
Customer Engagement Behavior: Theoretical Foundations and Research Directions

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Abstract

This article develops and discusses the concept of customer engagement behaviors (CEB), which we define as the customers' behavioral manifestation toward a brand or firm, beyond purchase, resulting from motivational drivers. CEBs include a vast array of behaviors including word-of-mouth (WOM) activity, recommendations, helping other customers, blogging, writing reviews, and even engaging in legal action. The authors develop a conceptual model of the antecedents and consequences—customer, firm, and societal—of CEBs. The authors suggest that firms can manage CEBs by taking a more integrative and comprehensive approach that acknowledges their evolution and impact over time.

Keywords

customer engagement, customer loyalty, cocreation, services marketing

Introduction

Two important trends have altered how CEOs and CMOs view marketing. First, CEOs are becoming wary of value-creating antics of financial managers who rely on techniques such as leveraging and financial restructuring (Aksoy et al. 2008; de Ruyter and Wetzels 2000). They also understand that long-term, sustainable competitive advantage is tied to a firm's ability to retain, sustain, and nurture its customer base (Anderson, Fornell, and Mazvancheryl 2004; Gruca and Rego 2005; Rego, Billett, and Morgan 2009). Sustaining and nurturing the customer base may require the firm to look beyond repurchase behavior alone. Second, going beyond product quality and value as a driver of firm performance, marketing scholars have begun to focus on customer-based metrics for measuring organizational performance. These include trust and commitment (Bansal, Irving, and Taylor 2004; Garbarino and Johnson 1999; Palmatier et al. 2006; Verhoef 2003), service quality perceptions (Zeithaml, Berry, and Parasuraman 1996), brand experience (Brakus, Schmitt, and Zarantonello 2009), brand-consumer connections (Fournier 1998; Muñoz and O'Guinn 2001), consumer identification (Ahearne, Bhat-tacharya, and Gruen 2005), customer equity (Rust, Lemon, and Zeithaml 2004), and so forth. Each of these customer-based approaches also recognizes the multiple ways in which customers have changed their behaviors to wield greater influence on the firm (Porter and Donthu 2008; Varadarajan and Yadav 2009).

We seek to provide customer engagement behaviors (CEBs) as a construct, more than that a way of thinking, to capture how and why customers behave in numerous ways that are relevant

to the firm and its multiple stakeholders. As described later, customer engagement is a behavioral construct that goes beyond purchase behavior alone. Our approach provides a unifying framework to think about the numerous customer behaviors that have previously been examined on a piecemeal basis. These include retention and cross-buying (Anderson and Sullivan 1993; Bolton 1998; Bolton, Lemon, and Verhoef 2004; Mittal and Kamakura 2001; Zeithaml, Berry, and Parasuraman 1996), sales and transaction metrics (Grace and O'Cass 2005; Gupta, Lehmann, and Stuart 2004), word-of-mouth (WOM; de Matos and Rossi 2008), customer recommendations and referrals (Jin and Su 2009; Ryu and Feick 2007; Senecal and Nantel 2004), blogging and web postings (Chevalier and Mayzlin 2006; Hennig-Thurau et al. 2004), and many other behaviors influencing the firm and its brands (Keiningham et al. 2007; Morgan and Rego 2006; Verhoef, Franses, and Hoekstra 2002).

These behavioral expressions of customers are likely to be different manifestations of the same underlying construct—they all reflect customer engagement. Moreover, it is quite

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likely that many of them may have a set of overlapping antecedents. Thus, our understanding of these behaviors would be improved by a coherent and systematic conceptualization of their antecedents and consequences. From a strategic perspective, we develop a framework that can allow scholars and managers to fully understand these behaviors and examine them in an integrated fashion. We start with a definition of the construct enumerating its various dimensions, antecedents, and consequences. Then, we present a managerial model of CEB, concluding with some research issues.

Defining CEB

Introducing yet another concept to the customer management literature requires a careful discussion of this concept. In this section, we aim to discuss the definition of CEBs in more depth, and we will specifically discuss how it differs from customer attitudes such as trust, satisfaction, and commitment (e.g., Bolton, Lemon, and Verhoef 2004; Morgan and Hunt 1994; Verhoef, Franses, and Hoekstra 2002). Although customer engagement is frequently measured in the marketing research industry (e.g., www.peoplemetrics.com), academic attention toward customer engagement as a separate construct is limited.

The verb “to engage” has several different meanings according to the Oxford Dictionary (1996). Important meanings include: to employ or hire, to hold fast, to bind by a contract, to come into battle, and to take part. All these meanings imply a *behavioral* focus. Calder and Malthouse (2008) discuss the concept of media engagement, focusing on the consumer’s psychological experience while consuming media. They cite Higgins (2006, p. 441), who considers engagement as a second source of experience beyond the hedonic source of experience resulting from a motivational force to make or not make something happen. Calder and Malthouse (2008) distinguish media engagement from mere liking, implying that engagement is a stronger state of connectedness between the customer and the media than liking alone. Different than media engagement, we define CEBs with a brand/firm by taking a behavioral stance.

Our definition of CEBs in a customer-to-firm relationship focuses on behavioral aspects of the relationship. In a customer management context, there has been extensive attention paid to behavioral customer metrics with a strong focus on purchase behavior (e.g., Bolton 1998; Bolton, Lemon, and Verhoef 2004; Mittal and Kamakura 2001; Reinartz and Kumar 2000; Verhoef 2003). We posit that *customer engagement behaviors go beyond transactions, and may be specifically defined as a customer’s behavioral manifestations that have a brand or firm focus, beyond purchase, resulting from motivational drivers*. The behavioral manifestations, other than purchases, can be both positive (i.e., posting a positive brand message on a blog) and negative (i.e., organizing public actions against a firm). It is also important to recognize that even though CEBs have a brand/firm focus, they may be targeted to a much broader network of actors including other current and potential

customers, suppliers, general public, regulators, and firm employees.

Customer engagement also encompasses customer cocreation. According to Lusch and Vargo (2006, p. 284), customer cocreation “involves the (customer) participation in the creation of the core offering itself. It can occur through shared inventiveness, co-design, or shared production of related goods.” Thus, cocreation occurs when the customer participates through spontaneous, discretionary behaviors that uniquely customize the customer-to-brand experience (beyond the selection of predetermined options as in coproduction). Clearly, behaviors such as making suggestions to improve the consumption experience, helping and coaching service providers, and helping other customers to consume better are all aspects of cocreation, and hence customer engagement behaviors.

