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Customer Engagement in Theory and Practice A Marketing Management Perspective

Katarzyna Żyminkowska

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Introduction

The notion of customer engagement (CE) reflects the broad spectrum of customer activism in value formation. It has been attracting the growing attention of scholars and practitioners after the Gallup Institute introduced it to the marketing discipline (Appelbaum 2001). Customer engagement started to be an important topic of discussion in marketing academia in 2010 and was then catalysed by the Marketing Science Institute when customer engagement issues were listed among its research priorities for the years 2014–2016 and 2016–2018. Special issues on customer engagement from the leading marketing journals prove further interest in this concept within the academic world (e.g. *Journal of Service Research* 2010, 2011; *Journal of Marketing Management* 2016; *Journal of the Academy of Marketing Science* 2017; *Journal of Service Theory and Practice* 2017; *Journal of Services Marketing* 2018). Customer engagement has also been included in the agenda of the most reputable marketing conferences (e.g. 2018 AMA Summer Academic Conference, EMAC 2018 Conference, or ANZMAC 2018 Conference). Although a lot of work has been already done to conceptualize and operationalize the concept of customer engagement in marketing literature, there are still important gaps to be addressed, that delineate the objectives of this book.

First, due to the distinct CE interpretations, introduced to the marketing literature in 2010–2011 (van Doorn et al. 2010; Kumar et al. 2010; Brodie et al. 2011), some parallel research streams in customer engage-

ment evolved. This often results in research fragmentation and terminology confusions while linking CE issues with the existing marketing knowledge and related concepts of customer activism. Considering the rapid accretion of research in CE, such gap may restrain the development of consistent CE theory. Therefore, in this book, we aim to systemize knowledge on customer engagement phenomenon by adapting the integrative approach that brings together the existing contributions from distinct CE research streams with the body of knowledge on marketing management and with the umbrella paradigms referring to customer activism in value formation. Second, despite the rising interest in customer engagement in business practice, the managerial view on this phenomenon is still rare among marketing academia. Although some outstanding contributions have been already offered (e.g. Palmatier et al. 2018; Alvarez-Milán et al. 2018; Beckers et al. 2018; Venkatesan 2017; Harmeling et al. 2017; Kumar and Pansari 2016; Kumar 2013), the companies still need to be supported with detailed, normative knowledge on how to engage customers in sync with the other marketing actions and the overall endeavours in the customer asset management. Therefore, the subsequent aim of this book is to develop the comprehensive CE management framework in order to enrich the pragmatic understanding of CE as an object of effective marketing management.

In order to accomplish the aforementioned goals, original empirical research was conducted to recognize the phenomenon of customer engagement in the marketing management. Both consumers and firms operating on the consumer markets were surveyed to obtain dual perspective on CE. Moreover, the research was aimed to gain the cross-market and cross-industry knowledge on CE, which is in line with the suggestions on future research directions included in the literature (Kumar and Pansari 2016). In order to reflect the diversity of markets and industries, four consumer product categories were selected from the FCB grid (Vaughn 1986; Ratchford 1987; Lambin 1998) and this determined the subsequent sample selection. These are the categories that differ across the level of customer involvement (high vs. low) and the type of the mode of information processing (cognitive/thinking vs. affective/feeling). Finally, we surveyed the consumers of the following products: clothing (high involvement feeling product category), beer (low involvement feeling

category), mobile phones (high involvement thinking product), and banking products (also high involvement thinking category), and investigated their engagement focused on the brands, products, or firms offering such product categories. On the other hand, we surveyed firms representing industries that offer selected product, that is, fashion, food and beverages, household appliances, and banking and financial services suppliers. The research was conducted in Poland, the example of the economy that has been lately upgraded from developing to developed market status in indices run by FTSE Russell. Thus Poland, as the first country in the world to be awarded such an upgrade in almost a decade, represents the appealing research scope of the business practices in customer engagement management.

The above-mentioned research revealed a holistic portrayal of customer engagement management in the consumer goods and services business sector and allowed to answer the following research questions:

RQ1: What is the intensity of the forms (types) of customer engagement phenomenon in distinct consumer markets?

RQ2: What are the consumer-based antecedents of customer engagement?

RQ3: What is the intensity of the forms (types) of customer engagement phenomenon in the companies' practices across distinct industries?

RQ4: Do and how companies manage customer engagement?

RQ5: What are the firm-level outcomes of customer engagement?

RQ6: What are the trends and perspectives of customer engagement management in modern business?

The objectives and research questions determine the structure of this book. In the first, retrospective chapter, theoretical concepts of customer activism, that form the foundations for the exploration of customer engagement phenomenon in the marketing management field, are discussed. Second chapter contains the systematization of knowledge on customer engagement developed in the marketing discipline and discusses its relations with some of the marketing basics. Placing the customer engagement in the marketing management field and exploring

how it alters value formation, the third chapter of this book offers the comprehensive CE management framework to be empirically investigated in the next three sections. Therefore, in Chap. 4, we discuss the methodology and findings of the research on the intensity and drivers of consumer engagement across distinct markets. In fifth chapter, we discuss the methodology and findings of empirical research uncovering the intensity of the forms of CE phenomenon in the companies' practices across distinct industries. We also recognize whether those firms manage CE in the systematic way, based on certain components of the CE management process, and what are the positive or negative firm-level effects of such management. In sixth chapter of the book, we attempt to identify trends and perspectives of customer engagement management in modern business across diverse countries and industries. The book ends with conclusion remarks that include the discussion of the key theoretical and empirical findings.

The book is addressed to the academics specializing in business and management interested in the pragmatic view on customer engagement in effective marketing management. This work also targets business people who operate on the consumer markets and are responsible for customer relationship management, including, among others, promotion campaigns, customer complaint management, or new product development and innovation.

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1

Concepts of Customer Activism

Abstract The concept of customer engagement refers to the customer activism in value formation, which is not a new notion in the marketing and management literature. Theories of customer activism constitute particular anchors for systemizing the knowledge on customer engagement. Drawing on the contributions of two influential metatheories, such as value co-creation and network management, and related concepts (including service-dominant logic, customer participation, presumption, customer integration, or user and open innovation) Żyminkowska recommends realistic view on CE phenomenon and suggests the adequate terminology to describe the role of CE in firm-level value creation. The recommended term of ‘value co-formation’ encompasses both positive CE consequences for firm (i.e. value co-creation with active customer) and potential negative outcomes or risks (i.e. value co-destruction by active customer).

Keywords Customer engagement theoretical foundations • Customer activism • Realistic view on customer engagement • Customer engagement in interactive value co-formation

The phenomenon of customer activism, which is the inevitable feature of customer engagement concept, is not a new notion in the marketing and management literature. There are at least a few theoretical concepts that offer the explanation of how and why individual customers may act as firm's active partners, what are the frameworks of managing such an activism by firms, and what are its firm-level outcomes. While developing any novel marketing theory related to the customer activism (including customer engagement), those achievements need to be taken into consideration as a broader context. Otherwise, when the new ideas are developed in isolation from existing ones, the researchers face the risk of 'reinventing the wheel.' Therefore in this retrospective chapter we discuss the concepts of customer activism, indicating its potential for the exploration of CE phenomenon in the marketing management field.

The concepts of customer activism, that form foundations for customer engagement theory development, are generally associated with two influential metatheories that have broadly impacted contemporary marketing management and have been diffused within this field. These are the value co-creation and the network management macro constructs that are discussed in the next sections. The theoretical achievements within these metatheories and related concepts (see Fig. 1.1) constitute particular anchors for enhancing the marketing management perspective on CE in the broader, theoretical context.

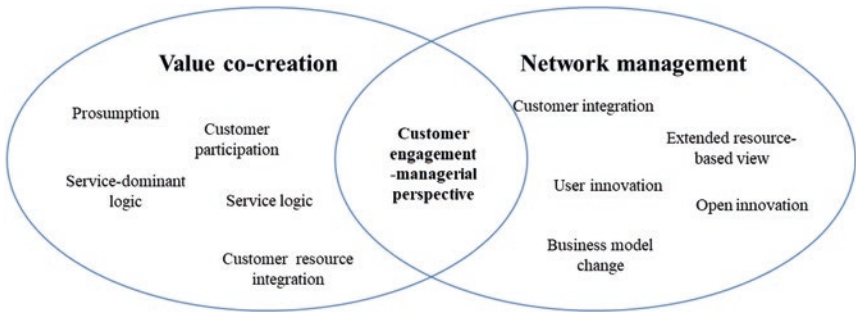


Fig. 1.1 Concepts of customer activism—theoretical foundations for understanding customer engagement phenomenon

1.1 Value Co-creation Phenomenon and Related Concepts

The activism of a customer in value co-creation relates to the new consumer role in a society forecasted by Alvin Toffler and termed as a prosumer. Prosumers, that is, proactive consumers, were common consumers who were predicted to become active to help personally improve or design the goods and services of the marketplace, for themselves or other customers (Toffler 1980). Prosumption involves both production and consumption rather than focusing on either one or the other separate sphere. A series of recent social changes, especially those associated with the internet and Web 2.0, have made prosumption a common phenomenon. The development of self-service technologies is also a key driver of prosumption since customers are empowered to perform tasks that traditionally were completed by firms' staff (Fisk et al. 2008). However, prosumption is quite a challenging phenomenon from a managerial point of view. As Ritzer and Jurgenson (2010) suggest, firms have more difficulty controlling prosumers than producers or consumers, and there is a greater likelihood of resistance on the part of prosumers who are against being asked to contribute to corporations without pay. This would implicate that some customers may also be resistant to engaging them in any interactions with firms or brands, and the customers' activism (including engagement) may not be a common phenomenon.

Prosumption notion has been reflected in the new model of the market termed 'the market as forum.' According to the traditional meaning, the main market function was to exchange the value between a firm and a consumer. This function was separate from value creation process. The new market concept pervades the entire system of value creation, instead of being outside the value chain system. The value is co-created during the consumer experiences at different points of interactions, where products, distribution channels, technologies, and employees are viewed as experience gateways. Therefore consumers are active partners in the joint value creation process, not just simple passive recipients of the value creation of others (Prahalad and Ramaswamy 2004). The idea of market as a forum explains the essence of value co-creation with active, engaged

customers. The significance of this idea, based on value co-creation metatheory in marketing at large, has been contributed mostly by service marketing achievements (Grönroos 2006; Vargo and Lusch 2004), including customer participation issues. Then recognizing those achievements shed light on the contextual understanding of customer engagement phenomenon on consumer markets. Services are actions or performances, typically produced and consumed simultaneously. In many situations customers, employees, and other people in the service environment interact to produce the ultimate service outcome (Zeithaml et al. 2009). Hence customers are participants in service production and delivery, and value co-creation is an inevitable feature of service marketing. Customer participation means that the customer has impact on the service s(he) perceives, and becomes a co-producer of the service, and thus also a co-creator of value for himself (Grönroos 2007). However, the levels of customer participation may vary. According to Zeithaml et al. (2009), those levels may differ across various services: from low, when customer presence is required during service delivery (e.g. motel stay), through moderate, when customer inputs are required for service creation (e.g. full-service restaurant), to high, when customer co-creates the service (e.g. personal training). Moreover the levels of customer participation are related to the different modes of relationships that customers prefer. If transactional mode is preferred, customers are looking for solutions to their needs at an acceptable price, and they do not appreciate contacts from the supplier or service provider in between purchases. Customers may also prefer the relational mode, either active or passive. Customers preferring the active relational mode are looking for opportunities to interact with the supplier or service provider in order to get additional value. A lack of such contacts makes them disappointed, because the value inherent in the relationship is missing. If preferring passive relational mode, customers are looking for the knowledge that they could contact the supplier or service provider if they wanted to. In this sense they too are seeking contact, but they seldom respond to invitations to interact (Grönroos 2007). Then, there is the implication for customer engagement issues, since the customer's willingness to engage or be engaged may probably vary, likewise in the customer participation case. Level of customer engagement may also vary across the customer

segments and product categories involved, and may be associated with customer's individual preferences and attitudes towards the relationship with firm or brand.

Participating customers may play various roles: helping oneself, helping others, and promoting the company (Bowers et al. 1990). So customers are referred to as partial employees of the organization and they contribute to the organization's productive capacity. This requires managing customers as partial employees (managing customer participation), that is, recruiting, educating, and rewarding customers (Zeithaml et al. 2009). Hoffman and Bateson (2006) distinguish the following stages in customer participation management: developing customer trust, promoting the benefits and stimulating trial, understanding customer habits, pretesting new procedures, understanding the determinants of consumer behaviour, teaching consumers, and monitoring and evaluating performance. While putting customer to work companies must identify the work that customers perform best, understand why customers choose to work for (or against) a brand and what they expect in return, design and manage customer jobs, and identify the potential unintended negative consequences (Heskett et al. 2008). Thus, the broad body of knowledge on customer participation management implicates perceiving active customer (also engaged customer) through his/her role as partial employee of the firm and an object of management.

However, from a managerial point of view, customer participation is associated with a number of advantages and disadvantages. The primary advantage is that customers may customize their own service and produce it faster and less expensively (Hoffman and Bateson 2006). So customer participation may result in increased efficiency and productivity, and decreased production costs. Positive outcomes of customer participation also include increased perceived quality and value, higher customer satisfaction and loyalty, as well as lower price sensitivity and better service recovery (Mustak et al. 2016). On the other hand, customer participation is perceived as a major source of uncertainty and, as customer participation increases, the efficiency of the operation may decrease. This is due to the fact that firm is losing control of quality and the waste may increase, which increases the operation costs (Hoffman and Bateson 2006). Sometimes additional costs appear, when new or changed inputs

are needed (Fließ and Kleinaltenkamp 2004), and also increased job stress or role conflicts for service providers' front line employees (Mustak et al. 2016; Hsieh et al. 2004). Above-mentioned findings within the customer participation issues reveal the need for realistic view on the customer activism (and then customer engagement), and its impact on firm-level outcomes, because apart from positive consequences, negative outcomes for the firm also need to be taken into consideration.

Customer activism in value co-creation, that is typical for service marketing and associated with customer participation idea, has been adapted for the goods marketing in two concepts: the service logic (SL) and service-dominant (S-D) logic concepts. First, service logic (SL) approach to value co-creation, based on the tradition of the Nordic School, seems to fit best the context of most goods producing business today (Grönroos 2006). According to the service logic for marketing, customers are independent value creators and create value as value-in-use. However, when customers begin interaction and dialogue with service provider, they co-create value with the provider. Besides, customers may co-create value socially with peers. In SL provider is a value facilitator, producing the resources to be used in the customer's value creation (Grönroos 2007; Grönroos and Voima 2013). Value emerges during the use of resources. Customers create value by using or consuming resources in a process where they use their skills to integrate obtained resources with already existing resources (Grönroos 2017). The SL assumptions offer some implications for customer engagement management revealing the subjects of interactive value creation (i.e. customer and firm, as well as customer and peers), and its foundation that is the resources use and integration.

On the other hand, according to the S-D logic, value is collaborative in nature and is co-created rather than created by one actor. Customer is always a co-creator of value, and enterprise cannot deliver value but only offer value propositions. S-D logic underlies the role of consumers in proactively co-creating their personalized experiences and values with organizations through active dialogue and interactions (Vargo and Lusch 2004, 2008). The primary activity involved in value co-creation is, again, resource integration, and since the contextual nature of value, both firm and customer may act as resource integrators (Vargo and Lusch 2008).

Besides other social and economic actors may also act as resource integrators (Vargo and Lusch 2017). Vargo (2008) distinguishes two processes: (co)production (i.e. creation of firm output) and value creation (i.e. customer-determined and co-created benefit), that is superordinate to (co)production, to illustrate contextual nature of S-D logic. Further, he posits that the term (co)production represent goods-dominant logic lexicon and is close to the term ‘customer integration’ referring to participation in the development of the core offering itself. Moreover, Vargo and Lusch (2017) suggest that service-dominant logic can continue to advance over the next decade by moving towards a general theory of value co-creation. They perceive S-D logic and co-creation of value as metatheoretical concepts that are diffused in the lower-level theories, as for example customer engagement being an example of mid-range theory. Also Storbacka et al. (2016) posit that service-dominant logic concepts, such as value co-creation, constitute what is referred to in the strategic management literature as macro constructs. They suggest that actor engagement (including customer engagement) is a microfoundation for value co-creation. Above-mentioned theoretical clarifications within S-D logic bring important implications for customer engagement knowledge and contribute to the more precise terminology. Customer engagement is then a lower-level marketing theoretical construct, influenced by higher-level theory of value co-creation. CE is a microfoundation for value co-creation. CE is also complementary with other related constructs, as customer participation or customer integration.

Both service-dominant logic and service logic for marketing emphasize the role of resource use and integration in the process of value co-creation, which positions them in the resource-based view concept that is further discussed in the next section. Recognizing and managing resources is then a key task in customer activism management, including customer engagement management. And again the customer participation theory contributes to understanding this CE context. Customer participation refers to customers’ provision of inputs, including effort, time, knowledge, or other resources (Grönroos 2008). Mustak et al. (2016) distinguished three categories of customer resources delivered through participation, each including different types of customer inputs. First, labour and task performance consisted of provision of physical presence or labour and performing various

tasks or self-service. Second, information and knowledge, including information sharing, when customers communicate their needs, provide information, and knowledge sharing and decision-making, when customers make suggestions and take part in decision-making. Third, behaviours, including benevolent behaviour during the service process, when customers behave in an appropriate and pleasant manner, and co-operative and helping behaviours towards the provider or other customers. Peters et al. (2014) suggest that resource integration can be viewed from two approaches: as the emergence of new depositional properties on one hand and a series of interaction-based dynamic activities on the other. Resource integration as emergence is a (potentially) observable and measurable process, and key question in the context of CE is how the properties of resources influence the emergent properties that result from resource integration. Resource integration as interaction is observable and based on actors, one can measure the input and output of an interactional process, and a key question is whether a greater interaction results in more resources. Therefore, given the ideas of resource integration included in the service-dominant logic and service logic in marketing, and the customer participation literature, the potential customer resources involved in customer engagement may be distinguished, as well as the mechanism of its integration.

The resource integration in value creation is perceived as beneficial for resource integrator, in both S-D and S-L logic perspectives. However, Echeverri and Skålén (2011) underline that during the interactive value formation not only value co-creation but also value co-destruction is possible. This is because resources allocated during value formation may be utilized not only positively to the benefit of the resource integrator, but may be misused, in a detrimental manner for one or all the parties involved. The misuse of resources may be accidental (when parties intend to co-create value through their interactions but some discrepancies occur) or intentional (when a party has an interest in misusing resources seeking to increase its own well-being and capacity for addictiveness to the detriment of another party's well-being and capacity for addictiveness) (Plé and Chumpitaz Cáceres 2010). The misuse of resources is strictly associated with the risk involved in value co-creation. With regard to the consumer co-creation in new product development, Hoyer et al. (2010) indicate the following general risks: diminished control over strategic planning, increased

complexity of managing firm's objectives, and complexity of managing mis-performance and selection of consumers' ideas. Besides, the main challenges in consumer co-creation involves concerns about secrecy of information (since co-creation involves the revelation to consumers, and, through them, potentially to competitors), concerns about the ownership of intellectual property, information overload (since co-creation can yield large volume of consumer input), and the risk that consumer co-creators provide ideas infeasible from a production standpoint (Hoyer et al. 2010). Accordingly, Echeverri and Skålén (2011) suggest that customer's or firm employees' positions in value formation range and include value co-creator, value co-recoverer, value co-reducer, and value co-destroyer roles. Above-mentioned findings on customer activism outcomes, that may be both beneficial and diminishing or destructive, need to be taken into consideration in the process of customer engagement management. They also indicate the need for the realistic view on customer activism in value creation and customer engagement. Therefore, regarding managerial view on value creation through customer engagement the label 'value co-formation' seems to be more appropriate, since it includes both the possibility of adding value (value co-creation) and the risk of destroying it (value co-destruction).

Referring to value creation scope, Vargo (2008) argues that this is network-to-network exchange, since each actor (e.g. firm or customer) has its own supply chain as a resource integrator. In case of customer, this comprises a network of public, private, and market-focusing service providers, in which the focal firm is only one actor. Network-to-network perspective in value creation is then strictly combined with the second metatheory, fundamental for CE understanding in a broader context, which is discussed in the following section.

1.2 Network Management and Related Concepts

The second group of the customer activism concepts refers to the managerial issues derived from the network management perspective closely associated with the extended resource-based view. According to the conventional resource-based view (RBV), resources that are valuable, rare,

inimitable, and non-substitutable make it possible for businesses to develop and maintain competitive advantages for superior performance (Barney 1991; Collis and Montgomery 1995; Srivastava et al. 2001). Resource redundancy or slack resources allow to buffer the firm from internal and external variation, reduce intra-organizational conflict, and allow experiment leading to organizational change and innovation (Braldey et al. 2011). However, increasing slack up to a certain point would have a positive effect on firm performance but that excessive slack may be negative (Bourgeois 1981), due to firm inefficiency through investments in projects that do not increase shareholder value or diminished willingness to accept risk (Braldey et al. 2011). The extended resource-based view (ERBV) seems to offer the remedy for RBV disadvantages. According to ERBV, firms are able to draw on a wide array of external resources, through both market-mediated transactions and through various kinds of resource exchange and resource leverage relations (Mathews 2003). Prahalad and Krishnan (2008) suggest the so-called R=G innovation rule. This rule is in line with ERBV, and means that firms focus not on the ownership of the resources, but on the access to the resources from multiple vendors, often from around the globe. The participation of active customers and customer communities, as vendors of such resources, is highlighted in the latest domain of the network management research, which evolved from business actors (inter-organizational networks) to expanded networks including non-business partners, as consumers (Möller and Halinen 2017). End users, customers, and user communities are part of the networks, next to developers, research organizations, competitors, and institutional actors (Aarika-Stenroos and Rittala 2017). This is closely associated with the evolution of core competence locus from the company itself, through network of companies, unto the enhanced network, that consists of traditional suppliers, manufacturers, partners, investors, customers, and customer communities, in which the competence is a function of collective knowledge (Prahalad and Ramaswamy 2000). The company has access to consumers' competences and investment of time and effort from customers (Prahalad and Krishnan 2008). Also the value constellation notion is based on customer resource integration, assuming that customers and other partners in the production of an offering create value together instead of 'adding' value one after the other

in a value chain (Normann and Ramirez 1998). Therefore, the network management perspective suggests considering active customer and customers' communities as the network subjects that may impact the firm's competitive advantage and performance.

Main advantages of network comprise more adaptability and flexibility due to the loose coupling and openness to information (Weick 1976; Achrol and Kotler 1999). However, the resources located outside the firm, that drive firm's success, cannot be controlled directly (Doz and Hamel 1998), which is the primary obstacle for the effective network management (including the networks that have active, engaged customers). Referring to the problem of lacking direct control over the external resources accessed by firms, which is the basic disadvantage of ERBV from a firm's perspective, more a general question arises: Are the networks manageable at all? Two discrete answers are offered for that question, depending on the network interpretation. According to Ford and Håkansson (2006) networks are the emergent, complex, and adaptive systems and cannot be managed by any single actor, and firms may only try to cope within the network. On the other hand, the proponents of intentionally designed networks argue that distinct network's actors are able to exert considerable coordination over a network, that is, to manage it to a relatively great extent. Here, the network management is defined as improving the ability of the network to operate towards accomplishing its objectives, or as the means by which network members influence each other and/or the network as a whole in order to improve network cooperation (Järvensivu and Möller 2009). Besides, the network management is a function of the level of determination of the value creation system underlying a particular network associated with the network types and appropriate management mechanisms. The networks with emerging value system and radical change are characterized by rather low level of manageability, while the networks with stable, well-defined value system by high level of manageability (Möller and Rajala 2007). Given the network management assumptions, the manageability of customer engagement seems to be high in case of the engagement which is intentionally initiated and coordinated by firm (firm-initiated engagement), and rather low, when customers themselves initiate engagement. However, in both cases, the primary network disadvantage, that is, the lack of direct control

over the external partner—customer—should be considered. The network management researchers propose the detailed management activities in the network and distinguish three management layers, that is, environmental, ecosystem, and actor layer. With regard to the actor layer, the main managerial tasks include defining the actors' positions and roles in the network, their resources and capabilities, and goals (Möller and Halinen 2017). The management activities, covering managerial actions, capabilities, and organizational forms involved, consist of network visioning, positioning, mobilizing, goal construction and organization, effectiveness and efficiency seeking, and network maintenance (Tikkanen and Halinen 2003; Järvensivu and Möller 2009; Möller and Halinen 2017). Above-mentioned managerial functions and activities, particularly with regard to the actor layer (including customers and customers' communities) form valuable recommendations for customer engagement management, in which the goals of the active customer need to be taken into consideration.

Some general network management recommendations are also included in the marketing management literature. According to Achrol and Kotler (1999), marketing in the network organization is responsible for, among others, creating and maintaining new marketing knowledge, intra-firm integration, conflict resolution, and the coordination of the network's economic and social activities. The new marketing management framework for network economy was proposed by Lusch and Webster (2010). The conventional framework is revised to make it relevant to network organizations. It consists of sensing of lived experiences and practices of the stakeholders (i.e. analysis in the conventional approach), resourcing which deals with creating and integrating resources and removing organizational resistances (planning), realizing by designing the processes for value co-creation with various actors (implementation), and learning by using new knowledge (control). With reference to customers, as network actors, Prahalad and Ramaswamy (2000) argue that firms should engage customers in active, explicit, and ongoing dialogue; mobilize communities of customers; manage customer diversity; and co-create personalized experiences with customers in order to harness customers' competence. Thus the marketing literature brings important implications for the customer activism management (also CE),

emphasizing the need for new marketing management functions (sensing, resourcing, realizing, and learning) as well as the risk of organizational resistances, that need to be removed.

The presence of active customer is also recognized in the literature on user and open innovation, which is in line with the above-mentioned types of networks: emerging networks and intentionally designed networks respectively. User innovation refers to emerging process of user-centric, democratized innovation resulting from the activities of firms (i.e. intermediate users) and consumers (individual end users and communities) (von Hippel 2005). Whereas open innovation describes the phenomenon of companies making greater use of external ideas and technologies in their own business (so-called outside-in/inbound innovation), and letting unused ideas and technologies go outside for others to use in their business (inside-out/outbound innovation) (Chesbrough 2003, 2006). Referring to the individual customer activism, both the user and open innovation perspectives offer managerial implications for CE management. User innovation is generally associated with the autonomy of the actor innovation (e.g. consumer, who is a lead user), who wants to solve his/her own need (von Hippel 2005), so the intrinsic customer motivation is predominating. Lead users freely share their knowledge and ideas with other users or communities (Füller et al. 2010). However, some users may decide to commercialize their innovations, which is labelled as user entrepreneurship (Shah and Tripsas 2007). Moreover, also firms may profit from user innovation facilitating users' creativity by creating dedicated platforms to innovate with them (Piller and Walcher 2006). Key managerial decision related to user innovation include identifying lead users, establishing bridging strategies to lead user innovation, defining fair regimes of coordination, and opening-up intellectual property (Piller and West 2017). On the other hand, with regard to the customer activism, open innovation perspective assumes purposive inflows of knowledge from customers across a boundary of the firm in order to leverage external sources of knowledge and is associated with the monetary incentives (Chesbrough 2003). However, customers may also provide innovations for non-pecuniary reasons (Chesbrough and Brunswicker 2013). Main managerial decisions for open innovation refer to building absorptive capacity,

defining and defending intellectual property, internal organization, and defining the metrics for open innovation (Piller and West 2017). Focusing on open and user innovation with individual, active customers, Piller and West (2017) propose four-stage process model which consisted of defining, finding participants, collaborating, and leveraging sub-processes. Thus, the body of knowledge on the user and open innovation contributes to the understanding of the distinct drivers of customer activism (both intrinsic and firm-provided incentives). It also implicates that both types of customer activism need to be managed, that is, user innovation initiated by customer and open innovation purposely organized by firms.

