in enhancing franchisee motivation, and when they understand MOS's management style, they can provide the kind of service which MOS expects and therefore gain customers' trust.

6.11. Brand

Some firm can capture a message of total trustworthiness into one brand, and that brand becomes a messenger for creating customer advocacy.

6.11.1. Strong Brand

"Quality used to be Toyota's strongest point with its cars; however, these days there is less difference in terms of quality," Mr. Yamazaki said. Toyota believes that advocates will continue to follow the Toyota brand because of its comprehensive trustworthiness.

Toyota is taking the next step, aiming to become a total auto service company by utilizing its comprehensive power to offer a variety of products and services. Its image of high quality and excellent prices, and its comprehensive power, all combine to define the brand, Toyota. All the company's messages can be condensed into one strong brand, and customers advocate for this integrated strong brand.

6.11.2. Emotional Ties

Mr. Kawakami of Takeda Chemical Industries said in an interview with the author:

Due to heavy regulation of over-the-counter drugs, it is difficult to differentiate products, for instance, by ingredients. In addition, because it is an "elicitation" market—meaning the product has to act against a symptom—the market is already mature, and it is impossible to expand the market with existing product categories. In order to keep our competitive advantage in such an environment, product differentiation is crucial in brand management. . . . It is also crucial for the customer to build a mental connection with the product by sharing the psychological benefits which they get from the product.

Kawakami believes one of the most important factors in developing a customer advocate is to establish an emotional tie with the customer who believes that the product will

not betray his/her expectations; also important is the emotional tie created by the customer's belief that it is a trustworthy brand.

6.11.3. Past Record

Under its *Shinkenzemi* brand, Benesse offers correspondence courses covering the entire educational period—*Kodomochallenge* for children from one to six years old, and *Shinkenzemi* correspondence courses for primary, junior high, high school, and students preparing for university. The courses cover seventeen years of education for its customers, which means that its customer strategy is to sustain customers for seventeen years. Customers are able to cancel their membership at any time because the service is payable with a monthly fee. Thus, the company's trust-based marketing strategy is important for building and maintaining such long-term relationships.

Katsuyasu Hamano, of Benesse Corporation, said in an interview with the author:

Our customers continue to use our products for long time. It is common for people to become customers who were introduced by past customers who are family members and/or friends. Benesse's past record has build a solid foundation of four million customers which we strive to uphold. Thus, it is important to sustain trust during people's entire lifetime and for future generations.

Through brand awareness, the company's reputation for offering trustworthy products and service is well-known.

6.12. Leadership

Leadership creates a suitable environment in which advocacy marketing is facilitated.

6.12.1. Prioritization

In her interview with the author, Joyce Salisbury of GM said:

Leadership determines whether customer advocacy is a priority. If the organization is measured in short-term, traditional measures, there is no incentive to do anything differently, even if it has huge value in the long run. Leaders must move beyond their comfort zone and have faith that customer advocacy is important, otherwise inertia will prevail and the organization will keep doing things the same way until forced into change by the environment or competition. If the leader embraces customer advocacy, every person can view and change their practices to meet that goal without fear.

She identified a new element for advocacy marketing. Since advocacy marketing is a company-wide activity at GM, it is important that leaders understand its significance and diffuse it throughout the company. It would not be an exaggeration to say that a key to the success of advocacy marketing is strong leadership.

6.13. Summary and Findings

With the addition of the new key elements identified herein, there were now twelve key elements for creating advocacy marketing, and a variety of means for achieving these key elements. The research data indicate that these key elements and means are effective for firms in a variety of industries and categories. Surprisingly, my research confirmed that very similar approaches are executed among very different types of firms.

Almost all the elements can be applied to various types of industries, to both B2C and B2B types of business, and to U.S.-based firms and Japan-based firms, although there are different tendencies between them. Some companies placed importance on the same key element, and almost all companies did not focus only on one element but on a couple of elements. Thus, this consolidated knowledge about key elements and means can be applied to various types of companies.

CHAPTER 7   Quantitative Analysis

7.1. Results by Individual Question

First, I will analyze the data derived from the questions without categorizing it, in order to understand the characteristics of the question.

The questions were originally separated into four categories: elements of CA, the benefits of CA, the environment around CA, and means for creating CA.

7.1.1. Elements of Customer Advocacy

"Quality of products and services" [Q2], and "Transparency" [Q1] received the highest support among the major key elements of CA from all industries, regardless of whether they were B2B or B2C. In particular, almost all companies gave the highest points, "7", to quality of products and services (see Figure 7-1).

[Q1]   Transparency is important in creating CA.

[Q2]   Quality of products and services is important in creating CA.

Q1

Quantiles			Moments	
100.0%	maximum	7.0000	Mean	5.9642857
99.5%		7.0000	Std Dev	1.290482
97.5%		7.0000	Std Err Mean	0.2438782
90.0%		7.0000	upper 95% Mean	6.4646824
75.0%	quartile	7.0000	lower 95% Mean	5.463889
50.0%	median	6.0000	N	28
25.0%	quartile	5.0000		
10.0%		4.0000		
2.5%		2.0000		
0.5%		2.0000		
0.0%	minimum	2.0000		

Q2

Quantiles			Moments	
100.0%	maximum	7.0000	Mean	6.4285714
99.5%		7.0000	Std Dev	1.069045
97.5%		7.0000	Std Err Mean	0.2020305
90.0%		7.0000	upper 95% Mean	6.8431038
75.0%	quartile	7.0000	lower 95% Mean	6.0140391
50.0%	median	7.0000	N	28
25.0%	quartile	6.0000		
10.0%		4.9000		
2.5%		3.0000		
0.5%		3.0000		
0.0%	minimum	3.0000		

Source: Author, 2004

Figure 7-1 Results by individual question: [Q1] and [Q2]

"Organizational leadership" also received strong support, although there were some neutral opinions (see Figure 7-2). Although only GM gave specific comments about the contributions of organizational leadership for CA, a large number of the companies seemed to know the value and importance of CA.

[Q9]   Organizational leadership is important in creating CA.
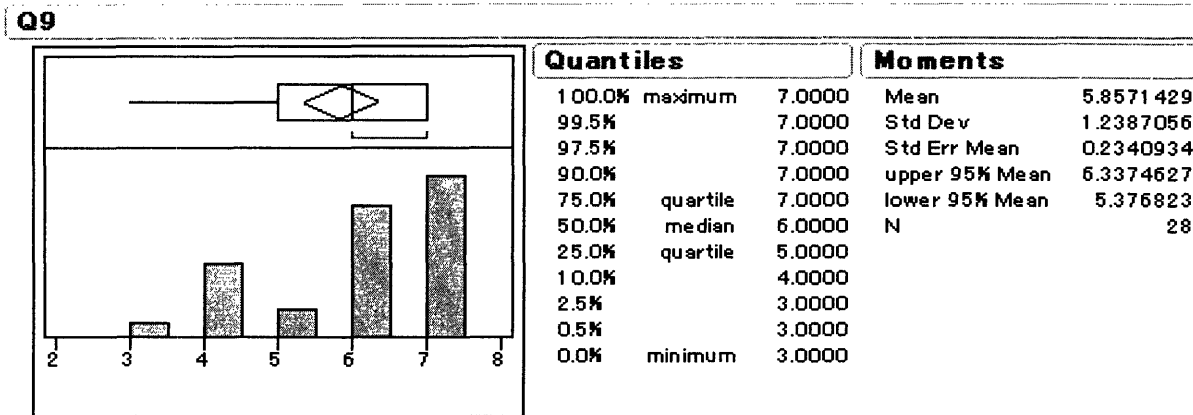
Source: Author, 2004

Figure 7-2 Results by individual question: [Q9]

In the second group, "Partnering" [Q4], "Cooperative Design" [Q5], "Comprehensiveness" [Q7] and "TQM" [Q8] gained more than 5 points in mean (see Figure 7-3). With regard to partnering, cooperative design, and comprehensiveness, a variety of comments from many companies in the qualitative survey are reinforced by the higher points given in the survey.

[Q4]   Partnering is important in creating CA.

[Q5]   Cooperative design is important in creating CA.

[Q7]   Comprehensiveness is important in creating CA.

[Q8]   TQM is important in creating CA.

Q4

Quantiles		
100.0%	maximum	7.0000
99.5%		7.0000
97.5%		7.0000
90.0%		7.0000
75.0%	quartile	6.7500
50.0%	median	5.5000
25.0%	quartile	4.2500
10.0%		4.0000
2.5%		1.0000
0.5%		1.0000
0.0%	minimum	1.0000

Moments	
Mean	5.3928571
Std Dev	1.3968028
Std Err Mean	0.2639709
upper 95% Mean	5.9344807
lower 95% Mean	4.8512335
N	28

Q5

Quantiles		
100.0%	maximum	7.0000
99.5%		7.0000
97.5%		7.0000
90.0%		7.0000
75.0%	quartile	6.0000
50.0%	median	5.0000
25.0%	quartile	4.0000
10.0%		3.9000
2.5%		2.0000
0.5%		2.0000
0.0%	minimum	2.0000

Moments	
Mean	5.2142857
Std Dev	1.2868895
Std Err Mean	0.2431993
upper 95% Mean	5.7132894
lower 95% Mean	4.715282
N	28

Q7

Quantiles		
100.0%	maximum	7.0000
99.5%		7.0000
97.5%		7.0000
90.0%		7.0000
75.0%	quartile	6.0000
50.0%	median	5.5000
25.0%	quartile	4.2500
10.0%		4.0000
2.5%		2.0000
0.5%		2.0000
0.0%	minimum	2.0000

Moments	
Mean	5.3571429
Std Dev	1.2236644
Std Err Mean	0.2312508
upper 95% Mean	5.8316304
lower 95% Mean	4.8826553
N	28

Q8

Quantiles		
100.0%	maximum	7.0000
99.5%		7.0000
97.5%		7.0000
90.0%		7.0000
75.0%	quartile	6.0000
50.0%	median	6.0000
25.0%	quartile	4.0000
10.0%		3.9000
2.5%		1.0000
0.5%		1.0000
0.0%	minimum	1.0000

Moments	
Mean	5.3214286
Std Dev	1.4415416
Std Err Mean	0.2724258
upper 95% Mean	5.8804001
lower 95% Mean	4.7624571
N	28

Source: Author, 2004

Figure 7-3 Results by individual question: [Q4], [Q5], [Q7] and [Q8]

With regard to "Product Comparison" [Q3] and "Supply Chain" [Q6], there were many

neutral opinions, but a number of companies proactively utilize these elements and emphasize

their importance. GM places the most importance on Product Comparison, while TOTO and

TEPCO place the most importance on Supply Chain (see Figure 7-4). However, it is a fact that

these elements can be effective for certain industries.

[Q3] **Product comparison is important in creating CA.**

[Q6] **Supply chain is important in creating CA.**

Q3

Quantiles			Moments	
100.0%	maximum	7.0000	Mean	4.9285714
99.5%		7.0000	Std Dev	1.5617789
97.5%		7.0000	Std Err Mean	0.2951485
90.0%		7.0000	upper 95% Mean	5.5341661
75.0%	quartile	6.7500	lower 95% Mean	4.3229768
50.0%	median	5.0000	N	28
25.0%	quartile	4.0000		
10.0%		2.9000		
2.5%		2.0000		
0.5%		2.0000		
0.0%	minimum	2.0000		

Q6

Quantiles			Moments	
100.0%	maximum	7.0000	Mean	5.0357143
99.5%		7.0000	Std Dev	1.2013
97.5%		7.0000	Std Err Mean	0.2270244
90.0%		7.0000	upper 95% Mean	5.5015298
75.0%	quartile	6.0000	lower 95% Mean	4.5698988
50.0%	median	5.0000	N	28
25.0%	quartile	4.0000		
10.0%		4.0000		
2.5%		3.0000		
0.5%		3.0000		
0.0%	minimum	3.0000		

Source: Author, 2004

Figure 7-4 Results by individual question: [Q3] and [Q6]

7.1.2. The Benefits of Customer Advocacy

All firms were in agreement about the importance of CA today in their customer strategy [Q10] and, given the higher point for [Q11] rather than [Q10], they clearly expect to reap the benefits in their future strategy (see Figure 7-5).