Customer engagement also embodies the exit and voice components of Hirschman’s (1970) classic model. Within this model, customers may choose to exercise voice (communication behaviors designed to express their experience) or exit (behaviors designed to curtail or expand their relationship with the brand). In this conceptualization, it is loyalty (the attitudinal relationship with the brand) that may drive a customer’s choice of behaviors. The continuum of behaviors can signify pure voice (complaint behavior, positive or negative recommendation, positive or negative WOM) to pure exit (decrease consumption, nonrenewal of a contract) and many behaviors in between. Particularly, some behaviors such as participation in brand communities, blogging, and voluntarily suggesting design improvements in a product, may signify both voice and exit (or non-exit through relationship strengthening). As described later, customer engagement in these actions is likely a function of several antecedents. As conceptualized by Hirschman, loyalty is an attitudinal antecedent of these likely engagement behaviors.

Sprott, Czellar, and Spangenberg (2009) discussed a general measure for brand engagement. They define brand engagement as “*an individual difference representing consumers’ propensity to include important brands as part of how they view themselves*” (p. 92). This approach builds on self-schema theory (e.g., Markus 1977) and attachment theory (Ball and Tasaki 1992) to examine how and why consumers’ self concept becomes related to the brand. Their approach is more similar to consumer psychology approaches such as (a) self-brand connection: the strength to which a consumer’s self concept is connected to the brand (Swaminathan, Page, and Gürhan-Canli 2007) and (b) customer-brand relationships: the manner in which customers view their relationship with a brand (Fournier 1998). We focus on the behavioral consequences of the psychological processes embedded in consumer-brand connections. It is likely the case that CEBs, customer brand connection, consumer-brand relationship, and brand engagement disposition can affect each other; however, they are conceptually distinct psychological constructs. Most importantly, different from these constructs, customer engagement has a behavioral focus.

Dimensions of CEB

To understand the nature of customer engagement, it is useful to consider the ways in which consumers may choose to engage—the dimensions of CEBs. We propose five dimensions of CEB: valence, form or modality, scope, nature of its impact, and customer goals.

First, considering valence, from a firm's perspective customer engagement can be classified as positive or negative (Brady et al. 2006). Positive customer engagement includes those actions that in the short and long run have positive consequences—financial and nonfinancial for the firm. Several consumer actions (e.g., WOM activity, blogging, and online reviews) may turn out to be positive or negative for the firm based on the valence of the content. Other actions such as recommending the brand to friends and family may be predominantly positive but have the potential to be negative (for instance, if there is a poor fit between the new customer and the brand).

The form and modality of customer engagement refers to the different ways in which it can be expressed by customers. At the basic level, it refers to the type of resources (e.g., time vs. money) that customers may utilize. For example, customers may participate in charity events on behalf of the firm donating both time and money. Prior literature (Bolton and Saxena-Iyer 2009) also distinguishes among in-role behaviors, extra-role behaviors, and elective behaviors. In-role behaviors such as complaint behavior typically occur within parameters defined by an organization. Extra-role behaviors are discretionary activities that customers may choose to engage in (e.g., offering useful suggestions to other customers in the store on how to program a DVD player, informing the sales staff in a store that the price on some products displayed in the aisle is incorrect). Elective behaviors are those that consumers engage in to achieve their consumption goals; these may include calling a toll-free number to seek help with issues that arise during consumption or making suggestions to the company for product improvement and enhancements. Another way to understand the scope of customer engagement is the type of firm/brand level outcomes that customers achieve. Different outcomes vary in the magnitude and/or nature of their impact on customers and firms. These can include, but are not limited to, apology and/or a refund after a complaint behavior, changes in the firm's policies after customer voice, improvements in the products or services based on customer suggestions, improvement in the knowledge base of current and potential customers resulting from online postings made by users, changes in the nature of customer-employee interface based on customer actions, and even changes in the regulatory environment in which the firm operates.

The third dimension of CEB is scope—temporal and geographic. Focused on the customer, engagement can be temporally momentary or ongoing. Particularly, in the case of systematic and ongoing customer actions, firms may develop specific processes to monitor and address the customer engagement. For momentary engagement, firms may assess the likely brand/firm level outcomes and act accordingly. The geographic

scope of customer engagement may answer whether customer engagement is local (e.g., WOM delivered in person) or global (posting on a global website). The geographic scope of CEB may well be determined by the modality and form used by consumers. For example, suppose a customer has some suggestions to improve the brand. If the suggestions are posted on a very popular website, the geographic impact may be quite widespread, as opposed to if the suggestions are verbally communicated to a single employee in the local outlet where the customer shops.

The impact of CEBs on the firm and its constituents can be conceptualized in terms of the immediacy of impact, intensity of impact, breadth of impact, and the longevity of the impact. Immediacy of impact refers to how quickly CEB affects any of the constituents, especially the intended target audience. Thus, the immediacy of Internet-based CEBs may be faster than writing a letter to a store manager. The intensity of the impact refers to the level of change affected within the target audience, while the breadth of the impact reflects the reach, or the number of people affected. Thus, spending an hour—in person—to convince a close friend why he or she should buy a particular brand of automobile has narrow breadth but high intensity. It would seem that the longevity of the impact may depend on several factors such as the ability to codify and preserve the activity in some form. For instance, if one posts an online review at a website that is routinely visited by people, then the review will have more longevity since it is likely to be there for a long period of time, as opposed to in-person WOM, which may be likely forgotten. In a digital world with high level of customer connectivity to many constituents and audiences, the immediacy, intensity, breadth, and the longevity of the impact of CEBs should only rise and in ways that require careful research and conceptualization. To the extent consumers can engage through multiple channels: in person peer to peer, in person in a retail setting, via the Internet (text, photo, video, or application), via phone, mail, or e-mail to name a few, the choice of the channel will influence the overall impact of CEBs.

