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An Exploration of Engagement: A Customer Perspective

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AN EXPLORATION OF ENGAGEMENT: A CUSTOMER PERSPECTIVE

A Dissertation
Presented in
Partial Fulfillment of the
Requirements for the Degree of
Doctor of Philosophy

BY

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JUNE, 2012

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VITA

The author, Laura M. Flynn (formerly Laura M. Miller), was born in Arlington Heights, Illinois, July 3, 1983. She graduated high school from Loyola Academy in Wilmette, Illinois in 2001. Following, she received her Bachelor of Arts degree in 2005 and her Master of Arts degree in 2008 both from DePaul University with high honors.

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CHAPTER I.

INTRODUCTION

Across many organizations, business leaders have shown an ever increasing interest in the concept of engagement. Engagement can be defined as the personal investment one puts forth in order for an organization to succeed (Macy & Schneider, 2008). Organizations are eager to understand how engagement could provide insight on how to produce more value added contributions to make work more effective. As a result, within the internal networks of an organization, human resources and leadership/organizational development departments are beginning to survey and evaluate engagement among employees more readily (Hewitt Associates LLC, 2005). Furthermore, there is a need for organizations to expand the notion of employee engagement to other domains such as exploring customer engagement. Since there is an increased interest in engagement measurement within organizations, it is important to facilitate a science-practitioner approach that will incorporate an appropriate theoretical foundation (Harter, Schmidt, & Hayes, 2002; Macey & Schneider, 2008). The majority of engagement literature to date has focused on employee engagement. This body of literature relates job characteristics with the attitudes and behaviors demonstrated by employees at work. Employee engagement has sparked discussions on how the concept is defined, how it should be measured, and what value it brings to an organization. Since there are limited publications on customer engagement, evidence from employee engagement

literature will be utilized to support the customer engagement framework presented.

Following the engagement trend, organizations have a growing curiosity to learn not only how their employees are engaged, but also to what extent their customers are engaged as well. Customer engagement is viewed alike to employee engagement where customers are viewed as exceeding performance expectations to help a provider succeed. Customer engagement has become a popular concept to businesses as they are seeking out new ways to retain and acquire customers, especially during times of an economic downturn (McEwen, 2004). Furthermore, organizations are concerned with the ways in which they can engage their customers across different channels. Today, many organizations conduct business in different channels, such as the internet, phone, or by visiting a store location. Customers' personal preference can dictate which channels or mediums are mostly considered to search for products or conduct a business transaction (Kim, Ferrin, & Rao, 2009; Lee & Bellman, 2008). To add another layer of complexity, differences exist with these processes depending on the type of business (i.e., business-to-business (B2B), business-to-customer (B2C), customer-to-customer (C2C)). All these factors should be considered when organizations are making attempts to engage their customer base.

The concept of engagement has a foundational element that can be applied to multiple domains, such as employee or customer engagement. In the domain of customer engagement it is just as important to understand what drives customers to conduct business with certain organizations and what causes those

same customers to repeat business transactions (Bowden, 2009a). Definitions for engagement can be translated to fit customer engagement and the relations customers have with a business instead of relations of employees to a work organization. Two definitions that will be of focus for defining customer engagement in this study are the following: 1) Repeated interactions that strengthen the emotional, psychological, or physical investment a customer has in a brand, 2) the willingness of customers to invest oneself and discretionary effort to help a provider succeed (Macey & Schneider, 2008). From these definitions, interactions with either a business or brand are of focus instead of characteristics of work which is the case in employee engagement.

Engagement fundamentally incorporates cognitive, emotional, and psychological components and it can be used as a proxy in customer behavior research for evaluating customer relationships with a company or brand. Then, engagement becomes relevant to evaluating service performance based on customers' attitudes towards feelings of confidence, trust, integrity, pride, and passion in this customer-brand relationship (McEwen, 2004). Employees or customers who are engaged add value to an organization such that company specific knowledge is developed over time.

The current study sought to adapt a measurement framework for employee engagement to customer engagement. Specifically, the *Utrecht Work Engagement Scale* with a three-factor structure of vigor, dedication, and absorption was modified to assess customer engagement (Schaufeli, Salanova, Gonzalez-Roma, & Bakker, 2002). Customers and employees face similar tasks

and challenges on a daily basis. For example, an employee might find challenges with identifying the correct approach to deliver a report whereas a customer may be challenged with selecting the right tool to purchase to complete a job back in the warehouse. With the construct of engagement, both of these groups have opportunities to demonstrate persistence, pride, and enthusiasm as well as investing effort to help a business succeed. Additionally, the current study focused on the business-to-business context which is typically understudied compared to business-to-consumer contexts. As a final addition to the current study, it was sought to understand customer engagement online or through the e-Commerce service channel. Figure 1 summarizes the relationships examined in the current study. The following section will review literature concerning 1) employee engagement, 2) consumer behavior, 3) customer engagement, 4) type of business, and 5) the role of e-Commerce while providing supporting evidence from employee engagement research. Following this literature review, hypotheses, methodology, analysis, discussion, and implications of research will be discussed.

Employee Engagement

Prior to discussing customer engagement, the history and current state of the literature on employee engagement will be briefly discussed. The surge of interest in employee engagement was partially a result of high quality talent leaving organizations followed by decreased levels of productivity. There was a shift in the employment contract that would no longer guarantee lifetime employment in exchange for commitment and loyalty to an organization starting

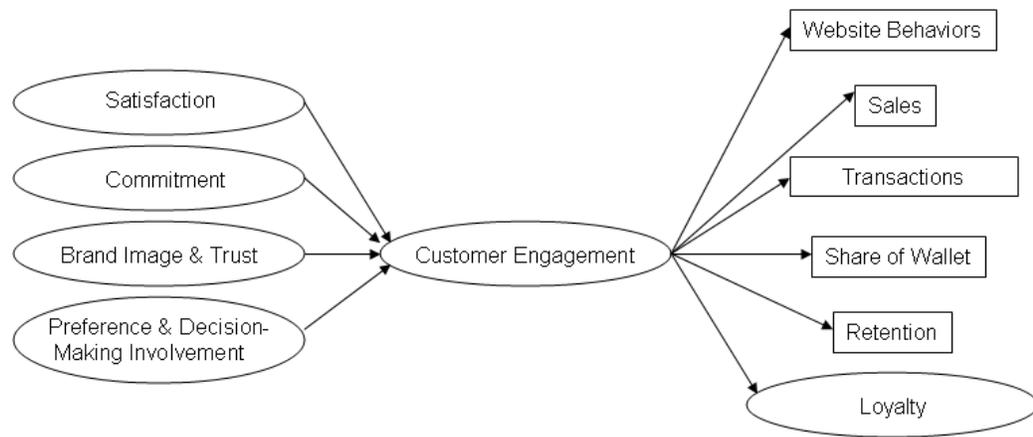


Figure 1. Customer Engagement Measurement Framework.

in the 1980's (Welbourne, 2007). With this work culture shift, employees welcomed changing jobs or organizations when thought necessary. With other work opportunities available, employees did not see the need to put forth extra effort or overtime. These changes promoted a new vision in organizations which was the notion of employee engagement.

Academic research was slow to jump on the engagement bandwagon. However, engagement is noted to have roots in social science disciplines including management, psychology, education, and public health (Burke, 2008; Wallerstein & Bernstein, 1988). Within organizational behavior literature, the study of engagement has been of increased interest since relationships have been linked to high job satisfaction, low absenteeism, high organizational commitment and performance (Harter et al., 2002; Salanova, Agut, & Peiro, 2005). Findings at the business-unit level of analysis have revealed that high employee engagement subsequently impacts customer satisfaction and loyalty (Harter et al., 2002).

Employee engagement has continued to gain the attention of many researchers and practitioners. Engagement is seen as originating from attitude research and extends to demonstrate relationships with profitability through increases in employee productivity and decreased turnover, along with customer sales, satisfaction, and retention (Harter et al., 2002; Hewitt Associates LLC, 2005; Macey & Schneider, 2008). To stay competitive, organizations should find strategic ways to function beyond contractual relationships and move from compliance to cooperative behaviors. With the study of engagement, it is hoped that the attitudes and behaviors necessary for this transition become clearer.

Even though there does not seem to be a unified definition of employee engagement, several definitions have common underlying themes. Typically individuals associate positive terms with the definition of engagement since it is thought of as a desirable condition. Engagement has been thought to encompass elements from motivation and attitudinal research with focus on involvement, commitment, passion, enthusiasm, effort, and energy (Macey & Schneider, 2008). For the most part, engagement has been studied or defined from a psychological state perspective. Additionally, there is other research that has attempted to understand behavioral (e.g., organizational citizenship behaviors (OCB)) and dispositional (e.g., positive affect) components of engagement (Bernthal, 2004; Towers-Perrin, 2003; Wellins & Concelman, 2005). Specific definitions for engagement are as follows: a high internal motivational state (Colbert, Mount, Harter, Witt, & Barrick, 2004), the willingness to invest oneself and expend one's discretionary effort to help an employer succeed (Erickson, 2005), the individual's involvement and satisfaction with as well as enthusiasm for work (Harter et al., 2002), the shared variance among job performance, withdrawal, and citizenship behavior (Newman & Harrison, 2008) and persistent, positive affective-motivational state of fulfillment characterized by vigor, dedication, and absorption (Schaufeli et al., 2002). Most commonly, however, the definition of engagement tends to combine both role performance and affective states (Macey & Schneider, 2008). Engagement has been thought to exist either on a continuum, ranging from low to high, or as a dichotomy, engagement or disengagement (Macey & Schneider, 2008).

As reviewed in the following sections, Macey and Schneider conceptually described employee engagement as having state, behavioral, and trait components (2008). The discussion around these components will be reviewed in the above order. The concept of state engagement has received the most attention in literature to date. State engagement acts as an antecedent for behavioral engagement. State engagement is defined as having feelings of absorption, satisfaction, involvement, attachment, energy and enthusiasm towards work (Macy & Schneider, 2008). Schaufeli et al. (2002) defined work engagement “as a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption.” It is assumed that engagement will be relatively stable when considering mostly stationary job and organizational factors. Additionally, the feelings associated with engagement are thought to be attributed to characteristics of the job. Several job attitudes have significant individual and business-level outcomes such as profit, sales, and customer ratings (e.g., Harter et al., 2002; Judge, Thoresen, Bono, & Patton, 2001). These research findings continue to emphasize the value of attitudes in the workplace and continued ways to foster their development. The challenge however is to distinguish the measurement of engagement from previously existing attitudes. For example, Schaufeli and colleagues promote the measurement of vigor, dedication, and absorption components of engagement to make this distinction clearer (Schaufeli et al., 2002).

Behavioral engagement is thought of as effort directed towards in-role and extra-role behaviors (e.g., Erickson, 2005; Towers-Perrin, 2003). These

behaviors are directly observable actions. Effort has traditionally been thought to encompass three components, duration, direction, and intensity (Campbell & Pritchard, 1976; Kanfer, 1990). Once individuals are energized and focused with state engagement, behavioral engagement ensues as attitudes transformed into actions. In this regard, engagement results in behaviors that are typically viewed as positive. The current study will focus on the relationship between state engagement and behavioral outcomes. As state engagement is flawed with measurement confusion, behavioral engagement is suspect to similar scrutiny. When defining behavioral engagement measurement, it is hard to distinguish between everyday work behaviors and behaviors resulting from engagement. In this regard, engagement behaviors are better identified as being atypical or in addition to required work performance.

As mentioned previously, individuals are more likely to invest time and effort in tasks that coincide with their self identity (Kahn, 1990). Furthermore, when individuals are more invested in their roles, they will go beyond typical performance and reevaluate in-role behaviors for improvement, thus, leading to optimal performance (Brown, 1996). Focusing on behaviors that are classified as above expectations, innovative and proactive in making contributions to the workplace are of interest when investigating behavioral engagement, assuming employees have the necessary knowledge and skill sets (Macey & Schneider, 2008).

Trait engagement can be understood as the orientation one has towards various experiences and encounters. Several existing traits are combined in trait

engagement. These constructs include motivation orientations, positive affectivity, and personality traits of being conscientious and proactive (Crant, 2000; Roberts, Chernyshenko, Stark, & Goldberg, 2005). For example, one may have a predisposition that usually offers a positive or negative affectivity towards day to day activities. These internal traits are then displayed through psychological states and can provide an explanation as to why some employees are more likely to be engaged than others. In general, trait engagement has a distal impact on behavioral engagement whereas state engagement has more proximal causes on behavioral engagement (Kanfer, 1990). Trait engagement is more likely to interact with situational factors, such as leadership styles and job characteristics, which ultimately influence state and behavioral engagement depending if the situational factors are experienced as being positive or negative.

To summarize the employee engagement literature, a new approach to understanding constructs that have been studied for several years are now combined into an overarching framework with employee engagement that offers a fresh perspective on how workers interact with their jobs and job environments. When evaluating the aforementioned variables, it is highly plausible to conclude that a similar framework would fit the ways in which customers interact with an organization as well. For instance, customer satisfaction and commitment would be just as relevant to engagement as would these variables from an employee's perspective. Before customer engagement is discussed, the fundamentals of consumer behavior research are reviewed.

Consumer Behavior

As the marketplace continues to grow domestically and abroad with increased competition, understanding consumer behavior becomes even more critical. A larger breadth of product offerings and options allows for more opportunities for customers to switch to a competitor. Furthermore, in times of economic uncertainty, businesses are even more susceptible to customer churn as low prices are of greater demand. There is some evidence that shows that US corporations lose approximately fifty percent of their customers in five years (Ganesh, Arnold, & Reynolds, 2000). Businesses continue to be surprised when a top customer is lost to a competitor when they expected to receive the order.

The consumer behavior process is viewed as having three phases: pre-purchase, purchase, and post-purchase or post-consumption (Kim, Ferrin, & Rao, 2009). After this cycle, a repurchase phase is possible if the customer returns to a supplier for repeat business. The consumer purchase process is similar for both online and offline retailing avenues. Understanding these three phases helps conceptualize how attitudes are formed and impact phases differently. For example, trust plays a larger role in formulating intentions and making an initial purchase decision than in post-consumption. Developing attitudes and beliefs occur in the pre and post purchase stages where expectations are confirmed or violated, thus allowing for attitudes to be realigned if necessary for future purchases. The major distinction between pre and post purchase stages is that in the post-purchase stage the consumer has a substantial and direct previous experience to draw conclusions from (Kim et al., 2009). The post-purchase

evaluation process allows for confirmation of pre-purchase standards on several attributes including performance of product, satisfaction with transaction and consumption. In the purchase phase, it is important to evaluate the conversion from behavioral intention to an actual transaction decision since intentions are a predictor for behaviors (Kim et al., 2009; Ranganathan & Ganapathy, 2002).

