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A book chapter intended for  
Customer Engagement: Contemporary Issues and Challenges

# **Customer Engagement Behaviours and Value Co-creation**

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**Keywords: Value co-creation; customer engagement; customer roles; customer-to-customer interaction, co-development, service systems**

## **Introduction**

Contemporary markets are increasingly interconnected, with actors no longer seen as part of linear value chains but existing in networks of service systems where interaction, collaboration and experience sharing take place (Jaakkola, Helkkula & Aarikka-Stenroos, 2015; Lusch & Vargo, 2014; Chen, Drennan & Andrews, 2012). In such markets, traditional boundaries between the roles of “customer” and “provider” are losing clarity, highlighted by the emergence of concepts such as prosumers and post-consumers (Carù & Cova, 2015; Cova & Dalli, 2009). Customers are not satisfied with the limited role of a buyer, receiver and user of a firm’s offering at the end of the value chain, but proactively engage in crafting the offering according to their personal needs and wants, and seek to also engage other stakeholders (such as other consumers, communities, firms or government organisations) in the service system to contribute their resources towards common aims (Jaakkola & Alexander, 2014). Examples include, customers rating products and services in various online marketplaces, co-creating experiences in brand communities, co-designing and innovating products and services, and arranging boycotts against firms and products perceived as doing harm (e.g. Carù & Cova, 2015; Fournier & Avery, 2011; Fuller, 2010; Libai et al., 2010). To capture the various customer activities and behaviours beyond the traditional role of a buyer and user that affect the firm, an overarching concept customer engagement has been introduced (Brodie, Hollebeek, Jurić, & Ilić, 2011; Van Doorn et al., 2010)

The emergent customer engagement (CE) research has reported that various customer engagement behaviours (CEBs) have implications for value creation by the active customers themselves, the focal firm, and also other stakeholders in the service system (Brodie, Ilic,

Juric, & Hollebeek, 2013; Jaakkola & Alexander, 2014). Value creation occurs through the integration of resources in interaction between actors (Grönroos & Voima, 2012; Lusch & Vargo, 2014), and due to its dynamic and interdependent, networked nature, value creation is best understood at the level of service systems rather than individual (e.g. the firm) or dyadic actors (e.g. firm–customer) (Lusch & Vargo, 2014). Nevertheless, extant studies have predominantly focused on the value outcomes of a particular type of CEB, such as customers influencing others through word-of-mouth, or outcomes for particular actors, such as the firm or the customer (e.g. Adjei, Noble, & Noble, 2010; Schau, Muñoz Jr, & Arnould, 2009). Furthermore, the value implications of CE have mainly been viewed in certain isolated settings such as brand communities (Brodie et al., 2013) or with the perspective of how firms could manage it (Verleye, Gemmel, & Rangarajan, 2013). Therefore, a holistic understanding of the broad spectrum of CEBs and their implications for different stakeholders has been missing, and the “big picture” of how CE relates to value-creation on a service system level is only just emerging (Jaakkola & Alexander, 2014).

This chapter examines how different CEBs contribute to value creation by the focal customer, the focal firm, and other stakeholders within service systems. Drawing on a broad range of literature, the chapter outlines the various direct and indirect value outcomes emerging through four types of CEB identified by Jaakkola and Alexander (2014), and proposes a general framework for the value co-creation which is triggered and affected by CEB. Thereby this chapter integrates currently fragmented research findings on CEB affected value co-creation and facilitates future research on this topic.

This chapter is organized as follows. The next section provides definitions for CE and CEB and discusses the conceptual scope of CEB. Then we elaborate on four different types of CEBs. The subsequent section elaborates on role than CEB plays in value co-creation on the service system level, followed by conclusions and implications for practitioners and researchers.

## **Customer engagement behaviour as a concept**

Brodie et al (2011) view CE as a psychological state which results from interactive experiences between a customer and a focal agent or object (an organization or brand for example see Hollebeek, 2011). This chapter focuses on the behavioural manifestations of CE through which “customers make voluntary resource contributions that have a brand or firm focus but go beyond what is fundamental to transactions, occur in interactions between the

focal object and/or other actors, and result from motivational drivers” (Jaakkola & Alexander, 2014, p. 248). Given the various roles customers may play in the marketplace, it is essential to differentiate CEB from other similar, yet for our purposes distinctly different, concepts to highlight that CEB are conceptually distinct.