Firms that are organizing the process of customer innovation integrate customers into the innovation process benefiting from it (Piller and Ihl 2009). However, such a customer integration may be associated with some risks. Generally, drawing the innovation from external sources can be time consuming, expensive, and laborious. The over-search for the external sources of knowledge may hinder innovation performance, as the costs of openness exceed the benefits (Laursen and Salter 2006). Moreover, the close ties with customers may constitute an inertia for change and for innovation (Piller and Ihl 2009). Literature on customer integration in open innovation suggests other, detailed risks, as customers conflict for scarce resources and reward, misunderstanding between employee and users involved, disagreements on the ownership of intellectual property, customers' limited domain of expertise, and their inability to articulate needs, wishes, and ideas (Song et al. 2013). Regarding the virtual customer integration, the potential risks include similar disadvantages: customers' inability to articulate, intellectual property problems, lack of secrecy, disturbance of internal processes, and, additionally, unbalanced target group orientation (Bartl et al. 2012). This is in line with Siakas and Siakas' (2016) views on challenges in open innovation and customer integration. Those authors indicate the following challenges: lack of control; protection of intellectual property rights; difficulties to manage and integrate incoming ideas, insights, concepts, and solutions; as well as coordination and control of overhead costs and loss of know-how. So, the findings suggest the need for

a realistic view on customer activism in innovation networks, open and user innovation, and customer integration. The managers need to be aware of both positive outcomes of such an activism and potential disadvantages or risks involved in integrating customers into the business processes.

* * *

Summing up, two influential metatheories and related, lower-order concepts, in which the customer activism in value creation occurs, constitute the theoretical foundations for the customer engagement exploration in the marketing management perspectives. The summary of key propositions for customer engagement understanding, resulting from the concepts discussed in this chapter, is presented in Table 1.1.

The concepts of customer activism, discussed in this chapter, constitute the theoretical foundations for the developing body of knowledge on customer engagement phenomenon. Drawing on the existing achievements across metatheories and related concepts that refer to the individual customer's activism, the primary recommendation for the realistic approach in the exploration of the customer is revealed, which drives the logic of this book. This realism is suggested for the following CE exploration scopes: concept-related, customer-related, and managerial issues.

First, the realistic view on CE is suggested in the context of theory development and accordingly appropriate terminology. Since the concept of value co-creation is superordinate to the customer engagement, each CE activity has the potential for value co-creation. Therefore, the label of co-creation in some of the CE typologies, which are discussed in Chap. 2, is questionable. Besides, as argued in this chapter, customer engagement may be also associated with value co-destruction.

Second, considering realistic view on CE within customer-related issues, the literature on prosumption and customer participation brings important implications that customer engagement is probably not a common notion across customer segments, and not each customer wants to engage. So it's crucial to find the drivers of customer engagement, which is the subject matter in Chap. 4.

Table 1.1 Concepts of customer activism—key implications for customer engagement exploration

Customer engagement exploration scope	Implications from the value co-creation phenomenon and related concepts	Implications from the network management and related concepts
Concept-related issues (CE forms, actors, and resources)	<ul style="list-style-type: none"> • Prosumers: helping to improve/design goods and services for themselves or others. • Customer participation: various customer roles (helping oneself and others, promoting the firm) and various customer resources involved (labour and task performance, information and knowledge, co-operative and helping behaviours). • Service logic in marketing: value is co-created in the interactions and dialogues between customer and firm, and socially, between customer and peers. • Service-dominant logic in marketing: co-creation of value is a higher order construct and actor engagement is its microfoundation. 	<ul style="list-style-type: none"> • User innovation: sharing the customer knowledge freely with firms, other users, and communities. • Expanded/enhanced networks: customers, end users, communities. • Consumers' competences, investment of time and effort.
Customer-related issues	<ul style="list-style-type: none"> • Presumption: customers' resistance to engaging them (not each customer wants to be active). • Customer participation: the level of customer activism may vary across the customer segments and product categories. • Service marketing: various modes of relationship that customers prefer (not each customer prefers to be active). 	<ul style="list-style-type: none"> • Network management: importance of customer goals in customer activism management. • Various motivations of customer activism: intrinsic (user innovation) and monetary (open innovation).

(continued)

Table 1.1 (continued)

Customer engagement exploration scope	Implications from the value co-creation phenomenon and related concepts	Implications from the network management and related concepts
Managerial issues	<ul style="list-style-type: none"> Difficulties with controlling the prosumers. Customer participation: managing customers as partial employees (including understanding determinants of their behaviour). Negative outcomes from customer participation: decrease in the operation efficiency, additional costs, increased job stress. SL, S-D L, customer participation: the need to recognize and manage the customer resources (customer resource integration). Risks in value co-creation: diminishing control over planning, increased complexity, and information overload. Risks of the misuse of the resources and diminishing or destruction of value instead of value creation. 	<ul style="list-style-type: none"> Various levels of manageability in network: low in customer-initiated activism, high in firm-initiated activism. Network management layers and activities: key tasks in customer activism management including defining customer roles, resources, capabilities, and goals. Marketing management in network: sensing, resourcing, realizing, and learning; removing organizational resistances as a key task in planning. User and open innovation management sub-processes: defining, finding participants, collaborating, leveraging. Risks in networks: lack of control of the external resources. Risks in open innovation and customer integration: negative impact on firm performance if over-search occurs, inertia for change, disturbance of internal processes, lack of control, loss of know-how. Business model: restructuring business model components in order to profit from customer activism.

Third, with regard to the realistic managerial view on CE, it should be noticed that any customer activism may bring both positive and negative firm-level outcomes. Customer activism risks or disadvantages are recognized in each concept analysed in this chapter. Therefore, in the context of customer engagement in firm-level value creation, the label interactive value co-formation is more appropriate than the expression of value co-creation. This is because the term value co-formation encompasses both positive CE consequences for firm (i.e. value co-creation with active customer) and potential negative outcomes (i.e. value co-destruction by active customer), what is discussed in this book in Chaps. 3 and 5.

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2

Interpreting Customer Engagement in the Marketing Discipline

Abstract This chapter addresses the problem of the CE research fragmentation and terminology confusions. Żyminkowska discusses existing customer engagement interpretations, forms, and models and confronts them with other marketing categories to recognize the originality of distinct CE understandings in the marketing discipline. She systemizes CE knowledge adapting the integrative approach and brings together the contributions from parallel streams that evolved in the previous CE research, suggesting the complementarity of those streams. The integrative CE understanding, offered in this chapter, is based on behavioural interpretation and enriched with attitudinal factors of customer behaviour that are exposed in multidimensional, attitudinal perspective. Consequently, Żyminkowska proposes the typology of customer engagement forms (types) including customers' communication, customer complaints, and customer collaboration.

Keywords Integrated perspective on customer engagement • Customer engagement interpretations • Customer engagement forms • Customer engagement models

The scientific research into the customer engagement in marketing intensified in 2010, when Marketing Science Institute listed customer engagement as a key research priority for the period 2010–2012. Consequently, CE gains increased attention of the academics and seems to be quite ‘fashionable’ research trend. Various interpretations of customer engagement appeared in marketing discipline, which is quite understandable in case of this theoretical concept being in the development phase. However, do all those CE interpretations form a new theoretical concept in marketing? Are they an original idea when compared with existing marketing basics such as psychological drivers of customer behaviours (including customer attitudes and motivations) or customer relationships?

Regarding the aforementioned questions, in this chapter we attempt to recognize existing customer engagement interpretations, forms, and models developed in the marketing discipline. Confronting them with the related marketing categories, we attempt to integrate previous achievements in CE theory in order to contribute to the better understanding of managerial challenges in CE. That, in turn, will constitute the foundation for the CE management framework proposed in the subsequent chapter of the book.

2.1 Customer Engagement Definitions in Marketing Field

According to marketing literature, customers or consumers are perceived as the subjects of customer engagement, while brands, products, or organizations are its objects (Hollebeek 2011). Regardless of the CE subject or object, the core domain of CE is similar (Hollebeek et al. 2014). However, in spite of the early stage of theory development on customer engagement in marketing discipline, various approaches have already evolved while interpreting this category. Two main perspectives may be distinguished among existing CE interpretations. First perspective refers to the attitudinal and multidimensional understanding of CE while the second one indicates one-dimensional, behavioural CE clarification. Besides among the latter, two different approaches may be distinguished: in the first one CE consists of customer behaviours that go beyond the transaction (i.e. non-transactional customer behaviours), whereas the

second one interprets CE as customer behaviours including transactions. The review of existing CE definitions according to the above-mentioned perspectives is included in Table 2.1.

Then, three research streams in CE exist in the marketing discipline originating from three influential works, published between 2010 and 2011, that initiated various CE interpretations. First, Jenny van Doorn, Katherine Lemon, Vikas Mittal, Stephan Nass, Doree'n Pick, Peter Pirner, and Peter Verhoef (2010) introduced one-dimensional, behavioural CE definition to the marketing literature. Using the term 'customer engagement behaviour' van Doorn et al. posited that it is customer's behavioural manifestations towards a brand or firm that have a brand or firm focus, beyond purchase, resulting from motivational drivers. Second, V. Kumar, Lerzan Aksoy, Bas Donkers, Rajkumar Venkatesan, Thorsten Wiesel, and Sebastian Tillmanns (2010) suggested to interpret customer engagement in line with van Doorn et al.'s definition; however, they argued that CE would be incomplete without the inclusion of customer purchases from the firm. Therefore, according to Kumar et al., CE refers to active interactions of a customer with a firm, with prospects and with other customers, whether they are transactional or non-transactional in nature. And third, Roderick Brodie, Linda Hollebeek, Biljana Jurić, and Ana Ilić (2011) proposed attitudinal and multidimensional CE definition. Drawing on the previous idea of Patterson et al. (2006), Brodie et al. defined CE as a psychological state that occurs by virtue of interactive, co-creative customer experiences with a focal agent/object (e.g. a brand) in focal service relationships. They also argued that CE is a multidimensional concept subject to a context- and/or stakeholder-specific expression of relevant cognitive, emotional, and/or behavioural dimensions.

Based on the CE conceptualizations included in Table 2.1 we posit that three above-mentioned research streams (or CE perspectives) are rather complementary than competitive. The proponents of attitudinal and multidimensional understanding of CE focus on a customer's psychological state (Brodie et al. 2011), customer's state of mind (Hollebeek 2011), customer's personal connection to an object (So et al. 2016), or customer's connection with objects (Vivek et al. 2012, 2014). Each CE definition proposed within multidimensional perspective emphasizes cognitive, affective (emotional), and behavioural components, resembling the characterization of the other marketing concept: customer's attitude. Attitudes describe person's relatively

Table 2.1 Customer engagement definitions according to existing perspectives

Perspective	Authors(s)	Definition
1. Attitudinal and multidimensional	Patterson et al. (2006)	Customer engagement describes the level of a customer's various 'presence' in their relationship with the organization. The presences include physical presence, emotional presence, and cognitive presence. Customer engagement is conceived as a higher-order construct, which consists of four components: vigour, dedication, absorption, and interaction.
	Brodie et al. (2011)	Customer engagement is a psychological state that occurs by virtue of interactive, co-creative customer experiences with a focal agent/object (e.g. a brand) in focal service relationships. It is a multidimensional concept subject to a context- and/or stakeholder-specific expression of relevant cognitive, emotional, and/or behavioural dimensions.
	Hollebeek (2011)	Customer engagement is the level of customers' motivational, brand-related, and context-dependent state of mind characterized by specific levels of cognitive, emotional, and behavioural activity in brand interactions (i.e. customers' direct, physical contact-based interactions with a focal brand).
	Vivek et al. (2012)	Customer engagement is the intensity of an individual's participation in and connection with the organization's offerings and/or activities, which either the customer or the organization initiate. It is composed of cognitive, emotional, behavioural, and social elements. The cognitive and affective elements of CE incorporate the experiences and feelings of customers, and the behavioural and social elements capture the participation by current and potential customers, both within and outside of the exchange situations.
	So et al. (2016)	Customer engagement is a customers' personal connection to a brand as manifested in cognitive, affective, and behavioural responses outside of the purchase.
	Vivek et al. (2014)	Customer engagement goes beyond purchase and is the level of the customer's (or potential customer's) interactions and connections with the brand or firm's offerings or activities, often involving others in the social network created around the brand, offering or activity. CE includes cognitive, affective, and behavioural and social dimensions.

(continued)

Table 2.1 (continued)

Perspective	Authors(s)	Definition
	Hollebeek et al. (2016)	Customer engagement is a customer's motivationally driven, volitional investment of focal operand resources (including cognitive, emotional, behavioural, and social knowledge and skills) and operand resources (e.g. equipment) into brand interactions.
2. Behavioural and one-dimensional	2a. Excluding transaction behaviour	Customer engagement behaviour is customer's behavioural manifestations towards a brand or firm that have a brand or firm focus, beyond purchase, resulting from motivational drivers.
	Van Doorn et al. (2010)	Customer engagement is a behavioural manifestation towards the brand or firm that goes beyond transactions. Customer engagement consists of multiple behaviours such as WOM, blogging, providing customer ratings, and so on.
	Verhoef et al. (2010)	Customer engagement behaviour is customers' behavioural manifestations towards a firm, after and beyond purchase. CEBs refer to voluntary, discretionary customer behaviours with a firm focus and can contribute to the firm's performance.
	Verleye et al. (2014)	Customer engagement behaviour is a behaviour through which customers make voluntary resource contributions that have a brand or firm focus but go beyond what is fundamental to transactions, occur in interactions between the focal object and/or other actors, and result from motivational drivers.
	Jaakkola and Alexander (2014)	Customer engagement is a customer's voluntary resource contribution to a firm's marketing function, going beyond financial patronage.
	Harmeling et al. (2017)	Customer engagement behaviour same as van Doorn et al. (2010), including customer-initiated and firm-initiated customer engagement.
	Beckers et al. (2018)	

(continued)

Table 2.1 (continued)

Perspective	Authors(s)	Definition
2b. Including transaction behaviour	Kumar et al. (2010)	Engagement is a customer's behavioural manifestation towards a brand or firm, resulting from motivational drivers, but would be incomplete without the inclusion of customer purchases from the firm. CE refers to active interactions of a customer with a firm, with prospects and with other customers, whether they are transactional or non-transactional in nature.
	Kumar and Pansari (2016)	Engagement of the internal (employees) and external (customers) stakeholders of the organization represents co-creation, interaction, solution development, and so on, all of which depend on the attitude that drives the behaviour of customers and employees towards a firm. Engagement is defined as the attitude, behaviour, the level of connectedness (1) among customers, (2) between customers and employees, and (3) of customers and employees within a firm.
	Pansari and Kumar (2017)	Customer engagement is the mechanics of a customer's value addition to the firm, either through direct or/and indirect contribution. Direct contributions consist of customer purchases, and indirect contributions consist of incentivized referrals that the customer provides, the social media conversations customers have about the brand, and the customer feedback/suggestions to the firm.

consistent evaluations, feelings, and tendencies towards an object or idea (Kotler and Armstrong 2018) and consist of the following elements: cognitive, affective, and behavioural (i.e. how the person intends to act) (Rath et al. 2015). Attitudes are one of the psychological factors that influence consumer behaviour, alongside of motivation, beliefs, perception, and learning (Kotler and Armstrong 2018). Therefore, the attitudinal and multidimensional CE interpretation focuses on one type of psychological drivers of the customer behaviour, that is, customer attitudes. However, customer attitudes in this CE interpretation refer to specific objects, such as brands, firms, and firms' offerings and activities. On the other hand, the proponents of behavioural CE interpretation focus on actual customer behaviour (whether beyond transaction or not) that results from motivational drivers (van Doorn et al. 2010; Kumar et al. 2010; Jaakkola and Alexander 2014). Motivation, as mentioned previously, is one of the psychological factors influencing customer behaviour. In marketing literature, motive (or drive) is a need that is sufficiently pressing to direct the person to seek satisfaction (Kotler and Armstrong 2018). Therefore, one-dimensional, behavioural CE interpretation involves customer behaviour itself, suggesting that it results from one of the psychological factors of customer behaviour—customer motivation.

Integration of above-mentioned approaches (see Fig. 2.1) reveals that they are quite complementary by referring to the same construct, that is, customer behaviour and its drivers, but emphasizing distinct elements. While multidimensional CE perspective focuses on customer behaviour attitudinal factors, the behavioural CE interpretation deals with customer behavioural manifestations highlighting customer motivation that drives those demonstrations. Vivek et al. (2014) propose some extension of attitudinal perspective adding social CE dimension. This is in line with Fishbein and Ajzen (1975) arguments that customer intentions of behaviours are influenced by social norms, that is, his/her beliefs about other people's opinion on his/her behaviour.

In-depth analysis of existing CE definitions included in Table 2.1 uncovers that various CE interpretation perspectives interact and enrich one another. First, motivational drivers of CE are exposed not only in CE behavioural perspective, but also in some attitudinal and multidimensional CE interpretations (see Hollebeek 2011; Hollebeek et al. 2016). Second, the role of customer resources that are volitionally contributed or invested are emphasized

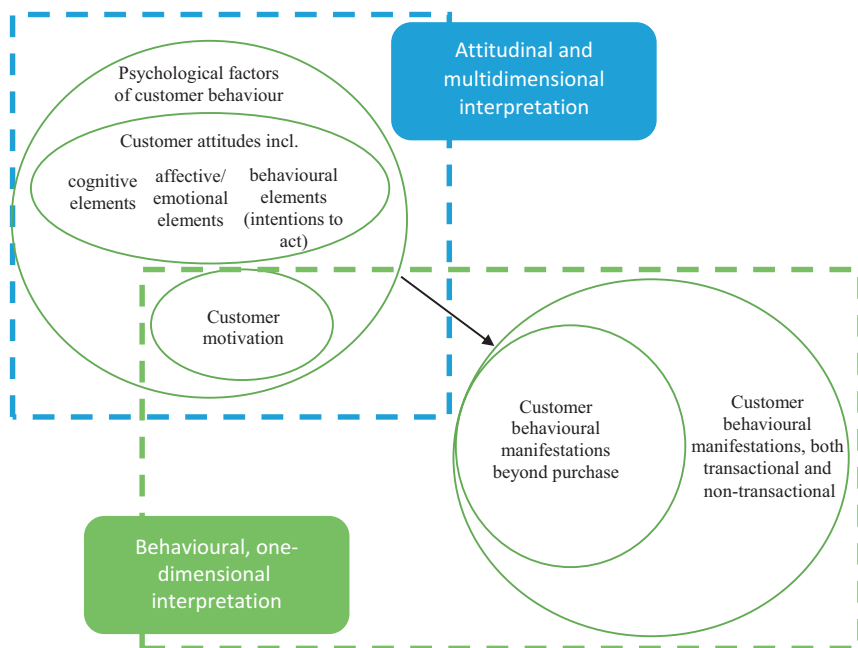


Fig. 2.1 Customer engagement domain in attitudinal and behavioural interpretations

by the researchers representing both perspectives (Jaakkola and Alexander 2014; Harmeling et al. 2017; Hollebeek et al. 2016). And third, in many CE conceptualizations, representing also both attitudinal and behavioural perspective, customer interactions with various actors (firm, prospects, other customers) and objects (brand, firm's offerings and activities) are highlighted (Kumar et al. 2010; Brodie et al. 2011; Hollebeek 2011; Jaakkola and Alexander 2014; Vivek et al. 2014; Hollebeek et al. 2016).

Above-mentioned, common elements of CE that occur within both CE perspectives, support our assumption on complementary character of existing CE research streams. Therefore we suggest interpreting CE as customer behavioural manifestations focused on brand or firm's offerings and activities, occurring in between customer-to-firm and customer-to-customer interactions, and resulting from psychological factors (attitudinal, motivational, and social). Hence we support one-dimensional,

behavioural CE interpretation that we enrich by attitudinal factors of customer behaviour exposed in multidimensional perspective. Although the multidimensional and attitudinal interpretation of CE seems to coincide with the category of customer attitudes, which is a well-known marketing construct in the theory of customer behaviour, this perspective contributes to the understanding of the drivers of customer behavioural manifestations.

2.2 Customer Engagement Dimensions and Forms

Various CE interpretations in marketing literature result in diverse operationalizations of this category. Majority of proponents of attitudinal and multidimensional CE interpretation distinguish its dimensions (labelled also as components or elements) using terminology associated with cognitive, affective (emotional), and behavioural elements of customer attitudes (see Table 2.2). However there are some propositions that seem to adopt behavioural perspective within attitudinal one, introducing such components to CE that resemble customer behavioural manifestations. Brodie et al. (2013) distinguish five sub-processes of CE including learning, sharing, advocating, socializing, and co-developing. Dessart et al. (2016) list similar customer actions as sub-dimensions of behavioural CE dimension, that is, sharing, learning, and endorsing. Also Maslowska et al. (2016) posit that brand dialogue behaviours, which they define in the same way as van Doorn et al. (2010), interpret customer engagement behaviour, including the following stages of customer engagement continuum: observing, participating, and co-creating. Enthused participation is also one of the CE dimension in Vivek et al.'s (2014) proposition. Above-mentioned extensions of attitudinal CE interpretation, evident in CE operationalization, seem to confirm the interaction among existing CE research streams and the need of its integration. It is interesting that behavioural CE perspective is more influential in this process, since its postulations to interpret CE as customer behavioural manifestations are introduced by proponents of attitudinal perspective in the form of various customer actions.

Table 2.2 Customer engagement components according to existing perspectives

CE perspective	Author(s)	Construct	CE components
1. Attitudinal and multidimensional	Patterson et al. (2006)	Components of customer engagement	1. Vigour 2. Dedication 3. Absorption 4. Interaction
	Hollebeek (2011)	Elements of customer brand engagement	1. Cognitive activity (absorption) 2. Emotional activity (identification) 3. Behavioural activity (activation)
	Brodie et al. (2013)	Sub-processes of consumer engagement process in a virtual brand community	1. Learning 2. Sharing 3. Advocating 4. Socializing 5. Co-developing
	So et al. (2016)	Factors of customer engagement with tourism brands	1. Enthusiasm (vigour) 2. Attention 3. Absorption 4. Interaction 5. Identification
	Vivek et al. (2014)	Dimensions of customer engagement	1. Conscious attention 2. Enthusiased participation 3. Social connection
	Hollebeek et al. (2014)	Dimensions of consumer brand engagement in social media	1. Cognitive processing 2. Affection 3. Activation

(continued)

Table 2.2 (continued)

CE perspective	Author(s)	Construct	CE components
	Dwivedi (2015)	Dimensions of consumer brand engagement	Same as Patterson et al. (2006) 1. Vigour 2. Dedication 3. Absorption 4. Interaction
	Dessart et al. (2016)	Consumer engagement dimensions and sub-dimensions	1. Affective 1a. Enthusiasm 1b. Enjoyment 2. Behavioural 2a. Sharing 2b. Learning 2c. Endorsing 3. Cognitive 3a. Attention 3b. Absorption
	Maslowska et al. (2016)	Components of customer engagement	1. Customer brand experience 2. Brand dialogue behaviours—including the following stages of customer engagement continuum: 2a. Observing; 2b. Participating 2c. Co-creating 3. Brand consumption 4. Shopping behaviours

(continued)

Table 2.2 (continued)

CE perspective	Author(s)	Construct	CE components
		and	1. Brand-generated behaviours:
		Categories of brand dialogue	<ul style="list-style-type: none"> • reading brand newsletters • downloading branded apps • commenting on brand-related weblogs, videos, audios, pictures
		behaviours = categories of customer engagement behaviours	<ul style="list-style-type: none"> • checking in at a store location as a response to brand's triggers (e.g. 'check in to win' offers) • filling out surveys about the brand
		Examples of brand dialogue behaviours	2. Others-generated behaviours:
			<ul style="list-style-type: none"> • reading other users' comments on brand profiles on social network sites • participating in branded conversations on unofficial online brand community forums • reading product reviews written by the media (e.g. Consumer Reports) or other consumers • writing brand-related articles • spreading word-of-mouth • rating products and/or brands or writing product reviews

(continued)

Table 2.2 (continued)

CE perspective	Author(s)	Construct	CE components
2. Behavioural and one-dimensional	Harrigan et al. (2017)	Dimensions of customer engagement with tourism social media brands	Same as So et al. (2016), but reduced to three dimensions: 1. Absorption 2. Identification 3. Interaction
	Bowden et al. (2017)	Dimensions of consumer brand engagement in online brand communities	1. Cognitive engagement 2. Affective engagement 3. Behavioural engagement
	2a. Excluding transactions	Van Doorn et al. (2010)	1. Valence 2. Form/modality 3. Scope 4. Nature of impact 5. Customer goals
		Examples of customer engagement behaviours	<ul style="list-style-type: none"> word-of-mouth (WOM) activity, recommendations, helping other customers, blogging, writing reviews, engaging in legal action feedback, suggestions for new products ideas
	Verhoef et al. (2010)	Forms of customer engagement	1. Customer-to-customer interactions (i.e. word-of-mouth) 2. Co-creation in new product development 3. Blogging

(continued)

Table 2.2 (continued)

CE perspective	Author(s)	Construct	CE components
	Bijmolt et al. (2010)	General manifestations of customer engagement	<ol style="list-style-type: none"> 1. Word-of-mouth (WOM) 2. Customer co-creation 3. Customer complaining behaviour.
	Jaakkola and Alexander (2014)	Types of customer engagement behaviours (a) in previous literature and (b) authors' extended typology	<ol style="list-style-type: none"> (a) 1. Customer involvement in product development and innovation 2. Customers' communication about the focal firm or brand <ol style="list-style-type: none"> (b) 1. Augmenting behaviour 2. Co-developing behaviour 3. Influencing behaviour 4. Mobilizing behaviour
	Verleye et al. (2014)	Forms of customer engagement behaviours	<ol style="list-style-type: none"> 1. In interactions with firms and their employees: <ol style="list-style-type: none"> 1a. Cooperation 1b. Feedback 1c. Compliance 2. In customer-to-customer interactions: <ol style="list-style-type: none"> 2a. Helping other customers 2b. Spreading positive WOM or recommending

(continued)

Table 2.2 (continued)

CE perspective	Author(s)	Construct	CE components
	Rupik (2015)	Matrix of customer engagement forms	<ol style="list-style-type: none"> 1. Behaviours initiated by the customer manifested in the interaction between the firm and the customer 2. Behaviours initiated by the firm, manifested in the interaction between the firm and the customer 3. Behaviours initiated by the customer, manifested in the interactions between customers 4. Behaviours initiated by the firm, manifested in the interactions between customers
	Beckers et al. (2016)	Forms/types of customer engagement behaviours	<ol style="list-style-type: none"> 1. Word-of-mouth 2. Voice 3. Co-creation 4. Community participation
	Beckers et al. (2018)	Types of customer engagement behaviours	<ol style="list-style-type: none"> 1. Customer-initiated engagement 2. Firm-initiated customer engagement
	Harmeling et al. (2017)	Forms of engagement marketing initiatives	<ol style="list-style-type: none"> 1. Task-based engagement initiatives of firm 2. Experiential engagement initiatives of firm

(continued)

Table 2.2 (continued)

CE perspective	Author(s)	Construct	CE components
2b. Including transactions	Kumar et al. (2010)	Customer engagement core dimensions	1. Customer purchasing behaviour 2. Customer referral behaviour 3. Customer influencer behaviour 4. Customer knowledge behaviour
	Kumar and Pansari (2016)	Components of customer engagement	Same as Kumar et al. (2010): 1. Customer purchases 2. Customer referrals 3. Customer influence 4. Customer knowledge

Regarding the originality of CE behavioural interpretation in the marketing discipline, and its influence on attitudinal perspective, below we focus on the CE operationalization offered within this research stream. Proponents of behavioural CE interpretation suggest CE classifications or they propose the list of examples of customer actions, except from van Doorn et al. (2010) who also propose more general view and distinguish five dimensions of CE. These are valence (positive or negative for a firm), form/modality (different ways in which engagement can be expressed by customer), scope (temporal and geographical), nature of impact on the firm (including its constituents), and customer goals (referring to customer's purpose when engaging).

