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Customer engagement behavior in individualistic and collectivistic markets

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ABSTRACT

Managing customer engagement behavior (CEB) is a strategic priority for firms to build and sustain long-term customer-firm relationships. This research examines the different types of customer engagement behavior (i.e. augmenting CEB, co-developing CEB, influencing CEB and mobilizing CEB). The study also examines the relationship between service fairness, different forms of trust (cognitive and affective), value-in-use (ViU) and CEB. The research model was tested across two developed (USA and Australia) and two developing economies (India and China). Results suggest that CEB is a higher-order construct and its structure is consistent across the developed and developing markets. In terms of cross-cultural differences, service fairness has a stronger influence on affective trust in the developing economies as compared to developed economies. Findings indicate that to motivate customers in developed and developing markets to engage, service providers need to treat them fairly, build cognitive and affective trust and understand how they create value-in-use.

1. Introduction

Customer engagement (CE) is receiving increased attention, as engaged customers are less price sensitive, resist switching, actively participate in new product and service development and advocate for organizations (Hollebeek, Srivastava, & Chen, 2016). Further, new technologies, such as social media platforms and connected technologies, have led to the adoption of customer-centric strategies that build and sustain long-term organization-customer relationships (Verhoef, Reinartz, & Krafft, 2010), increasing the importance of customer interactions that co-create value (Ostrom et al., 2015), which can be termed customer engagement behaviors (CEBs).

Given its importance, the Marketing Science Institute (2016) has included customer engagement as a key research priority in recent years. There has also been considerable effort to measure customer engagement and identify its antecedents and consequences (Hollebeek et al., 2016; Pansari & Kumar, 2016). However, there is little understanding of the types of CEBs customers display (Jaakkola & Alexander, 2014). These behavioral expressions are different manifestations of the same underlying construct (i.e. CEB). Our understanding of these behaviors is important and can be improved by identifying and examining their antecedents (Van Doorn et al., 2010), especially as organizations have limited understanding of the resources customers contribute to the value creation process (Hoyer, Chandy, Dorotic, Krafft, & Singh, 2010). Thus, the primary objective of this study was to examine the different types of CEBs suggested by Jaakkola and Alexander (2014) (i.e. augmenting CEB, co-developing CEB, influencing CEB and mobilizing CEB) and to identify their antecedents. Further, while most consumer studies have been undertaken in developed economies (Dekimpe, 2009; Maheswaran & Shavitt, 2000), Burgess and Steenkamp (2013) have recently argued developing markets are likely to provide important additional information. Consequently, this study was undertaken in developed and developing markets to see if this was the case in a CEB context.

Traditionally, service fairness and trust have been considered strategic levers that organizations can use to create positive customer responses, such as loyalty and positive word-of-mouth (a form of CEB). While there is a connection between service fairness and trust (Roy, Devlin, & Sekhon, 2015), the psychological mechanisms through which fairness affects trust may be seen more clearly by using a two-dimensional conceptualization of trust (i.e. cognitive and affective trust) (Yang, Mossholder, & Peng, 2009). However, more research is needed into the relationship between fairness and this two-dimensional view of trust (Dirks & Ferrin, 2002). In particular, firms need to understand the

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role service fairness and trust play in influencing in customers' extra role behaviors, as these roles have evolved in recent years and are not now limited to repurchase behavior or positive word-of-mouth. Today's customers can also actively participate in co-production, co-creation and service delivery (Grönroos & Voima, 2013), which means it is important to expand our understanding of the CEBs related to these expanded roles. Further, as noted earlier, given the increasing importance of developing markets, it was seen as desirable to examine the relationship between service fairness and trust and their relationships with customer engagement behavior in developed and developing markets.

Before discussing the study undertaken to do this, a theoretical background is provided and a research model and some suggested hypotheses are discussed. The research approach is then outlined, after which the results obtained are discussed. Finally, the study's theoretical contributions and managerial implications are discussed and future research directions are suggested.

2. The theoretical background

2.1. Customer engagement behaviors

"Engagement" has received extensive attention across many disciplines, including marketing (Pansari & Kumar, 2016). Researchers have suggested CE might be a process (Bowden, 2009), a psychological state (cognitive, affective and behavioral) (Brodie, Hollebeek, Juric, & Ilic, 2011) or a behavioral manifestation (Verleye, Gemmel, & Rangarajan, 2016). CE has been seen as an aggregation of the ways through which customers influence the value co-creation process beyond mere purchase (Brodie et al., 2011; Jaakkola & Alexander, 2014), which led van Doorn et al. (2010; p. 254) to define CEBs as "customers' behavioral manifestations towards the brand or firm, beyond purchase, resulting from motivational drivers." Such a focus has been widely adopted (Hollebeek et al., 2016), with CEBs often defined as behavioral manifestations of customers' engagement with an organization beyond the purchase process (Verleye et al., 2016).