The service marketing and management research has for long acknowledged that in the service context, customers may engage in customer participation or co-production which refers to the extent to which the customer is directly participating in the delivery or production of a product or service (Bendapudi & Leone, 2003). Critically we see co-production as in-built in many service encounters such as airlines only offering online check-in. As a result, co-production is rarely voluntary or extra-role but a core element in the service transaction. Even in circumstances where customers can choose whether to co-produce or not, the interaction is firm-driven and associated with the output of the firm (Vargo, 2008). We also differentiate CEB from scripted forms of behaviour within a service encounter (such as compliance with airport security or following instructions when purchasing furniture in an IKEA store). These behaviours are closely aligned with research into the service encounter (e.g. Bitner, 1992) where it is recognized that customers adopt specific roles (Solomon, Surprenant, Czepiel, & Gutman, 1985). While customers do have control over their behaviour in these situations, their activities are often associated with specified roles and scripts which are, again, firm driven. CEB can also be differentiated from other voluntary or extra-role behaviours such as customer voluntary performance or customer citizenship behaviours (Ahearne, Bhattacharya, & Gruen, 2005; Bettencourt, 1997; Rosenbaum & Massiah, 2007). The various concepts discussed above centre on customer provision of enhanced contributions occurring largely within the service encounter and being more or less driven or controlled by the firm. CEB, although centred on a focal object such as a firm or a brand, are exogenous customer actions, driven by their own motivations rather than those of the firm and typically extend beyond transactions/purchase (Brodie et al, 2011; Van Doorn et al. 2010).

Brodie et al. (2011) see CE as existing within a nomological network i.e. with specific antecedents (such as involvement or rapport) and consequences (such as commitment or loyalty) and several studies have explored customer motivations for engaging in behaviours beyond transactions. Some authors see traditional marketing concepts such as satisfaction, commitment and trust playing a role alongside customer goals and resources (Brodie et al., 2011; Van Doorn et al., 2010). Other research suggests that customer engage with an

expectation of benefits from the engagement (Füller, 2010; Nambisan & Baron, 2009). Finally, there is also a sense that the firm can play some kind of facilitative role with the provision of appropriate platforms (e.g. firm hosted social networking sites) for engagement behaviour to occur with appropriate rewards for customers (see Jaakkola & Alexander, 2014; Kumar et al., 2010).

Given CEB take place beyond transactions (Van-Doorn et al, 2010) and the customer-firm dyad, a discussion of value creation at a systemic level is appropriate, yet only recently explored (Jaakkola & Alexander, 2014). Recent developments in S-D logic and beyond see resource integration as a key feature of marketing interactions (Grönroos & Voima, 2012; Lusch & Vargo, 2014). Resources exchanged are affected by their compatibility with personal value processes and customer context (Vargo & Lusch, 2008). Of particular relevance to CE is lessening in importance of the transaction around the array of resources that can be transferred between actors within service systems (Chandler & Vargo, 2011; Edvardsson, Tronvoll, & Gruber, 2011). These service systems are configurations of value creation comprising a range of parties and their own networks that can collectively influence and enable value co-creation (Edvardsson et al. 2011). Extant literature offers many examples where customer actions influence value creation beyond the customer-firm dyad and where benefits can be shared with customers own networks and beyond to other relevant stakeholders (Nambisan & Baron, 2009; Schau et al., 2009). The following section introduces four distinct types of CEB identified by Jaakkola and Alexander (2014), and examines the value outcomes of such CEBs.

## **Types of customer engagement behaviours**

Initial research on CEB discussed two types of CEB: firstly, customer participation in innovation and new product development, and second, the role of customers in inducing other potential users to interact with a brand via referral programs, word of mouth and other types of customer to customer interaction (Kumar et al., 2010; Brodie et al., 2013). Jaakkola and Alexander (2014) classify these first two types respectively as co-developing behaviour and influencing behaviour. In their empirical study of community adoption of railway stations a further two behaviours - augmenting and mobilizing behaviours - were identified. Research has demonstrated that the different forms of CEBs can take place in online settings, such as brand communities, social media, and blogs (Brodie et al., 2011), and also in offline

environments (Jaakkola & Alexander, 2014). The role of these four types of CEB in value co-creation will be explored in more detail in the following sections.

### **Co-developing behaviour**

Co-developer behaviour can be defined as customer contributions of resources such as *knowledge, skills, and time, to facilitate the focal firm's development of its offering* (Jaakkola & Alexander, 2014; p. 255). Involving customers as co-developers of the firm offering is well established as an important factor contributing to successful product and service development (e.g. Carbonell, Rodríguez, & Pujari, 2009). Co-developing behaviours may include providing ideas for new products, participating in design contests and development competitions, and serving in customer panels or as members in the innovation team (e.g. Edvardsson, Kristensson, Magnusson, & Sundström, 2012; Nambisan & Baron, 2009). For example, the online forum “My Starbucks Idea<sup>1</sup>” invites customers to suggest ideas for the development and improvement of Starbucks’ drink and food assortment, service experience, and ways of community involvement. The firm can make use of its customers’ resources to benefit product development, but retain ultimate control of the extent to which customer resources will be utilized when developing the offering.

