CHAPTER 3

Measuring and Managing Customer Engagement Value Through the Customer Journey

Rajkumar Venkatesan, J. Andrew Petersen, and Leandro Guissoni

Introduction

The relationships between a firm and its customers are ever evolving. Customers are now continually connected to other customers, firms, and consumers through the internet, mobile applications, e-commerce platforms, and social networks. Thus, customer engagement is now becoming a strategic imperative for many firms. As a result, some firms have found ways to provide customers with richer and more relevant information, more frequent interactions, and real-time personal experiences to create more customer engagement.

For instance, the public transportation system of Montréal (Société de Transport de Montréal (STM)), decided that it would be important to

R. Venkatesan (✉)
University of Virginia, Charlottesville, VA, USA

J.A. Petersen
Pennsylvania State University, State College, PA, USA

L. Guissoni
San Paulo School of Business Administration, Sao Paulo, Brazil

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engage customers before, during, and after they rode on buses and trains around the city. STM developed an app which uses real-time analytics to update customers about upcoming travel information before their rides. In addition, the app uses the geo-location on the customer's smartphone to provide relevant promotional offers to businesses that are along the route.[1] This has led to a significant increase in ridership for STM. This is not the only evidence that engaged customers are more profitable for the firm. A recent Gallup research study shows that engaged customers represent a 23% premium in terms of share of wallet, profitability, revenue, and relationship growth over the average customer across retail, consumer electronics, and hospitality industries.[2] However despite this evidence, only 58% of executives in a 2016 Convero survey claimed to have a formal customer engagement program in place. But, 74% of the executives from the same survey expected to increase spending on customer engagement over the subsequent year.[3]

Over the last decade several academic articles have defined customer engagement (Kumar et al. 2010a; van Doorn et al. 2010). As expected from a nascent field, there are multiple perspectives and definitions of customer engagement. Kumar et al. (2010a) define customer engagement as the value a customer provides a firm from its transactions, interactions with other customers, and knowledge they can share with a firm. Van doorn et al. (2010), on the other hand, define customer engagement as all the interactions of the customer with a firm outside of the customer's own transaction behavior. Irrespective of the definitions, the fundamental premise is that customers are valuable to a firm in multiple ways in addition to the traditional view of the value generated from the customer's own transaction behavior. This is also an evolution of the relationship marketing perspective wherein a customer's transactions with a firm is the base for a broader mutually beneficial relationship. For example, Oliver (1999) and Narayandas (2005) propose that customers first start transacting with a firm and then the relationship between the customer and the firm can slowly evolve toward the customers eventually investing in the firm.

Much of the discussion to this point in the literature about customer engagement is around how to extract value from customers (Lemon and Verhoef 2016). Recent studies by Pansari and Kumar (2016) also focus on how firms can begin to develop customer engagement. This is a first step in a very critical direction toward value creation for different customer types. The majority of the literature on value creation is around the customer experience or the customer journey.

We propose that researchers can benefit from combining these different research streams. Customer relationships evolve through different states that can be broadly categorized as acquisition, growth, retention, and win-back. They engage in repeated journeys with the firm and their social networks in each state. This synergy between short-term experiences and the accumulation of such experiences that lead to progression in relationship states leads to different levels of customer engagement. A lot is known about experiences from pre-purchase to post-purchase that can lead to repeated transactions and maximize. But the role of experiences in creating value for customers to advocate for a brand or provide information that can allow brands to develop better and newer products is unknown. Managing this multidimensional perspective on the customer experience and journey maps is exactly what is needed to develop customer engagement-based business models and processes.

In this chapter we develop a framework for developing a journey map-based view of customer engagement. We start with a review of the literature on customer relationships, customer journeys, and customer engagement. We then illustrate our framework, highlight the existing knowledge in the literature on this topic, and then identify avenues for research. We believe the framework we propose will be useful for managers also to develop an action plan to effectively manage customers with an engagement perspective. We illustrate some of these possible actions in the conclusion section.

