Customer Engagement Marketing Metrics: Review & Propositions

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A B S T R A C T

The concept of customer engagement is emerging in the marketing literature as previous research indicates that the customers remain more loyal to brands when they feel connected with the firm either through task-based or experiential engagement. The firms can also make good business performance if they leverage customer resources (network, influence, creativity and knowledge). This paper's motivation is to conduct a literature review and develop a concept on customer engagement explaining the various factors as Hollebeek (2011) has also highlighted that customer engagement is robust and will influence loyalty outcomes.

In this literature review, a conceptual model is defined, which covers various factors and constructs.

Key Words: Customer engagement, Marketing metrics

Introduction

Current evolving trend reflects the transfer of control to customers. Of late, we have been hearing that customers have greater influence over the firm's strategy which is classified as Earned Media (Part of POEM framework - Paid, Owned, and Earned Media). As firms are trying to gain more and more insights from customers due to which customers are also experiencing the change from task-based to experiential engagement marketing and this paper makes an attempt to highlight the impact which customer insights could make on company's future strategy, determining the customer offerings in terms of discounts, price promotions and in driving the marketing campaigns.

This paper explains the importance and contribution of customers in various aspects in terms of customer resources, customer network, customer influence and customer creativity which could also be tapped in terms of co-creation of products and offerings. This paper will also briefly touch upon the type of consumers, like the ones who are always seeking more variety (due to brand burnout/brand related fatigue), the ones who are activists, and those who are loyal to the firm.

HYPOTHESES & CONCEPTUAL MODEL

H1: Product offerings and marketing communications impact customer engagement and hence brand loyalty

H1$_A$: Better customer understanding will help a firm in improving its product offerings

H1$_B$: Customer behavior data will influence the development of relevant ads

H1$_C$: Customer insights will help in achieving profitable customer relationships

H1$_D$: Customer insights help in developing data-driven decision-making culture in an organization and improves market orientation

H2: Customer engagement is independent of price promotions

H2$_A$: Successful development of customer relationship will influence customer engagement

H2$_B$: Increased understanding of customers enables a firm to have a relevant pricing strategy

H3: Usage of the firm's resources to achieve superior customer engagement

H3$_A$: Leveraging marketing resources to build market knowledge will improve the firm's business decisions

Major Mediating Construct between H1 & H2

Due to digital penetration, firms can generate customer insights in real-time impacting product offerings, price promotions, and marketing communications.

Conceptual Model

H1: Product offerings and marketing communications impact the customer engagement and hence brand loyalty

H2: Customer engagement is independent of price promotions

H1A: Better customer understanding will help a firm in improving its product offerings

H2-A: Successful development of customer relationship will influence customer engagement

H1B: Customer behavior data will influence the development of relevant ads

H2-B: Increased understanding of customers enables a firm to have a relevant pricing strategy

H1-C: Customer insights will help in achieving profitable customer relationships

H3: Usage of firm's resources to achieve superior customer engagement

H1-D: Customer insights help in developing data-driven decision-making culture in organization and improves market orientation

H3-A: Leveraging marketing resources to build market knowledge will improve firm's business decisions

Important Terms

    1) Inside-out marketing capability (Varadarajan 2020)

    2) Outside-in marketing capability (Varadarajan 2020)

    3) Network externality theory (Katz and Shapiro, 1986)

    4) Marketing Program Implementation (MPI) (Lee et al. 2011)

CONTRIBUTION OF CUSTOMER RESOURCES

Customer Insights & Knowledge

When a business organization aligns its marketing goals with generating customer insights and intends to use the developed knowledge for making business decisions, it is worth noticing that customer insights shall play a central role in all the constructs at the organization, mentions Varadarajan,(2020).

Those firms that demonstrate the intent to develop and leverage the capacity to harness market intelligence's power related to current and potential customers and competitors will be called market-oriented firms. Varadarajan (2020) emphasizes the importance of understanding customers' needs and preferences and competitors' strengths and weaknesses.