It is also helpful to consider the customer's purpose when engaging, focusing on three questions: to whom is the engagement directed, to what extent is the engagement planned, and to what extent are the customer's goals aligned with the firm's goals? Is the customer's behavior directed at the firm or some other constituent (such as government regulator, investors, customers, or competitors)? Factors that influence behaviors directed toward the firm may be distinct from those directed toward the market. For example, consumers who choose to voluntarily assist other consumers in a retail setting such as IKEA (to find a particular item or part of the store) are exhibiting a type of CEBs that is clearly distinct from a customer ranting about a bad experience on www.ripoffreport.com. In addition, it is useful to understand differences between planned and unplanned engagement behaviors (Rook and Fisher 1995) such as a customer identifying a need and developing a new free application for Apple's iPhone, and unplanned (or impulsive) engagement behavior such as making an unexpected product or service recommendation to a

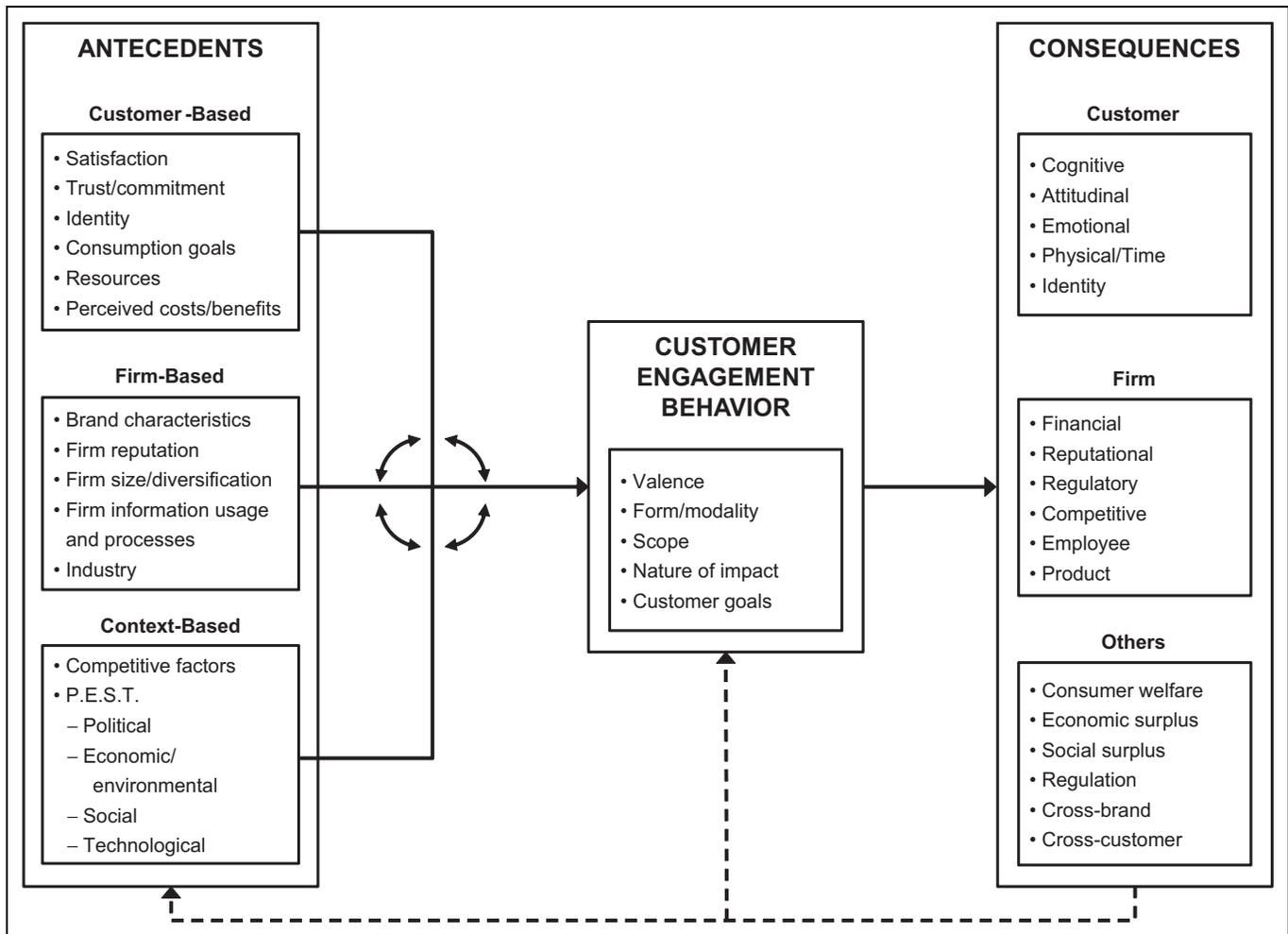


Figure 1. Conceptual Model of Customer Engagement Behavior

stranger. The customer's purpose in engaging can also be thought of from a goal alignment perspective. If the customer's goals are aligned with the firm's goals, then CEB should have a positive overall impact on the firm; however, if the customer's and the firm's goals are misaligned, CEB may have more negative consequences.

CEB: Conceptual Model

Figure 1 displays our conceptual model for understanding CEB. We differentiate between its antecedents and consequences. With regard to antecedents, we examine three types of factors that can affect engagement: customer based, firm based, and context based. In general, many of these factors can directly affect customer engagement. However, we also recognize—using the curved arrows—that these factors can interact with each other and help enhance or inhibit the effect of a particular focal factor on CEB. More generally, we do not classify a specific factor to only be a direct antecedent or a moderator. Rather, different factors can be conceptualized along a continuum of (a) only antecedents, (b) antecedents and moderators, and (c) moderators only. Rather than classifying each factor in

one of these categories, we believe that deeper conceptualization and empirical research are needed to address this issue. Our goal, more notably, is to explicate that there is a subset of factors that can directly affect CEB as well as moderate the relationship between CEB and other antecedents.

Customer-Based Factors Affecting CEBs

One of the most important factors affecting CEBs includes attitudinal antecedents. These include, but are not limited to, customer satisfaction (Anderson and Mittal 2000; Palmatier et al. 2006), brand commitment (Garbarino and Johnson 1999), trust (de Matos and Rossi 2008), brand attachment (Schau, Muñiz, and Arnould 2009), and brand performance perceptions (Mittal, Kumar, and Tsikos 1999). Generally speaking, very high or very low levels of these factors can lead to engagement.