[10]   Now CA is important on your customer strategy.

[11]   In the future, CA will be important on your customer strategy.

Q10

Quantiles			Moments	
100.0%	maximum	7.0000	Mean	6
99.5%		7.0000	Std Dev	1.0886621
97.5%		7.0000	Std Err Mean	0.2057378
90.0%		7.0000	upper 95% Mean	6.4221391
75.0%	quartile	7.0000	lower 95% Mean	5.5778609
50.0%	median	6.0000	N	28
25.0%	quartile	5.2500		
10.0%		4.0000		
2.5%		3.0000		
0.5%		3.0000		
0.0%	minimum	3.0000		

Q11

Quantiles			Moments	
100.0%	maximum	7.0000	Mean	6.3571429
99.5%		7.0000	Std Dev	1.3113263
97.5%		7.0000	Std Err Mean	0.2478174
90.0%		7.0000	upper 95% Mean	6.8656221
75.0%	quartile	7.0000	lower 95% Mean	5.8486636
50.0%	median	7.0000	N	28
25.0%	quartile	6.0000		
10.0%		4.9000		
2.5%		1.0000		
0.5%		1.0000		
0.0%	minimum	1.0000		

Source: Author, 2004

Figure 7-5 Results by individual question: [Q10] and [Q11]

Many firms agree with the effectiveness of CA for creating competitive advantage

[Q12] and bringing profit to the firm [Q13] (see Figure 7-6).

[Q12] *CA contributes to competitive advantage of your company.*

[Q13] *CA brings a profit to your company.*

Q12		

Quantiles

100.0%	maximum	7.0000
99.5%		7.0000
97.5%		7.0000
90.0%		7.0000
75.0%	quartile	7.0000
50.0%	median	6.0000
25.0%	quartile	5.0000
10.0%		4.0000
2.5%		4.0000
0.5%		4.0000
0.0%	minimum	4.0000

Moments

Mean	5.8571429
Std Dev	1.1126973
Std Err Mean	0.21028
upper 95% Mean	6.2886018
lower 95% Mean	5.4256839
N	28

Q13		

Quantiles

100.0%	maximum	7.0000
99.5%		7.0000
97.5%		7.0000
90.0%		7.0000
75.0%	quartile	7.0000
50.0%	median	6.0000
25.0%	quartile	5.0000
10.0%		4.0000
2.5%		4.0000
0.5%		4.0000
0.0%	minimum	4.0000

Moments

Mean	5.8571429
Std Dev	1.1126973
Std Err Mean	0.21028
upper 95% Mean	6.2886018
lower 95% Mean	5.4256839
N	28

Source: Author, 2004

Figure 7-6 Results by individual question: [Q12] and [Q13]

As previous researchers report, many firms strongly believe that CA can create long-term relationships [Q15] (see Figure 7-7).

[Q15]   CA generally gets good results in the long-term rather than the short-term.

Q15			

Quantiles			Moments	
100.0%	maximum	7.0000	Mean	6.1428571
99.5%		7.0000	Std Dev	1.0788981
97.5%		7.0000	Std Err Mean	0.2038926
90.0%		7.0000	upper 95% Mean	6.5612102
75.0%	quartile	7.0000	lower 95% Mean	5.7245041
50.0%	median	6.5000	N	28
25.0%	quartile	5.2500		
10.0%		4.9000		
2.5%		3.0000		
0.5%		3.0000		
0.0%	minimum	3.0000		
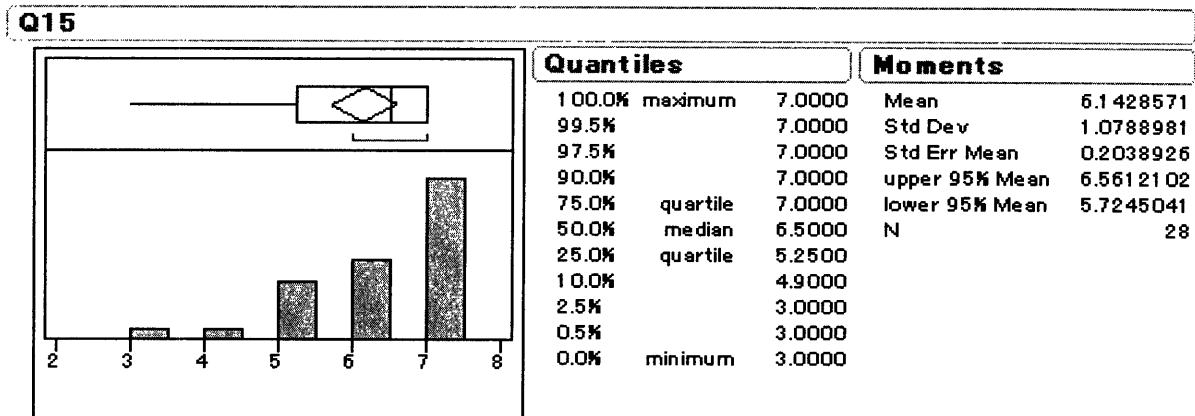
Source: Author, 2004

Figure 7-7   Results by individual question: [Q15]

Generally speaking, it is said that trust-based marketing is cheaper than traditional push-based marketing [Q16]. However, the results show that there are several varying opinions about this issue (see Figure 7-8).

[Q16]   Trust-based marketing (CA) is generally cheaper than traditional push marketing.

Q16			

Quantiles			Moments	
100.0%	maximum	7.0000	Mean	4.3928571
99.5%		7.0000	Std Dev	1.5948827
97.5%		7.0000	Std Err Mean	0.3014045
90.0%		7.0000	upper 95% Mean	5.0112881
75.0%	quartile	5.0000	lower 95% Mean	3.7744262
50.0%	median	4.0000	N	28
25.0%	quartile	4.0000		
10.0%		1.9000		
2.5%		1.0000		
0.5%		1.0000		
0.0%	minimum	1.0000		
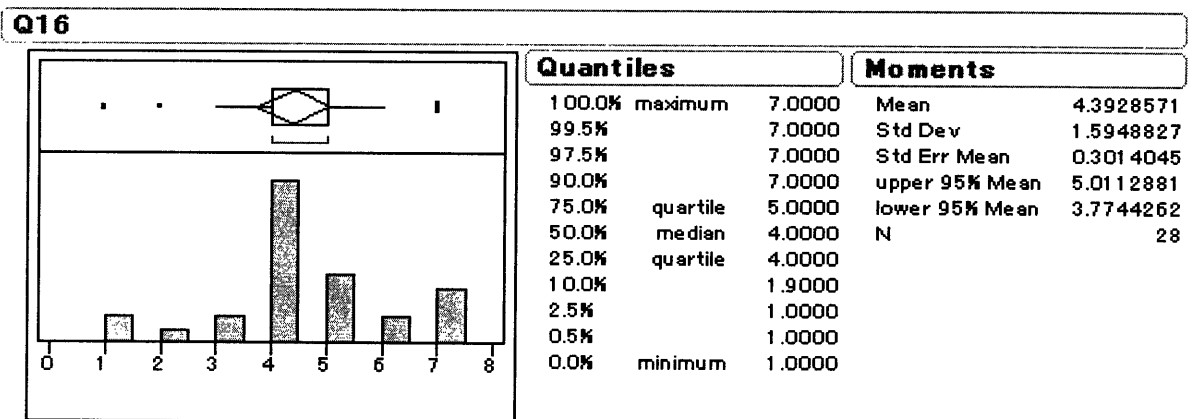
Source: Author, 2004

Figure 7-8   Results by individual question: [Q16]

7.1.3. Environment around Customer Advocacy

The sustainability of CA seems to be the same whether the product is current or new [Q17]. In contrast, a value-added product seems better suited for CA [Q18] (see Figure 7-9).

[Q17]   Current products are more suitable to create CA than new ones.

[Q18]   A vale-added product is suitable for CA.

Q17

Quantiles			Moments	
100.0%	maximum	7.0000	Mean	4.3571429
99.5%		7.0000	Std Dev	1.5205819
97.5%		7.0000	Std Err Mean	0.287363
90.0%		6.1000	upper 95% Mean	4.946763
75.0%	quartile	5.0000	lower 95% Mean	3.7675227
50.0%	median	4.5000	N	28
25.0%	quartile	3.2500		
10.0%		2.0000		
2.5%		1.0000		
0.5%		1.0000		
0.0%	minimum	1.0000		

Q18

Quantiles			Moments	
100.0%	maximum	7.0000	Mean	5.6785714
99.5%		7.0000	Std Dev	1.3348206
97.5%		7.0000	Std Err Mean	0.2522574
90.0%		7.0000	upper 95% Mean	6.1961608
75.0%	quartile	7.0000	lower 95% Mean	5.160982
50.0%	median	6.0000	N	28
25.0%	quartile	5.0000		
10.0%		4.0000		
2.5%		1.0000		
0.5%		1.0000		
0.0%	minimum	1.0000		

Source: Author, 2004

Figure 7-9 Results by individual question: [Q17] and [Q18]

98

It was my original assumption that a large company would more suitable than a small

company for developing CA [Q21], since I assumed it would be easier to build trust with a

sustainable, strong brand. Surprisingly, the result was just the opposite (see Figure 7-10).

[Q21] Large companies are more suitable for CA strategy than small ones.

Quantiles			Moments	
100.0%	maximum	6.0000	Mean	3.6071429
99.5%		6.0000	Std Dev	1.2863755
97.5%		6.0000	Std Err Mean	0.2431021
90.0%		6.0000	upper 95% Mean	4.1059472
75.0%	quartile	4.0000	lower 95% Mean	3.1083385
50.0%	median	4.0000	N	28
25.0%	quartile	3.0000		
10.0%		1.9000		
2.5%		1.0000		
0.5%		1.0000		
0.0%	minimum	1.0000		
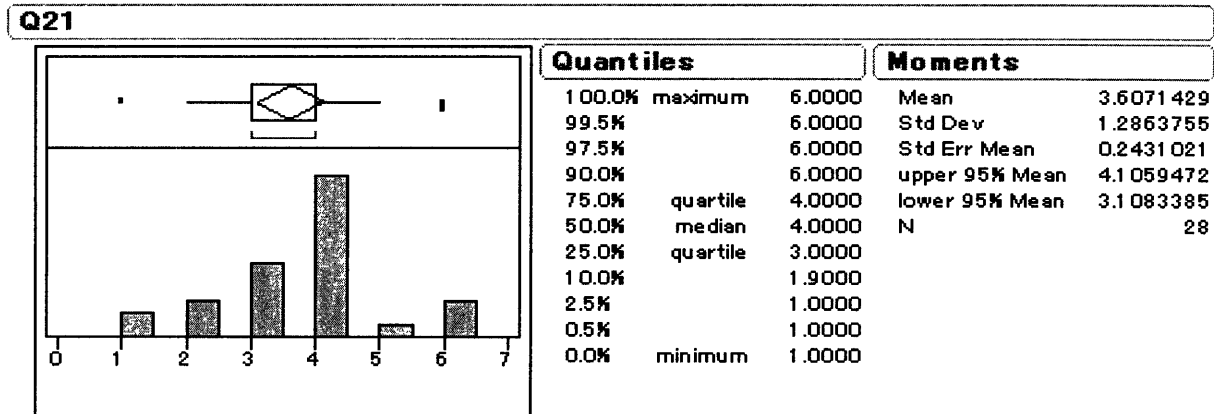
Source: Author, 2004

Figure 7-10 Results by individual question: [Q21]

Almost all companies gave a high rating to the importance of employee satisfaction [Q22] and a strong corporate philosophy [Q23] for CA. As mentioned in the previous chapter, employees can be key elements for creating CA. Employee satisfaction contributes to several influential factors when creating CA among customers. Corporate philosophy has a direct impact on key elements of CA, such as transparency and comprehensiveness. That is why it received a high rating (see Figure 7-11).

[Q22]   Employee's satisfaction is important for CA.

[Q23]   A company which has strong corporate philosophy is suitable for CA.