Many studies indicate that customers engage in co-development because of their dissatisfaction with existing offerings and their desire to enhance the development of products or services that better fulfil their needs (e.g., Füller, 2010; Jaakkola & Alexander, 2014). Financial rewards sometimes motivate co-development, for example in the form of monetary prizes for winning development contests (Hoyer et al., 2010). For example, when BMW launched a contest to improve the luggage compartment of BMW, they advertised prizes worth 10.000 € to motivate people to invest sufficient resources in the design<sup>2</sup>. Other studies also highlight the role of psychological benefits: customers seek appreciation and reputational gains by displaying their ideas and product-related expertise (Nambisan & Baron, 2009; Füller, 2010). By participating in innovation forums or projects, customers may also benefit from gaining product or technology related knowledge which facilitates their learning (Nambisan & Baron, 2009). Providers can facilitate co-development behaviours by offering resources to aid customer contributions, for example in the form of well-functioning

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<sup>1</sup> <http://mystarbucksidea.force.com/>

<sup>2</sup> <https://www.bmwgroup-cocreationlab.com/cocreation/project/trunk-contest>

feedback and innovation platforms and tools (Hoyer et al., 2010; von Hippel, 2005), and by being open and appreciative towards customers' suggestions (Jaakkola & Alexander, 2014).

Research demonstrates that customers' co-developing behaviour is very beneficial for the provider. Besides offering the firm invaluable insights regarding the functionality of the product/service in the user's context, customers may possess knowledge, skills and expertise that significantly add to the firms' resources (Hoyer et al., 2010). For example, when developing its programmable Mindstorms robot, Lego gained leverage on the original design through making the source code available, organising competitions, and even including a "right to hack" into the software license, and thereby the firm benefited from the unique skills of its lead user community<sup>3</sup>. Customer involvement in new service development has been demonstrated to have a positive effect on the speed and technical of innovation speed, and indirectly facilitates sales performance and competitive superiority of the firm (Carbonell et al. 2009).

### **Influencing behaviour**

Influencing behaviour refers to customer contributions of resources such as knowledge, *experience, and time, to affect other actors' perceptions, preferences, or knowledge* regarding the focal firm (Jaakkola & Alexander, 2014, p. 256). In the midst of a complex myriad of providers and offerings, customers are increasingly reliant on each other for gaining trustworthy information for finding and evaluating brands, products, and services (Libai et al., 2010). Insights from more experienced users help customers to mitigate the risks perceived in selecting providers and reduce their dependency on communications from the firm (Bansal & Voyer, 2000). Influencing behaviour can take the form of word-of-mouth, eWOM, recommendations and referrals, testimonials and customer references, and may include the sharing of positive or negative experiences as well as product or firm related information (Jaakkola, Aarikka-Stenroos, & Kimmel, 2014).

The development of online channels has contributed significantly to the increasing connectivity of customers who find and share information through social networking sites, blogs, and online communities, and can post reviews on virtually anything they have consumed to be available to a global audience (Hennig-Thurau, Gwinner, Walsh, & Gremler, 2004; Libai et al., 2010). Consumers are also reported to craft actual advertisements and broadcasting them online, taking over the marketing function of the firm (Berthon, Pitt, &

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<sup>3</sup> <http://www.innovation-portal.info/wp-content/uploads/Lego1.pdf>

Campbell, 2008). Influencing behaviour therefore has a very broad reach and particularly customers who are perceived as experts in the field may change the preferences and purchase intentions of a multitude of people with one single blog post or product review (Adjei et al., 2010).

For the focal customer, the value of engaging in influencing behaviour relates to their power to reward or punish the firm for good or bad service. Customers who are satisfied or dissatisfied with a provider want to reciprocate the experience by recommending the provider or warning others not to transact with the provider (Blazevic et al., 2013). Customers engage in influencing behaviour also in order to telegraph their expertise and to generate publicity (self-promotion) (Berthon et al., 2008; Hennig-Thurau et al., 2004).

Research has shown that customers' influencing behaviour can affect its audience in several ways. The information and experiences shared by customers serve as resources for other customers' purchase process, and affect their purchase decision-making especially when it is associated with greater perceived risk (Bansal & Voyer, 2000). Particularly influential is information provided by opinion leaders who are known experts in particular product fields and are trusted by opinion seekers to provide knowledgeable advice (Litvin et al., 2008). Influencing behaviour also affects other stakeholders' expectations about the content and value of the service: learning about other customers' experiences helps prospective customers to adjust their expectations to a realistic level (Jaakkola et al., 2014). From the firm perspective, positive influencing behaviour, such as favourable WOM, impacts the perceived value of the firm's offering and customer loyalty (Gruen, Osmonbekov, & Czaplewski, 2006) and it may lead to customer acquisition, increased sales and, and faster diffusion of new offerings (Adjei et al., 2010; Libai et al., 2010). At the same time, influencing behaviour can also have negative outcomes such as consumers' deteriorated brand perceptions when the message speaks against the firm or its offering (Hollebeek and Chen, 2014).

### **Augmenting behaviour**

Augmenting behaviour is defined as customer contributions of resources such as knowledge, skills, labour, and time, to directly augment *and add to the focal firm's offering* beyond that which is fundamental to the transaction (Jaakkola & Alexander, 2014, p. 254). This behaviour is exemplified by customers acting on their own initiative to adapt, modify



and create new uses or content surrounding a focal firm or band. Unlike co-development where the firm is in charge of realizing the development and might or might not take customers' contributions into account, augmenting behaviour refers to customers' realizing the modification of an offering regardless of whether it is intended or preferred by the focal firm (Jaakkola & Alexander, 2014).