Literature Review

Customer Journeys

Customer journey is described as "the process a customer goes through, across all stages and touch points, that makes up the customer experience" (Lemon and Verhoef 2016, p. 3). Changes in technology have allowed shoppers to go through a variety of touchpoints across online and offline media, channels, and devices on their paths to purchase (Kannan et al. 2016). These changes have led to new ways consumers use to research, buy, and recommend products. According to a quote from a McKinsey report "the funnel concept fails to capture all the touch points and key buying factors resulting from the explosion of product choices and digital channels" (Court et al. 2009, p. 1).

Therefore, industry experts have stated that the buying process is no longer linear and started to draw attention of the so-called consumer decision journey. This is considered as an improvement over the traditional funnel because "prospects don't come in the top and out the bottom, but move through an ongoing set of touchpoints before, during, and after a purchase" (Bonchek and France 2014, p. 2). However, the focus of this consumer decision journey is still on a given transaction instead of an experience (Bonchek and France 2014). Recently, studies have proposed to associate the customer decision journey with the goal of optimizing experience with individual touchpoints along the way (Edelman and Singer 2015).

Customer Management

Relationship marketing is then defined as the process and all marketing activities directed toward establishing, maintaining, enhancing, and when necessary terminating relationship with customers and other stakeholders (Morgan and Hunt 1994; Grönroos 2004). Its managerial relevance is to generate stronger customer relationships that enhance seller performance outcomes (Morgan and Hunt 1994; Palmatier et al. 2006). Some of the relationship marketing strategies can include communication, interaction frequency, and relationship investment such as time and resources focused on building a stronger relationship. These strategies can allow firms to optimize decisions such as customer acquisition and retention which have a direct impact on the customer engagement value (CEV). A previous study even highlights that relationships have the greatest influence on cooperation and word of mouth, suggesting that "firms that depend on WOM strategies for new customers should implement effective relationship marketing programs" (Palmatier et al. 2006, p. 151). In turn, word of mouth and cooperation, which leads to co-creation as consumers desire to play a greater role in the process of value creation (Hoyer et al. 2010), are important elements to enhance CEV and its components (i.e., customer lifetime value (CLV), customer influencer value (CIV), customer referral value (CRV), and customer knowledge value (CKV)). Consequently, relationship marketing should not be overlooked, especially in the context of more complex customer journeys (i.e., non-linear with multiple different touchpoints). In fact, such complex journeys make it even harder to establish and maintain relationships between companies and customers to create value.

Today the marketing literature emphasizes that customer value is a dual concept, describing that the purpose of a business is "first, to create value for customers and, second, to extract some of that customer value in the form of profit, thereby creating value for the firm" (Kumar and Reinartz 2016).

Customer management practices of companies are supported by four processes that allow them to get more value from these relationships (Kaplan and Norton 2006).

The first is the process of selecting customers based on the most attractive segments to the company based on its value proposition and this is important to reduce the chances of acquiring an unprofitable customer (Cao and Gruca 2005). Measures such as market share in targeted segments, percent of unprofitable customers, and customer surveys on brand awareness and preference further supported this process.

The second process is to acquire customers by converting prospects to customers. To that end, acquisition campaigns attempt to acquire prospects that resemble current best customers (Venkatesan 2015). Measures such as customer response rate to campaigns, percent of leads converted, cost per new customer acquired, and the estimated lifetime value of new customers acquired were suggested to support decisions through this process. The CLV, one dimension of CEV, can be also used as a metric for customer selection and resource allocation (Venkatesan and Kumar 2004).

The third is to retain customers and some questions are critical to that end (Venkatesan et al. 2012; Venkatesan 2015): is the customer–firm relationship "contractual" or "non-contractual"? When customers quit the relationship, are they "lost for good", or is there "always a share" that can be obtained from them? Contracts dominate B2B transactions, but several non-contractual situations also exist, such as the relationship between a firm and an office supplies vendor. Non-contractual situations often dominate B2C transactions, but several situations exist such as the subscription models (e.g., Netflix) and the consumer packaged goods (CPG) context. Regardless the type of relationship, the CEV measures such as CLV can be adjusted to analyze the engagement value (Sunder et al. 2016; Venkatesan et al. 2012). Further, companies realize that it is less expensive to retain customers than to continually add new ones to replace those who churned. Notwithstanding, customer win-back is a term that identifies the processes of firms revitalizing relationships with customers who have defected (Thomas et al. 2004a). Measures such as retention rate, number of referrals to new customers, number of new customers acquired from referrals by existing customers, number of suggestions, and feedback for company's improvements could be used during this stage.

