

An Empirical Study on Digital and Total Customer Experience in Predicting Business-to-Business Customer Engagement

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Agenda

- Purpose
- Design/Approach/Methodology
- Findings
- Research Implications/Limitations
- Practical Implications
- Originality/Value

Purpose

1. Demonstrate that Customer Experience and Customer Engagement are distinct and related important constructs
2. Provide Customer Experience (CX) managers with evidence that customer and digital experience drives customer engagement
3. Deepen understanding around experiences provided by digital channels versus human, especially in the age of digital transformation

Problems

1. Different understanding of definitions and dimensions of Customer Engagement (CE)
2. Struggle around maturity of Customer Experience (CX) management and ambiguity of how CX & CE connects
3. Lack of consistent way of measuring CX (and the linkages to business outcomes)
4. Need to distinguish between different CE measurements
5. Lack of CE & CX research in B2B professional services context

CE & CX as distinct & connected constructs

- Customer Experience is a subjective customer response on interactions at touchpoints over the entire purchase journey; is holistic over the entire customer-firm relationship; and includes indirect contact with the company, including the customer's own role (Gentile et al. 2007; Verhoef et al. 2009; Lemke et al., 2011; Bolton et al. 2014; Lemon & Verhoef, 2016, De Keyser et al. 2020)
- Customer Engagement is the customer's voluntary use of own resources (e.g. time) cognitively (e.g. attention), emotionally (e.g. affection), behaviorally (e.g. referring) on the firm and a disposition to engage in future with the firm. (Van Doorn et al., 2010, Bowden 2009, Brodie et al., 2011 Ng et al., 2020)

Literature review

- Root theories (Lemon & Verhoef, 2016) :Customer buying behaviour process models (1960s–1970s); Customer satisfaction and loyalty (1970s); Service quality (1980s); Relationship marketing (1990s); Customer relationship management (CRM) (2000s); Customer centricity and customer focus (2000s–2010s); Customer engagement (2010s).
- Value Cocreation, Service-Dominant Logic and Relationship Marketing made up 62% of the key theoretical lenses out of 97 articles published (2009 – 2018) in A and B journals (Ng et al, 2020).
- Customer experience is formed as a result of interacting with the firm while Customer Engagement is a manifestation of the customers' actions toward/ for the firm (Pansari & Kumar 2017).
- This connectedness has been highlighted by researchers as being neglected and a critical issue for future research (Lemon & Verhoef, 2016).
- While recognizing that affective and cognitive dimensions exist and are probably driving behaviours, the customer behaviours are what are measurably driving value to the firm. These behaviours include future purchases, usage, sharing or endorsing and providing feedback. (Kumar et al., 2010)
- Kumar et al. (2010) proposed that there are four components within the concept of Customer Engagement Value: CLV (lifetime,) CIV(Influence), CKV(Knowledge), CRV(Referral).

Fragmentation of CX measurements

In Practice:

Customer Satisfaction Score
Net Promoter Score
Customer Effort Score
Voice of the Customer

In Marketing Science:

Customer Experience Quality - EXQ
(Klaus, 2011 through 2021):

