The Multilevel Nature of Customer Experience Research: An Integrative Review and Research Agenda

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Over the last three decades, customer experience (CE) has developed from a burgeoning concept to a widely recognized phenomenon in terms of both research and practice. To account for the complexity of consumption decisions, the CE literature encompasses both the rational information processing approach to consumer decision-making and the experiential approach, which includes emotions, feelings and sub-consciousness. The authors classify and examine CE research on two levels. Studies on static CE analyze experiences during touchpoints at one point in time, while studies on dynamic CE assess how experiences evolve over time. Furthermore, both static and dynamic CE research take place from two distinct theoretical perspectives: the organization and the consumer. As both theoretical perspectives essentially deal with the same phenomenon – the organizational perspective with the creation of CEs and the consumer perspective with the perception of customer experiences – there is potential for a productive symbiosis between them. The authors propose that connecting insights from both perspectives can contribute to a better understanding of what constitutes a CE for consumers and how firms can effectively manage it. First, the authors discuss the development of CE and argue that it has evolved into a broad and fragmented 'umbrella construct'. Second, after distinguishing and defining static and dynamic CE, they systematically evaluate the state of knowledge in both the organizational and consumer perspectives. Finally, they develop an agenda for future research that integrates the consumer perspective into organizational CE research.

Introduction

Competitive advantage is the focus for much management and organizational research. Yet the bases of differential advantage between competitors are often marginal, subject to change, and open to imitation (D'Aveni *et al.* 2010; McGrath 2013). This is largely attributable to the growing commoditization of goods

and services (D'Aveni *et al.* 2010; Pine and Gilmore 1998). In seeking to explain emerging sources of competitive advantage, customer experience (CE) has been identified as a compelling antecedent. Increasingly, scholars argue that firms' differential advantage is derived from CE (Pine and Gilmore 1998; Verhoef *et al.* 2009). Both practitioners and scholars agree that a favorable CE positively affects marketing-relevant outcomes such as customer satisfaction, loyalty and word-of-mouth behavior (e.g. Mascarenhas *et al.* 2006; Pullman and Gross 2004). Despite this consensus, the CE phenomenon is limited by a lack

of conceptual clarity, explained by a diverse set of theories, and founded upon divergent empirical conclusions.

The concept 'customer experience' was introduced by Holbrook and Hirschman (1982). They postulated that consumers are not purely rational problem-solvers. Therefore, the cognitive weighing of value and price can only explain a small fraction of consumer behavior. They proposed substituting the earlier information-processing theory with an experiential approach emphasizing emotions, feelings and sub-consciousness. The aim was to capture holistically the consumption experience, which is not only cognitive, but also hedonic, symbolic and aesthetic in nature. Thus, CE can be characterized as a subjective phenomenon that is not fully controllable by the firm (Verhoef *et al.* 2009).

Researchers have traditionally approached CE from two different angles: organizational and consumer perspectives. As CEs are realized through firm–customer interactions, they are characterized as dyadic phenomena. Distinguishing between the organizational and consumer perspectives of CE is thus theoretically meaningful, as it cannot be assumed that a CE is perceived by consumers as intended by the firm. Similarly, a CE perceived as favorable by a consumer might not have a positive impact on firm outcomes. Consequently, we propose that connecting insights from both perspectives can contribute to a better understanding of CE: what it consists of for consumers, and how it can be effectively managed by firms. Furthermore, our review identifies two levels of CE research within both the organizational and consumer perspectives. Studies on static CE assess how consumers experience one or multiple touchpoints with a firm at one specific point in time. Research on dynamic CE, in contrast, analyzes how consumers' experiences evolve over time.

Research within the organizational perspective focuses on the creation of CEs, which are mainly static. Some scholars aim to identify efficient ways to design and manage interactions with customers and their underlying processes in a way that maximizes organizational targets (e.g. Patrício *et al.* 2008). Others analyze how the physical environment of a store and its employees and their behavior affect the experiences of consumers (e.g. Bitner 1990).

In contrast, research from the perspective of consumers addresses their perceptions of those experiences. Studies on static CE focus mainly on factors that are beyond a firm's control and how they affect CE; these include aspects of the environment (e.g.

other customers) (e.g. Hui and Bateson 1991) and the individual (e.g. underlying consumer goals and motivations) (e.g. Van Kenhove *et al.* 1999), all major CE influencers. Taking a dynamic approach, other studies identify how satisfaction cumulates throughout the customer journey (e.g. Verhoef *et al.* 2004), and how negative moments or time perceptions affect dynamic CE over time (e.g. Tsai and Min 2011). Specifically, consumers can evaluate their journey cognitively, affectively and through their senses. The role of cognition receives rather limited attention within the CE studies we reviewed; instead, research centers primarily on how consumers affectively evaluate touchpoints and how this varies over time. Also, scholars increasingly focus on the role that basic senses play when evaluating encounters with a firm (Krishna 2012); contextual factors such as music or scent in a store stimulate the senses and thus contribute to creating experiences.

There is extensive research on the consumer perspective, while the organizational perspective appears rather limited. Surprisingly, research on both can be found in mostly unconnected streams of literature. This, in turn, has led to a divergence in the conceptualization of the CE construct (Verhoef *et al.* 2009). The goal of the present review is to lay the foundation for aligning both perspectives on CE and contribute to the emerging bridging of firm and customer research (Brach *et al.* 2015). We offer a threefold contribution: First, based on a systematic and replicable article selection process, we provide a focused and targeted review of the CE literature primarily from the consumer perspective. Second, we advance a better understanding of the CE construct and its differing conceptualizations by identifying two levels of CE research and developing a conceptual framework that connects them. Third, after providing a review of the existing literature on the two levels of CE, we derive an agenda for further research aimed at integrating the currently disjointed organizational and consumer perspectives.

Literature review method

In line with Tranfield *et al.* (2003) and Bailey *et al.* (2015), we conducted a systematic literature review, adopting a well-respected evidence-based approach from medical science for our purposes: the Preferred Reporting Items for Systematic Review and Meta-Analysis (PRISMA) Protocol (Shamseer *et al.* 2015). This protocol was administered as follows.
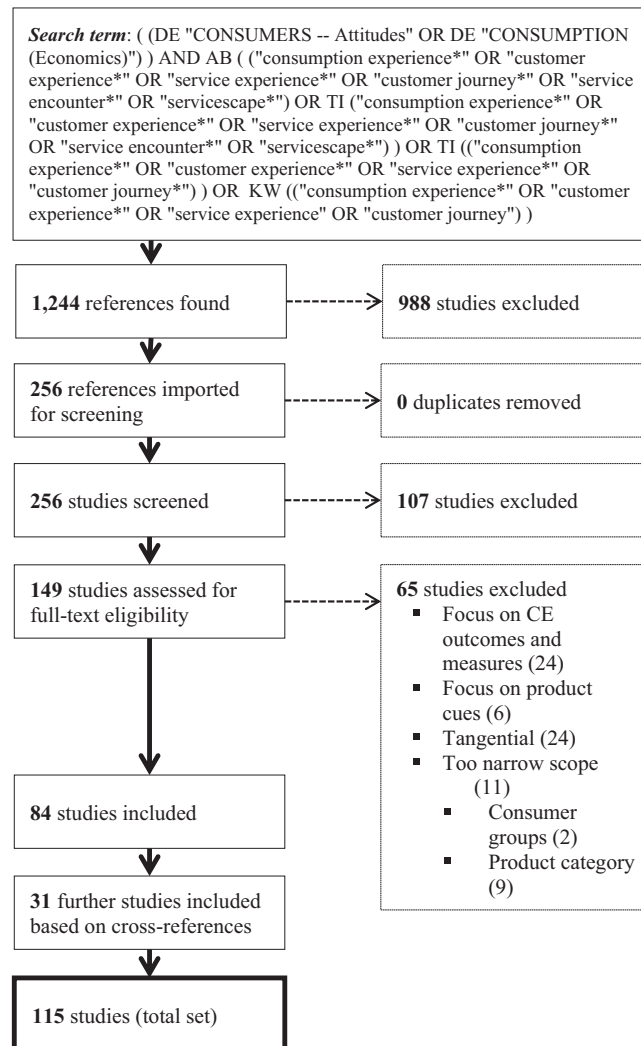
Search term: ((DE "CONSUMERS -- Attitudes" OR DE "CONSUMPTION (Economics)")) AND AB (("consumption experience*" OR "customer experience*" OR "service experience*" OR "customer journey*" OR "service encounter*" OR "servicescape*") OR TI ("consumption experience*" OR "customer experience*" OR "service experience*" OR "customer journey*" OR "service encounter*" OR "servicescape*")) OR TI (("consumption experience*" OR "customer experience*" OR "service experience*" OR "customer journey*")) OR KW (("consumption experience*" OR "customer experience*" OR "service experience" OR "customer journey"))

