

# Determine the Role of Customer Engagement on Relationship Quality and Relationship Performance

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## Abstract

This conceptual paper aims to investigating the potential effect of relationship market orientation upon buyer-seller relationship with particular emphases on customer engagement, relationship quality, and relationship performance. Engagement is a central concept in the social psychology/exchange literature. Customer engagement explains how social relationships initiate, endure and develop. The literature on buyer-seller relationships has been inspired by social psychology/exchange, adopting concepts such as trust and commitment, but overlooking the concept of customer engagement. In this study we propose a conceptual perspective on customer engagement that is based on the principle of social exchange. We demonstrate the relevance of customer engagement by linking it to relationship quality and relationship performance. More specifically, it is argued that the outcome of relationship quality from a lack of customer engagement by moderating effects of relationship involvement.

**Purpose of study** to provide insight into customer engagement when viewed through perspective of social exchange lens.

**Objective of study** to determine the major customer engagement is really matter in relationship quality and relationship performance. To determine the relationship involvement moderate between customer engagement and relationship quality

**Key words:** Engagement, Relationship Quality, Relationship Involvement, Relationship Performance.

## 1. Introduction

The root of business survival are the clients, building a good relationship with the clients is the foundation for a business's long-term survival. Therefore, understanding the clients, providing individualized service, maintaining customer loyalty and interacting with the customers in order to establish a tight relationship, are the most important issues for businesses. Currently, firms are applying customer relationship management to satisfy customer needs, create services, strengthen the interaction with customers, and develop customer oriented strategy and skills, to maintain competitive advantage.

The limitations of key marketing constructs such as relationship quality and customer satisfaction in explaining and predicting customer loyalty has been, and continues to be, widely acknowledged (i.e. Stauss & Neuhaus, 1997; Taylor & Baker, 1994). Hence significant attention has recently been devoted to developing the notion of customer engagement in various industries as a superior predictor of customer loyalty (behavioural and attitudinal). Large organisations and consulting firms such as MasterCard and Gallup have suggested various potential benefits of “engaging” the customer. Organizations such as GM, Sony, and MasterCard have developed and/or implemented various marketing strategies related to customer engagement (Stringer, 2006). Despite this recent attention, little has been done to understand conceptually and clearly define the scope of customer engagement. Interestingly however, the concept of customer engagement has been well researched in the management literature and has been found to be an excellent predictor of customer performance. This paper represents the first attempt to begin to explore the notion of customer engagement in service industries which, we argue, has the potential to make a unique contributions in explaining service loyalty.

Thus, a shift in perspective from the individual transactions to the long lasting relationships is anticipated. This shift would mean that both the scope and time perspective of marketing would change from narrow and short to the vast and long. A quest for generating and enhancing customer value and sustained market competitiveness has lead many corporations to embrace a marketing strategy. To achieve competitive edge and offer superior value propositions to their customers or suppliers, many businesses have launched a long term relationship for marketing. RM research has not only broadened the domain of marketing, but is also now used to interpret phenomena in areas outside of marketing, such as international business, networking, and inter-organizational aspects.

However, we should know what drives relationship performance in firm's distribution channel? What determines the success and failure of relationship performance for firms, customers or other stakeholders? The importance of relationship performance is addressed from Sheth (2000, p 617) points that “it is equally importance that we develop some standardized

metrics to measure relationship marketing's performance as well as antecedents that are likely to be its determinants". Traditionally, in social exchange theory, address these two different processes have been proposed by which individual actors evaluate outcomes relative to some internal standard: first cognitive evaluation in which actors compare actual to expected outcomes (i.e. satisfaction or perceived quality) (e.g. Blau, 1964, Thibault & Kelley 1959), second normative or moral evaluation in which actors compare actual to just outcomes, with justice based on some normative principle like equity, quality, or need (e.g. Homans, 1974). Blau (1964), argues that, a person engaging in social exchanges, unlike economic exchanges, cannot expect an instant reward, so he needs to believe in the goodwill of the other side, which will reciprocate in the future. The other perspective of the social network, originating from Barnes (1954), suggests that social networks have also been used to examine how companies or individual engage with each other, characterizing the many informal connections that link executives together. These influential views have been developed primarily in the field of marketing channel. While RM and relationship performance are closely allied fields, what are the contributions of RM research that can add to our understanding of the two crucial questions raised earlier? Insightful as the firms or individuals- and social exchange or social network perspectives, they can be criticized for largely ignoring the concept of engagement underpinning that provides the context of relationship among buyer-seller relationship studied with these lenses.