Online / Digital
Experience Scale :
Customization, Ease of Use,
Convenience

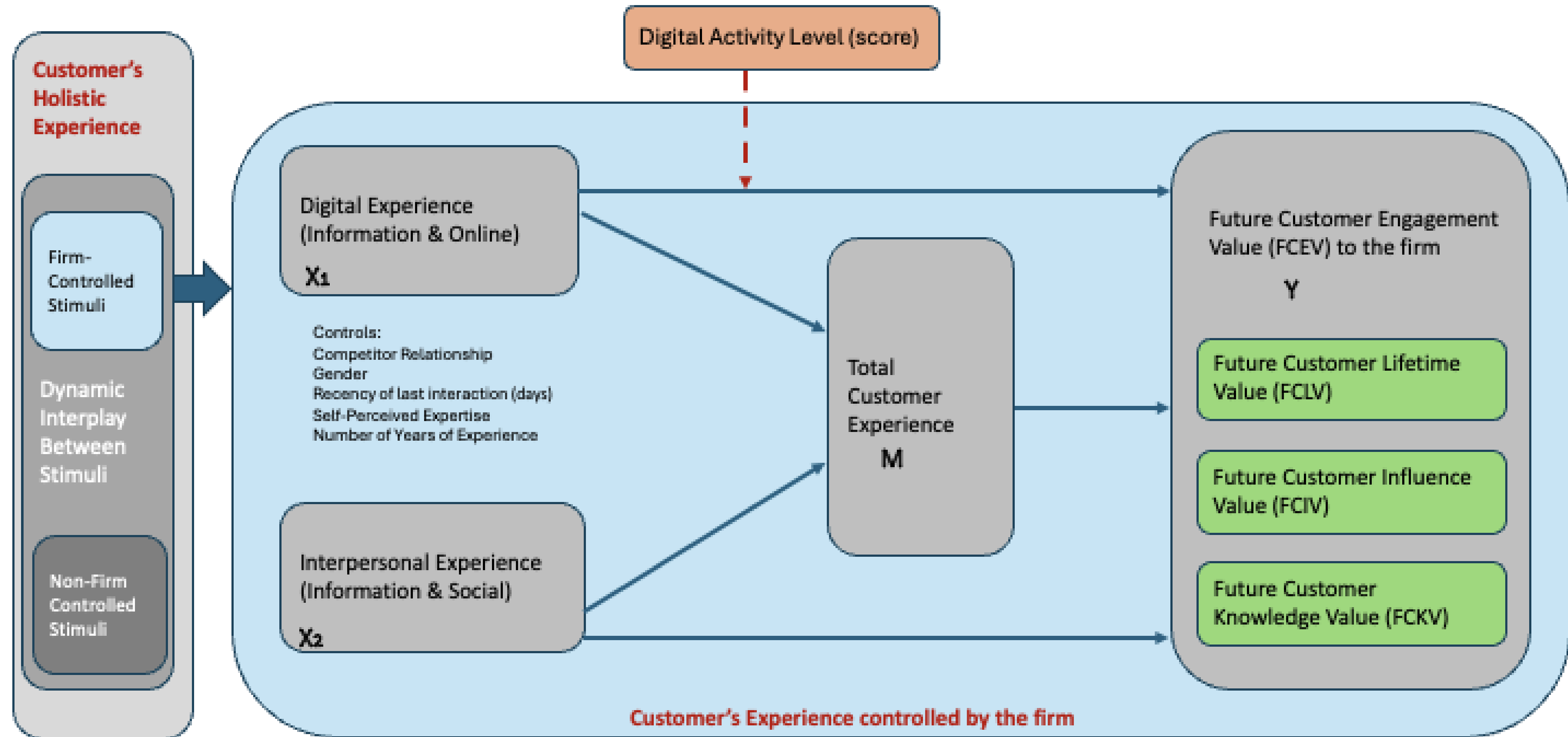
Interpersonal / Service
Experience Scale
(Adapted from Service Quality)

SERVQUAL (Parasuraman et al., 1985); PSQ (Woo & Ennew, 2005) ;
INDSERV (Gounaris, 2005)

B2B professional services (Context)

B2B	Risk & Consequence Larger Contractual Size Relationship Complexity in Decision-making Longer Buying Cycle	
Services	Intangibility, Heterogeneity, Inseparability and Perishability (IHIP) Service vs Services	▪ Complexity -> Difficult to replicate
B2B Professional Services	B2B Services vs B2B Products B2B Digital Services vs Professional Services	▪ Relationship beyond transaction, longer period ▪ Service context -> higher touch of interactivity
Business model & channel of dominant value delivery	Subscription operating model Online-dominant value delivery	▪ Information quality is especially key

Research Model



Measurement Scales

Construct	Scale	References
Customer Engagement	11 items 3 dimensions: Lifetime value, Influence value , Knowledge value	CEV adapted from Kumar et al., 2010
Customer Experience	13 items, 3 dimensions: Brand Experience, Service Provider Experience, Post-Purchase Experience	EXQ adapted from (Kuppelwieser & Klaus, 2021
Interpersonal Experience (information & social)	6 + 4 items	Wang et al., 2014; Woo & Ennew 2015
Digital Experience (information & online)	6 + 6 items	Wang et al., 2014; Rose et al. 2012
Customer's Expertise on firm	3 items	Bell et al., 2017

Data Collection & Questionnaire Design

- Cross-sectional online survey (170 out of 200 responses)
- Individuals who are employees of businesses that interact with a global financial services firm
- Digital touchpoints = Public Website, Emails, Webinars, Proprietary Platform
- Interpersonal touchpoints = Individuals providing the key service (Analysts), Salespeople
- Digital Activity Level (embedded data) – Activity score that reflects accumulated quantity of interactions with digital channels (email, webinars, website)

Findings & Implications

Both Digital Experience and Interpersonal Experience significantly predict Total Customer Experience, which in turn drives Future Customer Engagement.