Q22

Quantiles			Moments	
100.0%	maximum	7.0000	Mean	5.8571429
99.5%		7.0000	Std Dev	1.1126973
97.5%		7.0000	Std Err Mean	0.21028
90.0%		7.0000	upper 95% Mean	6.2886018
75.0%	quartile	7.0000	lower 95% Mean	5.4256839
50.0%	median	6.0000	N	28
25.0%	quartile	5.0000		
10.0%		4.0000		
2.5%		4.0000		
0.5%		4.0000		
0.0%	minimum	4.0000		

Q23

Quantiles			Moments	
100.0%	maximum	7.0000	Mean	6.0357143
99.5%		7.0000	Std Dev	0.7444681
97.5%		7.0000	Std Err Mean	0.1406913
90.0%		7.0000	upper 95% Mean	6.3243889
75.0%	quartile	6.7500	lower 95% Mean	5.7470397
50.0%	median	6.0000	N	28
25.0%	quartile	6.0000		
10.0%		5.0000		
2.5%		4.0000		
0.5%		4.0000		
0.0%	minimum	4.0000		

Source: Author, 2004

Figure 7-11 Results by individual question: [Q22] and [Q23]

7.1.4. Means for Customer Advocacy

There are a variety of ways and means to create customer advocacy. The survey results showed that firms consider the following as valuable means for creating CA. As mentioned in the previous chapter, "brand" and "sincere response" were listed as key elements, and "brand image" and "claim management" can contribute to the elements as a medium for CA:

- Word-of-mouth (Mean: 5.71)

- Brand image (Mean: 6.00)

- Customer services (Mean: 6.14)

- Face-to-face activities (Mean: 5.79)

- Customer loyalty (Mean: 5.71)

- Claim management (Mean: 6.04)

- Punctual fulfillment (Mean: 5.89)

On the other hand, firms consider the following as less valuable for creating CA:

- Email marketing (Mean: 4.04)

- Real direct-mail (Mean: 4.18)

- Distribution channel (Mean: 4.46)

- High tech. products (Mean: 4.14)

I found correlated results. Firms seem to believe that an Internet site for current users is more effective for creating CA than a website for potential users, because there are few companies, like GM's Auto Choice Advisor, which utilize a website for potential customers (see Figure 7-12).

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Comparison for Internet utilization
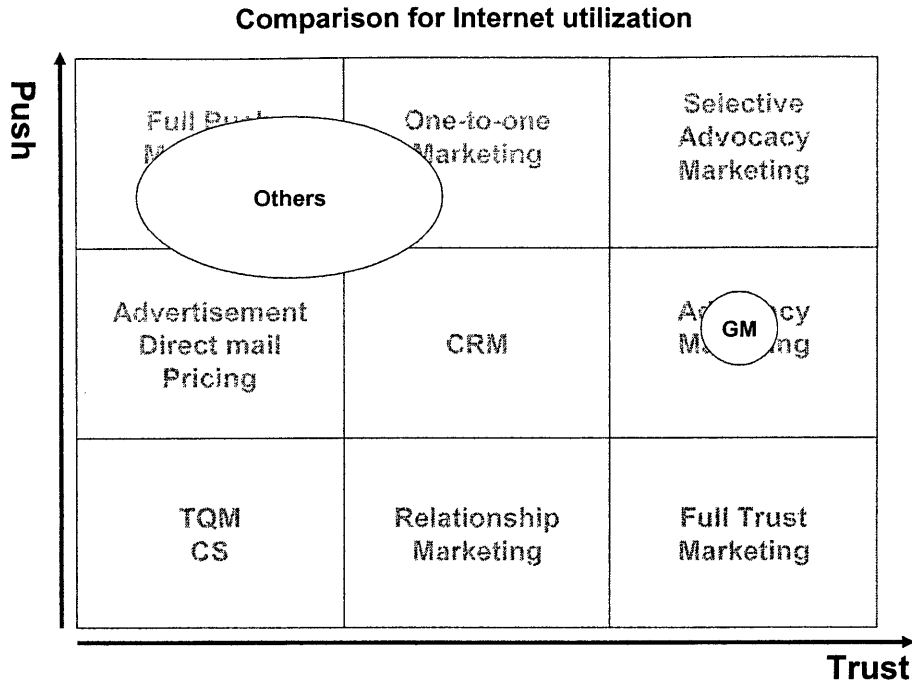
Source: Author, 2004

Figure 7-12 Comparison of internet utilization using the Push-Trust framework

The results indicate that post-sales activities are more effective for CA than pre-sales activities. After-care is very important for sustaining advocates (see Appendix C).

7.1.5. Summary and Findings

"Quality of products and services" and "Transparency" received the highest support among the major key elements of CA from all industries. Surprisingly, "Organizational leadership," a new key element, also received strong support.

I was interested to find that firms expect to reap the benefits in their future strategy. Thus, it is my opinion that advocacy marketing has a promising future.

Almost all companies gave a high rating to the importance of employee satisfaction and a strong corporate philosophy for CA. Employee satisfaction contributes to several influential factors when creating CA among customers. Corporate philosophy has a direct impact on key elements of CA, such as transparency and comprehensiveness.

In the category of means of CA, the means were clearly divided between a positive group that included customer service and claim management, and a negative group that included e-mail and direct mail marketing.

7.2. Results of Questions by Segments

I analyzed the data by segment, and found the following results of interest.

7.2.1. B2C vs. B2B

The results of questions by business type—B2C and B2B—indicate that companies who were part of each segment, B2C or B2B, should follow appropriate ways to achieve advocacy marketing.

With regard to "Partnering" as a key element of CA, the mean (5.89) of B2B is higher than the mean (5.16) of B2C. For "Cooperative Design" as a key element of CA, the mean (5.56) of B2B is higher than the mean (5.05) of B2C. This leads me to conclude that partnering projects and cooperative development are two of the most important elements in business-to-business relationships (see Table 7-2).

In the category of the benefits of CA, according to the results from Q14, I found that

B2C firms, rather than B2B firms, believe that creating and sustaining CA is generally

expensive (see Figure 7-13).

Q14   B2C

Quantiles			Moments	
100.0%	maximum	7.0000	Mean	5.2105263
99.5%		7.0000	Std Dev	1.1822271
97.5%		7.0000	Std Err Mean	0.2712215
90.0%		7.0000	upper 95% Mean	5.7803415
75.0%	quartile	6.0000	lower 95% Mean	4.6407111
50.0%	median	5.0000	N	19
25.0%	quartile	4.0000		
10.0%		4.0000		
2.5%		3.0000		
0.5%		3.0000		
0.0%	minimum	3.0000		

Q14   B2B

Quantiles			Moments	
100.0%	maximum	7.0000	Mean	4.7777778
99.5%		7.0000	Std Dev	1.9220938
97.5%		7.0000	Std Err Mean	0.6406979
90.0%		7.0000	upper 95% Mean	6.2552298
75.0%	quartile	6.5000	lower 95% Mean	3.3003257
50.0%	median	5.0000	N	9
25.0%	quartile	3.0000		
10.0%		2.0000		
2.5%		2.0000		
0.5%		2.0000		
0.0%	minimum	2.0000		

Source: Author, 2004

Figure 7-13 Results of Questions by B2C vs. B2B: [Q14]

Overall, in this category, the mean is almost same (5.70 for B2C and 5.60 for B2B). Thus, both

industries types feel the same about the benefits of CA.

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In the category of means for creating CA, B2B firms believe more than B2C firms that Integrated Marketing [Q30] is effective for CA. Regarding the importance of Brand Image [Q36] and Customer Service [Q39] for CA, the mean for B2B is surprisingly higher than the mean for B2C. Once again, my assumption was the reverse. As expected, B2B firms place more importance on face-to-face activities [Q40]. However, B2C firms place more importance on the effectiveness of word-of-mouth [Q31] for CA (see Figure 7-14).

Q31   B2C

Quantiles			Moments	
100.0%	maximum	7.0000	Mean	5.9473684
99.5%		7.0000	Std Dev	1.1772701
97.5%		7.0000	Std Err Mean	0.2700843
90.0%		7.0000	upper 95% Mean	6.5147945
75.0%	quartile	7.0000	lower 95% Mean	5.3799424
50.0%	median	6.0000	N	19
25.0%	quartile	5.0000		
10.0%		4.0000		
2.5%		3.0000		
0.5%		3.0000		
0.0%	minimum	3.0000		

Q31   B2B

Quantiles			Moments	
100.0%	maximum	7.0000	Mean	5.2222222
99.5%		7.0000	Std Dev	1.9220938
97.5%		7.0000	Std Err Mean	0.6406979
90.0%		7.0000	upper 95% Mean	6.6996743
75.0%	quartile	7.0000	lower 95% Mean	3.7447702
50.0%	median	5.0000	N	9
25.0%	quartile	4.5000		
10.0%		1.0000		
2.5%		1.0000		
0.5%		1.0000		
0.0%	minimum	1.0000		

Source: Author, 2004

Figure 7-14 Results of Questions by B2C vs. B2B: [Q31]

I assumed there would be a difference in Customer Loyalty and Complaint Management between B2B and B2C, but the results showed almost no difference between B2C and B2B (see Table 7-1 and Table 7-2).

Categories	Elements		Benefit		Environment		Means	
	Mean	Std dev	Mean	Std dev	Mean	Std dev	Mean	Std dev
B2C	5.49	0.71	5.70	0.62	5.06	0.53	5.23	0.55
B2B	5.52	0.72	5.60	0.57	5.07	0.51	5.14	0.69

Source: Author, 2004

Table 7-1. Average evaluation by B2C vs. B2B

	B2C		B2B	
	Mean	*Std dev*	*Mean*	*Std dev*
Elements of CA				
1. Transparency is important in creating CA.	5.84	1.38	6.22	1.09
2. Quality of products and Services is important in creating CA.	6.42	1.07	6.44	1.13
3. Product comparison is important in creating CA.	5.00	1.53	4.77	1.72
4. Partnering is important in creating CA.	5.16	1.42	5.89	1.27
5. Cooperative design is important in creating CA.	5.05	1.27	5.56	1.33
6. Supply chain is important in creating CA.	5.26	1.15	4.56	1.24
7. Comprehensiveness is important in creating CA.	5.32	1.00	5.44	1.67
8. TQM is important in creating CA.	5.37	1.12	5.22	2.05
9. Organizational leadership is important in creating CA.	6.00	1.25	5.56	1.24
Benefits of CA				
10. Now CA is important on your customer strategy.	6.00	1.25	6.00	0.71
11. In the future, CA will be important on your customer strategy.	6.32	1.53	6.44	0.73
12. CA contributes to competitive advantage of your company.	5.89	1.15	5.78	1.09
13. CA brings a profit to your company.	5.89	1.15	5.78	1.09
14. To create and sustain CA is generally expensive.	5.21	1.18	4.78	1.92
15. CA generally gets good results in the long-term rather than the short-term.	6.11	1.15	6.22	0.97
16. Trust-based marketing (CA) is generally cheaper than traditional push marketing.	4.47	1.90	4.22	0.67
Environment around CA				
17. Current products are more suitable to create CA than new ones.	4.32	1.38	4.44	1.88
18. A vale-added product is suitable for CA.	5.79	1.08	5.44	1.81
19. Trust with customers is necessary to create CA.	6.42	0.77	6.67	0.71
20. Niche market is easier to create CA than general market.	4.84	1.61	5.00	1.73
21. Large companies are more suitable for CA strategy than small ones.	3.47	1.12	3.89	1.62

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	B2C		B2B	
	Mean	*Std dev*	*Mean*	*Std dev*
22. Employee's satisfaction is important for CA.	5.79	1.13	6.000	1.12
23. A company which has strong corporate philosophy is suitable for CA.	6.11	0.74	5.89	0.78
24. An exclusive marketing VP for CA is needed to implement CA.	3.74	1.05	3.22	1.72
Means for CA				
25. An Internet site for potential customers is effective in creating CA.	4.74	1.33	4.11	1.96
26. An Internet site for current customers is effective in creating CA.	5.26	1.05	5.00	1.87
27. Email marketing is effective for CA.	4.42	1.57	3.22	1.72
28. Real direct-mail is effective for CA.	4.63	1.50	3.22	1.99
29. One-to-one marketing is effective for CA.	5.47	0.90	5.44	1.51
30. Integrated marketing is effective for CA.	5.05	1.18	5.44	1.01
31. Word-of-mouth is effective for CA.	5.95	1.18	5.22	1.92
32. Distribution channels are effective for CA.	4.68	1.20	4.00	1.22
33. Customer data-mining is effective in creating CA.	5.05	1.43	4.67	1.66
34. Pre-sales activities are effective for CA.	5.00	1.11	5.11	1.45
35. Post-sales activities are effective for CA.	5.58	0.96	6.11	1.05
36. Brand Image is important in creating CA.	5.89	1.29	6.22	0.67
37. High Tech. products are better suited for CA.	4.05	1.35	4.33	2.06
38. Innovative products are better suited for CA.	4.68	1.20	5.00	2.00
39. Customer services are effective for CA.	5.84	0.90	6.78	0.44
40. Face-to-face activities are effective for CA.	5.47	1.07	6.44	0.73
41. Customer Loyalty is necessary for CA.	6.05	1.03	6.00	1.80
42. Claim management is important in creating CA.	6.11	1.10	6.11	1.27
43. Punctual fulfillment is important in creating CA.	5.79	1.23	6.11	1.17
44. Six-Sigma program as a corporate business activity is better suited for CA.	4.79	0.98	4.22	0.83

Source: Author, 2004

Table 7-2. All results of mean and SD by B2C vs. B2B

7.2.2. U.S.-Based Firms vs. Japan-Based Firms

The results of questions by firm-based difference—i.e., U.S.-based or Japan-based—indicate that each company approaches advocacy marketing in both different and common ways.

