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The process of customer engagement: An examination of segment specific differences

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Abstract
Traditional measures of customer satisfaction have been criticised for failing to capture the depth of consumer responses to service performance. This paper proposes an approach to overcome the limitations of these traditional satisfaction measures and will examine alternative measurement frameworks associated with customers’ affective experiences. In particular, it will attempt to demonstrate that affective measures as applied to experience-based customer segments may provide a more accurate predictor of loyalty. The paper will develop a conceptual model of customer engagement as a more effective means by which to understand customers’ emotive responses to consumption experiences. Specifically, the paper proposes that inexperienced (first time) customers of a service, follow a quite different pathway to engagement and loyalty compared to experienced (repeat purchase) customers. It is proposed that this conceptual model of customer engagement will assist management to develop more tailored marketing strategies with which to deal with different experience-based segments of customers.

Introduction
Customer satisfaction and service quality have been conceptualised as two of the most fundamental constructs at the “crux of marketing theory and practice” today (Sureshchandar et al 2002 p 363). At the corporate level this is evidenced by the continued reliance of companies on satisfaction metrics to assess consumer responses to their products and services in the belief that high levels of satisfaction may lead to increased customer loyalty, intention to purchase, word of mouth recommendation, profit, market share and return on investment (Reichheld 2003; Heskett et al 1994; Anderson and Mittal 2000; Keiningham and Vavra 2001; Mittal and Kamakura 2001; Oyewole 2002; Allen et al. 2002). Satisfaction has, for some, become the ubiquitous mantra for corporate success (Chu 2002).

Voluminous literature continues to be published on customer satisfaction proposing various theoretical constructs which purport to examine the determinants of satisfaction. The most commonly used measurement approach to assessing customer satisfaction has been the confirmation-disconfirmation of expectations approach which conceptualises satisfaction as a post-consumption, cognitive process (Parasuraman et al. 1988; Bartikowski and Llosa 2004; Wirtz et al. 2000). However, research into customer satisfaction has been plagued by imprecision and inconsistency leading many researchers to conclude that satisfaction measurement should be regarded as a ‘trap’ to be avoided (Anderson and Mittal 2000; Giese and Cote 2000). Satisfaction measurement has been criticised as: failing to measure the depth of customers’ responses to consumption situations (Giese and Cote 2000; Oliver 1997); failing to discriminate between true brand loyalty and inertia repeat purchasing (Amine 1998); setting a grossly sub-standard benchmark for excellence (Reichheld 2001); and for providing an inherently unreliable predictor of attitudinal loyalty, making it “prudent for managers not to rely exclusively on satisfaction scores” as a proxy for loyalty (Bennett and Rundle-Thiele 2004 p. 520).
Factor or attribute based approaches to measuring customer satisfaction have supplemented the confirmation-disconfirmation approach by suggesting that there exists a nonlinear and asymmetric relationship between service attribute importance and attribute level performance (satisfaction) evaluations (Kano 1984; Walden 1993; Mittal et al 2001; Busacca and Padula 2005). Whilst these models of satisfaction have offered a framework to analyse and understand customer behaviour, they encourage the adoption of a 'zero-defects' service paradigm. This approach fails to account for the depth of customers' responses and the "talismanic relationships consumers form with that which is consumed" (Fournier 1998 p 343). The corollary of this approach is that all customers within the customer base are to be treated alike in the pursuit of high levels of satisfaction. However, as Mittal et al (2001 p 352) point out, "newly acquired and loyal customers of a firm place different importance on the same attribute [implying] that firms cannot treat newly acquired and loyal customers the same way." Notwithstanding these far reaching criticisms, it seems that measures of satisfaction continue to be used as key indicators of brand health. This is despite recent literature which points out that even satisfied customers will defect (Jones and Sasser 1995).

Research on affect has attempted to overcome some of the limitations of the cognitive approaches to evaluating customers' consumption responses by drawing a distinction between mere satisfaction, and stronger and more positive emotional responses towards consumption (Watson and Tellegen 1985; Oliver et al. 1997; Santos and Boote 2003). In particular, research investigating the notion of delight suggests that the non-linearity in attribute based judgements may be due to the role that affect plays in customers' satisfaction judgements, as opposed to solely, the weighting or importance that a customer places on a particular attribute. However, affective approaches such as the construct of delight have been criticised for; increasing customers' expectations (Santos and Boote 2003 p 152); leading to habituation with regard to delighting service delivery (Rust and Oliver 2000); and for failing to examine the extent to which delight may be a segment specific phenomenon. Research is also yet to determine whether delight is more effective in the initial attraction of new customers, than in the retention and maintenance of existing customers, due to its short-term and transient nature.