This paper offers several contributions first it establishes a conceptual understanding of customer engagement, which has not been done previously; second it distinguishes customer engagement from similar marketing constructs; and finally it establishes the significance of further exploring and understanding the impacts of customer engagement on relationship quality and relationship performance, especially in service industry settings.

## 2. Purpose and Significance of study

This conceptual paper specifically identify the gaps the concept of customer engagement in the driver of relationship marketing. The aim of this research is to provide insight into customer engagement when viewed through perspective of social exchange lens. The objectives of this study conceptual paper are to determine the major customer engagement is really matter in relationship quality and relationship performance. Does the relationship involvement moderate between customer engagement and relationship quality?

## 3. Theoretical Background and Hypothesis

Extant literature in relationship marketing suggests that relationship performance is related to the important key relationship outcome: relationship performance. Drawing on social exchange theory, we propose that relationship involvement moderates buyer-seller relationship. A key argument of social exchange theory is that interaction between the buyer and the seller is not equally effective under all conditions that in a highly uncertain environment, relationship must reconfigure their quality to address rapid change. As shown in our conceptual model, which I present in Figure 1, I consider one condition: relationship involvement. This condition is consistent with the conceptualization in the extant literature. Although customer engagement, relationship quality, and relationship performance are essential for social content in marketing exchange. Understanding the moderating role of two conditions on customer engagement and relationship quality will increase or decreasing, and lead to the performance of relationship.

We begin with a brief review of the linkage between customer engagement, relationship quality, and relationship performance. Similarly, I also briefly review the effect of customer engagement on relationship quality, and then examine how the degree of relationship involvement moderates this relationship. Specially, I propose that the positive linkage between customer engagement and relationship quality. However, the positive linkage between relationship quality and relationship performance. In addition, I examine from literature review the negative linkage between customer engagement and relationship quality is stronger when with low relationship involvement with high relationship. Thus, the model provides a comprehensive view of the customer engagement on relationship quality and performance.

For decades the main emphasis of marketing domain has been on the exchange paradigm. Consequently, for decades, marketing has been seen as a discipline of exchange behavior and the exchange has been considered mainly as an exchange of product or service for money. Discrete transactions have been the main focus of the research, and the relationship perspective has been largely neglected. (e.g. Bagozzi, 1974, 1975; Dwyer et al., 1987; Kotler, 1972). Since the beginning of 1980's, the interest in relationships has mainly risen by the research conducted by the IMP-group (see Håkansson, 1982). In recent years, the Nordic school of services interest in relationship marketing has increased the focus on long-term relationships (Berry, 1983, Gummesson, 1994) in other approaches than besides the IMP-group. However, Social Exchange School (Bagozzi, 1974, 1975, 1978; Houston & Gassheimer, 1987; Hunt, 1976, 1983) also analyzes exchange relationships.

The concepts of relationship and exchange are not opposites; the exchange of products, information and technology together with social exchange takes place within the relationships (e.g. Håkansson, 1982). Dwyer et al. (1987) make a distinction between discrete exchanges and relational exchanges. Discrete exchange relationships refer to the discrete transactions