1,244 references found → **988** studies excluded

256 references imported for screening → **0** duplicates removed

256 studies screened → **107** studies excluded

149 studies assessed for full-text eligibility → **65** studies excluded
- Focus on CE outcomes and measures (24)
- Focus on product cues (6)
- Tangential (24)
- Too narrow scope (11)
  - Consumer groups (2)
  - Product category (9)

84 studies included

31 further studies included based on cross-references

115 studies (total set)

Figure 1. Search strategy, sampling frame and selection process

Article identification and selection

Consistent with prior studies published in this Journal (e.g. Kunisch *et al.* 2015; Savino *et al.* 2017), we sourced the articles from EBSCO's Business Source Elite, because this database provides a comprehensive portfolio of business, management, economics and cognate journals. To ensure a high degree of objectivity, transparency and replicability of our bibliographic search, we followed a five-step procedure (Figure 1).

First, we identified the most common keywords used in the Business Source Elite database for early seminal CE studies (e.g. Arnould and Price 1993; Holbrook and Hirschman 1982). Focusing on seminal publications as a starting point for the search is common practice in management research (e.g. Kunisch *et al.* 2015; Schmitt *et al.* 2016). The two prevailing keywords were 'CONSUMERS – Attitudes' and 'CONSUMPTION (Economics)'. Within this sampling frame, we searched for articles containing 'customer experience*' and its synonyms ('consumption experience*', 'customer experience*', 'service experience*', 'customer journey*') in either their title or abstract. We also included 'service encounter*' and 'servicescape*' as CE was often termed as such in early articles (e.g. Bitner 1990, 1992). To ensure the inclusion of all relevant CE papers, we subsequently broadened our search to articles beyond our initial sampling frame with articles containing the search terms synonymous for CE in their title or keywords.

These two iterations yielded an initial set of 1,244 articles.

Second, to increase the relevance and quality of our results set, we limited our selection to peer-reviewed, academic journals in English. Furthermore, we included only articles from journals in the Top 100 of the 2014 Journal Citation Report (JCR) for the Business field (sorted by impact factors). This yielded a set of 256 articles.

Third, our team performed a first thorough screening of all articles (N = 256) with regard to face validity (whether CE is indeed the core subject of investigation), which resulted in the exclusion of 107 articles.

Fourth, we assessed the remaining set (N = 149) for full-text eligibility. In total, we discarded 65 articles that had too narrow a scope, a focus on product cues only, or that only dealt tangentially with CE. We also excluded studies that examined outcomes of CE or the relation between CE measures and outcomes, as they do not contribute to a clearer understanding of the CE construct per se.

Fifth, a thorough review of the remaining studies (N = 84) led to the inclusion of 31 additional papers based on cross-references. This yielded a final set of 115 articles dating from 1982 to 2016.

Article categorization

Based on differing conceptualizations of CE suggesting an approach from either the firm's viewpoint (Pullman and Gross 2004) or the consumers' (Holbrook and Hirschman 1982), we categorized articles according to their perspective (organizational vs. consumer). Only a few articles dealing with the CE construct on a meta-level fell outside the two parameters (see the Appendix for the full categorization).

After this initial classification, we evaluated the articles on their static vs. dynamic perspective. Although the literature does not distinguish between the two, it was apparent from our assessment that this distinction is theoretically meaningful. While past studies have implicitly adopted one or the other perspective, the dynamic nature of CE has garnered more attention in recent years as this temporal difference has become more apparent (e.g. MSI 2014; Verhoef *et al.* 2009). In addition, calls for research have repeatedly indicated a need for a better understanding of these dynamics (see research priorities by MSI (2012, 2014)). Our aim is to assess the academic evolution of this dynamic perspective in comparison with the static viewpoint. Finally, we carefully analyzed and

categorized all 115 articles; we present the subthemes that emerged in the remainder of this paper.

Circumscribing the boundaries of the CE concept

Customer experience can be characterized as an umbrella construct defined as a 'broad concept used to encompass and account for a diverse set of phenomena' (Hirsch and Levin 1999, p. 199). Verhoef and colleagues (2009) recognize this by recommending CE scholars look 'beyond the focus of a limited set of elements under the control of the retailer to a broader understanding of the multiple factors both within and outside retailers' control that impact the customer's experience' and 'focus on a richer conceptualization of the customer experience that not only captures cognitive evaluations [. . .] and affective responses [. . .], but also encompasses social and physical components' (Verhoef *et al.* 2009, p. 33). The diversity in how CE is understood in the literature leads to a lack of clarity, typical of umbrella constructs (Poulsson and Kale 2004; Tynan and McKechnie 2009).

Customer experience remains at the 'emerging excitement' stage of Hirsch and Levin's (1999) lifecycle model of umbrella constructs (Figure 2), despite the fact that CE has been the subject of research since the early 1980s (Holbrook and Hirschman 1982). This calls for an integration and synthesis of the literature. The 'emerging excitement' label is confirmed by the Marketing Science Institute, which listed CE as one of its biennial research priorities for the third consecutive time in 2014 (MSI 2014). Based on seminal articles contributing to the development of the CE construct, Figure 2 illustrates the temporal and theoretical maturity trade-off regarding the diffusion of research on CE.