In summary, there is a need for the development of measurement models which more effectively account for the depth of customers' emotional responses to consumption situations and which recognise that, as customer relationships with a firm evolve through increased experience, so too do the customers' weighting and assessment of the importance of various attributes in determining their overall service evaluations. This paper proposes a framework of customer engagement, which attempts to address this gap in the literature. It incorporates the notion of mere satisfaction into a much richer process model of customer loyalty, one which examines the pathways and processes that different experience based segments follow on their journey towards loyalty through satisfaction, delight, trust, involvement and commitment towards a service or brand.

Towards the concept of customer engagement
Recently, the advertising industry has shown interest in the concept of customer engagement. This construct has been proposed as a proxy measure of the strength of a
company's customer relationships as indicated by the emotional and rational bonds that a customer has developed towards the company's brands (McEwen, 2004). Engagement is therefore argued to include feelings of confidence, integrity, pride and passion in a brand (McEwen, 2004). However no theoretical basis for the construct or process of engagement exists, and attempts to define engagement remain formative, proprietary and ad hoc.

This paper attempts to bridge this gap in the literature by inferring a theoretical basis for engagement from the literature on relationship marketing and commitment. This literature suggests that whilst “satisfaction is a necessary step in loyalty formation” it “becomes less significant as loyalty begins to set through other mechanisms” (Oliver 1999 p. 33). In order to achieve this task, this paper considers the role of affective commitment, calculative commitment, trust and involvement in the process of customer engagement.

Figure 1 shows how these elements are incorporated in a model of customer engagement. The model proposes separate pathways for first time users or buyers of a service, versus repeat users or buyers of a service. This model of engagement has been developed for application within the hospitality industry and particularly its restaurant dining sector. However, the model proposes a generalised construct of engagement and therefore has potential application to a range of other service categories. It provides management with a service paradigm that demonstrates the necessity of moving beyond merely satisfying customers to engaging customer segments at a deeper, relationally based level.

**Calculative Commitment**

Two forms of commitment have been articulated in the literature; calculative commitment and affective commitment. Calculative commitment is concerned with the extent to which customers instrumentally weigh the probability of making a poor decision along with the importance associated with the potentially negative consequences of that decision (Amine 1999). It has additionally been linked to the development of a psychological defence motivation whereby negative brand information is limited to the target attribute in question, whilst, positive brand information on other related attributes is enhanced, thereby reducing a customer’s propensity to switch brands (Ahluwalia et al 1999). Strong calculative commitment is therefore frequently associated with a strong attitudinally-congruent information processing bias (Ahluwalia et al 1999).

The construct of calculative commitment, as a potential explanation of customer loyalty has, however been criticised as inadequate for failing to take in to consideration, the role of emotion and affect in the consumption choice (Pritchard et al 1999). Calculative commitment has also been criticised as an embryonic form of commitment due to its reliance on risk reduction and behavioural inertia as opposed to the more affective, relational dimensions of affiliation, association and shared values (Hess and Story 2005; Liljander and Roos 2002; Wetzels et al 1998).

Importantly, these studies highlight for marketers, that loyalty per se does not always suppose ‘true’ commitment (Warrington and Shim 2000). That is, customers are argued
to commence their brand relationship from a cognitive, shallow, and attribute based evaluation of information, during which the “depth of loyalty is no deeper than mere performance” (Oliver 1999 p. 35). The development of trust in the customer-brand relationship may however transform functional connections between the customer and service provider, which are based on risk minimisation and the maximisation of utility, into more personally oriented connections associated with affiliation, identification and attachment (Hess and Story 2005). It may, as a result, be the case that the construct of calculative commitment has greater relevance for new, inexperienced customers of a service provider, given their tendency to initially evaluate consumption experiences according to perceived risk and utility. Based on this argument, calculative commitment would subsequently have a much more limited role to play in the consumption evaluation process of repeat purchase, experienced users who have established expectations.

However, whilst trust would appear to play a fundamental role in the transition of a new first time customer from a purely calculative, to an affectively committed state, it is noted that trust may also continue to underpin the more affectively committed condition of experienced and fully engaged customers. In other words, trust is argued to be a necessary condition of commitment (Hess and Story 2005). Consequently, management should be cautious of customer relationships which are solely based on calculative commitment. They should however be aware, that the initial development of calculative commitment may merely be the beginning of a transitioning sequence that if further developed and fostered, may lead to more affective, and hence more enduring states of commitment (See Figure 1).