The mean (5.27) for U.S.-based firms with regard to Product Comparison is much higher than the mean (4.71) for Japan-based firms. From my interviews with Japanese

companies, in my opinion this result reflects that in Japan there is relatively little culture for offering product comparisons to consumers.

On the other hand, the mean (5.59) for Japan-based firms with regard to Partnering is higher than the mean (5.09) for U.S.-based firms. In my opinion, this result reflects the fact that Japanese firms have traditionally believed that partnering projects are very useful for creating relationships with customers.

In the category of *benefit*, it was interesting to find that U.S.-based firms (5.45) believe, more than Japan-based firms (4.82), that creating and sustaining CA is expensive. Moreover, regarding Q15 [CA generally gets good results in the long-term rather than short-term], the mean (6.47) for Japan-based firms is much higher than the mean (5.64) for U.S.-based firm. Overall, the summarized data in the category of benefit is almost same between both types of firms.

In the category of *environment*, for Q22 [Employee satisfaction is important for CA], the mean (6.18) for U.S.-based firms is much higher than the mean (5.65) for Japan-based firm. I believe this result reflects the fact that U.S.-based firms recognize that employee satisfaction is correlated with customer satisfaction and CA.

Overall, according to the results from Q25 and Q26, the summarized data in the category of environment is almost same between both types of firms.

In the category of *means*, U.S.-based firms are more positive about the use of the Internet for CA than are Japan-based firms. This result is supported by the example of on-line utilization for CA, such as the Auto Choice Advisor by GM.

According to the results of Q28, I cannot understand why Japan-based firms (3.59) underestimate the effectiveness of direct mail, in spite of the mean (5.09) for U.S.-based firms. Also, U.S.-based firms are more positive and in agreement (less than 1.0 of standard deviation)

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than Japan-based firms about the effectiveness of CA using sophisticated marketing techniques, such as one-to-one marketing and integrated marketing.

Interestingly, according to the results of Q32, Japan-based firms (3.94) are much more negative about the effectiveness of distribution channels than U.S.-based firms (5.27).

According to the results of Q34, Q35, and Q40, U.S.-based firms remain more positive about the effectiveness of sales and face-to-face activities for CA than do Japan-based firms.

According to the results of Q37 and Q38, Japan-based firms underestimate the effectiveness of CA regarding high technology and innovative products, and according to the results of Q42 and Q43, Japan-based firms also attach much more value to complaint management and punctual fulfillment than do U.S.-based firms (see Table 7-4).

Categories	Elements		Benefit		Environment		Means	
	Mean	Std dev	Mean	Std dev	Mean	Std dev	Mean	Std dev
U.S.-based	5.62	0.72	5.70	0.52	5.08	0.35	5.49	0.61
Japan-based	5.42	0.70	5.64	0.65	5.05	0.60	5.01	0.50

Source: Author, 2004

Table 7-3. Average evaluation by U.S. Based firms vs. Japan Based firms

	US-based		Japan-based	
	Mean	*Std dev*	*Mean*	*Std dev*
Elements of CA				
1.　Transparency is important in creating CA.	6.18	1.47	5.82	1,19
2.　Quality of products and Services is important in creating CA.	6.36	1.03	6.47	1.12
3.　Product comparison is important in creating CA.	5.27	1.42	4.71	1.65
4.　Partnering is important in creating CA.	5.09	1.70	5.59	1.18
5.　Cooperative design is important in creating CA.	5.00	1.61	5.35	1.06
6.　Supply chain is important in creating CA.	5.27	1.19	4.88	1.22
7.　Comprehensiveness is important in creating CA.	5.55	1.04	5.24	1.35
8.　TQM is important in creating CA.	5.73	1.27	5.06	1.52
9.　Organizational leadership is important in creating CA.	6.09	1.14	5.71	1.31
Benefits of CA				
10.　Now CA is important on your customer strategy.	5.91	1.14	6.06	1.09
11.　In the future, CA will be important on your customer strategy.	6.55	0.69	6.24	1.60

	US-based		Japan-based	
	Mean	*Std dev*	*Mean*	*Std dev*
12. CA contributes to competitive advantage of your company.	5.73	1.01	5.94	1.20
13. CA brings a profit to your company.	5.91	0.94	5.82	1.24
14. To create and sustain CA is generally expensive.	5.45	1.13	4.82	1.59
15. CA generally gets good results in the long-term rather than the short-term.	5.64	1.29	6.47	0.80
16. Trust-based marketing (CA) is generally cheaper than traditional push marketing.	4.73	1.62	4.18	1.59
Environment around CA				
17. Current products are more suitable to create CA than new ones.	4.64	0.81	4.18	1.85
18. A vale-added product is suitable for CA.	5.73	0.90	5.65	1.58
19. Trust with customers is necessary to create CA.	6.55	0.82	6.47	0.72
20. Niche market is easier to create CA than general market.	4.91	1.87	4.88	1.50
21. Large companies are more suitable for CA strategy than small ones.	3.72	1.49	3.53	1,18
22. Employee's satisfaction is important for CA.	6.18	0.87	5.65	1.22
23. A company which has strong corporate philosophy is suitable for CA.	5.82	0.98	6.18	0.53
24. An exclusive marketing VP for CA is needed to implement CA.	3.09	1.30	3.88	1.22
Means for CA				
25. An Internet site for potential customers is effective in creating CA.	5.09	1.38	4.18	1.59
26. An Internet site for current customers is effective in creating CA.	5.73	0.79	4.82	1.51
27. Email marketing is effective for CA.	4.18	1.66	3.94	1.75
28. Real direct-mail is effective for CA.	5.09	1.51	3.59	1.70
29. One-to-one marketing is effective for CA.	5.82	1.25	5.24	0.97
30. Integrated marketing is effective for CA.	5.91	1.14	4.71	0.85
31. Word-of-mouth is effective for CA.	5.91	1.81	5.59	1.23
32. Distribution channels are effective for CA.	5.27	1.35	3.94	0.83
33. Customer data-mining is effective in creating CA.	5.27	1.85	4.71	1.21
34. Pre-sales activities are effective for CA.	5.27	1.19	4.88	1.22
35. Post-sales activities are effective for CA.	6.09	0.94	5.53	1.01
36. Brand Image is important in creating CA.	5.73	1.49	6.18	0.81
37. High Tech. products are better suited for CA.	4.45	1.44	3.94	1.68
38. Innovative products are better suited for CA.	5.09	1.22	4.59	1.62
39. Customer services are effective for CA.	6.00	1.00	6.24	0.83
40. Face-to-face activities are effective for CA.	6.36	0.81	5.41	1.06
41. Customer Loyalty is necessary for CA.	6.27	1.27	5.88	1.32
42. Claim management is important in creating CA.	5.91	1.22	6.24	1.09
43. Punctual fulfillment is important in creating CA.	5.73	1.68	6.00	0.79
44. Six-Sigma program as a corporate business activity is better suited for CA.	4.55	1.04	4.65	0.93

Source: Author, 2004

Table 7-4. All results of mean and SD by U.S. Based firms vs. Japan Based firms

7.2.3. Direct selling vs. Distribution channel

Elements

With regard to partnering as a key element of CA, the mean (5.73) of distribution-based

firms is higher than the mean (5.00) for direct-selling-based firms. For "Supply Chain" as a key

element of CA, the mean (5.20) for distribution-based firms is higher than the mean (4.85) for

direct-selling-based firms. This leads me to conclude that partnering projects are carried out in

conjunction with the distribution player, and the supply chain should be built together with the

distribution player in order to maximize the efficiency of the supply chain network.

Benefit

In the category of benefit, it was interesting to find that direct-selling-based firms

(6.15) believe, more than distribution-based firms (5.87), that CA today is important for

customer strategy Q10 [Now CA is important on your customer strategy.]. It was also

interesting to find that direct-selling-based firms (6.85) believe, much more than

distribution-based firms (5.93), that CA will be an important customer strategy in the future

Q11 [In the future, CA will be important on your customer strategy.] (see Figure 7-15).

Q11 *Direct-selling-based*

Quantiles			Moments	
100.0%	maximum	7.0000	Mean	6.8461538
99.5%		7.0000	Std Dev	0.3755338
97.5%		7.0000	Std Err Mean	0.1041543
90.0%		7.0000	upper 95% Mean	7.0730867
75.0%	quartile	7.0000	lower 95% Mean	6.619221
50.0%	median	7.0000	N	13
25.0%	quartile	7.0000		
10.0%		6.0000		
2.5%		6.0000		
0.5%		6.0000		
0.0%	minimum	6.0000		

Q11 *Distribution-based*

Quantiles			Moments	
100.0%	maximum	7.0000	Mean	5.9333333
99.5%		7.0000	Std Dev	1.6676188
97.5%		7.0000	Std Err Mean	0.4305773
90.0%		7.0000	upper 95% Mean	6.8568298
75.0%	quartile	7.0000	lower 95% Mean	5.0098368
50.0%	median	7.0000	N	15
25.0%	quartile	5.0000		
10.0%		2.8000		
2.5%		1.0000		
0.5%		1.0000		
0.0%	minimum	1.0000		

Source: Author, 2004

Figure 7-15 Results of Questions by direct-selling-based vs. distribution-based: [Q11]

Moreover, according to Q12 [CA contributes to competitive advantage of your company] and Q13 [CA brings a profit to your company.], the means (6.08 and 6.23) for direct-selling-based firms is higher than the means (5.67 and 5.53) for distribution-based firm. This leads to me conclude that direct-selling-based firms have a hopeful perspective regarding CA. According to Q14 [To create and sustain CA is generally expensive.], the mean (4.69) for direct-selling-based firms is lower than the mean (5.4) for distribution-based firm. According to Q16 [Trust-based marketing (CA) is generally cheaper than traditional push marketing.], the mean (5.00) for direct-selling-based firms is much higher than the mean (3.67) for

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distribution-based firms. These results support the positive perspective of direct-selling-based firms toward CA.

Overall, according to the results of the summarized data for the category of means (see Table 6-5), direct-selling-based firms (5.86) believe, more so than distribution-based firms (5.50), that CA gives more benefits.

Environment

In the category of environment, for Q17 [Current products are more suitable to create CA than new ones.], the mean (4.85) for direct-selling-based firm is much higher than the mean (3.93) for distribution-based firm. For Q22 [Employee's satisfaction is important for CA.], the mean (6.08) for direct-selling-based firm is much higher than the mean (5.67) for distribution-based firm. I believe there are differences, since both product and employee are related to selling channel.