Customer goals also affect CEBs. Customers may have specific consumption goals such as maximizing consumption benefits (e.g., getting the best deal during a vacation) or maximizing relational benefits (e.g., getting involved in a customer or brand community during a vacation). In many cases, the goals themselves can influence how the brand is used and

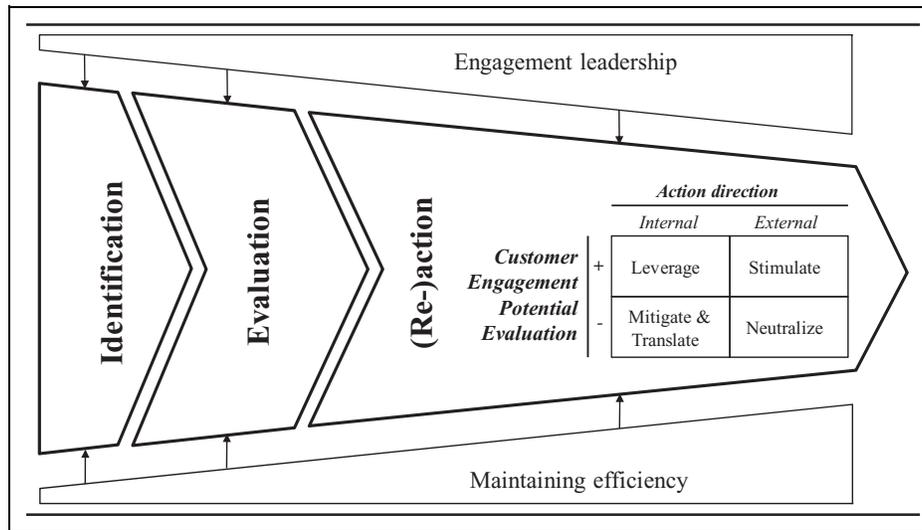


Figure 2. CEB Management Process

consequently how customers engage with the brand. Sometimes the goals may be unrelated to the brand or product experience. For example, consumers with a higher moral identity (Winterich, Mittal, and Ross 2009) are more likely to engage in helping behaviors toward others. In many cases, these behaviors may manifest as CEB: providing useful and helpful suggestions to other users, helping a service employee to better perform her or his job, or providing advice and guidance to other users experiencing product or service failure (Hennig-Thurau et al. 2004; Sundaram, Mitra, and Webster 1998).

Individual customer traits and predispositions can also affect the likelihood and level of customer engagement. Many of these individual characteristics can influence cognitive processes and decision making in predictable ways to affect resulting behaviors. Consider these examples. Some customers may be high on self-enhancement, or the desire for positive recognition by others, and they have been shown to engage in higher WOM behavior (Hennig-Thurau et al. 2004; Sundaram, Mitra, and Webster 1998). It may also be the case that such customers are also likely to help other consumers, blog more, and generally engage in activities that copromote the brand with which the customers are highly involved. Similarly, consider gender that has been related to an agentic or communal focus (He, Inman, and Mittal 2008). Those with a communal focus, typically females, are more likely to be motivated by the common good of the group. Thus, it may be the case when communal customers see potential harm to the group they are more likely to speak up, complain, and engage in negative WOM.

Affective states of consumers such as disgust, regret, or anger (Garg, Inman, and Mittal 2005) toward the brand can also lead to CEBs. Some of these affective responses such as anger may result from extreme experiences such as being stranded on a runway for 9 hours. After such an extreme experience, previously very satisfied customers might engage in strong negative WOM and become a company’s “worst enemies” (Grégoire, Tripp, and Legoux 2009). Notably, the emotional state may occur in ways

that are unrelated to the firm or brand itself. For example, a customer can experience regret because another customer gets preferential treatment that she or he did not get. Experiencing regret, the customer may engage in negative CEBs such as searching for information about alternative brands and learning about other offerings in the marketplace. An extreme experience—positive or negative—with the focal company or competitors can also influence CEBs. Naturally, such an experience may be a positive or negative critical incident (Bitner, Booms, and Tetreault 1990; van Doorn and Verhoef 2008). Notably, the response of a customer is expected to be stronger than before in case of a “double deviation,” meaning a second or successive adverse event (Johnston and Fern 1999). In contrast, a series of delightful experiences may motivate a customer to set up a brand community or engage in positive WOM.

Finally, consumer resources such as time, effort, and money can also affect their level of CEBs. Most likely, consumers evaluate the costs and benefits of engaging in specific behaviors and the cost may be determined by relative resource endowments for consumers. For example, a single male with a part-time job as a computer analyst may have abundance of time but not money. Such a consumer may be more likely to engage with the brand by participating in online communities, blogging, and so forth. In contrast, he may avoid CEBs like monetary donations to a brand-related charity due to shortage of monetary resources.

Firm-Based Factors Affecting CEBs

One of the most important firm-based factors affecting CEBs is the brand. Characteristics of the brand—actual and perceived by the customer—can strongly influence CEBs. First, brands with high reputation or high levels of brand equity are likely to engender higher levels of positive CEB (de Matos and Rossi 2008; Keller 1998; Walsh et al. 2009). However, in cases of failure, the negative fallout in terms of CEB may be higher as well. If a brand with relatively high brand equity or

reputation fails, it may lead to a disproportionately higher level of disappointment (Roehm and Brady 2007) than a comparable brand with lower reputation. In these cases, a customer might want to warn other customers by proactively engaging in negative WOM. Typically, brands with strong equity also engender stronger brand commitment and brand attachment, both of which can motivate people to engage. In general, customers with higher brand connection and/or commitment may be more likely to participate in brand communities to learn about other brand users, to enhance their knowledge about a brand and its uses, and to spread one's own knowledge and experiences among others (Schau, Muñiz, and Arnould 2009).

Firms can also influence CEBs by developing and providing processes and platforms to support specific customer actions. In terms of customer voice, many firms have developed technologies and processes to enable customers to voice their concerns, compliments, suggestions, and ideas directly to the firm and its employees. In other cases, the firms may provide processes and platforms to facilitate customer-to-customer engagement. These could be customer get-togethers (e.g., alumni meetings and events for a college), online chat forums, contests and sweepstakes allowing customers to share their ideas with each other, and so forth. Firms can also engage customers by developing processes for consumer learning (e.g., online training).