where the buyer often changes the supplier. Relational exchange, in turn, can be seen as exchange relationships where continuity and social aspects of relationship become important. (Dwyer et al., 1987, p. 11-12; see also Frazier, Spekman & O'Neal, 1988). Håkansson and Snehota (1995) have defined business relationship as "a mutually oriented interaction between two reciprocally committed companies". However, this definition limits the number of business relationships, because not all the partners are willing to or even need to be committed to the relationship. Business relationships can be regarded as being relational exchange relationships. Business relationships as relational exchange relationships are described in the IMP-literature (e.g. Håkansson & Snehota, 1995). The view on relationships is held by the services marketing literature (also relationship marketing literature). The differences between these approaches originate partly from the nature of partners in the relationships. The IMP-approach describes the partners in relationships as companies not individuals. In consumer markets the relationships exist between the companies and the individuals. In business relationships the partners can be regarded as being more equal than in consumer relationships where the individual customer is one of the partners. In business relationships the formation of commitment and trust can be seen as a different from the consumer relationships, for example, the investments made in the relationship can play a more important role in a business relationship as a means for building commitment than in a consumer relationship. The business relationships can be further divided into relationships, in which the partners are the buyer and the seller (or customer and supplier) and also into relationships between company and its different stakeholder groups, for instance investors and banks. Consequently, in addition to vertical relationships, i.e. buyer-seller relationships, and horizontal relationships also exist (e.g. Håkansson & Snehota, 1995, p. 18-19; Håkansson, 1982). The nature of social exchange is considered that one or both partners received benefits in some exchange, not in economic, such as an exchange of money for product or service (Arnett, German, & Hunt, 2003). The origin of social exchange theory has rooted in Structural Anthropology (Levi-Straus), Behavioral Psychology (B.F. Skinner, Albert Bandura), Utilitarian Economics (D. Ricardo, Adam Smith, J. S. Mill), Sociology (George Homans, Blau), and Social Psychology (Thibaut and Kelly). Social exchange theory based interaction approach and evolved in growing out of the intersection of economics, psychology and sociology. During the late 1950s, Homans (1958), the initiator of the theory, developed to understand the social behavior of humans in economic undertakings. While marketing principles, the basic principle of exchange is at the core of each (Bagozzi, 1975). As marketing occur in two or more parties, each with something to exchange, and both able to carry out communications and distribution (Kotler & Zaltman, 1971). Exchange is referred as an exchange of resources or values between two or more parties with the expectation of some benefits. The motivation to become involved in an exchange is to satisfy needs (Houston & Gassenheimer, 1987).

What factors does the relationship drive? The relationship arises through exchange processes between the parties. The positive inducements they offer each other in the primary feature of the exchange processes. Consumers engage in relational marketing behavior by conforming to social norms in order to avail themselves of the benefits of socialization and to avoid conflict. Mutuality is an important aspect of the exchange process, the parties demonstrates that they respect each other's interest. A lasting relationship may emerge if the parties perceive a certain complexity or heterogeneity in exchange. This implies that a number of rather weak and long-term criteria enter into and become critical in the evaluation of the exchange. A situation emerges which is similar to what Blau (1968) has characterized as social exchange. He describes how a relationship evolves in such a case: "Social exchange relations evolve in a slow process, starting with minor transactions in which little trust is required because little risk is involved and in which both partners can prove their trustworthiness, enabling them to expand their relation and engage in major transactions" (Blau, 1968, p.454). In single exchanges, relationships are In this case integral parts of a process in which the parties gradually build up a mutual trust in each other. In buyer-seller relationship or supplier-customer relationship business exchange, however, is important aspect of this social exchange process. The social exchange process implies not only a learning process, but also an adaptation process. As the parties adapt to each other and influence each other to adapt (Johanson & Mattsson, 1987). This is a vital characteristic of the relationship.

However, the fundamental difference between economic exchange and social exchange theory is in the way actors are viewed. Exchange theory views actors (person or firm) as dealing not with another actor but with a market, responding to various market characteristics; while social exchange theory views the exchange relationship between specific actors as "actions contingent on rewarding reactions from others." (Blau, 1964, p.91). Social exchange theory exists in many forms, but all of them are driven by the same central concept of actors exchanging resources via a social exchange relationship. Where social exchange is the voluntary transfer of resources between multiple actors (Cook, 1977). The theory has evolved from a dyadic model to a network model (Cook, 1977) with market properties. Social exchange theory is best understood as a framework for explicating movement of resources, in imperfect market conditions, between dyads or a network via a social process. Social exchange theory argues that resources, tangible and intangible, are exchanged between individuals or between groups with the goal of enhancing, maintaining, or dismantling relationships or interactions. This interaction between two actors (people, firms etc.) results in various contingencies, where the actors modify their resources to each