Overall, according to the results shown in Table 6-5, the summarized data for the category of environment is almost same between both types of firms.

Means

In the category of means, according to Q25 and Q26, distribution-based firms are surprisingly more positive about the use of the Internet for CA than are direct-selling-based firms. The standard deviations (1.03 of Q25 and 0.83 of Q26) shows the answers are in agreement.
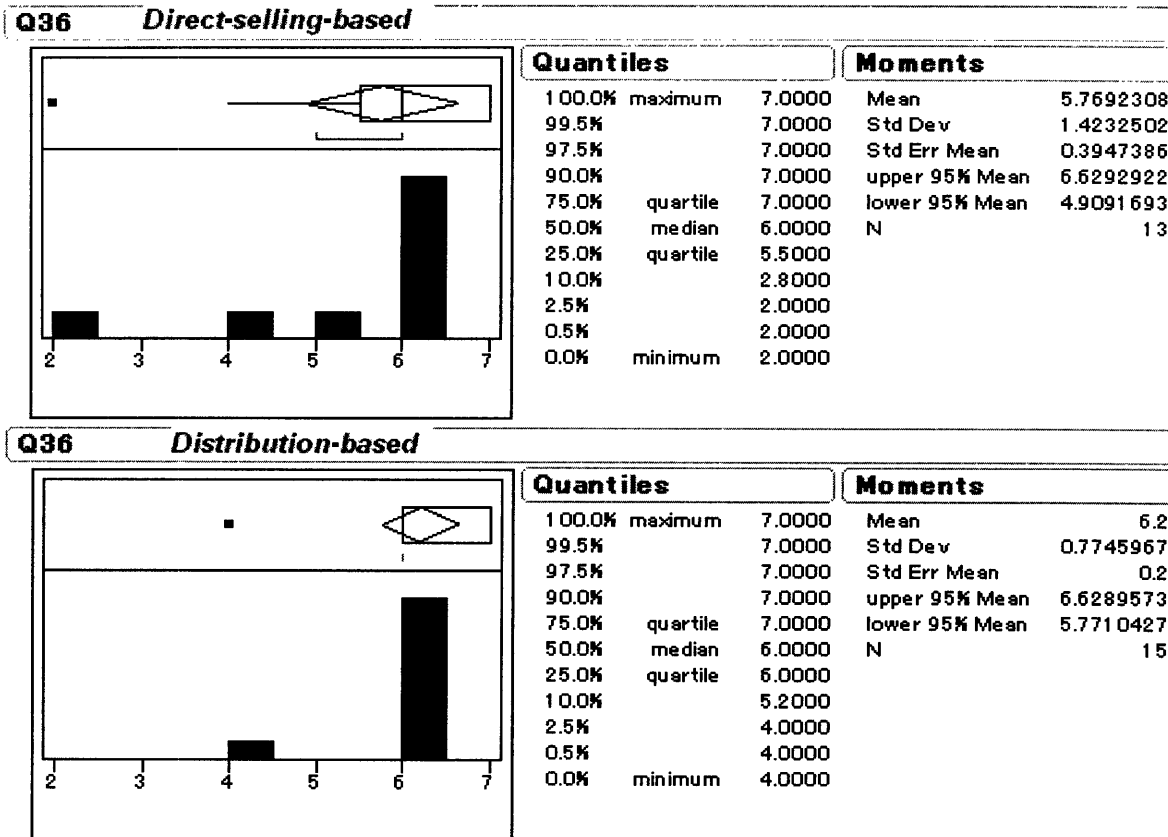
According to the results of Q31 [Word-of-mouth is effective for CA.] and Q33 [Customer data-mining is effective in creating CA.], direct-selling-based firms are surprisingly more positive about the effectiveness of word-of-mouth and customer data-mining for CA than

are distribution-based firms. Especially, the difference with regard to customer data-mining is outstanding. This result supports my finding that direct-selling-based firms utilize data-based marketing in a positive manner.

Interestingly, according to the results of Q32 [Distribution channels are effective for CA.], distribution-based firms (4.13) are more negative about the effectiveness of distribution channels than direct-selling-based firms (4.85). Perhaps suppliers feel some stress given the inter-positioning of distribution.

According to the results of Q34 [Pre-sales activities are effective for CA.] and Q35 [Post-sales activities are effective for CA.], direct-selling-based firms (5.47) attach a higher value to the effectiveness of pre-sales for CA than do distribution-based firms (4.67). On the other hand, I was interested to find that distribution-based firms (5.93) attach a higher value to the effectiveness of post-sales for CA than do direct-selling-based firms (5.54).

According to the results of Q36 [Brand Image is important in creating CA.], distribution-based firms (6.20) are more positive about the importance of brand image than direct-selling-based firms (5.77) (see Figure 7-16).
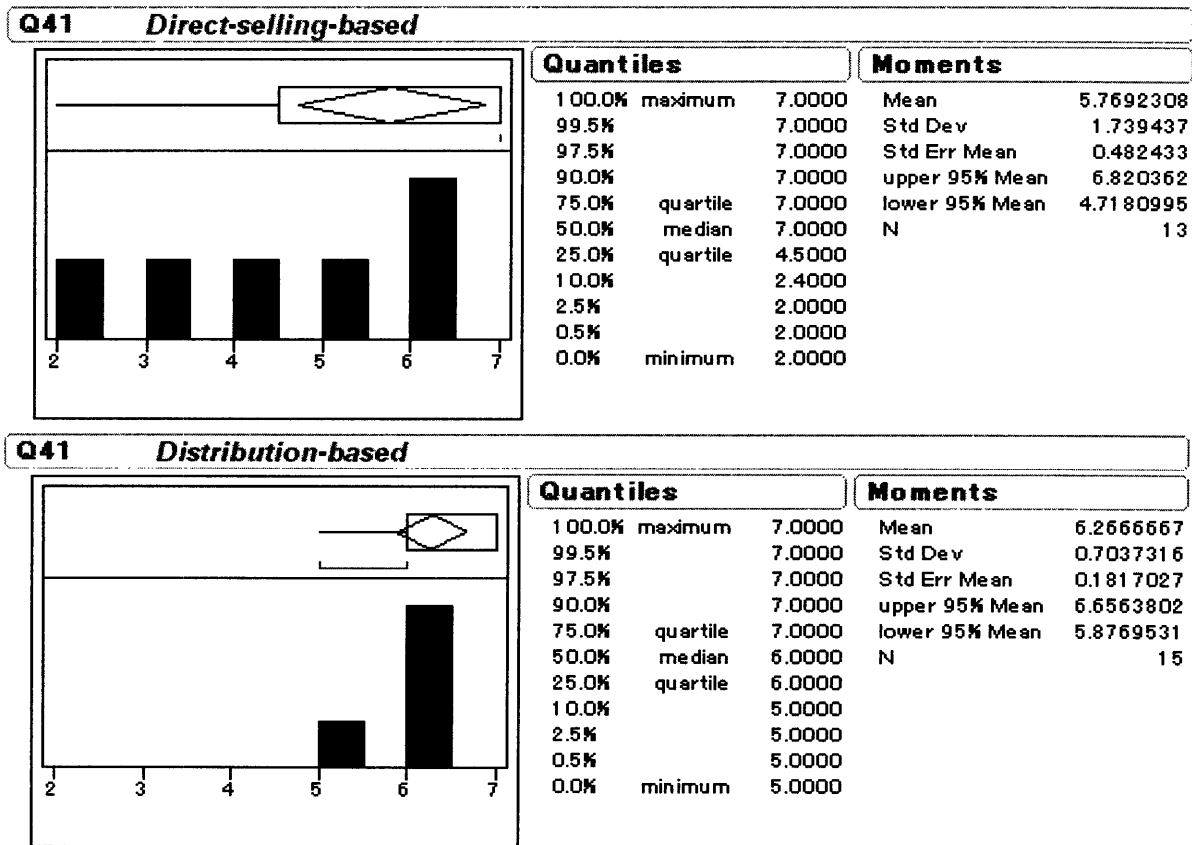
Q36 Direct-selling-based

Quantiles			Moments	
100.0%	maximum	7.0000	Mean	5.7692308
99.5%		7.0000	Std Dev	1.4232502
97.5%		7.0000	Std Err Mean	0.3947386
90.0%		7.0000	upper 95% Mean	6.6292922
75.0%	quartile	7.0000	lower 95% Mean	4.9091693
50.0%	median	6.0000	N	13
25.0%	quartile	5.5000		
10.0%		2.8000		
2.5%		2.0000		
0.5%		2.0000		
0.0%	minimum	2.0000		

Q36 Distribution-based

Quantiles			Moments	
100.0%	maximum	7.0000	Mean	6.2
99.5%		7.0000	Std Dev	0.7745967
97.5%		7.0000	Std Err Mean	0.2
90.0%		7.0000	upper 95% Mean	6.6289573
75.0%	quartile	7.0000	lower 95% Mean	5.7710427
50.0%	median	6.0000	N	15
25.0%	quartile	6.0000		
10.0%		5.2000		
2.5%		4.0000		
0.5%		4.0000		
0.0%	minimum	4.0000		

Source: Author, 2004

Figure 7-16 Results of Questions by direct-selling-based vs. distribution-based: [Q36]

According to the results of Q37 [High-tech products are better suited for CA.] and Q38 [Innovative products are better suited for CA.], direct-selling-based firms underestimate the effectiveness of CA regarding high technology and innovative products.

According to the results of Q39 [Customer services are effective for CA.], Q40 [Face-to-face activities are effective for CA.] and Q41 [Customer Loyalty is necessary for CA.], distribution-based firms attach much more value to customer services, face-to-face activities, and customer loyalty than do direct-selling-based firms. Especially, the distribution of Q41 [text?] is dispersed from the data of standard deviation (1.74) (see Figure 7-17). Since

distribution-based firms cannot directly communicate with their end customers, they give high

ranking to the fact that there is little opportunity to contact end customers.

Q41   Direct-selling-based

Quantiles			Moments	
100.0%	maximum	7.0000	Mean	5.7692308
99.5%		7.0000	Std Dev	1.739437
97.5%		7.0000	Std Err Mean	0.482433
90.0%		7.0000	upper 95% Mean	6.820362
75.0%	quartile	7.0000	lower 95% Mean	4.7180995
50.0%	median	7.0000	N	13
25.0%	quartile	4.5000		
10.0%		2.4000		
2.5%		2.0000		
0.5%		2.0000		
0.0%	minimum	2.0000		

Q41   Distribution-based

Quantiles			Moments	
100.0%	maximum	7.0000	Mean	6.2666667
99.5%		7.0000	Std Dev	0.7037316
97.5%		7.0000	Std Err Mean	0.1817027
90.0%		7.0000	upper 95% Mean	6.6563802
75.0%	quartile	7.0000	lower 95% Mean	5.8769531
50.0%	median	6.0000	N	15
25.0%	quartile	6.0000		
10.0%		5.0000		
2.5%		5.0000		
0.5%		5.0000		
0.0%	minimum	5.0000		

Source: Author, 2004

Figure 7-17 Results of Questions by direct-selling-based vs. distribution-based: [Q41]

Overall, based on the results shown in Table 7-5, the summarized data in the category

of means is almost same between both types of firms.