As to the CE classifications, there are two main approaches in the CE behavioural perspective. First approach refers to the CE forms depending on the actors of interaction and/or scope. Verleye et al. (2014) distinguish forms of customer engagement behaviour within two types of interactions depending on actors involved: customer interactions with firm and employees and customer-to-customer interactions. Referring to actors involved in the interaction (customer-to-firm or customer-to-customer) and the subject initiating engagement (firm or customer), Rupik (2015) suggests four forms of CE. Beckers et al. (2018) also propose two types of customer engagement behaviour based on the subject initiating engagement (firm or customer). Finally, Harmeling et al. (2017) focus on customer engagement initiated by firm and distinguish its two forms: task-based engagement initiatives, that are a firm's programmes in which structured tasks guide customer engagement (e.g. write a review, refer a customer, provide support to other customers), and experiential engagement initiatives that are the firm's programmes in which shared, interactive experiences promote customer engagement (e.g. branded events, firm-sponsored brand community). The second approach in CE operationalization in behavioural interpretation offers classifications of various customer actions that may be observable. This approach, as particularly usable for our further empirical research and its measurement issues, is discussed in more detail and various propositions are compared in Fig. 2.2.

Verhoef et al. (2010) propose three forms of customer engagement including customer-to-customer interactions (i.e. word-of-mouth), co-creation with new product development activity, and blogging. Similar CE

Verhoef, Reinartz and Krafft 2010	Bijmolt et al. 2010	Beckers, van Doorn and Verhoef 2016	Verleye, Gemmel, and Rangarajan 2014	Jaakkola and Alexander 2014	Kumar et al. 2010; Kumar and Pansari 2016	This book
Blogging	Word-of-mouth	Word-of-mouth	Positive word-of-mouth	Customers' communication	Customer referrals	Customers' communication
Customer-to-customer interactions		Community participation	Helping others		Customer influence	
	Customer complaining behaviour	Voice	Feedback	Customer involvement in product development and innovation		Customer complaints
Co-creation with new product development	Customer co-creation	Cocreation	Cooperation		Customer knowledge	Customer collaboration
			Compliance		Customer purchases	

Fig. 2.2 Forms of customer engagement—comparison of classifications within behavioural CE interpretation

forms, termed as general manifestations of CE, are proposed by Bijmolt et al. (2010), who additionally include customer complaining behaviour. Also Beckers et al. (2016) indicate similar forms/types of customer engagement behaviours; however, they also propose voice and community participation. In the above-mentioned propositions the label 'co-creation' is used to describe one of CE forms, which is confusing and not preferred in this book. As we argued in Chap. 1, customer activism may lead not only to value co-creation, but also to the value co-destruction from the firm standpoint. Therefore, we prefer those CE conceptualizations, which do not perceive co-creation as CE form. Verleye et al. (2014) distinguish five forms of customer engagement behaviours. Cooperation (customers' benevolent act to help employees to do their work), feedback (giving feedback to the firm and its employees via suggestions for service improvements or through participation in new product and service development processes), and compliance (the degree to which customers comply with organizational rules and procedures) are the forms of CE in interactions with firms and their employees. Then helping other customers (by expressing empathy, encouraging each other to show appropriate behaviours, helping each other to get better service experiences) and spreading positive WOM or recommending the firm to other customers are the CE forms in customer-to-customer interactions. Based on the literature review, Jaakkola and Alexander (2014) distinguish two general types of customer engagement behaviours, which encompass aforementioned CE forms. The first is customer involvement in product development and innovation and signifies that customers help to improve or develop the firm's offerings by providing feedback, ideas, and information, or participating in product design or assembly. The second one, customers' communication about the focal firm or brand implies that customer may acquire new customers for the firm through firm-incentivized referral programmes, or influence other customers' perceptions on their own initiative through word-of-mouth, blogging, and other forms of customer-to-customer interactions. Also Kumar et al. (2010) and Kumar and Pansari (2016) do not include co-creation among CE forms; however, those researchers prefer CE behavioural perspective that include customer purchases. Apart from the customer purchasing behaviour (or purchases) they distinguish three other CE forms of non-transactional behaviours. These are, customer referral behaviour (which relates to the acquisition of

new customers through a firm-initiated and -incentivized formal referral programmes, and is extrinsically motivated), customer influencer behaviour (usually intrinsically motivated, through customers' influence on other acquired customers or prospects, e.g. WOM), and customer knowledge behaviour (via feedback provided to the firm for ideas for innovations and improvements, extrinsically or intrinsically motivated).

Integrating existing propositions of CE operationalization within behavioural perspective, we propose to distinguish three following CE forms in this book (see Fig. 2.2). First, customers' communication (i.e. customer-to-customer communication), which refers to word-of-mouth (both positive and negative), and helping others, which occurs in customer-to-customer interactions, and is similar to customer referral and influencer behaviours distinguished by Kumar et al. (2010). Second, customer complaints that are actually kind of customer feedback or customer knowledge behaviour occurring in interactions between customer and firm or customer and other actors (e.g. institutions as media or consumer right advisor); however, it is driven by customer dissatisfaction. And third, customer collaboration, also occurring in customer-to-firm interactions, that includes providing feedback, ideas, and information (i.e. customer knowledge), or performing some tasks providing customer skills, for example, in product design or assembly (detailed characteristics and examples of customer actions within each CE form are discussed in Sect. 4.1).

So, in our CE classification we prefer the behavioural interpretation of CE, beyond purchase, excluding transactional behaviours. Few researchers suggest including customer transactions into CE forms as customer purchase behaviour (Kumar et al. 2010) or customer purchases (Kumar and Pansari 2016). However, we posit that such CE interpretation closely corresponds with other marketing category, that is, customer relationship (CR). CR is not only manifested by the customer's purchasing behaviour, but also customer's heart and mind have to be devoted to the relationship and the relationship partner (Storbacka and Lehtinen 2001). The relationship is an ongoing process, and from time to time exchanges or transactions of goods, services, information, and other utilities for money take place, but the relationship exists all the time, including the time between such transactions (Grönroos 2007). Therefore, CE in its behavioural interpretation, including customer purchase, encompasses customer rela-

tionship. Even Kumar and Pansari (2016) agree that engagement is the progressive state of relationship that is satisfied and has emotional bonding. However, this behavioural CE interpretation including customer purchases encompasses also network aspects, associated with customer-to-customer interactions. Therefore it goes further than customer relationship, that is based on rather dyadic customer-to-firm interactions, and brings originality into the marketing discipline.

2.3 Customer Engagement Antecedents and Consequences

Next to the distinct interpretations and conceptualizations of customer engagement in the marketing discipline, there are also diversified CE models that reflect its drivers and outcomes. Table 2.3 shows CE antecedents and consequences contained within existing models across distinct CE interpretations. Conceptual papers predominate the previous marketing literature on CE models, and empirical works are still exceptional (see Verleye et al. 2014 or Kumar and Pansari 2016). Therefore in this section we review existing CE models in order to propose the integrated research framework for empirical exploration of CE in management perspective.

CE models proposed within its behavioural, one-dimensional interpretation are generally more complex compared with propositions developed within the attitudinal perspective, and include diversified components that refer to customer, firm, and environment issues. Most of those models reflect managerial perspective, emphasizing marketing metrics and firm value (Verhoef et al. 2010), and firm performance (Kumar and Pansari 2016; Pansari and Kumar 2017; Harmeling et al. 2017) among CE outcomes. They also include firm's processes among CE antecedents, as firm information usage and processes (van Doorn et al. 2010), firm strategies (Verhoef et al. 2010), managerial processes (Verleye et al. 2014), firm's marketing activities (Pansari and Kumar 2017), and customer engagement marketing (Harmeling et al. 2017). Therefore those models are crucial for developing the realistic view on CE management in the marketing management perspective, which is the aim of this book.

Table 2.3 Customer engagement antecedents and consequences according to existing perspectives

CE perspective	Author(s)	Construct	CE definition	Types of paper	CE antecedents	CE consequences
1. Attitudinal and multidimensional	Bowden (2009)	Process of customer engagement	Psychological process that models the underlying mechanisms by which customer loyalty forms new customers of a service brand as well as the mechanisms by which loyalty may be maintained for repeat purchase customers of a service brand.	C	1. Commitment: <ul style="list-style-type: none">• affective commitment• calculative commitment 2. Involvement	–
	Hollebeek (2011)	Customer brand engagement	The level of customers' motivational, brand-related, and context-dependent state of mind characterized by specific levels of cognitive, emotional, and behavioural activity in brand interactions (i.e. customers' direct, physical contact-based interactions with a focal brand).	C	1. Involvement 2. Relationship quality: <ul style="list-style-type: none">• trust• commitment• customer satisfaction	1. Relationship quality: <ul style="list-style-type: none">• trust• commitment• customer satisfaction 2. Customer loyalty

(continued)

Table 2.3 (continued)

CE perspective	Author(s)	Construct	CE definition	Types of paper	CE antecedents	CE consequences
	Vivek et al. (2012)	Customer engagement	The intensity of an individual's participation in and connection with the organization's offerings and/or activities, which either the customer or the organization initiate. It is composed of cognitive, emotional, behavioural, and social elements. The cognitive and affective elements of CE incorporate the experiences and feelings of customers, and the behavioural and social elements capture the participation by current and potential customers, both within and outside of the exchange situations.	C	1. Customer participation 2. Customer involvement 3. Value	1. Value 2. Trust 3. Affective commitment 4. Word-of-mouth 5. Loyalty 6. Brand community involvement
	Maslowska et al. (2016)	Brand dialogue behaviours in customer engagement ecosystem	All brand-related non-purchase behaviours, they mean what van Doorn et al. (2010) call customer engagement behaviours.	C	1. Brand actions (including product development, marketing mix) 2. Other actors (e.g. other customers) 3. <i>Involvement</i>	1. Satisfaction 2. Loyalty 3. CLV 4. <i>Commitment</i>

(continued)

Table 2.3 (continued)

CE perspective	Author(s)	Construct	CE definition	Types of paper	CE antecedents	CE consequences
2. Behavioural and one-dimensional	2a. Excluding transaction	Van Doorn et al. (2010)	Customer engagement behaviour	Customer engagement behaviour is customer's behavioural manifestations towards a brand or firm that have a brand or firm focus, beyond purchase, resulting from motivational drivers.	C	
					<p>1. Customer-based:</p> <ul style="list-style-type: none"> • satisfaction • trust/commitment • identity • consumption goals • resources • perceived costs/benefits <p>2. Firm-based:</p> <ul style="list-style-type: none"> • brand characteristics • firm reputation • firm size/diversification • firm information usage and processes • industry <p>3. Context-based:</p> <ul style="list-style-type: none"> • competitive factors • P.E.S.T. (Political, Economic/Environmental, Social, Technological) 	<p>1. Customer:</p> <ul style="list-style-type: none"> • cognitive • attitudinal • emotional • physical/time • identity <p>2. Firm:</p> <ul style="list-style-type: none"> • financial • reputational • regulatory • competitive • employee • product <p>3. Others:</p> <ul style="list-style-type: none"> • consumer welfare • economic surplus • social surplus • regulation • cross-brand • cross-customer

(continued)

Table 2.3 (continued)

CE perspective	Author(s)	Construct	CE definition	Types of paper	CE antecedents	CE consequences
	Verhoef et al. (2010)	Customer engagement	A behavioural manifestation towards the brand or firm that goes beyond transactions. Customer engagement consists of multiple behaviours such as WOM, blogging, providing customer ratings, and so on.	C	1. Context factors: <ul style="list-style-type: none"> • customer characteristics • firm initiatives • environment (i.e. competition, economic climate) 2. Firm strategies: <ul style="list-style-type: none"> • CRM customer intelligence channels • media 	1. Marketing metrics: <ul style="list-style-type: none"> • customer retention • customer lifetime value/customer equity • new product performance 2. Firm value
	Verleye et al. (2014)	Customer engagement behaviour	Customers' behavioural manifestations towards a firm, after and beyond purchase. CEBs refer to voluntary, discretionary customer behaviours with a firm focus and can contribute to the firm's performance.	E	1. Managerial processes (CEB managerial practices): <ul style="list-style-type: none"> • organizational support • overall service quality towards significant others • organizational socialization • support from other customers 	–

(continued)

Table 2.3 (continued)

CE perspective	Author(s)	Construct	CE definition	Types of paper	CE antecedents	CE consequences
	Harmeling et al. (2017)	Customer engagement	Customer's voluntary resource contribution to a firm's marketing function, going beyond financial patronage.	C	Customer engagement marketing. <i>Moderator of the CE marketing impact on firm performance: customer-owned resources including:</i> <ul style="list-style-type: none">• customer network assets• customer persuasion capital• customer knowledge stores• customer creativity	Firm performance
2b. Including transaction	Kumar and Pansari (2016)	Customer engagement	Engagement of customers represents co-creation, interaction, solution development, and so on, all of which depend on the attitude that drives the behaviour of customers towards a firm.	E	Employee engagement (EE) <i>Moderators of EE and CE relationship:</i> <ul style="list-style-type: none">• employee empowerment• type of firm (B2B or B2C)• nature of industry (manufacturing vs. service)	Firm performance

(continued)

Table 2.3 (continued)

CE perspective	Author(s)	Construct	CE definition	Types of paper	CE antecedents	CE consequences
	Pansari and Kumar (2017)	Customer engagement	The mechanics of a customer's value addition to the firm, either through direct or/and indirect contribution. Direct contributions consist of customer purchases, and indirect contributions consist of incentivized referrals that the customer provides, the social media conversations customers have about the brand, and the customer feedback/suggestions to the firm.	C	<ol style="list-style-type: none">1. Firm's marketing activities2. Customer experience based on initial purchase3. Emotions4. Satisfaction <p><i>Moderators of</i></p> <p><i>(a) satisfaction and direct CE contribution (i.e. buying), and</i></p> <p><i>(b) emotions and indirect CE contributions(referring, influencing, feedback) relationships:</i></p> <ul style="list-style-type: none">• convenience• type of firm (B2B or B2C)• nature of industry (manufacturing vs. service)• level of involvement (higher vs. lower)• brand value (higher vs. lower)	<ol style="list-style-type: none">1. Tangible benefits:<ul style="list-style-type: none">• firm performance2. Intangible benefits:<ul style="list-style-type: none">• opt-in• privacy sharing• relevant marketing

On the other hand, CE models designed within attitudinal and multidimensional CE interpretation represent mostly the customer perspective, overlooking managerial issues (except for the model proposed by Masłowska et al. (2016) that consists of brand actions as CE antecedents and customer lifetime value (CLV) as CE consequence). Attitudinal components, as customer involvement, as well as components of customer relationship (i.e. trust, commitment, and satisfaction) are perceived as both antecedents and/or consequences in CE models within the attitudinal perspective (Bowden 2009; Hollebeek 2011; Vivek et al. 2012). Above-mentioned antecedents and consequences refer to psychological factors of customer behaviour, similar to CE *definiens* in this attitudinal perspective. Therefore there is the confusion about delineating precise boundaries among all those constructs, since they are alike in many ways. However, by highlighting the psychological factors of customer activism, those models contribute to the better understanding of CE interpreted as customer behavioural manifestation. In fact, some of the CE models in this behavioural perspective adopted psychological components, for example customer emotions perceived as CE antecedent, or customer involvement understood as moderator in Pansari and Kumar's model (2017). In turn perceived costs/benefits listed among customer-level antecedents in van Doorn et al.'s model (2010) (behavioural perspective) are also included in the Vivek et al.'s proposition (2012) (attitudinal perspective) and labelled as value, which is perceived as both antecedent and consequence of CE. That again implicates that various research streams investigating CE in the marketing discipline interact and enrich one another.

Therefore, in the next chapter, we propose integrated framework of CE management drawing on the complementary components of models designed within both attitudinal and behavioural CE perspective that have distinct *definitia*. This is important for precision in further measurement, and subsequently in understanding the phenomenon of customer engagement in marketing management perspective. CE models in behavioural, one-dimensional CE interpretation contribute to better understanding of the role of CE process and its outputs for profitable CE management. On the other hand, CE models in attitudinal interpretation contribute to the understanding of customer-level psychological elements that drive engagement, such as values, involvement, and loyalty.

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3

Placing Customer Engagement Within Marketing Management

Abstract Placing the customer engagement in the marketing management field and exploring how it alters firm and customer perspectives on the value formation in marketing process, this chapter offers the comprehensive framework of CE management. From the firm standpoint, the formation of value proposition is not the exclusive domain of a company, because customer may actively attend this process. On the other hand, such an activism (engagement) may bring certain value to customer, may enhance customer perceived value. Therefore, Żyminkowska proposes the normative model of CE management that refers to both the firm perspective on value (i.e. the components of the CE management process, and CE benefits and risk for the firms) and consumer view on value (i.e. values or motives that drive customer engagement).

Keywords Customer engagement and value proposition • Customer engagement and customer perceived value • Customer engagement management process

The value for customer is a fundamental marketing category, included in its latest definitions approved by the American Marketing Association. According to the definition from 2004, marketing is an organizational function and set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders (AMA 2007). According to the latest interpretation from 2007, approved in 2013 as well, marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (AMA 2018). Offering that appears in this definition is a combination of products, services, information, or experiences offered to a market to satisfy a customer's need or want, and it is the basis on which the company builds profitable customer relationship (Kotler and Armstrong 2016).

Traditionally, as mentioned in Chap. 1, main market function is to exchange the value between a firm and a customer, and this function is separate from value creation process (Prahalad and Ramaswamy 2004). Therefore, according to the traditional view, the firm and customer perspectives on value are distinct. Firm perspective emphasizes the (customer) value proposition that is promised and delivered by the firm to its customers. On the other hand, customer perspective on value reflects his/her subjective perception of received value, which is termed customer perceived value. However, the phenomenon of customer activism (including customer engagement) alters the above-mentioned firm and customer perspectives on the value in marketing process. The formation of value proposition is not the exclusive domain of a company yet, because customer may actively attend this process, be engaged in the formation of value proposition. On the other hand, such an activism or engagement may bring certain value to customer, may enhance customer perceived value.

Those two new aspects of marketing management associated with customer activism in the formation of value proposition and the role of this activism in the formation of customer perceived value are recognized in this chapter. We discuss the evolution of those two basic marketing concepts (i.e. value proposition and customer perceived value) and then link customer engagement with them drawing on the CE and related literature.

In other words, in this chapter we attempt to place CE within the marketing management in order to propose the normative model of CE management.

3.1 Engaging Customer in Value Proposition Formation

Three stages of the evolution of (customer) value proposition interpretation may be distinguished in the marketing literature (Payne et al. 2017). First stage, based on the supplier-determined perspective within traditional market understanding, emphasizes value-in-exchange and inside-out logic. Value proposition is then the whole cluster of benefits the company promises to deliver (Kotler and Armstrong 2016), including a promise on price (Lanning and Michaels 1988). In the next value proposition interpretation, combination of experiences (Lanning 1998) is also included. This transitional stage of evolution highlights customers' experiences during usage and firm's dialogue with customers; however, still the firm determines value proposition (Payne et al. 2017). Value proposition is then a promise about the experience customers can expect from the company's market offering and their relationship with the supplier (Kotler and Armstrong 2016).

The diffusion of the value co-creation and the network management metatheories (discussed in Chap. 1) within marketing management results in further extension of value proposition interpretation. It is mutually determined and co-created and seeks the active engagement of a customer through sharing resources and contributing to mutually rewarding outcomes (Payne et al. 2017). Therefore, there is a switch from customer value proposition to customer network value proposition (Cova and Salle 2008) in this evolution stage. Also the dynamics of value proposition is emphasized, since value proposition is not only based on the customer-provider dyad (i.e. promises of reciprocal value between service providers and their customers), but its coverage should be broadened to multilateral settings and networked environments (Kowalkowski 2011). Consequently, value propositions are defined as invitations from actors to one another to engage in order to attain value (Chandler and Lusch

2015). The question then arises, how to link customer engagement with the formation of value proposition in its latest interpretation in the network context? In other words, how to position CE in marketing management perspective for networked organizations?

Marketing management, perceived as the value delivery sequence, consists of various stages. Lanning and Michaels (1988, 2000) distinguished three stages in value delivery sequence (or system): choosing the value, providing the value, and communicating the value to the customer. Choosing the value comprises understanding value drivers, selecting target customers, and defining benefits and price. Providing the value includes product and process design, procurement, manufacturing, pricing, distributing, and servicing. Communicating the value involves sales message, advertising, public relations, and so on. In line with above-mentioned proposition, Woodruff and Gardial (1996) distinguished five stages of a value delivery strategy process: identifying, choosing (corresponding with choosing the value), providing, communicating, and, additionally, assessing value to customers.

On the other hand, marketing is also viewed through the lenses of management functions, including analysis, planning, implementation, and control (Kotler 1997). According to Lusch and Webster (2010), those traditional marketing functions need to be improved and made more relevant to the networked organizations. Analysis is supplemented by continuous sensing that occurs by interfacing with customers, employees, suppliers, and other stakeholders to increase understanding of their experiences, practices, needs, and wants. Planning is supplemented by resourcing with the focus shifted to intangible resources, such as information and human ingenuity that transform resources into market offerings that reflect compelling value propositions. Important aspect of this marketing function is the removal of organizational resistances that are often intangible, such as cultural or social forces. Implementation is supplemented by realizing with the focus shifted from a separation between management and workers to the collaboration, where actors innovate and improvise drawing on the experience and knowledge of the other. Within this function everything is organized around the focal firm's value proposition directed at the chosen customer partners with whom value will be co-created. In learning, that supplements traditional control function, financial results below planned levels are not viewed as failure event only, but cash flow, either positive or negative, in the company becomes an important part of a learning loop.

Integrating both views on marketing management, based on the stages of value delivery process and revised marketing management functions in network context, we map the position of customer engagement forms in the formation of value proposition (see Fig. 3.1).

As argued in Chap. 2, we prefer the behavioural interpretation of CE, beyond purchase, and distinguish three CE forms. First, customers' communication (i.e. customer-to customer communication), which refers to word-of-mouth (both positive and negative), and helping others, which occurs in customer-to-customer interactions, and is similar to customer referral and influencer behaviours distinguished by Kumar et al. (2010). Second, customer complaints that are actually kind of customer feedback or customer knowledge behaviour in customer-to-firm (or other institutions as media or consumer right advisor) interactions; however, they are driven by customer dissatisfaction. And third, customer collaboration, also occurs in customer-to-firm interactions, and includes providing feedback, ideas, and information (i.e. customer knowledge), or performing some tasks providing customer skills, for example, in product design or assembly.

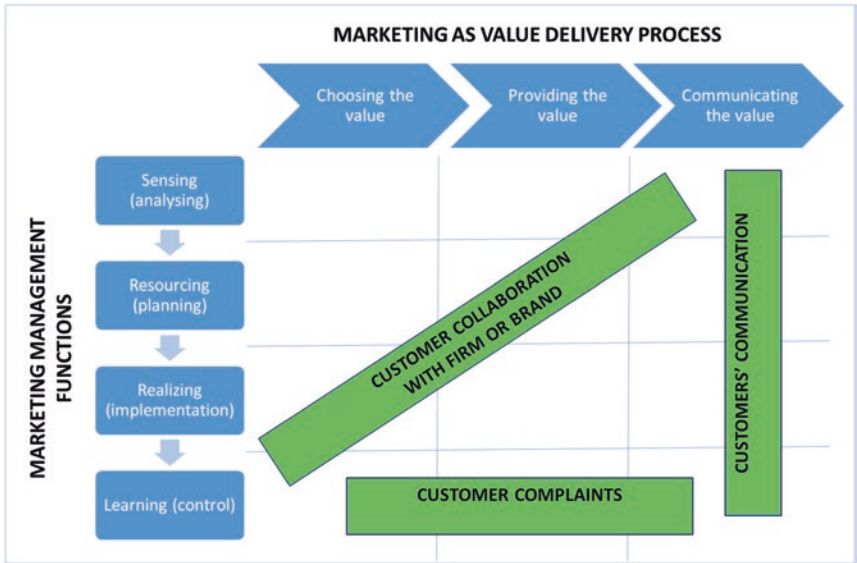


Fig. 3.1 Customer engagement forms in marketing management

Customers' communication, as mapped on Fig. 3.1, may occur in the last stage of value delivery process. Customers may be engaged in value communication stage when they are spreading opinions, reviews, pictures, or videos, and advising or helping others on how to use products. On the other hand, a firm may also utilize customer communication activism in customer-to-customer interactions within each marketing management function, depending on firm competences in monitoring and/or stimulating communication among customers. Customer complaints may refer to each stage of marketing process, since customer may complain on product performance, product design, quality of product, product price or unavailability, customer service, or advertising messages. With regard to management functions, customer complaints refer mainly to the learning (control) and may be utilized to identify firm's assumptions on value formation more deeply or even to suspend some of them. Customer collaboration with firm or brand may refer to product and other components of market offering. Customer may collaborate in the process of choosing the value by submitting product designs, providing the value participating in product assembly or funding new designs (e.g. by crowdfunding), and communicating the value by submitting ad designs or co-creating firm events. Customer collaboration may also occur in each marketing management function, depending on firm competences to integrate customer resources in business processes.

Summing up, positioning CE (forms) within dual context of marketing management (value delivery process and management functions) highlights the need for perceiving CE as an object of managerial decisions. Firms should decide on whether they engage customers and how many marketing tasks are to be performed by customers in certain stages of value delivery process or managerial functions. Such decisions impact firm competitive advantage and consequently cash flows. So the effective process of customer engagement management is quite prevailing challenge for companies.