others expectations. In a business context, social exchange theory has been adopted to explain customer engagement/closeness in an industrial buyer-seller relationship. According to Emerson (1962), Social exchange theory proposes that social behavior is the result of an exchange process. The purpose of this exchange is to maximize benefits and minimize costs. According to this theory, people weigh the potential benefits and risks of social relationships. When the risks outweigh the rewards, people will terminate or abandon that relationship. However, distance of two parties under exchange condition is based upon social. This interaction between two actors (people, firms etc.) results in various contingencies, where the actors modify their resources to each others expectations. Distance is the mechanics that can explain the relation of the actors (Blau, 1964; Emerson, 1962). According to Emerson (1962), power is the property of a relation and not of an actor, because it “resides implicitly in the other’s dependency.” (p.32). In essence, we argue that there are research gaps both in theory development and managerial practice which connect customer engagement with quality and performance of relationship among salespersons and customers. Specifically, these are the risk and involvement of relationship moderating effect between distance and quality of relationship.

#### 4. Customer Engagement

Marketing practitioners seems to have a simpler but somewhat different view on what customer engagement means. Marketing practitioners’ interpretation of customer engagement seems to focus on the “interactions” between the customers and the firm (see Stringer, 2006). The review of marketing practitioners papers also suggests that engagement occurs at various levels: such as brand, product and individual level (i.e. front line service providers) (see Peppers & Rogers, 2006; Stringer, 2006).

As discussed earlier, customers are sometimes treated as “partial customers” or “coproducers” (see Baron, Harris & Davis, 1996; Bendapudi & Leone, 2003), and as such we argue that high customer engagement, like customer engagement, means that customers present themselves physically, cognitively, and emotionally, during a service encounters. We also argued that the customer engagement dimensions are similar to customer engagement dimensions, however, because of the lack of work related to the “interaction” aspect of a conceptual definition of personal engagement, we argue that interaction should be included as one of the customer engagement dimensions. That said, it is important to note that the significance of an interaction aspect in service settings, specifically customer-to-customer interactions, has been raised (see Baron, Harris & Davis, 1996). Drawing from the preceding discussion on customer and customer engagement, an initial working definition of customer engagement is formed. We describe customer engagement as the level of a customer’s various “presence” in their relationship with a service organisation. The presences include physical presence, emotional presence and cognitive presence. Customer engagement is a higher-order construct, and it comprises of four components, namely, vigor, dedication, absorption, and interaction.

Vigor refers to the customer’s level of energy and mental resilience while interacting with the service customers, the organization, the brand or with other customers. It also refers to the willingness to invest time and effort in his/her role. So the customers are likely to be persistence as stay loyal and play his/her role even in the face of difficulties. Dedication refers to the customer’s sense of belonging as a customer. The customer is proud of the firm they patronise and is enthusiastic and passionate to play their role. He/she is often inspired by the service customers, the firm, the brand or the other customers. Absorption describes the customer as being fully concentrated, happy, and deeply engrossed while playing his role. They feel time passes quickly while interacting with the service customers, the firm, the brand or the other customers. Customers might also find it difficulty of detaching themselves from the brand. Interaction refers to the various interactions and connections. It can be the interactions between the customer and the front line service customers, between the customer and the organization, between the customer and the brand, and among the customers themselves

#### 5. Customer Engagement to Relationship Quality

While large organizations, such as GM, MasterCard and Sony, have been investing on developing customer engagement programs (Stringer, 2006) and marketing consultants are making claims about the performance of enhancing customer engagement, very little is known about the conceptual foundations of the construct. Although very little research attention has been devoted to customer engagement in the services marketing literature, customer engagement has attracted significant attention in areas of management and applied psychology. Some benefits of customer engagement, such as its associations with organization motivation and job performance have been found (see Kahn, 1990; Salanova, Agut & Peiró, 2005). If we look through a different lens and view employee as customers of an employer brand (i.e. the organization they really wanted to work for and be associated with), then it is not hard to see some parallels with a conception of customer engagement. Additionally, as discussed earlier, customer engagement is similar to, however broader than, the construct of rapport. Studies have suggested several benefits of rapport in service recovery and these benefits include post-failure customer satisfaction, increased repurchase intentions and decreased negative word of mouth (see DeWitt & Brady, 2003). It may be reasonable to propose that customer engagement has similar, if not more, benefits of enhancing post-failure