Categories	Elements		Benefit		Environment		Means	
	Mean	Std dev	Mean	Std dev	Mean	Std dev	Mean	Std dev
Direct-selling-based	5.40	0.50	5.86	0.53	5.13	0.51	5.20	0.64
Distribution-based	5.50	0.85	5.50	0.61	5.01	0.52	5.19	0.56

Source: Author, 2004

Table 7-5. Average evaluation by Direct-selling based vs. Distribution-based

	Direct-selling-based		Distribution-based	
	Mean	**Std dev**	**Mean**	**Std dev**
Elements of CA				
1. Transparency is important in creating CA.	5.85	1.52	6.07	1.10
2. Quality of products and Services is important in creating CA.	6.62	0.77	6.27	1.28
3. Product comparison is important in creating CA.	5.08	1.26	4.80	1.82
4. Partnering is important in creating CA.	5.00	1.58	5.73	1.16
5. Cooperative design is important in creating CA.	5.15	1.28	5.27	1.33
6. Supply chain is important in creating CA.	4.85	1.28	5.20	1.15
7. Comprehensiveness is important in creating CA.	5.31	1.44	5.40	1.06
8. TQM is important in creating CA.	5.69	1.03	5.00	1.69
9. Organizational leadership is important in creating CA.	5.92	1.04	5.80	1.42
Benefits of CA				
10. Now CA is important on your customer strategy.	6.15	0.90	5.87	1.25
11. In the future, CA will be important on your customer strategy.	6.85	0.38	5.93	1.67
12. CA contributes to competitive advantage of your company.	6.08	1.19	5.67	1.05
13. CA brings a profit to your company.	6.23	0.93	5.53	1.19
14. To create and sustain CA is generally expensive.	4.69	1.32	5.40	1.50
15. CA generally gets good results in the long-term rather than the short-term.	6.00	1.29	6.27	0.88
16. Trust-based marketing (CA) is generally cheaper than traditional push marketing.	5.00	1.53	3.87	1.51
Environment around CA				
17. Current products are more suitable to create CA than new ones.	4.85	1.46	3.93	1.49
18. A vale-added product is suitable for CA.	5.69	1.70	5.67	0.98
19. Trust with customers is necessary to create CA.	6.38	0.87	6.60	0.63
20. Niche market is easier to create CA than general market.	4.92	1.93	4.87	1.36
21. Large companies are more suitable for CA strategy than small ones.	3.31	1.32	3.87	1.25
22. Employee's satisfaction is important for CA.	6.08	1.04	5.67	1.18
23. A company which has strong corporate philosophy is suitable for CA.	6.08	0.95	6.00	0.53
24. An exclusive marketing VP for CA is needed to implement CA.	3.69	1.38	3.47	1.25
Means for CA				
25. An Internet site for potential customers is effective in creating CA.	4.08	1.93	4.93	1.03
26. An Internet site for current customers is effective in creating CA.	4.85	1.72	5.47	0.83
27. Email marketing is effective for CA.	3.92	2.14	4.13	1.25
28. Real direct-mail is effective for CA.	4.38	2.10	4.00	1.46
29. One-to-one marketing is effective for CA.	5.46	1.05	5.47	1.19
30. Integrated marketing is effective for CA.	5.31	1.03	5.07	1.22
31. Word-of-mouth is effective for CA.	5.92	1.04	5.53	1.77
32. Distribution channels are effective for CA.	4.85	1.14	4.13	1.25
33. Customer data-mining is effective in creating CA.	5.54	1.45	4.40	1.35
34. Pre-sales activities are effective for CA.	5.46	1.33	4.67	0.98
35. Post-sales activities are effective for CA.	5.54	1.13	5.93	0.88

	Direct-selling-based		Distribution-based	
	Mean	*Std dev*	*Mean*	*Std dev*
36. Brand Image is important in creating CA.	5.77	1.42	6.20	0.77
37. High Tech. products are better suited for CA.	4.08	1.66	4.20	1.57
38. Innovative products are better suited for CA.	4.69	1.80	4.87	1.19
39. Customer services are effective for CA.	5.92	1.04	6.33	0.72
40. Face-to-face activities are effective for CA.	5.46	0.97	6.07	1.10
41. Customer Loyalty is necessary for CA.	5.77	1.74	6.27	0.70
42. Claim management is important in creating CA.	6.08	1.26	6.13	1.06
43. Punctual fulfillment is important in creating CA.	6.15	1.46	5.67	0.90
44. Six-Sigma program as a corporate business activity is better suited for CA.	4.85	0.90	4.40	0.99

Source: Author, 2004

Table 7-6. All results of mean and SD by Direct-selling based vs. Distribution-based

7.3. Summary and Findings

In the segment analysis between B2C and. B2B, the results found that "Partnering" and "Cooperative design" are two of the most important elements in B2B relationships. Surprisingly, B2B-based firms place more importance on brand image and customer service for CA than do B2C-based firms. But, as expected, B2B firms place more importance on face-to-face activities, while B2C firms place more importance on word-of-mouth for CA.

In the segment analysis between U.S.-based and Japan-based, U.S.-based firms attach more importance to "Product Comparison," and Japan-based firms attach more importance to "Partnering" for CA. As expected from the Japanese culture, Japan-based firms place much more value on complaint management and punctual fulfillment than do U.S.-based firms.

In the segment analysis between direct-selling-based and distribution-based, as expected, distribution-based firms attach more value to "Partnering" and "Supply Chain" than do direct-selling-based firms. Interestingly, direct-selling-based firms expect that CA is and will be an important customer strategy, more than do distribution-based firms. Overall, in the category of benefit, direct-selling-based firms believe, in contrast to distribution-based firms, that CA gives more benefits. Interestingly, distribution-based firms are more negative about the effectiveness of distribution channels for CA than direct-selling-based firms.

In summary, since there are differences in every segment, the approach to CA must be different. When a company launches advocacy marketing, its first important task is to identify the tendency of the segment to which the company belongs, and then establish strategic plans to effectively achieve advocacy marketing.

CHAPTER 8   Conclusion

The qualitative analysis performed in this thesis provides key elements for creating customer advocacy and the means for achieving these key elements. The research found that there are twelve elements, while the means can be distilled in several ways. The gathered data indicate that these key elements and means are effective for firms in a variety of industries and categories. Surprisingly, completely similar approaches are implemented between different types of firms.

Almost all the elements apply to a variety of industries, to both B2C and B2B types of business, and to U.S.-based firms and Japan-based firms, although there are different tendencies between them. No single company placed importance on all the key elements, and a few focused on only one or two elements. One company formally addresses the issue of customer advocacy, while another company unconsciously executes some activities of trust-based marketing.

The qualitative analysis indicated similarities and differences between B2B and B2C businesses, and between U.S.-based and Japan-based firms. Surprisingly, there were a number of questions which registered almost the same for both categories. This indicates that the number of respondents in the sampling is not too small, and that the results are reliable. On the other hand, some questions showed totally contrasting means between the two categories. There were reasonable results that I would have expected, and some surprising results I did not expect.

I also introduced a new framework, "Push-Trust framework", that can effectively identify a firm's position by two dimensions: push and trust. This framework is practical for

identifying differences with other competitors and the validity of a corporate strategy to maintain competitive advantage.

Many firms expect advocacy marketing to play an important role in customer strategies, particularly in the future, even if those firms do not formally address advocacy marketing. However, there are few firms that can afford to ignore advocacy marketing as a marketing strategy. In my opinion, Japanese firms in particular should consider dealing with advocacy marketing beyond CRM, since the Japanese culture of respect for human empathy and attaching much value to trust, is a good fit. Advocacy marketing can be associated not only with customer marketing, but with a firm's overall corporate strategy.

This research has summarized the key elements and means needed to execute advocacy marketing, and then proposed an effective framework to enable each firm to identify its unique marketing position. I believe this will be a practical reference tool when a firm makes the decision to launch its own advocacy marketing program. A firm can identify its position by utilizing this framework and find key elements that are suitable to its corporate strategy. Then it can establish strategic plans that strengthen and enhance its competitive advantage by identifying the relevant elements and a variety of effective means—all of which were identified in the qualitative and quantitative analysis in this research.

APPENDICES

♦ APPENDIX A
QUALITATIVE SURVEY

QUALITATIVE SURVEY

The purpose of this questionnaire is to get qualitative input from you in order to dig up new emerging area, advocacy marketing.

Traditionally, companies relied on push marketing to sell their products and services. In the 1990s, the emphasis shifted to relationship marketing. Thanks to digital technologies, today's increasingly educated consumers expect companies to do more. In response, innovative companies are now trying a different approach: They are providing customers with open, honest and complete information – and then finding the best products for them, even if those offerings are from competitors. In short, they are truly representing their customers' best interests, essentially becoming advocates for them.

Please take a moment to answer the following questions as detailed as possible. Your response will be the basis for further survey design.

Takashi Yamaoka
MIT Sloan School of Management

Your Basic Contact Information:

Name: _____

Company: _____   Department:_____

Title:_____

Tel:_____   email: _____

1. PRODUCTS AND SERVICES

1.1   Please explain your in-charged products or services.

1.2   What are competitive products or services?

1.3   How much are the price rage?

US$ _____ to _____

1.4   Where is the selling area?

_____Domestic and Overseas
_____Throughout domestic
_____Specific domestic area

2. LEVEL OF CUSTOMER RELATIONSHIP

2.1   The majority of your customers are:
_____First-time customers
_____Repeat customers
_____Clients
_____Members
_____Advocates
_____Partner

2.2   Profitable customers
_____First-time customers
_____Repeat customers
_____Clients
_____Members
_____Advocates
_____Partner

2.3   Non-profitable customers
_____First-time customers
_____Repeat customers
_____Clients
_____Members
_____Advocates
_____Partner

Definitions:
Clients: People whom the company treats very specially and knowledgeably

Member: People by starting a membership program that offers benefits to customers
Advocate: Customers established by trust-based marketing, and who enthusiastically recommend the company and its products and services to others
Partner: Ultimate customers cooperate with the company each other

3. DISTRIBUTION

3.1   How rough ratio of the margin does the distributors deduct from sales?

_____ %

3.2   How rough ratio of sales is between direct sales and sales by distributors?

Direct sales ____ %   Sales by distributors ____ %

4. RELATIONSHIPS

4.1   How do you create the relationship with your customers?   What do you place importance on to do so?

4.2   Please explain processes to create advocate.

5. ELEMENTS OF CUSTOMER ADVOCACY

To create customer advocacy, there are the following key elements. We want to find out them and comprehend the importance level for your company.

Please fill out new elements to create a customer advocacy except for listed ones and place in the order corresponding to the importance. Please put comments on how these elements affect customer advocacy.

Rank	Elements	How did this element affect customer advocacy?
	Transparency To develop trust-based relationships, a company must become more transparent to customers, supplying them with honest and open information.	
	Quality of Products and Services Without quality, companies can never honestly recommend their own products, making it difficult for them to gain customer trust.	
	Product Comparison For an advocacy strategy to succeed, a company must be willing to tell prospective customers when they should instead consider a competitor's offerings.	
	Partnering To develop trust, a company can partner with its customers. A good approach is to help customers help themselves.	
	Cooperative Design Collaborative work between a company and its customers helps build trust between the two parties.	
	Supply Chain In many industries, manufacturers rely on a network of channel partners, such as distributors and retailers. Such organizations can greatly affect a company's brand image and its relationships with customers.	
	Comprehensiveness An advocacy strategy requires participation from the entire organization. For example, R&D, engineering and manufacturing are critical to creating high-quality products that meet the needs and standards of demanding customers.	
	Total Quality Management (TQM)	

6. IMPORTANCE OF CUSTOMER ADVOCACY

We want to comprehend the importance level of customer advocacy in all marketing activities.

Please fill out marketing activities you think important except for listed ones and place in the order corresponding to the importance. Please put comments on why these activities important in your marketing strategy.

Rank	Marketing activities	Why is it important?
	Customer advocacy	
	Promotion	
	Pricing	
	New Product Development	
	Brand Management	
	(Any others?)	
	(Any others?)	

7. In the future, what marketing activities will be important in your company? Why?

8. Please comment about go-it-alone strategies of your company or customer strategy you think important.

♦ APPENDIX B
QUANTITATIVE SURVEY

QUANTITATIVE SURVEY

The purpose of this questionnaire is to get quantitative input from you about customer advocacy.

Please take a moment to answer the following questions. Your responses will be the basis for a comprehensive analysis, so your assistance on completing ALL questions will be very much appreciated.

Takashi Yamaoka
MIT Sloan School of Management

Disagree   Neutral   Agree
Scale: 1   2   3   4   5   6   7

Elements of Customer Advocacy (CA)

1. Transparency is important in creating CA.
2. Quality of products and Services is important in creating CA.
3. Product comparison is important in creating CA.
4. Partnering is important in creating CA.
5. Cooperative design is important in creating CA.
6. Supply chain is important in creating CA.
7. Comprehensiveness is important in creating CA.
8. TQM is important in creating CA.
9. Organizational leadership is important in creating CA.