Customer retention is typically studied from a sales or technology use perspective; however, the contributing factors behind how customers are retained are mostly overlooked (Carter, 2008). As noted in various research studies, the majority of sales are generated from existing customers and less from customers that are first time or new buyers (Oliver, 1999). New customers are more likely to examine and take action on competitor offerings than repeat or loyal customers that have established a relationship with a business. In the purchasing process, relationships transition from being transactional to transformational in nature when relational bonds are developed with business personnel. When a stronger relationship is developed between a customer and business, the customer is more likely to expand the types and amount of products purchased in future purchases instead of seeking out other offers from competing businesses. Some businesses attempt to proactively shift the relationship by providing customer relationship building, facilitating meetings between top customers and senior executives, improving lines of communication, and creating value for customers that could act as a buffer to possible defects in future transactions (Carter, 2008). In the long term, acquiring customers is more costly to a business than retaining them due to direct costs such as selling costs, commissions, and costs of unsuccessful

prospecting (Bai, Hu, & Jang, 2006; Buttle, 1996). Therefore, understanding the reasons why customers continue or discontinue transacting with a business is fundamentally important for future growth or expansion initiatives.

Customer Service Behavior

A customer can be defined as an individual or organization that makes a purchasing decision (Scullin, Fjermestad, & Romano, 2004). As organizations are continually searching for ways to stay competitive and grow market share, developing and retaining a strong customer base is imperative. When studying customer engagement, one has to identify contributing factors that can foster or inhibit customers from being engaged. Factors such as price, product availability, store locations, and website search and select capabilities also impact the customer experience and the likelihood of a customer to purchase or repurchase from the provider. Also, the service provider is one of these factors as it drives quality of service customers receive. To a great extent, service providers impact customer experience by providing assistance, product recommendations, completing special orders, and service to rectifying product defects or service failures. It is important to continually improve service since poor service quality is the key reason why customers switch to competitors (Weitzel, Schwarzkopf, & Peach; 1989; Zemke & Schaaf, 1989).

A key element in improving customer service is by fostering an organizational service climate. When an organization demonstrates a concern for customers, employees develop perceptions of work behaviors that promote quality customer service. Human resource practices can develop service climate by

training, motivating and rewarding employees for providing superior customer service (Salanova, Agut, & Peiro, 2005; Schneider, White, & Paul, 1998).

Service climates will be stronger when employees perceive that their behaviors of delivering quality service are rewarded and supported. Even support from clearly defined job functions and characteristics can aid employees in finding task identity, task significance, skill variety, and autonomy in their job when interacting with customers. Research has indicated that the conditions of work largely contribute to work outcomes such as productivity, satisfaction, and retention as well as having direct effects on engagement (e.g., Oldham & Hackman, 1981). Additionally, given the close interaction between employees and customers, a reciprocal relationship may influence service climate (Schneider et al., 1998). For example, an employee's perception of service climate may be influenced by the satisfaction of a customer. The same concern for customers and employees must be shared among management and leadership in order for the climate for service to sustain (Schneider, Ehrhart, Mayer, Saltz, & Niles-Jolly, 2005). When employees interact with customers based on their perceptions of service climate, customers will perceive the quality of service which will increase their chances of being retained as a future customer (e.g., Luo & Homburg, 2007). In addition, customer loyalty and satisfaction as well as firm performance will increase (e.g., Schneider et al., 1998, 2005). In context with engagement, employees who are satisfied, committed, and engaged at work will embrace a service climate in order to help an employer succeed. When the linkages between employee behaviors and quality of service are made clear, engaged employees

will put forth extra effort in their service interactions with customers. In this regard, employees demonstrate customer-focused organizational citizenship behaviors which mediate the relationship between a service climate and customer satisfaction (Schneider et al., 2005). In turn, service climate along with customer satisfaction and loyalty could facilitate customer engagement.

When employees interact with customers, it is central that the customer's needs are met or exceeded. Customer-facing employees, employees that interact face to face with customers daily, have it in their self-interest to be motivated to produce a superior customer experience such that the customer returns in the future. Customer service orientation was operationalized through job analysis and identified to involve four key pieces including active, polite, helpful, and personalized customer relations (Fogli & Whitney, 1998). With these constructs in mind, positive customer interactions would be described as being friendly, reliable, responsive, and courteous. Also, it is thought that customer interaction is more important than customer satisfaction in business-to-business (B2B) markets because the quality of the interaction can have a greater influence on retaining customers than satisfaction with areas of the purchasing cycle such as delivery fulfillment (Grunholdt, Martensen, & Kristensen, 2000). Interactions provide businesses with opportunities to assess the value suppliers or other businesses can provide by experiencing quality of product offerings and service provided. As competition grows, businesses have to rely on other aspects of their business model to attract and retain customers such as customer service. For example, if the organization cannot always guarantee the lowest prices, other offerings need

to substitute for this negative attribute such as superior customer service or solutions offerings (e.g., electronic data interchange-EDI, workflow management). Thus, employees interacting with customers need to consider these dimensions along with a high degree of responsiveness and reliability in order to foster a desirable customer relationship.

Furthermore, customers can have a relationship orientation with providers or suppliers. A buyer's relationship orientation depends on the goals of the customers. For instance, customers seeking a long term relationship will value factors such as satisfaction, corporate image, product quality, and service quality as they anticipate repeated interactions with a provider (Lee & Bellman, 2008). On the other hand, if a customer is concerned with a quick purchasing decision or a single transaction event, attributes of product quality are most important. Also, when the long-term relationship is valued, businesses can capitalize on higher price tolerance and cross-selling opportunities (Reichheld & Sasser, 1990). Businesses can take advantage of cross-selling opportunities when required or optional accessories are available for a base product or if other products that are often purchased together are offered to the customer. The importance of these factors mentioned above could be realized through the application of the customer engagement framework. Understanding this orientation has several impacts for a business such as tailored marketing campaigns with customer intelligence gained through customer engagement measurements.

Customer Engagement

Engagement has the opportunity to occur when an individual needs to develop a relationship with another business when operational dependencies exist. This situation is especially prevalent with B2B operations when individuals need to be in frequent contact with other businesses to ensure that their own business operates smoothly on a daily basis. When this is the case, individuals are charged with the responsibility of identifying and transacting with the best businesses as well as leveraging their technical expertise. It is the suppliers or distributors to these businesses that need to identify how to attract, retain, and engage customers to maintain sustainability. The suppliers or distributors are businesses that provide other businesses with the products and services needed to ensure faultless operation. For example, a distributor will provide products to a factory when a conveyer belt breaks that halts production of products. These service providers influence customer engagement through quality of service and products, meeting needs and expectations of customers, and by facilitating a personal relationship. When the aforementioned obligations are met or exceeded, customers will reciprocate by investing effort to help the service provider succeed by making repeat purchases, declining competitor offers, and referring others to the business. These interactions clearly illustrate the applicability of engagement in additional domains. Therefore, the purpose of this study is to examine the customer engagement relationship in a B2B context.

There is an ever growing need to understand engagement from a customer perspective and as a result academic research on this concept is on the rise.

However, as with employee engagement, there has been no consensus on a model for customer engagement. Also, the term engagement has been applied to measurement of satisfaction, loyalty, and commitment along with several other attitudes or to describe generic behaviors (e.g., repeated transactions). For example, Sprott, Czeller, and Spangenberg (2009) limited their scope of measurement to absorption in a brand relationship. Recently, there was a special issue of the *Journal of Service Research* that discussed the concept of customer engagement. Some authors debated that engagement is sets of behaviors that are beyond transactions where others indicated that transactions are the foundational element (e.g., Kumar, Aksoy, Donkers, Venkatesan, Wiesel & Tillmanns, 2010; Van Doorn, Lemon, Mittal, Nass, Pick, Pirner, & Verhoef, 2010; Verhoef, Reinartz, & Krafft, 2010). Clear definitions for what these engagement behaviors are do not exist, rather there are proposed metrics to measure engagement. For instance, Kumar et al., (2010) identified four customer engagement metrics which include customer lifetime value, customer referral behavior, customer influencer value (i.e., word of mouth activity), and customer knowledge value. Even though this framework is in its infancy, the propositions proposed lack specificity and uniqueness from other constructs. On the positive side, van Doorn et al., (2010) did acknowledge antecedents of engagement including commitment, satisfaction, trust, and brand image which are also found to be important constructs with employee engagement. Additionally, Hollebeek (2011a, 2011b) has proposed a conceptual model for customer brand engagement based on qualitative interviews and focus groups. There are no indications that the proposed model has been

empirically tested to date. Hollebeek (2011a) identified key themes of engagement to be immersion, passion, and activation which aligns with the *Utrecht Work Engagement Scale* (Schaufeli et al., 2002) utilized in the current study.

As previously mentioned, in the customer research literature there is not a clear understanding of what engagement really means. Therefore, a previously tested measure of employee work engagement will be adapted to attempt to measure customer engagement. Through this adaptation, the measurement of how customers engage to make a service provider succeed will be of main focus, instead of how employees engage to make their place of work succeed. Along with the main measurement of customer engagement, antecedent variables will also be tested in a broader framework. For the main measurement of customer engagement, the *Utrecht Work Engagement Scale* (UWES-9) will be utilized with revision (Schaufeli et al., 2002). The scale is comprised of three engagement components which are *vigor*, *dedication*, and *absorption*. *Vigor* is defined as demonstrating high levels of energy, resilience, and persistence when faced with difficulties as well as investing effort (Schaufeli et al., 2002). *Dedication* is defined as having a sense of enthusiasm, pride, inspiration, significance, and challenge (Schaufeli et al., 2002). Lastly, *absorption* refers to being deeply engrossed in work and is further defined as being characterized by time passing rapidly and having difficulties detaching one's self from work (Schaufeli et al., 2002). This conceptualization of engagement provides a unique perspective and does not attempt to reorganize previously defined constructs under new titles.

Furthermore, the UWES-9 has been previously tested and found to have stable indicators of reliability across various studies (Schaufeli et al., 2002). With the use of this scale as the measure of engagement, antecedents and outcomes of engagement will be evaluated as well as discussed in the following sections.

Process of Customer Engagement

A common theme across engagement definitions has to do with the notion of repeated interactions, thus implying that customers go through a process leading to different levels of engagement. The process of engagement is important to recognize as it describes the depth of the relationship that a customer can develop (Bowden, 2009a). In the marketing literature, understanding the role of consumer-brand relationships assists with identifying important concepts that are unique to the study of engagement (Hardaker, Simon, & Fill, 2005). To explain the quality of relationship, the role of commitment, trust, involvement, and satisfaction are considered, along with other attitudinal variables.

Within this framework the difference between new versus repeat customers is called upon. Specifically, new customers will have different expectations, knowledge structures, and attribute-level information when transacting with a business for the first time (Mittal, Katrichis, & Kumar, 2001; Patterson, 2000; Soderlund, 2002). Furthermore, new customers are more likely to weight external attributes more than internal cues when evaluating a service-brand relationship (Patterson, 2000).

The preferred medium for searching and purchasing behaviors may depend on prior order history or familiarity with a product, service, or brand. If a

customer is making a repeat purchase of a product, he or she is more familiar with the qualities of the product and has established an expectation for what should be received. In this situation, new versus repeat customers have differences in information-processing patterns due to lesser or greater levels of experience (Bowden, 2009a). Information processing patterns are different due to the context of customer experience, customer familiarity, customer expertise, and cognitive knowledge structures (Alba & Hutchinson, 1987; Bowden, 2009b; Johnson & Mathews, 1997; Matilla & Wirtz, 2002; Soderlund, 2002). Repeat customers have established stable criteria to evaluate consumption situations and rely on heuristics or mental short cuts that assist in problem-solving or decision-making that was developed through prior experiences (Huber, Beckman, and Hermann, 2004). Once knowledge structures have been established by repeat customers, attitudes begin to be formed especially in regards to commitment and trust towards a particular brand or business. In the context of the current study, however, customers with repeated interactions will be of primary focus.

Antecedents of Customer Engagement

There are several attitudinal variables that are researched under engagement. These variables will be explored as antecedents of customer engagement in the current study. In the next pages, the concepts behind these variables will be discussed from a customer engagement standpoint while providing supporting literature from the employee engagement domain.

Customer Commitment

More attention is being directed towards researching commitment and the implications that it has for studying engagement. Organizational commitment can be defined as the degree to which an individual identifies with his or her organization (Buchanan, 1974; Meyer & Allen, 1991; Mowday & Steers, 1979). In the customer context, the definition of commitment is applied to understand the degree to which customers have a psychological attachment with a business in which they transact. Even though previous research has identified commitment as being a unidimensional construct (e.g., Blau, 1985), additional research has identified three distinct themes present in commitment (Allen & Meyer, 1990; Meyer & Allen, 1991). Specifically, they were identified in Meyer and Allen's Three Component Model of Commitment (1991), which includes affective, continuance, and normative commitment. Affective commitment refers to the affective attachment one has to an organization, in which individuals stay with an organization because they want to. Continuance commitment was identified as the perceived cost of leaving the organization, in which individuals remain at or transacting with an organization because they need to. Normative commitment refers to the perceived obligation to remain with the organization, in which individuals stay with the organization because they feel that they ought to.

Customers experience similar types of commitment that employees of an organization experience (e.g., Amine, 1998; Tsiros & Mittal, 2009). Customers are capable of forming an attachment to a brand or provider resembling affective commitment. Affective commitment has been defined as an emotional feeling

that exhibits the psychological closeness a customer has with a brand or business (Amine, 1998). Research has identified several outcomes of consumer affective commitment including a greater desire to repeat purchase and remain with the brand, invest in the brand, and have a greater propensity to spread positive word of mouth recommendations (Harrison-Walker, 2001; Wetzels, De Ruyter, & Van Birgelen, 1998). Additionally, outcomes associated with high commitment include demonstrations of prosocial behaviors and less withdrawal when commitment is conceptualized as feelings of positive attachment measured by a willingness to exert effort for, have pride in, and identify personally with an organization (Meyer & Allen, 2002; Mowday, Porter, & Steers, 1982; Macey & Schneider, 2008).

It is argued that customers are able to make relationship-based evaluations that are superior to evaluations of tangible attributes of a product or service (Bowden & Corkindale, 2005; Pullman & Gross, 2003). Feelings of attachment and emotional connectivity have a greater influence on the formation of customer preference. Furthermore, under service failure conditions, subsequent negative attitudes or behaviors are mitigated based on the psychological closeness formed through affective commitment (Mattila, 2004). In this instance, customers are more likely to consult their prior affective experiences instead of cognitive beliefs when deciding future behaviors or interactions with the brand or business. Additionally, affective commitment is viewed as having a stronger driving force for loyalty than other factors such as satisfaction, price, corporate image, and

continuance commitment (Johnson, Gustafsson, Andreassen, Lervik, & Cha, 2001).

When customers embark on a business relationship, customers instrumentally evaluate the likelihood of a poor decision and the subsequent outcomes of this decision (Amine, 1998; Bowden, 2009a). Correspondingly, customers often rely on an attribute based analysis when choosing a product or brand for repeat consumption. Usually, these customers are motivated to limit negative information to the target attribute while over-emphasizing other positive attributes (Ahluwalia, Unnava, & Burnkrant, 1999). Bias in information-processing can influence customers to continue their business relationship based on feelings of need and reciprocal obligation, similar to normative and continuance commitment. Commitment plays an important role in curtailing the search for and actions towards other alternatives or competitors (Tsiros & Mittal, 2009). Specifically, repeat customers of a business have developed an expectancy framework for service and product quality that they would not want to sacrifice if they switched providers. Therefore, customers develop similar affective, reciprocal, and continuance attitudes as employees would under the commitment constructs.