**Affective Commitment**

The notion of affective commitment has recently received increasing attention within the marketing literature due to its reported links to loyalty, and it is conceptualised as being a key element with regard to the proposed construct of engagement.

Affective commitment refers to an emotional feeling which expresses a customer’s psychological closeness to a brand and which “consists of a holistic or aggregate judgement of the brand independently from its functional or instrumental attributes” (Amine 1998 p. 313). Research investigating the moderating role of affective commitment on loyalty, has found that affective commitment may lead to; a greater desire to remain with that brand or service provider, a willingness to invest in the brand or service provider and a propensity to engage in positive word of mouth communication (Wetzels et al. 1998; Harrison-Walker 2001). In addition, affective commitment produces a ‘stickiness’ which moderates attitudinal and behavioural responses under service failure conditions (Mattila 2004). For highly committed experienced customers, the negative effects of a service failure may be mitigated by a reliance on past affective experiences (as opposed to purely cognitive beliefs) in the determination of future loyalty behaviours (Mattila 2004). Furthermore, affective evaluations may be a better predictor of behaviour than cognitive evaluations (Dick and Basu 1994). Recent research supports this contention noting that affective commitment may have a stronger impact on loyalty above and beyond other constructs such as satisfaction, price, corporate image and calculative commitment (Johnson et al 2001). Yet, given the importance of affective
commitment in the development of loyalty, it is noted that empirical work on the construct is sparse (Mattila 2004).

Based on the foregoing arguments, it is likely to be the case that affective commitment may assume greater relevance in the consumption evaluation process for experienced, repeat purchase customers of a service, who are seeking to develop a relationship with that provider, when compared to new users of a service. Repeat purchase customers are viewed as having moved beyond cost benefit, rational evaluations, and may be seeking to establish a deeper, ongoing, personal connection with the brand, service provider or the experience itself. Consequently, it is difficult to conceptualise loyalty with regard to experienced customers of a service, in the absence of both affective and calculative commitment.

**Involvement**

The construct of involvement also has a number of contributions to make with regard to the proposed concept of engagement. If customers are uninvolved with the choice of brand or service provider, then it is virtually impossible to have committed customers (Hofmeyr and Rice 2000). Uninvolved and hence uncommitted customers, whilst being satisfied, may switch brands on a regular basis because the brand or service provider is viewed as being unimportant in the customer’s decision making process.

Warrington and Shim (2000) make a distinction between the constructs of commitment and involvement. Customers exhibiting high commitment and high involvement were found to rely on generalised affect when evaluating consumption objects whereas those exhibiting low levels of commitment coupled with high levels of involvement tended to be more rational in their evaluation of products, focusing more on the functional attributes of the product. Conversely, customers displaying lower levels of involvement were more apathetic in their evaluations with a focus on mere satisfaction. Involvement therefore seems to be a necessary component of the broader conceptualisation of engagement in that it mediates the relationship between satisfaction and commitment.

**Segment specific differences as a mediator of engagement**

Although it is argued that the necessary conditions for engagement include; calculative commitment, involvement, trust and affective commitment, it is hypothesised that not all customer segments of a brand or service reach an engaged state with the brand or service provider immediately. Rather, it may be the case that delighted new users of a brand or service, continue to progress along a pathway towards a state of engagement from the initial experience that they have with the service provider. There appears to be therefore, an opportunity to more thoroughly investigate the role of experience as a mediator of cognitive and affective evaluations.

Research is also required to examine "whether the building of...commitment for customers with weak bonds can transform them into relational consumers, and, if it can, which marketing tools build...commitment" (Garbarino and Johnson 1999 p 82). The construct and process of engagement may provide one means with which to address this issue. This could be achieved by investigating, both the manner in which inexperienced,
first time customers may initially be attracted to, and retained by a service provider, and
also, the mechanism by which loyalty may be generated and maintained amongst more
experienced customers of a service.

The literature on information processing suggests that inexperienced users display a
number of unique characteristics which separate them from more experienced users.
Research, with regard to information processing patterns, has suggested that
inexperienced users have imprecise expectations of service provision, and therefore have
difficulty in assessing new service experiences (Patterson 2000). In order to overcome
this difficulty, and form initial overall judgements of service performance, new customers
demonstrate a greater reliance on attribute level information. It seems then that delight
has a potentially dual role to play for first time customers. It firstly assists in attracting
new customers to experience a new service provider (i.e. based on other consumers word
of mouth recommendation), and, in addition, offers a mechanism which encourages
repeat purchase and retention amongst those new users who were delighted by the
experience.

