

Customer Engagement: An Important Concept for Marketing and Service Management Research

In today's highly dynamic and interactive business environment, the role of "customer engagement" in co-creating interactive customer experience and value is receiving widespread attention from business practitioners and academics alike. It is suggested that customer engagement represents a strategic imperative for generating enhanced corporate performance, including sales growth, superior competitive advantage and profitability. The rationale underlying these assertions is that engaged customers play a key role in viral marketing activity by providing referrals and/or recommendations for specific products, services and/or brands to others.

However, despite this interest relatively little is known to-date regarding the meaning and theoretical foundations of the customer engagement concept, or its distinctiveness from other concepts, such as 'participation', 'involvement', and 'commitment'. In research article "Customer Engagement: Conceptual Domain, Fundamental Propositions & Implications for Research" authored by Rod Brodie, Linda Hollebeek, Biljana Juric and Ana Ilic addresses this issue. To achieve this, the article by draws on an extensive review of social science (e.g. social/educational psychology), applied social science (e.g. marketing, organizational behavior) and business practice literature.

The research shows that customer engagement based on its theoretical foundations of interactive co-creative experience and provides an important concept for marketing and service management that moves beyond participation, involvement and commitment. This is because the concept encompasses the proactive, interactive customer relationship with a specific engagement object (e.g. a brand).

Five themes emerge from the analysis are used delineate customer engagement (CE) from other relational concepts and to develop a general definition and

- CE reflects a customer's particular *psychological state* induced by the individual's specific *interactive experiences* with a focal engagement object (e.g. a brand).
- CE states to occur within broader, *dynamic processes* typified by the *co-creation of value*.
- CE plays a *central role in service relationships* where other relational concepts act as specific engagement antecedents and/or consequences.
- CE a *multidimensional* - cognitive, emotional, behavioral - concept, where the expression of the specific cognitive, emotional and behavioral dimensions is stakeholder- (e.g. customer) and/or context-dependent.
- CE occurs within specific sets of *context-dependent conditions* generating different CE levels.

Other relational concepts (e.g. participation, involvement) act as engagement antecedents and/or consequences (e.g. commitment). The iterative nature of the engagement process means there feedback loops over time. That is consequences of engagement may subsequently act as antecedents.

A number of managerial applications are emerging using the concept of customer engagement. Various analytical methods can be developed to manage customer engagement for the design and implementation of relevant CE campaigns and programs. This includes the development 'engagement platforms' to manage the co-creation of value in service relationships. It is also suggested that "Total Customer Engagement Value" should replace "Customer Lifetime Value" when valuing customers in today's highly dynamic and interactive business environment.

Why Attachment Security Matters: How Customers' Attachment Styles Influence Their Relationships with Service Firms and Service Employees

EXECUTIVE SUMMARY

Many service firms invest heavily in relationship marketing. However, not all customers welcome relationship building efforts. Since relational orientations vary across customers, marketing activities should be customized to individuals or market segments. Unfortunately, little is known about the underlying processes that influence how customers form relationships. This article shows that attachment styles – the systematic patterns of relational expectations, emotions and behaviors that result from a particular personal history — help explain how customers differentially engage in relationships with service firms and employees.

This study shows that customers' secure attachment styles positively influence their satisfaction with, trust in, and affective commitment to the service firm and its employees. It also investigates whether customers bond with the employee (a human attachment target) and the firm (an abstract attachment target) in a similar manner. The results show that some customers — driven by their attachment style — bond more easily with the firm than an employee; whereas other customers bond more easily with an employee than the firm. This finding helps managers know when to leverage the employee or the firm as the primary relationship platform. This research offers four major implications for managers of service firms.

1. Understanding Customer Behavior. The Web Appendix introduces a brief scale to measure customers' attachment styles. Firms can use this scale in their market research to better understand customers' relational preferences. For example, a consumer packaged goods manufacturer cooperated in this study; it enhances its relationships with consumers through an

online community. The study's findings regarding attachment styles were useful in developing tailored information and services delivered through the website to community members.

2. Segmentation and Target Marketing. Research that incorporates attachment style measures can refine how firms target customers with their loyalty programs. Customers with a secure attachment style are primary candidates for social relationship programs offering personalization and special status (e.g., inviting customers to events, birthday cards). Avoidant customers might be targeted with financial reward programs that provide immediate economic benefits (e.g., discounts, free samples).

3. Resource Allocation. Managers can consider attachment styles in conjunction with customer profitability analyses. Firms typically allocate marketing resources to customers with the highest value (e.g., profitability). The return on investment of relationship marketing can be improved when customers' attachment styles are considered with their profit potential. It is more profitable to devote relationship-building resources to valuable customers with a secure attachment style because (*ceteris paribus*) they are more likely to respond. In contrast, avoidant customers have the lowest desire for relationships, so reducing resources may stabilize their relationships and sustain profitability over time.

4. Employee Training. Customer attachment styles have implications for training, empowering, and rewarding frontline employees. Firms sometimes motivate sales or service staff to engage in undifferentiated relationship building which may alienate some customers. This risk is particularly prevalent for avoidant customers. Instead, boundary spanners should be trained to treat customers with different attachment styles in a customized manner. A financial services company that cooperated in this study used the approaches described in (3) and (4) to improve its business processes.