Beyond Holbrook and Hirschman's (1982) holistic notion of CE, early studies addressed the manageable features of single service encounters: in particular, how to mitigate the effects of negative service experiences (Bitner 1990), focusing primarily on factors within the firm's control. Over time, research moved beyond the service encounter per se to consider environmental factors (Hui and Bateson 1991) that can also be beyond firm control. To this end, an extensive volume of research was initiated investigating the servicescape (Bitner 1992), such as physical surroundings, atmosphere, spatial layout, functionality of a store, but also signs, symbols and artifacts. More recently, the emerging field of sensory
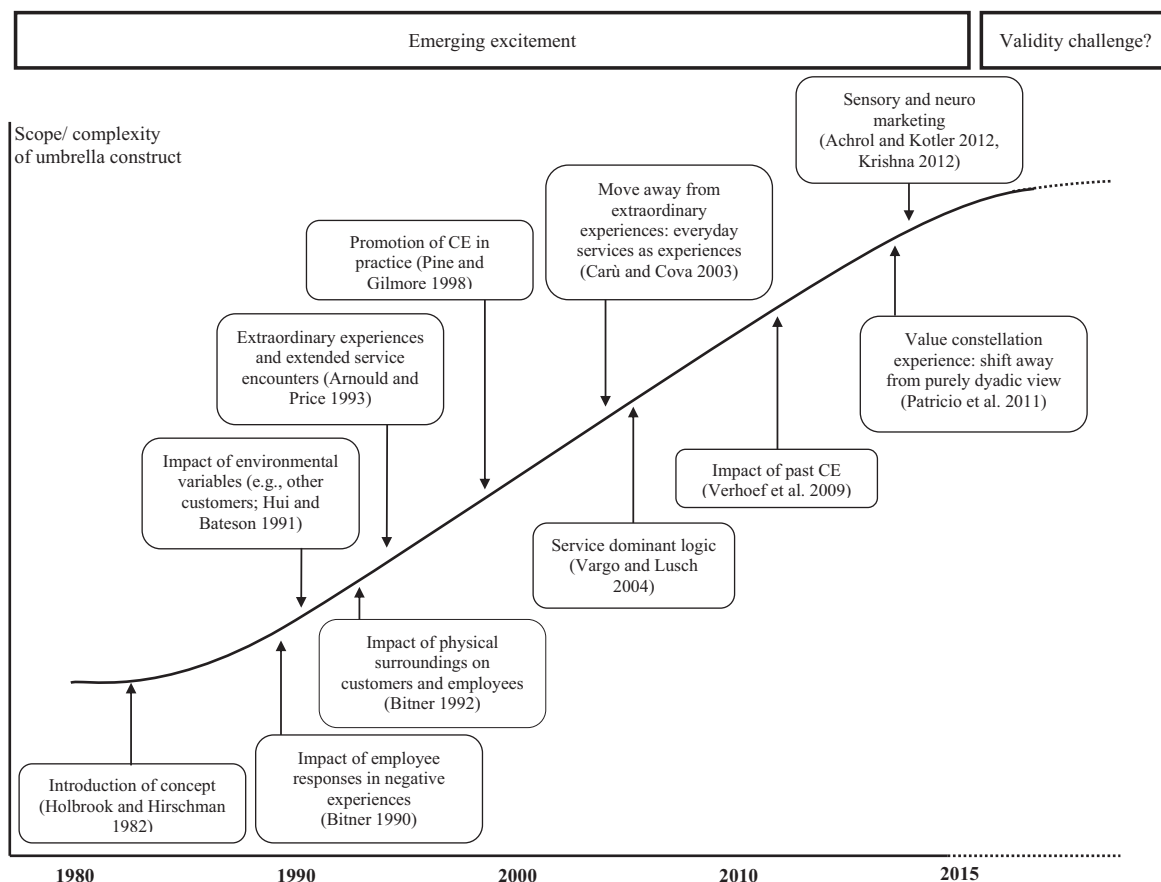
Figure 2. Temporal development and theoretical maturity of customer experience

marketing (Achrol and Kotler 2012; Krishna 2012) describes the use of subconscious triggers that appeal to the human senses of smell, taste, touch, vision and hearing to create a sensory CE (e.g. Madzharov *et al.* 2015). Consequently, the concept of CE has been malleable, responding to emerging developments both in the field and in CE practice, expanding in both scope and depth over time.

In contrast to insights gained from single service encounters, parallel literature emerged examining multiple service encounters, enriching the concept of CE by considering temporal influences on a longitudinal basis (Arnould and Price 1993). Recognizing that experiences do not take place exclusively at any one moment, these studies framed experiences across a series of repeated and sequential encounters. This further complicates the understanding of CE, as these encounters also include factors that are beyond the firm's control. Pine and Gilmore's (1998) *Harvard Business Review* article heavily promoted the idea of

CE, which sparked intense interest in both research and practice. While this research trajectory finds its inspiration in studying extraordinary experiences, other researchers advocate a more modest view of CE (Carù and Cova 2003), emphasizing a shift away from the notion that experiences have to be extraordinary. This perspective gained further theoretical legitimacy by the introduction of service-dominant logic (Vargo and Lusch 2004), which argues that services (not goods) and related experiences are fundamental to all business, and the value they create is subjective, contextual and experiential in nature. Maintaining this holistic view of multiple service encounters, Verhoef and colleagues (2009) stress the importance of past experiences in determining current ones. They call for empirical research on CE dynamics, such as how evolving consumer expectations might shape CE. Taking this dynamic perspective one step further, Patrício and colleagues (2011) abandon the dyadic view of firm–customer interactions. Instead,
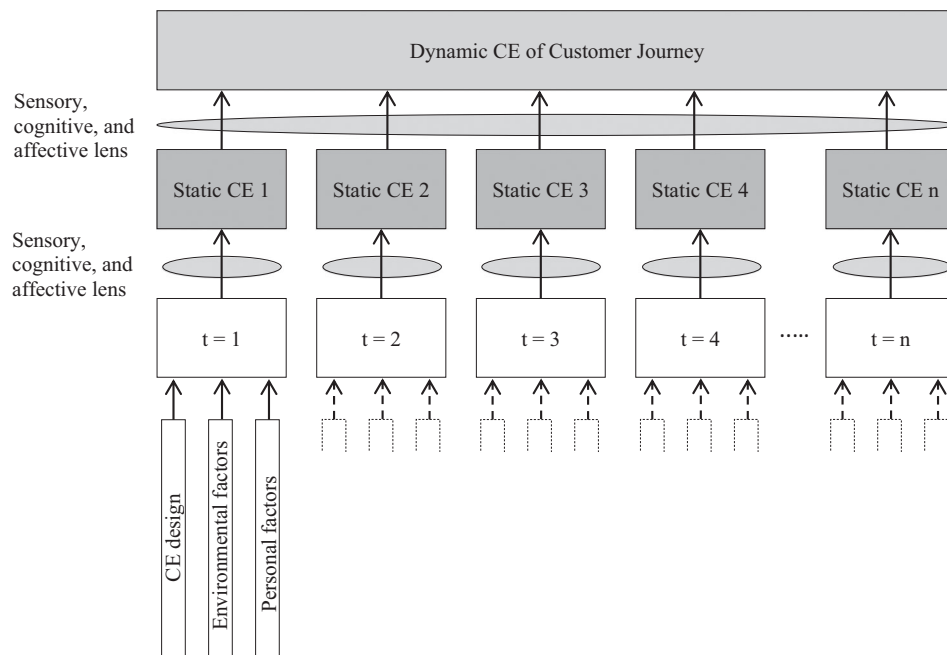
Figure 3. Formation of static and dynamic customer experience

they argue that interactions take place within a broader network of firms. So, when managing CE, a firm must also consider customers' experiences with other firms within this network.

Based on these seminal articles, we conclude that, although CE was introduced as a holistic concept (Holbrook and Hirschman 1982), it is not always treated as such. Instead, the literature investigates CE on two different levels: (1) the experiences consumers have during single or multiple touchpoints at one point in time; and (2) CE over time. Thus, we propose a synthesis of two CE conceptualizations:[1] Static CE is an individual's cognitive, affective and sensory evaluation of one or multiple touchpoints with a firm at one specific point in time. Dynamic CE, in contrast, is an individual's evolving cognitive, affective and sensory evaluation of a series of any direct or indirect touchpoints with a firm within the entire course of the customer journey. As indicated in Figure 3, dynamic CE as a whole is formed by static CEs of touchpoints experienced with a firm.

Hirsch and Levin (1999) challenge the long-term validity of umbrella constructs. These authors assert that, lacking coherent understanding and use, such

constructs run the risk of collapsing into their constituting elements. In order to rejuvenate the theoretical life cycle and address this validity challenge, our review continues to develop a more unified understanding of the CE construct by explicitly distinguishing the theoretically meaningful sub-constructs of static and dynamic CE, and synthesizing the relevant literature. Furthermore, we indicate avenues for future research.

Identifying opposing perspectives of CE research

Throughout the development of the CE construct, research has advanced on two different levels (static vs. dynamic CE) and with two opposing theoretical lenses. All CEs, from discrete exchanges to long-term relationships, are the result of interactions between firms and customers that are inherently dyadic (Dwyer *et al.* 1987). Thus, different streams of research have emerged that approach CE from either the organizational or the consumer perspective (Table 1). However, since both address the same phenomenon, there is potential for a theoretical symbiosis. In line with Mayer and Sparrowe (2013), we attempt to integrate these potentially complementary viewpoints by first examining their constituting features in isolation

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[1] We thank Reviewer 1 for constructive suggestions regarding this distinction.