Many existing studies reveal augmentation of an intangible nature. This can be as simple as a customer's contribution to an online community (Seraj, 2012; Sussan, 2012) where the addition of user-generated content or customer to customer interaction allows customers to confer their own meaning onto the brand and thereby adds additional value to the firms offering (Ferrell & Ferrell, 2012). Provision of an engagement platform (see Breidbach, Brodie, & Hollebeek, 2014; Sawhney, Verona, & Prandelli, 2005) by the firm can achieve additional augmentation benefits within a service system. For example, the use of Nike+ by customers has created a form of collectivized achievement platform, where customers engage each other in challenges (such as the 2009 men vs women campaign<sup>4</sup>). Other intangible augmentation might be found within P3 (peer to peer problem solving) communities such as those discussed by Dholakia et al (2009). In these communities, customers solve problems perhaps relating to appliance repair or IT equipment, thereby augmenting the existing knowledge offerings of the firm.

Not all augmentation behaviour is intangible. Von Hippel (2005, p. 64) discusses how product and services users frequently innovate for themselves rather than "relying on manufacturers to act as their (often very imperfect agents)". Von Hippel (2005, p. 66) presents evidence that "10% – 40% of users engage in developing or modifying products" which lead to greater functional capability and other improvements. These modifications are further evidenced in studies of brand communities (Schau et al, 2009), where the 'Brand Use' practices identified include the customization and commodification of various products; and geographical communities where local residents can take ownership of public buildings and customize them in ways meaningful to the community (Hamilton & Alexander, 2013).

For customers, the value outcomes of augmentation behaviour appear to be clear. Customer benefits include: adapted products or services through customization with offerings better suited to fit their goals and needs (Epp & Price, 2011), they benefit through the social

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<sup>4</sup> <http://marketing.blogs.ie.edu/archives/2009/03/the-nike-challenge-men-vs-women.php>

welfare associated with collaborative effort as well as the social, cultural, and intellectual value of interacting with brand communities. For firms, additional insight is gained through adaptations made by customers that complement existing innovation and increase intellectual capital (Dholakia et al., 2009; Sussan, 2012). There is also a view that deeper relationships between customers could be built through augmentation behaviour (Ramaswamy, 2008). Sussan (2012) observes how c2c2C interactions are likely to increase over time with more traditional B2C relationships diminishing. This trend would suggest that in the future firms would act more as facilitators (rather than controllers) of engaged behaviours occurring between a range of actors.

For other stakeholders augmented products and services are akin to open source benefits, meaning that the benefits from augmentation behaviour should ripple out into the wider service system. Augmenting behaviour can therefore make products or services more appealing to other customers generating value for themselves, the firm and other stakeholders.

### **Mobilizing behaviour**

The final form of CEB is mobilizing behaviour which occurs when engaged customers go beyond influencing other stakeholders' perceptions to stimulate real actions towards a focal firm. Mobilizing behaviour is defined as *customer contributions of resources, such as relationships and time, to mobilize other stakeholders' actions towards the focal firm* (Jaakkola & Alexander, 2014, p. 256).

Mobilizing behaviour is perhaps best understood with reference to socially responsible customer action where other actors are marshalled to behave in a certain way towards a focal organization. This might be through either 'boycotts' or 'buycotts' of certain products (Paek & Nelson, 2009). Recent examples would include the mass student boycott of clothing manufacturer 'fruit of the loom' who were forced to reverse their decision to close a factor in Honduras it had earlier shut down after workers had become unionized. The boycott campaign started in 2009 with 96 US colleges cancelling their contracts with the company, and 10 UK universities followed in action that cost the organization around \$50 million<sup>5</sup>. In political marketing, parties seed supporters using social media to share ideas and, more importantly, to become self-organizing groups that mobilize support around campaigns

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<sup>5</sup> Example from Ethical Consumer ([www.ethicalconsumer.org/boycott](http://www.ethicalconsumer.org/boycott))

(Harris & Harrigan, 2011). ‘Buycotts’ (also known as anti-boycotts) see customers attempting to galvanize support for a firm such as in 2009 when conservative Americans arranged a buycott of ‘Whole Foods Market’ as a counter to a boycott by liberals who objective to its CEOs opposition to President Obama’s healthcare reforms<sup>6</sup>. In the recent independence referendum in Scotland the Scottish National party mobilized widespread support through social media and other initiatives which galvanized supporters to design and circulate their own ideas around the campaign through community leafleting (Adamson & Lynch, 2013); the results of which contributed to a growth in support which nearly beat the combined strength of all the other political parties in the UK. Social media has, in fact, become the go to mechanism to turn the tables on organizations to force them to change decisions (such as Gaps failed rebrand in 2010 which was met with a furious response on social media and the old logo restored in six days), or make better ones (such as Dominos Pizza using its biggest social media critics to contribute to a recipe change exercise) (Fournier & Avery, 2011). These examples suggest that mobilizing behaviour can force firms to listen more carefully to the needs of its customers.