Consistent with van Doorn et al.'s (2010) and Brodie et al.'s (2011) suggestions, Jaakkola and Alexander (2014) examined CEB through a voluntary resource contribution lens. They suggested customers provide many resources, including time, money and effort and actions, which affect organizations and their customers directly and indirectly. Following Jaakkola and Alexander's (2014) suggestions, four types of CEBs were considered, namely:

1. Augmenting CEBs, which occur when a customer's contributions augment an offering. For example, customers might create content on social media that supports an organization's offerings.
2. Co-developing CEBs, which occur when a customer's contributions help a firm's development processes. For example, customers might provide new product or service ideas.
3. Influencing CEBs, which occur when a customer's contributions affect or change other customers' perceptions and/or behavior. For example, customers' might recommend an offering online or offline.
4. Mobilizing CEBs, which occur when customers' contributions mobilize other stakeholders' behaviors towards the organization. For example, customers might convince other customers to buy an offering.

2.2. Value-in-use

Service dominant logic suggests value is co-created with customers as 'value-in-use' (ViU) rather than being embedded in tangible goods (Ranjan & Read, 2016). However, there is no consensus as to how ViU should be measured (Macdonald, Wilson, Martinez, & Toossi, 2011), even though ViU is seen as the missing link between service quality and relationship outcomes (MacDonald et al., 2011). Edvardsson, Tronvoll, and Gruber (2011) defined ViU as a customer's experiential evaluation of a service and suggested it is based on customers' individual motivations, competencies, actions and performance. The central element of ViU is value creation over time as customers use an offering. Consistent with this view, Grönroos and Voima (2013, p. 3) suggested "value creation (is) an ongoing process which encompasses customers' experiences, logic and ability to extract value out of products and other resources used (create value-in-use)". ViU measures the extent to which customers feel better-off (i.e. positive value) or worse-off (i.e. negative value) through their experiences. Thus, ViU is customer-driven and accumulates over time, with customers being seen as value creators and not merely as people who assess or determine value (Ranjan & Read, 2016).

2.3. Cognitive and affective trust

Trust is a multifaceted construct that is fundamental to building and maintaining relationships. Customers' trust has cognitive and affective aspects (McAllister, 1995). Dirks and Ferrin (2002) suggested more research is needed to better understand the distinction between cognitive and affective trust so as to allow a multi-faceted examination of trust and its impact on outcomes. Bringing cognitive and affective forms of trust into fairness research should strengthen trust and fairness research (Lewicki, Wiethoff, & Tomlinson, 2005). The rational element (cognitive trust) is rooted in a person's knowledge and understanding of another party's capabilities (Castaldo, 2007; Sekhon, Roy, Shergill, & Pritchard, 2013). In B2C service relationships, cognitive trust is a customer's confidence or willingness to rely on service providers (Johnson & Grayson, 2005). Cognitive trust is based on shared values, experiences and information cues between customers and service providers that lessen the uncertainty in such relationships. Affective trust, on the other hand, develops over time as a result of customers' interactions, which can create deep emotional bonds (Harms, Bai, & Han, 2016) if providers show care and concern (Johnson & Grayson, 2005). Affective trust results from personality, sensory cues and experiences when interacting with service providers. Thus, affective trust is at a higher level than cognitive trust (Johnson & Grayson, 2005; Kumar Ranganathan, Madupu, Sen, Brooks, & J., 2013).

2.4. Perceived service fairness

Perceived fairness is an important aspect of organizations' relationship marketing strategies (Roy et al., 2015). According to Oliver (1997), fairness is the perceived 'rightness' that comes from customers' evaluations of the inputs and outputs in their exchange relationships. Similarly, Seiders and Berry (1998, p. 9) defined service fairness as "a customer's perception of the degree of justice in a service firm's behavior". Fairness is the fundamental basis on which people evaluate their relationship with other people and with institutions (Clemmer & Schneider, 1996) and, because of their intangibility, fairness is crucially important in service contexts (Zhu & Chen, 2012). Consistent with prior research into the subjective nature of fairness, service fairness can be defined as customers' subjective judgments about the fairness of their relationships with a service provider.

2.5. Research model and hypotheses

2.5.1. Service fairness and trust

Trust plays a major role in the formation of service relationships (Morgan & Hunt, 1994) and a lack of trust has negative outcomes (Tomlinson & Mayer, 2009). Prior research has suggested people's trust in other people and organizations develops through sustained fair treatment, such as B2C service relationships (Lewicki & Bunker, 1995). Indeed, trust is seen as an outcome of fairness (Aryee, Budhwar, & Chen,

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