Conversely, the literature dealing with experienced customers postulates that expertise
leads experienced customers to develop a broad set of stable, evaluative criteria
concerning consumption situations. (Zinkhan and Braunsberger 2004; Huber et al. 2004;
Patterson 2000) and engage in cognitive complacency with regard to service evaluations
(Soderlund 2002) This has led some researchers to term such users ‘cognitive miser’ in
that if previous encounters have been positive, then additional encounters appear to
produce increasingly positive evaluations (Mattila 2003; Iglesias 2004) Complex and
well formed knowledge structures, such as those possessed by experienced, repeat
purchase users of a brand or service provider, are therefore argued to be conducive to the
formation of commitment: “for the highly committed, [dissonance] costs are more
pronounced than those incurred when change is contemplated in the simple structure of
the less committed” (Pritchard et al. 1999 p. 335). It would seem therefore, that the
existence of cognitive complexity, would limit the mitigating role of delight due in part,
to the well developed expectations of repeat purchase users, hence leading to habituation
towards delighting service elements.

It is also postulated that as a consequence of their entrenched knowledge structures,
experienced users are better able than inexperienced customers to construct relationship
based evaluations (Moreau et al. 2001; Gustafsson et al. 2005; Bowden and Corkindale
2005). Such evaluations are argued to be advantageous to the service firm; “the best
relationships with customers are affective or emotional in nature... tangible attributes of a
product or service have far less influence on consumer preference than the... sensory and
emotional elements derived from total experience” (Pullman and Gross 2003 p. 217).

**Conceptualisation of customer engagement**

Figure 1 outlines the engagement sequence for first time and repeat purchase users of a
service provider. It proposes that customers proceed in a stepwise manner through a
number of affect driven stages as they progress towards an end state of brand loyalty. It
addition, it proposes that the two pathways for new and repeat purchase customers are
qualitatively different.
New users enter new consumption situations with the intention of forming an initial impression of the service provider (Iglesias 2004) and are considered to be active information processors who are in a relatively high state of arousal (Alford and Sherrell 1996; Patterson 2000). Given that they process information at a reductionist, attribute level and have poorly formed expectation sets (Patterson 2000) it is suggested that they are consequently more prone to experiencing delight when compared to repeat purchase users. The experience of this highly aroused, positive emotion is subsequently argued to lead to both an initial state of transitory affective commitment and a stable state of calculative commitment due to the reduction in perceived risk (Amine 1998).

Conversely, repeat purchase users have more comprehensive expectation sets as a result of previous experience (Patterson 2000) and therefore tend to evaluate their consumption experiences at an overall relationship-based level as opposed to at an attribute level (Soderlund 2002). Given their tendency to rely on previous service evaluations, (Mattila 2003; Iglesias 2004) repeat purchase users are argued to be in a much lower state of arousal when compared to new customers. It follows therefore that experienced customers are much less likely to experience delight.

The model suggests however, the central importance of trust in facilitating the transition from the somewhat embryonic state of calculative commitment to the more entrenched and enduring state of affective commitment (Pritchard et al 1999). This process culminates in an engaged state and brand loyalty, or in other words, an emotional and rational attachment to the brand or service provider, and an intention to stay with the brand or service provider and a willingness to recommend it to others.

Support for the formative aspects of this model is provided by Mano and Oliver (1993) who argue that the formation of satisfaction and dissatisfaction evaluations are independent of arousal, as satisfaction judgements are concerned simply with basic need satiation fulfilment. However, the cognitive, evaluative process that occurs during the satisfaction judgement is argued to cause arousal and arousal consequently moderates states of either a positive, hedonic or negative affective experience. Hence, satisfaction in the model is described as occurring prior to the experience of arousal, involvement and affect.

In addition to this, satisfaction judgements are also described as being involvement neutral. Mano and Oliver (1993) emphasise that when customers respond to satisfaction queries, very limited attention is given over to product or brand involvement. Thus customers need not be involved with the product category, or with brand choice to be merely satisfied. However, involvement is viewed by the authors as a direct expression of states of arousal and it is argued that involvement is "concomitantly required in the generation of high levels of either positive or negative affect" (Mano and Oliver 1993 p. 455). This lends justification for the placement of involvement between arousal and affective commitment in the proposed model for repeat purchase users.