From a practical standpoint, organizations seek to understand how commitment and engagement produce value. As a result, customer lifetime value calculations are used to understand the net present value of future profits from a customer (Peppers & Rogers, 2004). However, these values are based on purchasing behaviors only, thus failing to examine commitment or engagement as

a whole. Furthermore, organizations, especially B2B firms, are noted for implementing loyalty programs that produce less than desirable results because they are based on discounts with a purchasing focused initiative (Lacey & Morgan, 2009). These programs are geared to enhance the relationships with customers by offering discounts and promotional opportunities. Although customers view these offers as beneficial, a transformational relationship component is lacking that would block other competitors from enticing less committed customers. This described relationship is an application of the relationship marketing theory which incorporates the creation, development, and maintenance of long term relationships between a firm and its customers (Morgan & Hunt, 1994). Without the fostering of relational continuity, customers are less committed. This notion is similar to a customer's relationship orientation as well. A customer that purchases generic products that are offered universally across vendors is more likely to prefer the short term transactional relationship versus the customer who prefers to partner with the business to fulfill unique product needs (Lee & Bellman, 2008). In this case, more committed customers are willing to sacrifice price to reduce the risk of supply failure.

Customer Satisfaction

At the center of marketing theory, two concepts are of main interest, customer satisfaction and service quality, which are thought to lead to positive outcomes such as customer loyalty, intent to purchase, word of mouth recommendations, profit, market share, and return on investment (Allen & Willburn, 2002; Mittal & Kamakura, 2001; Sureschandar, Rajendran, &

Anantharaman, 2002). Customer satisfaction can be understood as the comparison of service and product quality expectations before and after purchase (Oliver, 1999). Another definition for customer satisfaction is the output resulting from a customer's subjective judgment of observed performance (Oliver, 1999; Oliver, Rust, & Varki, 1997).

Satisfaction has been found to be comprised of two components: affective and cognitive satisfaction (Fisher, 2000; Schleicher et al., 2004; Weiss, 2002).

The affective component of satisfaction refers to the positive or negative feelings that one has towards an identified target, whereas cognitive components of satisfaction refer to the beliefs or thoughts one has towards the target. Positive affectivity has been defined using descriptors such as alert, enthusiastic, proud, determined, and strong (Watson, Clark, & Tellegen, 1988; Wellins & Concelman, 2005). The inclusion of positive affectivity is incorporated into the measurement proposed by Schaufeli et al. (2002) with the dedication construct, which will be measured in the current study as well. Satisfaction can be impacted by several factors, including organizational culture, management, characteristics of the individual's job, and quality of service.

Customer satisfaction has been investigated since 1970 with over seventy research studies (e.g., Geyskens, Steenkamp, & Kumar, 1999; Lee & Bellman, 2008; Schenider & Bowen, 1985; Schneider et al., 1998, 2005). Within this research, particular focus has been dedicated to understanding satisfaction as a key driver of repeat business. When customers have numerous satisfied experiences, they would be more likely to be engaged as they develop a longer

term relationship with the provider. Developing a customer base that is stable, profitable, and requires less cost to service is the ultimate goal for organizations. Similarly, satisfaction is heavily researched in the employee domain. Many researchers have noted its important role within an organization in terms of the satisfaction-job performance relationship ($r=.30$) (e.g., Iaffaldano & Muchinsky, 1985; Judge, et al., 2001; Spector 1997).

At the forefront of building a new customer-brand relationship is to create a sense of reciprocity by providing non-standardized service interactions that are above expectations that delight the customer (Price, Arnould, & Tierney, 1995). As a result, customers place extra value on the service relationship and have greater retention and intentions to make a repeat purchase in the future along with acting as a vehicle for acquisitions of new customers based on word of mouth referrals.

However, with marketing research, there is a growing trend that indicates the reliance on solely measuring customer satisfaction fails to account for other influences on behaviors. With this sole measurement, it fails to distinguish among loyalty, repeat purchase intentions, and the depth of customers' emotional responses to consumption situations (Anderson & Mittal, 2000; Amine, 1998; Giese & Cote, 2000). Furthermore, once an organization's performance level has reached a standard which is deemed acceptable with customers, satisfaction alone can no longer predict future interactions or repeat purchases (Lee & Bellman, 2008). As such, Bowden (2009a) proposed a conceptual framework to remedy

this problem by focusing customer-brand relationship transformation through increased experiences.

Customer Involvement

Customers have certain preferences when they are partaking in a purchasing process. For instance, when gathering product information or making a purchasing decision, customers may have certain preferences for using online or offline mediums. Equally, customers will have different degrees of involvement ranging from wanting a seller to recommend a product to gathering information themselves to make an informed purchasing decision. Customers would have low involvement when they are not actively gathering product information to make a purchasing decision and instead would rely on the input of a seller for information. Customer involvement differs from employee involvement as customer involvement focuses on the degree of effort the customer takes responsibility for in a purchasing process. As a result, understanding the role of customer involvement in the engagement model is important.

In the consumer behavior literature, involvement is comprised of two key components, motivation and relevancy. Involvement is defined as goal-directed motivation towards a decision that is viewed as being personally relevant to the customer (Mittal & Lee, 1989). From the employee perspective, involvement has been defined as the degree to which one relates to his or her job and the subsequent work performed (Cooper-Hakim & Viswesvaran, 2005). The day to day tasks that individuals complete are central to their work roles. When customers are motivated, they feel a sense of commitment and self worth when

able to attain a goal which may include selecting the right product or service provider. Empowerment plays a central role with thoughts on self-efficacy along with feelings of authority and responsibility (Mathieu, Gilson, & Ruddy, 2006). In the perspective of the customer, empowerment translates into the customer's perceived ability, or self-efficacy, to locate product information and make a purchasing decision as well as the controllability or availability of resources and opportunities (Ajzen, 2002; Bandera, 1986). Outcomes of empowerment include effort, persistence, and initiative (Spreitzer, 1995). Research has indicated that involvement is an antecedent of commitment (Brown, 1996). When employees are involved, they are more likely to put forth extra effort and display positive behaviors. The behavior of putting forth extra effort is relevant to the concept of organizational citizenship behaviors (OCB). The dimensionality of OCB includes showing support for others, support for the organization, and being conscientious which is applicable when both employees and customers demonstrate these behaviors (Borman, 2004; LePine, Erez, & Johnson, 2002). Additionally, OCB is thought to be a part of contextual performance which can facilitate a more helpful and supportive environment (LePine et al., 2002). When considering OCB as an outcome of engagement, these are behaviors demonstrated that are beyond typical or what would be expected in a given situation or frame of reference (Macey & Schneider, 2008).

During the pre-consumption process, customers can be involved to different extents depending on the product information available. Customers will be more involved when they are searching for more quantitative and qualitative

product information (Scullin et al., 2004). In this case the customer is choosing to actively seek out and evaluate additional attributes to make a purchasing decision. Therefore, the decision-making process is prolonged based on information gathering and preference evaluation. Lower involvement decisions tend to occur during impulse buying decisions or when an ample amount of information is provided, alternatives are readily available, low risk or cost is perceived, and when past purchases lead to a clear favorite for future purchases (Scullin et al., 2004; Stanton, Miller, & Layton, 1994). The extent to which a customer is involved can impact levels of commitment or developing an emotional attachment to a business that might impact subsequent behaviors such as being more responsive to marketing efforts. Therefore, customers are more willing to engage themselves with other efforts and opportunities that a business might offer. Similarly, this same concept has been referred to as the “stickiness” that involvement creates in a customer-brand relationship, which also facilitates increased loyalty over the long term (Oliva, Oliver, & Bearden, 1995). Other findings with customer involvement include a greater likelihood of discounting conflicting informational messages in order to preserve existing cognitive schemas (Roser, 1990) and greater level of other brand rejection (Belonax & Javalgi, 1989).

Involvement has been seen as the catalyst for commitment as well as satisfaction. It is reasoned that satisfaction alone cannot drive engagement. Without involvement, a customer is less likely to be committed to a brand or service provider regardless if a customer is satisfied with certain attributes of their

merchandise. If a customer is satisfied, but uncommitted, he or she is more likely to switch brands or service providers on a regular basis because the business is seen as unimportant in the decision-making process (Hofmeyr & Rice, 2000).

Customer Trust

Trust is another construct to incorporate in the study of customer engagement. Trust is developed through a customer's experience and the assumption that the provider is able to respond to the customer's needs with a consistent level of quality (Delgado-Ballester & Munuera-Aleman, 2001). Additionally, trust is defined as a subjective belief that a business or entity will fulfill transactional obligations as the consumer understands them (Kim, Ferrin, & Rao, 2009). That is, trust is a customer's belief that a firm is reliable, sincere, and will stand by its word. Trust can be placed in multiple targets such as in a channel (e.g., online, salesperson in store location), product information, the purchasing process, or company (Pavlou & Fygenon, 2006; Plank, Reid, & Pullins, 1999).

The development of trust acts as a catalyst for the transformation of a cognitive to affective customer-brand relationship (Hess & Story, 2005). A new customer will primarily rely on cognitive processes to understand the utility of the purchase decision, thus weighing the costs and benefits of choosing a certain provider to transact with. A repeat customer with a more stable set of knowledge structures for the expected interactions will rely more on emotional or affective connections and identification with a provider. Additionally, customers that develop a higher level of trust will demonstrate not only their in-role job functions but extra-role behaviors as well (Kahn, 1990; McGregor, 1960). Over time, it is

assumed with trust that whatever personal investment is put in by the customer will be reciprocated by the service provider. Through this norm of reciprocity, customers have intrinsic and/or extrinsic motivation acting as a driving force to carry out behaviors defined as being engaged. When a customer demonstrates contextual performance by frequenting the establishment more often, providing positive word-of-mouth referrals, or increasing spend, the customer trusts that the organization will reward their time and investment (Coyle-Shapiro & Conway, 2005). In the employee context, when additional job tasks are performed that exceed usual actions, role expansion is said to occur. These extra tasks are motivated by the norm of reciprocity such that employees perform additional job tasks in return for being treated well (Coyle-Shapiro, Kessler, & Purcell, 2004). With role expansion, engaged employees are performing additional actions that help the organization succeed. Understanding this process makes it clear that trust is a necessary component to facilitate engagement.

The role of trust is even more important in e-commerce because consumers must have confidence in transaction processes that are not transparent online with the Internet. Trust has been identified as a vital factor for the success of e-commerce (Gefen, 2000; Kim, et. al, 2009). Trust is easier to develop in offline channels such as physical store locations where face to face interactions will facilitate personal relationships. The theory of reasoned action model (TRA) (Fishbein & Ajzen, 1975, Ajzen & Fishbein, 1980) discusses the assumption that humans make rational decisions based on available information and that the best determinate of a behavior is the intention or cognitive readiness to perform a

behavior. A web based trust model was proposed by McKnight & Choudhury, & Kacmar (2002) that explained the role that trust has in the TRA model. This model suggests that trusting beliefs about online vendor attributes leads to trusting intentions, which subsequently leads to trust-related behaviors. Likewise, the expectation-confirmation theory (ECT) indicates that consumers who built up trusting intentions with perceptions of positive utility during the pre-purchase phase, will develop loyalty or intentions for repeat business when the transaction was satisfactory and expectations were confirmed during post-purchase consumption.(Kim et. al., 2009).

Brand Image

Brand image is another important construct to incorporate when studying customer engagement. During the pre-consumption phase, consumers rely upon various sources of information to determine whether or not they will enter into a transactional situation. For a repeat customer, information can be gathered from prior consumption experiences with a particular business; however, for new customers, they must rely on non-experiential information. New customers may turn to information available through advertisements and word of mouth recommendations to formulate expectations for process, product, and service quality (Kim et. al., 2009). Regardless of the type of customer, image is used as a screening tool when considering multiple vendors for a purchase. Relationships with corporate image or credibility have been found with satisfaction, loyalty and purchasing intentions (Martensen, Gronholdt, & Kristensen, 2000). These

expectations will then be subsequently used as criteria to evaluate post-consumption experience.

Customer Engagement Outcome Variables

This next section will discuss the hypothesized outcome variables of customer engagement as outlined in the measurement framework. Outcome variables of loyalty and word of mouth referral, share of wallet, website behaviors, transactions, and retention will be reviewed.

Loyalty & Word of Mouth Referral

After a customer transacts with a business, they form an opinion on their overall experience. These attitudes or feelings can encompass satisfaction ratings on various elements of the purchasing process or their evaluations for future behavioral intentions. Behavioral intentions are motivational by nature as they describe the willingness of customers to perform some described behavior (Ajzen, 1991). The average correlation between behavioral intentions and actual behaviors has been reported to be .53 based on an earlier meta-analysis (Sheppard, Hartwick, & Warshaw, 1988). The notion of behavioral intentions fits within the overarching framework of the theory of reasoned action which describes the linkages of attitudes driving intentions and then subsequent behaviors (Ajzen & Fishbein, 1980). Behavioral intent can manifest in many constructs such as future purchasing intent and the intent to recommend the business to others. These two aspects are investigated as additional outcomes of customer engagement in the current study.

Share of Wallet

An outcome variable of interest is share of wallet since it has been identified as a key measure of customer relationship management. Organizations are intrigued to better understand the volume of business a customer conducts with them versus other vendors or competitors. Size of wallet is defined as the volume of sales a customer or organization spends on selected product categories or total business volume (Glady & Croux, 2009). An example for when select product categories would be of interest would be if the organization only sells cleaning supplies. Then the organization interested in knowing the size of wallet might only care about cleaning size of wallet if that is the only market share they are focused on increasing. Once the size of wallet is determined, share of wallet can be obtained by taking the percentage of business completed with the company compared to the size of wallet. Share of wallet then is defined as the proportion of sales transacted with the focal organization. Based on the remaining difference percent, the potential wallet is also identified which is the potential growth in business. The difficult part with this calculation is that both metrics are usually unobservable. As a result, organizations usually develop predictive models with transaction and business information data such as size, locations, and frequency of purchases (Glady & Croux, 2009). Share of wallet is thought to provide guidance on customer loyalty, direction for retention efforts, and identification of high growth potential customers (Gupta & Zeithaml, 2006; Zeithaml, 2000).

Website Behaviors

Additional outcome variables that will be studied in the current research will incorporate clickstream behaviors as well as online sales and order transactions. Clickstream data records what website links are being clicked on and the time and frequency behind this behavior. This type of data is valuable because it will provide information on what portions or functionality of the site customers are engaging with, number of page views per session, and duration of visit (Sawhney, Verona, & Prandelli, 2005). Today, clickstream data is a primary focus in the e-commerce platform for understanding ways in which customers interact with a website.

Transactions

Information on sales and order transactions will be used to further explore purchasing behaviors. A deeper analysis will also examine product category saturation which will produce understanding as to the number of different product categories a customer purchases from a single provider (Gefen & Straub, 2000).