Finally, the fourth process is to grow the relationship with customers. This means that companies can expand their share of the customers' purchase by cross-selling and up-selling. Companies can use some measures to track their performance during this stage, such as number of products per customers, revenue from post-sale services, share of wallet, and margin per customer.

Customer Relationship Management (CRM)

All of these four processes can be facilitated by the implementation of customer relationship management (CRM) that allows marketing practitioners to identify key activities and measures under the CEV perspective. Besides, in the context of more complex customer journeys, CRM implementations play an important role because it includes the building of a single view of the customer across all contact channels according to three dimensions: relationship initiation, maintenance, and termination (Reinartz et al. 2004). It is associated with "coordinating information across time and contact channels to manage the entire customer relationship systematically" (Reinartz et al. 2004, p. 294). Overall, CRM allows companies to use these data and analysis to support their understanding of how to manage customers. For example, firms use the information in CRM systems in order to acquire new customers, retain current customers, and enhance these relationships through customized communications and cross-selling (Boulding et al. 2005; Payne and Frow 2005; Thomas et al. 2004b). Indeed, information provided by the CRM systems and tools focused on managing customers can be useful to both measure and enhance CEV and its components. Thus, the influence of prior experiences on future customer expectations, the different treatment of each customer, and the value of long-term relationships between customers and firms have become fundamental aspects of CRM for selecting, acquiring, retaining, and growing (Grönroos 2004; Gummesson 1987; Boulding et al. 2005).

Customer Experiences and Customer Journeys

The increasing importance of customer experience has been a result of more complex customer journeys. The customer makes a purchase from the firm, which creates an experience (Pansari and Kumar 2016). Customer experience is the "evolution of a person's sensorial, affective, cognitive, relational, and behavioral responses to a firm or brand by living through a journey of touchpoints along pre-purchase, purchase, and post-purchase situations" (Homburg et al. 2016, p. 8). Firms should be able to continually renew customer experiences to sustain long-term customer loyalty. Thus, the touchpoint journey design, prioritization, monitoring, and adaptation are key identified firm capabilities (Day 2011; Homburg et al. 2016; Lemon and Verhoef 2016).

Lemon and Verhoef (2016) take an experience approach to the customer journey and identify a process model according to pre-purchase, purchase, and post-purchase stages and four categories of customer experience touchpoints: (i) brand-owned, managed by the firm and under the firm's control such as websites and elements of the marketing mix controlled by the firm; (ii) partner-owned, customer interactions during the experience that are jointly designed by the firm and its partners such as marketing agencies and distributors; (iii) customer-owned, which refer to touchpoints that the firm does not influence or control, but they are part of the customer experience; and (iv) social/external touchpoints that recognize the roles of others in the customer experience (e.g., other customers) that may influence the process.

Although customer experience is conceptualized as a customer's journey with a firm over time across multiple touchpoints, it does not reflect the customers' actions toward the firm, whereas, customer engagement reflects these actions toward the firm (Pansari and Kumar 2016). The customer engagement approach has been extended as customers become active co-producers or destroyers of value for firms, specifically because new technological developments have empowered customers to engage more with firms. However, firms should consider that behavioral manifestations of customer engagement can be positive and/or negative which makes it particularly challenging (Kumar et al. 2010a; Lemon and Verhoef 2016; Verhoef et al. 2010). Finally, as managing customers has evolved from a customer transaction orientation to engaging customers in all possible ways, we believe the customer journey perspective should go beyond experience to address engagement value.

Customer Engagement

Customer engagement is a vital component of relationship marketing and represents the intensity of an individual's participation in and connection with a company's offerings or activities (Vivek et al. 2012; Brodie et al. 2011). It is defined "as the mechanics of a customer's value addition to the firm, either through direct or/and indirect contribution" (Pansari and Kumar 2016). According to Kumar et al. (2010a), direct contributions consist of customer purchases, and indirect contributions consist of incentivized referrals that the customer provides. Further research described customer engagement as a firm's effort to motivate, empower, and measure customer contribution to the firm beyond the economic transaction (Harmeling et al. 2016). Ultimately, this has led to the belief that engagement marketing can reduce acquisition costs, promote customer-centric innovations, and improve post-purchase service quality (Harmeling et al. 2016). It can also capture more accurate measures of customer value (Kumar et al. 2010a; Kumar 2013a, b) beyond the traditional customer value measurement focus on customer acquisition, retention, and increasing customers' spending with a company over time. Engagement differs from traditional relational concepts (e.g., "participation" and "involvement") because it reflects the notion of interactive, co-creative experiences (Brodie et al. 2011).