customer satisfaction, increasing repurchase intentions and decreasing negative word of mouth. Moreover, studies have also demonstrated the importance of emotional attachment of the customer (see Barnes, 1997). As for customer engagement, since it also focuses on the affective element of the customers, the similar benefits of enhancing relationship closeness may also be obtained by enhancing customer engagement. Overall customer engagement possesses broad and unique characteristics, and this may enable customer engagement to offer unique contributions to the service industries, where customers are often part of the product and service delivery process (see Johns, 1999). However, to date little has been done to explore how engagement from the customers' perspectives, may be used to explain key marketing metrics such as service quality, customer satisfaction and loyalty. With customer satisfaction and service quality studies typically only explaining 20-30% of the variance in customer loyalty across a range of industries (Bolton, Kannan & Bramlett, 2000), the stage is set for the development of a construct that better reflects customers emotions and cognitions towards a service brand and firm. However, May, Gilson and Harter (2004) distinguished engagement from flow. They argued that flow is mainly cognitive involvement, and it focuses on the "peak" experience during the cognitive involvement suggesting that customer would feel time passes quickly. On the other hand, engagement is more than just cognitive involvement, and it focuses more than just the "peak" experience. We argue that customer engagement is a higher-order construct, and while flow is similar to absorption, the scope of customer engagement is much broader than flow.

The construct of rapport focuses on the "customer-customer" interactions during the service encounter only (Grewler & Gwinner, 2000; Salanova, Agut & Peiró, 2005). As such it does not impact on the broader issues of customer engagement with the organization or brand. Next, we consider personalization. Mittal and Lassar define personalization "as the social content of interaction between service customers and their customers". Thus personalization concerns the manner in which service customers relate to customer e.g., as either people-cold and impersonal at the one end to warm and personal at the other" (Mittal & Lassar, 1996, p. 96). While it seems to fall within the scope of engagement, we contend that it is covered in our dedication dimension (i.e. the customer's sense of belonging). The customer is proud of the firm they patronise and is enthusiastic to play their role. They are often inspired by the service customers, the firm, the brand or the other customers. Next, the construct of relationship closeness captures the depth of interpersonal relationships. In order to argue that the relationship is "close", there needs to be high degree of interdependence on both of behavioural and emotional aspects (Barnes, 1997). As compared to relationship closeness, customer engagement is broader than just behavioural and emotional contact. Customer engagement not only focuses on the relationship between the customers and the service provider, it also looks at the relationships among the customers themselves. Drawing from previous studies, Ulaga and Eggert (2006) argued that relationship quality is a higher-order construct, which consists of several components, such as commitment, satisfaction, and trust, while we propose that customer engagement is a higher order construct consisting of vigor, dedication, absorption and interaction components. Customer participation focuses on the customers' involvement in producing and delivering of the service (Bendapudi & Leone, 2003) and traditionally focused on the economic effects and the "physical" presence of the customers, while customer engagement not only focuses on the physical presence but also on the psychological process. Finally, relationship branding (also called brand relationship or consumer-brand relationship) is restricted to focusing on the scope and depth of the relationship between consumers and the brand (Fournier, 1998).

**Proposition 1: A higher level of customer Engagement leads to a higher level of relationship quality.**

#### **Relationship Quality to Relationship Performance**

The perspective of key-mediating-variables (KMV) view as commitment-trust perspective, represented by Morgan and Hunt (1994), argues that conditions within customer's trust in and/or commitment to a seller is the prime determinant of exchange performance, when both commitment and trust--not just one or the other--are present, they produce outcomes that promote efficiency, productivity and effectiveness. Morgan and Hunt's (1994, p. 22) classic article builds on social exchange theory (Blau, 1964; Cook & Emerson, 1978) and proposes that commitment and trust, not power or dependence, are the key focal constructs for understanding relationship performance.

