



# Strategic customer engagement marketing: A decision making framework

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## ABSTRACT

Drawing on social exchange theory (SET), this research explores customer engagement (CE) as a firm-initiated resource. Based on interviews with 41 managers from 34 companies, a five-facet, strategic customer engagement marketing (CEM) decision making framework emerges. *CE Conceptualization* differentiates between behavioral and psychological engagement. *CE Target* refers to who is engaged with the firm through CE (end-users or intermediaries such as retailers or distributors). *CE Domain* distinguishes between online and offline contexts. *CE Experiential Routes* differentiates absorption (controlled by the firm) from appropriation (controlled or transformed by the customer). Finally, *CE Value* demarcates customer interactional value from customer multiplier value. The decision options identified for each facet are interrelated and firms are advised to follow an integrative approach to CEM. However, acknowledging SET's emphasis on cost-benefit ratios and opportunity costs, suggestions for potential moderators to the CEM framework are provided.

## 1. Introduction

Engagement has been recognized as an important and meaningful concept in organizational behavior, marketing, social psychology, and education. For example, Kahn (1990) investigates the effects of engaged employees, and Fredricks, Blumenfeld, and Paris (2004) describe how students engage with schools. Academic and managerial interest in customer engagement (CE) is considerable (Hollebeek, Srivastava, & Chen, 2017), increasing (Roy, Balaji, Soutar, Lassar, & Roy, 2018), and expected to persist (Beckers, van Doorn, & Verhoef, 2018). Marketing practitioners expect increased brand equity, sales, and profits from truly engaged customers. For example, a recent study from Rosetta Consulting (2014) shows that highly engaged consumers spend 60% more in each transaction, make 90% more frequent purchases, and are four times more likely to advocate for the brand. Marketing academics emphasize CE's potential to develop relationships with customers beyond monetary transactions (Venkatesan, 2017) and achieve sustainable competitive advantage (Kumar & Pansari, 2016).

Extant research has made important contributions through defining CE (e.g., Brodie, Hollebeek, Jurić, & Ilić, 2011; Hollebeek, 2011a; Mollen & Wilson, 2010; van Doorn et al., 2010; Vivek, Beatty, & Morgan, 2012) and investigating its valence and dimensions (e.g.,

Dessart, Veloutsou, & Morgan-Thomas, 2016; Hollebeek, Glynn, & Brodie, 2014; van Doorn et al., 2010; Vivek, Beatty, Dalela, & Morgan, 2014). However, two issues have not been addressed sufficiently by the extant literature. First, while prior research examines the psychological mechanisms that drive CE (compare, e.g., Harmeling, Moffett, Arnold, & Carlson, 2017; Pansari & Kumar, 2017), CE as a strategic company resource remains unexplored. Second, existing interpretative research investigating CE from a managerial perspective that incorporates the “voice of the firm” is rare (for exceptions, see Hollebeek, 2016; Hollebeek et al., 2017; Vivek et al., 2012), and managerial implications are predominantly deduced from consumer-based research. Viewing CE as a firm-initiated resource is important because organizations typically take the initiative to engage the customer (Vivek et al., 2012), and firms should proactively manage the CE experience (Calder, Hollebeek, & Malthouse, 2018; Lemon & Verhoef, 2016; van Doorn et al., 2010).

Based on interviews with 41 managers from 34 companies, the current study outlines a comprehensive decision making framework that articulates five strategic facets of customer engagement marketing (CE Conceptualization, CE Target, CE Domain, CE Experiential Routes, and CE Value). Our research contributes to the emerging stream of CE research by combining the perspective of CE as a firm-initiated resource (Beckers et al., 2018; Harmeling et al., 2017) with social exchange

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theory (SET) (Blau, 1964; Cropanzano & Mitchell, 2005). Hollebeek (2016) uses SET to investigate how and why consumers engage with brands and companies. However, despite the interactive, two-way nature of CE, the current state of CE/SET research remains single-sided by conceptualizing customers as engagement subjects and brands or firms as engagement objects (Beckers, van Doorn, & Verhoef, 2016; Hollebeek, 2016; Hollebeek et al., 2017). Our study argues that such a distinction between engagement subjects and objects contradicts the original tenets of SET, which posit that social exchange can be initiated by any actor in a dyadic relationship or network (Molm, 2006). Consequently, our research is based on the assumption that firms (and not only customers) can initiate CE and adds to the emerging stream of research on engagement-oriented firms (Venkatesan, 2017).

## 2. Theoretical lens on customer engagement marketing: social exchange theory

The organizational behavior literature (Kahn, 1990) describes engaged employees as those who perceive supportive conditions for authentic expression. In social psychology, Tyler and Blader (2003) identify mandatory and discretionary cooperation as two classes of engagement that determine how people form relationships with groups. Whereas mandatory cooperation is stipulated by the group, discretionary cooperation is driven by the group member. In education, Fredricks et al. (2004) conceptualize school engagement as a multi-dimensional construct consisting of behavioral engagement (e.g., doing the work and following the rules), emotional engagement (interest, values, and emotions), and cognitive engagement (motivation, effort, and strategy use). Based on her extensive review of the engagement literature, Hollebeek (2011b) concludes that “engagement represents an individual-specific, motivational, and context-dependent variable emerging from two-way interactions between relevant engagement subject(s) and object(s)” (p. 787). In the conceptual frameworks above, engagement subjects are represented by students, employees, or customers, and engagement objects refer to schools, one's job, or companies. Extending this perspective, we suggest that in the context of CE, a distinction between engagement subjects (e.g., customers) and engagement objects (e.g., companies or brands) introduces constraints that limit the contribution of the engagement construct for marketing theory and practice. That is, we argue that customers and brands/companies should be seen as equitable actors in CE relationships. Consequently, our research builds on the assumption that both customers and firms can initiate CE relationships.