According to Kumar et al. (2010a), the four components of a customer's engagement value (CEV) with a firm are: customer lifetime value (CLV), which is related to the customer's purchase behavior and it can be through repeated purchases or additional purchases; customer referral value (CRV), as it relates to the acquisition of new customers through a firm's incentivized referral programs; customer influencer value (CIV), which includes the customer's behavior to influence other acquired customers and/or prospects; and the customer knowledge value (CKV), the value added to the firm by feedback from the customer. Each of these measures, in turn, could be associated with specific stage of the customer journey.

Customer Engagement Value in the Context of the Customer Journey

Engagement components such as word-of-mouth (WOM) referrals can produce longer carryover effects and higher response elasticities than traditional marketing actions (Trusov et al. 2009). The engagement-based measures can help companies make better decisions from knowing the customer value that comes from direct and indirect contributions. It can also help companies on how to improve the CEV and (i) get new people to buy a product, (ii) make an existing customer to repurchase a product, (iii) encourage customers that have churned to make a new purchase from the firm, and (iv) get people to write product reviews or to participate in referral programs. In this article, we explore the four components of a customer's engagement value over time during the purchase cycle (i.e., pre-purchase, purchase, and post-purchase).

Once the buying process is no longer linear, each component of the CEV can be enhanced in a multitude of ways from the interaction between pre-purchase and post-purchase customers. This means that an existing customer can start a new journey from anywhere in the funnel and use different touchpoints to interact with a brand. At the same time, this customer can help bring new customers to the firm while interacting with other pre-purchase customers. This dynamic can generate changes in the company's total value extracted from CEV through the direct and indirect contributions that can cause an effect on CLV, CRV, CIV, and CKV. For example, during the pre-purchase stage, new potential customers of a firm can be influenced by the value generated from post-purchase customers through their reviews they post on social media and word of mouth. This situation could lead to an increase in both CLV from the pre-purchase customers who make a decision to purchase after reading the reviews and CIV of the post-purchase customers who wrote the reviews. At the same time, these post-purchase customers can bring a new customer into the firm through a referral program, which could help the company to increase the CLV of the new customer who purchased due to the referral and the CRV of the post-purchase customer who made the referral. Besides, they can sometimes share their knowledge with a firm from an experience they are having during the purchase stage and increase the CKV through the customer knowledge-sharing process. Finally, the post-purchase customer can increase his/her own purchases from this firm, leading to an increase in that customer's CLV. Thus, the customer lifetime value can be enhanced on both sides from a customer that moves through each stage of the funnel by interacting with new prospective customers and interacting with the firm and the market by means of different touchpoints.