Retention

As part of consumer behavior literature, a customer lifecycle is important to understand. As part of the current research, customer retention rates will be examined as another outcome variable of customer engagement (Bowden, 2009a; Schneider et al., 1998, 2005). Typically, retention is defined by the behavioral intention to return to an establishment or intentions to recommend the organization to others (Swan & Oliver, 1989; Zeithaml, Berry, & Parasurman, 1996). Despite this typical practice, there is a need to examine the actual

behaviors of retention beyond intentions. One avenue for this research would be to measure visits, transactions, or sales as the behavior of retention. For instance, retention will be evaluated across time periods to determine whether a customer remained active with sales transactions. An example retention measurement would evaluate the number of customers that purchased thirteen to twenty months prior and whether or not these customers also made a purchase in the last twelve months.

The aforementioned variables will be investigated as consequences of customer engagement. As noted in this literature review, customers that are identified as having higher levels of engagement than other customers will display different behaviors. Engaged customers would be expected to have greater transactions and share of wallet with an organization once a relationship is established, especially a relationship with a transformational component. Additionally, engaged customers would more than likely demonstrate different behaviors on a website. If customers are more dedicated and absorbed, they will make multiple attempts to find products or services needed rather than abandoning a challenging task. Also, engaged customers may utilize more areas of a website as they invest time into learning about a business and their solutions offerings. All of these variables serve as indicators that customers are investing themselves and putting forth effort with a particular business.

E-Commerce

The introduction of the internet has transformed the way in which organizations approach marketing to customers. With the introduction of online

retailing or e-tailing, consumers are relying on the internet as the medium for transacting with businesses for products or services. Revenue generated from the e-commerce platform continues to grow along with continued research publications on this topic (Wareham, Zheng, & Straub, 2005). E-Commerce in this sense relies on information technology and e-marketing acceptance on the part of customers. Two primary consumer behaviors online are searching, or gathering product information, and purchasing products (Gefen & Straub, 2000). These two actions could be viewed as part of customer engagement. First the search process involves making at least one or several attempts to find a needed item. This process involves a degree of dedication or certain level of effort when the customer has to either make multiple attempts to find the desired product or must sift through results pages ranging from one to thousands of products to choose from. Customers then spend additional time and resources to identify specifications and alternatives or accessories for their product choice all in order to make a well informed decision. Consumers have a time and cost savings advantage when shopping online in addition to convenience, wide product selections, and the ease of obtaining product detail information (Kim et. al., 2009). Additionally, consumers turn to the internet to view product reviews to help with their decision-making process and are able to consult competing vendors for the superior sales offering. Compared to physical store locations, customers can view product information regardless if a product is in stock. Being able to view and compare several products to weigh risks and benefits prior to

purchase through online retailing allows customers to place more trust and confidence in their decision-making process.

Businesses can take advantage of e-tailing by incorporating features that promote engagement. The internet is a platform for engagement since it offers the capabilities of interactivity, enhanced reach, persistence, speed, and flexibility (Sawhney et al., 2005). With the creation of online customer communities or virtual environments, businesses can learn about customers' needs and receive feedback on product and service quality. Furthermore, organizations are using these environments to facilitate on-going dialogue for product innovation (Sawhney et al., 2005). In essence, a social environment is created among individuals with shared interests that facilitate an avenue for customer knowledge to be tapped. In this regard, customers are no longer viewed as passive recipients of information and innovation, instead they are at the fore-front of the ideas being generated and creating value for organizations.

Aforementioned was the notion of customer knowledge sharing. This is especially relevant for business-to-business relationships. Business customer communities (BCCs) have been formed for the purpose of a long-term knowledge exchange relationship (Erat, Desouza, Schafer-Jugel, & Kurzawa, 2006). These communities not only interact through online exchanges, but commonly arrange offline discussions as well. Businesses are able to utilize these communities to tap into lead users and involve customers in product development life-cycles.

With the introduction of such communities a shift in internet marketing has moved from transactional marketing to facilitative marketing (Erat et al.,

2006). In this new phase of e-commerce, the focus is directed towards knowledge sharing between the business and the customers and amongst customers themselves. This shift is prompting organizations to view transactions as working with instead of working for the customers. With this approach problems are defined and solved together, thus promoting customer engagement.

With these advantages, barriers to engagement exist as well. Customers must be willing to share their personal information online in order to transact. There is a great security concern with identity theft and fraud when shopping online. Additionally, concerns arise over product uncertainty when a customer is unable to physically hold and inspect a product (Ba & Pavlou, 2002). Needing to purchase complex items such as powered machinery could lend a buyer to prefer a store location as a medium for shopping since he or she could speak with a representative to gain in-depth product information as well as inspect the product from multiple angles at a close proximity. Also, not all individuals prefer the medium of the internet if they are not technically savvy or do not have access to a computer. These uncertainties create barriers for e-commerce adoption, however, gaining trust from customers is an important buffer against these uncertainties.

Business-to-Business Relationships

When consulting customer behavior literature, there is a greater abundance of research concerning business-to-consumer (B2C) than business-to-business (B2B) relationships (Molinari, Abratt, & Dion, 2008). Therefore, it is important to also explore contributing factors that foster in business-to-business (B2B) relationships as well. For instance, understanding any differences between B2C

and B2B customer relationships will determine if certain research models are transferrable or need to be redefined.

Research on the B2B context has been underrepresented even though B2B companies make up an important sector in many global economies. Prior research has focused on distinguishing between offering goods vs. services, predictors of repurchase and exploring limited attitudinal constructs. For example, satisfaction, perceived quality, and value have been found to be antecedents of positive financial outcomes, word-of-mouth recommendations, and repeat purchase intent (Dubrovski, 2001; Ittner & Larcker, 1996).

One primary difference between these two contexts is the end user who is consuming the products or services, that is an individual or business. For businesses, product availability may be more critical than the lowest ticketed price when machine repairs are needed to operate the business. Additionally, B2B operations are unique such that the customer base is smaller and each customer generates a greater proportion of sales (Anderson & Narus, 2004; Narus, 2005). Supplier consolidation is another trend in the B2B environment where businesses find value in saving time and money. When businesses transact with fewer suppliers (i.e., other businesses) they typically receive lower pricing as an incentive. Supplier consolidation will occur when a customer has had multiple interactions with the target business and has gained trust and a sense of product and service quality. These factors bring a heightened sense of urgency in B2B environments. Typically, businesses that have longer tenured relationships with customers are more profitable (Tsiros, Ross, & Mittal, 2009). Organizational

avenues for customer outreach such as the internet, services provided, and interactions with sales personnel plays a critical role in the development of relationship commitment. Thus, focusing on strategic ways to retain inter-firm relationships, such as through customer engagement, is important for growth and profitability.

Rationale

There are many implications and applications for this research. With the current study, employee engagement is taken a step further to understand business outcomes that result from customer engagement. By gaining a deeper understanding of customer engagement, implications from this study can help influence measurement within organizations. Previously mentioned, organizations tend to over rely on measures of satisfaction to assess consumption responses (Anderson & Mittal, 2000; Amine, 1998; Giese & Cote, 2000). These measures are over-simplistic when it comes to understanding the complex relationships that customers form with a brand or an organization. It is anticipated that with an expanded framework, the measurement of additional constructs will provide greater research value.

Additionally, by understanding customer engagement, organizations can gain a deeper insight into customer expectations, goals, attitudes, and behaviors. The role of cognitive and affective processes is highlighted in this measurement model by considering the drivers or predictors of customer engagement. With this deeper understanding of customer engagement, managers are informed on the importance of building relationships with customers instead of solely relying on

satisfaction with tangible attributes of product or services sold. Also, organizations can gain a sense of what they are doing right or wrong through the customer's perspective.

Therefore, practitioners are more aware of other factors that impact the development of customer engagement and subsequent outcomes. With these implications, assessments of customer engagement could occur within organizations. Initial measurement could serve as a baseline for future engagement measurements. With this undertaking, customers can be assigned an engagement score that can be used for additional measurements as well as targeting for marketing campaigns.

Statement of Hypotheses

With continuing research efforts, the construct of engagement will become more defined conceptually as well as in other areas of interest such as with customer engagement. In the current study, the Utrecht Work Engagement scale (Schaufeli et. al., 2002) was adapted to a customer context instead of an employee context for which it was originally developed. Due to the identified similarities between research on employee and customer needs and psychological processes, it is hypothesized that the three factor structure of the Utrecht Work Engagement scale will apply in both contexts with the measurement of vigor, dedication, and absorption. This factor structure incorporates all the positive constructs reviewed in the state engagement literature including pride, enthusiasm, and affectivity (e.g., Macey & Schneider, 2008; Wellins & Concelman, 2005).

Hypothesis I: A three factor structure will result for measuring customer engagement as found for employee engagement when adapting the Utrecht Work Engagement scale.

Once the previous hypothesis is addressed, additional relationships are explored for customer engagement. It is sought to identify a larger model that incorporates traditional measures of attitudinal constructs such as satisfaction and commitment. Furthermore, aspects that are found to be more crucial to the consumer behavior purchasing cycle such as trust, brand image, and preference and decision-making involvement will be studied in this model. Customer satisfaction is important to incorporate as it provides information or subjective judgment on experience, service, or product quality (Allen & Willburn, 2002; Lee & Bellman, 2008). As with employees, customers are also capable of forming an attachment to a brand or provider, therefore indicating commitment to be another construct for evaluation in the model presented. Customers are subjected to forming feelings of attachment and obligation that have been discussed in the commitment literature (Johnson et. al., 2001; Tsiros & Mittal, 2009). Trust and brand image both incorporate the notion that a provider or business will fulfill their obligations to customers (Gefen, 2000). Customers are more likely to transact with businesses that are viewed as being more reliable, sincere, fix problems fast, and are viewed as a knowledge source of information (Kim et. al., 2009). Preference and decision-making involvement are all constructs that are viewed as being more important in the pre-purchase stage. Customers may prefer to be involved with conducting business offline versus online which would impact

which channels they would be more or less engaged with. Furthermore, customers may be more or less involved in searching for information or making a purchase decision depending on notions of self-efficacy and motivation.

Hypothesis II: There will be a significant relationship between customer attitudinal variables and customer engagement.

Hypothesis IIa. Satisfaction will be positively related to engagement.

Hypothesis IIb. Affective and normative commitment will be positively related to engagement, whereas continuance commitment will be negatively related to engagement.

Hypothesis IIc. Trust and brand image will be positively related to engagement.

Hypothesis IId. Preference and decision-making involvement will be positively related to engagement.

To understand the value of having an engaged customer base, behavioral based outcome variables of sales, orders, average order value, visits and interactions on the website are predicted. As defined by engagement, customers will have repeated interactions with a business and in this particular study, the e-commerce space of a business. If a customer is spending more time searching for information, learning more about the organizations, and investing themselves more towards a single provider, there should be an increased number of transactions with that provider. Furthermore, through these repeated interactions,

customers will be more likely to continue transacting over longer periods of time increasing their tenure with a particular business.

Hypothesis III. There will be a significant relationship between engagement and online behaviors and transactions.

Hypothesis IIIa. There will be a positive relationship between engagement and the number of behavioral interactions with a website including sessions, and depth of visit with number of page views.

Hypothesis IIIb. There will be a positive relationship between engagement and customer transactions including sales, orders, and average order value.

Hypothesis IIIc. There will be a positive relationship between engagement and share of wallet which is the percent of sales spent with one business compared to all sales.

Hypothesis IIId. There will be a positive relationship between engagement and customer retention.

Hypothesis IIIe. Customer loyalty defined by likelihood of repeat purchase and customer referral of business to others will be positively related to customer engagement.

To summarize the aforementioned relationships, the current study seeks to examine the applicability of employee engagement measurement to customer engagement in addition to investigating both antecedents and consequences of customer engagement on the internet in a B2B setting. By better understanding

these relationships, a broader perspective of engagement and possible beneficial outcomes will be gained.

CHAPTER II.

METHOD

The current study used archival data to evaluate the aforementioned hypotheses. In this sample, data were collected electronically from 4,530 participants who were either customers or anonymous visitors to a B2B commerce website. The company for which the data were collected supports other businesses in the area of building and equipment maintenance operations. Participants were asked to complete surveys that collect information on their general shopping preferences and attitudes (e.g., satisfaction, commitment) towards a particular business, and online engagement. Furthermore, participants were asked to complete additional survey questions on intentions of referral or repeat purchases with a particular business. Demographic information was also collected. The following section will provide more information on the research participants, procedure for data collection, and the scale properties of the measures used for this study.

Research Participants

An archival data set was used for the current study. Data were collected during the third quarter of 2009. A total of 4,530 surveys were completed by participants electronically. Participants were all current customers with the target business or visited the commerce website during the data collection period. From the sample, 82.3% (N= 3,730) of participants completed the survey from an email notification and 17.7% (N= 800) of participants completed the survey by selecting a survey link located on the business website. Participation in the study was

voluntary and no incentives were offered. According to Cohen (1992), a sample size of 599 would be needed to detect a small effect size with four predictors at a .05 significance level. The sample size for the archival data exceeded this criterion.

Demographic information was collected in order to assess how this information may be related to customer engagement and the related outcome variables. Tables 1 through 6 present demographic information on age, job title, job role, preferred search medium, preferred purchasing medium, and business type of the participants.

Procedure

There were two methods in which participants were solicited to partake in the research. In the first method, current customers received a link in an email that provided access to the survey. For the second method, a link was posted on the commerce website that allowed any visitor to take the survey. When an individual accessed the survey, they were asked for their consent to participate in the research study. If an individual did not provide consent, the survey would end. If an individual provided consent they proceeded to complete the following sections of the survey: preference and decision-making involvement, satisfaction, commitment, brand image-trust, engagement, referral, and repeat purchase intent. At the end of the survey, participants were asked if they would provide their email address if they consented to have their survey responses matched to their customer data with the business. Providing an email address was not mandatory for participation. When participants provided an email address, sales, order,

Table 1

Age of Participants

| Age Range | N | % |
|------------------|----------|----------|
| <18 | 11 | 0.24% |
| 18 to 24 | 74 | 1.63% |
| 25 to 34 | 347 | 7.65% |
| 35 to 44 | 668 | 14.75% |
| 45 to 54 | 1,539 | 33.97% |
| 55 to 64 | 1,433 | 31.63% |
| 65+ | 459 | 10.13% |

Table 2

Job Titles of Participants

| Job Title | N | % |
|----------------------------|----------|----------|
| Supervisor | 1,439 | 31.76% |
| Purchasing Agent | 1,304 | 28.78% |
| Administrative Role | 522 | 11.53% |
| Sales Personnel | 139 | 3.06% |
| Engineer | 533 | 11.76% |
| Other | 593 | 13.10% |

Table 3

Job Role of Participants

| Job Role | N | % |
|--|----------|----------|
| Recommend Products to Order | 1,475 | 32.55% |
| Recommend Vendors to Order from | 660 | 14.56% |
| Place Order to Purchase Products | 2,232 | 49.28% |
| Evaluate Bids from Vendors | 163 | 3.60% |

Table 4

Preferred Search Medium

| Search Medium | N | % |
|----------------------------------|----------|----------|
| Online | 2,850 | 62.92% |
| Paper Catalog | 1,136 | 25.07% |
| Visiting a Store Location | 93 | 2.05% |
| Calling a Vendor Directly | 243 | 5.36% |
| Other | 208 | 4.60% |

Table 5

Preferred Purchasing Medium

| Purchasing Medium | N | % |
|--|----------|----------|
| Call to Place Order | 1,733 | 38.25% |
| Give to Someone Else to Place Order | 545 | 12.02% |
| Place Order Online | 1,685 | 37.19% |
| Fax Order | 140 | 3.08% |
| Email Order | 105 | 2.31% |
| Visit Store Location | 280 | 6.19% |
| Order from Different Vendor | 43 | 0.96% |

Table 6

Business Type of Participants

| Business Type | N | % |
|-------------------------------------|----------|----------|
| Government | 1,103 | 24.34% |
| Corporation | 800 | 17.67% |
| Commercial or Local Business | 2,626 | 57.98% |

retention, share of wallet, and web site behavioral data were matched to their survey responses. Customers were debriefed with the purpose of the study which was to receive feedback from customers and improve the website.