There are also examples of mobilizing behaviour used, not to force the focal firm to change or renege on a decision, but to enable a firm to make a positive change. The website Carrotmob<sup>7</sup> provides a platform that facilitates groups of people to contribute resources (in this case money) to enable or support business which, in return makes investment or improvement desired by the customers. Recent examples include money raised by investors to support a health food shop in investing in low energy lighting or raising funds to enable a café in Budapest, Hungary to reduce its water footprint. These recent mobilizing behaviour initiatives are further examples of the changes in the influence customers have when moving from supporter to critic to investor.

Customers benefit from mobilizing behaviour by forcing (or encouraging) firms to change behaviours or decisions, or by making investments in things customers care about which stimulate engagement behaviours. They also benefit from the improvements that other stakeholders’ contributions towards the offering bring about, and enjoy a sense of accomplishment and empowerment (Jaakkola & Alexander, 2014). Value outcomes for the firm may involve positive or negative change in sales and customer acquisition, depending on

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<sup>6</sup> <http://www.dailyfinance.com/2009/09/02/whole-foods-buycott-turns-grocery-store-into-cultural-battlegr/>

<sup>7</sup> [www.carrotmob.org](http://www.carrotmob.org)

whether mobilization aims at “boycott” or “buycott”. The actions of mobilized customers, once again, provide benefits for other stakeholders and may stimulate a change in attitude or behaviour toward the focal firm.

## How CEB contributes to value creation

As revealed by the literature review on the four types of CEBs above, CEBs accrue a range of value outcomes for the focal customer, the focal firm, as well as other stakeholders such as other or prospective customers. Table 1 summarizes these value outcomes. It is evident that research thus far has mainly focused on the positive outcomes of CEB; and its negative consequences have predominantly been discussed with relation to influencing behaviour.

Table 1. Summary of value outcomes of customer engagement behaviours

Type of CEB	Value outcomes for the focal customer	Value outcomes for the firm	Value outcomes for other stakeholders
<b>Co-developing behaviour</b>	<ul style="list-style-type: none"> <li>• Gaining products/ services that better serve their needs</li> <li>• Monetary rewards</li> <li>• Social rewards such as admiration</li> </ul>	<ul style="list-style-type: none"> <li>• Insights into users’ needs and wants</li> <li>• Innovative ideas</li> <li>• Development resources such as expertise and skills</li> </ul>	<ul style="list-style-type: none"> <li>• Benefits from improved offerings</li> </ul>
<b>Influencing behaviour</b>	<ul style="list-style-type: none"> <li>• Power to reward / punish the provider for good /bad experience</li> <li>• Signalling expertise</li> <li>• Social prestige and attention</li> </ul>	<ul style="list-style-type: none"> <li>• New customer acquisition</li> <li>• Decreased / increased sales</li> <li>• More knowledgeable customers</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction of perceived risk in purchase decisions</li> <li>• Reliable source of information about the provider/ offering</li> <li>• Adjusting expectations</li> </ul>
<b>Augmenting behaviour</b>	<ul style="list-style-type: none"> <li>• Customized offerings better suited to goals and needs</li> <li>• Social benefits associated with collaborative effort</li> <li>• Social, cultural and intellectual value through c2c interaction</li> </ul>	<ul style="list-style-type: none"> <li>• Additional insight gained through customer augmentation</li> <li>• Improved offerings more relevant to clients</li> <li>• Fostering of deeper relationships</li> </ul>	<ul style="list-style-type: none"> <li>• Benefits from improved offerings</li> </ul>

<b>Mobilizing behaviour</b>	<ul style="list-style-type: none"> <li>• Forcing (or encouraging) firms to change behaviours or decisions</li> <li>• Ensuring firms invest in things customers care about</li> <li>• Gathering support and recognition around a common cause</li> </ul>	<ul style="list-style-type: none"> <li>• Ability to make strategic investments that are valued by customers</li> <li>• Decreased / increased sales</li> </ul>	<ul style="list-style-type: none"> <li>• Benefits from improved offerings</li> <li>• Benefits from participation in common causes</li> </ul>
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By assimilating the literature on value creation and the outcomes of CEB, we present a theoretical framework for the role of customer engagement in value co-creation in a multi-stakeholder service system (Figure 1). The framework builds on the view that value co-creation occurs through integration of resources between actors (Lusch & Vargo, 2014). Through CEB (mobilizing, influencing, co-developing and augmenting behaviour), engaged customers contribute diverse resources such as knowledge, skills, experience and labour, toward the focal firm and/or other stakeholders. These resources contributed by engaged customer may modify and/or augment the offering itself, or the resources may affect other stakeholders' perceptions, knowledge, preferences, expectations, or actions toward the firm or its offering that affect their willingness to contribute resources towards the firm (Jaakkola & Alexander, 2014). In these interactions, focal customers also receive resources such as improved offerings (Füller, 2010), financial resources (Hoyer et al., 2010), or social prestige (Berthon et al., 2008) that further motivate their engagement behaviours. Figure 1 posits that CEB affects value co-creation processes 1) between the engaged customers and the focal firm, 2) between the engaged customers and other stakeholders, and 3) between other stakeholders and the focal firm. Next, we elaborate on these three relationships.