Amazon's Initiatives Toward Customer Engagement Value

In order to review an example of how these dynamics can take place in a company, we highlight some initiatives from Amazon.com. With regard to improving CLV, the company launched the Amazon Dash in 2014 for quick consumer product reordering. It first started with a Wi-Fi device that allows consumers to build a shopping list by either scanning barcodes or saying products' name that are recognized by the device. Later, in 2015, the company had introduced The Dash Button, which is a Wi-Fi-connected device that can be placed anywhere in the house, and it is paired with a product of a consumer's choice. When a product is running low in the house, consumers simply make reorders by pressing a button. Potentially, the Amazon Dash can have an effect on Amazon's share of wallet as a channel for a specific product, retention rate, and purchase frequency and thus on CLV. It can also allow a non-linear buying process during the funnel as consumers do not play a key role during the pre-purchase stage (e.g., searching information of a brand or considering other brands to satisfy a need). To improve CRV Amazon has already developed an initiative to generate customer referral value besides CLV. For example, when they offer "get $5 when your friends join prime"[4] or "Earn credit for every friend who joins Amazon Student: $10 for you, $10 for them".[5] Further, the company carries a program that was launched in 1996 called Amazon Associates.[6] This program allows participants to advertise products that are sold on Amazon.com, and they can earn up to 10% in referral fees if consumers make a purchase from their link. Since 2005, Amazon.com also offers a crowdsourcing internet marketplace called Amazon Mechanical Turk (mTurk) to improve CKV. In this marketplace, employers are able to post jobs, and workers can select jobs and complete them in exchange for monetary payment offered by the employer.[7] This is open to any company, but ultimately can help Amazon.com and its customers to gain knowledge value from the jobs that are offered. Customer's reviews are an integral part of the Amazon.com post-purchase experience that improve CIV. Some opinions on products that are sold through Amazon.com can play a role at the pre-purchase (e.g., making people to know more about the product's performance), purchase (e.g., influencing people to decide to purchase the product), or post-purchase (e.g., consumers willing to write reviews after their purchase and some experience with the product bought) stages. This example shows how Amazon's customers can not only interact with Amazon, but also directly and indirectly with other current and potential Amazon customers.

As practical relevance for Amazon and its network of sellers and consumers, these different forms of engagement (i) create value for the company which can be measured and managed within the CEV framework; and (ii) the Amazon example also illustrates the amount of possible data collected by the company's interaction with consumers that can be used to generate actionable insights during the interaction of customers with firms along the different purchasing stages.

In fact, as the CRM applications have evolved due to new technological tools, marketing scholars and practitioners have turned their attention to the use of large customer databases to help firms manage customer relationships across different channels and touchpoints consumers use during their journey. This is an important aspect to consider when companies target the CEV as objective function because the use of CRM systems can generate the following benefits that might enhance the CEV. First, it enables companies to automate all aspects of customer relationship cycle such as development of offering, sales, superior experience, retention, and win-back lost customers (Thomas et al. 2004a). Second, the CRM systems can enhance acquisition and retention of customers through a better resource allocation across different activities, selling channels, and touchpoints (Tanner et al. 2005). Actually, the development of a resource allocation strategy that fully utilized the individual customer-level information was identified as key factor that would determine the success of CRM investments (Venkatesan 2015). Third, it improves customization of products and marketing efforts to individual customers (Thomas et al. 2004b). Finally, it enhances customer knowledge and feedback, supports new product development, relational values, and ultimately it improves marketing overall effectiveness (Thomas et al. 2004b; Richards and Jones 2008). We conclude that companies should manage the interaction process during the various types of contacts between the firm and customers by means of CRM systems that take into account the customer lifecycle and long-term customer relationships through the process of acquisition, retention, growth, and win-back. In turn, it can support improvements in the calculation for each of the CEV elements and, consequently, actions taken by the company at the individual level driven by these results.

Research Framework

Table 3.1 provides the organizing framework for putting customer engagement to action. In the columns of Table 3.1, we have the different stages of customer relationships: acquisition, growth, retention, and win-back. In the rows of Table 3.1, we have the different stages of a customer journey: pre-purchase, purchase, and post-purchase. Within each of the cells, we provide customer types to target for each combination of relationship state and customer journey. In addition to targeting, the framework also provides the objective of the customer experience for the combination of relationship state and customer type. For example, the pre-purchase phase experience for acquiring high-lifetime value customers would be different than the experience for acquiring high-influencer value customers. We next discuss

Table 3.1 Customer journeys, customer relationship management, and customer engagement value

	Acquisition	*Growth*	*Retention*	*Win-back*
Pre-purchase	CLV, CIV, CKV	CLV, CKV, CRV, CIV		SCLV, SCRV
Purchase		CLV, CKV, CIV	CLV	
Post-purchase		CRV, CKV	CRV	

All the CEV metrics in the table are meant to represent the net present value (NPV) of the potential value generated by a given customer through transactions (CLV), influence (CIV), knowledge sharing (CKV), and word of mouth/referrals (CRV)

what is known and what needs to be known for each relationship stage, where we take the perspective of the firm that needs to make decisions to manage current and potential customers using the four key metrics we have outlined that impact CEV.

Acquisition

What Is Known?