Research on CE has only recently acknowledged this perspective. Beckers et al. (2018) coin the term “firm-initiated customer engagement” to denote companies' explicit strategies to stimulate CE by asking customers to create brand videos on YouTube or ‘like’ brands on Facebook. Similarly, Harmeling et al. (2017) distinguish customer engagement (a customer outcome) from customer engagement marketing, defined as “the firm's deliberate effort to motivate, empower, and measure a customer's voluntary contribution to its marketing functions, beyond a core, economic transaction” (p. 312). However, previous research on firm-initiated CE has focused on specific issues such as psychological ownership and self-transformation for CE effectiveness (Harmeling et al., 2017) or the effect of CE campaigns on shareholder value (Beckers et al., 2018), and has underemphasized the importance of social exchange, reciprocity, and opportunity costs in strategic CE initiatives.

To address this research gap, our work draws upon social exchange theory (SET) as a theoretical lens through which CE relationships are conceptualized. SET (Blau, 1964) builds on the fundamental notion of reciprocity and is guided by three basic tenets: a) rules and norms of exchange, b) resources exchanged, and c) relationships that emerge from exchange (Cropanzano & Mitchell, 2005). In general, any actor in a relationship or network can initiate social exchange (Molm, 2006). For example, Cropanzano and Mitchell (2005) explain that “[t]he

process begins when at least one participant makes a ‘move,’ and if the other reciprocates, new rounds of exchange initiate. Once the process is in motion, each consequence can create a self-reinforcing cycle” (p. 876). Based on a cost-benefit analysis, actors engage in relationships as long as there is positive equity (i.e., larger benefits than costs) resulting from the relationship (Beckers et al., 2016). Both parties in the relationship typically strive for a balance in the contributions made and gradually increase their commitment (Tekleab & Chiaburu, 2011) and trust (Roy et al., 2018) in a mutually satisfying relationship. As emphasized by Abdul-Ghani, Hyde, and Marshall (2011) and Hollebeek (2011a), the cost-benefit perspective of SET resonates well with the interactive nature of engagement. Based on SET, Hollebeek (2016) suggests that customers compare CE investments and CE returns on three dimensions (cognitive, emotional, and behavioral). As shown in Table 1, this three-dimensional conceptualization of CE has been adopted by a substantial number of CE researchers, such as Brodie et al. (2011), Hollebeek (2011a,b), and Wirtz et al. (2013).

In the remainder of this paper, we follow Hollebeek (2016) in her conceptualization of CE as a process guided by reciprocity and cost-benefit analysis over time. However, because our research focuses on firm-initiated CE (i.e., customer engagement marketing), we integrate SET from the company's point of view, not the customer's. Nevertheless, companies must conceptualize cost-benefit relationships from both their own and the customer's perspective. It is only when both the customer's and the company's cost-benefit perceptions are positive that both parties will be motivated to advance the relationship. Fig. 1 delineates how the current research augments the extant CE literature. Whereas Table 1 focuses on the conceptualization of CE (including definitions and dimensions of CE), Fig. 1 embeds CE in the broader context of related work and clarifies the positioning and contribution of our study. Previous research has investigated CE as a firm-initiated resource (Beckers et al., 2018; Harmeling et al., 2017), through the lens of SET (Abdul-Ghani et al., 2011; Roy et al., 2018; Hollebeek, 2011a, 2016), or focused on decision making and boundary conditions (Bowden, 2009; Maslowska, Malthouse, & Collinger, 2016; Pansari & Kumar, 2017; Wirtz et al., 2013). Some authors combine two of these approaches (Beckers et al., 2016; van Doorn et al., 2010; Vivek et al., 2012). Further, CE literature focuses on specific issues, such as CE Conceptualization, CE and firm performance, CE operationalization/scale development, or customer experience management.<sup>1</sup> Our study combines the view of CE as a firm-initiated resource with SET and a focus on decision making and boundary conditions. This is represented by the area called “Current Study” in Fig. 1.

## 3. Methodology

Because research on CE as a firm-initiated construct has not yet achieved a consolidated state, we employ a qualitative, discovery-oriented research perspective to provide contextual sensitivity (Glaser & Strauss, 1999). This approach investigates phenomena in their naturalistic settings and accepts that realities are multiple, constructed, and holistic (Denzin & Lincoln, 2011). The qualitative approach focuses on how the complexities of the sociocultural world are experienced, interpreted, and understood in a particular context (Merriam, 2009). Consequently, rather than striving for statistical generalizability, qualitative research seeks findings that can be meaningfully transferred to other contexts (Marshall & Rossman, 2011).

### 3.1. Sample and data collection

The current research employs a two-stage research design (see

<sup>1</sup> We acknowledge that Table 1 and Fig. 1 strive to present a representative set of CE papers rather than a comprehensive list of all available publications on CE.

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