Table 1. Organizational vs. consumer perspective of CE

	Organizational perspective	Consumer perspective
Theoretical level		
Key theories	Behavioral theory of the firm (Cyert and March 1963), Customer value creation (Srivastava *et al.* 1999) 1. product development management 2. customer relationship management 3. supply chain management	Experienced utility (Kahneman *et al.* 1997), Service-dominant logic (Vargo and Lusch 2004, 2004), Mehrabian and Russel (1974) model of environmental psychology, Expectation confirmation theory (Oliver 1977)
Key assumptions	• experiences can be designed • stimuli will be perceived similarly by all recipients • nomothetic approach is dominant	• existence of systematic errors in evaluations of past events • decisions do not always maximize future utility • value is idiosyncratic, experiential and contextual in nature • firms cannot deliver value (customer is always co-creator of value) • idiographic approach is dominant
Focal constructs	Servicescape, employee–customer interactions, organizational structure, management strategy	Customer journey, environmental and personal factors, cognition, affect, senses
Conceptual level		
Epistemological scope	Macro-, meso-level	Micro-level
Level of analysis	Firm, department, team, individual employee	Individual
Unit of analysis	Processes, systems	Cognition, affect, senses
Definition of CE	'An experience occurs when a customer has any sensation or acquires knowledge from some level of interaction with the elements of a context created by a service provider' (Pullman and Gross 2004)	'This experiential perspective is phenomenological in spirit and regards consumption as a primarily subjective state of consciousness with a variety of symbolic meanings, hedonic responses, and esthetic criteria' (Holbrook and Hirschman 1982)
CE level	Mainly static CE	Both static and dynamic CE
Empirical level		
Empirical predisposition	Emic (inside) view: describing the organizational system as a working whole	Etic (outside) view: describing the way in which a behavior, attitude or belief can be generalized from other contexts
Primary audience	Scholars and practitioners	Scholars and practitioners
Predictive nature	Prescriptive (know how)	Deterministic (know why)
Focal domain	How can firms design interactions with customers and underlying internal processes in a way that maximizes organizational targets?	Why do consumers behave in a certain way? What psychological processes underlie consumer behavior? (How do people experience social interactions? How are judgments formed? How is memory stored?)
Predominant research methods	Theoretical/conceptual approaches, interdisciplinary multi-method approaches, case research, survey research	Experimental designs, participant observation, ethnographic approaches

prior to identifying the theoretical means to bridge them.

Research from the organizational perspective focuses on ways to design CEs and underlying internal processes in a way that maximizes organizational targets. Key theories within this perspective are the behavioral theory of the firm (e.g. Cyert and March 1963) emphasizing the premise of efficiency in all firm actions, and customer value creation (Srivastava *et al.* 1999). According to Srivastava and colleagues (1999), research on customer value creation within the CE domain consists of three key processes: (1) service or experience development management (e.g. Patrício *et al.* 2008, 2011; Zomerdijk and Voss 2010);

(2) customer relationship management (e.g. Payne and Frow 2005); and (3) supply chain or, in the context of CE, partner network management (e.g. Patrício *et al.* 2011; Tax *et al.* 2013).

The organizational perspective is based on the key assumption that firms can design and thus determine consumers' experiences. In other words, stimuli created by firms are generally perceived similarly by recipients. Thus, the concept of CE is analyzed mainly at a meso-level focusing on the optimal design of processes and systems within firm boundaries that create static CEs. More recently, some scholars have adopted more dynamic and macro-level approaches to move beyond firm boundaries and identify the impact of service delivery networks of organizations (e.g. Tax *et al.* 2013). However, research typically addresses the role of a firm's organizational structure (e.g. Kwortnik and Thompson 2009) in CE management and design (e.g. Patrício *et al.* 2008) or how servicescapes should be designed (e.g. Bitner 1990) and how employees should be managed and trained (e.g. Hartline and Ferrell 1996). These studies are mostly prescriptive in nature, as the primary audience is not only scholars, but also practitioners. As research in this domain is predominantly phenomenon-driven, insights are often gained through case studies (e.g. Zomerdijk and Voss 2010) or survey research (e.g. Hartline and Ferrell 1996). Another large group of studies approaches the phenomenon of CE conceptually, often in an interdisciplinary way by integrating, for instance, insights from operations research and marketing (Fliess and Kleinaltenkamp 2004).

The consumer perspective, in contrast, focuses on understanding consumer behavior and explaining underlying psychological processes. Key theories are experienced utility (Kahneman *et al.* 1997) and service-dominant logic (Vargo and Lusch 2004, 2008), both emphasizing the subjectivity and context specificity of experiences and the resulting perceived utility. Some studies also link Oliver's (1977) expectation confirmation theory to how experiences are formed based on prior expectation levels (e.g. Sivakumar *et al.* 2014), while other authors argue that the (dis)confirmation of expectations does not suffice in explaining CEs (e.g. Lemmink and Mattsson 1998). Furthermore, the Mehrabian and Russel (1974) model of environmental psychology and other theories from this field (e.g. behavior constraint approach/perceived control in Hui and Bateson 1991) are used to explain the impact of consumers' surroundings and their sensory reactions.

The main premise underlying the consumer perspective is the alleged irrationality of consumers. Additionally, value is deemed to be highly idiosyncratic, experiential and contextual in nature. Thus, the consumer perspective acknowledges that firms cannot deliver value by themselves or determine how consumers perceive their own experiences. Consequently, analyses tend to be distilled to the micro-level to understand individuals' cognitive, affective and sensory reactions towards stimuli. Typical studies produce insights into the impact of environmental (Grove and Fisk 1997) and personal factors (e.g. Wirtz *et al.* 2000) on the perception of the customer journey (e.g. Verhoef *et al.* 2009) or try to unravel the roles of cognition, affect (Schouten *et al.* 2007) and senses (Krishna 2012). Unlike the organizational perspective, consumer-centric studies focus on both static and dynamic CEs. In this case, research is mostly predictive in nature, aiming to contribute to scientific conversations and provide managerial insights. While the embryonic research was exploratory and employed ethnographic approaches (e.g. Holbrook and Hirschman 1982) or the critical incident technique (e.g. Grove and Fisk 1997), most studies are strongly theory-driven and commonly employ experimental research designs (e.g. He *et al.* 2012; Hui and Bateson 1991).

As the consumer perspective focuses on individuals' reactions toward interactions and their underlying psychological processes, insights gained from the organizational perspective are commonly considered beyond the scope of interest. The latter, however, can benefit greatly from integrating the consumer perspective and broadening its scope beyond factors that are within the firm's control. In order to integrate both perspectives, the issue of conflicting assumptions has to be addressed (Mayer and Sparrowe 2013). In keeping with the organizational view, the notion that firms can design experiences remains valid. However, tenets of the consumer standpoint (e.g. the irrationality of consumers, subjectivity and context specificity of CE) are more tenuous, albeit potential sources of insight.

In the following sections, we give an overview of the rather limited literature currently available on the design and management of both static and dynamic CEs from the organizational angle, before providing an in-depth review of the static and dynamic CE literature from the consumer perspective. Subsequently, we develop a future research agenda that integrates the consumer into the organizational perspective and promotes a focus on the dynamic view of CE.

Organizational perspective on CE

Customer experience research from the organizational perspective approaches the creation and management of CE on two levels: (1) the design of static CE; and (2) how overall dynamic CE can be managed. Occasionally, this perspective also aims to identify the optimal management strategy (Palmer 2010) or organizational structure (Kwortnik and Thompson 2009).