Therefore, in order to propose the normative model of CE management, in the context of value proposition formation, we recognized the recommendations offered in the existing CE literature (see Table 3.1) and combined it with key managerial implications identified within the broader context of customer activism (see Chap. 1). Key managerial issues we recognize within this CE normative management model refer to

Table 3.1 Perspectives on customer engagement management in the CE literature

Author(s)	Construct	Managerial recommendations
Van Doorn et al. (2010)	CEB management process	<ol style="list-style-type: none"> Identifying engagement behaviours and customers: <ul style="list-style-type: none"> Forms of CEB, actors, places, content of CEB, potential effect of CEB. Key questions: <ul style="list-style-type: none"> What are locations and channels where CEB manifests? (online vs. offline venues; one-to-many vs. one-to-one channels; channels directed towards the firm, finite customer group, or public). Who are the firm's most and least engaged customers? What is the relative proportion of positively vs. negatively engaged customers? How can CEB be identified in an integrated manner across customers, forms, and channels? Evaluating engagement manifestations: <ul style="list-style-type: none"> Evaluating the likely consequences in terms of short- and long-term objectives. Measuring and examining CEBs as multidimensional and comprehensive set of indicators. Developing the CEB scorecard to monitor and evaluate CEBs relatively to firm's strategy. Translating CEBs into financial metrics integrated with other metrics of marketing and organizational performance. Acting on customers' engagement behaviour: <ul style="list-style-type: none"> Four areas of developing a set of capabilities and resources to manage CEB: <ol style="list-style-type: none"> Leverage: Setting up effective information systems and procedures to make the content of relevant CEBs (e.g. suggestions) available to the right persons inside the firm so they can use it appropriately (e.g. to generate new product ideas).

(continued)

Table 3.1 (continued)

Author(s)	Construct	Managerial recommendations
		<p>(b) Stimulate: Fostering processes and venues to nurture and harness the positive potential of CEB in the following ways:</p> <ul style="list-style-type: none"> • giving customers a site or platform to express their ideas or thoughts, • establishing set of incentives (e.g. rewards for recommendations, granting a specific status level in an activity-based or peer-evaluated rank system), • establishing and contributing to customer communities. <p>(c) Mitigate and translate: Capturing formal and informal negative customers' statements to get a complete assessment of customers' opinions and to enhance the firm's ability to address them internally.</p> <p>(d) Neutralize: Firms' externally visible actions and reactions to negative forms of CEB to turn them into positive CEB (e.g. empowering frontline personnel in deterring negative engagement in proper way—refunds/apologies, speed and type of communication, etc.).</p>
Kumar et al. (2010)	Capturing customer engagement value (CEV)	<p>Conceptualization of CEV for efficient marketing strategies that enable higher long-term contribution from the customer including:</p> <ol style="list-style-type: none"> 1. CLV—Customer Lifetime Value 2. CRV—Customer Referral Value 3. CIV—Customer Influencer Value 4. CKV—Customer Knowledge Value

(continued)

Table 3.1 (continued)

Author(s)	Construct	Managerial recommendations
Verhoef and Lemon (2013)	Managing customer engagement	<p>CE management is an emerging perspective on managing customer value and refers to the strategies that encourage customers' non-transactional behaviour.</p> <p>Managerial recommendations similar to van Doorn et al.'s (2010). Firms should:</p> <ul style="list-style-type: none"> • Identify actors, places, and content of CEB, and understand its potential effects. • Consider customer engagement consequences in terms of short- and long-term objectives. • Translate CEBs into financial metrics to improve decision making about the customer base, including the engaged customer base. • Quantify CE into the components proposed by Kumar et al. (2010): customer influence value, customer referral value, and customer knowledge value. • Develop a set of capabilities and resources to manage CE to leverage the potential benefit or threat of a CEB internally (CEB content available to the right people inside the firm) and externally (stimulating CEB).
Kumar (2013)	Profitable customer engagement	<p>Firm's customer engagement strategies to gain maximum profitability from each of its customers while ensuring their continued loyalty.</p> <p>CEV framework includes:</p> <ol style="list-style-type: none"> 1. Defining firm objectives. 2. Aligning objectives with CEV metrics. 3. Deciding which CEV metric to prioritize. 4. Deciding which metric can be measured with available data. 5. Building data towards the CEV metrics for future analysis.

(continued)

Table 3.1 (continued)

Author(s)	Construct	Managerial recommendations
Harmeling et al. (2017)	Customer engagement marketing	<p>CE management as firm's deliberate effort to motivate, empower, and measure a customer's voluntary contribution to the firm's marketing functions beyond the core, economic transaction.</p> <p>Five features of CE marketing include:</p> <ol style="list-style-type: none"> 1. Primary objective is to encourage customers' active participation in and contribution to the firm's marketing functions. 2. The effectiveness of CE marketing depends on the firm's ability to identify and leverage customer-owned resources. 3. Information flows through networked communication among the customer, other customers, and the firm. 4. Firm must train the customers how to enact their roles as pseudo-marketers (i.e. how to contribute their resources). 5. Control is relinquished and value creation shifted from firm to the customer in certain marketing functions.
Beckers et al. (2018)	Firm-initiated customer engagement	<p>CE management refers to companies' explicit strategies to stimulate customer engagement. It can affect a company's financial performance by:</p> <ol style="list-style-type: none"> 1. Affecting the efficiency and effectiveness of value creation (thereby enhancing and accelerating cash flow). 2. Building customer relationship (thereby growing the customer base, and consequently the residual value of cash flows). 3. Increasing or decreasing risk.

the process of CE management and its components, CE effects for firms and risks associated with CE.

Process of CE Management

Regarding the process of CE management, there are some important managerial recommendations on its architecture in the CE literature. Van Doorn et al. (2010) offer the model of customer engagement behaviour (CEB) management process that allows to understand how customer engagement can be managed in ways that benefit the focal firm and its customers. They distinguish three stages of this process, such as identifying, evaluating, and acting, and indicate four steps within the last stage recognizing how firms' actions can enhance, mitigate, or neutralize various forms of customer engagement. This proposition is further supported by Verhoef and Lemon (2013). Harmeling et al. (2017) also assume that firms attempt to guide the role for the engaged customer in beneficial ways, so CE is deliberately initiated and actively managed by firms. With regard to the CE management process, they propose the terms customer engagement marketing or engagement marketing consisting of three core elements: motivating, empowering, and measuring customer contributions to marketing.

Above-mentioned propositions on how to design the CE management process are in line with managerial implications from the network management and related concepts. Key tasks in network management include defining the actors' positions and roles in the network, their resources and capabilities, and goals (Möller and Halinen 2017). The management activities consist of network visioning, positioning, mobilizing, goal construction and organization, effectiveness and efficiency seeking, and network maintenance (Tikkanen and Halinen 2003; Järvensivu and Möller 2009; Möller and Halinen 2017). Similarly, the process of managing user and open innovation consists of defining, finding participants, collaborating, and leveraging sub-processes (Piller and West 2017).

Finally, recommendations on CE management process (and managing customer activism in general) concur with Cova and Salle's (2008) proposition of five steps in the formulation of the customer network value proposition, including identification of the actors in the customer net-

work, targeting those actors, identification of the mobilizing factors of targeted actors, setting up an approach of the actors targeted in the customer network, and setting up a value co-creation approach with each customer network actor (with a focus on the resource integration).

Drawing on the above-mentioned findings from the literature on CE management, as well as network and user and open innovation management, we propose the components that constitute CE management process. Key elements in this process include actors involved such as dedicated organizational units in a firm and/or external suppliers of services in CE management. Other elements include firms' tasks and activities such as linking CE strategy with the overall customer relationship management endeavours, offering systems and platforms by facilitating customer-to-customer and customer-to-firm interactions, mobilizing CE by offering a set of tangible and intangible incentives, and developing the CE metrics for monitoring and controlling effects and costs of CE. Regarding the CE management process outputs, we emphasize not only positive effects, but also risks that may be associated with engaging the customers by firms, which is elaborated below.

CE Effects

According to van Doorn et al. (2010) customer engagement management must be considered in the context of other marketing initiatives, such as advertising, customer retention and complain management, service recovery, and rewards and loyalty programmes. On the other hand, Verhoef and Lemon (2013) perceive managing customer engagement as an emerging perspective on managing customer value. If so, CE management should be perceived as the component of firm's effort to increase the value of its customer base by attracting new customers, retaining existing customers, reducing the costs of current customers, and selling more products or services to the customers. Beckers et al. (2018) also notice that companies' explicit strategies to stimulate customer engagement (i.e. firm-initiated customer engagement) can increase the efficiency and effectiveness of value creation and enhance customer relationships. Also Kumar et al. (2010) emphasize the need for quantifying and measuring the customer's engagement in firms to grow the bottom line and propose

four components of a customer's engagement value (CEV) and metrics for those components. Further, Kumar (2013) proposes CEV framework and comprehensive metrics that would aid firms to capture and measure CEV in order to make customer engagement profitable.

CE management is then the vital component of customer value management and its effectiveness and efficiency, in terms of short- and long-term perspective, need to be integrated with the logic of marketing performance metrics. Therefore, the assessment of the CE management effects should be done in accordance with the logic of marketing productivity chain, that is, marketing strategy and tactics → customer impact (on satisfaction, attitude towards the brand, loyalty) → marketing assets (as customer equity) → firm's market position (market share and sales) → firm's financial position (profits and cash flows) → value of the firm (market capitalization) (Rust et al. 2004). Consequently, regarding marketing assets, the effects of CE management should be coordinated with the objectives of customer asset management referring to customer acquisition, customer retention, and margin expansion (Gupta and Lehmann 2005).

CE Risks

The CE literature offers some understanding of potential risks associated with CE management. Beckers et al. (2018) notice that companies' explicit strategies to stimulate customer engagement (i.e. firm-initiated customer engagement) can increase risk, which may negatively affect companies' financial measures. Harmeling et al. (2017) also posit that empowering customers, essential to engagement marketing, may be associated with potential risks. These include a state of vulnerability for the firm or increase of negative word-of-mouth due to amplifying customers' actions by providing them platforms and audiences that increase their reach. Also unintended effects of customer engagement marketing may occur, such as disrupting existing mechanisms that facilitate repurchase behaviours or inflated costs.

Generally CE management risks need to be seen in a broader context of risks related to the integration of the resources of external partners (including customers) in the value proposition formation. Those risks,

discussed in detail in the Chap. 1, include some internal problems in firms, such as increased job stress and role conflicts (Mustak et al. 2016; Hsieh et al. 2004), disturbance of internal processes (Bartl et al. 2012), and so on. The proposition of revised marketing planning function relevant to networked organization, which emphasizes the need for removing the organizational resistances (Lusch and Webster 2010), also demonstrates the crucial role of firm's employees in introducing the engagement orientation in company (Kumar and Pansari 2016). So, perhaps firms may outsource some tasks in CE management process to the external partners in order to improve CE management effectiveness, especially since the industry that offers the professional services in engaging customers is rapidly growing (Dienner and Piller 2010).

Summing up, firms need to design and implement the framework of CE management in order to capture the value from the customer activism, that is, maximizing the positive effects and minimizing the CE risks. Mobilizing the customers to engage is one of the key tasks in this framework. To do it effectively, firms need to know the factors that drive customer engagement. Those factors refer to customer involvement and loyalty, as well as to the CE value for customer, as mentioned in Sect. 2.3. In the next section we further explore the issues of customer perspective on value—that is, customer perceived value of customer engagement—to identify detailed customer motivations to engage that need to be addressed by firms in mobilizing the profitable customer engagement.

3.2 Perceived Customer Value and Customer Engagement Linkages

Although the concept of customer value (CV) has dynamically evolved in marketing literature, there is a general agreement that it is subjectively defined by a customer, not by a supplier (Khalifa 2004). Therefore, it is also labelled as customer perceived value. Two aspects of the evolution of this category need to be taken into account in the marketing management context: enhancing dimensionality of customer value interpretations and changing logic of customer value measurement reflected in the CV models.

Regarding the customer value dimensions, this construct was originally understood as something tangible, packed in the product (Baggozzi 1975; Khalifa 2004; Heinonen et al. 2013). Later conceptualizations of customer value, within the relationship marketing, introduced some intangible dimensions too. For instance, Kotler and Armstrong (2016) list four determinants of customer perceived value associated with the benefits contained in product, services, personnel, and firm/brand image. Finally the phenomenon of customer experiences was emphasized in the customer value definition based on Holbrook's (1999) view, according to which value is interactive, relativistic, experiential, and preferential (Talonen et al. 2016). Customer perceived value is then characterized as a customer experience (Helkkula et al. 2012; Vargo and Lusch 2017). Furthermore, customer value is formed in various visible and invisible experiential spaces (e.g. social, virtual, mental, biological, physical) that reflect the customer's ecosystem and life sphere (Heinonen et al. 2013). Therefore the understanding of customer value as value-in-social-context was suggested to reflect the variety of actors who may be involved in value creation (Edvardsson et al. 2011; Saarijärvi et al. 2013; Vargo and Lusch 2017). Consequently, there are four customer value dimensions recognized in recent marketing literature: economic, functional, emotional and experiential, and symbolic and social (Sánchez-Fernández and Ángeles Iniesta-Bonillo 2007; Talonen et al. 2016). In more synthesized proposition of customer value dimensions it is conceptualized as a set of tangible (utilitarian) and intangible (hedonic) elements (Heinonen et al. 2013; Babin et al. 1994). Utilitarian elements includes economic and functional value dimensions, and hedonic elements comprise of emotional and experiential as well as symbolic and social value dimensions (Talonen et al. 2016) (Table 3.2).

Regarding the measurement approaches to customer value, the second aspect of the evolution in the CV interpretation, three customer value models may be distinguished, as proposed by Khalifa (2004). First, value components models that focus on customer benefits and demote the customer's sacrifice side of the value equation. Second, benefits/costs ratio models, consider customer value as the difference between the customer's evaluation of all the benefits (positive consequences) and costs (negative consequences/sacrifices/costs) of an offering and the perceived alternatives (competing offers) (Kotler and Armstrong 2016). Those models are

Table 3.2 Dimensions of customer value

Dimensions and sub-dimensions of customer value		Characteristics
Utilitarian	Economic	Money savings, value for money, and finding the lowest price or the best trade-off between price and quality.
	Functional	Quality, convenience, quality/performance, and finding the right time at the right place.
Hedonic	Emotional and experiential	Exploration, entertainment, aesthetics, playfulness, escapism and enjoyment, pleasure, and the emotional experience.
	Symbolic and social	Status and self-esteem, and self-expression.

Talonen et al. (2016)

broadier than the value components and more complete, but they do not address the problem of importance of various benefits and the significance of sacrifices in the context of customer behaviour. This problem is emphasized within the third, means-ends models, of customer value. Those models envisage customer value in terms of the customer acquiring and using a firms' offerings to accomplish favourable and predefined ends, that is, personal values (Khalifa 2004; Huber et al. 2001), so they focus on customer benefits while failing to pay attention to the customer sacrifices. According to means-ends models of customer value, customers choose actions that produce desired consequences and minimize undesired ones and thus personal values provide the overall direction, and consequences determine the selection of behaviour (Peter and Olson 1990). Therefore, based on those models (e.g. Woodruff and Gardial 1996) the favourable ends (i.e. customer's goals and purposes) may be identified in terms of personal values arising from engagement. Personal or consumption values consist of functional, social, emotional, epistemic, and conditional elements (Sheth et al. 1991) that reflect above-mentioned multidimensional character of customer value.

Summing up, while linking customer perceived value, the basic marketing concept, with customer engagement, we need to draw on the above-mentioned, developed recognition of customer value dimensions, as well as on those customer value models that will help firms to discover why the customers engage, that is, means-ends models. In other words, companies need to know what are their customers' motivations to engage

in order to be able to manage such engagement effectively. Customer motive (drive) is a need that is sufficiently pressing to direct the person to seek satisfaction (Kotler and Armstrong 2016). So, identifying the customer needs that drive their engagement is crucial in CE management. The review of the literature (see Table 3.3) reveals that various customer value components were studied with regard to either overall customer engagement concept or certain CE forms (such as customers' communication or customer collaboration).

The existing literature on the linkages between customer value dimensions and customer engagement offers two approaches. According to the first, predominating view, customer value components are perceived as the antecedents of CE (or its certain forms). In the second approach, which is still underdeveloped, customer value dimensions are perceived as the effects of customer engagement (Groeger et al. 2016; Marbach et al. 2016). Besides, studying the customer value dimensions associated with the customer engagement, the authors focus either on hedonic components only (Verhagen et al. 2015; Marbach et al. 2016) or identify both utilitarian and hedonic elements, but the latter predominate among components under study (Jaakkola and Alexander 2014; Groeger et al. 2016). In the studies of the customers' communication drivers, hedonic elements of customer value are investigated as drivers of electronic WOM (Abrantes et al. 2013) and motivations for creating brand-related content in social media (Muntinga et al. 2011). On the other hand, utilitarian dimensions of customer value are explored as drivers of customer collaboration, next to hedonic ones, as motivations for participating in innovation and product development communities (Shah 2004), motivations to engage in virtual projects in product development (Füller et al. 2010), motivations of customer integration in innovation process (Rohrbeck et al. 2010), or drivers of willingness to engage in collaborative innovation activities (Fernandes and Remelhe 2016).

The above review of the literature reveals that both hedonic and utilitarian values drive the customer engagement. Therefore, the recognition of those detailed motivations is the key element of effective CE management framework, which enables firms to design the effective set of CE incentives to address the needs and wants of target customers.

Table 3.3 Literature review on customer value and customer engagement linkages

Authors	Construct	Customer value elements under study	CE	Customers' communication	Customer collaboration
Jaakkola and Alexander (2014)	Drivers of customer engagement behaviours	1. Enhanced knowledge and reputation 2. Social benefits 3. Economic benefits (such as cost savings) (based on Füller et al. 2010; Nambisan and Baron 2009) Confirmed: 1. Ownership 2. Need for improvements 3. Relationship and communication	x		
Verhagen et al. (2015)	Determinants of CE intentions in virtual customer environment	1. Cognitive benefits (access to knowledge, feedback) 2. Social integrative benefits (social identification, social ties) 1. Personal integrative benefits (peer recognition, company recognition) 2. Hedonic benefits (self-expression, altruism) (based on Katz et al. 1974)	x		
Groeger et al. (2016)	Value for non-paying consumers from consumer engagement behaviours	1. Free trial 2. Enhanced knowledge/experience 3. Premiums for campaign participation 4. Brand/product self-identification 5. Recognition (above-mentioned based on Jaakkola and Alexander 2014) 6. Curated/filtered exposure	x		

(continued)

Table 3.3 (continued)

Authors	Construct	Customer value elements under study	CE	Customers' communication	Customer collaboration
Marbach et al. (2016)	Forms of customer perceived value of online customer engagement	<ol style="list-style-type: none"> 1. Social value 2. Play 3. Efficiency 4. Excellence 5. Aesthetic value 6. Altruistic value 	x		
Muntinga et al. (2011)	Motivations for creating brand-related content in social media	<ol style="list-style-type: none"> 1. Personal identity 2. Integration and social interaction 3. Empowerment 4. Entertainment 		x	
Abrantes et al. (2013)	Drivers of electronic word-of-mouth	<ol style="list-style-type: none"> 1. Mood enhancement 2. Escapism 3. Experiential learning 4. Social interaction 		x	
Shah (2004)	Motivations for participating in innovation and product development communities	<ol style="list-style-type: none"> 1. Need for product 2. Enjoyment, desire to create, and improve 3. Reputation and status within community 4. Affiliation 5. Identity 6. Values, ideology 7. Training: learning, reputation outside the community, career concerns 			x

(continued)

Table 3.3 (continued)

Authors	Construct	Customer value elements under study	CE	Customers' communication	Customer collaboration
Füller et al. (2010)	Customer motivations to engage in virtual customer integration projects in product development	1. Monetary rewards 2. Dissatisfaction with existing products 3. Curiosity 4. Intrinsic interest in innovation 5. To gain knowledge 6. Help Confirmed: 1. Compensation 2. Interest in innovation 3. Help 4. Product improvement			x
Rohrbeck et al. (2010)	Motivation sources of virtual customer integration in the innovation process	1. Monetary incentives 2. Product usage and personal needs 3. Social recognition 4. Entertainment and curiosity			x
Fernandes and Remelhe (2016)	Motivations/drivers of willingness to engage in collaborative innovation activities in virtual environment	1. Intrinsic motives 2. Knowledge motives 3. Social motives 4. Financial motives Confirmed: 1. Intrinsic motives 2. Knowledge motives 3. Social motives			x

Summing up, firms need to design and implement the framework of CE management in order to capture the value from the customer activism, that is, maximizing the positive effects and minimizing the CE risks. Effective CE mobilizing requires the proper recognitions of customer-level factors that drive the target customers' engagement. Therefore, we propose the normative model of CE management (see Fig. 3.2). This model reflects the integrative perspective on value formation in marketing: both firms' approach to value proposition formation and customer motivations to engage, including perceived value of engagement. This model is then empirically investigated in the subsequent chapters of the book.

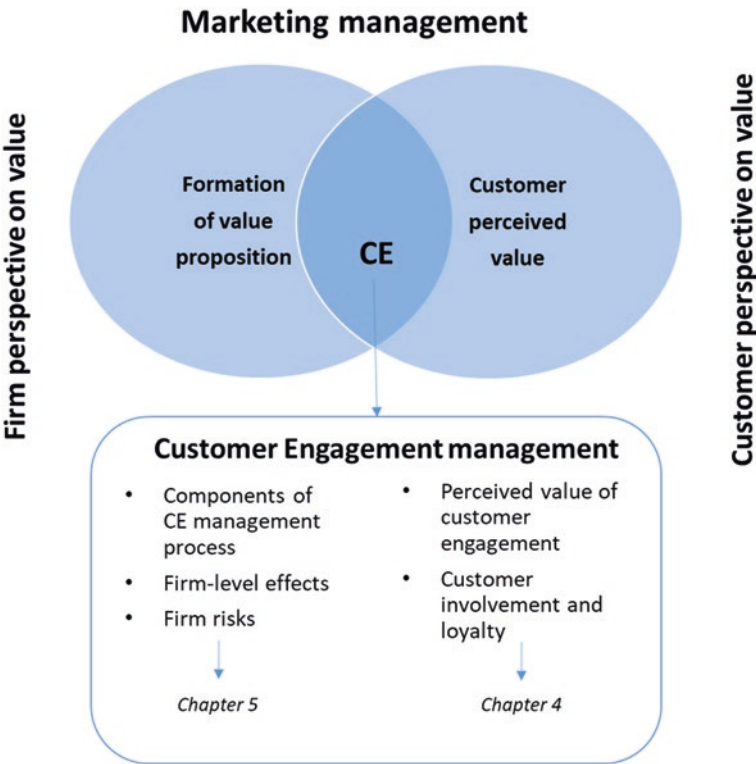


Fig. 3.2 Customer engagement management framework in marketing management field

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4

Why Do Customers Engage?

Abstract To meet customers' expectations and profitably manage customer engagement, firms need to know whether and why their customers want to engage. This chapter sheds light on CE drivers from consumer perspective and implies the repertory of customer incentives that need to be developed by firms for profitable customer engagement management on consumer markets. Based on the survey of 2080 consumers Żyminkowska reveals rather low CE intensity among Polish consumers across all markets under study. She discovers that customer motivations, associated with customer goals and values, are more influential drivers of CE than customer involvement or loyalty. This chapter also highlights the role of hedonic and utilitarian motivations in driving the customer engagement.

Keywords Customer engagement drivers • Customer engagement motivations • Customer involvement • Customer loyalty • Empirical findings on customer engagement

To meet customers' expectations and profitably manage customer engagement, firms need to know whether and why their customers want to engage. In this chapter, we discuss the methodology and findings of our empirical research referring to the engagement drivers from individual, consumer perspective. Thus, we answer two research questions formulated in the introduction to this book. First, what is the intensity of the customer engagement phenomenon in distinct consumer markets? We attempt to recognize the intensity of customers' communication about the brands or firms in customer-to-customer interaction, the customers' complaining activities, and their collaboration with firms or brands. Besides, we try to discover if the customer engagement intensity differs across distinct markets, and therefore we study clothing, beer, mobile phones, and banking products. Second research question addressed in this chapter refers to the consumer-based antecedents of customer engagement. Based on the literature review discussed in previous parts of the book, we select three drivers for our analysis: customer value, loyalty, and involvement. We attempt to recognize what tangible and intangible benefits expected by customers (i.e. utilitarian and hedonic components of customer perceived value) are important for them to engage across distinct customer segments. We also try to assess the impact of those values, as well as customer involvement and loyalty, on customer engagement and compare it across distinct product categories.

Research results deliberated in this chapter shed light on CE drivers from consumer perspective and implies the repertory of customer incentives that need to be developed by firms for profitable customer engagement management on consumer markets.

4.1 Methodology of Consumer Engagement Research

In order to recognize the intensity and drivers of customer engagement towards brands or firms on distinct consumer markets we conducted a large study among the Polish consumers. The sampling framework was stratified by gender and age to represent the Polish population structure in the age of 15–64. The respondents were recruited from the IMAS OnLine research panel, consisted of 44,500 participants, representing the

Table 4.1 Target population and sampling frame

Age	Polish nationwide population (according to the Central Statistical Office of Poland)				Sampling frame (selected from IMAS OnLine panel)			
	Female	Male	Female	Male	Female	Male	Female	Male
15–29	3,818,139	3,671,735	14%	14%	1547	3343	13%	28%
30–45	4,530,146	4,420,948	17%	16%	1756	2168	15%	18%
46–64	5,039,805	5,359,631	19%	20%	1405	1729	12%	15%
Total	13,388,090	13,452,314	50%	50%	4708	7240	39%	61%

Polish nationwide population according to the age (see Table 4.1). The computer-assisted web interviewing (CAWI) was used to collect data between August 23 and September 13, 2017. We sent 11,948 e-mail invitations, and 2080 respondents completed the questionnaire (17%).

To measure customer engagement forms and customer engagement drivers (i.e. customer values, involvement, and loyalty) we adopted and developed the conceptualizations and sets of items based on the existing literature (see Table 4.2 for items and references to relevant chapters of the book). A pretest with 101 respondents was conducted to evaluate the reliability of the concepts before the final survey and to check the validity of the questionnaire. After the pretest a few modifications were made to obtain higher quality of analysis later. To operationalize the items, 5-point Likert scales were used to measure all variables, except from the customer involvement that was measured on the semantic differential scale.

We supported convergent validity of all measures as all standardized factor loadings and average variances extracted (AVE) surpassed or be close to the recommended value of 0.50 (MacKenzie et al. 2011) and all composite reliability scores exceeded (or were close to) the recommended value of 0.70 (Hair et al. 2010). The internal reliability of all scales is significant: all constructs present the Cronbach Alphas above the recommended value of 0.70 (Nunnally 1978) (see Table 4.2 for detailed statistics).