Measures

The flow of the survey was organized based on the target of the item (i.e., the focal business, website for focal business, customer). Survey items were counterbalanced with the exception of the satisfaction and loyalty measures which were their own separate sections.

Participants completed the involvement measure which consisted of items covering areas of channel preference and decision-making involvement. In total there were 10 items in this measure in which 5 were for preference and 5 were for decision-making. A sample item for channel preference is “I am most successful at my job when I purchase online compared to offline”. A sample item for the decision-making is “I must view all sides of an item/tool prior to making a purchase” and “I am confident I can select the right product on my own”. One of the five preference questions was categorical that specifically asked about a preferred shopping channel (e.g., website, store location, catalog). Otherwise, each item was measured on a five-point Likert-type scale ranging from strongly disagree (1) to strongly agree (5). These questions were created for the survey, thus pre-existing information for the scale properties was unknown. In order to score the measure, responses to each set of statements were averaged in order to acquire an involvement score for each participant. To understand the psychometric properties for the archival data, internal consistency reliability was

assessed after performing an exploratory factor analysis. Principal axis factoring with oblimin rotation discovered a three factor solution with 37.83% variance explained overall. The first factor included items for channel preference such as preference for making purchases online verses in a store location. This subscale explained 18.70% variance. The second and third factors included items from the decision-making involvement measure. Based on a review of these items, a possible distinguishing point was the reference criteria in the question. One factor encompassed items that had an external referent, such as a decision on product choice must be made after visiting a store location or holding an item prior to purchase. In this case an individual had to physically perform an action before making a decision. This second factor accounted for 11.85% of variance. The third factor encompassed items that had an internal referent, such as having a need to be involved in the purchasing process versus allowing a company representative (seller) to make these decisions. This factor accounted for 7.28% of variance. The coefficient alpha reliabilities for the preference and two decision-making factors are $\alpha=.69$, $\alpha=.73$, and $\alpha=.71$, respectively.

For the satisfaction measure, there were a total of three satisfaction questions which measured searching, purchasing, and overall satisfaction. A sample item from this measure is “How satisfied are you with your overall experience on the website?” Each of the satisfaction items was measured on a 10 point scale ranging from extremely dissatisfied (1) to extremely satisfied (10). In order to score the measure, responses to each statement were averaged in order to acquire a satisfaction score for each participant. Reliability was assessed since it

was previously unknown. An exploratory factor analysis was also conducted to assess the factor structure for these items. By using principal axis factoring it was discovered that the three items made up one factor which explained 71.94% variance. The coefficient alpha reliability for the satisfaction factor is .88.

The commitment measure was modified from Meyer and Allen's (1990) 3-component model. Due to concerns of survey length, 6 of 18 possible statements from the original measure were selected. The 6 statements were modified to fit the customer and business context instead of the employee context in which they were originally created. The shortened version used in the archival data consisted of 6 statements that are measured on a 5-point Likert scale (strongly disagree-strongly agree). An example of a statement is "I owe a great deal to <business name> ." Participants selected the response choice that best corresponds to their opinion. The measure is comprised of 3 components as identified by Meyer and Allen (1991), which are affective, continuance, and normative commitment. A principal axis factor analysis revealed a similar three factor solution that explained 50.82% variance in total with 42.34%, 6.32% and 2.17% explained variance in affective, normative, and continuance commitment subscales. In order to score the measure, responses to each set of statements were averaged in order to acquire a commitment score for each participant. Previously reported reliability estimates for the three components are respectively .87, .79, and .73. In the current study, coefficient alpha reliabilities were reassessed since modifications were made to the original measure. Coefficient alpha reliabilities

are as follows: affective commitment $\alpha=.81$, normative commitment $\alpha=.64$, and continuous commitment $\alpha=.61$.

The brand image-trust measure was developed internally and consisted of five items. A sample item from this measure is “I feel confident when buying from <business name>”. Each item was measured on a five point Likert scale ranging from strongly disagree (1) to strongly agree (5). In order to score the measure, responses to each set of statements were averaged in order to acquire a brand image and trust score for each participant. To better understand the psychometric properties of this scale a factor and reliability analysis was conducted. A principal axis factor analysis revealed a single factor solution that explained 60.66% variance. Coefficient alpha reliability for the brand image scale was $\alpha=.86$.

The loyalty measure was completed after the brand image-trust measure. This measure consisted of two items measuring likelihood of referring the business to another party and likelihood of making a repeat purchase. The referral item was measured on a five point scale ranging from definitely will not recommend (1) to definitely will recommend (5). The repeat purchase item was measured on a five point scale ranging from definitely will not purchase (1) to definitely will purchase (5). In order to score the measure, responses to each set of statements were averaged in order to acquire a referral score for each participant. A principal axis factor analysis revealed a single factor solution that explained 63.50% variance. Since both the referral and repeat purchase measure

contained single items, reliability could not be assessed. Prior retest reliabilities for these items are unknown.

The engagement measure, *Utrecht Work Engagement Scale* (Schaufeli et al., 2002), was modified to reflect engagement from a customer perspective instead of an employee context in which it was developed. This measure has a three factor structure with the subscales of vigor, dedication, and absorption. An example of a vigor item is “On <business name website>, I try several searches for a product when things do not go well”. An example of a dedication item is “To me, shopping on <business name website> can sometimes be challenging”. An example of an absorption item is “I am proud of the work <business name> carries out”. Each item was measured on a five point scale ranging from strongly disagree (1) to strongly agree (5). In order to score the measure, responses to each set of statements were averaged in order to acquire an engagement score for each participant. From prior research on this scale, reliability for these subscales has ranged from .83 to .97 (Schaufeli et. al., 2002). Principal axis factoring with oblimin rotation revealed a three factor structure that explained 22.71%, 13.24%, and 4.00% variance for absorption, dedication, and vigor factors. The following coefficient alpha reliabilities resulted for the current study with the scale modifications made: dedication $\alpha=.81$, vigor $\alpha=.69$, and absorption $\alpha=.61$.

Data for the remaining variables tested in this study came from the organization’s customer database. Sales data are defined as offline, website, or other e-commerce sales such as electronic data interchange (EDI) or electronic procurement (E-Pro). For the engagement study, sales in the offline and website

channel were of main focus. Offline and website sales were defined as the sales dollars fulfilled through the respective channels during twelve months of activity. Orders were defined as the number of orders fulfilled through offline or website channels during twelve months of activity. To calculate average order value per customer, the following formula was used: sales dollars divided by the number of orders in twelve months.

Data to calculate share of wallet were available through the utilization of a customer database. For this calculation, data were gathered on sales dollars spent with the target organization compared to total sales dollars spent across all vendors. The denominator in this equation, total spend, is determined from predictive modeling conducted in house that is based on size, site locations, industry segment, economic factors, and other variables. In this study, share of wallet was defined as the amount of business conducted with the target company measured in sales dollars compared to total sales dollars spent with all businesses in a twelve month period.

Behavioral website data were gathered from a clickstream database. Data captured provided information on where customers are clicking on a particular site, what pages were being viewed, average time spent on a page or for the site visit, and commerce activities. Behavioral actions such as visits, viewing products, adding products to a cart, and completing checkout were considered commerce activities. These activities provided information on conversion events such as visit to order, product view to cart, and product view to order conversion rates. For this study, variables of main interest were number of sessions and page

views. Sessions were defined as the number of times a browser window is opened with the website of the target business. A session is terminated once the browser window is closed. Page views were defined as the number of pages viewed on the website of the target business.

Retention was calculated for each customer based on sales activity in a given time period. Retention was defined as the number of customers that purchased in the last twelve months that also purchased within the last thirteen to twenty four months. This process is repeated based on the first purchase year of the customer to get a retention rate over the lifetime of the customer.

Demographic data was the final measure completed at the end of the survey. Information was gathered on age, hours spent on target website during non-work hours, position, and job role. These data were used to facilitate a better understanding of the participants and how this data relates to customer engagement.

CHAPTER III.

RESULTS

The current study investigated whether the measurement of customer engagement revealed the same factor structure as employee engagement. Furthermore it was of interest to determine significant drivers of customer engagement as well as outcomes of engagement. With this undertaking, drivers of satisfaction, commitment, brand image, and involvement were investigated along with outcome variables of website page views, account logins, sales, orders, average order value, retention, share of wallet, and loyalty.

Based on these variables of interest, the following represents a summary of the findings. A similar factor structure resulted for customer engagement when using the Utrecht Work Engagement Scale (Schaufeli et al., 2002). As a reminder, the context of the questionnaire was modified to represent a customer context. The remaining hypotheses were partially supported since satisfaction was not a significant driver of engagement and only page views, sales, average order value, and loyalty were significant outcomes of engagement.

Supplementary analyses examined possible reasons for these findings. All findings will be discussed in more detail in the following section.

The statistical approaches of factor analysis, regression, analysis of variance and structural equation modeling were utilized to test the main hypotheses as well as exploratory analyses. Prior to conducting these analyses, a data cleaning process was completed. Data were screened for accuracy, missing data, outliers, normality, linearity, and homoscedasticity. After reviewing the

archival data file, there were no missing data because incomplete participant responses were removed prior to receiving the file. An outlier analysis yielded evidence that the following variables needed to be transformed: sales, orders, website page views, and login sessions. Due to a positively skewed distribution, which exceeded a critical absolute value of 3.29 (Tabachnick & Fidell, 2007), the aforementioned variables were corrected by applying a natural log transformation which shifted the skewed distribution to more closely resemble a normal distribution. After analyzing frequencies and visually inspecting scatterplots and histograms, issues surrounding linearity and homoscedasticity did not appear to be problematic. Standardized residual plots were examined to detect heteroscedasticity. From a visual inspection of these plots, the conditional distribution of errors does not vary for different values of the independent variables.

As noted in the method section, factor analyses were conducted on the following measures in order to evaluate how items loaded together: preference and decision-making involvement, satisfaction, commitment, brand image and trust, loyalty, and engagement. Exploratory factor analysis was used instead of confirmatory factor analysis because scales were adapted to fit the customer context and dimensionality nor reliability was not inspected previously. The dimensionalities of these measures are presented in Table 7 through Table 12. Additionally, Table 13 presents descriptive statistics and correlations among all study variables. It can be seen that the significant correlations are among variables that were measured in the survey.

Table 7

Factor Loadings, Communalities, and Percent of Variance Explained for Preference and Decision-Making Involvement

| Items | Preference | External Decision- Making | Internal Decision- Making | h² |
|---------------------------------|-------------------|--|--|----------------------|
| P1 | 0.753 | 0.008 | -0.005 | 0.567 |
| P2 | 0.701 | 0.006 | -0.001 | 0.491 |
| P3 | 0.286 | -0.007 | 0.174 | 0.155 |
| P4 | 0.270 | -0.021 | 0.060 | 0.093 |
| DM1 | 0.066 | 0.649 | 0.109 | 0.501 |
| DM2 | -0.027 | 0.883 | -0.126 | 0.699 |
| DM3 | 0.010 | 0.048 | 0.459 | 0.220 |
| DM4 | -0.138 | 0.001 | 0.723 | 0.455 |
| DM5 | 0.089 | -0.024 | 0.427 | 0.223 |
| % Variance Explained | 18.70 | 11.85 | 7.28 | |

Note: Extraction Method: Principal Axis Factoring. Rotation Method: Oblimin with Kaiser Normalization.

Table 8

Factor Loadings, Communalities, and Percent of Variance Explained for Satisfaction

| Items | Satisfaction | H² |
|-----------------------------|---------------------|----------------------|
| S1 | 0.877 | 0.770 |
| S2 | 0.890 | 0.792 |
| S3 | 0.773 | 0.597 |
| % Variance Explained | 71.94 | |

Note: Extraction Method: Principal Axis Factoring. Rotation Method: Oblimin with Kaiser Normalization.

Table 9

Factor Loadings, Communalities, and Percent of Variance Explained for Commitment

| Items | Affective Commitment | Normative Commitment | Continuance Commitment | h² |
|---------------------------------|---------------------------------|---------------------------------|-----------------------------------|----------------------|
| A1 | 0.344 | -0.002 | -0.481 | 0.561 |
| A2 | 0.697 | -0.029 | -0.172 | 0.651 |
| N1 | 0.036 | 0.923 | 0.099 | 0.771 |
| N2 | 0.045 | 0.600 | -0.301 | 0.562 |
| C1 | 0.294 | -0.122 | 0.406 | 0.430 |
| C2 | -0.013 | 0.053 | 0.280 | 0.074 |
| % Variance Explained | 42.33 | 6.32 | 2.17 | |

Note: Extraction Method: Principal Axis Factoring. Rotation Method: Oblimin with Kaiser Normalization.

Table 10

Factor Loadings, Communalities, and Percent of Variance Explained for Brand Image and Trust

| Items | Brand Image & Trust | h² |
|-----------------------------|--------------------------------|----------------------|
| BI&T1 | 0.713 | 0.509 |
| BI&T2 | 0.858 | 0.737 |
| BI&T3 | 0.861 | 0.741 |
| BI&T4 | 0.808 | 0.653 |
| BI&T5 | 0.627 | 0.393 |
| % Variance Explained | 60.66 | |

Note: Extraction Method: Principal Axis Factoring. Rotation Method: Oblimin with Kaiser Normalization.

Table 11

Factor Loadings, Communalities, and Percent of Variance Explained for Loyalty

| Items | Loyalty | h² |
|-----------------------------|----------------|----------------------|
| L1 | 0.797 | 0.635 |
| L2 | 0.797 | 0.635 |
| % Variance Explained | 63.50 | |

Note: Extraction Method: Principal Axis Factoring. Rotation Method: Oblimin with Kaiser Normalization.