A firm's goal is to acquire customers who have a high potential to add value to the firm. The majority of research to this point has focused on the value that is derived from new customer purchase behavior (i.e., CLV of a potential customer). For instance, research has shown that firms can acquire customers with higher CLV depending on the channel of acquisition (Villanueva et al. 2008) or by leveraging current customer using referrals (Kumar et al. 2010b).

What Do We Need to Know?

However, relatively little research has addressed how firms can leverage CIV and CKV during customer acquisition efforts. To start with, can firms identify customers with potential for high CIV during the acquisition stage? For instance, can firms find potential customers who already have high degrees of influence (e.g., large social networks) as targets for acquisition? Are the customers with high degrees of influence in other situations or contexts the same customers that are likely to have a high degree of influence on customers for a different firm? Further, once these customers are identified, what are the best methods for acquiring these potential customers (e.g., discounts, samples, etc.)?

Similar questions are likely to arise regarding customer selection for acquisition efforts using CKV. Can firms predict the customers who are likely to provide high levels of knowledge value to other customers? While there is some literature related to the value of social influence (i.e., CIV), the literature related to the value of customer knowledge (i.e., CKV) is sparser. For instance, research does suggest that lead users can be great sources of new product innovation (Von Hippel 1986). However, it can be challenging to identify these potential customers before adoption.

Growth

What Is Known?

Once a customer is acquired, the next step by a firm to increase value comes from efforts to grow the customer relationship. This can include efforts to cross- and up-sell products to customers. To this point, the majority of research on customer growth has developed models to cross-sell products to current customers (e.g., Li et al. 2005) and identify drivers of cross-buying potential (e.g., Kumar et al. 2008).

What Do We Need to Know?

Recently many companies have made significant investments to improve their customers' experience (Senior et al. 2016) so as to improve the effectiveness of their cross-selling or up-selling activities. Related to the customer experience, an important open issue is the role customer experience plays in motivating customers to influence prospects directly through referrals or indirectly through sharing recommendations through social networks (i.e., increase CRV or CIV). Thus, would the growth of the relationship between the firm and customer (i.e., increase in cross-buying or up-buying) have different implications for the value provided by a firm to a high CLV customer vs. the value provided to a high CIV or CRV customer? Further, would the products and services that firms choose to cross- and up-sell be different when the firm is trying to increase CLV vs. CRV or CIV? For instance, customizing the experience of a CLV customer is likely to be aligned with products and services that are adjacent to their current product ownership. But, it is likely the case that increasing CIV might mean introducing customers to products which more broadly cover the entire set of offerings by the firm.

This is important because the firm would want CIV customers to be able to talk more about the firm and be able to fit the firm's products to many segments. Further, many consumers prefer user-generated content

(UGC) from their peers rather than the content only generated and communicated directly by an industry. For example, Red Bull is also known for its extreme competition events and sponsored athletes. Because of the brand's content (e.g., events, videos, posts, website, articles on the news), these athletes are encouraged to talk about Red Bull on their social media with their own audience; thus, they are the influencers. Therefore, Red Bull's strategy on influencers and events is a good example of how to use social media to spread the reach through user-generated content to influence someone's peers. Another example includes fashion and apparel brands that sponsor fashion bloggers based on their number of followers. These brands believe that bloggers could use their own network to influence other customers instead of communicating directly to consumers. Even luxury brands such as Chanel rely on this type of initiative to optimize CIV, and the following are some strategies[8]: gifting goods to most influential bloggers, sponsoring posts when bloggers are paid to publish content about a brand using their "own voice", and encouraging product reviews from bloggers.

Additionally, while CLV and CIV customers are likely to increase value when purchasing well-developed and tested products across categories, the CKV customers may be more valuable at the beta stage of new product development. For instance, one can think of these customers with high CKV being more valuable in the worlds of software development, new video games, and new services (say, ones that incorporate virtual reality in stores) or new store formats. Further, it would be important to understand how to best gather information from these customers with high CKV so that it is useful for firms in new product development. For instance, is it better to have these customers in isolation or as groups? An example of an online platform for idea generation to optimize CKV is provided by Starbucks and it is called "My Starbucks Idea".[9] This online crowdsourcing platform launched in 2008 allows people to submit their ideas according to some categories: products (e.g., coffee, food, new technology, Starbucks card); experience (e.g., ordering, atmosphere, and locations); and involvement (e.g., social responsibility). People can also vote and comment submitted ideas of others.