To analyse the dataset we used the structural equation modelling (SEM) as the proper method not only used as a confirmatory factor analysis (CFA) but also as a way to identify the relation with other constructs (via regression modelling). We used Mplus (version 8) for the analysis (Muthén and Muthén 2017) to discover the linkages between customer engagement and its customer-based antecedents (i.e. values, involvement,

Table 4.2 Validity and reliability statistics for variables used in customer research

Variables	Items	Average variance extracted AVE	Composite reliability CR	Alpha Cronbach
Customer engagement forms				
Items based on: Verleye et al. (2014), Muntinga et al. (2011), Stauss and Seidel (2007), Jaakkola and Alexander (2014), and Rohrbeck et al. (2010; see chapter 2.2).				
Customers' communication	<i>Do you exchange the opinions on products, brands or firms in the following ways:</i> 1. I write positive product reviews in the Internet. 2. I upload brand- or firm-related pictures, films in the Internet. 3. I participate in the recommendation programmes. 4. I click 'likes' related to brand/firms.	0.638	0.876	0.838
Customer complaints	<i>Do you complain about the products or brands in the following ways:</i> 1. I file the formal, written complaints. 2. I provide information verbally if something is wrong with the product during or after purchase. 3. I answer the call centre questions informing them about my dissatisfaction. 4. I answer additional questions while my complaint is proceeded.	0.588	0.850	0.810

(continued)

Table 4.2 (continued)

Variables	Items	Average variance extracted AVE	Composite reliability CR	Alpha Cronbach
Customer collaboration	<p><i>Do you collaborate with brands or firms helping to create solutions in the following ways:</i></p> <ol style="list-style-type: none"> 1. I participate in surveys concerning my needs and expectations of the products. 2. I vote for the products or brands. 3. I participate in firm or brand contests, e.g. providing the idea of packages or ads. 4. I attend the events associated with brands or firms. 	0.633	0.873	0.813
Customer engagement values				
Items based on: Rohrbeck et al. (2010), Verhagen et al. (2015), Lattemann and Robra-Bissantz (2006), and Marbach et al. (2016, see chapter 3.2).				
Hedonic CV dimension	<p><i>How important are the following reasons of your engagement in the relations focused on brands or firms?</i></p> <ol style="list-style-type: none"> 1. Making contacts with other users. 2. Joining the consumer communities (e.g. brand fans). 3. Being respected by others (peers, users). 	0.701	0.875	0.846
Utilitarian CV dimension	<ol style="list-style-type: none"> 1. Getting a better product 2. Receiving discounts for next shopping 3. Receiving the material reward 	0.646	0.846	0.797

(continued)

Table 4.2 (continued)

Variables	Items	Average variance extracted AVE	Composite reliability CR	Alpha Cronbach
Customer involvement				
Items based on: Zaichkowsky (1994) and Hollebeek (2011, see chapter 4.4).				
Customer involvement	For me, those products are: 1. Irrelevant—Relevant 2. Unexciting—Exciting 3. Unappealing—Appealing 4. Worthless—Valuable	0.512	0.689	0.711
Customer loyalty				
Items based on Hayes (2009) and Rajah et al. (2008, see chapter 4.4).				
Advocacy loyalty	There is a brand/there are brands on the market about which I can say that: 1. I feel superior satisfaction. 2. In the future I will choose it again.	0.509	0.674	0.815
Purchasing loyalty	1. I want to purchase it more often. 2. I want to purchase it larger.	0.548	0.708	0.866
Retention loyalty	1. I would feel upset if I stopped purchasing it. 2. I would feel unhappy if I had to switch it to another one.	0.511	0.676	0.830

and loyalty). We estimated structural equation models for a total sample of 2080 respondents as well as separate models for each product category. The fit indices for all those models, that is, CFI, TLI, and RMSEA reveal that the models' fits are quite good (Bentler 1990; Tucker and Lewis 1973; Steiger 1990). In our analysis, both CFI and TLI were above 0.95 or even close to 1.0 which confirms evaluation of goodness of fit of the models. RMSEA estimates are less than 0.05, which indicates that the models approximate the true models appropriately.

4.2 Intensity of Customer Engagement Across Product Categories

In order to identify the intensity of particular forms of customer engagement, the respondents from distinct consumer markets were asked about their activities beyond purchase, that have brands or firms focus, and are undertaken within customer-to-customer or customer-to-firm interactions. Below we discuss some descriptive statistics regarding the full list of customer engagement activities under study to present a broad picture of engagement among Polish consumers (see Table 4.3).

Based on the means calculated for each form of CE, customer complaints turned to be the most intensive activity undertaken by consumers (mean 3.18). Slightly lower result is obtained for customers' communication (3.08). On the other hand, the mean for customer collaboration is the lowest one (2.74). The respondents' answers about their activism were measured on a 5-point Likert scale, so the results close to 3.0 (neither agree nor disagree) for each CE form indicate that the overall intensity of those forms of customer engagement among Polish consumers is not substantial yet.

Referring to the intensity of CE on four consumer markets under study, quite marginal differences are observed in case of customers' communication: mean for each product category is close to 3.1. As to customer complaints intensity, the highest mean is obtained for banking products (3.30), and then for mobile phones (3.25). Customer collaboration is the most intensive in case of banking products (2.81) and beer (2.80). The respondents' answers with regard to the specific examples of engagement within each form were more diverse, and that is discussed below.

Table 4.3 The intensity of customer engagement forms among consumers

Customer engagement form	Customer engagement examples	Total sample N = 2080	Clothing (n = 521)	Beer (n = 520)	Mobile phones (n = 518)	Banking products (n = 521)
Customers' communication	1. I write positive product reviews in the Internet. 2. I personally encourage my relatives or peers to buy product that I'm using. 3. I upload brand- or firm-related pictures, films in the Internet. 4. I share my negative opinions about brands or firms in the Internet. 5. I personally advise my relatives or peers against purchasing certain products or brands. 6. I help my relatives or peers to select proper products. 7. I participate in the recommendation programmes. 8. I click 'likes' related to brand/firms.	3.08	3.08	3.10	3.10	3.05

(continued)

Table 4.3 (continued)

Customer engagement form	Customer engagement examples	Total sample <i>N</i> = 2080	Clothing (<i>n</i> = 521)	Beer (<i>n</i> = 520)	Mobile phones (<i>n</i> = 518)	Banking products (<i>n</i> = 521)
Customer complaints	1. I file the formal, written complaints.	3.18	3.12	3.06	3.25	3.30
	2. I provide information verbally if something is wrong with the product during or after purchase.					
	3. I fill questionnaires to inform about my dissatisfaction.					
	4. I answer the call centre questions informing them about my dissatisfaction.					
	5. I return products without giving any reason.					
	6. I answer additional questions while my complaint is proceeded.					
	7. I complain to other institutions, such as consumer right advisor or media.					

(continued)

Table 4.3 (continued)

Customer engagement form	Customer engagement examples	Total sample <i>N</i> = 2080	Clothing (<i>n</i> = 521)	Beer (<i>n</i> = 520)	Mobile phones (<i>n</i> = 518)	Banking products (<i>n</i> = 521)
Customer collaboration	<p>8. I participate in surveys concerning my needs and expectations of the products.</p> <p>9. I submit my product designs.</p> <p>10. I submit my suggestions of improvements in firms' products, packages, sale, promotion (e.g. firm website), and so on.</p> <p>11. I vote for the products or brands.</p> <p>12. I take the opportunity to personalize the offer.</p> <p>13. I participate in firm or brand contests, e.g. providing the idea of packages or ads.</p> <p>14. I attend the events associated with brands or firms.</p> <p>15. I participate in crowdfunding to finance new products (e.g. I pay in some money in the Internet).</p>	2.74	2.60	2.80	2.74	2.81

Customers' Communication

Among eight examples of customers' communication activities (i.e. customer-to-customer communication), the respondents are relatively active in helping relatives or peers to select proper products: 69% of respondents agree (strongly or somewhat) that they undertake such an activity (see Fig. 4.1). Substantial proportion of surveyed consumers declare that they are active in spreading positive word-of-mouth: 69% respondents personally encourage relatives or friends to buy certain products and 50% 'click' likes related to brand or firm. Regarding negative word-of-mouth, 45% of respondents agree (strongly or somewhat), that they advise others against purchasing certain products or brands, and

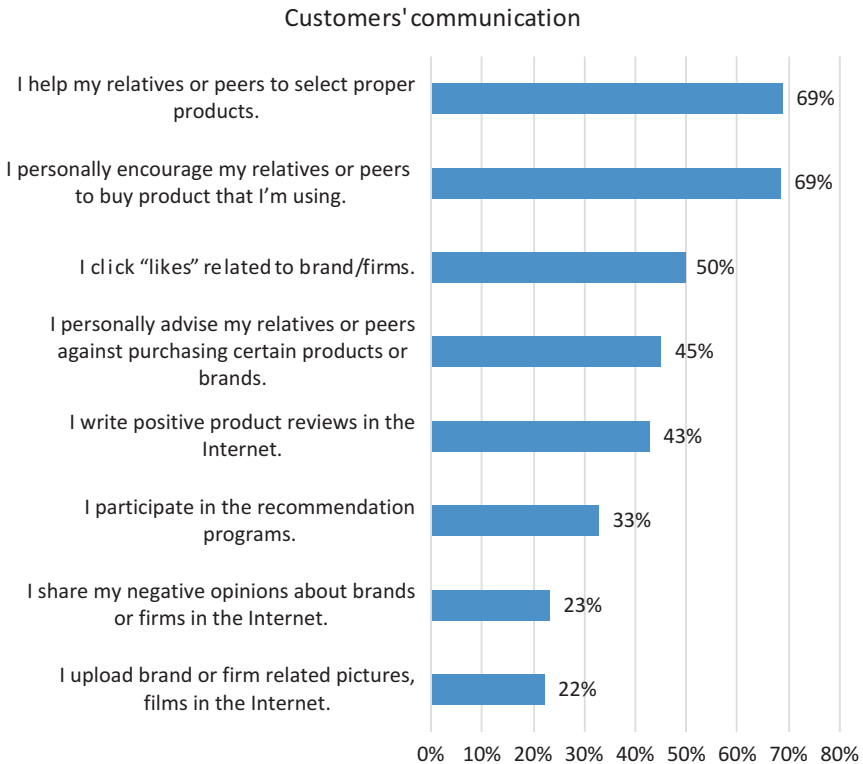


Fig. 4.1 Examples of customers' communication activities undertaken by respondents

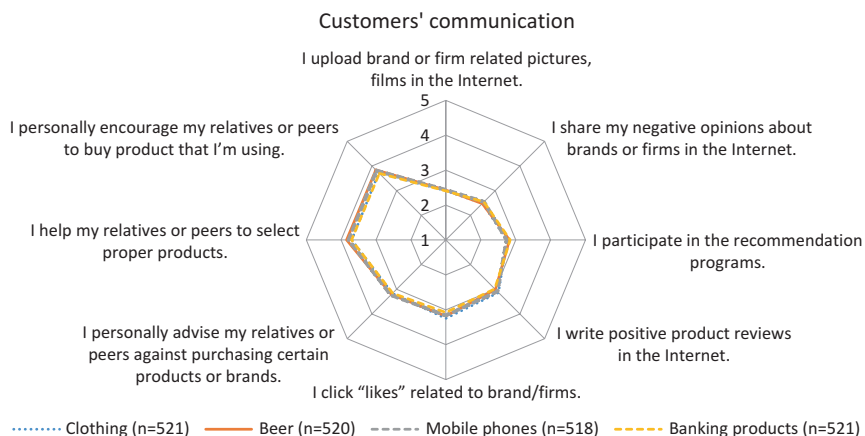


Fig. 4.2 Customers' communication activities undertaken by respondents across product categories

23% agreed that they share negative opinions about the brands of firms in the Internet. The latter activity is relatively uncommon among the Polish consumers, just as uploading brand- or firm-related content in the Internet, which is declared by only 22% of respondents.

Comparing the activism of the Polish consumers across distinct product markets, no substantial differences in customers' communication are revealed (see Fig. 4.2 that presents the means for all examples of customers' communication behaviours under study). This would indicate that perhaps the intensity of customers' communication activities is not dependent on the product category.

Customer Complaints

Regarding customer complaining behaviour, the second form of CE distinguished in this book, respondents quite frequently engage in the activities initiated by firms, that is, customers answer additional questions while the complaint is proceeded (67% of customers agree, strongly or somewhat, that they undertake such actions), and answer call centre questions on dissatisfaction (64%) (see Fig. 4.3). On the other hand,

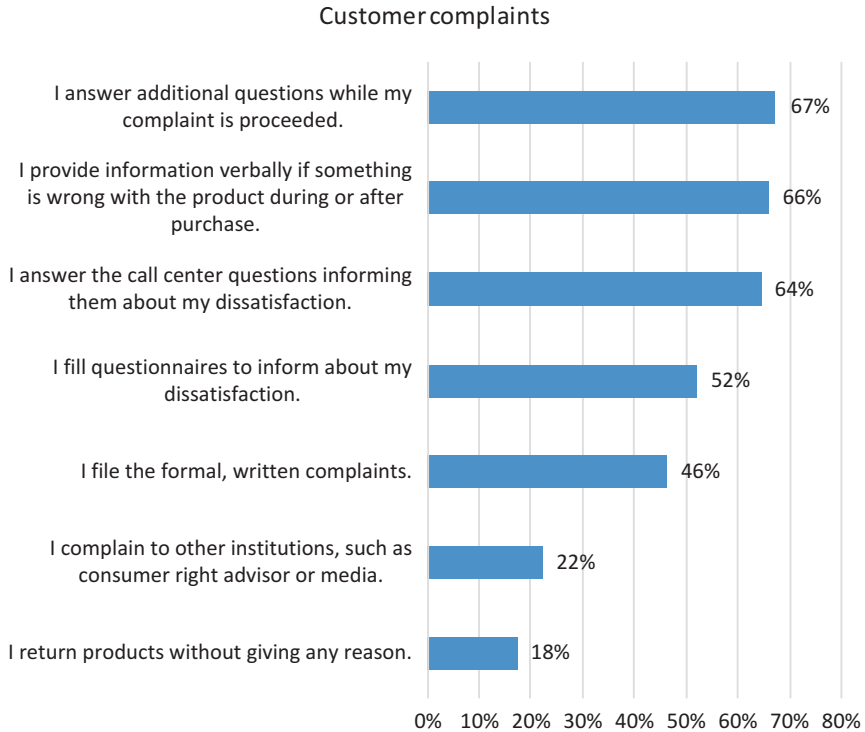


Fig. 4.3 Examples of customer complaining activities undertaken by respondents

complaining to the other institutions, such as media or consumer right advisor, is quite rare among the Polish consumers, only 22% agree to undertake such activity.

The analysis also revealed that there are some differences in customer complaining behaviour across product categories under study (see Fig. 4.4). The highest intensity of customer complaints is found in case of banking products—means for all examples of customer complaining activities on that market, except filing written complaints, are higher than that of the remaining product categories' markets. This intensity is also relatively high for mobile phones, where three examples of customer complaining behaviour have the means higher than average for total sample. Both banking products and

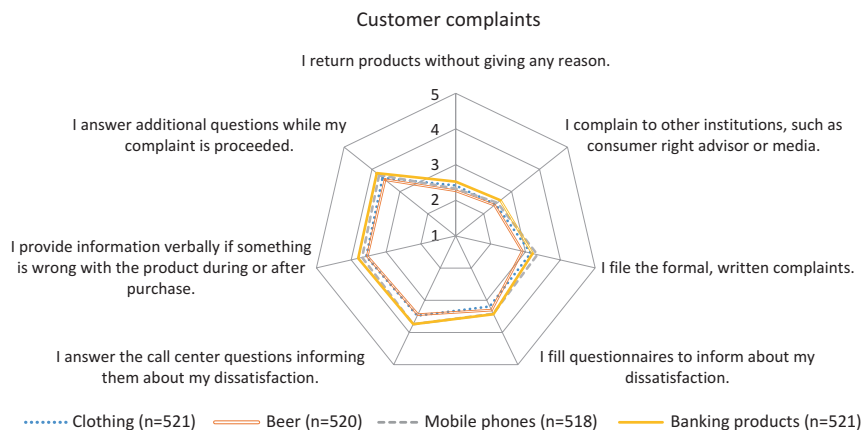


Fig. 4.4 Customer complaining activities undertaken by respondents across product categories

mobile phones belong to the high involvement thinking product categories (according to FCB grid), so perhaps the intensity of customer complaining behaviour is higher in case of such objects, compared with two other categories under study, perceived as high involvement feeling product (clothing) and low involvement feeling product (beer) according to the FCB grid.

Customer Collaboration

The intensity of customer collaboration activism, third form of CE analysed in the book, is relatively lower than the previous forms, that is, customer complaints and customers' communication. The only customer activity in which frequency is higher than 50% is the collaboration initiated by firms: 55% of respondents agree (strongly or somewhat) that they participate in surveys concerning their needs and product expectations (see Fig. 4.5). Activities undertaken by customers themselves, as submitting product designs or suggestions for improvements, are still very rare among Polish consumers (14% and 22% respectively).



Fig. 4.5 Examples of customer collaboration activities undertaken by respondents

Some differences in customer collaboration behaviour across product categories under study were found. The highest intensity of customer collaboration is revealed in case of beer: means for five examples of customer collaboration activities are higher than in the remaining product categories (see Fig. 4.6). The intensity of customer collaboration is also relatively high for banking products, where four examples of customer collaboration behaviour have the means higher than average for total sample. This would indicate that the customer activism in collaboration with brand or firm may be initiated not only for high involvement product categories, but also in case of low involvement ones.

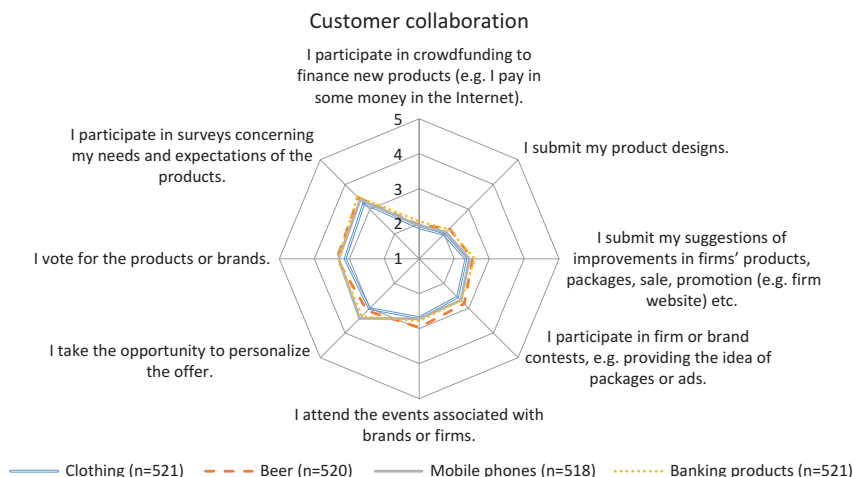


Fig. 4.6 Customer collaboration activities undertaken by respondents across product categories

4.3 Customer Values in Driving the Customer Engagement

To answer the question included in the title of this chapter, ‘Why do consumers engage?’, the respondents were asked about their motivations to engage. We attempted to identify how important are various consumer values (or customer perceived benefits) in driving the customer engagement. The list of 11 customer perceived values under study is included in Table 4.4. Those values reflect customer value dimensions recognized previously in the marketing literature (see Chap. 3). Respondents declared how important are those values in driving their engagement focused on brands or firms using 5-point Likert scale.

According to the opinions of 2080 surveyed consumers, the values within the utilitarian dimension are the most important motivations for CE: mean close to 4.0 implies that respondents consider those values as rather important CE drivers. Remaining, rather important CE motivations include enjoyment, acquiring new skills (3.8), and curiosity (3.7) that represent emotional and experiential value dimension. Furthermore, no significant differences among product categories under study are observed as to the importance of individual consumer benefits driving the engagement.

Table 4.4 The importance of customer values in driving customer engagement

Customer value dimensions		Total sample <i>N</i> = 2080	Clothing (<i>n</i> = 521)	Beer (<i>n</i> = 520)	Mobile phones (<i>n</i> = 518)	Banking products (<i>n</i> = 521)
Hedonic	Emotional and experiential					
	Enjoyment	3.8	3.7	3.9	3.8	3.7
	Curiosity	3.7	3.6	3.8	3.8	3.7
	Acquiring new skills	3.8	3.6	3.8	3.8	3.8
Symbolic and social	Receiving the invitation to interesting event	3.4	3.3	3.5	3.3	3.3
	Making contacts with other users	3.2	3.1	3.3	3.2	3.2
	Joining the consumer communities (e.g. brand fans)	3.0	3.0	3.1	3.0	3.0
	Being respected by others (peers, users)	3.2	3.2	3.3	3.2	3.3
Utilitarian	Priority in receiving news (e.g. about new products)	3.5	3.4	3.5	3.5	3.6
	Getting a better product	4.0	4.0	4.1	4.1	4.1
	Receiving discounts for next shopping	4.0	4.0	4.0	4.0	4.0
	Receiving the material reward	3.8	3.7	3.9	3.8	3.8
Functional Economic						

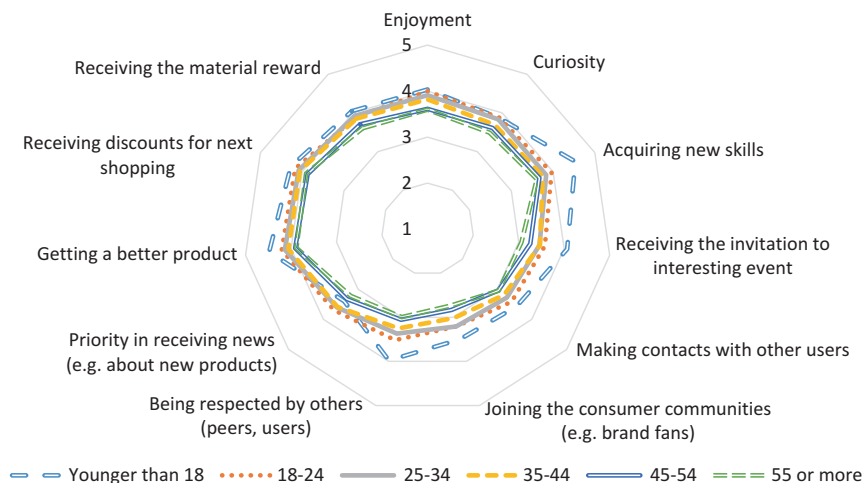


Fig. 4.7 Customer engagement values across the age segments

However, more diversity in the respondents' opinions on CE motivations is revealed across customer segments. For the youngest consumers (less than 18 years old) all benefits of engagement under study are more important than for older persons. The only exception to this observation is the priority in receiving news that is more important for consumers in the age between 18 and 44 than for the youngest respondents (see Fig. 4.7). The findings indicate the overall tendency: the younger the customer, the higher the importance of perceived values in driving his/her engagement.

Similar tendency is observed across customer segments according to their feel about current household's income: the better feel, the higher importance of customer engagement benefits (see Fig. 4.8).

Returning to the findings on the customer benefits that drive customer engagement across distinct product categories, we attempted to designate the most and the least important customer benefits according to the respondents' opinion. It turned out that the same customer values are indicated by respondents in each product category under study (see Fig. 4.9). In the respondents' opinion, receiving discounts for next shopping, which is the example of economic value (the element of the utilitarian value dimension), and getting a better product, which is the example

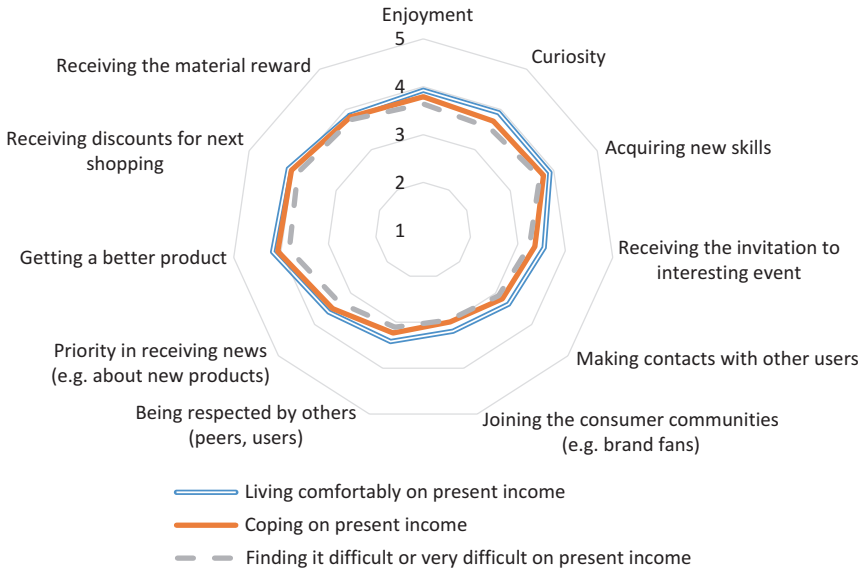


Fig. 4.8 Customer engagement values across the income segments

of functional value (also the component of the utilitarian value dimension), are the most important benefits that drive CE in each consumer market under study, that is, clothing, beer, mobile phones, and banking products. On the other hand, joining the consumer communities and making contacts with other users, which are the examples of social and symbolic values (elements of the hedonic value dimensions), are the least important CE drivers according to the consumers' opinion.

So our study revealed that the utilitarian values are more important CE drivers than the hedonic ones according to the respondents. But does it mean that the utilitarian values have stronger impact on customer engagement activities undertaken by customers than the hedonic ones? To answer this question the structural equation modelling was used, as we mentioned in Sect. 4.1. The results indicate that hedonic value dimension impact on CE is positive and higher ($0.66, p < 0.01$) than the utilitarian dimension, which also influences CE positively, but the impact is a bit weaker ($0.22, p < 0.01$). Besides, the percentage of variance in CE explained by the antecedents, that is, hedonic and utilitarian dimensions of customer value (CV), is quite high: 67%. Moreover, the impact of

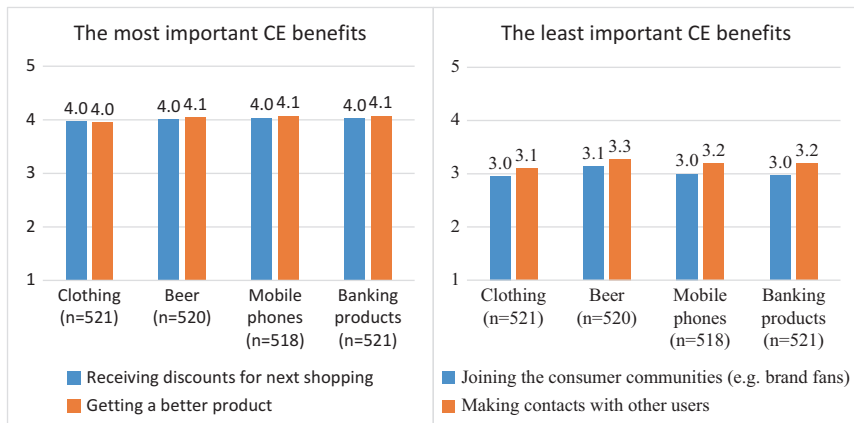


Fig. 4.9 The most and the least important customer engagement motivations across product categories

hedonic dimension of CV on CE is higher than the impact of utilitarian dimension in each product category tested under the study. However, in case of clothing and mobile phones (examples of high involvement product categories) it is more evident ($0.67, p < 0.01$) than in case of beer ($0.57, p < 0.01$). The highest impact of hedonic value dimension is demonstrated for banking products ($0.75, p < 0.01$). Concerning the interface of utilitarian dimension of CV and CE, the impact is stronger in low involvement product category such as beer ($0.31, p < 0.01$), than in clothing ($0.21, p < 0.01$) and mobile phones ($0.23, p < 0.01$). What is quite interesting is the utilitarian value dimension impact on CE is not significant in case of banking products, the only product category in this study that represents services.