Table 12

Factor Loadings, Communalities, and Percent of Variance Explained for Customer Engagement

| Items | Absorption | Dedication | Vigor | h² |
|-----------------------------|-------------------|-------------------|--------------|----------------------|
| A1 | 0.712 | 0.074 | 0.025 | 0.517 |
| A2 | 0.813 | -0.015 | 0.000 | 0.661 |
| A3 | 0.693 | 0.122 | -0.146 | 0.478 |
| D1 | -0.284 | 0.446 | 0.191 | 0.319 |
| D2 | -0.031 | 0.806 | 0.127 | 0.712 |
| D3 | 0.115 | 0.589 | -0.041 | 0.348 |
| V1 | -0.040 | 0.230 | 0.486 | 0.319 |
| V2 | 0.232 | -0.066 | 0.285 | 0.151 |
| V3 | 0.039 | 0.030 | 0.285 | 0.090 |
| % Variance Explained | 22.71 | 13.24 | 4.00 | |

Note: Extraction Method: Principal Axis Factoring. Rotation Method: Oblimin with Kaiser Normalization.

Table 13
Means, Standard Deviations, and Correlations among Variables

| Measures | M | SD | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|---|------------|-------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|-----|
| 1. Preference & Decision-Making Involvement | 3.97 | 0.48 | (.69) | | | | | | | | | | | | |
| 2. Satisfaction | 7.60 | 2.19 | .19** | (.88) | | | | | | | | | | | |
| 3. Commitment | 3.66 | 0.78 | .31** | .39** | (.81) | | | | | | | | | | |
| 4. Brand Image & Trust | 4.10 | 0.73 | .32** | .45** | .75** | (.86) | | | | | | | | | |
| 5. Engagement | 3.46 | 0.54 | .41** | .31** | .65** | .64** | (.78) | | | | | | | | |
| 6. Login Sessions | 48.01 | 92.05 | -.01 | .01 | .03 | .02 | .02 | (-) | | | | | | | |
| 7. Page Views | 808.50 | 1,769.92 | .07* | .01 | .05 | .05 | .10** | .89** | (-) | | | | | | |
| 8. Sales | \$6,665.71 | \$25,977.04 | -.03 | .01 | .05 | .04 | .05** | .53** | .61** | (-) | | | | | |
| 9. Transactions | 17.52 | 49.98 | -.03 | -.03 | .03 | .03 | .04 | .56** | .63** | .86** | (-) | | | | |
| 10. Share of Wallet | 0.37 | 0.35 | -.04* | .01 | .12** | .06** | .03 | .20** | .18** | .19** | .17** | (-) | | | |
| 11. Average Order Value | \$290.89 | \$718.35 | -.12** | .02 | -.02 | -.01 | -.02 | .04 | .03 | .08 | .01 | .13** | (-) | | |
| 12. Loyalty | 4.45 | 0.74 | .25** | .50** | .51** | .58** | .35** | .08** | .09** | .07 | .09* | .03 | .04 | (-) | |
| 13. Retention | 0.80 | 0.40 | -.07** | .02 | .04 | .02 | .01 | .24** | .24** | .40** | .25** | .32** | .12** | .01 | (-) |

Notes: () indicate internal reliability estimates; *p< .05, ** p<.001

In order to test hypothesis I, the factor structure of the customer engagement measure was evaluated. The customer engagement measure revealed a similar factor structure to the Utrecht Work Engagement Scale (Schaufeli et al., 2002) from which it was adapted, thus hypothesis I was supported (See Table 12). More specifically, total variance explained was 39.95% across the three subscales of vigor, dedication, and absorption. Because a similar factor structure resulted, the remaining hypotheses proceeded to be evaluated.

The remaining hypotheses were tested utilizing structural equation modeling (SEM) through IBM SPSS AMOS software (version 17). With this undertaking, various SEM models were attempted. First, a structural regression model was incorporated as the preferred approach since it incorporates both measurement and path modeling (Anderson & Gerbing, 1988; Barrett, 2007; Bollen, 1989; Kline, 2005; Tabachnick & Fidell, 2007). Figure 2 summarizes the relationships examined in the structural regression model. This preferred approach was initially deemed feasible since the measurement model could be identified as the number of unique pieces of information of observed variables was greater than the number of free parameters to estimate, each latent variable had an established scale, and factors had at least 2 indicators with uncorrelated errors and single factor loadings. Additionally, the measurement model is identified since latent endogenous variables are recursive and do not contain feedback loops or correlated disturbances. For the path model, parameter

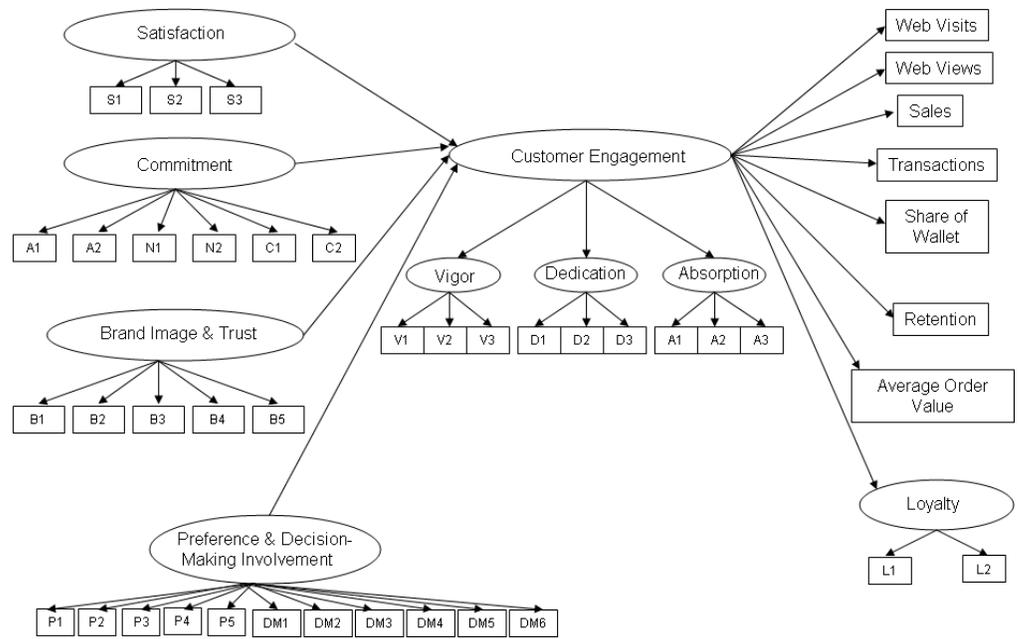


Figure 2. Customer Engagement Structural Regression Model.

estimates for free parameters could be obtained. When running the analyses as described above, complications were encountered that caused the model to be specified again. Convergence failures occurred when the software could not reach a satisfactory solution due to underidentification. Because the model should have been structurally identified, these failures are possible for parameter estimates close to zero that dropped further during the matrix inversion process, thus indicating an underidentified problem and the need to respecify the original model.

The next attempt at structural regression modeling removed the second order relationships; however, the parameters for the model still could not be estimated. As an alternate approach, only path modeling with maximum likelihood method was utilized to test the remaining hypotheses (see Figure 3). The model fit was moderately acceptable ($\chi^2(72) = 5770.95$, $p < .001$; CFI = .842, IFI = .845 RMSEA = .091), providing partial support for the hypotheses although improvements in fit indices are desirable. All parameter estimates and covariances are listed in Table 14 and Table 15. Although the chi-square model fit statistic is significant, the measure of fit was not deemed to be problematic since the sample size exceeded 400 cases (O'Boyle & Williams, 2011). Alternate measures of fit were consulted to evaluate the model. Comparative fit indices approached 1.00 and error or the discrepancy measure of RMSEA hovered around the accepted upper bound of .08. Although this exceeds the rule of thumb, Kenny, Kaniskan, and McCoach (2011) have noted the RMSEA cut-off value

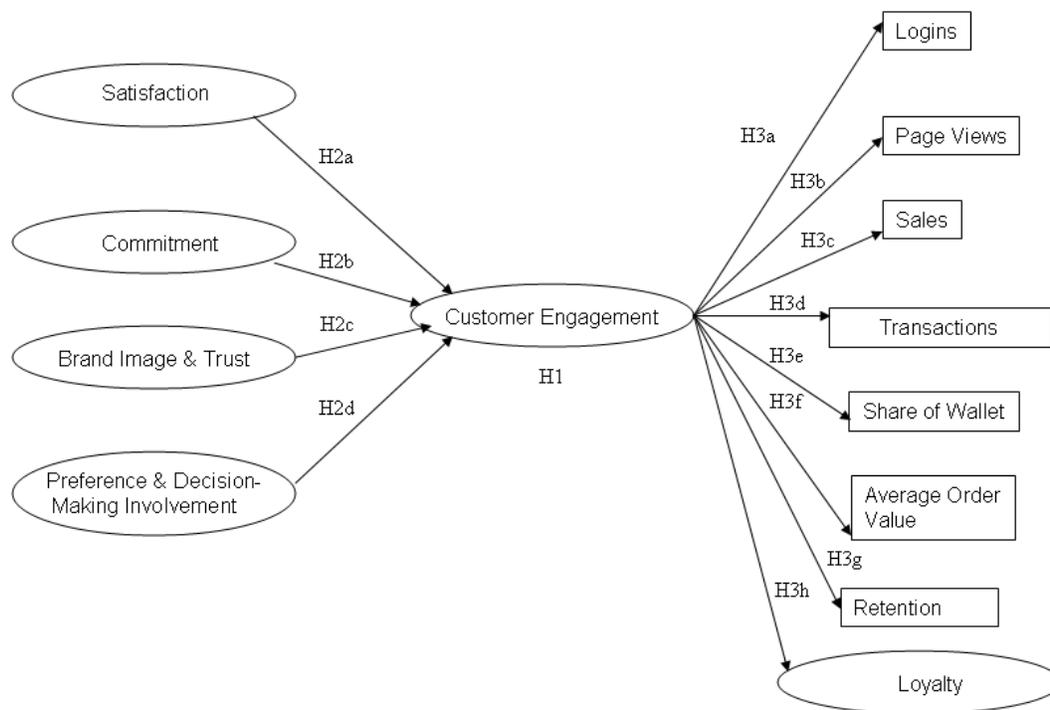


Figure 3. Customer Engagement Path Model.

Table 14.

Unstandardized, Standardized, and Significance Levels for Model.

| Parameter Estimate | Unstandardized | Standardized | p |
|--|------------------|--------------|------|
| Satisfaction --> Engagement | -.001 (.003) | -.006 | .664 |
| Commitment --> Engagement | .254 (.012) | .365 | .000 |
| Brand Image & Trust --> Engagement | .226 (.014) | .305 | .000 |
| Preference & Decision-Making Involvement --> Engagement | .229 (.014) | .203 | .000 |
| Engagement --> Logins | 1.143 (4.77) | .007 | .811 |
| Engagement --> Page Views | 208.8 (91.53) | .064 | .023 |
| Engagement --> Sales | 3,495 (1,711.70) | .073 | .041 |
| Engagement --> Transactions | 4.42 (3.30) | .048 | .181 |
| Engagement --> Share of Wallet | .009 (.014) | .014 | .524 |
| Engagement --> Average Order Value | 133.14 (65.10) | .101 | .041 |
| Engagement --> Loyalty | .601 (.021) | .440 | .000 |
| Engagement --> Retention | .041 (.032) | .029 | .081 |

Note: () Standard Error ; N = 4,530; $\chi^2(72) = 5770.95$, $p < .001$; CFI = .842, IFI = .845 RMSEA = .091

Table 15.

Unstandardized Covariance Estimates and Significance Levels for Model.

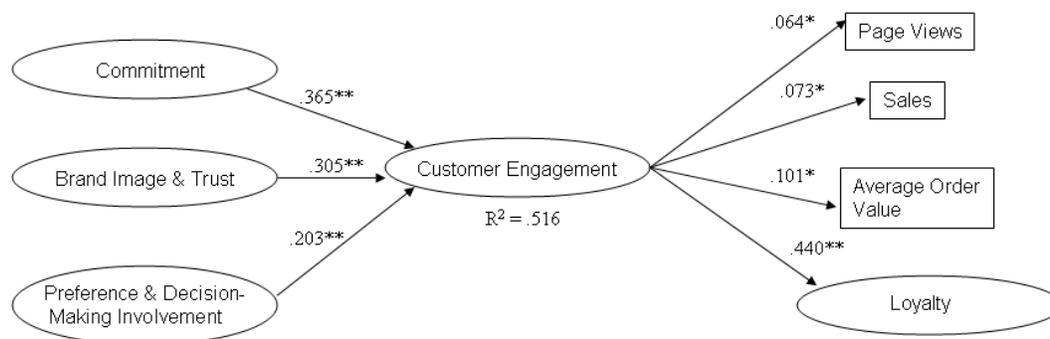
| Covariances | Estimate | S.E | P |
|--|----------|------|------|
| Satisfaction <--> Commitment | .678 | .031 | .000 |
| Satisfaction <--> Brand Image & Trust | .723 | .029 | .000 |
| Commitment <--> Brand Image & Trust | .432 | .012 | .000 |
| Brand Image & Trust <--> Preference & Decision-Making Involvement | .115 | .006 | .000 |
| Commitment & Trust <--> Preference & Decision-Making Involvement | .119 | .007 | .000 |
| Satisfaction & Trust <--> Preference & Decision-Making Involvement | .209 | .018 | .000 |

may be closer to .100 or greater in samples compared to populations for which the .08 cut-off was recommended.

From the parameter estimates, hypothesis I was partially supported. (See Figure 4). Although commitment ($\beta=.365$, $p=.000$), brand image and trust ($\beta=.305$, $p=.000$), and preference and decision-making involvement ($\beta=.203$, $p=.000$) revealed significant relationships with engagement, satisfaction failed to produce similar results.

Hypothesis II was partially supported as well. Engagement showed significant relationships with page views ($\beta=.064$, $p<.05$), sales ($\beta=.073$, $p<.05$), average order value ($\beta=.101$, $p<.05$), and loyalty ($\beta=.440$, $p=.000$). The hypothesized relationships that were not supported were between engagement and logins, transactions, share of wallet, and retention.

To further investigate these findings and relationships with engagement and demographic variables, exploratory analyses were conducted. In this process, path modeling, Pearson correlations, and analysis of variance (ANOVA) were utilized. First, the indirect effects for variables in the path model were evaluated to understand the role of engagement as an intervening variable. For this undertaking, direct paths were estimated from the predictors of engagement to the outcome variables of engagement. Testing for partial mediation involves a three step process (Baron & Kenny, 1986; Cohen, Cohen, West, & Aiken, 2003): 1) The initial variables must be related to the outcome variables; 2) the initial



Note:

** Standardized coefficient is significant at the 0.01 level (2-tailed).

* Standardized coefficient is significant at the 0.05 level (2-tailed).

Figure 4. Customer Engagement Path Model with Parameter Estimates.

variables must be related to the mediator, engagement; 3) and the mediator must be related to the outcome variables. Therefore, only a limited set of variables from the original model were tested for mediation. None of the initial variables demonstrated a significant relationship with page views, average order value or sales on the website; however, the significant relationship with the measure of loyalty remained. As a result, partial mediation was tested for commitment, brand image, and preference and decision-making involvement with the outcome variable of loyalty. The resulting alternative model showed a significant chi-square ($\chi^2(36) = 4112.99, p < .001$) with satisfactory model fit (CFI = .882, IFI = .883 RMSEA = .091) which demonstrated improvement from the initial test of the hypothesized model (See Table 16).