Retention

What Do We Know?

In addition to trying to grow the relationship with customers (as discussed in the previous section), firms need to also be aware of customers that might churn. To this point, most of the research on customer retention and churn has focused on the models firms can use to predict which customers are likely to repurchase and which customers are likely to defect (e.g., Neslin et al. 2006). These models have helped most with identifying the drivers of customer retention and defection, mostly with the focus on maximizing customer duration and in turn, customer profitability (i.e., CLV).

What Do We Need to Know?

As noted, there is a lot of research which helps firms predict which customers are likely to repurchase or to churn. However, the link among customer retention, word of mouth (CRV), and influence (CIV) is less clear. What are the best mechanisms firms can use to enable customers to talk about their experiences? Would inviting customers to blog about their experiences work? What type of customers would be interested in different firm-initiated post-purchase activities, those with higher CRV or CIV?

There is significant research on the drivers of customers writing product reviews and how the aggregate measures of product reviews drive general customer purchase behavior. However, we do not know if there are certain types of reviews which are more or less valuable to driving future customer purchases. Further, we know that reviews are often more effective when there are several available, compared to only one. So, how is the CIV from a customer who writes product reviews affected by the other reviews that are available?

Additionally in network economies, a customer may be not as profitable but they add to the same and cross-side network effects. For example, Gmail is more valuable to customers if others also use it. So, even if a Gmail customer is not individually valuable to Google from a CLV perspective, they are important to create the same-side (and maybe even cross-side) network effects. Thus, it is important that we still try to better understand the value of a customer who makes no direct transactions (CLV) with the firm (Gupta and Mela 2008).

Still, the major open issue in the area of customer retention is to understand whether the models that predict churn based on CLV-related variables are also valuable in predicting how firms can retain customers which are valuable for knowledge (CKV), influence (CIV), and word of mouth (CRV). For instance, is it the case that the customer experience variables are more important in predicting customer retention for CKV, CIV, and CRV customers?

Win-Back

What Do We Know?

Once a customer leaves the firm, the firm needs to decide whether it is important to make an effort to reacquire the customer. To this point, customer reacquisition and win-back have been the least researched of the stages in the customer lifecycle. Those papers which have addressed the topic of win-back have focused on the type(s) of win-back offers which should be provided to customers (e.g., Tokman et al. 2007) as well as predicting the right customers to target based on their potential second customer lifetime value (SCLV) (Kumar et al. 2015).

What Do We Need to Know?

To this point, research on customer win-back is mainly concerned with the customer's potential second lifetime value (commonly notated as SCLV). What we still need to better understand is whether it is important for firms to also consider CKV, CRV, and CIV when thinking about which customers to attempt to win back. For example, the assumption here is likely that a customer with high CIV would continue to influence others even if they are no longer a customer. Would the influence still have the same impact on potential customers even after the customer leaves the firm?

Further, the strategies to win back customers are often based solely on the customer's expected second lifetime value (SCLV). What types of strategies can firms use to win back customers who have a high potential second customer referral value (SCRV)? Also, how do the values of the CEV metrics vary between the first and second lifetimes?

Summary, Managerial Implications, and Future Research

The goal of this chapter was to better understand how customer engagement can create value for firms across the customer lifecycle including acquisition, growth, retention, and win-back. Part of that includes identifying the key research in those areas which has already addressed some of the CEV metrics of CLV, CIV, CKV, and CRV. The other part includes trying to identify fruitful areas of future research which can help researchers and managers better understand how and when to use the different aspects of CEV to make better customer management decisions. In order to help summarize the research opportunities, we provide a summary

Table 3.2 Summary of key research questions

Acquisition	*Growth*
Can firms identify potential customers who will have high influence (CIV) or knowledge (CKV)?	Are the cross-selling and up-selling strategies firms use to enhance CLV the same as those that will lead to increases in CIV, CKV, and CRV?
What types of acquisition strategies will be more effective in acquiring customers who will have high CIV or CKV?	Are certain CEV metrics more likely to create value earlier (e.g., CKV) vs. later (e.g., CIV) in the customer relationship?
Retention	*Win-back*
How do experiences during purchases drive different aspects of CEV?	How should firms use metrics such as CRV, CKV, and CIV in making decisions about which customers to win back?
How do actions by customers after purchases (e.g., writing a review or interacting with customers in a social network) impact other customers to make purchases?	Are the strategies to win back customers different based on the value that the customer provides to the firm?

table of questions which need to be addressed during each of the parts of the customer relationship lifecycle (see Table 3.2).