It's Unfair: Why Customers Who Merely Observe an Uncivil Employee Abandon the Company

Executive Summary

Workplace incivility includes all forms of insensitive, disrespectful or rude behaviors that display a lack of regard directed at another person. A substantial percentage of employees see themselves as targets of such rudeness (Pearson and Porath 2009). We conducted three studies to investigate (1) the prevalence of a customer witnessing an employee behaving uncivilly, (2) the effects that witnessing uncivil behavior has on customers' anger and desires for revenge, and (3) the basis for these negative effects.

Our survey of 244 consumers found that incivility is widespread and not uncommon. Consumers recalled incidents involving an uncivil employee in many industries, and particularly in restaurants and retailing. Although civility is more commonly observed, over a third of our sample recalled observing an uncivil employee at least once a month. Witnessing an employee behaving uncivilly toward another employee was about as common as when a customer observes an employee behaving uncivilly toward other customers and as common as when the customer himself or herself is the target of employee incivility. Managers may not be aware of how commonly consumers witness an employee behaving uncivilly toward another employee because consumers seldom report it to employees, though the majority of our sample told friends and family members about it.

This problem is important for managers to address because our research showed that witnessing employee incivility makes customers angry and creates desires to get back at the uncivil perpetrator *and* the firm. Customers are less likely to repurchase from the firm and express less interest in learning about the firm's new services. These effects occur even when a

manager's uncivil comment is aimed at correcting a subordinate's job-related offense and even when it is delivered "offstage," out of the customer's view. Managers might think that incivility has no ill effects in these situations when in fact it elicits quite negative reactions from customers. Witnessing incivility scalds customer relationships and depletes the bottom line.

Customers' objections to what they perceive as the perpetrator's unfair behavior toward the other employee drive their negative reactions. Customers do resent the harm an employee's incivility does to the customer's own service experience and consider the uncivil behavior inappropriate. However, perceived harm to the customer's experience and violations of normative expectations do not drive anger and revenge. Consequently, when an employee behaves uncivilly, firms may avoid losing customers by ensuring that customers observe the perpetrator's restoration of justice to the victim (e.g., via an apology from perpetrator to the victim). Even better, organizations should invest in training programs that foster employee civility to prevent its occurrence.

Relational Damage and Relationship Repair: A New Look at Transgressions in Service Relationships

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In this research we address two questions. First, to what extent does damage resulting from transgressions in an in-role or extra-role relationship between a service employee and a customer affect that customer's ongoing relationship with both the service employee and the service firm? Second, can this damage be repaired? Specifically, we examine the potential damage that occurs as a result of transgressions by a service employee either in-role (while providing the service) or extra-role (in a social relationships such as friend outside of the service relationship). Among our results, we find evidence for a *transference effect* - that transgressions outside of the service relationship result in damage to customer relationships with the service firm. Furthermore, an examination of two different approaches to repairing these damaged relationships, suggests that proactive approaches (i.e., building customer commitment, such as extra-role relationships with customers) appear to be more effective than more reactive ones enacted in concert with basic recovery efforts. The findings also suggest that while extra-role relationships between service employees and customers entail risks to the firm, since transgressions in these relationships can damage the customer-company relationship, encouraging these relationships can also act as a proactive repair strategy since these relationships can serve to buffer the effects of service transgressions.

SERVICE PROCESS MODULARIZATION: REUSE VERSUS VARIATION IN SERVICE EXTENSIONS

EXECUTIVE SUMMARY

Service-led growth is characterized by reconfiguration of firm activities, added channels that enable customer activity, and new offerings that ensure the core service functionality and enable flexible service design. A shift towards a service-centered view of exchange recognizes that the consumer is always a co-producer, thus the need to maximize consumer involvement in the customization of firm offerings to better fit customers' needs. The majority of research, however, is focused on customer involvement activities and market research techniques to uncover latent needs in the service development stages. The service encounter is a significant expression of co-production and therefore researchers are beginning to examine the customer's role as co-producer of the service in order to engineer service innovations that facilitate such a role.

In this article, the authors develop and discuss the concept of service process modularization, which they define as the systematic combination of service encounter processes known to both the customer and the firm that generates new, customizable service packages of increased utility to the customer. Service process modularization is a service innovation strategy used to enhance the firm's portfolio of offerings and enables the firm to generate market impact efficiently through innovative offerings characterized by reuse and variation of existing service processes. Moreover, it is a way to leverage existing capabilities and focus on the design of customer-centric offerings for new and existing customers.

The authors develop a theoretical model and propose hypotheses to examine the effect of service encounter process similarity on perceptions of utility and likelihood of trial in offerings that combine base services of high versus low task complexity and service extensions characterized by reuse versus variation of base service processes. These hypotheses are tested in two experimental studies among a sample of the general population. The findings suggest that using service process modularization in the creation of new services increases both the likelihood of trial of the new services and the perceived value of the combined offerings that includes the base service and the new service. The authors also demonstrate that services that are characterized by high task complexity are more amenable to modular reuse. On the other hand, services that are characterized by low task complexity are more amenable to modular variation. Therefore, service developers can expect the proper implementation of modular reuse versus variation to return higher perceived utility and likelihood of trial. The authors suggest that service designers may be able to implement a versioning strategy, releasing different versions of the new services for customer segments with varying expertise levels. Such a strategy would facilitate the engagement of expert customers while providing less challenging offerings to engage novice customers.