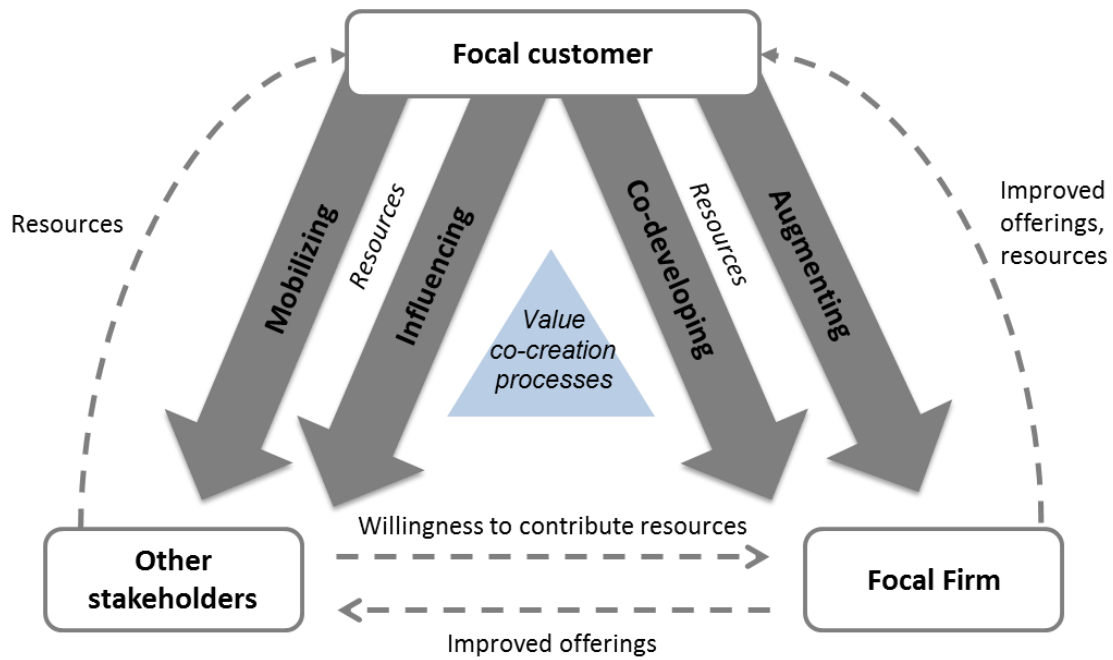


Figure 1. How customer engagement behaviours contribute to value co-creation between different stakeholders

First, CEB affects value co-creation between engaged customers and the focal firm: through CEB, the exchange between the customer and the firm extends from what is fundamental to the transaction to customers contributing a broad range of resources such as time, knowledge and effort towards the firm (Jaakkola & Alexander, 2014). Engaged customers may contribute resources such as knowledge, skills, expertise and time to extend and add to the focal firms' offering (augmenting), or they can facilitate firm-led product/service development with their resources (co-developing).

For the focal firm, CEB provides a source of a range of resources that contribute to its offering development and marketing in ways that may be beyond what it could do alone. If the firm is able and willing to integrate the customer's resource contributions with its own resources, in other words, use customer's input such as product ideas and user expertise in product/service development, the firm is able to develop improved offerings that have a better value potential for the customer. Customer resources could also make the firm's offering unique, and provide the firm with considerable benefits and cost savings (Carbonell et al., 2009; Von Hippel, 2005).

Sometimes the firm cannot control the way customer contributions modify the offering, as customers augment the offering independently, for example, by generating new meanings for a brand by engaging in C2C interaction in a brand community, which may in turn create an additional source of value for the customer (McAlexander, Schouten, & Koenig, 2002; Schau et al., 2009). Firms can provide a platform for such behaviour (Breidbach et al., 2014), or it may take place entirely outside the firm domain. In order to encourage their co-developing and augmenting behaviour, firms may also offer new resources for focal customers, such as monetary rewards (Hoyer et al., 2010) or user toolkits (von Hippel, 2005), or rely on the social benefits (such as building new relationships) and functional benefits (such as problem solving) gained by engaged customers (see Dholakia et al., 2009).

Second, CEB may initiate and influence value co-creation processes between the focal customer and other stakeholders. Customers may invest their resources such as time, effort, relationships, experience, and information to affect other stakeholders' perceptions, preferences or knowledge of the focal firm (influencing behaviour) or to affect other stakeholders' actions towards the focal firm (mobilizing behaviour) (Jaakkola & Alexander, 2014).