During this journey of understanding customers, an organization creates knowledge and, in this course, utilizes its analytics and information analysis capabilities, and it helps in the creation of a knowledge-based view (KBV) of the organization, which is the core of a firm's competitiveness. The way an organization exploits customer knowledge measures the persistence of an organization's performance and creates a metric to measure new sources of revenues.
.
There is an interdependency as marketing performance gets better due to customer insights, which will increase the customer base and market share rather than improve customer information assets.

Lee et al. (2011) explain the resource-based view (RBV) of organizations as these resources contribute to firm success by demonstrating dynamic capabilities and implementing strategic actions.

Firms need to have more amount of awareness and information about their customers. That will increase their ability to recognize potential opportunities, re-align their marketing programs, cater to unmet customer needs in a more informed manner than their competitors, and help achieve their full potential by getting tangible & commercial benefits.

Kunz et al. (2017) emphasize the need to develop customer knowledge based on customer insights. Business organizations require deeper customer engagement, as it is also needed from the business to create the ability to churn and analyze the volume of data it brings to the table. As the data shall originate from various customer-facing channels and data will comprise customer engagement history,

preferences, profile & identity, a trend of their decision-making, and overall behavior. preferences, profile & identity, a trend of their decision-making, and overall behavior.

Customer Networks

The bigger the network size, the more the customers are connected with their associated brands. The customer network results in a better connection with each other. And they share common bonds due to similar geographical location, personal choices, and extreme brand loyalty and develop an exhaustive & strong association with admired firms resulting in more benefits for the brand.

In his paper, Lee et al. (2011) explain that customers believe they can get more benefits from the firm if the customer network size increases, which results in a positive feeling toward the firm and its brands. For Example, Unilever's extensive customer network provides both a communication method and an opportunity for connections among customers while also providing the company with an additional customer resource.

H2$_A$: *Successful development of customer relationship will influence customer engagement*

Lee et al. (2011) mention that Marketing Program Implementation (MPI) reflects an organization's capacity to leverage its resources to take actions based on derived customer insights, network, creativity, and knowledge and subsequently influence its business performance.

The relationship with the customer is required to be built, nurtured & maintained; it gives the advantage to acquire customer resources (knowledge, network, influence & creativity) and improve the design of marketing programs and achieve impactful customer engagement. And in the long term, one could see the dynamic capability of Marketing Program Implementation (MPI) in terms of business performance.

One could gauge customers' engagement with a specific brand through activity levels (behavioral, cognitive, and emotional) in their direct brand interactions reflecting their enthusiastic, motivated, and engagement dependent state of mind Hollebeek (2011).

H3: Usage of the firm's resources to achieve superior customer engagement

Various firms' resources can be of use in engaging customers, as Sim & Plewa (2017) explained in their work that the firm should leverage all the crucial touchpoints to ensure that continuous interactions beyond purchases are maintained. Business organizations could achieve the mentioned goal through the integration of multiple virtual and physical interaction points to extend the interactions not just between the firm and its customers but also to empower customers to interact with other customers of the same firm and contribute in terms of their resources (Customer knowledge, creativity, network & influence).

As per Sim & Plewa (2017), Customer Engagement derives an emotional connection that acts as a catalyst of behaviors and relationship-building skills between the brand and customer for developing long-term relationships.

Customer Engagement focuses on the focal object and subject, while the focal item can differ in various approaches or contexts. For example, if the research is on students, the focal object will be on students while the focal object will be considered a brand in the customer engagement studies.

The roots of customer engagement are annotated as unidimensional or a multi-dimensional approach. The unidimensional process is built on a single dimension and is very smooth and transparent. Simultaneously, the multi-dimensional approach shall be for overall emotional, affective, physical, and behavioral dimensions.

Sashi (2012) mentions that maintaining a sustaining relationship with the customer is required, ensuring an intimate bond between firm and consumer. And the direct visible benefit of this shall be customer willingness to make buying decisions, preferably taking the lead and coming ahead and creating value together.