Static CE

Beyond the product or service in itself, the physical surroundings and atmosphere of a store affect static CE, along with resulting evaluations and decision-making (e.g. Bitner *et al.* 1990; Grewal *et al.* 2009). Bitner (1992) developed a conceptual servicescape framework, identifying characteristics of a store that firms can consciously design and control to influence customer and employee behavior and to facilitate interactions among consumers (Aubert-Gamet and Cova 1999). More recently, the servicescape framework has been extended to include uncontrollable stimuli such as other customers, socially symbolic signs and feelings of fascination or belonging (Rosenbaum and Massiah 2011).

In contrast, another stream of literature deals with the design of the service itself. While some studies emphasize the importance of personalizing every touchpoint (Mathwick *et al.* 2010; Surprenant and Solomon 1987), others identify employee–customer interactions as a means for this personalization. Scholars argue that employee responses can both positively and negatively affect how consumers perceive a touchpoint with a firm (e.g. Arnold *et al.* 2005; Holloway and Beatty 2008; Massad *et al.* 2006) and that employee and customer behavior are highly interdependent (Ma and Dub 2011). In line with Bitner *et al.* (1994), Wilder and colleagues (2014) point to the process of empathizing and anticipating customer needs as the key to adapting a service experience. Other studies concur on the importance of employees' emotional competence in general (Delcourt *et al.* 2016), or with regard to consumer satisfaction in particular: helpfulness and generosity (Isen 2001), creativity (Coelho *et al.* 2011), responsiveness and courtesy (Hocutt *et al.* 2006). Owing to its often contagious nature, affect can spillover from employees to consumers and vice versa (Menon and Dubé 2004). To affect CE perceptions positively,

firms should specifically try to boost their employees' self-efficacy and job satisfaction (Hartline and Ferrell 1996), clearly manage role expectations (Coelho *et al.* 2011) and create a positive service climate (Bowen and Schneider 2014). In order to facilitate the co-production of experiences and resulting satisfaction, other studies propose employee training aiming to increase consumers' self-efficacy (Ford and Dickson 2012), managing employees' language use (Otnes *et al.* 2012) or matching frontline employees' gender with consumer expectations (Mohr and Henson 1996).

Dynamic CE

More recently, the emphasis has shifted to the importance of a holistic and dynamic touchpoint design throughout the customer journey that also accounts for CEs among multiple channels within the same company, both offline and online (Dhebar 2013; McColl-Kennedy *et al.* 2015; Patrício *et al.* 2008). A practical tool for this is the 'service experience blueprint', which systematically incorporates customers' desired experiences and needs at every touchpoint (Patrício *et al.* 2008). Blueprinting was originally used to draw flow charts of dependencies and tasks in computer systems and industrial engineering (Fliess and Kleinaltenkamp 2004). Similarly, blueprinting is used in service design as a mapping technique to visualize all the processes involved in delivering a service that are internal or externally visible to the customer, including respective execution times and costs. More specifically, scholars propose applying lessons learned from highly experience-focused industries, such as entertainment, to everyday low involvement service settings, i.e. consciously designing a 'dramatic' series of events with certain peak moments (Stuart 2006; Stuart and Tax 2004; Zomerdijk and Voss 2010).

Moving beyond the design of controllable firm–customer touchpoints, scholars have argued more recently that CE takes place within a broader network of firms that create value for the customer (e.g. Patrício *et al.* 2011). With the terms 'value constellation' (Patrício *et al.* 2011), 'service ecosystem' (Akaka and Vargo 2015; Chandler and Lusch 2015) and 'service delivery network' (Tax *et al.* 2013), investigation has moved away from the notion of purely dyadic firm–customer relationships. Relevant studies posit that a firm must analyze the entire service network to understand what the customer wants before

designing its own service experience and related service encounters accordingly.

Consumer perspective on CE

Customer experience research in this context analyzes consumers' perceptions on three levels: (1) static experiences at one point in time; (2) how dynamic overall experiences are formed; and (3) how cognition, affect and the senses affect both static and dynamic CEs.

Static CE

Investigation of static CE deals with how consumers experience firm encounters beyond the factors that are controllable by the firm. Here studies focus on the impact of either environmental or personal factors.

Environmental factors. Beyond direct firm–customer interactions, there are other factors influencing static CE that are largely beyond firm control. The influence of other customers, for example, has received heightened scholarly attention. In fact, the mere presence of other customers, as well as customer-to-customer interactions, can heavily affect perceived experience (Brocato *et al.* 2012; Grove and Fisk 1997). This is especially germane for consumers with interdependent self-construals (He *et al.* 2012). When customers observe how others are being treated during a touchpoint with a firm, this can both strengthen and mitigate the effect of their own CE on attitudes and behavioral intentions (Mattila *et al.* 2014). Specifically, when a customer sees a fellow customer experiencing a service failure followed by a poor recovery, this significantly lowers fairness perceptions and repatronage intentions, even if the observing customer's own experience was positive. Not surprisingly, the effect is even stronger when it confirms one's own negative experience. Hui and Bateson (1991) show that consumer density also significantly influences consumers' emotional responses to service encounters as well as their subsequent behaviors, although the effective direction is context-specific. Intuitively, a customer in a crowded bank would give a more negative evaluation of a service experience. But in a crowded bar, interactions with fellow customers can have an even greater impact on perceived service quality than direct contact with the service provider (Lehtinen and Lehtinen 1991). These effects are mediated by the perceived control a consumer has over the present situation. The discomfort some consumers experience in overcrowded service settings has been termed the 'sardine effect' (Chen *et al.* 2009). Although compensations offered by the service provider may persuade consumers to stay, which would increase profits, they would still feel discomfort.

Overall, not only the number and behavior of other customers significantly affect the evaluation of service encounters, but also their age, gender and appearance (Kim and Lee 2012). In an attempt to measure these influences, the 'Other Customer Perception' scale captures three dimensions: similarity; physical appearance; and suitable behavior. Increasingly, scholars postulate that these external factors should move into the firm's focus and that both the customer portfolio and customer behavior during encounters should be managed more actively (Brocato *et al.* 2012; Grove and Fisk 1997).

Personal factors. Holbrook and Hirschman (1982) acknowledge that, besides external input, personal factors such as monetary and time resources, task definition, involvement, the nature of the search activity and individual psychographics affect how consumption is experienced. Specifically, task definition, in terms of the goal of a retail store visit (e.g. urgent purchase, large quantities, looking for a gift) significantly influences store choice and the salience of different store attributes (e.g. Van Kenhove *et al.* 1999). In a restaurant setting, instead, consumption goals (excitement vs. relaxation) have an impact on desired levels of arousal, which, in turn, moderate the effect of the servicescape on satisfaction (Wirtz *et al.* 2000).

Beyond the underlying goals of consumption, the way it takes place can also influence CE. For instance, rituals can enhance the consumption experience, even if they are externally induced, by increasing interest and involvement (Vohs *et al.* 2013). Bhattacharjee and Mogilner (2014), in turn, focus on consumers' age as yet another potentially impactful personal factor. They analyze what kind of experiences people recall, plan and share, and go on to identify significant differences among age groups. Driven by self-definition, younger people are happier with extraordinary experiences, while older people derive the same happiness levels from common, frequent experiences.

Furthermore, taking a cross-cultural approach to analyzing divergence in CEs, Youngdahl and colleagues (2003) study a sample of graduate students from more than 40 countries and conclude that consumers' satisfaction-seeking behavior and effort does not vary across cultures. However, Winsted

(1997) shows that consumers in Western and Eastern cultures employ different dimensions to evaluate service experiences, at least in part. For Japanese customers, for instance, service employees must be appropriately formal in their clothing and language, while US customers place greater emphasis on authentic behavior. Poon *et al.* (2004), similarly, look into how service failures are perceived in Eastern and Western cultures. They find that, compared with Chinese consumers, their Canadian counterparts are more likely to attribute service failures to the service provider rather than to themselves. Therefore, it is critical that firms provide external explanations for service failures that are beyond their control.

