



Benefitting from virtual customer environments: An empirical study of customer engagement



Tibert Verhagen^{a,*}, Erik Swen^{a,1}, Frans Feldberg^{a,1}, Jani Merikivi^{b,c,2}

^aVU University Amsterdam, Department of Information, Logistics and Innovation, De Boelelaan 1105, room 3A-22, Netherlands

^bAalto University, Department of Information and Service Economy (Information Systems Science), Runeberginkatu 22-24, Finland

^cNational Research Center of Cultural Industries, Huazhong Normal University, Wuhan, China

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ABSTRACT

Customer engagement has been labeled as a prerequisite for the success of virtual customer environments. A key challenge for organizations serving their customers via these environments is how to stimulate customer engagement. This study is among the first to shed light on this issue by examining customer engagement and its drivers. Using the theory of uses and gratification as theoretical lens, we develop a model that relates characteristics of virtual customer environments, perceived benefits of using these environments and customer engagement intentions. The model is validated using partially least squares structural equation modeling on three samples of real users of different virtual customer environments in the Dutch telecom industry. The results provide clear support for the validity of the hypothesized relationships and show high robustness of the findings across the three datasets. An important finding of this study is that cognitive, social integrative and hedonic benefits appear to be significant in their influence on customer engagement intentions. Overall, the findings add to the underexplored field of customer engagement study and hold implications for research into and the management of virtual customer environments.

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1. Introduction

An increasing amount of companies have started to make use of their own online customer platform to have customers engage with the company and with each other (Mathwick, Wiertz, & de Ruyter, 2008; Van Doorn et al., 2010; Wagner & Majchrzak, 2007). These so-called virtual customer environments (VCEs), defined here as company-hosted electronic platforms that facilitate digital communications between customers and company employees (Nambisan, 2002), have been described as effective, reliable and low-cost digital platforms to maintain relationships with customers as well as to provide customer service (Das, 2003). Previous research has confirmed this potential of VCEs by demonstrating successful practices across industries such as automobiles (Füller, Bartl, Ernst, & Mühlbacher, 2004), e-commerce (Dholakia, Blazevic, Wiertz, & Algesheimer, 2009), sports equip-

ment (Füller, Jawecki, & Mühlbacher, 2007) and software (Jeppesen & Frederiksen, 2006).

Despite the rise and attributed advantages of VCEs only little is known about the drivers of *customer engagement* (CE) within VCEs. This lack of knowledge is quite remarkable given that establishing an engaged population of VCE users has been labeled as a prerequisite for companies to achieve VCE success (e.g., see Bishop, 2007; Hagel, 1999). Also from a conceptual and contextual perspective, studying the drivers of CE in VCE settings seems of high interest. Reflecting customers behavioral manifestations, beyond transactional behavior, that have a firm or brand focus and that are derived from motivational drivers (Van Doorn et al., 2010, p. 254), CE has been put forward as a relatively renewed concept that integrates a multitude of non-transactional behaviors such as customer retention, referral/word-of-mouth, supporting other customers, and co-creation (Kumar et al., 2010; Verhoef, Reinartz, & Krafft, 2010; Vivek, Beatty, & Morgan, 2012). These kinds of behavior are typically observed in VCEs, where customers exhibit loyalty (Rosenbaum & Massiah, 2007), share their thoughts and opinions (Hennig-Thurau, Gwinner, Walsh, & Gremler, 2004), help other customers (Verhagen, Nauta, & Feldberg, 2013), and may assist the company in improving/designing products (Füller et al.,

* Corresponding author. Tel.: +31 20 598 6059.

E-mail addresses: t.verhagen@vu.nl (T. Verhagen), joseph.erik.swen@gmail.com (E. Swen), j.f.m.feldberg@vu.nl (F. Feldberg), jani.merikivi@aalto.fi (J. Merikivi).

¹ Tel.: +31 20 598 6059.

² Tel.: +86 358 9 43131.

2007). Overall, this underlines the relevance of studying CE in a VCE context.

This study aims to answer the question what drives VCE users to become engaged with the VCE? To answer this question we develop and validate a model grounded in uses and gratifications theory (UGT) (Katz, Blumler, & Gurevitch, 1973). Drawing upon UGT we examine the role of four types of perceived VCE benefits as direct determinants of CE intentions: cognitive benefits, social-integrative benefits, personal-integrative benefits, and hedonic benefits. These four benefits represent basic behavioral needs underlying people's use of new media and online technology (Nambisan & Baron, 2007), and are included as core constructs in the model to address the elementary reasons why customers make use of VCEs. To gain more understanding of how customers show engagement through VCEs we add eight VCE-specific characteristics to the model. These VCE characteristics are, following recent suggestions for adding contextual richness to grounded research models (see Hong, Chan, Thong, Chasalow, & Dhillon, 2013), incorporated as indirect determinants of engagement intentions, mediated through the four aforementioned benefits.