Consumer information environments can strongly affect CEBs (Bolton and Saxena-Iyer 2009). Proactive firms can manage the information environment of its customers to affect CEBs. For example, firms such as Google and Apple spend enormous resources to publicize test products and to engage the consumers during important conferences and events. Customer-oriented firms are also sensitive to media reports about their firms. For example, during its brake pedal recall, Toyota managed the information environment by ensuring that its president and CEO from Japan publicly testified to the U.S. government and apologized to its customers.

Firms can also affect CEBs by providing rewards and other incentives to its customers. Some companies reward customers for referrals, particularly among those who are very satisfied with the firm. Other rewards may include social recognition within a desired in-group (Winterich, Mittal, and Ross 2009) or expertise recognition (Hennig-Thurau et al. 2004). Here, firm characteristics such as its relative size and focus on specific segments may become important. For instance, larger firms with a narrow focus on a single segment may be better positioned to connect with their customers through rewards and loyalty programs.

Context-Based Factors Affecting CEB

Context-based factors affecting CEBs may largely arise from the political/legal, economic/environmental, social and technological aspects (P.E.S.T.) of the society within which firms and customers exist. Competitors and their actions also create a strong contextual force affecting customer engagement.

The political/legal environment, in many cases, can affect consumer engagement by encouraging or inhibiting

information flow. For example, laws requiring appliance makers to publicize energy efficiency can make consumers more sensitive to environmental issues. Knowing she has bought an energy-efficient appliance, a consumer may tell her friends and acquaintances about the brand. In the same way, social and technological progress can also affect CEBs. In many local libraries in the United States, consumers have free Internet access. Many bookstores and cafés around the world provide Internet connectivity to consumers. This has enabled many consumers to share their experiences, voice their ideas, and learn about other brands (all CEBs) in a relatively short time period.

Sometimes natural events can also affect CEBs. For instance, a natural disaster such as hurricane Ike induced many people to utilize their insurance policy and engage in CEBs (both positive and negative) depending on their experience with their insurance provider. Similarly, after the earthquake in Haiti, many customers donated time and money to several brand-related charities in a bid to help those affected by the disaster. Firms themselves can help customers donate by organizing events designed to facilitate donations. Firms may also pledge to donate a certain percentage of their sales to help victims of such disasters propelling customers to engage with their brand.

Media attention to a specific event about a brand can also initiate CEBs. For instance, many Toyota owners shared their experiences with their vehicle after the media publicized the recall heavily. The intensity of media scrutiny prompted many customers to set up brand community websites to share their positive experiences with their Toyota with others. On the other side, many customers of non-Toyota brands also communicated their doubts about the Toyota brand. Some Toyota owners also participated in negative "me, too" communications. Similarly, in the recent financial crisis, the negative press about the financial industry resulted in many consumers blogging about their negative experiences, thereby damaging the image of the financial sector even more. If a brand is heavily criticized in the media, loyal customers may engage in ameliorative actions such as starting a support website to counteract negative press toward the brand. For instance, when Michael Jackson was prosecuted for alleged child molestation, his fans started a website to support him (<http://www.allmichaeljackson.com/supportmj.html>).

Finally, competitive marketing actions can also induce CEBs. For example, a competitor may run comparative advertisements making customers realize they might be getting relatively superior (inferior) value from their own brand. Particularly in the former case, a highly satisfied customer would display positive CEBs such as recommendations. Similarly, new product introductions by a competitor can prompt CEBs toward the focal firm. If the competitor's product is perceived as superior, customers may inquire or demand similar products, especially if switching costs are high. Similarly, competitive actions can also affect perceptions of fairness and distributive justice (Bolton and Saxena-Iyer 2009) leading to customer engagement. In the airline industry, companies that

have sought to charge fees for carry-on luggage may engender negative CEBs from its customers; this is more likely to be the case if competitors do not levy such fees.

The Moderating Role of Antecedents

As shown in Figure 1, the three groups of antecedents can directly affect CEBs. However, the effect of each antecedent should also be considered in light of other factors. Shown in Figure 1 as two-sided arrows, we posit that different antecedents can also moderate the effect of each other on CEBs. In particular, factors related to the firm and factors related to the context can moderate the effect of customer factors on CEBs. For example, consider two customers with the same high level of satisfaction with a company who are considering participating in a brand community related to the company. If Customer A has read several articles about the company in the local media, she may feel more armed with information and be more inclined to participate compared to Customer B who has no such information. Similarly, it may be the case that Customer A participates in company-sponsored rewards/loyalty programs whereas Customer B does not.

As moderators, firm- and context-related factors can facilitate and/or inhibit CEBs. For example, the perceived cost of engaging in certain activities can negatively moderate the impact of customer satisfaction on CEBs. If customers perceive the cost of engaging to be too high, they may be dissuaded from engagement. The costs and risks involved may be nonfinancial such as reputational or loss of key relationships. Thus, in some cases, students taking a class may decide *not* to complain against a professor (with whom they are dissatisfied) because of the high perceived costs and associated risks. Similarly, fearing reputational harm, customers may decide not to tell others about negative brand experiences they have had.

In summary, we have provided a conceptual overview of factors affecting CEBs. While many of these factors can directly affect CEBs, it is important to understand and consider the idea that these factors can interact with each other to jointly affect CEBs. Clearly, theoretical and empirical work in this area is necessary to further develop this idea.

Consequences of CEB

Customer engagement has consequences for many different stakeholders including the focal customer, the focal brand/firm, as well as other constituents, for example, customers of other products and brands.

Consequences for Customers

At the most basic level, CEBs have cognitive, attitudinal, and behavioral consequences for the customers engaging in them. From a behavioral perspective, if CEB efforts are successful, customers will engage more frequently and more intensively in CEB actions. If, on the other hand, the customer is unsuccessful, in the long run the customer may switch to different

engagement strategies. Successful customers may also expand their repertoire of CEBs, such as actively contributing content after initially joining a community. There are other subtle effects influencing customer equity. For instance, research shows that the mere act of filling out a customer satisfaction survey can engage them more deeply with the firm and positively affect their customer equity (Borle et al. 2007).