Social exchange theory suggests that reciprocal exchange of positive and valuable the trust, commitment and satisfaction enhances the relationship. Frequent and healthy exchange is expected to bring the parties closer to one another and foster a lasting relationship. Moreover, greater interaction quality is expected to facilitate interpersonal and social bonding, which in turn is also expected to foster quality. This implies that greater interaction quality will breed greater performance. Moreover, due to the closeness and elevated relationship that is expected to be cultivated from greater interaction quality, this is posited to enhance the perception of the core relationship performance. In the context of this study, relationship quality is defined as the customer's perception of salesperson's integrity and has confidence in the salesperson's future performance because the level of past performance has been consistently satisfactory. This indicates the core relationship quality that every salesperson tries to satisfactorily deliver.

When customers perceive that their salespersons providers are exerting efforts to enhance interaction quality, they often

reciprocate in kind with good will or in our case by showing greater relationship performance. Especially, sellers must deliver high-level satisfaction on the basic elements of the business transaction and buyers need to satisfy their partners' business needs. Bagozzi (1995) argued that according to the principle of reciprocity, people should return good for good in proportion to what they receive. Therefore the greater the customer feels that interaction quality is being met, the more favorably the customer is expected to perceive the performance of relationship.

**Proposition 2: A higher level of relationship quality leads to a higher level of relationship performance.**

#### 6. Customer Engagement to Relationship Performance

Sheth (2000, p.16) clearly claims the overall purpose of relationship marketing is to improve marketing productivity and enhance mutual value for the parties involved in the relationship. Relationship marketing has the potential to improve marketing productivity and or improving efficiencies. Research into the relationship between “engagement” and performance, however, has been contradictory (Evans, Treadgold, & Mavondo, 2000) and the empirical research does not conclusively support either a positive or negative relationship between engagement and performance. Stern and Reve (1980) states “for the social system of relationships can be described as comprising interacting sets of ... economic and sociopolitical forces which affect collective behavior and performance” ( p. 53).

Despite this fact, the intuitively appealing assumption implied by the internationalization process, that psychic engagement is positively related to performance, is often accepted without question (Evans et al., 2000; O’Grady & Lane, 1996). However, as a seller engages in greater market-oriented behaviors, it reduces its uncertainty about and gains a better understanding of its buyer-seller’s business environment and practices. Increasing the relational engagement between the buyers and sellers, is to improve relationship efficient and effective. Racela, Chaikittisilpa, and Thoumrungroje (2007) aim at investigating and uncovering the potential effect of exporters' market orientation upon international business relationship with particular emphases on cooperation, dependence, and relationship engagement. They find exporters' market orientation enhances the cooperation between the exporters and their major overseas distributor while maximizing their dependence and relationship engagement. In addition, export performance is higher with greater exporter cooperation as higher relationship engagement. Thus:

**Proposition 3: A higher level of Customer Engagement leads to a higher level of relationship performance.**

#### 7. Moderating Role of relationship involvement

Consumer involvement represents a widely used consumer segmentation variable in win research (e.g. Aurifeille et al. 2002; Lockshin et al. 1997; Hollebeek et al. 2007). Despite its valuable contributions to furthering insights into the nature and dynamics of wine consumers' purchase decision-making and behaviors, a significant lack of clarity still obscures a comprehensive understanding in this area. Consumer involvement, typically conceptualised as the level of a consumer's interest and/or personal relevance with respect to a focal object or task (e.g. purchase decision making) (Mitchell, 1979; Mittal 1983), encompasses a duality of cognitive/emotional consumer motivational forces. As such, the scope of the consumer involvement concept does not explicitly account for a behavioral element, thus potentially limiting its explanatory and/or predictive power of relevant consumer and/or purchase behavior outcomes (cf. May et al., 2004). Several involvement forms have been proposed in the literature including product, purchase and brand decision involvement (Lockshin et al. 1997). While product involvement refers to a consumer's relatively enduring disposition of interest exhibited toward a focal product category, brand involvement addresses the consumer's level of interest in a particular brand. Further, a consumer's purchase decision involvement levels may be more variable based on the situational characteristics inherent in particular purchase situations. The concept of situational variation in consumer choice behaviour (e.g. Quester & Smart, 1998) is addressed in further dept in the Conceptual Model section. Despite the potential overlap between relevant consumer involvement forms and consumer engagement, the latter construct has been shown to incorporate an explicit behavioural component which is not directly incorporated in the involvement construct. The conceptual roots of the consumer engagement concept, by contrast, are based on a broader tri- partite cognitive, emotional and behavioral dimensionality (May et al., 2004; Hollebeek, 2009) thus extending beyond the definitional scope of the consumer involvement construct and providing greater potential explanatory and/or predictive ability of ensuing consumers' post-purchase behaviors. While the behavioral aspect of consumer engagement addresses relevant behavioral expressions at the time of purchase of a bottle of wine, consumer engagement's behavioral consequences may include repurchase behaviors and/or loyalty. As a consequence of the relatively underexplored state of the consumer engagement concept in marketing, clear conceptualization of the construct is lacking in the literature to-date. Patterson et al. (2006) define engagement as the level of a consumer's behavioral, cognitive and emotional presence in their relationship with an organization/brand, thus illustrating the high potential applicability of the consumer engagement concept in value co-creation contexts such as those observed across different wine retail outlets. Based on Patterson et al. (2006), ‘consumer