Dynamic CE

Research from the consumer perspective on the perception and formation of dynamic CEs deals with how consumers experience sequences of touchpoints with firms. Relevant studies focus on: (1) how satisfaction is formed throughout the customer journey; (2) how negative encounters are perceived; or (3) how delays and waiting time during touchpoints affect CE.

Satisfaction in the customer journey. The process of purchasing and consuming a good or service can be characterized as a sequence of events (Verhoef *et al.* 2004). Customers have a series of touchpoints with the firm starting in the search phase or even before, and involving every moment that they interact with the firm (either directly or indirectly, e.g. via promotional activities). The concept of customer journey is referred to as the customers' view or perception of these touchpoints (Zomerdijk and Voss 2010), which constitute dynamic CE (Patrício *et al.* 2011). Because the attributes consumers consider when evaluating CE might vary throughout the consumption process (Dagger and Sweeney 2007), a dynamic approach is essential. Specifically, search qualities of goods or services are more salient in evaluating CE in early stages of the customer journey, while experience and credence attributes gain importance later on.

As in-depth investigation of the customer journey from a dynamic perspective is scarce, studies often refer to research from related disciplines like psychology and labor economics that explore how people evaluate temporal sequences of events. In any case, scholars disagree on how customers assess overall satisfaction with such sequences. One early stream of research suggests that the satisfaction with each touchpoint simply adds up to the total utility of an experience, inferring that the individual touchpoints are independent of one another, and the temporal sequence of events has no impact (e.g. Koopmans 1960). This view has been challenged by a number of studies suggesting people's preference for sequences of events that improve over time (e.g. Loewenstein and Prelec 1993). In line with this, other research questions the additivity of utility, arguing that the final moment of a sequence has the highest influence on satisfaction levels (Ross and Simonson 1991). Along these lines, the recency effect (Nipher 1878; Stigler 1978) would predict that the final moment is the most salient in the customer journey when looking back on an experience. However, studies advocating a conflicting view based on the primacy effect suggest that the first service encounter has the greatest impact on customer evaluations of service performance (Bolton and Drew 1992). Other scholars advocate the existence of the peak-end rule, arguing that overall satisfaction depends on the average utility of the most extreme peak moment and the final encounter (Kahneman *et al.* 1997). Taking a slightly different tack, in an empirical study in a financial services context, Verhoef *et al.* (2004) find that the positive and negative peak moments as well as the average performance could significantly predict experienced utility, but not the last moment of the sequence.

Negative moments in the customer journey. Negative encounters are the subject of a different body of research on service failures and their temporal position in the customer journey as well as subsequent recovery efforts (e.g. Tax *et al.* 1998). Sivakumar *et al.* (2014) formulate propositions based on prospect theory as it pertains to the distribution of service failure and delight moments throughout the customer journey; they also explore the respective impact of these episodes on perceived service quality. Specifically, these authors find that one big service failure has a less severe impact than two smaller ones, while segregating service delights leads to more favorable evaluations compared with integrated delights. Furthermore, the order in which moments occur also matters: because consumers constantly adjust their reference or expectation levels, they give a better assessment of a dynamic CE when delight follows failure, rather than the other way round. Sivakumar *et al.* (2014), concurring with Harmeling *et al.* (2015), argue that the duration of the relationship between firm and customer might play a significant moderating role with regard to the effect of positive and negative moments on overall dynamic evaluations. In other words, since

reference levels normally rise the longer the relationship lasts, early service failures might be less severe than failures of the same magnitude at a later stage. Accordingly, early delight moments can have more positive effects on CE than later ones.

Further, studies find that consumers focus on negative aspects of their experience particularly after being asked to state their expectations prior to a service experience (Ofir and Simonson 2007). Therefore, as is the case with predictions about uncertain events (Mandel and Nowlis 2008), pre-experience surveys can significantly lower enjoyment and post-experience evaluations. When consumers experience a negative moment, they might complain about it to the firm. Whether this results in churn depends on a consumer's prior experience: earlier positive experiences decrease the likelihood of an actual churn, while previous complaints increase it (Knox and van Oest 2014). The aggravating effect of prior negative experiences only applies to recent experiences. Knox and van Oest (2014), in their data on 20,000 customers from an Internet retailer, observe that relationships return to pre-complaint levels relatively quickly.

Once a complaint is filed, scholars agree that how it is handled is a critical moment in a firm–customer relationship, closely tied to customer satisfaction, commitment and trust (Dwyer *et al.* 1987; Tax *et al.* 1998). There are, however, conflicting views on the outcomes of a satisfactory problem resolution. While some scholars support the service recovery paradox, finding that satisfaction levels after a successful service recovery can be even higher than before the failure occurred, others argue against it (for a meta-analysis, see de Matos *et al.* 2007). Prior positive experiences with a firm may moderate the effect of recovery efforts in two ways: first, the resulting high expectations could amplify the negative repercussions of a poorly handled complaint in the future; second, from empirical evidence, accumulated goodwill could also diminish these effects (Tax *et al.* 1998).

Time perceptions in the customer journey. A third stream of research within the dynamic consumer perspective deals with the impact of time perceptions and waiting times on overall dynamic CE. Several studies analyze how such perceptions vary when experiences are either integrated or explicitly unpacked into single activities. While researchers concur that consumers expect negative experiences to pass more quickly when separated into different steps, there is conflicting evidence on whether positive experiences are similarly predicted to be shorter (Lim *et al.* 2015)

or longer (Tsai and Min 2011) when split into several episodes. When retrospectively judging how long an experience lasts, segmentation leads consumers to perceive a longer duration compared with the same experience unsegmented (Tsai and Min 2011). The authors also explore perceptions of waiting time between different episodes. In an experiment manipulating waiting times at an ATM, they find evidence for a primacy effect when prospectively judging expected waiting times, and a recency effect when retrospectively judging actual waiting time. Accordingly, for consumers prospectively (retrospectively) evaluating waiting time, the speed of the first (last) episode determined their perceptions.

Other studies analyze downstream consequences of time perceptions: while a delay between choice and consumption can have a positive effect on consumption enjoyment, it leads to a more negative retrospective evaluation of dynamic CE overall (Nowlis *et al.* 2004; Taylor 1995). This is especially true with non-routine delays that jeopardize the completion of the service (e.g. a plane grounded for repairs; Hui *et al.* 1998). This negative effect is moderated by when the delay happens in the customers' journey (Hui *et al.* 1998), how they perceive the service provider's control over the situation, and how waiting time is spent (Taylor 1995). Specifically, the negative effects of delays are stronger the earlier they occur in the customers' journey. However, these effects are mitigated when the delay is seen as beyond the service provider's control, and when this firm attempts to fill the waiting time for customers with either service-related or unrelated tasks.

Further, time delays between purchase and consumption have been found to alter the effect of price promotions on CE enjoyment (Lee and Tsai 2014). Price promotions can have two contrasting outcomes: a positive mood effect after saving money; or a negative effect in terms of attention paid to the experience as a result of smaller perceived sunk costs. While price promotions enhance enjoyment if consumption directly follows purchase (i.e. the mood effect dominates), they can also lower consumption enjoyment when there is a substantial delay between purchase and consumption (i.e. the lower attention effect dominates).

Cognitive, affective and sensory evaluation of the customer journey

Scholars conceive the quality of a touchpoint or an entire customer journey to be a function of physical

surroundings, the service provider and its employees, other customers' behavior, customers' companions and the customers' cognitive and affective arousal (Chang and Horng 2010). Thus, a touchpoint or journey can theoretically be perceived and evaluated through three different lenses (Brakus *et al.* 2009; Schmitt 1999): (1) cognition; (2) affect; and (3) human senses.