At a high level, answers to the research questions identified in Table 3.2 will help improve the average CLV of a firm's customers and improve the return on investment (ROI) of the firm's marketing actions. We propose that CLV will increase because measurement of CRV and CIV are based on the CLV of the customers acquired through referrals and influence. Further, CKV is higher if firms can develop better products and design better experiences that improve the CLV of other customers. An engagement perspective encourages a multidimensional perspective of customers which allows firms to improve relationships even with customers that have lower direct transactional value or CLV. The engagement perspective also increases the rigor of evaluating customer experience design options by focusing on customer-level financial metrics in addition to intermediate mind-set metrics such as satisfaction and delight. Such a focus on customer-level financial metrics can improve the ROI of the customer design efforts.

As firms begin to measure and manage customers across the different metrics of CEV, it is important to also note that they face several implementation challenges. A major outstanding challenge would be organizing to manage customers from a multidimensional perspective. A customer-centric organization is organized according to customers and a typical manifestation of this is key account management. In the traditional structure, the key accounts represent highly profitable customers who justify a dedicated team. In an engagement-oriented firm, separate key accounts teams need to be formed for high CLV, high CRV, high CIV, or high CKV customers. The structure, function, and communication among these different key account teams need to be researched. Further, the same customer can be part of multiple key account teams, and the experience of this customer needs to be consistent across these teams. This also raises the issue of coordinating communications to the customer across these teams. Even in CLV only customer-centric firms, sales teams that coordinate across product and service groups are expected to improve customer profits and relationship attitudes (Kumar et al. 2010a). This requires firms to systematically gather and share information about customers during pre-purchase, purchase, and post-purchase.

Econometric models as discussed in this article are well developed for predicting customer profits. But there is a dearth of predictive models for identifying high CRV, CIV or CKV customers. In addition to model frameworks, the information sources internal and external to an organization that can help with identifying the different customer types also need to be explored. Firms are also structured to send outbound communications that target high CLV customers and maximize their potential. Now this effort would require a multidimensional view that also accommodates for synergies (positive and negative) across these activities.

Communication and coordination of activities across silos is important because the success of an engagement-oriented approach lies in identifying synergies among the customer types to improve the firm's activities. For example, high CKV customers are important assets for developing new products and also designing effective customer experiences for high CLV, CRV, and CIV customers. High CKV and CIV customers are essential for reducing acquisition costs and also improving the ROI of acquisition activities by attracting high CLV or CKV customers.

Firms will be successful in their customer engagement strategy only if they can design and deliver personalized experiences for multiple customer preference and engagement segments. Big data, machine learning, Internet of Things, and artificial intelligence technologies are enabling companies such as Disney, Amazon, Netflix, and Google deliver such personalized experiences even in physical environments.

The engagement-oriented approach urges firms to co-create a wider range of activities with their customers. It also requires alliances between organizations that go deeper through their respective supply chains. The structure of organizations and their internal and external ecosystems in such an environment is still an open question.

Notes

1. http://images.forbes.com/forbesinsights/StudyPDFs/SAP_Customer_Engagement-REPORT.pdf
2. http://www.gallup.com/services/169331/customer-engagement.aspx
3. 2016 Convero customer engagement study; https://sessioncam.com/customer-engagement-stats-2016/
4. https://www.amazon.com/gp/help/customer/display.html?nodeId=201062980
5. https://www.amazon.com/gp/help/customer/display.html?nodeId=201567080
6. https://affiliate-program.amazon.com
7. https://www.mturk.com/mturk/welcome
8. https://blog.hubspot.com/agency/collaborate-influential-bloggers#sm.0000yeesdaszrd2npfx1vbnuvtnfd
9. MyStarbucksIdea.com

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