Other stakeholders such as prospective customers benefit from the information and experience shared by the focal customer as it helps them to find, evaluate and select providers and offerings that best fit their needs and situation (Jaakkola et al., 2014). Other customers are considered as trustworthy sources of information and they can decrease the risk perceived by other stakeholders. As indicated in Figure 1, other stakeholders in the service system may reciprocate through their own resources such as time and knowledge, manifested for example in recognition and appreciation towards the focal customer legitimizing their actions, which further encourages CEB (Brodie et al., 2013; Jaakkola & Alexander, 2014). Engaged customers may also experience social benefits (such as building new relationships) and functional benefits (such as problem solving) (see Dholakia et al., 2009).

Finally, CEB affects the value process between the other stakeholders and the focal firm (Figure 1). The co-developing and augmenting behaviours by focal customer resources also impact the value potential of the firm's offering for other stakeholders (Jaakkola & Alexander, 2014). For example, when Starbucks develops a new coffee drink based on a customer's idea, the improved offering can be enjoyed by a vast number of other stakeholders as well. Furthermore, information and experiences shared through influencing behaviour make the focal firm more or less appealing for also other stakeholders, who are therefore

willing to contribute more or less resources towards the firm. Through mobilizing behaviour, engaged customers directly affect other stakeholders' resource contributions (e.g., increased or decreased buying) towards the focal firm.

Our framework indicates that CEB can activate an iterative, cyclical process where a growing number of stakeholders contribute their resources to value co-creation (cf. Arnould, Price, & Malshe, 2006), resulting in various value outcomes that emerge for each party in their respective value processes (cf. Grönroos & Voima 2012). The positive outcomes (Table 1) for each party further motivate them to engage in, or support CEB (cf. Brodie et al. 2013; Jaakkola & Alexander, 2014).

## **Conclusions**

This chapter has discussed how customer engagement behaviours contribute to value co-creation within service systems. The framework developed (Figure 1) suggests that CEB accrue value outcomes for the focal customer, focal firm and also other stakeholders via the application of resources offered (and subsequently) gained by each party through exchange and interaction. Focal customers benefit from the modified offering of the focal firm, as they co-create it with their resources, and also through the contributions made by other stakeholders. The focal firm benefits from CEB through the provision of resources that contribute to its offering in ways that may be beyond what it might otherwise achieve alone. Customer resources could make the firm value proposition unique, and the various CEB could result in considerable benefits and cost savings for the firm through improved products and services (Augmenting/Co-Developing) or the attraction of new customers and resources (influencing/mobilizing). We see our framework as a critical juncture in research on CE and value co-creation as it draws research attention beyond firm-focused interpretations of CE towards a more contemporary systemic perspective.

To link the systemic value co-creation cycle induced by CEB with the broader literature on customer engagement, Figure 2 outlines the nomological network that brings together customer engagement and value co-creation (Brodie et al., 2011; Van Doorn et al., 2010). The framework indicates that customer engagement is facilitated by certain characteristics of the focal customer, focal firm and context (e.g. characteristics of other customers within the setting). These 'facilitating factors' stimulate the provision of resources that are exchanged between customer, firm and other stakeholders (as represented in Figure 1) and subsequently affecting the firm's offering and / or other stakeholders' knowledge, preferences, or



expectations regarding the offering. Thereby customers affect the value processes of other customers either directly, or by transforming the offering of the focal firm with their contributions.