Sobel tests (1982) were then utilized to test for mediation to detect whether engagement significantly carries the influence of the initial variables to loyalty. The Sobel tests (1982) provided support for engagement mediating the relationship between commitment ($z = 2.85, p = .004$), brand image ($z = 2.84, p = .005$), and preference and decision-making involvement ($z = 2.83, p = .004$). The respective indirect effects were .018, .016, and .017 which are practically meaningful.

Furthermore, additional significant relationships emerged with the direct effects of the initial variables and the outcome variables. Commitment was significantly related to share of wallet ($\beta = .155, p < .001$) and retention ($\beta = .021, p < .05$). Preference and decision-making involvement showed a relationship with

Table 16.

Unstandardized, Standardized, and Significance Levels for Partial Mediation

| Parameter Estimate | Unstandardized | Standardized | P |
|--|----------------|--------------|------|
| Commitment --> Engagement | .254 | .366 | .000 |
| Brand Image & Trust --> Engagement | .226 | .304 | .000 |
| Preference & Decision-Making Involvement --> Engagement | .228 | .202 | .000 |
| Commitment --> Loyalty | .115 | .122 | .000 |
| Brand Image & Trust --> Loyalty | .315 | .311 | .000 |
| Preference & Decision-Making Involvement --> Loyalty | .062 | .040 | .004 |
| Engagement --> Loyalty | .072 | .053 | .004 |

share of wallet ($\beta = .089$, $p < .001$) and retention ($\beta = .095$, $p < .05$). Lastly, satisfaction was significantly related to retention ($\beta = .0128$, $p < .05$).

Pearson correlations and regression were utilized to investigate relationships with engagement and additional website behavior and transactional data. Two demographic questions captured how often the website was visited during non-work hours as well as the frequency of visits to an additional content website owned and sponsored by the target business. Engagement was positively related to non-work hour visits ($F(5,3433) = 61.987$, $r = .255$, $\Delta R^2 = .020$, $b = .704$, $t = 8.632$, $p < .001$), content website visits ($F(5,3433) = 54.129$, $r = .256$, $\Delta R^2 = .042$, $b = 1.016$, $t = 12.477$, $p < .001$), and percent of sales through e-commerce compared to offline sales ($F(5,3433) = 17.062$, $r = .103$, $\Delta R^2 = .009$, $b = 9.748$, $t = 4.327$, $p < .001$) while controlling for satisfaction, commitment, brand image and trust, and preference and decision-making involvement.

Finally, ANOVA was utilized for survey questions that required categorized responses. Engagement was significantly related to age ($F(5,3582) = 3.787$, $p < .05$). Tukey HSD post hoc tests revealed significant relationships with engagement for the following age groups: 65 years of age or older ($M = 3.54$, $SD = .559$) had higher engagement than customers with 25-34 years of age ($M = 3.40$, $SD = .586$) ($p < .05$), 35-44 years of age ($M = 3.43$, $SD = .533$) ($p < .05$), and 45-54 years of age ($M = 3.44$, $SD = .556$) ($p < .046$). Engagement was not significantly related to job role ($F(5,3582) = 1.497$, ns) or job title ($F(5,3582) = 1.296$, ns). Next, the relationship between engagement and various industry segments was evaluated. This analysis produced a significant relationship

between engagement and industry segment of customers that responded to the survey ($F(5,3582, p<.05)$). Tukey HSD post hoc tests revealed significant relationships with engagement for the following industry segment groups: government customers ($M=3.48, SD=.539$) had higher engagement than heavy manufacturing customers ($M=3.34, SD=.467$) ($p<.05$) and retail and wholesale customers ($M=3.51, SD=.578$) had higher engagement than heavy manufacturing ($p<.05$).

CHAPTER IV.

DISCUSSION

With the increased interest in engagement in research and organizations, the current study integrated engagement from a customer perspective to understand predictors of engagement as well as outcomes of engagement. As hypothesized, customer engagement demonstrated a similar structure to employee engagement which enabled the remaining relationships to be evaluated. Through these efforts it was discovered that customer commitment, brand image and trust, and preference and decision-making involvement were positively related to engagement. Satisfaction was the only attitudinal variable that was not significantly related to engagement. Furthermore, customer engagement was significantly related to website behaviors of page views, website sales, average order value and loyalty.

In the broadest sense, all businesses have a common goal which is to grow revenue and profitability. With this goal in mind, businesses are faced with the challenge of how to retain as well as increase their customer base. Businesses need to find new ways to attract and engage their customers with their products and services, especially since customers are assuming a more active role in the information gathering and decision-making process (Sawhney, et al., 2005). For businesses to be equipped to handle the changing demands of customers, they must determine what drives customers to conduct business with a given organization as well as what causes those same customers to either have repeat transactions or select a competitor for future transactions (Bowden, 2009a).

Given this common business goal, understanding the service-profit chain theory is imperative. The service-profit chain theory links a series of relationships that ultimately lead to profitability and growth (Heskett, Jones, Loveman, Sasser, & Schelsinger, 1994). Several propositions are identified for customer and employee linkages. The propositions for customers include the following: 1) profit and growth are influenced primarily by customer loyalty, 2) loyalty is a result of customer satisfaction, and 3) customer satisfaction is influenced by the value provided to customers with product and service offerings. The propositions for employees include the following: 1) value provided to customers is created by productive, loyal, and satisfied employees and 2) employee satisfaction is generated from having high-quality support services and policies that enable employees to deliver value to customers.

In today's competitive environment, customers are persuaded by the value that businesses can provide. Poor service quality or value is the key driver for why customers switch to competitors (Weitzel, Schwarzkopf, & Peach, 1989; Zemke & Schaaf, 1989). Furthermore, the interactions between a business and a customer produce value in themselves. In some cases, especially in B2B transactions, the service interaction is valued more by the customer than the satisfaction with the actual products (Grunholdt, Martensen & Kristensen, 2000). The loyalty of a customer is paramount since loyal customers account for a high proportion of sales and profit growth overtime (Heskett et al., 1994). Additionally, it is more costly to a business to acquire new customers than to retain existing customers (Bai et al., 2006; Buttle, 1996). Recently, it was

determined that customer retention plays an important role in determining firm performance and profitability (Towler, Lezotte, & Burke, 2011). Customer retention, defined by actual return behavior instead of intentions, significantly mediated the relationship between customer satisfaction and store profitability in addition to confirming the known relationships in the service-profit chain theoretical framework. (Towler, Lezotte, & Burke, 2011). Since there will always be multiple businesses that can provide the same variety of products, the value created or the quality of service provided can help a business stand out as being superior than its competitors. These topics are important to understand since service capabilities are linked to differentiation and price tolerance (Carter, 2008; Heskett et al., 1994).

Although the current study only focused on customer measured variables, the employee propositions in the service-profit chain are important to discuss as well. The foundation of this theory is built from an internal service quality which is similar to organizational service climate literature. When employees are provided with the tools and resources to deliver quality customer service, they will develop positive attitudes around satisfaction and loyalty while increasing productivity (Heskett et al., 1994; Salanova et al., 2005; Schneider et al., 1998; Towler, Lezotte, & Burke, 2011). Leaders as well as human resources departments have to support behaviors perceived by employees to deliver value to customers (Kamakura, Mittal, de Rosa, & Mazzon, 2002; Salanova et al., 2005; Schneider et al., 1998). These stated supporting behaviors include workplace and job design, rewards and recognition, and a performance management system that

encourages customer-oriented behaviors. These practices have been shown to contribute to work outcomes such as productivity, satisfaction, retention, and engagement (e.g., Heskett et al., 1994; Kamakura et al., 2002; Oldham & Hackman, 1981). As organizations focus on strengthening their internal value and service quality, results will also be evident through customer ratings. Customers will perceive the internal value as it is demonstrated through external service value delivered by employees. Therefore, organizations must strengthen their internal core human management practices before expecting customers to fully understand the value the organization can provide.

Within the service-profit chain framework, engagement can contribute to employee and customer assessments of service operations. Engagement in both contexts is viewed as an individual willingly investing and putting forth extra effort to ensure an organization or business succeeds (Bowden, 2009a; Macey & Schneider, 2008). Accordingly, engagement can be used as a proxy to evaluate the relationship between the employee, customer, and organization. Prior research has indicated the relationship engagement has with other attitudinal variables such as high job satisfaction, commitment, and performance (Harter et al., 2002; Salanova et al., 2005). Within the customer context, engagement has been linked to higher customer satisfaction, loyalty, retention, and sales performance (Harter et al., 2002).

As postulated in the current study, similar relationships were discovered for engagement. As defined by Schaufeli et al., engagement consists of vigor, dedication, and absorption (2002). This measure demonstrated a similar factor

structure when evaluating customer engagement as hypothesized. When customers demonstrate high levels of energy, effort, enthusiasm, pride, and dedication, they are said to be engaged with the service provider or organization.

As businesses move away from contractual relationships, a change in behavior is required to engage customers. As noted earlier, customers want to play a more active role when gathering information and transacting with a business. In this regard, businesses need to demonstrate cooperative behaviors with customers instead of just being compliant. Businesses need to actively pursue creating, developing, and maintaining long-term customers through engagement (Bowden, 2009a; Morgan & Hunt, 1994). As in the context of the present study, e-commerce was the platform for which engagement was measured. New ways to engage customers through technology are rapidly developing. The internet has transformed the way in which customers search and purchase products (Kim et al., 2009). Offering a website to customers is yet another medium for customers to assess value provided by the organization. As website sales continue to grow, e-commerce interactions and transactions will be more accepted by customers (Wareham et al., 2005). Businesses need to create and bridge relationships through the internet with customers that would have otherwise been facilitated through face-to-face interactions in physical store locations. The creation of social environments facilitated by online communities, blogging, customer commentary and feedback are avenues that businesses must start to address.

In addition to the measurement of engagement, similar relationships were found for the predictors of engagement. First, customer commitment was a significant predictor of engagement which is consistent with prior research. Highly committed customers should have high levels of engagement. When customers encounter a positive transactional experience, they will form a psychological attachment with the target business as they complete more transactions overtime (Blau, 1985). In accordance with prior research, supplementary analyses revealed both a direct and an indirect relationship with loyalty as well.

Through multiple interactions, the customer will personally identify with the perceived value of the business in addition to their product offerings. As the relationship develops over time, customers will move away from attribute-based evaluations and instead towards relationship-based evaluations (Bowden & Corkindale, 2005; Pullman & Gross, 2003). When customers are committed to a business they have a greater desire to repeat purchase, invest and engage in the brand, and have a greater propensity to provide word of mouth referrals (Harrison-Walker, 2001; Wetzels et al., 1998).

Conversely, customer satisfaction was not a significant predictor of engagement. It was hypothesized that highly satisfied customers should have high levels of engagement. The positive relationship between satisfaction and engagement was hypothesized due to the affective and cognitive components of satisfaction (Macey & Schneider, 2008). Customers would develop positive or negative feelings towards a business based on their experiences. Then, a

customer with high satisfaction would be more inclined to form attitudes consistent with engagement such as displaying enthusiasm, effort, and persistence (Schaufeli et al., 2002). As noted in Table 13, the correlation between satisfaction and engagement showed a significant relationship. However, when the other predictors were included in the model the satisfaction–engagement relationship was reduced to a non-significant relationship. Compared to the other predictors, satisfaction did not make a large enough contribution to the predictive power of engagement. Supplementary analyses did reveal a significant direct relationship with satisfaction and loyalty as found in prior research. A possible explanation for the nonsignificant relationship between satisfaction and engagement could be that the satisfaction score was not high enough to engage customers. The average satisfaction score was 7.6 on a 10-point scale for this study. When reviewing literature on customer satisfaction and loyalty, it is noted that extremely high satisfaction scores result in significant relationships with loyalty, profitability, and performance (Heskett et al., 1994; Kamakura et al., 2002; Mittal & Kamakura, 2001). Usually, when the average satisfaction score is closer to the highest rating with smaller variance (e.g., 9 on a 10-point scale), positive outcomes result such as loyalty, referrals, profit, market share, and return on investment (Allen & Willburn, 2002; Sureschandar et al., 2002). The content of the satisfaction questions could serve as another possible explanation for the contrary findings. Some measures of satisfaction have been criticized for failing to capture the depth of responses to given situations (Oliver, 1999). The satisfaction questions from the current study were very broad and did not inquire about specific aspects or

attributes of the customers' experiences. Additionally, the questions were framed for the online context so responses could reflect satisfaction with the medium instead of the product or service received. Alternative items should be incorporated in future measurements.

The remaining predictors of engagement supported the relationships hypothesized for the study (i.e., involvement, brand image). Highly involved customers should have high levels of engagement. Customers can have different levels of involvement based on their willingness to be active in both the decision-making and transaction process. Customers may not believe they have the knowledge to make an informed product decision and may want the expertise of the business to guide their decision. Motivation and relevancy are key factors of involvement when the decision is deemed as personally relevant to the customer (Mittal & Lee, 1989). When customers are more active in this process, engagement is more likely to result since customers will put forth extra effort and display positive behaviors such as extensive product information research, more frequent transactions, and positive perceptions of brand-image (Mathieu et al., 2006; Mittal & Lee, 1989). Furthermore, involvement can impact commitment and the development of a transformational relationship between the customer and business.

Correspondingly, customers who perceive a strong brand image should have a high level of engagement. Brand image and trust are strong predictors of engagement since these attitudes are formed after multiple interactions with a business. When customers are engaged, they assume that a business provider is

able to respond to their needs with a consistent level of quality (Delgado-Ballester & Munuera-Aleman, 2001; Kim et al., 2009). As a new customer, brand image is used as a tool to eliminate possible vendors based on non-experimental information. As a result, a transformation occurs from a cognitive to affective customer-brand relationship where customers will demonstrate extra-role behaviors such as positive word of mouth referrals and increased spend (Hess & Story, 2005; Kahn, 1990). At this point in the relationship, customers trust that their personal investment into the business will be reciprocated. In addition to engagement, brand image and trust were correlated with satisfaction and displayed a significant direct relationship with loyalty which is consistent with previous literature.

In addition to the predictors of engagement, outcome variables were also partially supported. Starting with website behaviors, only page views, not logins were significant outcomes of engagement. Highly engaged customers should have significantly more page views than lower engaged customers. Page views are an indicator of how many interactions a customer has with a website in a given time period. Consistent with the engagement literature, page views would serve as an outcome when customers display persistence, challenge, and effort in pursuit of product or content information (Sawhney et al., 2005; Schaufeli et al., 2002). Customers who have more interaction with the website would then be more inclined to make a purchase. Contrary to expectations, the number of logins was not a significant outcome of engagement. A possible reason for this result could be that engaged customers are not logging in for all of their website visits,

thus their identity appears as anonymous. Because logins are only required at time of purchase, it is possible that login behaviors are similar regardless of level of engagement. The relationship between logins and sales is highly correlated for this reason. However, there are other functions beyond purchasing for login sessions such as checking custom product pricing, contract information, and order history records beyond making a purchase. As a result, login sessions were viewed as an outcome variable of engagement although it could influence sales activity. A similar argument can be made for page views influencing sales.