4.4 Customer Involvement and Loyalty Impact on Customer Engagement

In order to compare the influence of customer values on customer engagement with the impact of other CE drivers suggested in the literature (i.e. customer involvement and customer loyalty), first the level of

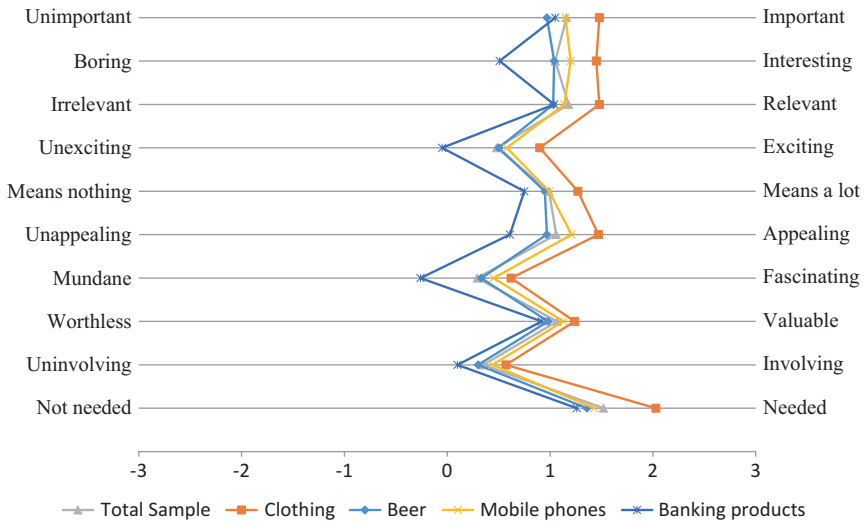


Fig. 4.10 Customer involvement with four product categories

involvement and loyalty towards four product categories under study is recognized among Polish consumers.

According to Zaichkowsky, customer involvement is a customer's perceived relevance of the object based on inherent needs, values, and interests (1985). We applied 10-item involvement scale (Zaichkowsky 1994) to measure the respondents' involvement with four product categories under study. The semantic differential scale was used and the items on the left were scored -3 , low involvement to $+3$ high involvement on the right (see Fig. 4.10). Not surprisingly, the highest level of customer involvement appeared with clothing (mean equals 1.25). On the other hand, banking products turned to be the category with the lowest respondents' involvement (0.59), what contrasts with the position of this category in FCB grid as the high involvement thinking product (Vaughn 1986).

Customer loyalty towards a brand is a positively biased emotive evaluation and/or behavioural response tendency towards a branded, labelled or graded alternative or choice by an individual (Sheth and Park 1974). Therefore, according to a two-dimensional definition of loyalty (Day

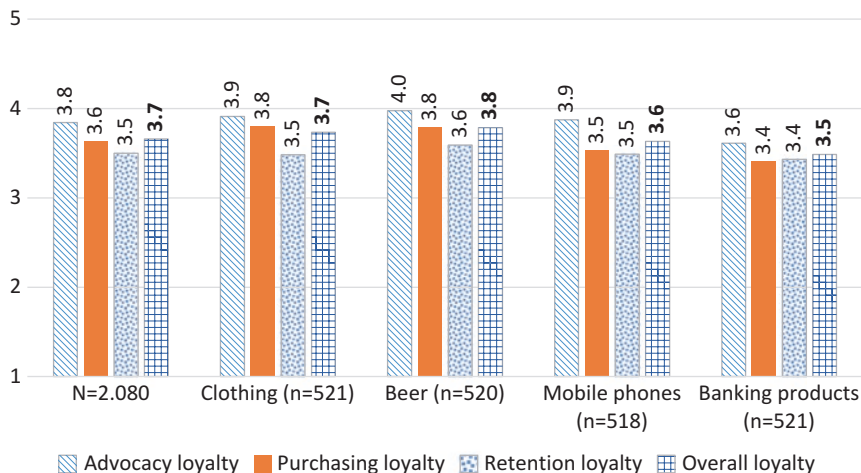


Fig. 4.11 Loyalty towards product categories under study

1969), it should be evaluated on the basis of both attitudinal and behavioural criteria. To measure customer loyalty towards the brands within four product categories we applied the indicators proposed by Hayes (2009) for advocacy, purchasing, and retention loyalty, which included both attitudinal and behavioural criteria (see Table 4.2). Polish customers declared the highest level of loyalty to the beer brands (mean 3.8), and the lowest towards the brands of banking products (3.5); however, the differences among four product categories are not significant (see Fig. 4.11).

To compare the influence of both CE drivers, the structural equation modelling was used. The analyses provide support for the close and positive linkage between loyalty and involvement and CE forms. Those effects are quite strong for customers' communication and customer collaboration ($0.92, p < 0.01$ and $0.90, p < 0.01$ respectively), and also strong for customer complaints ($0.58, p < 0.01$). However, customer loyalty impact on CE is stronger ($0.48, p < 0.01$) than involvement influence ($0.10, p < 0.01$), and this is apparent across each product category tested under study. Additionally, the customer involvement impact on CE is not statistically significant in case of beer. Involvement and loyalty together explain only 30% of CE variance.

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5

Firms' Practices in Customer Engagement Management

Abstract Firms should manage not only CE they initiate, but also CE initiated by customers. Based on the findings of survey conducted in 402 companies, Żyminkowska reveals current practices in the CE management and its firm-level effects across distinct industries, including benefits and risks. She uncovers rather low intensity of CE in firms' practices and some disparities across CE forms, industries, and types of business. Although Żyminkowska finds the positive impact of CE management process on firm performance, this chapter confirms immaturity of CE management process in firms indicating the gaps that need to be addressed in order to minimize the risks and thus manage customer engagement profitably.

Keywords Customer engagement management process • Customer engagement benefits • Customer engagement risks • Firm performance • Empirical findings on customer engagement

It's important to emphasize that firms may and should manage not only CE they initiate, but also CE initiated by customers themselves. In this

chapter, we discuss the methodology and findings of empirical research uncovering whether firms manage CE in the systematic way and what are the effects of such management efforts. In this chapter, we answer three consecutive research questions formulated in the introduction to this book. First, what is the intensity of the forms of customer engagement in companies' practices across distinct industries? We attempt to recognize CE examples initiated by both firms and customers themselves, as well as customers' behavioural manifestations occurring in both online and offline environment. Second, we attempt to answer whether and how companies manage customer engagement by exploring CE management process in firms and its components. To answer the third research question on the firm-level outcomes of customer engagement we recognize detailed firm-level benefits (including customer asset management issues) and risks associated with CE, as well as CE impact on firm performance.

Based on research findings discussed in this chapter we obtain the knowledge on whether and to what extent firms' practices in the CE management differ from the normative model. Therefore, this chapter identifies the gaps in CE management process implicating the potential scopes for its improvements in order to minimize CE risks and increase profitability of CE for firms.

5.1 Methodology of Research of Firms' Practices in Customer Engagement Management

We conducted an empirical study in firms operating in the field of consumer goods and services. The sampling framework was stratified by industry type and number of employees to represent the population structure of firms registered in Poland employing at least five persons. The sample was selected from the Polish Bisnode database by Dun & Bradstreet since all firms registered in the Central Statistical Office in Poland are included in Bisnode. Total number of firms in this database is approximately 6.3 million. We focused on firms operating in the following

consumer markets: fashion, food and beverages, household appliances, and banking and financial services. In each firm one manager responsible for marketing or marketing-related activities (such as customer relationship management, promotion campaigns, customer complaints management, new product development and innovation, etc.) was interviewed. The data was collected through computer-assisted telephone interviewing (CATI) between August 22 and September 21, 2017. From a total sample framework of 9384 companies, we collected data from 402 firms (Table 5.1 presents sample description).

It is important to highlight that our research on customer engagement in firms refers to the management practices that firms undertake towards the certain type of customers, that is, individuals. We then refer to consumer buyers, final consumers, or consumer end users of particular consumption goods and services. This way we recognize the intensity of engaging consumers in firms' marketing process and management functions in order to compare it with the findings on the intensity of engagement among consumers themselves. Therefore, in our research, we do not refer to the customer engagement within business-to-business interactions.

To measure customer engagement management process in firms and its outcomes we adopted and developed the conceptualizations and sets of items based on the existing literature (see Table 5.2 for items and refer-

Table 5.1 Firms' sample characteristics

Consumer goods/services sector	Fashion	24.9%
	Food and beverages	25.1%
	Household appliances	24.9%
	Banking and financial services	25.1%
Predominating business of firm	Manufacturing	29.9%
	Trading	56.2%
	Services	39.6%
Number of employees	5–9	31.6%
	10–49	37.3%
	50–249	22.9%
	250 and more	8.2%
Management position of the interviewee	Lower	10.2%
	Middle	34.3%
	Upper	55.5%

Table 5.2 Validity and reliability statistics for variables used in firms' research

Variables	Items	Average variance extracted AVE	Composite reliability CR	Alpha Cronbach
Customer engagement forms				
Items based on: Verleye et al. (2014), Muntinga et al. (2011), Stauss and Seidel (2007), Jaakkola and Alexander (2014), and Rohrbeck et al. (2010, see chapter 2.2).				
Customers' communication	<i>In my company we deal with customers' communication about our products/brands or firm in the following ways:</i>	0.478	0.864	0.849
	1. We initiate the consumers' discussion about firm, brand, or product on our website, fun page, and so on.			
	2. We encourage our consumers to click 'likes' for our firm, brand, products, or posts.			
	3. We encourage consumers to share the content, pictures, and movies that we deliver.			
	4. We answer negative consumers' comments about brand, firm, or products.			
	5. We initiate the consumers' discussion about firm, brand, or product on internet forums, discussion groups, and so on.			
	6. We have recommendation programme for our consumers.			
	7. We collaborate with independent bloggers who initiate the consumers' discussions about our products or firm.			

(continued)

Table 5.2 (continued)

Variables	Items	Average variance extracted AVE	Composite reliability CR	Alpha Cronbach
Customer complaints	<p><i>In my company we make use of customer complaints received in the following ways:</i></p> <ol style="list-style-type: none"> 1. Filed to the firm formally, in writing. 2. Provided verbally, when consumers inform that something is wrong with the product during or after purchase. 3. Included in surveys that we conduct, where consumers may speak or write about their dissatisfaction. 4. Provided to call centre or customer service staff by consumers who inform about their dissatisfaction. 5. Provided by consumers who answer additional questions while their complaints are proceeded. 6. Filed to other institutions than firm, for example to media, consumer rights advisor. 	0.418	0.798	0.787

(continued)

Table 5.2 (continued)

Variables	Items	Average variance extracted AVE	Composite reliability CR	Alpha Cronbach
Customer collaboration	<p><i>In my company we engage consumers in the following forms of collaboration during development of various ideas and solutions:</i></p> <ol style="list-style-type: none"> 1. We invite consumers to participate in surveys concerning their preferences about products or ideas. 2. We encourage consumers to submit their own product designs (e.g. in design contests). 3. We gather consumer suggestions on products, packages, promotion (including website), or sales. 4. We organize customer voting for the products/brands. 5. We give consumers the opportunity to personalize the offer according to their needs and preferences. 6. We organize various contests for consumers for submitting the ad or package designs. 7. We organize events for consumers, related to our brands, products or firm. 8. We organize crowdfunding to finance our product prototypes. 9. We make data on product prototypes available to consumers so as they could improve it. 	0.465	0.885	0.896

(continued)

Table 5.2 (continued)

Variables	Items	Average variance extracted AVE	Composite reliability CR	Alpha Cronbach
Customer engagement management process				
Items based on: van Doorn et al. (2010), Kumar et al. (2010), Verhoef and Lemon (2013), Kumar (2013), and Harmeling et al. (2017, see chapter 3.1).				
Components of CE management process	How would you describe CE management in your firm?	0.529	0.885	0.903
	1. Consumer engagement strategy is a component of customer relationship management in our firm.			
	2. We purchase some services from external partners to manage consumer engagement.			
	3. There are designated organizational units responsible for consumer engagement in our firm.			
	4. We have effective information systems and procedures to enable our consumers to communicate their concerns, complaints, suggestions, or ideas directly to our firm.			
	5. We have established processes and platforms that enable our consumers to communicate one another, spreading opinions, advice, pictures etc.			
	6. We offer set of tangible and intangible incentives for engaging consumers (e.g. rewards for recommendations, ideas, ranks etc.).			
	7. We measure costs and effects of customer engagement.			

(continued)

Table 5.2 (continued)

Variables	Items	Average variance extracted AVE	Composite reliability CR	Alpha Cronbach
Customer engagement effects				
Firm benefits and risks items based on: Bartl et al. (2012), Siakas and Siakas (2016), Hoyer et al. (2010), and Beckers et al. (2016, see chapters 2.3 and 5.4).				
Firm performance items based on Rust et al. (2004, see chapter 5.3).				
CE benefits				
	<i>From my company standpoint, the customer engagement benefit is:</i>			
	1. Reducing time and costs of acquiring and using customer data.	0.448	0.829	0.833
	2. Decreasing risk of introducing new products or new solutions.			
	3. Broader decision base since several products or solutions can be tested simultaneously.			
	4. Increased customer satisfaction.			
	5. Increased market share.			
	6. Acquisition of new customers.			
	7. Increased customer retention.			

(continued)

Table 5.2 (continued)

Variables	Items	Average variance extracted AVE	Composite reliability CR	Alpha Cronbach
CE risks	<p><i>From my company standpoint, the customer engagement risk is:</i></p> <ol style="list-style-type: none"> 1. Lack of or diminishing control of business processes. 2. Additional costs of integrating customers' ideas in business processes and coordinating those processes. 3. Receiving ideas infeasible from firm standpoint due to lack of customer knowledge. 4. Lack of target market orientation. 5. Information overload. 6. Loss of secrecy of information or know-how for competitors' advantage. 	0.520	0.884	0.894
Firm performance	<p><i>How do you assess performance metrics in your firm for the last three years comparing with your key competitors:</i></p> <ol style="list-style-type: none"> 1. Sales growth 2. Market share 3. Net profit 	0.699	0.874	0.787

ences to relevant chapters of the book). A pretest with 31 firms was conducted to evaluate the reliability of the concepts before the final survey and to check the validity of the questionnaire. After the pretest a few modifications were made to obtain higher quality of analysis later. To operationalize the items 5-point Likert scales were used to measure all variables.

We supported convergent validity of all measures as all standardized factor loadings and average variances extracted (AVE) surpassed (or were close to) the recommended value of 0.50 (MacKenzie et al. 2011) and all composite reliability scores exceeded the recommended value of 0.70 (Hair et al. 2010). The internal reliability of all scales is significant: all constructs present the Cronbach Alphas above the recommended values of 0.70 (Nunnally 1978) (see Table 5.2 for detailed statistics).

To discover the linkages between CE forms, CE management process, and firm performance we used the structural equation modelling (SEM) and Mplus (version 8) for the analysis (Muthén and Muthén 2017). We estimated structural equation model. The fit indices, that is, CFI, TLI, and RMSEA reveal that the model's fits are quite good (Bentler 1990; Tucker and Lewis 1973; Steiger 1990). In our analysis, both CFI and TLI were above 0.95 or even close to 1.0 which confirms evaluation of goodness of fit of the model. RMSEA estimates are less than 0.05, which indicates that the model approximates the true model appropriately.

5.2 Intensity of Customer Engagement Forms in Firms' Practices

In order to assess the intensity of customer engagement in firms' practices, the managers were asked to refer to detailed examples of consumer activism among each particular CE form. Concerning customers' communication about focal brand or firm in the interactions among consumers, the most frequent firms' practices include reaction (answering) to the negative consumers' comments (66% of firms agree, strongly or somewhat, to undertake such efforts), and encouraging customers to click 'likes' in social media (62%) (see Fig. 5.1). Relatively few firms initiate

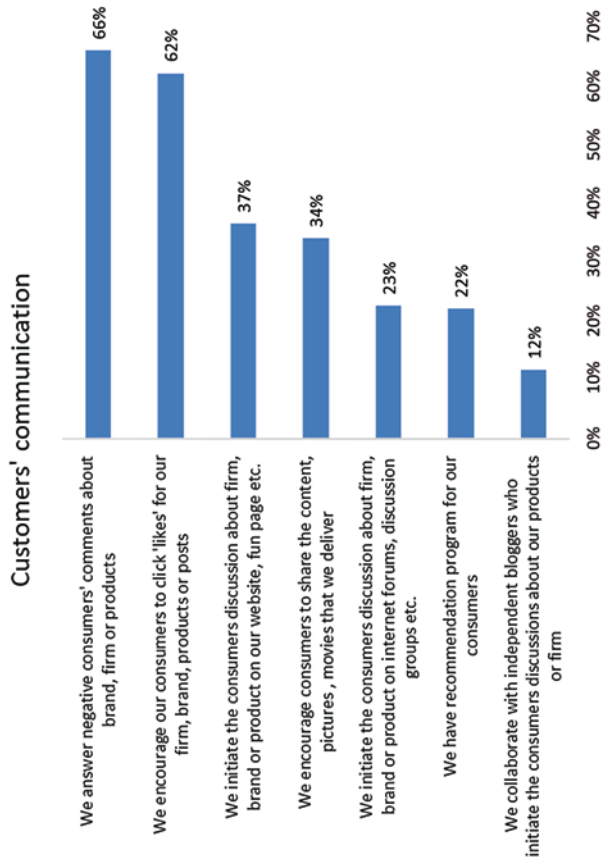


Fig. 5.1 Firms' practices in customer engagement with reference to the customers' communication

customers' communication about brand or firm: only 37% of companies initiate the discussions in firm's media (website, fan page), and 23% initiate such conversations in the external channels (internet forum, discussion groups, etc.). The companies quite rarely collaborate with independent bloggers to make them initiate the consumers' discussions about products or firms (only 12% of surveyed companies).

On the other hand, firms are more operative in utilizing customer complaints (see Fig. 5.2). More than three quarters of companies make use of complaints provided verbally during or after purchase (81% of firms agreed) and in writing (75%). Quite frequently companies use customers' input provided when the complaints are proceeded (73%).

With regard to companies' practices in utilizing customer collaboration behaviour, organizing the events dedicated to brand or firm is the most frequent activity (48% of firms agree, strongly or somewhat, to do it), next to giving the consumers the opportunity to personalize the offer (44%) (see Fig. 5.3). Only 6% of surveyed companies organize crowd-funding to finance product prototypes, and 8% organize customer voting for the products or brands offered.

Generally, the potential of customer collaboration, just like the customers' communication capabilities, is still weakly utilized by the sur-

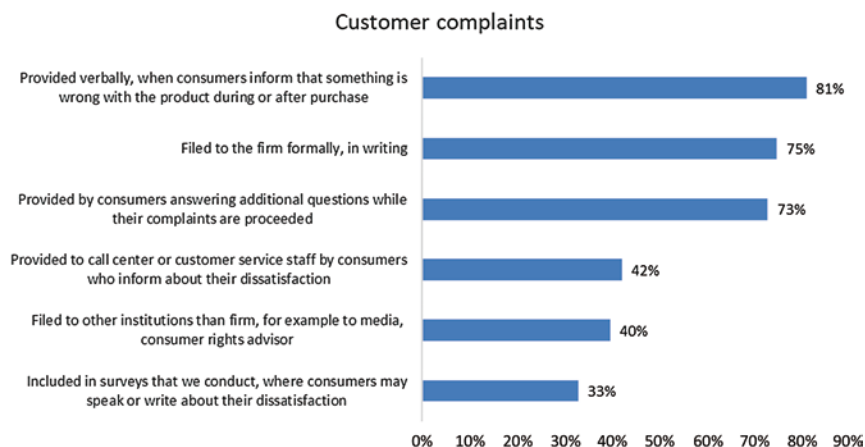


Fig. 5.2 Firms' practices in customer engagement with reference to customer complaints



Fig. 5.3 Firms' practices in customer engagement with reference to customer collaboration

veyed firms. The mean of engaging consumers by companies ranges from 2.1 for collaboration with consumers, through 2.57 for managing consumers' communication, to 3.50 for using customers' complaints (see Table 5.3). There are some disparities in the intensity of main CE forms in firms' practices among companies representing distinct industries under study. Companies in fashion and household appliances declare slightly higher intensity of practices in utilizing customers' communication, than remaining firms, however the mean 2.66 indicates ambivalent attitude to such efforts (neither agree nor disagree). On the other hand, companies in banking and financial services have the highest mean for using customer complaints (3.91) compared with remaining firms, especially with fashion firms (3.08). As to the intensity of practices in utilizing customer collaboration, it is slightly higher in banking and financial industry (2.29) than in the other firms, however considering 5-point Likert scale used to measure this efforts, it indicates that companies somewhat disagree that those actions are undertaken. Results for detailed firms' actions within each CE form are also a little diverse across industries under study (see Table 5.3).

Table 5.3 Firms' practices in customer engagement across industries under study

Customer engagement forms	Total sample (<i>N</i> = 402)	Food and beverages (<i>n</i> = 101)	Fashion (<i>n</i> = 102)	Household appliances (<i>n</i> = 100)	Banking and financial services (<i>n</i> = 101)
Customers' communication	2.57	2.57	2.66	2.66	2.54
We initiate the consumers' discussion about firm, brand, or product on our website, fun page, and so on	2.57	2.39	2.82	2.40	2.66
We encourage our consumers to click 'likes' for our firm, brand, products, or posts	3.47	3.74	3.54	3.44	3.16
We encourage consumers to share the content, pictures, and movies that we deliver	2.47	2.40	2.63	2.50	2.35
We answer negative consumers' comments about brand, firm, or products	3.73	4.03	3.42	3.62	3.84
We initiate the consumers discussion about firm, brand, or product on internet forums, discussion groups, and so on	2.09	2.18	2.27	2.07	1.85
We have recommendation programme for our consumers	2.08	2.20	1.98	2.10	2.02

(continued)

Table 5.3 (continued)

Customer engagement forms	Total sample (<i>N</i> = 402)	Food and beverages (<i>n</i> = 101)	Fashion (<i>n</i> = 102)	Household appliances (<i>n</i> = 100)	Banking and financial services (<i>n</i> = 101)
We collaborate with independent bloggers who initiate the consumers discussions about our products or firm	1.61	1.69	1.96	1.62	1.18
Customer complaints	3.50	3.56	3.08	3.41	3.91
Filed to the firm formally, in writing	4.16	3.94	4.00	4.11	4.57
Provided verbally, when consumers inform that something is wrong with the product during or after purchase	4.19	4.47	3.81	4.24	4.24
Included in surveys that we conduct, where consumers may speak or write about their dissatisfaction	2.57	2.87	2.00	2.31	3.09
Provided to call centre or customer service staff by consumers informing about their dissatisfaction	3.00	3.27	2.35	2.86	3.48

(continued)

Table 5.3 (continued)

Customer engagement forms	Total sample (<i>N</i> = 402)	Food and beverages (<i>n</i> = 101)	Fashion (<i>n</i> = 102)	Household appliances (<i>n</i> = 100)	Banking and financial services (<i>n</i> = 101)
Provided by consumers answering additional questions while their complaints are proceeded	3.98	3.99	3.62	3.96	4.36
Filed to other institutions than firm, for example to media, consumer rights advisor	3.07	2.85	2.72	3.00	3.70
Customer collaboration	2.13	2.15	1.96	2.06	2.29
We invite consumers to participate in surveys concerning their product or ideas and preferences	2.44	2.62	2.41	2.13	2.64
We encourage consumers to submit their own product designs (e.g. in design contests)	1.71	1.79	1.71	1.57	1.78
We gather consumer suggestions on products, packages, promotion (including website), or sales	2.42	2.44	2.18	2.28	2.79

(continued)

Table 5.3 (continued)

Customer engagement forms	Total sample (N = 402)	Food and beverages (n = 101)	Fashion (n = 102)	Household appliances (n = 100)	Banking and financial services (n = 101)
We organize customer voting for the products/ brands	1.56	1.69	1.54	1.57	1.47
We give consumers the opportunity to personalize the offer according to their needs and preferences	2.96	2.39	2.63	3.35	3.33
We organize various contest for consumers for submitting the ad or package designs	1.68	1.89	1.47	1.57	1.84
We organize events for consumers, related to our brands, products, or firm	2.90	3.11	2.43	2.65	3.42
We organize crowdfunding to finance our product prototypes	1.52	1.46	1.55	1.53	1.51
We make data on product prototypes available to consumers so as they could improve them	1.84	1.94	1.76	1.88	1.81

Bold values signify the highest result among four industries

Comparing practices in utilizing the potential of CE in firms with distinct types of predominating business (see Fig. 5.4), it turns out that service companies declare the highest level of such an overall activity and trading firms the lowest one. The latter represents also the lowest intensity of utilizing customer collaboration and customer complaints (mean 1.87 and 3.30 respectively). On the other hand, manufacturing companies declare slightly higher intensity of the above-mentioned efforts related to customers' communication than other firms.

There are also some differences in firms' CE practices among companies with distinct types of predominating direct buyer. Firms that sell mainly to resellers declare the highest CE practices intensity (both overall as well as across each CE form) among surveyed companies (see Fig. 5.5). Firms with final consumers as predominating direct buyers declare slightly lower intensity of the above-mentioned practices. On the other

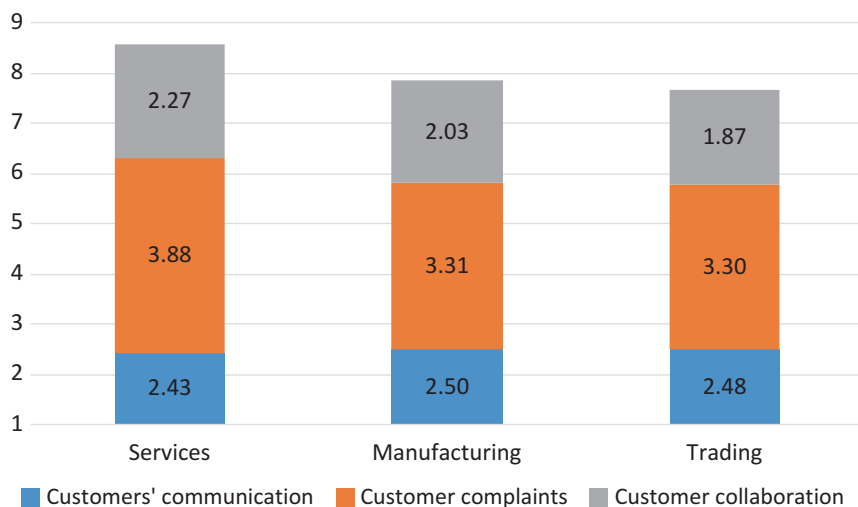


Fig. 5.4 Firms' practices in customer engagement according to predominating type of business

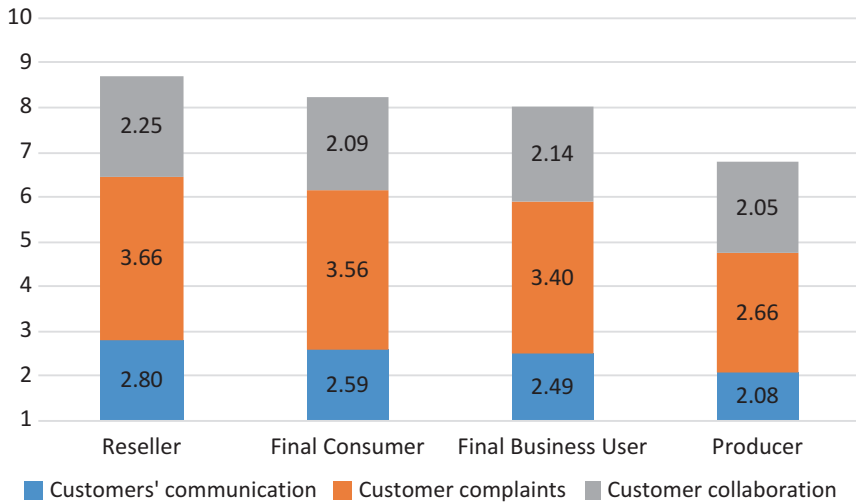


Fig. 5.5 Firms' practices in customer engagement according to predominating type of direct buyer

hand, companies selling mainly to producers declare the lowest intensity of CE efforts regarding each CE form.