The effect of Digital Experience on Future Customer Engagement is partially mediated by Total Customer Experience, while the effect of Interpersonal Experience is fully mediated.

Low levels of digital activity strengthen the relationship between Digital Experience and Future Customer Engagement.

Practical:

Effective touchpoint management is essential for sustained success
Monitor digital, interpersonal and total customer experience as leading indicators to future business growth.

The experience that customers perceived at digital channels is 'make or break'.

The experience that customers perceived at the interpersonal level is inseparable from their total experience, including brand, quality, processes etc.

A subpar digital experience, when combined with low interactivity, can create a dangerous combination that threatens the firm's future growth prospects.

Theoretical:

- Helps answer what drives CX, what are the consequences of CX
- Establishes a commonality (information) between digital and interpersonal experience exemplified in professional services, and demonstrated the uniqueness of each channel, online and social
- Identify digital activity level as a moderator

Limitations & Future Research

- Customers of single firm -> Expand to customers of multiple companies in different B2B professional service sectors, different cultural settings
- Behavioural science of single B2B informant -> Group data sample from multiple respondents of a single customer company to form a buying group
- Cross-sectional survey -> Longitudinal study with more embedded data points of actual engagement at a said period post-survey

This study's contribution to key related research

Authors	Research Type	Discusses Customer Experience	Discusses Customer Engagement	Differentiates the discussion between Product & Service	Contextualizes touchpoints as digital/online experience versus people experience	Discusses B2B Context
Verhoef et al 2009	Conceptual	Y	n	n	Y	n
Van Doorn et al 2010	Conceptual	n	Y	Y	Y	n
Kumar V. et al 2010	Conceptual	Y	Y	n	Y	n
Verhoef et al 2010	Conceptual	n	Y	n	Y	n
Brodie & Hollebeek 2011	Conceptual	Y	Y	Y	n	Y
Klaus & Maklan 2012	Empirical	Y	n	Y	n	n
Klaus & Maklan 2013	Empirical	Y	n	n	n	n
Jaakkola & Alexander 2014	Empirical	n	Y	Y	n	n
Vivek et al 2012	Empirical	n	Y	n	n	n
Vivek et al 2014	Empirical	n	Y	n	n	n
De Keyser et al 2015	Conceptual	Y	Y	n	Y	n
Lemon & Verhoef 2016	Conceptual	Y	Y	n	Y	Y
Kumar & Pansari 2016	Empirical	n	Y	Y	n	Y
Maslowska et al 2016	Conceptual	Y	Y	n	n	n
Pansari & Kumar 2017	Conceptual	Y	Y	Y	n	Y
Bolton et al 2018	Conceptual	Y	Y	n	Y	Y
Hollebeek et al 2019	Conceptual	n	Y	Y	n	n
Kumar et al 2019	Conceptual	Y	Y	n	n	Y
Prentice at al 2019	Empirical	Y	Y	Y	n	n
Islam et al 2019	Empirical	Y	Y	Y	n	n
De Keyser et al 2020	Conceptual	Y	Y	n	Y	Y
Becker & Jaakkola 2020	Conceptual	Y	n	n	Y	n
Kuppelwieser & Klaus 2021	Empirical	Y	n	n	n	Y
Kuppelwieser et al 2022	Empirical	Y	Y	Y	n	n
This Study	Empirical	Y	Y	Y	Y	Y