There is surprisingly little research on how consumers conceive their experiences cognitively. Although CE by definition focuses on subjective and situational perceptions (Holbrook and Hirschman 1982), consumers are most likely also driven by rational and cognitive considerations, at least in part. Especially when judging complex services, Mikolon *et al.* (2015) emphasize the importance of cognitive resources. The authors state that, in such situations, available cognitive capacity positively affects loyalty and satisfaction; moreover, consumers react negatively to overwhelmingly complex encounters.

There is a substantially larger body of research assessing the role of affect in creating static and dynamic CEs, as scholars argue that the disconfirmation model does not provide a sufficient explanation (Alford and Sherrell 1996). On a static CE level, several studies posit that simply measuring positive and negative affect does not suffice to explain how consumers experience touchpoints with a firm (e.g. Laros and Steenkamp 2005). Instead, a variety of specific emotions, such as pleasure linked to surprise or keen high interest (Westbrook and Oliver 1991) or love, contentment and optimism (Richins 1997) can contribute to forming a static CE, and therefore should be measured. Negative emotions such as anger, sadness or fear (Richins 1997) typically depend on whether consumers attribute a negative touchpoint to themselves, the firm or the situation (Svari *et al.* 2011). When an experience fails to elicit any emotions, the consumer's mood has a significant impact on post-experience attitudes (Miniard *et al.* 1992). One potential trigger of a consumer's affective response during a touchpoint with a firm can be employees. In fact, Lemmink and Mattsson (1998) show that, even if consumer expectations are not met (e.g. a product is not available), the perceived warmth of an employee can result in positive productivity perceptions and loyalty.

While those studies assess the role of affect in evaluating single touchpoints with a firm, other scholars emphasize the importance of adopting a dynamic perspective, since emotions come into play throughout the customer journey (Klaus 2013) and may change

quickly (Holbrook and Gardner 1993; Maguire and Geiger 2015; Puccinelli *et al.* 2009). In a similar vein, other studies argue that, owing to adaption (Nelson and Meyvis 2008) or satiation processes (Galak *et al.* 2013), the affective intensity of experiences decreases over time. Interruptions of experiences, in contrast, can intensify the emotions that customers feel during subsequent touchpoints (Nelson and Meyvis 2008). Accordingly, dynamic CE can benefit from interruptions when positive emotions are experienced, but deteriorate when negative emotions are interrupted. Surprisingly, studies show that consumers expect the opposite effect and are more prone to segregate negative experiences rather than positive ones. Cowley (2007) provides another example of consumers' often suboptimal affect-based decisions: while they intend to base their future behavior on remembered affective reactions to prior experiences, other affective reactions to post-experience stimuli (e.g. advertisements) often make recall difficult. In this case, consumers frequently make decisions based on their own post-experience behaviors instead (e.g. telling a friend about it), even if those behaviors do not reflect their initial reaction to the experience.

Another stream of research analyzes emotional customer–brand relations that emerge from favorable CEs. In extreme cases, some consumers engage in relationships with brands in the same way that they would with other human beings, to express their lifestyle and identity (Fournier 1998). Such intense relationships are associated with consumers' experiencing passion, commitment and intimacy, and are thus hard to imitate (Berry *et al.* 2002). Apart from being symbols representing firm values (Schouten *et al.* 2007), brands can be seen as a 'rich source of sensory, affective, and cognitive associations that result in memorable and rewarding brand experiences' (Schmitt 1999, p. 57). Studies show, for instance, that when consuming several products simultaneously, consumers enjoy the experience more with same-brand products (Rahinel and Redden 2013).

Epstein's Cognitive-Experiential Self Theory (Epstein 1998) states that humans employ two parallel, yet heavily intertwined, conceptual systems. In line with this theory, research on CE concurs that both cognition and affect have an impact on CE, both online and offline (e.g. Mano and Oliver 1993; Rose *et al.* 2012). More specifically, findings show that the impact of cognition and affect changes over time (Homburg *et al.* 2006) and depending on the level of

CE (Smith and Bolton 2002). At the beginning of a customer journey, and when forming static CEs, affect plays a greater role, while in later stages, when the consumer gains more information and when evaluating a dynamic CE, cognitive reactions are more impactful.

Next to cognition and affect, the role of the human senses in evaluating events and stimuli is gaining increased attention (e.g. Yakhlef 2015). This third theoretical lens explains how subconscious triggers appealing to basic human senses are perceived, and how they influence one's judgment of CEs and behavior (for an exhaustive review on sensory marketing, see Krishna 2012). Achrol and Kotler (2012) point to research on experiences through the human senses as one of the key sub-phenomena of today's emergent marketing paradigm. For instance, as an atmospheric cue that can easily be managed, music has received extensive scholarly attention. A meta-analysis on the effects of background music on consumers' affective response, value returns and duration of store visits shows robust results (Garlin and Owen 2006). Möller and Herm (2013), in turn, assess how bodily experiences shape brand perceptions: when sitting on a hard (vs. soft) piece of furniture in a retail store, consumers perceived the brand in question to be more rugged. Furthermore, brand perceptions are also influenced by room temperature (Möller and Herm 2013), olfactory cues (Moore 2013) and the overall fit between sensory cues and brand values (Beverland *et al.* 2006).

Beyond exploring the effects of experiencing through a single sense, there are studies analyzing the interaction of senses. Research concurs that a congruent appeal to multiple senses, such as a congruence between ambient scent and in-store music (Mattila and Wirtz 2001; Spangenberg *et al.* 2005) can positively affect CE (Krishna *et al.* 2010).

Consequently, consumers' experiences are formed through experiencing and evaluating single touchpoints and entire journeys with a firm through their senses, emotions and cognition. As described above, these lenses are heavily intertwined and inseparable. The prevalence of one or more lenses depends a great deal on the context (e.g. Gentile *et al.* 2007). For instance, Nguyen *et al.* (2012) postulate that, in retail settings, the outcome is most important, which makes cognitive evaluations the major driver of CE perceptions. For hedonic services, in contrast, the interaction with the service provider as well as the environment and consumers' affective and sensory perception are more important.

Discussion

This study has reviewed the last three decades of CE research. Building on a systematic in-depth analysis of the literature, we identify a high level of heterogeneity in the scope and conceptualization of the CE construct. Specifically, we argue that CE has developed into a broad umbrella construct (Hirsch and Levin 1999). While some studies call for an even broader conceptualization of CE (Verhoef *et al.* 2009), research on CE has become fragmented and often takes place in isolation. This fails to satisfy the holistic nature of CE. To counter further dilution of the CE concept and the resulting risk of construct collapse (Hirsch and Levin 1999), we recommend that the literature conceive CE on differing levels and analyze two sub-concepts: static and dynamic CE. While static CEs are formed at the level of single or multiple touchpoints at one point in time, they also contribute to an evolving dynamic CE that results from the series of different touchpoints a consumer has with a firm over time. Our integrative framework can thus shed some light on the often ambiguous and confusing use of the CE concept explaining how these different conceptualizations are related.

Apart from being conducted on a static or dynamic level, we also point out the dyadic nature of CE research. The majority of studies approach CE from either an organizational or a consumer perspective that deals with the creation and perception of CEs, respectively. This distinction is theoretically meaningful, as CEs result from firm–customer interactions, but there is a substantial lack of connection between these perspectives. Based on an analysis of both the relative scope and underlying assumptions, our study identifies potential for greatly advancing CE research by bridging organizational and consumer research. Specifically, we propose to integrate the consumer into the organizational perspective to account for the highly subjective and contextual nature of CE. Consequently, we present a thorough review of the literature on the consumer perspective. Specifically, we identify three distinct sets: (1) studies assessing how environmental and personal factors shape static CEs; (2) studies dealing with the formation of dynamic CEs and how those are affected by negative touchpoints and time perceptions; (3) studies analyzing the three lenses of cognition, affect and senses through which both static and dynamic CEs are formed.