Benefits of Customer Advocacy (CA)

10. Now CA is important on your customer strategy.
11. In the future, CA will be important on your customer strategy.
12. CA contributes to competitive advantage of your company.
13. CA brings a profit to your company.
14. To create and sustain CA is generally expensive.
15. CA generally gets good results in the long-term rather than the short-term.
16. Trust-based marketing (CA) is generally cheaper than traditional push marketing.

Environment around Customer Advocacy (CA)

17. Current products are more suitable to create CA than new ones.
18. A value-added product is suitable for CA.
19. Trust with customers is necessary to create CA.
20. Niche market is easier to create CA than general market.
21. Large companies are more suitable for CA strategy than small ones.
22. Employee's satisfaction is important for CA.
23. A company which has strong corporate philosophy is suitable for CA.
24. An exclusive marketing VP for CA is needed to implement CA.

Means for Customer Advocacy (CA)

25. An Internet site for potential customers is effective in creating CA.
26. An Internet site for current customers is effective in creating CA.
27. Email marketing is effective for CA.
28. Real direct-mail is effective for CA.
29. One-to-one marketing is effective for CA.
30. Integrated marketing is effective for CA.
31. Word-of-mouth is effective for CA.
32. Distribution channels are effective for CA.
33. Customer data-mining is effective in creating CA.
34. Pre-sales activities are effective for CA.
35. Post-sales activities are effective for CA.
36. Brand Image is important in creating CA.
37. High Tech. products are better suited for CA.
38. Innovative products are better suited for CA.
39. Customer services are effective for CA.
40. Face-to-face activities are effective for CA.
41. Customer Loyalty is necessary for CA.
42. Claim management is important in creating CA.
43. Punctual fulfillment is important in creating CA.
44. Six-Sigma program as a corporate business activity is better suited for CA.

Thank you for taking the time to complete this survey.

♦ APPENDIX C

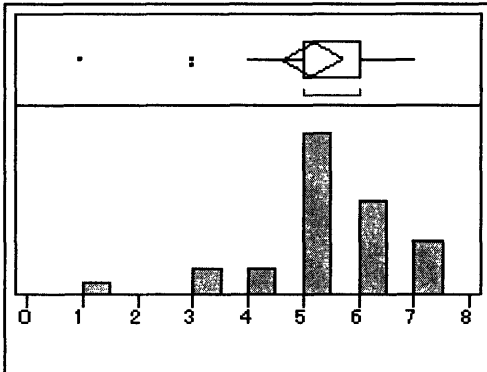**Results of Quantitative Analysis of Means for Customer Advocacy**

Q25
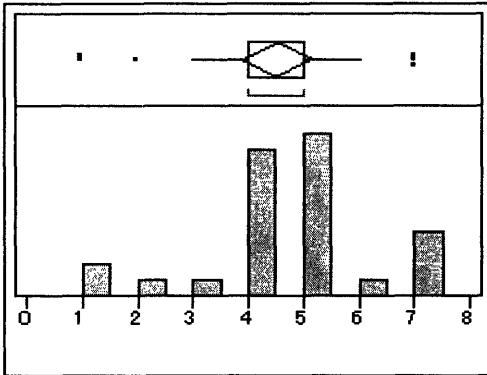
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99.5%		7.0000
97.5%		7.0000
90.0%		7.0000
75.0%	quartile	5.0000
50.0%	median	5.0000
25.0%	quartile	4.0000
10.0%		1.9000
2.5%		1.0000
0.5%		1.0000
0.0%	minimum	1.0000

Moments

Mean	4.5357143
Std Dev	1.5511559
Std Err Mean	0.2931409
upper 95% Mean	5.1371898
lower 95% Mean	3.9342388
N	28

Q26

Quantiles

100.0%	maximum	7.0000
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97.5%		7.0000
90.0%		7.0000
75.0%	quartile	6.0000
50.0%	median	5.0000
25.0%	quartile	5.0000
10.0%		3.0000
2.5%		1.0000
0.5%		1.0000
0.0%	minimum	1.0000

Moments

Mean	5.1785714
Std Dev	1.3348206
Std Err Mean	0.2522574
upper 95% Mean	5.6961608
lower 95% Mean	4.660982
N	28

Q27
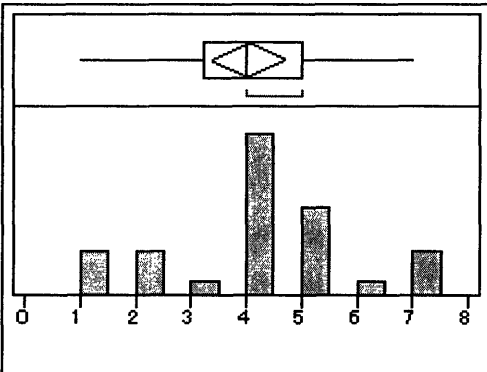
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97.5%		7.0000
90.0%		7.0000
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50.0%	median	4.0000
25.0%	quartile	3.2500
10.0%		1.0000
2.5%		1.0000
0.5%		1.0000
0.0%	minimum	1.0000

Moments

Mean	4.0357143
Std Dev	1.688351
Std Err Mean	0.3190683
upper 95% Mean	4.6903885
lower 95% Mean	3.3810401
N	28

Q28
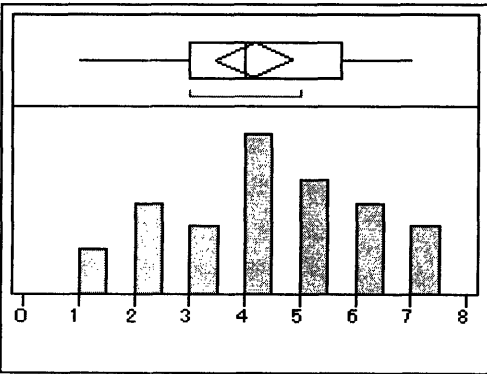
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90.0%		7.0000
75.0%	quartile	5.7500
50.0%	median	4.0000
25.0%	quartile	3.0000
10.0%		1.9000
2.5%		1.0000
0.5%		1.0000
0.0%	minimum	1.0000

Moments

Mean	4.1785714
Std Dev	1.7649587
Std Err Mean	0.3335459
upper 95% Mean	4.862951
lower 95% Mean	3.4941919
N	28

Q29
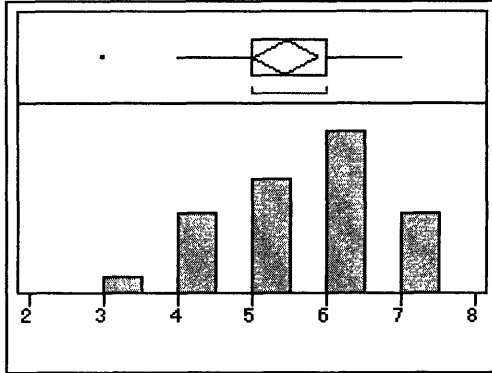
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97.5%		7.0000
90.0%		7.0000
75.0%	quartile	6.0000
50.0%	median	6.0000
25.0%	quartile	5.0000
10.0%		4.0000
2.5%		3.0000
0.5%		3.0000
0.0%	minimum	3.0000

Moments

Mean	5.4642857
Std Dev	1.1049432
Std Err Mean	0.2088146
upper 95% Mean	5.892738
lower 95% Mean	5.0358335
N	28

Q30
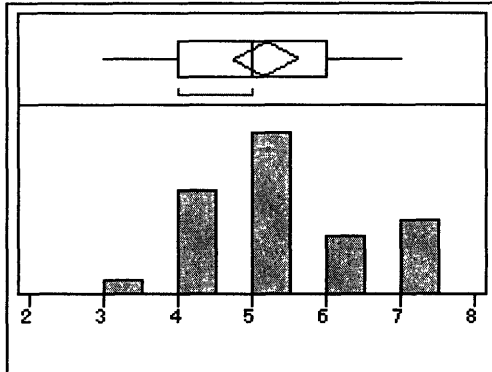
Quantiles

100.0%	maximum	7.0000
99.5%		7.0000
97.5%		7.0000
90.0%		7.0000
75.0%	quartile	6.0000
50.0%	median	5.0000
25.0%	quartile	4.0000
10.0%		4.0000
2.5%		3.0000
0.5%		3.0000
0.0%	minimum	3.0000

Moments

Mean	5.1785714
Std Dev	1.1239339
Std Err Mean	0.2124036
upper 95% Mean	5.6143875
lower 95% Mean	4.7427553
N	28

Q31
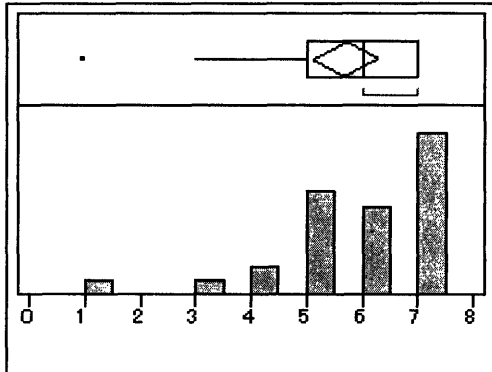
Quantiles

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99.5%		7.0000
97.5%		7.0000
90.0%		7.0000
75.0%	quartile	7.0000
50.0%	median	6.0000
25.0%	quartile	5.0000
10.0%		3.9000
2.5%		1.0000
0.5%		1.0000
0.0%	minimum	1.0000

Moments

Mean	5.7142857
Std Dev	1.4620418
Std Err Mean	0.2762999
upper 95% Mean	6.2812063
lower 95% Mean	5.1473651
N	28

Q32
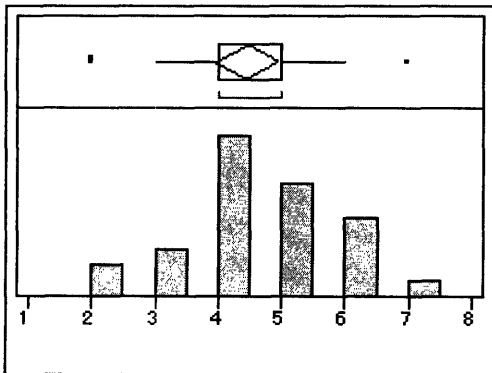
Quantiles

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97.5%		7.0000
90.0%		6.0000
75.0%	quartile	5.0000
50.0%	median	4.0000
25.0%	quartile	4.0000
10.0%		2.9000
2.5%		2.0000
0.5%		2.0000
0.0%	minimum	2.0000

Moments

Mean	4.4642857
Std Dev	1.231745
Std Err Mean	0.2327779
upper 95% Mean	4.9419066
lower 95% Mean	3.9866649
N	28

Q33
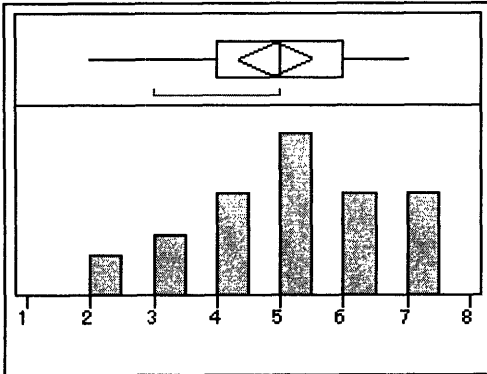
Quantiles

100.0%	maximum	7.0000
99.5%		7.0000
97.5%		7.0000
90.0%		7.0000
75.0%	quartile	6.0000
50.0%	median	5.0000
25.0%	quartile	4.0000
10.0%		2.9000
2.5%		2.0000
0.5%		2.0000
0.0%	minimum	2.0000

Moments

Mean	4.9285714
Std Dev	1.4889363
Std Err Mean	0.2813825
upper 95% Mean	5.5059206
lower 95% Mean	4.3512222
N	28