Engagement in the proposed model is therefore viewed as both a process as well as an end state. The model suggests that one needs to pass through a series of stepwise
progressions in order to become engaged. It suggests that the pathway to engagement differs for first timers and repeat purchase users and in doing so, provides a more complete modelling of customers’ evaluative processes.

**FIGURE 1: A conceptual framework for the process of engagement**

Managerial Implications
This conceptual paper should be seen as a preliminary attempt at addressing an issue that has significant implications for services marketing theory and practice. Empirical testing of the conceptual model and propositions which have been put forward should follow. However, based on this preliminary conceptualisation of engagement, a number of implications seem relevant.

Firstly, this model of engagement, contributes further to the debate concerning the continuing tendency of management to use rather simplistic, and substantially flawed measures of consumer consumption responses. These survey instruments place undue emphasis on customer satisfaction and expectation scores at the expense of a more detailed examination of customers' consumption responses, which is inclusive of affective measures. Whilst recent studies of the role of affect have moved this debate forward, engagement proposes a more complete, conceptual construct and model with which management may measure commitment and hence loyalty towards a brand or service.

Secondly, the model provides a means by which management can better understand the relationships between customers’ goals and expectations, and the range and depth of customers’ cognitive and affective responses towards a service or brand. It provides also, an understanding of the specific pathways to engagement, for new and repeat purchase customers of a service, highlighting the possible transitory nature of new customers’ commitment. It additionally focuses management’s attention on the specific requirements of affectively committed customers and the need for a more relationship based approach to the management of these customers. It suggests the need for a more proactive
approach, to managing a customer base, one in which customers are actively managed and progressed from their initial service encounter, towards a state of full engagement. It therefore, emphasises the development of ongoing management policies and programs which are aimed at fostering affective, relational ties between the customer and service provider. It would be conceivable, for example, to generate engagement assessments from the model which assess the extent to which a corporation's customer base, and each of its various segments, is engaged with its brands or services. These assessments could then be compared or benchmarked against the industry category, and against service and product initiatives, which are designed to improve engagement performance, for each or all segments of the brand or service.

Thirdly, the model draws attention to the quite different cognitive and affective pre-consumption states of new, versus repeat purchase customers. It points out that new customers are likely to be more attuned to service experiences which surpass baseline expectations and lead to a delighted state, through, for example, the provision of unanticipated service levels or unexpected extras. Delight, in this sense, is viewed as a conceptually useful construct in the proposed model as it suggests that a focus on service attributes, which lead to highly positive and surprising levels of affect, may offer service providers a mechanism with which to interest and involve customers.

However, the model also suggests that merely delighting a customer on their first or even subsequent visit may not be enough to generate long term affective commitment and loyalty. That is, the loyalty of repeat purchase customers is more effectively maintained through relationship management approaches such as personalised service experiences, rapport with service staff, and recognition. The creation of delight for experienced customers is unlikely to be effective, as these more experienced customers are argued to have reached a more habituated state towards events that were initially delighting. Nonetheless, repeat purchase customers will still seek a consumption experience which positively reinforces their previous service experiences and reaffirms their engaged state. These reaffirmations for regular customers may not be surprising and thus delighting, however, they may fit well with the relationship based needs of the more contented, loyal customer.

In summary, it is proposed that it is important for academics and practitioners to understand that engagement, as a process, arises out of a combination of affective commitment, calculative commitment, trust and involvement. Additionally, engagement is conceptualised as a segment specific end state that occurs only amongst more regular users who have been exposed to repeated positive consumption experiences, and who are affectively committed to the service provider. The task for management therefore is to be cognisant of the differences between various consumer segments, to more effectively manage their consumer base by developing tailored marketing strategies to deal with those different segments of customers, and to continue to progress them up the "loyalty ladder."

Whilst this model has been designed for application within the hospitality industry, and will be tested within the restaurant dining sector, the model has potential applicability to
a variety of other service categories in which the principles of engagement may be applied. Engagement may, for example, be conceptualised as a fundamental evaluative end state for customers, one which, if modified to incorporate a specific sector's product or service attributes, may be applied generically to customer evaluations across a range of product and service settings. The issue of engagement and its measurement, should therefore, be considered as a fundamental concern for managers who wish to move beyond the notion of merely satisfying customers, to establishing more powerful emotional bonds between their brands or services and their customers.

Reference List


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