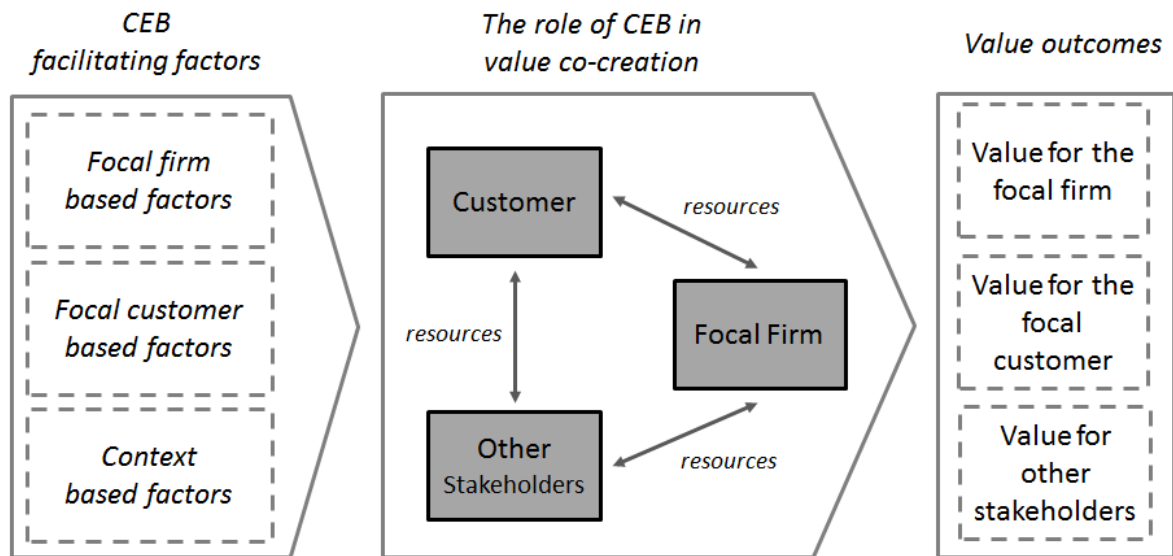


Figure 2 Customer engagement and value co-creation nomological network

Customer satisfaction, trust and commitment may be both facilitating factors and an outcome of CEB, and customers' motivation to engage relates to their expectation of value outcomes. Also the firm's actions and attitudes towards CEB are closely linked to outcomes for both the customer and the firm itself, as indicated by Gebauer et al. (2012) and Jaakkola and Alexander (2014).

In this chapter we have shown how customers make diverse resource contributions toward the focal firm and/other stakeholders centring on four CEBs that modify and/or augment the offering of the firm; and/or affect other stakeholders' perceptions, preferences, expectations or actions toward the firm or its offering. We argue that through customer activities, value co-creation has become a systemic process where the drivers for and outcomes of customer resource contributions are iterative and cyclical; and where positive outcomes for each party further motivate them to engage more and make additional resource contributions. In this way we further underline the importance of the customer for contemporary organizations by highlighting their contributions to value co-creation beyond more commonly understood roles of buyers and users in dyadic exchanges.

## **Managerial implications**

This chapter has demonstrated how engaged customers, through behaviours exhibited and executed outside of regular service encounters, can build additional value for firms beyond that which they might gain with a more traditional approach to firm-customer relationships. Indeed such is the advance of customer activity enacted beyond transactions that firms may not be able to rely on traditional value chains to develop, market or create new products and services as effectively as they have in the past. Undoubtedly there are tantalizing opportunities for firms to enhance and differentiate their offerings through endeavours associated with customer augmentation and co-development of products and services. Firms are also increasingly reliant on customers to influence other customers' and stakeholders' attitudes and behaviours towards the firm. These interactive behaviours by engaged customers represent many indirect revenue-generating opportunities through co-developing, influencing and augmenting behaviours. Additionally, in the case of mobilizing behaviours, engagement behaviours might also result in direct revenue generation if firms (or their customers) can be mobilized around a common cause or 'boycott'.

However, the flip side of CEB faced by firms relates to the extent to which the firm is able to retain control of their offerings and their wider marketing narrative. Augmentation behaviour in particular sees the customer taking control of modifications of offerings and, on that basis may make changes or adaptations which the firm does not wish or did not intend. Moreover, influencing and mobilizing behaviours are already well established ways customers are using to criticize firms and dissuade them from making changes to their offerings which Fournier and Avery (2011) suggest makes firms use marketing more as a public relations exercise than any influencing behaviour of their own. With many multi-national organizations seen now as targets, ripe for criticism, the actions of engaged customers are likely to continue to impact firms in ways they do not expect or appreciate.

## **Avenues for future research**

By using our framework future researchers can continue to make sense of the dramatic changes affecting the relationships that customers have with focal firms and their wider service systems. With stronger conceptual foundations, future research on customer engagement is able to explore more confidently the impacts that CEBs have on service systems in general. A fruitful approach for future research would be to study the evolution and life cycle of CE over time: What are the typical development cycles for CE and CEB?

Are there some key conditions under which CE and CEB either grows or reduces? When may CEBs cease to exist, e.g. during dormancy (Brodie et al. 2013) or decline? We also encourage more research on the different contexts and platforms for CEB. Potential areas to explore are, for example, the key differences between online vs offline CEBs, and if there are particular types of online CEBs not captured by extant research.

Our review on the range of behavioural manifestations of CE indicates that we know more about the positive compared to negative outcomes of CEB. Furthermore, we do not yet understand the implications on firms if customer become weary of making additional contributions or when engaged customers work in direct opposition to the firm. More research is therefore needed to investigate negatively-valenced CEB (c.f. Hollebeek & Chen, 2014) and the negative implications that different types of CEBs may have on the focal customer, the firm, or other stakeholders in the service system. Additionally, work on CE to date assumes customers are highly motivated to work with specific firms and makes no provision for engagement across firms and sectors. Future research, therefore, may wish to consider how self-selection bias may impact on specific CEB outcomes.

With regard to the four CEBs discussed in this chapter, future researchers should explore how firms can adapt to a loss of control associated with augmenting behaviour and/or the effects on the focal firm when augmentations change the firm offering beyond that with which it is comfortable. Mobilizing behaviours represent unique situational and contextual problems (or opportunities) for firms and future research would need to understand how firms can either stimulate the positive, or mitigate the effects of negative, mobilizing situations. Although co-developing and influencing behaviours are well understood, research on their systemic effects is still nascent and firms will, increasingly, need greater understanding the implications of working with (or perhaps working for) engaged customers.

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