Q34
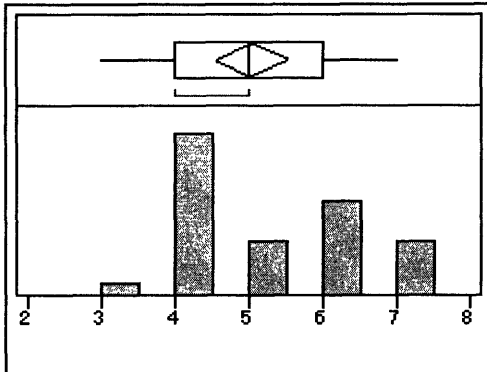
Quantiles

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99.5%		7.0000
97.5%		7.0000
90.0%		7.0000
75.0%	quartile	6.0000
50.0%	median	5.0000
25.0%	quartile	4.0000
10.0%		4.0000
2.5%		3.0000
0.5%		3.0000
0.0%	minimum	3.0000

Moments

Mean	5.0357143
Std Dev	1.2013
Std Err Mean	0.2270244
upper 95% Mean	5.5015298
lower 95% Mean	4.5698988
N	28

Q35
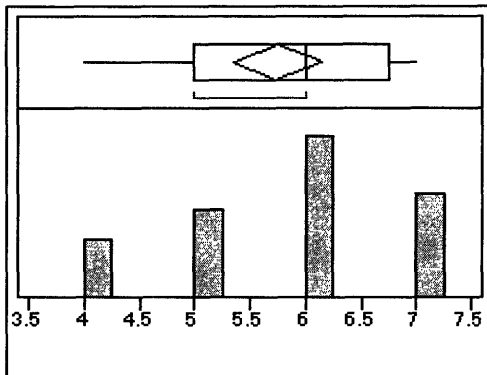
Quantiles

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99.5%		7.0000
97.5%		7.0000
90.0%		7.0000
75.0%	quartile	6.7500
50.0%	median	6.0000
25.0%	quartile	5.0000
10.0%		4.0000
2.5%		4.0000
0.5%		4.0000
0.0%	minimum	4.0000

Moments

Mean	5.75
Std Dev	1.004619
Std Err Mean	0.1898551
upper 95% Mean	6.1395506
lower 95% Mean	5.3604494
N	28

Q36
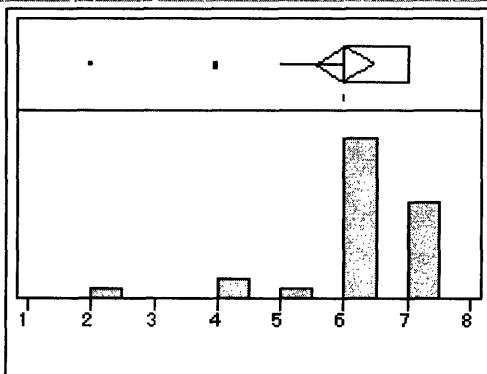
Quantiles

100.0%	maximum	7.0000
99.5%		7.0000
97.5%		7.0000
90.0%		7.0000
75.0%	quartile	7.0000
50.0%	median	6.0000
25.0%	quartile	6.0000
10.0%		4.0000
2.5%		2.0000
0.5%		2.0000
0.0%	minimum	2.0000

Moments

Mean	6
Std Dev	1.1221672
Std Err Mean	0.2120697
upper 95% Mean	6.435131
lower 95% Mean	5.564869
N	28

Q37
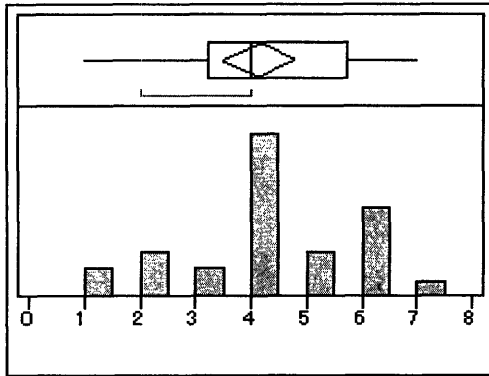
Quantiles		
100.0%	maximum	7.0000
99.5%		7.0000
97.5%		7.0000
90.0%		6.0000
75.0%	quartile	5.7500
50.0%	median	4.0000
25.0%	quartile	3.2500
10.0%		1.9000
2.5%		1.0000
0.5%		1.0000
0.0%	minimum	1.0000

Moments	
Mean	4.1428571
Std Dev	1.580302
Std Err Mean	0.298649
upper 95% Mean	4.7556343
lower 95% Mean	3.53008
N	28

Q38
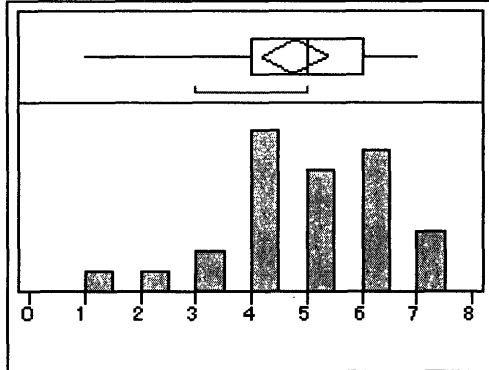
Quantiles		
100.0%	maximum	7.0000
99.5%		7.0000
97.5%		7.0000
90.0%		7.0000
75.0%	quartile	6.0000
50.0%	median	5.0000
25.0%	quartile	4.0000
10.0%		2.9000
2.5%		1.0000
0.5%		1.0000
0.0%	minimum	1.0000

Moments	
Mean	4.7857143
Std Dev	1.4746536
Std Err Mean	0.2786833
upper 95% Mean	5.3575252
lower 95% Mean	4.2139033
N	28

Q39
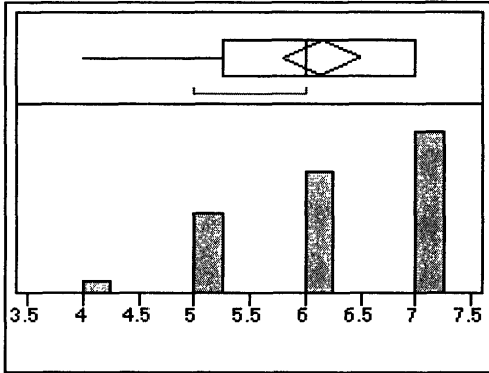
Quantiles		
100.0%	maximum	7.0000
99.5%		7.0000
97.5%		7.0000
90.0%		7.0000
75.0%	quartile	7.0000
50.0%	median	6.0000
25.0%	quartile	5.2500
10.0%		5.0000
2.5%		4.0000
0.5%		4.0000
0.0%	minimum	4.0000

Moments	
Mean	6.1428571
Std Dev	0.8908708
Std Err Mean	0.1683588
upper 95% Mean	6.4883008
lower 95% Mean	5.7974135
N	28

Q40
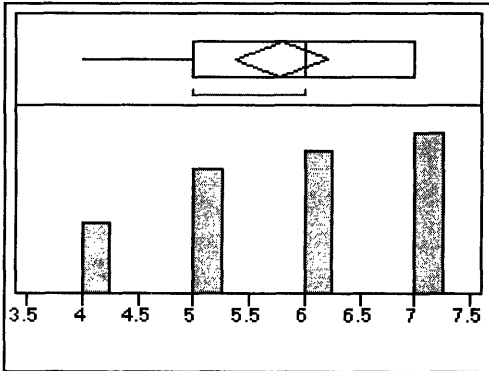
Quantiles		
100.0%	maximum	7.0000
99.5%		7.0000
97.5%		7.0000
90.0%		7.0000
75.0%	quartile	7.0000
50.0%	median	6.0000
25.0%	quartile	5.0000
10.0%		4.0000
2.5%		4.0000
0.5%		4.0000
0.0%	minimum	4.0000

Moments	
Mean	5.7857143
Std Dev	1.0665675
Std Err Mean	0.2015623
upper 95% Mean	6.199286
lower 95% Mean	5.3721426
N	28

Q41
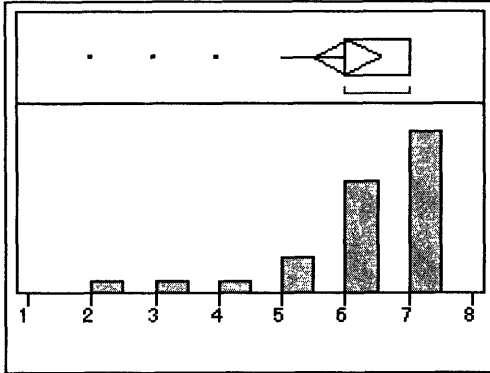
Quantiles

100.0%	maximum	7.0000
99.5%		7.0000
97.5%		7.0000
90.0%		7.0000
75.0%	quartile	7.0000
50.0%	median	6.0000
25.0%	quartile	6.0000
10.0%		3.9000
2.5%		2.0000
0.5%		2.0000
0.0%	minimum	2.0000

Moments

Mean	6.035743
Std Dev	1.290482
Std Err Mean	0.2438782
upper 95% Mean	6.536111
lower 95% Mean	5.5353176
N	28

Q42
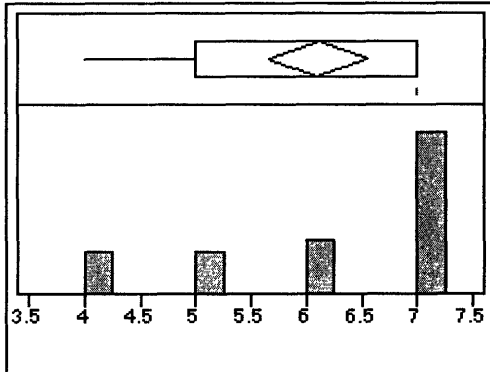
Quantiles

100.0%	maximum	7.0000
99.5%		7.0000
97.5%		7.0000
90.0%		7.0000
75.0%	quartile	7.0000
50.0%	median	7.0000
25.0%	quartile	5.0000
10.0%		4.0000
2.5%		4.0000
0.5%		4.0000
0.0%	minimum	4.0000

Moments

Mean	6.1071429
Std Dev	1.13331
Std Err Mean	0.2141755
upper 95% Mean	6.5465946
lower 95% Mean	5.6676911
N	28

Q43
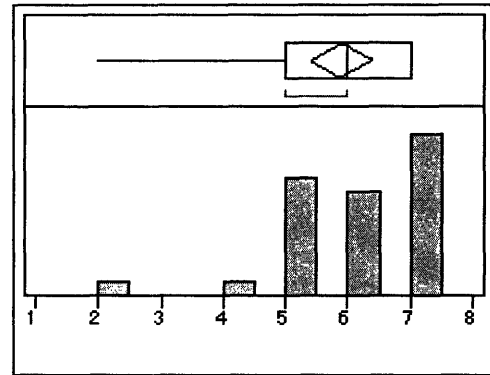
Quantiles

100.0%	maximum	7.0000
99.5%		7.0000
97.5%		7.0000
90.0%		7.0000
75.0%	quartile	7.0000
50.0%	median	6.0000
25.0%	quartile	5.0000
10.0%		4.9000
2.5%		2.0000
0.5%		2.0000
0.0%	minimum	2.0000

Moments

Mean	5.8928571
Std Dev	1.1968875
Std Err Mean	0.2261905
upper 95% Mean	6.3569617
lower 95% Mean	5.4287526
N	28

Q44
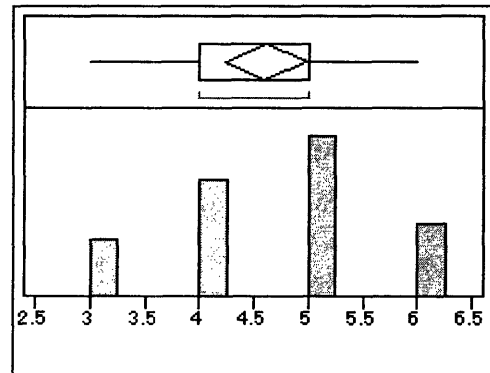
Quantiles

100.0%	maximum	6.0000
99.5%		6.0000
97.5%		6.0000
90.0%		6.0000
75.0%	quartile	5.0000
50.0%	median	5.0000
25.0%	quartile	4.0000
10.0%		3.0000
2.5%		3.0000
0.5%		3.0000
0.0%	minimum	3.0000

Moments

Mean	4.6071429
Std Dev	0.9560445
Std Err Mean	0.1806754
upper 95% Mean	4.9778582
lower 95% Mean	4.2364275
N	28

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