Business-level outcomes were also partially supported. Only sales and average order value were significant outcomes of engagement where customers that were highly engaged should have higher sales and average order value compared to lower engaged customers. Once customers are engaged with a business, it is assumed that they will buy more products from the target business as their relationship strengthens (Gefen & Straub, 2000). Additionally, engagement has demonstrated relationships with sales performance which is consistent with current findings (Harter et al., 2002; Salanova et al., 2005). Although the relationship between engagement and transactions was not supported in the current study, it is possible that customers included more items in their order which would reduce the transaction count. As more research is conducted on customer engagement, it would be interesting to focus on understanding engaged customer behaviors related how they purchase in terms of frequency and size. Surprisingly, share of wallet was not a significant outcome of customer engagement. Share of wallet has been identified as a key indicator of

customer relationship management (Glady & Croux, 2009). It is presumed that when a customer has developed a relationship with a business, they will spend more of their wallet with the target business instead of allocating their spend to other businesses (Zeithaml, 2000). A possible explanation for the findings could be the tenure of the customer or contractual obligations to other providers. The tenure of customers was unavailable with the archival data, but should be researched in the future. If customers are newer, they may still have contractual obligations to other providers in the near term. These customers should be monitored as they could increase their sales in the future. This situation is especially prevalent with B2B relationships. Share of wallet has shown to be related to loyalty, retention, and identification of high growth potential customers (Gupta & Zeithaml, 2006; Zeithaml, 2000). Retention of customers was another outcome of engagement that was not significant. It would be assumed that engaged customers would be retained over time because a customer-brand relationship would have formed. In conjunction with commitment, customers would exhibit a psychological closeness with a business as the number of interactions increase (Amine, 1998). Although retention was not a significant outcome of engagement, satisfaction had a direct significant effect on retention which is supported by previous research. This finding should not come as a surprise since satisfaction has demonstrated significant relationships with repeat purchase intentions, positive word of mouth referral, and retention (Anderson & Mittal, 2000; Giese & Cote, 2000).

Lastly, the relationship between engagement and loyalty was supported such that highly engaged customers should have higher levels of loyalty. In this instance loyalty was defined by likelihood of repeat purchase and positive word of mouth referral. In addition to engagement, all predictors of engagement had significant direct effects on loyalty. In agreement with prior research, loyalty refers to behavioral intentions that are motivated by the willingness of customers to perform a given behavior (Ajzen, 1991). Intentions to repurchase or to refer others to a business are manifestations of behavioral intentions as outlined in the theory of reasoned action (Ajzen & Fishbein, 1980). This theory makes sense given the attitudes, intentions, and behaviors that were included in the model tested in the current study.

To summarize, significant outcome variables of engagement were page views, website sales, average order value and loyalty. Although these relationships were significant, these findings should be discussed to determine if statistical difference is large enough to be of value in a practical sense. Engagement had low correlations with page views, sales, and average order value. Additionally, the standardized path coefficients were less than .10 which indicates a small effect. Future research should attempt to replicate these findings.

Supplementary analyses also revealed interesting findings. A partial mediation model was estimated for variables that met the mediation criteria. Specifically, the significant relationship with loyalty persisted with commitment, brand image, and preference and decision-making involvement with engagement partially mediating these relationships. However, none of the direct effects

revealed a significant relationship with sales, average order value and website page views as did engagement. Therefore, the value of engagement was demonstrated since significant relationships resulted with firm performance variables. In additional supplementary analyses, engagement was significantly related to spending more time on the business website during non-work hours and visits to their content website while controlling for the predictors of engagement. These findings should indicate to organizations the importance of customer engagement especially since behavioral and financial outcomes revealed significant relationships. Further understanding of these outcomes is warranted with additional research. Consistent with prior research, retention was a significant outcome of commitment, satisfaction, and involvement when evaluating the direct effects. Commitment and involvement were significantly related to share of wallet indicating customers spend more of their total dollars with the target business as their commitment and involvement increase. All these findings point to a common theme - the development and maintenance of customer relationships is imperative. When strong relationships develop, customers are willing to increase spend and devote extra effort and time to a target business.

From the supplementary analyses, additional relationships were revealed with engagement for the demographic data collected. Engagement scores increased with age. The customer base for the target business is older and more tenured which coincides with the findings. For example, it would be surprising for this sample to have the highest engagement scores among customers in the 18

to 25 years of age range. The largest proportion of participants fell into the 45-54 and 55-64 years of age ranges.

Limitations of Research

Even though the findings presented above contribute to the understanding of customer engagement and its larger framework, a few limitations can be noted in this study. First, limitations are present with archival data. Reliabilities for the measures were not known and needed to be examined in the current study. Some reliability estimates could be improved by either removing or refining items in future research. In the instance of single indicators, test-retest reliability could not be determined. Also, the framework tested was limited to the data available. For example, information on customer tenure was not available to evaluate differences with engagement. Second, participant burnout due to the length of the survey may have influenced careless responding to some questions. This limitation is possible especially considering that participants could have been completing the survey while at work since they were sent to business email addresses. Third, utilization of a structural regression model could not be estimated due to underidentification issues with the parameter estimates. Use of structural regression modeling is preferred as it incorporates both measurement and path modeling. Fourth, non-response bias could have influenced the findings. With the use of archival data, further investigation of self-selection bias is not possible because known values of certain variables are not available to evaluate the differences between respondents and non-respondents (e.g., age, sales, average order value). It is feasible that respondents could have answered

differently to the survey questions than non-respondents. Fifth, utilization of a self-report survey for a large portion of data collection could pose an issue with common method biases (Podsakoff, MacKenzie, Jeong-Yeon, & Podsakoff, 2003). Common method variance has the potential to create spurious variance that could be artificially attributed to the constructs measured instead of the measurement method. Method bias is a source of measurement error which threatens the validity of results by exerting a systematic effect on the observed correlations. Method variance is bi-directional which leads to either inflated or deflated correlations resulting in both Type I and Type II errors (Podsakoff, et al., 2003). However, Conway & Lance (2010) suggest that the notion of upwardly biased relationships from self-report measures is a misconception. Research cited showed that measurement error balanced inflationary effects of common method bias and that same-method observed score correlations were an accurate depiction of true score correlations (Conway & Lance, 2010). For common method variance, the design of the study and statistical controls can be utilized to ensure accurate interpretation of results. For example, the use of multiple sources for data collection, separation of measurement for the predictor and criterion variables, Harman's single-factor test, or partial correlation procedures can help control for common method bias (Podsakoff et al., 2003). The current study was able to incorporate the procedural remedy of counterbalancing question order to control for priming effects and other biases related to the question context for the majority of survey sections. However, statistical techniques could further assist with controlling for common method bias. Finally, the measurement of customer

engagement could have benefited if data on employee variables were collected. Future research could address this limitation.

Implications

Despite the aforementioned limitations, this study provides useful information to businesses that focus on developing customer engagement and broader outcomes for an organization. Over the years there has been an increased interest in the concept of engagement; however, the majority of research has been concentrated in the employment context. With organizations trying to find new ways to stay competitive, understanding the dynamic role that customers experience with a brand or business will be beneficial. Businesses could identify actionable steps to take that could facilitate engagement (i.e., absorption, dedication, and persistence). The current study seeks to incorporate an all encompassing model that analyzes the relationships of attitudinal variables with customer engagement along with outcomes. With such a model, one can utilize engagement as an indicator of service provider performance. Additionally, the current findings demonstrate the importance of developing a positive brand image and commitment in customers to facilitate engagement. Furthermore, engagement demonstrated a direct effect on sales, average order value, and page view behaviors on the website.

Consumer behavior research has indicated that the needs of customers are ever evolving (Fogli & Whitney, 1991; Ganesh, Arnold, & Reynolds, 2000). Customers are transacting with multiple businesses through multiple channels. Customers want to be participators and knowledge sharers instead of only end

users in a consumption process (Erat et al., 2006; Sawhney et al., 2005).

Businesses need to take a more proactive approach to managing the relationships developed with their customer base by understanding their visitation and buying patterns as well as other needs. If service providers understand the importance of establishing an engaged customer base, then they can create platforms that will invite customers to participate in their growth, evaluate new ideas or products, and provide insight into what solutions and capabilities customers need. The internet serves as an excellent way to engage customers. With the growing usage of the internet as a means of finding products and transacting, this platform serves as an excellent way to maximize engagement. Websites should provide an outlet for customers to interact, share ideas, and provide feedback. Today, the use of social media by businesses where appropriate is commonplace. These outlets provide more opportunities for referrals and brand awareness, value that is generated in addition to purchasing behavior. During this cycle, service providers will benefit by retaining customers and increasing revenue, while customers will benefit from having their voice heard and needs met. Organizations should rely on their human resource practices to foster a climate where customer service is valued and rewarded.

Finally, this research has focused on the B2B context. In this case, an individual's job role is to seek out businesses to transact with in order to perform his or her job. Within this context, the individual could be engaged at work and engaged as a customer with the businesses with whom they frequently transact.

Future Directions

Future research is necessary to further explore customer engagement and both its predictors and outcomes. First, the measurement of customer engagement should be retested. This study was the first known attempt at measuring the construct by adapting an employee engagement measure. In addition, research should be extended to other job sectors as this study focused on repair and maintenance operations. Also, the context of the study was centered on engagement online in the e-commerce space. Future research could evaluate how engagement changes in a broader context that would include offline interactions as well. Next, it is worth evaluating how engagement is developed in different business types. For instance, different aspects of engagement could be valued more depending on whether the business focuses on other businesses, consumers, or both. Furthermore, future research should evaluate additional predictors and outcomes of engagement. Variables that were found to be non-significant but have received support in prior literature should be reevaluated in future measurements (e.g., satisfaction). Measures on tenure, profitability, and revenue growth over a given time period are just a few suggestions. Another future direction would be to measure engagement over time in a longitudinal study. The current study was cross-sectional and assumes that the variables measured are constant across the customer-brand relationship. With this undertaking, moderators of engagement should be investigated such as repurchase frequency and length of time between service encounters. Understanding customer tenure will also assist in this evaluation. Lastly, future research should incorporate

measures of both employee and customer engagement as well as predictors and outcomes in each context to better understand the linkages described in service climate and service-profit chain literature.

CHAPTER V.

SUMMARY

Businesses are constantly faced with an ever increasing competitive environment. There is a growing need for businesses to better understand how they can maintain and interact with their customer base. To facilitate this understanding, engagement research should be integrated. However, the literature on engagement from a customer perspective is in its infancy. Furthermore, identifying the measurement framework of customer engagement and outcome variables has yet to be decided as well.

Therefore, it was hypothesized that customer engagement would have a similar factor structure to employee engagement. Also, it was hypothesized that satisfaction, commitment, brand image, and preference and decision-making involvement would predict engagement. Furthermore, outcome variables of business sales and transactions, website behaviors, and loyalty were assessed. Archival data was utilized to evaluate these relationships which included 4,530 participants that were customers of a B2B maintenance and supply business and utilized the business' website.

A similar factor structure resulted for the measurement of customer engagement. Structural equation modeling showed partial support for the hypothesized predictors of engagement since the relationship between satisfaction and engagement was not significant. The hypothesized outcome variables of engagement were also partially supported since only loyalty, sales, average order value, and website page views were significant. When direct paths from the

antecedents of engagement to the outcomes of engagement were modeled, significant relationships remained only for loyalty, thus indicating the contribution of engagement in predicting business outcomes such as sales and average order value. The implications and future research of customer engagement, e-commerce, and business-to-business contexts are discussed.

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Appendix A
Survey Questions

Channel Preference Involvement

What is your preferred method of searching for products you need for your company?

Online/Web Paper Catalog Visit a Branch Call a Vendor Other

I am most successful at my job when I search online compared to offline.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

I am most successful at my job when I purchase online compared to offline.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

It is important that I have a personal relationship with the vendors I buy from.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

I appreciate talking to a knowledgeable representative/seller for opinions and guidance on the right product for the job.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

Decision-Making Involvement

I must view all sides of an item/tool prior to making a purchase.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

I am confident I can select the right product on my own.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

I need to hold a tool or part in my hands before buying it.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

I appreciate having a variety of products to consider.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

I personally use the products I purchase from <business name>.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

Commitment

I owe a great deal to <business name>.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

<Business name> helps my business succeed.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

Even if it were to your advantage, I do not feel it would be right to discontinue doing business with <business name> now.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

If I were to discontinue business with <business name>, I feel there are too few qualified online vendors to consider.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

If I had not already put so much of myself into working with <business name>, I might consider doing business elsewhere.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

When I buy from <business name>, I feel like <business name> partners with me to get the job done.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

Brand Image

I feel confident when buying from <business name>.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

<Business name> helps me solve problems.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

<Business name> has a reputation for integrity.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

Even in turbulent times, I can trust that <business name> will be there for me.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

All <business name> customers are treated the same regardless of how much they buy.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

Loyalty

How likely are you to recommend <business name> to other colleagues?

| | | | | |
|----------------------------------|-----------------------|-----------------------------|-------------------|------------------------------|
| 1 | 2 | 3 | 4 | 5 |
| Definitely Will Not Recommend | Will Not Recommend | May or May Not Recommend | Will Recommend | Definitely Will Recommend |

How likely are you to conduct business with <business name> in the future?

| | | | | |
|----------------------------------|-----------------------|-----------------------------|-------------------|------------------------------|
| 1 | 2 | 3 | 4 | 5 |
| Definitely Will Not Recommend | Will Not Recommend | May or May Not Recommend | Will Recommend | Definitely Will Recommend |

Engagement - Example Questions

On <business name website> I invest effort to find products desired.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

I am excited when visiting <business name website>.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

When I have extra time, I feel like viewing featured content, stories, and articles on <business name website>.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

I am content when searching intensely on <business name website>.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

I am proud of the work <business name> carries out.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

When searching for a product, I always know the brand or model number for the products I want.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

To me, shopping on <business name website> can sometimes be challenging.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

When searching for a product, I evaluate several products before making a purchase.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

On <business name website>, I try several searches for a product when things do not go well.

| | | | | |
|-------------------|----------|---------|-------|----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

Demographics

Which of the following categories best describes your age?

- 1 Less than 18 years old
- 2 18 to 24
- 3 25 to 34
- 4 35 to 44
- 5 45 to 54
- 6 55 to 64
- 7 65 and over

How often do you visit <business name website> during non-work hours?

- 1 Never
- 2 Less than once a year
- 3 Once a year
- 4 A couple of times a year
- 5 Monthly
- 6 Weekly
- 7 Daily

Which of the following best describes your primary job responsibilities?

- 1 Executive, Owner, or Officer
- 2 Department or Group Manager
- 3 Supervisor
- 4 Purchasing Agent
- 5 Technician
- 6 Contractor
- 7 Administrative
- 8 Sales Personnel
- 9 Engineer
- 10 Other