engagement' in the present paper was defined as the level of a consumer's cognitive, emotional and behaviorally-based motivation in brand interactions. As such, the conceptual foundations of the consumer engagement concept in the present paper are rooted in customer/brand interactions (cf. Bakker et al., 2008) and/or customer participation in brand-related activity (Ilić et al. 2009) contributing to ensuing consumer engagement levels. Consumer involvement, by contrast, may be limited to cognitive and/or emotional components, thus not requiring the existence of physical brand interactions (i.e. consumer involvement may exist outside and/or independent of direct brand interactions, in contrast to consumer engagement. As such, consumer engagement implies, by definition, a two-way reciprocal exchange by virtue of interactions between actors. Similar to involvement, consumer engagement represents a motivational state variable which may exist at a specific level at a particular point in time (Ilić et al. 2009). The concept of involvement has received considerable attention from consumer researchers (Zaichkowsky, 1985) and social psychology. Sherif and Cantril (1947) a subject is said to be involved when the social object is in the subject's ego domain. An individual is said to be "involved"; when ego attitudes are present. Howard and Sheth (1969) refer to "degree of involvement"; as another label for the variable's importance. Unger (1981) defines involvement as the degree to which a person would willingly engage in an activity. According to Arora (1982) refers involvement as three points: (1) ego involving attitudes, (2) the degree of importance attached to a given object/attribute and, (3) the dependence of the effects of persuasive communication on the level of individual's involvement. The literature defines "involvement" as reflecting personal relevance or importance of the decision (Mittal & Lee, 1989).

The term "relationship involvement" implies an interest in building/maintaining relationships, which is moderated in part due to the proneness of a buyer to engage in relationships with sellers. Kumara, Bohling, and Ladda (2003) argue definition of involvement is the degree to which a person would willingly intend to engage in a relationship activity without any coercion or obligation. Involvement includes activity involvement. Goodman et al. (2001) points the relationship between customers and firms can affect customers' evaluations of their satisfaction. As the salesperson and customer engage in more such activities and develops more relationships with each other, level of involvement will increase. The research question is, to what extent do levels of relationship involvement affect relationship quality?

Initiative refers to how actively consumers/firms participate in the market. Many researchers have addressed radical changes occurring in the consumer/industry market. The necessary conditions for relationship development change, and change the willingness and ability of firms and consumers for relationship involvement. The success of implementing relationship in a narrow sense is dependent on the relationship involvement of firms and consumers for relationship building and management. However, the terms of relational uncertainty refers to a person's confidence in his or her perceptions of relationship involvement; it encompasses three interrelated sources of ambiguity within relationships. Highly involved salesperson and customers have invested time and energy in higher distance/closeness of their relationship. There should be involvement effects when people are satisfied with the core activity. Manila (2001) found that high-relational customers, indicating higher relationship involvement. Li and Ng (2002) analyze the dynamics of export channel relationships in high-velocity environments and find that channel members modify the relationship involvement as the context changes and the structural fit between the partners is affected. In channel contexts where high involvement might lead to short distance of relationship or enhance closeness. This means that heavy involvement with distribution partners is desirable to increase relationship quality. The underlying thought is that the relationship can add value if consumers are interested in the product. In our study, we investigate the moderating influence of relationship involvement on the effects of relationship quality.