5.3 Process of Customer Engagement Management

In order to recognize whether and how companies manage customer engagement, respondents were asked to refer to seven components of CE management process. Existence of effective information systems and procedures enabling consumers to communicate directly to the firms is the only component of CE management process that is well established among the relatively significant proportion of surveyed companies: 50% of respondents agree (strongly or somewhat) that their companies have such an infrastructure (see Fig. 5.6). Only 35% of surveyed firms agree that they have organizational units responsible for customer engagement. Then, only 32% of firms have established processes and platforms that

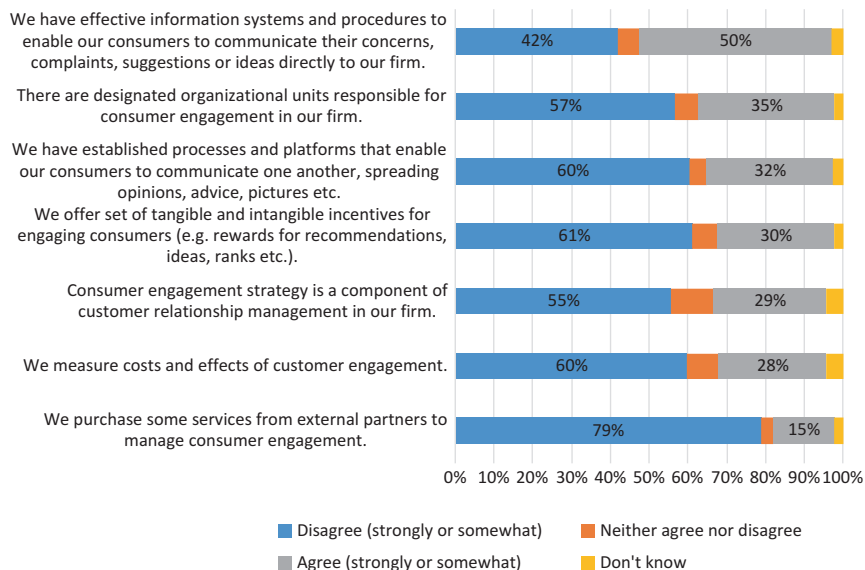


Fig. 5.6 Components of customer engagement management process in firms' practices

enable customer-to-customer communication. The Polish firms seldom outsource customer engagement management services from external partners: only 15% of surveyed firms agree that they purchase such services.

Considering the above-mentioned research results we posit that the process of CE management in surveyed companies is still underdeveloped. This state is evident across distinct industries under study as well (see Table 5.4). Firms that offer banking and financial services have the highest mean for the overall CE management process (2.54); however, it is still at the level that indicates ambivalent answer (neither agree nor disagree). On the other hand, fashion firms have the lowest mean for the overall CE management process (2.42).

The research also reveals some differences as to the level of development of CE management process among companies with distinct types

Table 5.4 Components of customer engagement management process in firms' practices across distinct industries

Components of customer engagement management process	Total sample (N = 402)	Food and beverages (n = 101)	Fashion (n = 102)	Household appliances (n = 100)	Banking and financial services (n = 101)
Consumer engagement strategy is a component of customer relationship management in our firm.	2.48	2.39	2.26	2.58	2.68
We purchase some services from external partners to manage consumer engagement.	1.78	1.93	1.74	1.87	1.59
There are designated organizational units responsible for consumer engagement in our firm.	2.50	2.48	2.34	2.48	2.70
We have effective information systems and procedures to enable our consumers to communicate their concerns, complaints, suggestions, or ideas directly to our firm.	3.02	2.78	2.78	2.97	3.55
We have established processes and platforms that enable our consumers to communicate with one another, spreading opinions, advice, pictures, and so on.	2.40	2.43	2.50	2.41	2.28
We offer a set of tangible and intangible incentives for engaging consumers (e.g. rewards for recommendations, ideas, ranks, etc.).	2.36	2.66	2.14	2.23	2.41
We measure costs and effects of customer engagement.	2.35	2.29	2.15	2.40	2.57
CE management process	2.41	2.42	2.27	2.42	2.54

Bold values signify the highest result among four industries tested under study



Fig. 5.7 Components of customer engagement management process in firms' practices according to predominating type of business

of predominating businesses. The overall CE management process is slightly more advanced in the service firms (mean 2.43) than in trading companies (2.31) or manufacturing firms (2.17); however, this score is still close to the answer 'somewhat disagree' in the 5-point Likert scale (see Fig. 5.7).

Regarding the development of the overall CE management process in firms with distinct types of predominating direct buyers, companies selling to final consumers reach the highest score (mean 2.45) that is quite close to the result of companies that sell mainly to the resellers (2.44) (see Fig. 5.8). On the other hand, firms selling to producers have the lowest score (1.84) among surveyed companies.

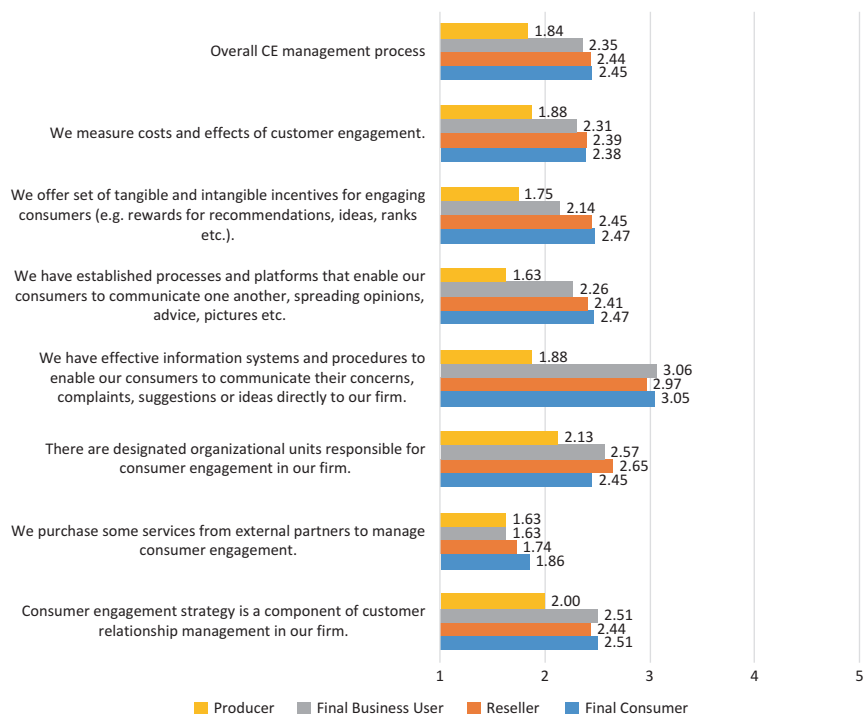


Fig. 5.8 Components of customer engagement management process in firms' practices according to predominating type of direct buyer

5.4 Firm-Level Outcomes of Customer Engagement

Although the intensity of customer engagement in firms' business practices is rather low, and the components of the CE management process are generally insufficiently developed, quite important question about the firm-level effects of such CE practices arises. In order to recognize those effects, as mentioned in Sect. 3.1, we draw on the idea of the marketing productivity chain (Rust et al. 2004) and assume the following logic of the CE effects: marketing strategy and tactics → customer impact (on satisfaction, attitude towards the brand, loyalty) → marketing assets (as customer equity) → firm's market position (market share and sales) → firm's financial position (profits and cash flows) → value of the

firm (market capitalization). In order to assess CE effects associated with customer impact and marketing assets impact the list of benefits was developed, including customer satisfaction impact, customer acquisition and retention effects, as well as some more detailed benefits (see Table 5.2). To recognize firm-level effects of customer engagement also negative outcomes are taken into the consideration and labelled as CE risks (see Table 5.2). And finally, to assess a firm's market position (both sales growth and market share are consisted in the measurement scale) and financial position (net profit is included in the scale) we analysed firm performance using 5-point Likert scale (1 = our firm's performance is much worse than the main competitors' results; 5 = our firm performance is much better than the main competitors' results) (see Table 5.2).

Regarding the positive effects of CE (associated with CE customer and marketing assets impact), increased customer satisfaction and acquisition of new customers turn to be the highest ranked benefits of CE in surveyed companies (respectively 87% and 86% managers agree, strongly or somewhat, that these are the CE benefits in their firms) (see Fig. 5.9).

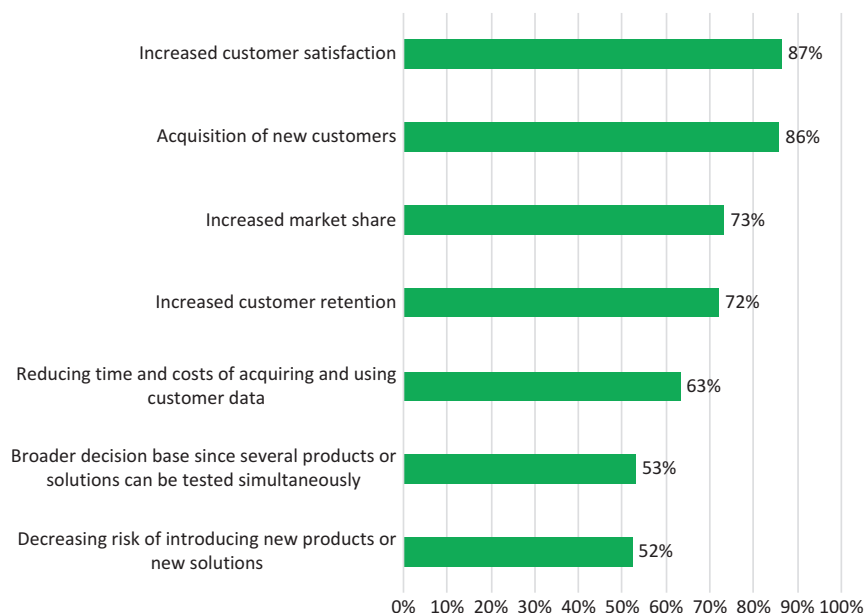


Fig. 5.9 Customer engagement benefits in firms' perspective

Table 5.5 Benefits of customer engagement across distinct industries

Customer engagement benefits	Total sample (<i>N</i> = 402)	Food and beverages (<i>n</i> = 101)	Fashion (<i>n</i> = 102)	Household appliances (<i>n</i> = 100)	Banking and financial services (<i>n</i> = 101)
Reducing time and costs of acquiring and using customer data.	3.7	3.7	3.4	3.7	3.8
Decreasing risk of introducing new products or new solutions.	3.4	3.3	3.3	3.6	3.6
Broader decision base since several products or solutions can be tested simultaneously.	3.5	3.5	3.3	3.7	3.5
Increased customer satisfaction.	4.4	4.3	4.4	4.5	4.5
Increased market share.	4.0	3.9	3.9	4.0	4.1
Acquisition of new customers.	4.3	4.2	4.2	4.4	4.3
Increased customer retention.	4.0	3.9	3.9	3.9	4.1
Overall CE benefits	3.9	3.8	3.8	4.0	4.0

Other, highly ranked CE benefits include increased market share (73%) and increased customer retention (72%).

The assessment of CE benefits in surveyed companies representing distinct industries is quite similar, the means for the overall CE benefits range from 4.0 in household appliances and banking and financial services to 3.8 in fashion and food and beverages sectors (see Table 5.5).

Among CE risks, receiving ideas infeasible from firm standpoint due to the lack of customer knowledge is the most important one in managers' perception: 56% managers agreed that this is the risk in their companies (see Fig. 5.10). Other risks noticed by significant number of managers include information overload (54%), the loss of secrecy of information or know-how for competitors' advantage (51%), and additional costs of

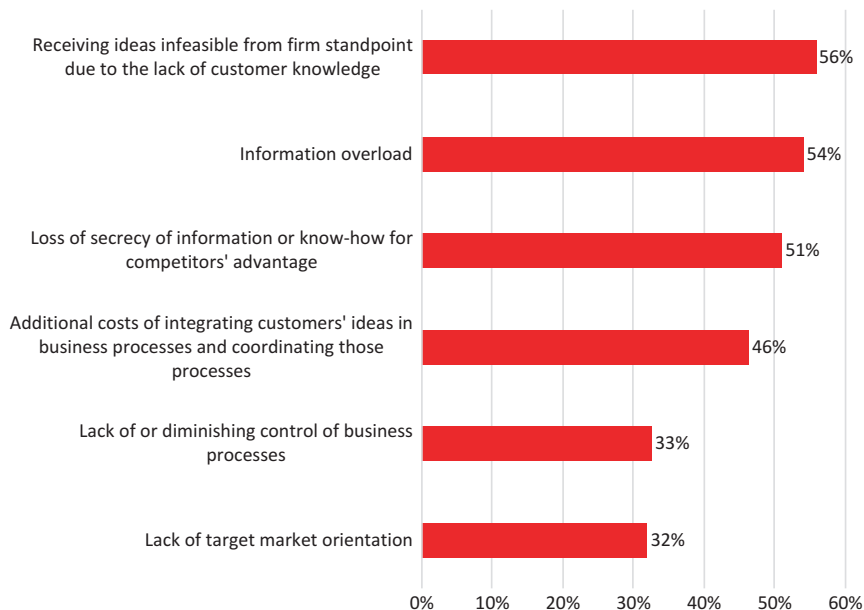


Fig. 5.10 Customer engagement risks in firms' perspective

integrating customers' ideas in business processes and coordinating those processes (46%). On the other hand, only one-third of surveyed companies perceive the lack of target market orientation and the lack of or diminishing control of business processes as CE risks (32% and 33% respectively).

The assessment of CE risks in surveyed companies representing distinct industries is also quite similar, the means for the overall CE risks range from 3.3 in household appliances through to 3.2 in fashion and 3.1 in banking and financial and food and beverages sectors (see Table 5.6).

In view of above-mentioned findings, it is worth noticing that the awareness of both CE benefits and risks among surveyed firms is slightly lower in the small companies and higher in larger ones (see Fig. 5.11). In companies with 250 and more employees the mean of overall CE risks was 3.37, while in firms with less than 10 employees it was 3.15, in 5-point Likert scale. The mean for overall perceived CE benefits was 4.03 and 3.74 respectively.

Table 5.6 Risks of customer engagement across distinct industries

Customer engagement risks	Total sample (<i>N</i> = 402)	Food and beverages (<i>n</i> = 101)	Fashion (<i>n</i> = 102)	Household appliances (<i>n</i> = 100)	Banking and financial services (<i>n</i> = 101)
Lack of or diminishing control of business processes.	2.9	2.9	2.9	2.9	2.8
Additional costs of integrating customers' ideas in business processes and coordinating those processes.	3.2	3.2	3.2	3.4	3.1
Receiving ideas infeasible from firm standpoint due to the lack of customer knowledge.	3.5	3.4	3.4	3.8	3.5
Lack of target market orientation.	2.8	2.8	2.7	2.9	2.7
Information overload.	3.5	3.3	3.6	3.6	3.4
Loss of secrecy of information or know-how for competitors' advantage.	3.3	3.3	3.2	3.5	3.4
Overall CE risks	3.2	3.1	3.2	3.3	3.1

With regard to the customer engagement influence on the firm performance, the analyses included the impact of both firms' practices within three forms of customer engagement and the CE management process. Surprisingly no direct, statistically significant, effect of CE actions on firm performance is identified in our study (-0.15 , p value exceeds 0.5). However a significant positive impact of CE managerial process on firm performance is confirmed (0.54 , $p < 0.05$). CE management process explains 17% of variance in firm performance, which indicates that managerial efforts within customer engagement are just the component of overall marketing actions. Our analyses also provide strong support for

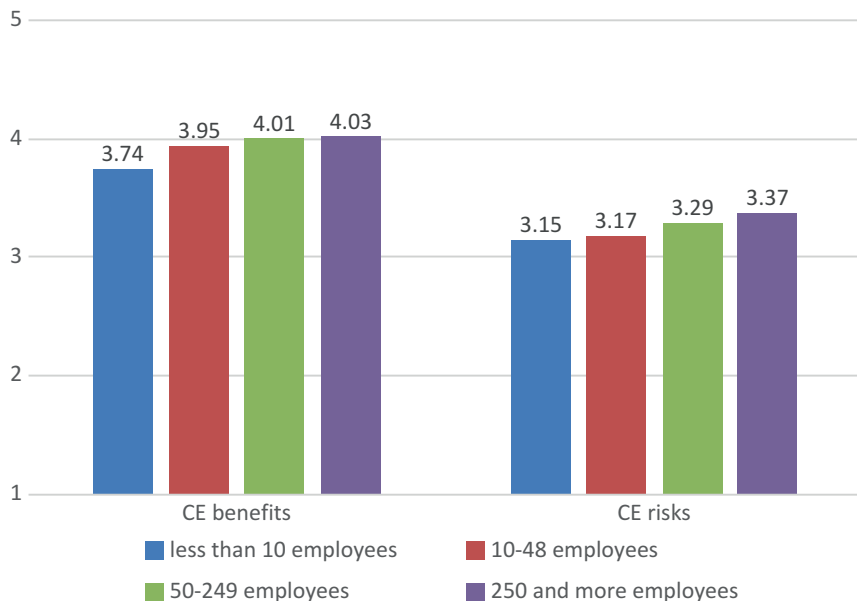


Fig. 5.11 Customer engagement benefits and risks according to firms' size

the close linkage between CE management process and CE forms occurring in firms ($0.91, p < 0.01$). Those effects are quite strong for customer collaboration ($0.89, p < 0.01$) and also strong for customers' communication and customer complaints ($0.79, p < 0.01$, and $0.77, p < 0.01$ respectively). That indicates that the higher level of CE management process in a company results in more intensive practices in CE undertaken by firms. Additionally the percentage of variance in CE actions undertaken by firms explained by CE managerial process is quite substantial (76%).

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6

Customer Engagement Trends and Perspectives in Modern Business

Abstract The findings of a multilevel analysis of customer engagement intensity in modern business presented in this chapter shed light on CE management prospects. Żyminkowska provides the macro-scale analysis of firms' practices in collaborating with its clients, based on the OECD and CIS data, and reveals significant disproportions across countries. On the other hand, she finds the importance of customers as source of information for innovation is quite similar in the mezzo-scale, across distinct industries in Poland. Drawing attention to the firms' plans for increasing the intensity of engaging customers during the next years, this chapter confirms overall positive CE prospects across each industry under study, although it outlines some disparities across distinct customer engagement forms.

Keywords Trends in customer activism in modern business • Perspectives of customer engagement • Firms' plans for customer engagement

Active customers engaged in firms' processes of creating, communicating, and delivering customer value are perceived as the source of innovations. Indeed, CE may result in various product and process innovations. Moreover, certain CE forms itself may be perceived as process innovations. Therefore CE category is closely related to open innovation issues. From that perspective, in this chapter we attempt to identify CE trends and perspectives in the macro- and mezzo-scale and thus to answer the final research question about the trends and perspectives of customer engagement management in modern business.

First, we discuss the intensity of firms' collaboration with customers on innovation and customers' importance for firms as partners for innovation activities. Based on the survey results conducted by international institutions (OECD, Eurostat) we present CE trends in the macro-scale picture. Second, we try to discover CE trends and perspectives in mezzo-scale analysing CE phenomenon in distinct industries and markets, based on our research conducted among consumers and firms. The findings of a multilevel analysis of CE intensity in modern business presented in this chapter shed light on CE management prospects in modern business.

6.1 Trends in Customer Activism Across Countries

As mentioned in Chap. 1, open and user innovation issues are closely associated with customer engagement concept, as all of them refer to the customer activism within firms' business processes. Therefore, the analyses of firms' practices in collaborating on innovation with clients are quite valuable in the recognition of the macro-scale picture of customer activism, including engagement phenomenon. It is evident that the intensity of such practices is highly diversified across distinct countries. Among 28 countries under the study of OCED (2017), Finland and Denmark have the highest proportion of large businesses (more than 249 employees) that collaborated with clients on the innovation (68% and 53% respectively) during the years 2012–2014 (see Fig. 6.1). Collaboration is understood as the active participation in joint innovation projects, excluding pure contracting in this research.

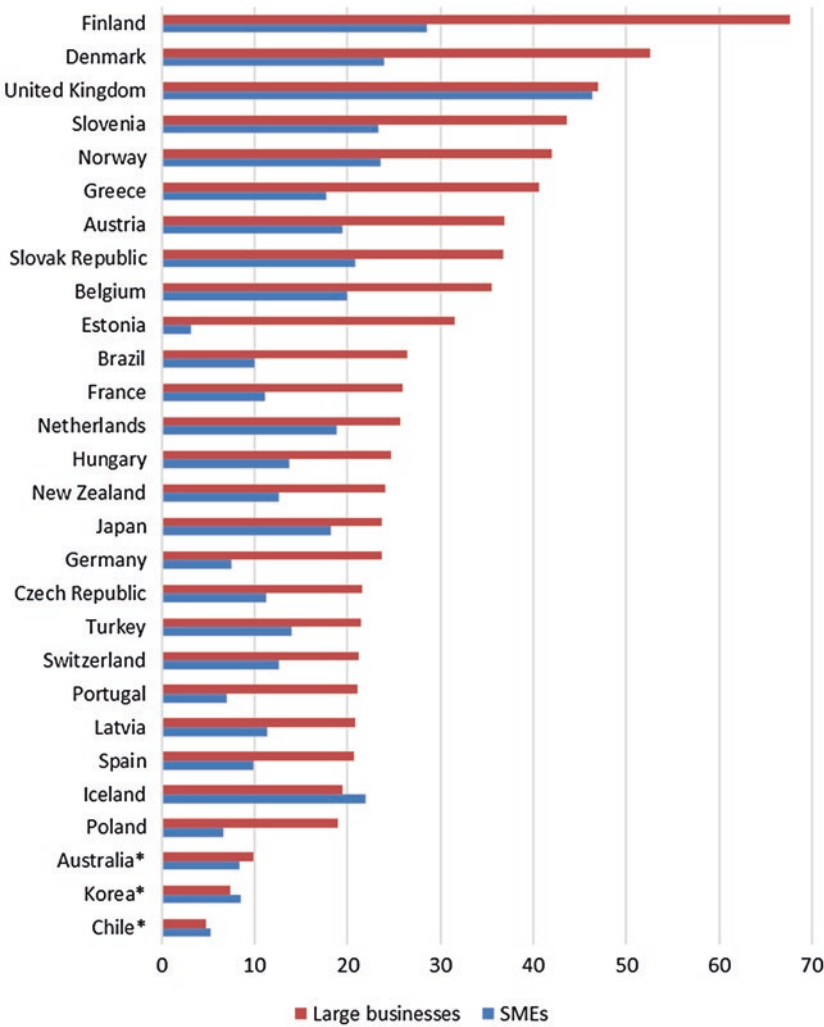


Fig. 6.1 Business collaborating on innovation with clients, by size, 2012–2014 (as percentage of product and/or process-innovating businesses in each size category). *Australia 2014–2015, Chile 2013–2014, Korea 2013–2015. Based on OECD (2017)

On the other hand, Chile and Korea have the lowest proportion of large businesses that collaborate with clients on the innovation (5% and 7% respectively). It is also apparent that the large business cooperate on innovation with its customers more frequently than the small and medium enterprises (SMEs) hire 10–249 employees. Only SMEs from Island, Korea and Chile are more active than large firms in such a cooperation. It is also worth noticing that the United Kingdom is the only country under the study having balanced proportion of SMEs and large firms that collaborate with clients on innovation (46% and 47% respectively).

The Community Innovation Survey (CIS 2014), conducted in the European countries, reveals that the proportion of firms that perceive customers as the most valuable partners for innovation activities undertaken during the years 2012–2014 is rather low. Norway has the highest proportion of such companies among the selected countries under the study that is close to 5% (see Fig. 6.2). Germany, that is the largest European economy, hosts 1.6% of firms for which clients or customers are the most valuable partner for innovation activities.

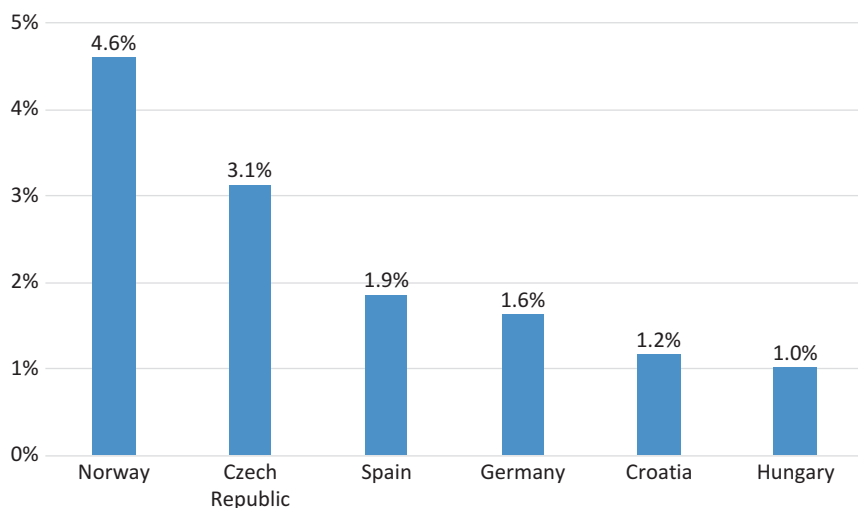


Fig. 6.2 Proportion of enterprises for which clients or customers are the most valuable partner for innovation activities. Based on CIS (2014)

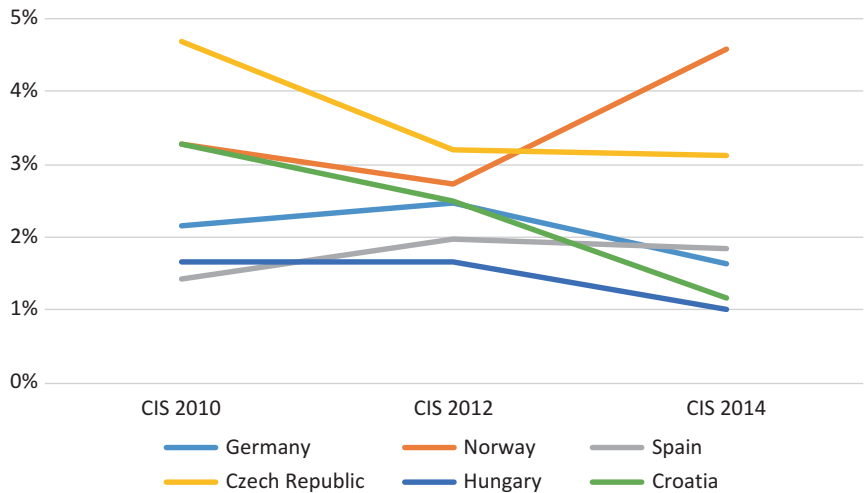


Fig. 6.3 Proportion of enterprises for which clients or customers are the most valuable partner for innovation activities—trends from 2008 to 2014. Based on CIS (2010, 2012, 2014)

In order to identify the alterations in the firms’ opinions on customers as the most valuable partners in innovation, the data from three consecutive CIS surveys covering the period from 2008 to 2014 was compared (see Fig. 6.3). Among six countries selected for the study, the growing trend is observed only in Norway and Spain.