In situations where CEBs are prompted by specific programs such as loyalty or rewards programs, there may be direct positive financial consequences for customers. By participating in such rewards-based referral programs, a customer can not only help the firm but also gain financially. In other instances, such as participating in brand/firm related events, customers can also derive emotional benefits. For example, Nike sponsors a variety of sports events. For Nike customers, the act of participating in such events can provide a lot of enjoyment and positive affect. Similarly, some department stores have kids-oriented fashion shows in their local stores. Participating in such events, most likely, is a happy and joyful occasion for many of the parents.

Consumption, in addition to providing functional benefits, also helps customers to shape and reinforce their social identity. In this regard, identities related to an in-group (based on culture, brand preferences, consumption patterns, and ethnic groups) can be powerfully reinforced by CEBs. For instance, Oliver (1999) documents the case of Harley Davidson bike owners who reinforced their “biker” identity by consuming the product and participating in fan clubs and so forth. Naturally, to the extent that many CEBs entail expenditure of customer resources—time, money, and effort—they can be consequential for customers as well. People collecting antiques and other such collectibles expend a great deal of resources preserving their purchases, documenting their provenance, and learning more about them.

Consequences for Firms

Besides customers, CEBs are also consequential for the firm. First, there are financial consequences for the firm. Many CEBs such as referral behaviors, WOM behaviors, and actions aimed at generating and disseminating information (e.g., blogging) should affect purchase behavior of focal as well as other customers and consequently customer equity. We refer to Kumar et al. (2010) for an extensive discussion on customer value consequences of CEBs. Second, there are reputational consequences for the firm. Engaged customers can also contribute to the long-term reputation and recognition of the brand, as evidenced by participation in brand communities and supporting events related to the brand (e.g., charities and fundraisers). Thus, consumers of Coke who go to the Coke museum to get married contribute to the brand recognition and reputation of Coke among their friends and family. Customers may create and disseminate information related to the firm and brand that can be used by other constituents creating a reputation for the firm. For instance, the act of providing feedback (whether online or through customer surveys by firms such as J. D.

Powers or organizations such as American Customer Satisfaction Index at the University of Michigan) creates aggregated information for many different constituents to utilize. Over the long run, such feedback and information provided by customers creates a strong reputation that is used by many constituents (Fombrun and Shanley 1990). Similarly, positive CEBs in the form of blogging and WOM can help firms attract and retain new customers for the long run (von Wangenheim and Bayón 2007).

In many instances, customers with a negative experience may seek legal or regulatory avenues for relief, and these may lead to lasting changes in an industry. Thus, actions such as testifying before regulators or promoting new and different regulations reflect engagement with broader and long-lasting effects. For example, in response to the many law suits from patients in health care, several states in the United States adopted malpractice reform to protect physicians. Sometimes customers are engaged in a brand, but with a goal to improve the brand's societal impact, rather than its impact only on the customers. Thus, concerned with the carbon footprint of bottled water, students at William and Mary University celebrate a Water Bottle Initiative Week encouraging students to make a pledge to stop buying bottled water (Net Impact 2010).

Highly engaged customers can be a crucial source of knowledge, helping firms in a variety of activities ranging from ideas for design and development of new products, suggestions for modifying existing brands, and engaging in trial of beta products. For example, highly engaged customers of Lego are the most important source of new product ideas for that brand (Birkinshaw, Bessant, and Delbridge 2007; Schau, Muñiz, and Arnould 2009). Similarly, users of the iPhone, who are highly engaged with the brand have contributed suggestions and applications that have further expanded the usefulness, usability, and hence utility of the phone for numerous other users, and helping the firm to expand its network of customers. In many situations, these actions can also benefit and help the frontline employees of the company, who can improve their own job performance based on constructive suggestions made by customers.

Other Consequences

In general, and over time, customer engagement can have a broader impact beyond the focal firm and the engaged customer. As mentioned before, suggestions made by customers can make the firm more efficient, which may lead to lower prices and higher customer satisfaction. Clearly, this increases customer welfare. Similarly, customer complaints are often responsible for changing and improving the legal and regulatory environment within which industries operate. In some ways, engaged customers may play a very important role of monitoring firm performance and disseminating information to multiple stakeholders.

In today's digital economy, actions of the focal firm and its customers are highly transparent and visible to customers of other firms. Over time, such cross-brand and cross-customer

utilization of information in the public domain can affect the entire industry. In particular, access to information about competitors—through CEBs like blogs, publicly posted complaints and suggestions—can further stimulate and enhance competition. In other instances, customers of different organizations can unite in ways that benefit the broader community. For instance, highly engaged MBA students at a university and members of the local American Marketing Association (AMA) Chapter in Houston got together and conducted a marketing conference to exchange ideas among students and the business community. Now an annual event, the exchange of ideas has an impact that is much broader than the AMA and MBA students at the sponsoring university.

Temporal Aspects OF CEB

In the course of their relationship and interaction with the brand, customers constantly evaluate changes in their environment and their individual situation. As explained later, from a management perspective, these evaluations and temporal changes in them have implications for customer relationship management (e.g., Reinartz, Krafft, and Hoyer 2004).

Currently, research examining dynamic aspects of customer relationships is in its infancy (Verhoef et al. 2009, p. 38). Researchers have examined how customer satisfaction changes and evolves over time (e.g., Bolton and Lemon 1999; Mittal, Kumar, and Tsiros 1999). Others have examined how marketing activities affect customer responses over time (Bolton and Drew 1991), how customer satisfaction changes over time affect share of wallet (Cooil et al. 2007), and how individuals adjust their expectations over time (Maxham and Netemeyer 2002). Empirically, the key challenges in understanding the dynamics of CEB may be that only a small subset of customers may display CEBs, these behaviors may change and morph over time, and some of the behaviors may not be measurable by the focal firm. Furthermore, observation over long spells of time may be required because customers may exhibit long periods of dormancy before exhibiting any CEBs.