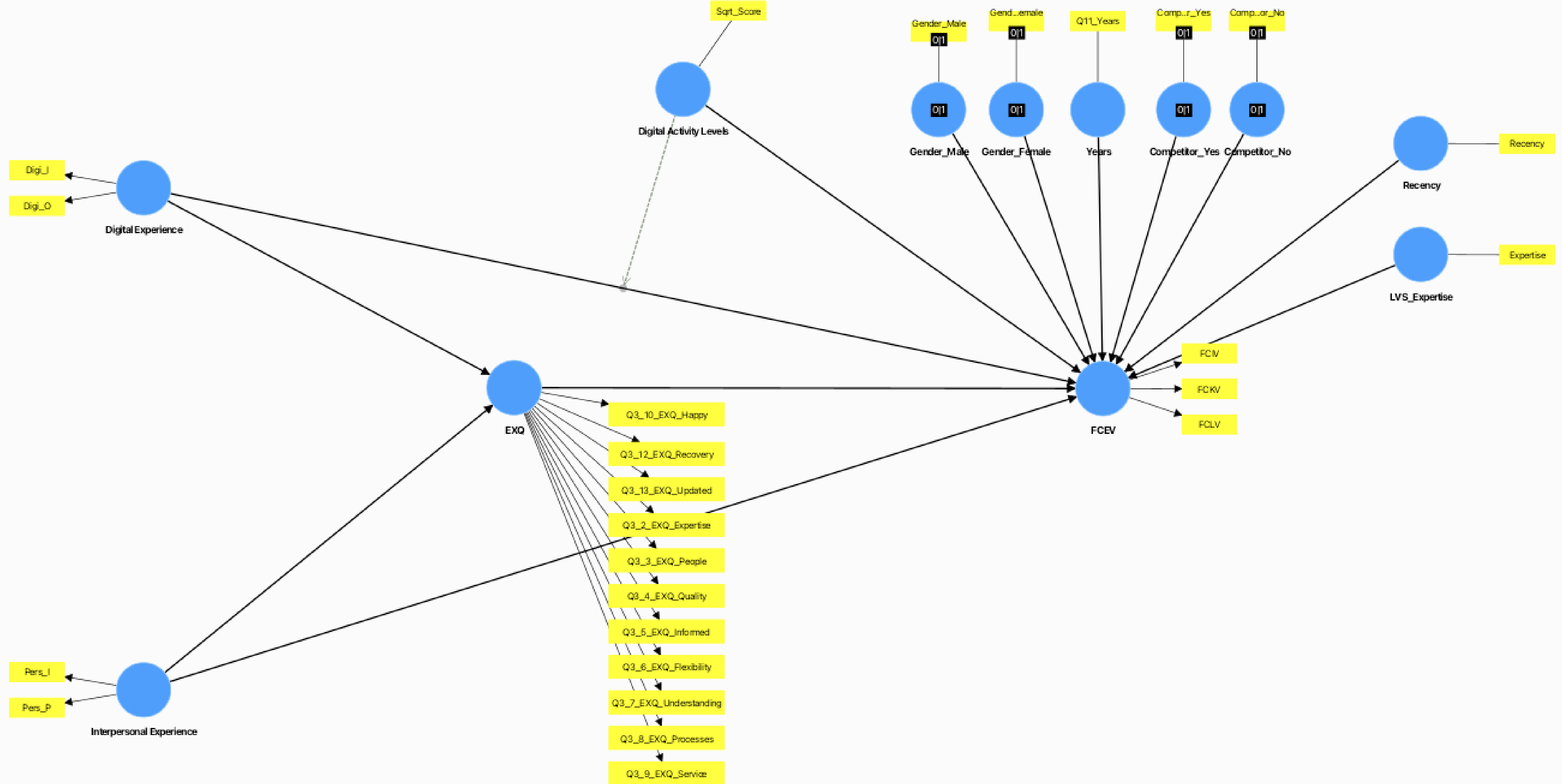
Significance of the Study

This Research's Contribution	Calls for research	Researcher/Author
Theory	Understanding the connection between customer engagement and customer experience theories	Lemon and Verhoef 2016, Malthouse and Calder 2011, Bolton 2011, Brodie et al. 2011 Becker and Jaakkola 2020
Touchpoints	Understanding digital versus human touchpoint experience	De Keyser et al. 2020, Becker and Jaakkola, 2020, Hollebeek et al. 2019's P3
Measurement	A streamlined measurement empirically tested for B2B professional services	Kuppelweiser & Klaus,2021, Kumar et al., 2019
CX & CE Management	Discover moderator that makes CE successful Managing CX as an antecedent to CE	Ng et. al, 2020 quoting Alexander, Bowden and Jaakkola, Becker and Jaakkola 2020, Van Doorn et al. 2010, Bolton 2011
Service	Value and measurement of digital versus interpersonal service in Service Science	Ostrom 2010
B2B	Contributes to the existing 8% B2B-related research on CX	De Keyser et al. 2020, Roy et al, 2019, Bolton 2011

Questions & Discussion

Appendices

Structural Model (PLS)