6.2 Customer Engagement Perspectives Across Industry Type

The research that we conducted in Poland, among 402 firms from four distinct industries, reveals the degree of importance of customers as sources of information for product and process innovation. For 48% of surveyed companies this importance is high, and for 35% of firms, it is medium (see Fig. 6.4). On average, 52% of firms operating in banking and financial sector assess customer importance as high, which is the higher proportion across sectors under study. On the other hand, the

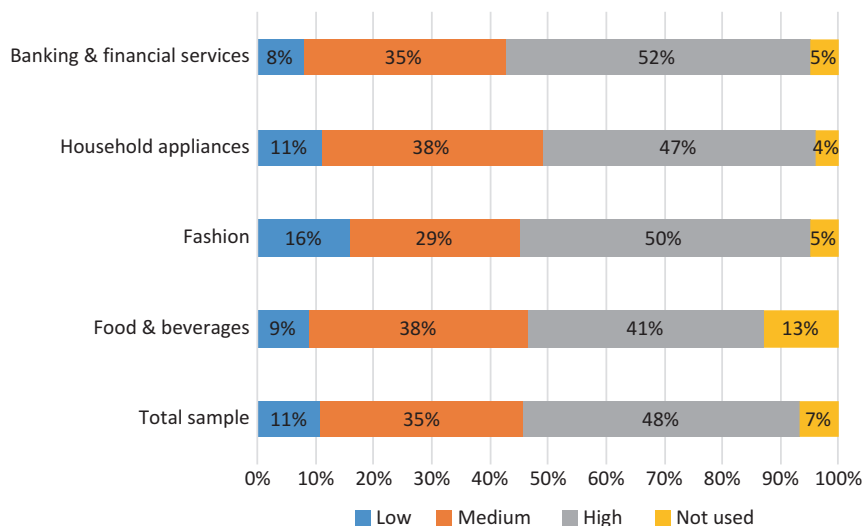


Fig. 6.4 Degree of importance of customers as sources of information for innovation

largest proportion of firms for which this importance is low is evident in fashion firms (16%).

Based on the research findings on the customer engagement activities undertaken by consumers and firms' practices in customer engagement management (presented in the previous chapters of this book), the potential for engaging customers within each CE form may be identified. Firms seem to utilize customer complaints quite well, since the overall customer activism within this CE form is lower (3.2) than the intensity of firm practices (3.5) (see Fig. 6.5). On the other hand, the overall activism of customers within customers' communication and customer collaboration is higher than the intensity of firms' practices undertaken within those CE forms. So there is still the potential for firms to increase the intensity of engaging customers in their communication about firms and brands, as well as in their collaboration with firms.

However, are the firms going to use the above-mentioned potential in the future? To answer this question we asked surveyed companies to assess the perspectives for engaging their customers during the next three years.

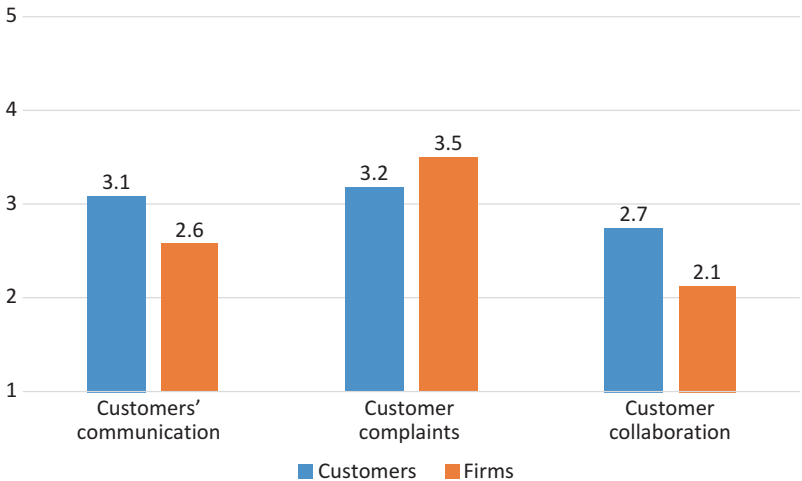


Fig. 6.5 Customer engagement activities undertaken by consumers versus the intensity of firms' practices in customer engagement

Quite a significant proportion of companies plan to engage customers into the communication activities (62% strongly or somewhat agree to do it in the next three years) (see Fig. 6.6). This would suggest that surveyed firms plan to utilize the existing customers' communication potential. On the other hand, 33% of surveyed firms plan to engage customers in collaboration activities, so using the customer collaboration potential in the future looks less optimistic than communication one.

The highest proportion of firms is going to use customer complaints for the next three years. There are some disparities in CE perspectives across surveyed companies across distinct industries under study. The highest proportion of firms that are going to engage customers into the collaboration interactions exists among banking and financial firms (40% of them plan to collaborate with customers during the next three years) (see Fig. 6.7). Firms in the household appliances industry are going to be the most active in using customers' communication potential (70%). The strongest activity in customer complaints usage is planned by food and beverages players (92%).

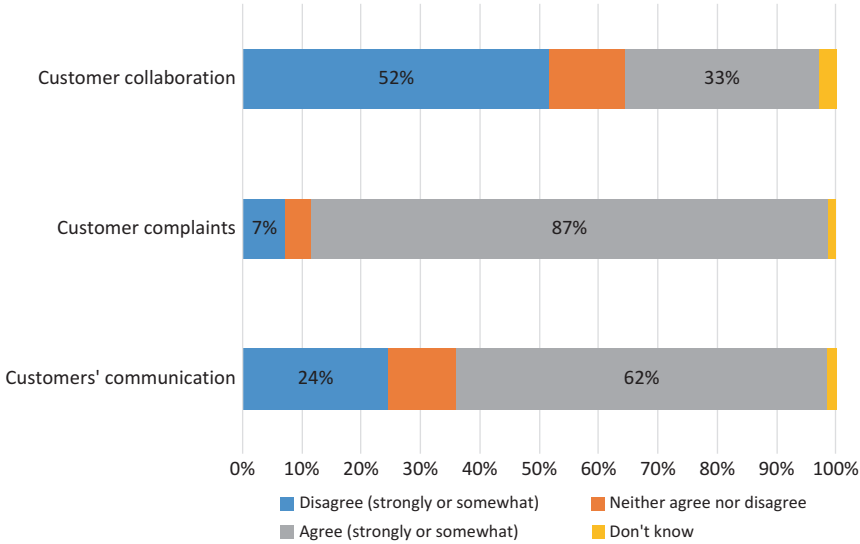


Fig. 6.6 Perspectives for engaging customers by firms during the next three years

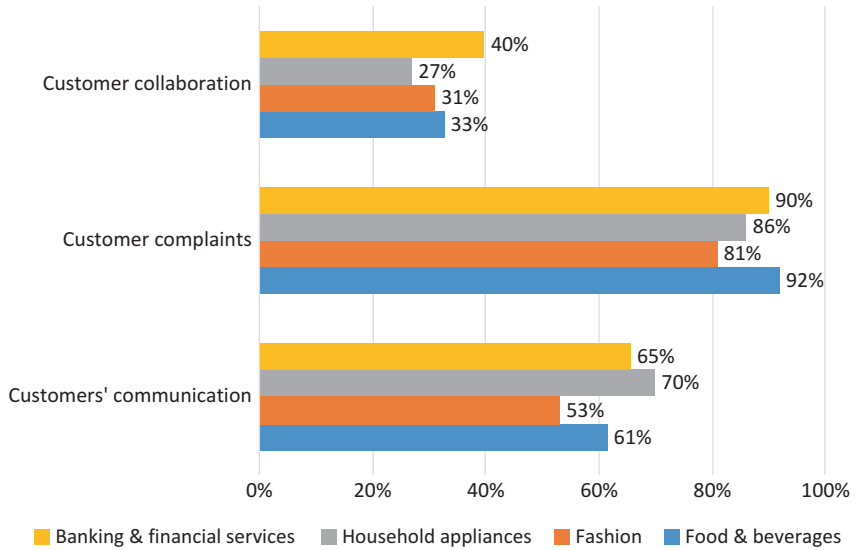


Fig. 6.7 Perspectives for engaging customers by firms during the next three years, across industries

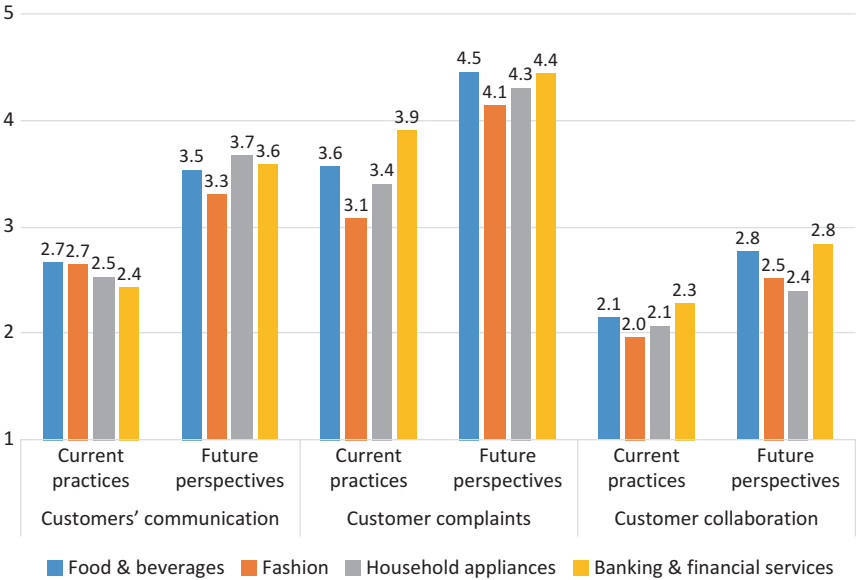


Fig. 6.8 Current practices and future perspectives for engaging customers across industries

Finally, to assess the future trends in customer engagement practices in distinct sectors under study, we opposed the data on current intensity of firms' CE practices with declared future perspectives in that matter. The analysis reveals that firms in each sector under study are going to increase their CE practices regarding each CE form (see Fig. 6.8).

Comparing the scores for current intensity of firms' CE practices with those reflecting perspectives in engaging customers during the next three years, the forecasted growth in firm's customer engagement practices in the next three years was calculated (see Fig. 6.9). The highest increase is expected in engaging customers in customer-to-customer communication about firm or brand for banking and financial services (47% growth), and household appliances firms (45%). Regarding the firms' customer collaboration practices, the highest growth is calculated for food and beverages and fashion companies (29% and 28% respectively).

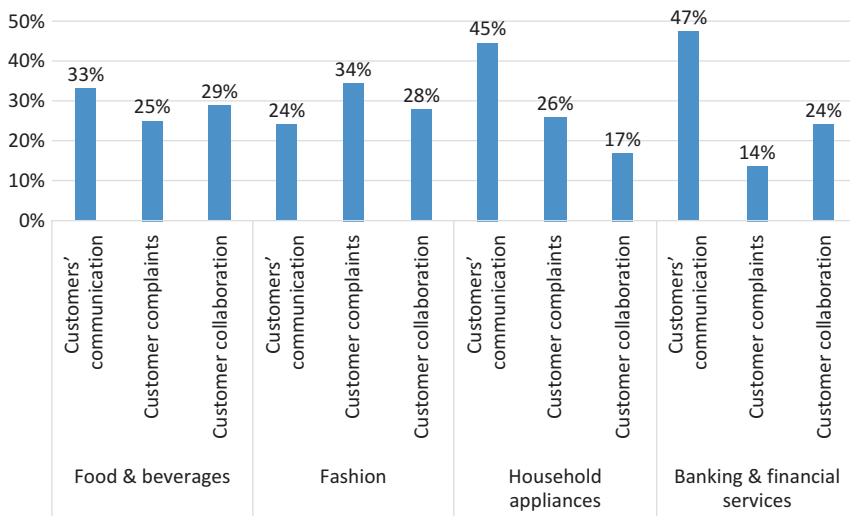


Fig. 6.9 Growth perspectives for firms' customer engagement management in the next three years across industries

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7

Conclusion

Abstract The last chapter of the book offers a quick glance at the key theoretical and empirical contributions of the entire publication and forms the foundations for further enhancement of the effective and efficient customer engagement management in the marketing field. Żyminkowska provides a summary guide useful for further advanced research in the fields of engagement marketing, engagement orientation, or customer engagement-based business models, that form likely looking stream in marketing domain for business and academia.

Keywords Discussion of customer engagement research findings • Contributions to customer engagement knowledge

The concept of customer engagement refers to the customer activism in value formation which is not a new notion in the marketing and management literature. Therefore, existing theories of customer activism constitute particular anchors for systemizing the knowledge on customer engagement in the broader, theoretical context. Based on the two influential metatheories, such as value co-creation and network management, and related concepts (including service-dominant logic, customer

participation, prosumption, customer integration, or user and open innovation) we recommend the realistic approach towards the CE phenomenon in management perspective in Chap. 1 of this book. We recognized that customer activism may bring not only positive firm-level outcomes, but also some risks and disadvantages, such as additional costs and increased job stress associated with customer participation, difficulties with controlling the prosumers, diminishing control over planning and information overload in value co-creation, inertia for change and disturbance of internal processes in open innovation, and so on. Therefore, with regard to the realistic managerial view on CE, both its positive and negative outcomes for firms need to be taken into account. For that reason we recommend the expression of ‘(interactive) value co-formation’ to describe the role of CE in firm-level value creation, instead of using ‘value co-creation’ that is quite often used in the marketing literature and represents optimistic view on CE. The recommended term of value co-formation encompasses both positive CE consequences for firm (i.e. value co-creation with active customer) and potential negative outcomes (i.e. value co-destruction by active customer). Besides, the literature on prosumption reveals that there is customers’ resistance to engage, and the literature on customer participation suggests that the level of customer activism may vary across customer segments and product categories, and not each customer prefers to be active in the relationships. Therefore, we again suggest realistic view on customer engagement, since not each customer wants to be active, and perhaps the CE is not a common notion among consumers.

In Chap. 2 of the book we address the problem of CE research fragmentation and terminology confusions, and we systemize knowledge on that phenomenon adapting the integrative approach that brings together the contributions from parallel streams that evolved in the CE research. We recognize CE interpretations, forms, and models distinguished in previous marketing literature, and we confront them with other marketing categories (including psychological factors of consumer behaviour or customer relationship) to recognize the originality of distinct CE understandings in the marketing discipline. We posit that existing CE interpretations, such as (1) attitudinal and multidimensional, (2) one-dimensional and behavioural (including non-transactional behaviours),

and (3) one-dimensional and behavioural (including both transactional and non-transactional behaviours) that drive parallel research streams, are rather complementary than competitive. After recognizing how those streams interact and evolve, we propose the integrative CE understanding as customer behavioural manifestations, beyond purchase, focused on brand or firm's offerings and activities, occurring in customer-to-firm and customer-to-customer interactions, and resulting from psychological factors (attitudinal, motivational, and social). We then support one-dimensional, behavioural CE interpretation that comprises non-transactional customer behaviour. The other behavioural approach that additionally includes customer transactional behaviours closely corresponds with other marketing category, that is, customer relationship, based on the dyadic interactions between customer and firm, although it adds the network aspects associated with customer-to-customer interactions to this relational view. The integrative CE understanding, preferred in this book, is based on behavioural interpretations but is also enriched with attitudinal factors of customer behaviour that are exposed in multidimensional, attitudinal perspective. Although the attitudinal CE interpretations seem to coincide the category of customer attitudes, which is a well-known marketing construct in the theory of customer behaviour, this perspective contributes to the better understanding of the drivers of customer behavioural manifestations that need to be recognized by firms in order to profitably manage CE. Based on the above-mentioned, integrated CE interpretation, we distinguish three forms in the CE typology. First, customers' communication (i.e. customer-to-customer communication), which refers to word-of-mouth (both positive and negative), and helping others, which occurs in customer-to-customer interactions. Second, customer complaints that are actually a kind of customer feedback or customer knowledge behaviour in customer-to-firm interactions (or with other institutions, such as media or consumer right advisor); however, it is driven by customer dissatisfaction. And third, customer collaboration that also occurs in customer-to-firm interactions and includes providing feedback, ideas, and information (i.e. customer knowledge), or performing some tasks providing customer skills, for example, in product design or assembly. We do not prefer distinguishing co-creation as CE form

because of the terminology rigour: each type of customer engagement may lead not only to value co-creation, but also to value co-destruction from the company standpoint.

In Chap. 3 of the book, we developed the comprehensive CE management framework in order to enrich the pragmatic understanding of CE as an object of effective marketing management. We placed customer engagement in the marketing management field and explored how it altered value formation from the firm and customer perspective. From the firm standpoint, the formation of value proposition is not the exclusive domain of a company yet, because customer may actively attend this process, be engaged in the formation of value proposition. Therefore we position CE and its forms within the dual context of marketing management that comprises value delivery process (choosing, providing, and communicating the value) and management functions within network perspective (sensing, resourcing, realizing, and learning) to highlight the need for perceiving CE as an object of managerial decisions. Firms should decide whether they engage customers and how many marketing tasks are to be performed by customers in certain stages of value delivery process or managerial functions. Such decisions impact the firm's competitive advantage and consequently cash flows. So the effective customer engagement management is quite prevailing challenge for companies. Therefore, drawing on the findings from the literature on CE management, as well as network and user and open innovation management, we proposed the comprehensive framework of CE management and recognized the following managerial issues within this CE normative model: the process of CE management and its components, CE effects for firms, and risks associated with CE. Key components of CE management process include actors involved (i.e. dedicated organizational units in a firm responsible for CE and/or external suppliers of CE management services) and tasks and activities (i.e. linking CE strategy with the overall customer relationship management, offering systems and platforms facilitating customer-to-customer and customer-to-firm interactions, mobilizing CE by offering a set of tangible and intangible incentives, and developing the CE metrics for monitoring and controlling effects and costs of CE). Regarding the CE management process outputs, we emphasize not only positive effects, but also risks that may be associated with engaging the

customers by firms. Besides, in the above-mentioned CE management framework we highlighted the challenge for firms in effectively mobilizing CEs which require the proper recognitions of customer-level factors that drive the target customers' engagement. Therefore, in the third chapter we also explored the issues of customer perspective on value—that is, customer perceived value of customer engagement—which is strictly associated with customer motivation to engage. According to means-ends models of customer value, customers choose actions that produce desired consequences and minimize undesired ones and thus personal values provide the overall direction and consequences determine the selection of behaviour. Therefore, based on those models the favourable ends (i.e. customer's goals and purposes) may be identified in terms of personal values arising from engagement. Those values, including both hedonic and utilitarian issues, drive the customer engagement. Therefore, the recognition of those motivations is the key element of effective CE management that enables firms to design the effective set of CE incentives to address the needs of target customers. The normative model of CE management, that is, finally proposed in this chapter, reflects the integrative perspective on value formation in marketing: both firms' approach to value proposition formation, and customer motivations to engage, including perceived value of engagement. This model is then empirically investigated in the subsequent chapters of the book.

In Chap. 4, we discussed the intensity and drivers of CE across distinct markets, revealed on the basis of the consumer survey. The overall intensity of customer behavioural manifestations focused on brand or firm's offerings and activities, that go beyond purchase, turned to be rather low among 2080 surveyed consumers (the average level of 3.0, measured on a 5-point Likert scale). The disparities across distinct CE forms were not substantial: consumers' complaining behaviours and their activism in customer-to-customer communication about the brand or firm were a bit more intense (3.18 and 3.08 respectively) than customer collaboration with firms (2.74). This low level of customer engagement appeared across all distinct markets under study, that is, clothing, beer, mobile phones, and banking products. So we confirmed the need for the realistic view on CE phenomenon, since not everyone wants to engage in the interactions focused on brands or firms occurring in the interactions with firms or

with other customers. This finding is in line with the suggestions about the likelihood of resistance on the part of consumers who are against being asked to contribute to firms (Ritzer and Jurgenson 2010). This is also in line with the views on diverse customers' preferences towards the modes of their relationships with firms: some people prefer active, others favour passive relationship mode and seldom respond to invitations to interact (Grönroos 2007). Also Gallup findings support the existence of different types of customers: fully engaged, indifferent (neutral), and actively disengaged (Sorenson and Adkins 2014). This explains why the average level of CE intensity discovered in our survey was neutral (3.0 on 5-point Likert scale). In this chapter we also uncovered the role of certain customer-based drivers of customer engagement. It turned out that customer motivations are more influential factors of customer engagement than customer involvement or customer loyalty: motivations explain 67% of CE variance, while involvement and loyalty together explain only 30%. If so, it is crucial for firms to know what those motivations are, and whether they differ across distinct product categories or customer segments. Based on research results, the utilitarian motivations of engagement, including getting a better product and receiving discounts for next shopping, appeared to be the most important reasons to engage in the respondents' opinion. On the other hand, the hedonic motivations were generally less important for consumers. It is interesting that no significant differences among product categories under study were observed as to the perceived importance of individual consumer values from engagement. However, more diversity was revealed across customer segments: for the youngest consumers (less than 18 years old) benefits from engagement were more important than for older persons. The findings indicated the overall tendency: the younger the customer, the higher the importance of consumer values as engagement reasons. Similar tendency was observed across customer segments according to their feel about current household's income: the better feel, the higher importance of customer engagement values. Although the respondents perceived utilitarian values as more important reasons of their engagement than the hedonic ones, it doesn't mean that those utilitarian values have stronger impact on CE activities actually undertaken by customers. It turned out that hedonic values had a higher positive direct impact on CE (0.66, $p < 0.01$) than the

utilitarian ones, which also influenced CE positively, but the impact was a bit weaker ($0.22, p < 0.01$), and this was noticed on each consumer market tested under the study. Regarding the strength of hedonic values influence on CE, some distinctions among product categories were revealed: the highest impact was demonstrated for banking products, and the lowest for beer. Revealing the crucial role of consumers' motivations, associated with customers' goals and purposes, in driving certain CE forms across each consumer market under study we provided managerial insights on designing the set of incentives to mobilize CE. Those incentives need to match the customers' hedonic or utilitarian needs to enhance the engagement behaviour beyond purchase. Also the systems and platforms for facilitating CE need to be adjusted according to the values that customers are willing to get for their engagement in interactions with firms or other customers.

In Chap. 5 we discussed the intensity of the forms of customer engagement in companies' practices across distinct industries based on the findings of survey conducted among firms. This overall intensity turned out to differ across distinct CE forms: it was relatively high in case of utilizing customer complaints by firms (the average is 3.5 on 5-point Likert scale), and quite low for employing the potential of consumer-to-consumer communication (2.57) or customer collaboration (2.13). Besides, some disparities in the intensity of main CE forms in firms' practices among companies representing distinct industries under study were revealed. Fashion and household appliances firms declared slightly higher intensity of utilizing customers' communication than the remaining firms. Banking and financial companies exploited customer complaints more intensively than the remaining firms, especially when compared with fashion business. Also the intensity of employing customer collaboration was slightly higher in banking and financial sector than in the other firms. Some differences in the intensity of CE in firms' practices were also manifested in distinct type of business: service firms declared the highest overall intensity of CE, whilst trading firms the lowest one. The latter represented also the lowest intensity of utilizing customer collaboration and customer complaints. On the other hand, manufacturing companies declared slightly higher intensity of above-mentioned efforts related to customers' communication than other firms. Those findings correspond to the

Pansari and Kumar's (2017) suggestion to perceive the nature of industry (i.e. manufacturing vs. service) as an important moderator of the relationships between components of CE model. In Chap. 5 we also recognized the components of CE management process in firms in order to reveal whether those firms manage CE in the systematic way. It turned out that the process of CE management in surveyed companies was still underdeveloped and this state was evident across each industry under study. Approximately 60% of surveyed firms didn't develop the basic CE management process components, such as dedicated organizational units responsible for CE, processes and platforms that enable customer-to-customer communication, set of CE tangible and intangible incentives, or CE metrics used for monitoring effects and costs of CE. Besides, only 29% of the surveyed firms declared that CE was a component of a broader customer relationship management strategy. The effective information systems and procedures enabling consumers to communicate directly to the firms turned out to be the only component of CE management process that was developed among the relatively significant proportion of surveyed companies (50%). Thus our research results confirmed that the systemic CE management is still not evident among firms. That corresponds with the findings of Convero Customer Engagement Study (Convero 2016) in which 58% of the surveyed executives (such as CEOs and senior sales, marketing, and customer service managers) said that their companies don't have a formal customer engagement programme in place. Finally, in Chap. 5, we also discussed the positive and negative firm-level effects of customer engagement. Regarding the positive effects of CE, increased customer satisfaction and acquisition of new customers turn to be the highest ranked benefits of CE in surveyed companies (declared by almost 90% of surveyed firms). Other, highly ranked CE benefits include increased market share (73%) and increased customer retention (72%). These findings again correspond with Convero study, in which 88% of companies declared that customer engagement programme in place drove significant increases in customer loyalty and 51% indicated that it increased sales to existing customers. Drawing on the realistic view on CE, we also identified the CE risks important for surveyed firms. The most important risks included receiving ideas infeasible from firm standpoint due to the lack of customer knowledge, information

overload, the loss of secrecy of information or know-how for competitors' advantage, and additional costs of integrating customers' ideas in business processes and coordinating those processes. This chapter then confirms immaturity of CE management process in firms indicating the gaps that need to be addressed in order to minimize the risks and thus manage customer engagement profitably.

In Chap. 6 of this book we attempted to identify trends and perspectives of customer engagement management in modern business. It provides the macro-scale analysis of firms' practices in collaborating with its clients, based on the OECD and CIS data, and reveals significant disproportions across countries. On the other hand, this chapter reveals the importance of customers as sources of information for innovation in the mezzo-scale, across distinct industries in Poland. Comparison of the intensity of CE declared by surveyed consumers with the intensity of CE in companies' practices revealed that the former is higher with regard to customer-to-customer communication, and customer collaboration with firms or brands. This implicates the existence of the unutilized potential of these two forms of CE in firms. Regarding firms' plans within customer engagement for the next three years, 87% is going to make use of customer complaints, 62% plan to exploit customers' communication, and only 33% of companies plan to utilize customer collaboration. Relatively small proportion of firms that plan to develop the collaboration with customers is probably caused by the fact that this particular CE form is associated with the significant costs (and risks) of integrating customers into the business processes, or even with the restructuring of the entire business model. However, it was revealed that firms in each sector under study are going to increase the intensity of all CE forms in their practices in the next three years compared with the current practices. This chapter then confirms overall positive CE prospects across each industry under study, although it outlines some disparities across distinct customer engagement forms.

In summary, the work presented in this book provides a comprehensive portrayal of customer engagement phenomenon seen through the lenses of both firms and their customers. The findings implicate the future growth of its intensity across distinct industries. Firms need to develop the components of CE management process, since, as revealed in this book, it positively impacts the performance. This challenges the

marketing academia and marketing practitioners to enhance the solutions in the field of effective and efficient CE management. This book offers the foundations for advancing the research in this domain. It systemizes knowledge on customer engagement phenomenon and integrates fragmented CE research streams with the body of knowledge on marketing management and with the umbrella paradigms referring to customer activism in value formation. It also offers the pragmatic understanding of CE as an object of marketing management and recommends more realistic view on CE in value formation. Therefore, this book may serve as a guide for advanced research in the fields of engagement marketing, engagement orientation, or customer engagement-based business models that form likely looking stream in marketing domain for business and academia.

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