CAN WE TALK? THE IMPACT OF WILLINGNESS TO RECOMMEND ON A NEW TO MARKET SERVICE BRAND EXTENSION WITHIN A SOCIAL NETWORK

Adoption of new services is particularly important in the marketplace as services constitute a significant majority of most economies and the volume of new services being introduced into the market is large. Much of the new products being introduced into the market however are extensions of existing brands. In the services domain, exemplars of such extensions include the introduction of new financial instruments by insurance companies, signing up for a financial services firm's online banking or "alert" service and offering internet connectivity services by cable companies.

The conventional wisdom among managers is that word-of-mouth is one of the most powerful means to increase service adoption. Research does support the idea that word-of-mouth can have a significant impact on adoption and sales. Managers have therefore become increasingly interested in measuring and managing word-of-mouth activity. One of the most popular metrics used to measure and predict word of mouth activity is recommend intention. Recommend intention has been widely adopted by managers, especially due to the popularity of the Net Promoter metric. The underlying belief is that this metric will be positively correlated with customers' actual purchase and word-of-mouth behavior.

Recent research, however, has called these claims into question, and found recommend intention to either have no relationship, or a weak relationship to company sales performance. Therefore, it is not clear to what extent recommend intention is a valid and reliable predictor of new service adoption. This research provides the first longitudinal examination of the relationship between stated recommend intention and new service adoption by potential customers within a live discussion social network.

Data provided by a large US telecommunications provider from 791 customers and their corresponding telephone network (11,552 individuals) is used to assess the impact that their recommend intention has on adoption of a new to market service brand extension. The results of our study demonstrate that recommend intention by itself had no significant impact on a potential customers' likelihood to adopt a new service brand extension. Rather, results indicate that a customer had to be a more recent and a more frequent contact of the potential customer for word of mouth intentions to have an impact on adoption of the service.

Given managers' current emphasis on tracking recommend intention as a means of predicting future growth, this finding has strong managerial implications for efforts to measure and manage word of mouth intention, particularly for the adoption of a service brand extension within a social network. The results indicate that measuring word of mouth intention by itself may not be predictive in service adoption by other potential

customers. It is clear that other factors need to be taken into consideration and measured when using this particular metric. This also implies that the proximity of connections can be encouraged where possible through marketing efforts, provided the investment is deemed worth the additional sales revenue from the adoption of the new to market service brand extension.

Firms increasingly equip field service workers with virtual team technology that enables them to deliver services more efficiently and take part in new service development. However, the “out-of-office” nature of field service tasks limits the possibilities for supervision, so virtual team outcomes are hard to control. We propose that employee performance is higher when they are embedded in virtual teams that have high levels of perceived virtual team efficacy. This reflects a team’s belief in its ability to work together successfully in a noncollocated, technology-mediated environment.

Based on data collected from 192 field service employees in 28 virtual teams, we conclude that perceived virtual team efficacy is a strong predictor of the extent to which field service employees adhere to the behaviors prescribed by firm guidelines, such as solving customer problems within a standardized time period. With high perceived virtual team efficacy, employees believe that their colleagues share information effectively through technology, they are hence better informed about job responsibilities and customer requirements and invest more cognitive energy into adhering to guidelines. Collective confidence perceptions also push field service employees to explore new procedures and practices and get clients more involved in new products or services. Little setbacks in exploring new solutions to customer problems are not held against the individual. We indeed find perceived virtual team efficacy to affect the extent to which a field service employee reports to undertake additional efforts to cross-sell other services, move the customer into an updated service contract, or suggest the newest innovations. Stimulating this “extra-role innovative service performance” is key to remain competitive, as a service employee enters a client's organization from the bottom up and may be able to better identify and target influential decision makers within the client organization and thus secure successful future sales.

To instill virtual teams with high perceived virtual team efficacy, our findings reveal that the most important drivers of these collective confidence beliefs are external to the organization and in fact difficult to control for a manager. Because service employees are close to customers and gain knowledgeable about competitors, perceptions of these environmental factors represent their everyday work environment and have great impacts on virtual team efficacy perceptions. To help the team to interpret potentially daunting customer and competitive developments, managers might install special market intelligence agents who are assigned to distribute market knowledge to team members who are less naturally sensitive to developments in their external environment. The fear of not being able to address market challenges may be turned into confidence beliefs when employees perceive the right amount of organizational support.

Finally, teams that attempt to solve complex customer problems need more input from team members to find efficient solutions than teams whose members handle relatively simple tasks. Greater information exchange in the former allows members to translate competitors’ use of virtual team technology into confidence perceptions. Resources designed to ensure that members are aware of market developments therefore should be aimed specifically at teams in which members perform their tasks relatively autonomously.