There is a fragile line between the firm's roles and the customer in such circumstances, and they both at times converge their parts to create value.

As per Sashi (2012), the internet and web have played an essential role in developing a unique marketing mix, leveraging modern collaboration tools and technologies to understand customers' needs better and serve them efficiently.

In the research paper, Sashi (2012) has also explained that a typical customer engagement cycle will help create a good bond with customers and influence their buying behavior. The complete customer engagement cycle will comprise various stages like connection, interaction, satisfaction, retention, commitment, advocacy, and engagement.

These days to achieve internet-driven programs and engage a more significant number of customers, firms invest more in online programs. The direct metric to measure customer engagement programs' success shall be through the volume of sales, footfalls & hits on the company's portal, willingness to give and serve as customer references, and overall results of customer satisfaction surveys.

Customer Influence
It is required to achieve a superior customer influence in customer's affective states, traits, resources, and goals as mentioned by Islam and Rahman (2016).

As business organizations need to focus on customer satisfaction, involvement and trust and their perceived benefits in terms of cost and relationship quality to address their perceptual needs.

Customer Creativity

Kunz et al. (2017) mention that customer engagement with a behavioral focus recognizes that consumers carry out several company-related behaviors that did not exist a decade ago. This type of customer engagement is directly related to the emergence of new media and all the new ways in which customers can interact with companies, including purchase and non-purchase behavior.

In their work, Islam and Rahman (2016) finds out that customers contribute to a firm's performance through their creativity and are not just receiving brand-marketing campaigns. Instead, they are adding value through their creativity in all their brand interactions. Creative customers make customer engagement highly interactive.

CONCLUSION

Three sub-hypotheses within H1 are in alignment, and one of it was not found suitable as per the limited literature considered for this study.

$H1_B$: *Customer behavior data will influence the development of relevant ads*

The story of brand ads had no significant connection, which could be justified based on customer behavior data. This study indicates support for $H1_A$, $H1_C$, and $H1_D$ but non acceptance of $H1_B$

Future Research & Further Implication

As part of this literature survey, would like to share deductive reasoning by mentioning that there is a growing interest in marketing on the concept of customer engagement (brand-engagement) and it is still in the infancy stage, and there is scope for further research as per Hollebeek (2011)

As part of this literature survey, I would like to share deductive reasoning by mentioning that there is a growing interest in marketing on the concept of customer engagement (brand-engagement) and it is still in the infancy stage, and there is scope for further research as per Hollebeek (2011).

Customer Engagement is suitable for a brand and organization as it shares a positive & linear relationship with business performance. However, I would like to share my inducting reasoning by sharing how Hollebeek (2011) relates the concept of 'occupational burnout' with excessive engagement levels and advises to exercise caution.

The highly engaged and loyal customers shall be termed as 'activists' as the firm shall always retain them in the customer base. There shall be another type of customers within this set of highly engaged

customers who will tend to switch the brand as they seek variety (also known as 'variety seekers'). And it is like the concept of 'brand burnout' as discussed above and is caused due to 'brand-related fatigue', mentions Hollebeek (2011). These are the two implications from the researcher's perspective and the practitioner's point of view.

As per Kunz et al. (2017), many firms struggle to achieve expected business performance and desired financial success, considering that customer engagement is the key driver.

The primary reason could be that there has only been a firm-centric approach rather than a customer's perspective. The disadvantage was that only the customers' positive and negative expressions were related to the company and its aligned benefits. In contrast, the effects on individual customers were ignored, which resulted in a lack of customer focus. Hence, the firms are finding it challenging to leverage the results of customer engagement opportunities, and there is further scope of research in this area to find out the other reasons for the same. I want to conclude by sharing my understanding that there is no consensus in the extant literature on the definition of customer engagement, and, hence, there is further scope of research on this vastly used, but often misunderstood term.

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