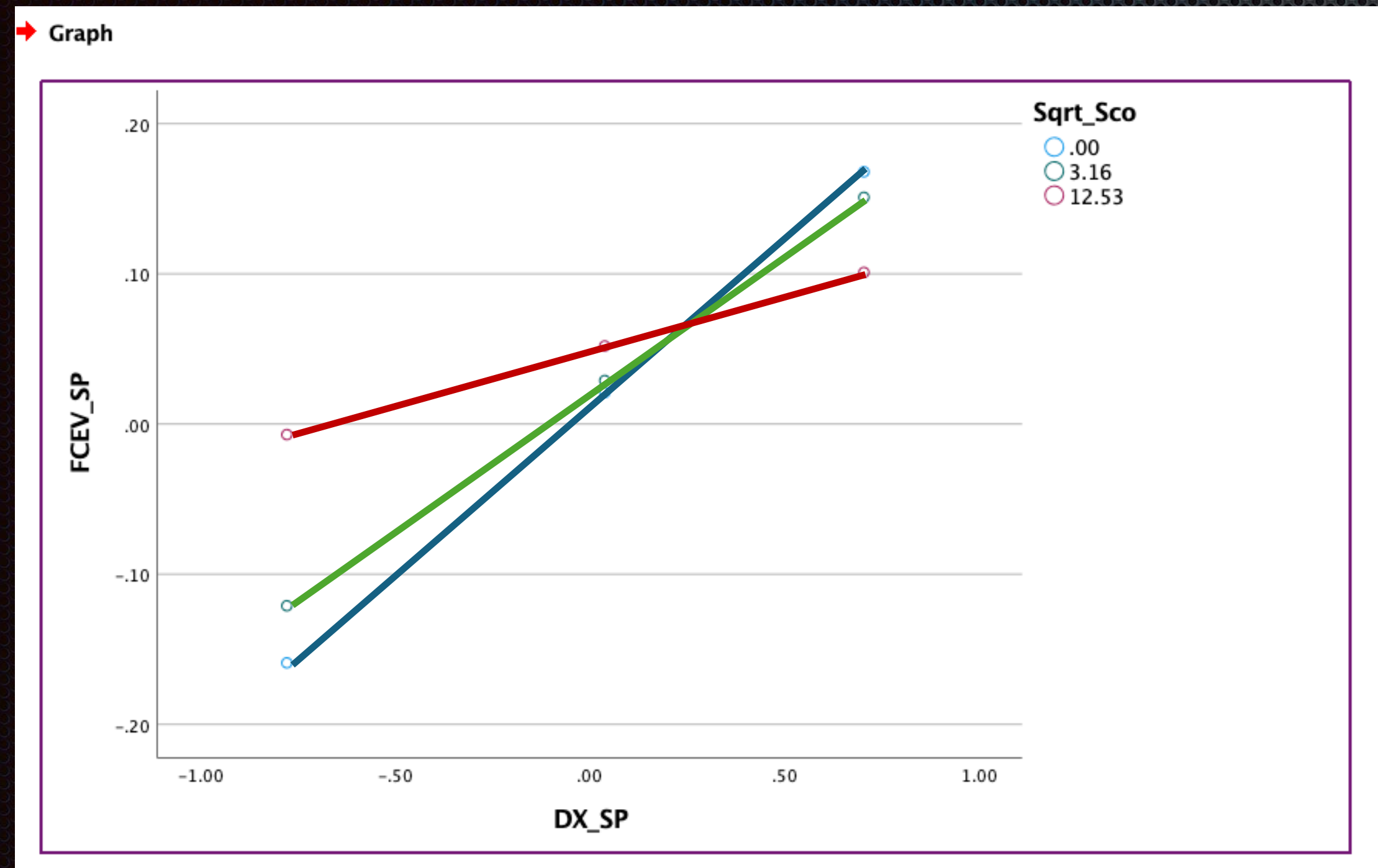


Summary of Hypotheses & Results

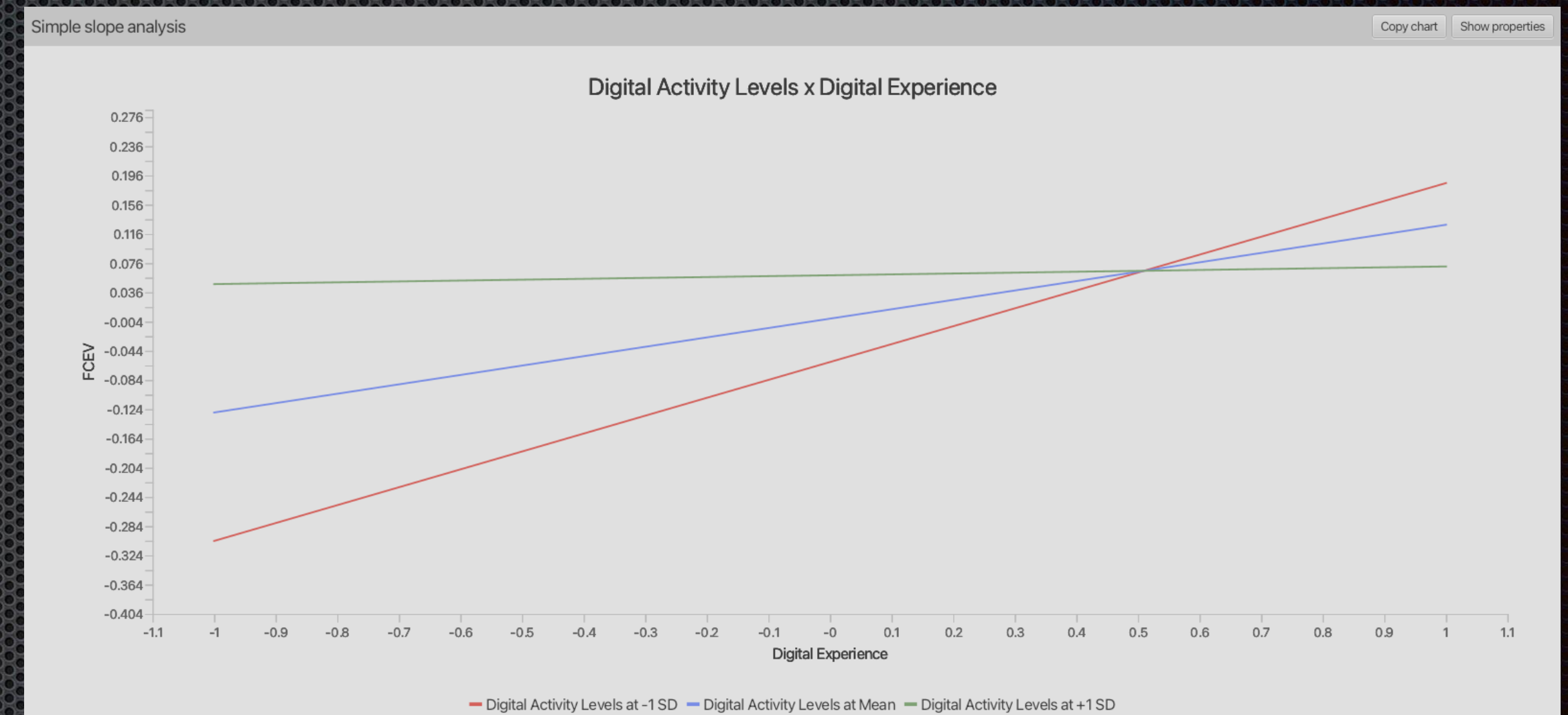
			PLS-SEM					PROCESS	
			f-square	Path Coefficients	p-values	Total Effects	p-values	coeff	p-values
Digital Experience -> FCEV	H1	Supported	0.016	0.128	0.393	0.508	0.000	0.231	0.005
Digital Experience -> EXQ	H2	Supported	0.523	0.533	0.000	0.533	0.000	0.236	0.000
Interpersonal Experience -> FCEV	H3	Not supported	0.014	-0.099	0.347	0.162	0.121	-0.020	0.766
Interpersonal Experience -> EXQ	H4	Supported	0.249	0.368	0.000	0.368	0.000	0.321	0.000
EXQ -> FCEV	H5	Supported	0.434	0.711	0.000	0.711	0.000	0.501	0.000
Digital Experience -> EXQ -> FCEV	H6	Supported (partial mediation)				0.379	0.000		
Interpersonal Experience -> EXQ -> FCEV	H7					0.261	0.000		
Digital Activity Levels x Digital Experience -> FCEV	H8	Conditionally supported	0.034			-0.116	0.154	-0.013	0.079

	R-square	R-square adjusted
EXQ	0.659	0.656
FCEV	0.683	0.662

Simple Slope Analysis



Simple slope analysis at different levels of Digital Activity on Future Customer Engagement in SPSS Process Model 5



Simple slope analysis at different levels of Digital Activity on Future Customer Engagement in PLS-SEM

Significant and negative moderating impact of digital activity level on the positive relationship between DX and FCEV