**Proposition 4: The effects of the higher level of customer engagement on relationship quality will be stronger when relationship involvement is moderate vs. high or low.**

## 8. Conclusion

### 8.1 Theoretical contribution

This proposal will examine the construct of customer engagement to relationship quality and performance, and a conceptual model is proposed that integrates the literature in this area. A review of these theories serves as a guiding the role of customer engagement in enhancing buyer-seller relationships framework for selecting and developing relationship marketing constructs that are relevant in a consumer context and for formulating research hypotheses concerning the relationships between these constructs.

Second, this study defines and operationalizes the new relationship marketing constructs: customer engagement. This allows us to generate knowledge on the effects of sellers' efforts and buyers' individual characteristics on relationship outcomes.

Thirdly, in order to assess which specific customer engagement affects a seller's overall relationship orientation. Finally, the theoretical basis of the research paper will be to explore the potential for a social exchange perspective to explain the engagement and quality of buyer-seller relationship in Kurdistan region. The implications for theory of this paper attempt to

make the contribution to the relationship and service marketing literature. The moderating effect of relationship involvement on relationship quality, defined in this article. In addition, the linkages among customer engagement, relationship quality, and relationship performance may have important contribution for increasing relationship marketing. In this paper, we argue customer engagement is the key factor in buyer-seller relationship development. In relational context, it is often difficult to judge how to enhance relationship quality and performance. However, social exchange perspective suggests less distance or more closeness can reduce risk, and through more involvement, to increase quality of relationship.

## 8.2 Practical contribution

An important contribution from our paper has three contributions. First, two conditions moderate the linkage between customer engagement and relationship quality differently. Salesperson should be willing to understand the importance of customer engagement and act on these differences. Given the contradictory role of relationship involvement on customer engagement and relationship quality, and relationship performance links, salesperson can focus on relationship mechanisms. Salesperson can be better to establish long-term relationship establishment and development.

Second, this paper makes an empirical contribution by investigating buyer-seller relationships in service context. We assess the impact of the new construct-customer engagement, on relationship factor. Moreover, we assess the effect of customer engagement on the level of relationship quality. A multi-context approach is employed in order to enhance the external validity of our results.

Finally, managerial contribution will be that companies must carefully analyze the pros and cons of collaborative relationships with customers. Involvement is resource demanding and sometimes the costs of developing a close relationship exceeds its potential benefits. Once a collaborative relationship has been developed it must be continuously monitored. Changes in the relationship context must be evaluated and analyzed in relation to the question of what is a justified degree of involvement in a specific relationship.

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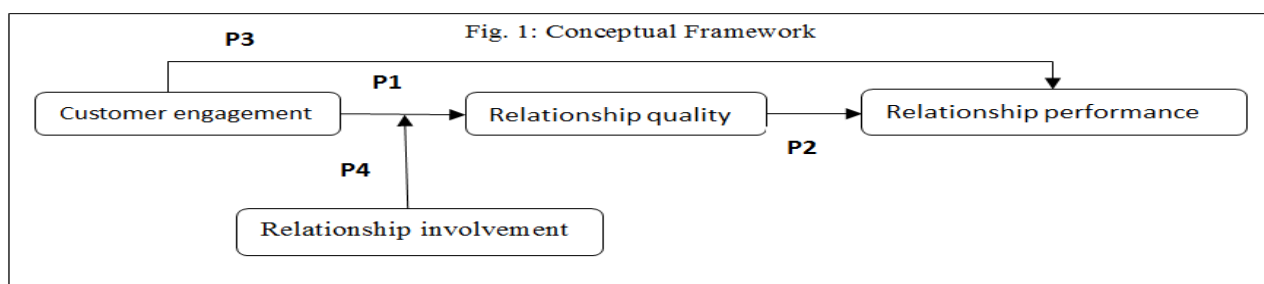
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