CEB Development Over Time

Although relatively stable, consumer attitudes and intentions surely evolve over time, which in turn may be related to behavioral changes over time (e.g., Johnson, Herrmann, and Huber 2006; van Doorn and Verhoef 2008). Importantly, how do CEBs develop over time? Theories on personal relationships have suggested typical patterns of developments for relationship commitment, passion, and intimacy (Bügel, Verhoef, and Buunk 2010). While commitment gradually develops in a relationship, passion usually occurs at the start of the relationship and may subsequently diminish and occur irregularly. It is conceivable that specific forms of CEBs might follow a very specific pattern. For example, intensive WOM might occur only in the beginning of the relationship, when a customer is enthusiastic about his or her choice, while in later phases of the relationship less WOM might occur. Empirical evidence with

respect to online public complaining behavior shows that the desire for revenge of online complainers—and their propensity to engage in negative WOM—decreases over time, while their desire to avoid dealing with the company increases over time (Grégoire, Tripp, and Legoux 2009).

An explanation for different CEB levels during the relationship may be the relative variation in performance over time. Specifically, certain product categories such as durables (appliances, automobiles, and houses) may show a U-shaped engagement curve. In the initial phases of buying an appliance, customers may be very positively engaged talking about it to all their friends and family. The level of engagement may decline after a while, only to re-surface after several months or years when wear and tear may cause the product to breakdown. Then CEBs such as servicing the product, searching for options to replace the product, and WOM may come into play. In other cases, such as services, the level of variability may decrease over time because customers become more and more adept at using them. This may also affect CEBs over time.

Factors Affecting CEB Over Time

Factors that can affect the antecedents of CEBs over time should also affect CEBs over time. Among the main factors affecting CEB over time is the change in a customer's relative dependency on the particular product or service category. For instance, as people age their dependency on services related to their finances and health care increases, leading to more CEBs.

One might also argue that the relative importance of attitudes influencing CEBs may change during the course of the relationship with a firm. Prior research on determinants of customer loyalty has, for example, shown that the effect of satisfaction on retention is stronger for lengthier relationships (Bolton 1998; Verhoef 2003). Verhoef, Franses, and Hoekstra (2002) did not find any evidence for a moderating effect of relationship age on the effect of relational attitudes (i.e., trust, commitment, and satisfaction) on customer referrals. The relative importance of CEB determinants may also change over time. For example, older people find health care to be more important than younger people, and as such are also more likely to search information about various providers, read more about it, visit online health forums, and blog about it. Changes in the level of dependency may also affect the customers' sensitivity to positive or negative disconfirmation based on performance outcomes. Likely, higher dependency should make customers more sensitive to negative disconfirmation, implying that firms may be at a greater risk for negative CEBs such as complaining. In the current financial crisis, those who were much closer to retirement, and thus more heavily dependent on their financial advisors, may also be the ones who engaged in most complaint behavior and WOM after the market's crash.

In many cases, particularly for services or durable goods, customers have multiple experiences with the same brand over time. As the relative quality of the experience changes, so does the likelihood of CEBs. Furthermore, the evaluation of a

specific encounter or experience may be done in reference to prior experiences. For example, one negative experience followed by another may cause customer evaluations to be relatively more negative (Clow, Kurtz, and Ozment 1998) engendering more CEBs over time. In some cases, there may be feedback loops that can precipitate a virtuous or vicious customer engagement cycle.

Changes in Context

Changes in the customer and firm context can affect the level of CEBs over time, such as the available engagement options and costs of engagement. With the advent of the Internet and as more consumers become adept at using the Internet, the number of CEB options may grow dramatically. Some of this change may be driven by technological evolution while some of it may simply reflect social changes (see Hennig-Thurau et al. 2010, for an extensive discussion). For instance, during the 1990s, people could only rent movies from a physical store such as Blockbuster Video. That not only limited the number of times people may rent a movie but also opportunities for CEBs. Now, Netflix not only allows people to download movies but also provides a forum for users to post movie reviews. Over time, as consumers watch more movies, they may also have more material that can engage them. This engagement may manifest not only in discussions about the movies with friends and family but also posting of online reviews. As their expertise in posting online reviews improves, they may further get engaged in other aspects of their entertainment experiences with Netflix. Thus, a self-reinforcing cycle of CEBs may ensue. Similarly, over time the perceived costs—monetary, effort based, and social—for customers may change. For example, as consumer expertise in particular domains increases because of repeated participation, the perceived costs of such participation may decrease. For instance, it may be initially more difficult for a consumer to post reviews online, but over time through practice, the process of posting becomes easier and relatively less costly (Mittal and Sawhney 2001). As such, we would expect the level of CEB to increase in this domain, over time.

Managing CEB

Because they can maintain and nurture relationships with other customers, brands, firms, and regulators independent of the focal firm, customers can exert a powerful influence on the focal firm and its brand. Firms should, therefore, proactively manage CEBs. We propose a CEB Management Process where firms (a) identify, (b) evaluate and (c) react to key CEBs.

Step 1: Identifying Engagement Behaviors and Customers

For firms, the key challenge is to identify the different forms of CEB, the different actors, places, content of CEB, and understand its potential effect. For some types of CEBs such as

WOM, online reviews, and recommendations, there is existing research to guide their extent and impact (e.g., Dwyer 2007, 2009; Godes and Mayzlin 2004; Nambisan and Baron 2007). However, a more systematic and comprehensive approach is needed to identify CEB and its different modalities. First, firms must identify the different locations and channels where CEB manifests. These may include online or offline venues and one-to-many channels or one-to-one channels. Firms also need to understand whether the channel is directed toward the firm, a finite customer group or the public. By evaluating these distinct channels, the firm can develop a scorecard to understand the impact of each of those different venues/outlets of engagement on the firm/brand.

In this regard, the firm should not only focus on specific CEBs but also the customers themselves. Who are a firm's most and least engaged customers? What is the relative proportion of positively versus negatively engaged customers? This can be helpful for the firm to financially value its customer base. To accomplish this, further research questions need to be tackled, such as: How can CEB manifestations be identified in an integrated manner across customers, forms and channels? Thus, understanding both the CEBs and the customers involved is a necessary first step.

