

Customer Engagement in Services: An Organizing Framework

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Abstract

The customer engagement (CE) concept has gained immense attention among academics and practitioners. However, no prior studies exist that have investigated the issue of CE in the service industry in the emerging markets. Additionally, the insufficient information regarding the drivers and moderators of CE in a service setting across different markets, and the absence of a practitioner-focused framework designed for the service industry applicable for developed and emerging markets makes this an important issue to study. This study aims to address these gaps in the literature and contribute to the extant research by proposing an organizing framework (applicable to both emerging and developed markets) for establishing CE in the services setting (CES).

To identify the factors that would lead to the creation and enhancement of CES, we conducted a qualitative study to solicit inputs from managers of multinational companies (MNCs) that are operating in the developed and emerging markets, and that are looking for ways to create and enhance CES. The insights from the interviews were integrated with the academic literature.

The proposed CES framework (see Figure 1) categorizes the firm-related factors responsible for creation and enhancement of CES as (a) *firm strategy*, and (b) *firm structure*. Further, we also identify and categorize the moderating factors that impact the creation and enhancement of CES as (a) *offering-related*, (b) *experience-related*, (c) *enabler-related*, and (d) *market-related*. Typically, these moderating factors operate in the immediate business environment of a company. Specifically, we propose that the firm-related factors, and the moderators lead to improvements in service experience. The improvements in turn, increase customer satisfaction and customer emotional attachment to the offering. This increase is then reflected in higher CES, which is comprised of customers' direct and indirect contributions to the company. The outcome variable – CE – is comprised of direct and indirect customer contributions. That is, CE encompasses customer contributions through their direct purchases, and their indirect profit contributions to the firm such as their referral behavior, online influence on prospects' and other customers' purchases, and review/feedback on the products and services they consume.

A key aspect of this framework is the consideration of market type. Specifically, the firm strategy and firm structure factors vary across the type of service industry and the type of market (developed vs. emerging). We believe that while the magnitude of impact from the identified factors may vary depending on developed or emerging status of the markets, the direction of impact (positive vs. negative) is likely to remain the same across the market types. Therefore, this framework can be used in both the developed market and the emerging market settings.

Figure 1 – Customer Engagement in Services Framework