This paper intends to make several contributions. First, the adoption of CE as key concept implies that we add to the underexplored field of CE research. Despite its assumed relevance, theoretical and empirical studies into CE are scarce (e.g., see Van Doorn et al., 2010; Verhoef et al., 2010) and more research, especially in interactive environments, is openly called for (Brodie, Ilic, Juric, & Hollebeek, 2013). Second, we shed light on the drivers of CE intentions by modeling and testing the four benefit types as identified in UGT as determinants. As such, we conceptually integrate the research streams on CE and UGT and empirically assess the value of this integration in terms of explanatory power. Third, by including VCE-specific characteristics as determinants of VCE benefits, and thereof CE intentions, we aim to assist VCE managers and designers in prioritizing their development efforts. The significance and the magnitude of the effects found may serve as actionable guidelines to improve the perceived benefits of VCEs and lead to more engaged customers, as such positively influencing the success of VCEs.

The remaining of this paper is organized as follows. First, we elaborate on the theoretical background of our study and report on a systematic review of the VCE literature. Then, we introduce our research model, discuss its nomological considerations, and postulate the hypotheses. Next, using survey data collected via three different VCEs in The Netherlands, we estimate and cross-validate our model, report on the findings, and discuss the theoretical and practical implications. Finally, interesting avenues for further research are suggested.

2. Conceptual background

2.1. Customer engagement

Characteristic for the CE concept is that it extends the value a customer has for a company (Kumar et al., 2010; Marketing Science Institute, 2010). Instead of viewing customer value as equivalent of transactional value (e.g. the monetary value of the purchase), CE substantiates that the value customers deliver to an organization goes 'beyond the purchase' and stems from a multitude of other behavioral manifestations, which have a firm or a brand focus (Kumar et al., 2010; Vivek et al., 2012). Typical examples of such behavioral manifestations put forward in the CE literature include word-of-mouth (e.g., referring a product to friends and family), collaboration with other customers (e.g., assisting other customers with their shopping), after-sales service (e.g., helping other customers with use of a product), and co-creation (e.g., developing new products with the company) (e.g.,

Brodie, Hollebeek, Juris, & Ilic, 2011). Two key notions arise from such behavioral manifestations. First, customers may employ and express themselves in interactions with the organization *and* with existing or potential customers (Brodie et al., 2013). Second, such interactions have an organizational purpose, that is, customers promote an organization's products, brands, and organizational activities (Vivek et al., 2012, p.127). Both these notions put forward that CE emerges as a desirable condition, and hence its behavioral manifestations are considered as essential to organization success in the short and long run (Van Doorn et al., 2010).

CE follows a service-dominant (SD) logic (Brodie et al., 2011), which implies the process of using one's resources or competences for the benefits of another entity (Vargo & Lusch, 2004). Customers may, for example, "self-select themselves and participate in spontaneous conversations [...] which] makes them highly involved in a joint experience of co-creation" (Sawhney, Verona, & Prandelli, 2005, p.6). This signals a shift in customer roles. Instead of being viewed as mere recipients of products, customers are considered as voluntary community members who, of their own free will, exercise their influence on organizational activities (Pralhad & Ramaswamy, 2004). Such customer-initiated behavior implies that CE is not automatically positive, which may put organizations on guard (Higgins & Scholer, 2009). While organizations remain in partial control for the overall marketing orchestration, customers are self-reliant in their communication with the organization (Pralhad & Ramaswamy, 2004). This implies that CE may also involve customer behaviors that interfere with the organization pursuing its goals such as, for example, when customers provide other customers with unwanted advice or distribute negative word-of-mouth (Hennig-Thurau et al., 2010). Following the objective of this research, however, we position CE as a proxy for the success of an organization and therefore conceptualize CE as a set of positive behavioral manifestations (cf. Hollebeek, Glynn, & Brodie, 2014; Van Doorn et al., 2010).

2.2. Uses and gratifications theory

In this study, we employ UGT as introduced by Katz and colleagues (Katz, Blumler, & Gurevitch, 1974; Katz et al., 1973). UGT holds that people use media channels to their benefit – a subjective perception of the outcomes of media channel use in terms of the gratification of one's psychological needs. The selection of a media channel among alternatives mainly is driven by the ability of a channel to meet these needs (Palmgreen, Wenner, & Rayburn, 1981). During the channel selection process people are goal-directed, implying that they are aware of their needs and the means relevant to identifying the likely sources of need fulfillment (Katz et al., 1973).

To develop a more detailed understanding of the various needs underlying people's media use, UGT differentiates four perceived benefits: cognitive benefits, social integrative benefits, personal integrative benefits, and hedonic benefits. Cognitive benefits involve the medium's ability to provide desirable information and fulfill the desire to learn (Nambisan & Baron, 2009). Social integrative benefits relate to the medium's capability to facilitate social interaction (Beatty, Mayer, Coleman, Reynolds, & Lee, 1996) and connect users to one another (Nambisan & Baron, 2009). Personal integrative benefits involve the medium's ability to enhance confidence and status, build reputation and realize self-efficacy (Katz et al., 1973). Finally, hedonic benefits refer to pleasurable experiences, aesthetic appeal, and enjoyment, which users derive from using a medium (Chitturi, Raghunathan, & Mahajan, 2008; Nambisan & Baron, 2009).

The strength of UGT and its classification of benefits lie in their flexibility to study various behavioral patterns across different media usage contexts. UGT has been applied to study human inter-

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