Step 2: Evaluating Engagement Manifestations

When evaluating CEBs, firms should consider the likely consequences in terms of both short- and long-term objectives. As mentioned before, CEBs can be evaluated based on their valence, quantity, the channel utilized, as well as short- and long-term effects. In addition to the valence of CEBs, firms should also carefully measure and examine the CEBs as a multi-dimensional and comprehensive set of indicators. Many forms of CEB can induce long-term dynamic effects and motivate other consumers' engagement behaviors as well. Yet, while some CEB manifestations are very visible to the firm, others may not be. Over time, firms can develop a CEB scorecard to comprehensively monitor and evaluate the different CEBs relevant to its strategy. Translating them into financial metrics can also improve decision making about the customer base, especially the engaged customer base. Over time, firms may integrate the CEB metrics with other metrics of marketing and organizational performance.

Step 3: Acting on Customers' Engagement Behavior

After developing capabilities to identify key CEBs and their potential effects, the next step for a firm would be to develop a set of capabilities and resources to manage CEB. We briefly describe four broad areas of activities that should be considered.

The positive potential of a specific form of CEB must be leveraged internally and externally. For internal leveraging, the content of relevant CEBs such as suggestions must be made available to the right persons inside the firm so they can use it appropriately, such as to generate new product ideas (e.g.,

Nambisan and Baron 2007). Setting up effective information systems and processes to achieve this goal is a key challenge for most organizations (Morgan, Anderson, and Mittal 2005).

Firms should also nurture and harness the positive potential of CEB by fostering processes and venues to stimulate it (Thompson 2005). A central opportunity to stimulate CEB is giving engaged customers a site or platform to express their ideas and thoughts (Mathwick, Wiertz, and de Ruyter 2008; Wagner and Majchrzak 2007). For example, Microsoft uses the expertise of its users to advise other software owners on the Microsoft Answers website. Firms can also enhance CEBs by establishing incentives such as rewards for recommending a product or service (e.g., Biyalogorsky, Gerstner, and Libai 2001; Ryu and Feick 2007). Social incentives may also foster customers' engagement. One example is granting a specific status level in an activity-based or peer-evaluated rank system (Dholakia et al. 2009). Finally, firms can themselves get engaged with customers by establishing and contributing to customer communities (Porter and Donthu 2008).

Listening to customer feedback—particularly complaints—can create value for the firm (Fornell and Westbrook 1984). Although negative, such feedback can be vital to improving firm performance. Clearly, capturing both formal and informal negative statements to get a complete assessment of customers' opinions is required to enhance the firm's ability to address them (Morgan, Anderson, and Mittal 2005). Finally, in some cases, negative forms of CEB might require externally visible actions and reactions from a firm. The literature on service recovery shows that such firm actions, if properly managed, can turn negative CEB into positive CEB (Voorhees, Brady, and Horowitz 2006). Empowering frontline personnel to ensure adequate outcome and procedural justice is a key step in this regard (Luria, Gal, and Yagil 2009). For instance, outcomes such as refunds/apologies and the process (e.g., speed, in person, or in writing) can be critical in deterring negative engagement.

Concluding Comments

As our discussion highlights, CEB is an important research topic for marketing scholars who want to take a comprehensive and integrated approach to understanding customers. Customer purchase behavior is important but equally important are other CEBs. To this end, future research is also needed to develop some of the ideas presented in this article.

First, research is needed to more exhaustively identify the antecedents of CEBs and then articulate their interactive effects. From prior literature, the "main effects" of many antecedents on CEBs should be obvious—of course, highly satisfied customers engage in more positive WOM. It is less clear how these different antecedents would interact with each other to affect CEB. Among customers with high satisfaction, how would CEB vary based on their identity and perceived costs and benefits? It is also important to investigate how antecedents have a different impact on different types of CEBs. Thus,

while satisfaction might be a key driver of WOM, blogging might have a different key driver.

CEB can also serve as a useful framework for classifying and segmenting customers, based on their propensity to engage and the types of engagement behaviors they display. Much of the literature on customer segmentation treats customer choice of the focal brand as the primary variable of interest, though it could benefit from broadening it to include a variety of relevant CEBs. For instance, in services like health care, referrals may be even more important than repurchase behavior. In contrast, for online services such as games and movies, online reviews may be the key CEB of interest. Firms could also consider the multitude of moderators to develop comprehensive segmentation strategies with the goal of maximizing profitability. For instance, customers who do not purchase a lot but exhibit many other desirable engagement behaviors may be a useful segment to pursue and nurture. Related to the above, research should be conducted to fully incorporate the monetary value of CEBs in models designed to estimate and capture customer lifetime value. Developing methodologies to value key CEBs for the short-run and long-run will be important in this regard.

Incorporating insights from CEBs will be especially important for industries such as health care, education, financial services, and legal services where the benefits of CEB go beyond mere consumption of the focal brand. Take health care. Prior research suggests that patients who are more satisfied are more likely to return to the same physician, recommend the physician to others, and also complain less in the event of a negative encounter (Mittal and Baldasare 1996). Importantly, and beyond that, more satisfied patients may be more compliant to the doctor's advice, adhere more closely to their health care regimen, may have better self-reported quality of care, and be more likely to seek medical help in case of health problems. Such an approach to understanding the ramifications of CEB can yield enormous insights into the key issues facing our society, including not just the physician and patient, but also the insurers/payers, regulators, families of the patient, and taxpayers in general.

Finally, we outlined a variety of managerial issues that themselves suggest important research topics. We need to understand how CEBs can be managed in ways that benefit not only the focal firm and its customers, but other constituents such as competitors, employees, firm suppliers, and even regulators. How can firm actions enhance, mitigate, or neutralize different forms of CEB? What processes, policies, systems, and cultural changes need to be made in firms so their employees are more receptive to CEBs (e.g., customer feedback)? In this regard, it will be useful to examine the role played by competitors. For example, how can companies reach their most engaged customers better than their competitors? What incentives and rewards can be developed to attract the most positively engaged consumers in a profit-maximizing way? How can firms benefit from cross-branding or even category effects stemming from CEB movements? Are there ways in which competitors can collaborate to maximize the benefits from CEBs (such as blogging) for all firms involved? Finally, CEB

management must be considered in the context of other marketing initiatives such as advertising, customer retention and complaint management/service recovery, and rewards and loyalty programs. Each of these can affect the antecedents of CEB.

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