Surprisingly, there is little overlap between the topics researched from the two perspectives (organizational and consumer). By integrating findings from

a broad range of prior studies, we establish single firm–customer touchpoints as well as the entire customer journey as focal to static and dynamic CE research, acting as a conduit between firm and consumer. Nonetheless, while CE research from the organizational perspective has focused mainly on direct encounters with consumers that firms can observe and manage, research from the consumer viewpoint contrarily mainly assesses the impact of factors that are largely beyond firm control. Especially when taking up a dynamic perspective, both perspectives thus fail to agree on a clear conceptualization of what constitutes a customer journey.

Future research agenda

Despite the large number of studies that we identified and reviewed, CE research has reached an interesting juncture. We contend that future research should consider, in a concomitant manner, both perspective and discipline. First, the dyadic nature of firm–customer relationships combined with the technological advances that attenuate this relationship give rise to the need for further research to understand fully the holistic nature of CE. Most importantly, studies should begin to integrate the consumer perspective into organizational research. Second, the present review reveals that CE is approached on a static and dynamic level. The organizational perspective, in particular, centers on a mainly static approach to assessing the design of specific touchpoints. However, most firms are not only interested in optimizing a single exchange, but in fostering long-term relations with their customers. For this reason, we emphasize the critical nature of research focusing on creating and managing dynamic CEs. In the following section, we propose four distinct but equally valuable areas for potential future integrative research (Table 2).

Assessing CE on different levels

While the research reviewed here focuses on static and dynamic CE, we propose that the latter can be further broken down into dynamic CE on a customer journey level and relationship CE. Dynamic CE considers a series of touchpoints over time that form a customer journey from the initial search to after-sales phases, typically for one specific product or service (Tax *et al.* 2013). Therefore, particularly in long-term firm–customer relationships, customers may take several recurring journeys for different

products or services (Figure 4). In this situation, it might be beneficial to dissect explicitly the evolving relationship CE. When customers have already experienced a firm's touchpoints, they might perceive them differently compared with the first time, as they constantly adjust their expectation levels (e.g. Harmeling *et al.* 2015). Therefore, we call for research that also assesses this highest level of CE, focusing specifically on which touchpoints or journeys might be most influential in forming relationship CEs. Furthermore, research should address how expectations and affect towards the firm affect relationship CEs over time.

Bilateral view of the customer journey

The concept of the customer journey lies at the heart of CE research. Although this maxim holds true from both organizational and consumer perspectives, our review demonstrates that a consensus on the conceptualization of this journey is lacking. For organizations, it involves all possible interactions with the customer, while consumers might have a broader perception. As journeys 'represent what actually happens from the customer's point of view' (Zomerdijk and Voss 2010, p. 74), they also reflect encounters with a firm driven by environmental and personal factors that are beyond firm control (e.g. searching for advice online). Thus, research from the organizational perspective should take into account the customer's view to define which encounters form customer journeys. Studies should also consider various inputs from both online and offline sources that can be within or beyond a firm's control when assessing how these journeys are perceived; the role of employees is another fruitful field for further research. To expand on recent work on how employee engagement translates into customer engagement and firm performance (Kumar and Pansari 2016), studies should assess how employee engagement contributes to CE and how it can be fostered.

As a next step, new empirically derived models should supersede the current theorized framing of customer journeys to help firms in managing, designing and predicting outcomes. Classical models of the customer journey and transitions between phases are illustrated in the marketing funnel or hierarchy of effects models (e.g. Lavidge and Steiner 1961; Vakratsas and Ambler 1999). But these models may no longer be appropriate for today's customer journeys, which can be characterized as non-linear and punctuated by dynamics such as feedback loops,

Table 2. Research agenda

Perspective	Research questions
Assessing CE on different levels	• How do recurring customer journeys and their respective dynamic CEs add up to an overall relationship CE? • Which specific touchpoints or journeys are most important in determining relationship CE? • How do consumers' expectations change over time and how does this affect relationship CE? • How do consumers' affective relationships with a firm alter the way their relationship CE is formed?
Bilateral view of the customer journey	*Integration of 'the customer journey as perceived by the consumer' into organizational research* • How can firms converge the consumer and organizational perspectives of the customer journey? • How can dynamics such as channel switching or feedback loops be accounted for when monitoring customer journeys? • How do those dynamics affect the way customers' financial value should be assessed? • How can customer journeys be modelled in a way that helps companies to manage, design and predict outcomes? • How does work engagement of individual employees affect the customer journey? *Transitions between different phases of the customer journey* • In the customer journey, which organizational, consumer and contextual factors drive stage conversion vs. dropout? • Which moments in a customer journey are critical for conversion (vs. dropout) to the next stage? • How can firms use service design elements to prompt consumers consciously or unconsciously to convert from one stage to the next in these critical moments?
Managing external factors as a firm resource	• How can companies try to influence and manage external factors such as other customers and other network actors? • What is the role of other customers in general and their valuations in particular in the different phases of the customer journey? • How can firms effectively manage, direct or even incorporate valuations in designing their customer journeys? • How do easily implementable features such as 'nudging' techniques affect customers' decision-making processes and their resulting experience? • How to develop methods to identify the service delivery network related to CE and construct dashboards to monitor and quantify the impact of all network actors?
Cognitive, affective and sensory evaluation of the customer journey	• Which cognitive, affective or sensory reactions prevail at the different stages of the customer journey? • How can different design elements be effectively used to trigger and alter cognitive, affective or sensory reactions at different stages of the journey? • How can servicescapes be designed in a way that appeals to the senses and at the same time facilitates cognitive processing in complex service contexts?

channel switching and dropouts. These dynamics have to be taken into account when monitoring customers and assessing their financial value to a firm. Furthermore, the sole focus of the studies reviewed here is often the question of how an overall retrospective evaluation of a sequence of events is formed. However, both Mode 1 and Mode 2 (Tranfield and Starkey 1998) research insights can be gained by assessing the more academically and managerially relevant topic of how to support consumers as they transition through the phases of their journey without dropping out before they finish.

A better understanding of customers' decision-making processes during their journey could be valuable for designing touchpoints. A plethora of studies with contradictory results examine, for example, the effect of the last moment in the journey (e.g. Kahneman *et al.* 1997; Ross and Simonson 1991). Nonetheless, especially in extended service or online contexts, firms are still in the dark about which moment might be the last before a customer drops out. Consequently, there is a need to develop other ways to determine which moments in a journey are most critical and how they should be designed.
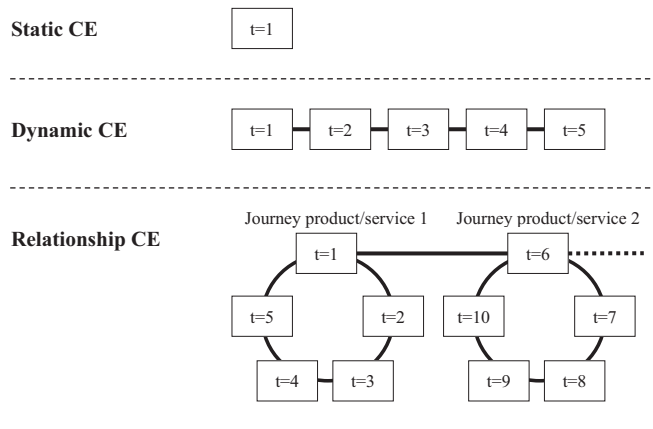
Figure 4. Three levels of customer experience

A traditionally prevalent topic in Mode 2 research is when people move from the information search phase to becoming clients. In recent years, however, scholars have emphasized that the transition between later stages in the journey is equally critical in creating loyal customers (e.g. Court *et al.* 2009). Customer experience management teams would greatly benefit from research addressing which design elements at certain moments can (un)consciously prompt the consumer to proceed to the next stage. Such studies would also offer important theoretical insights into consumer decision-making processes.

Managing external factors as firm resources

While extant studies have focused on factors influencing CE that lie within firm control, we understand little of how companies can try to influence external factors that contribute to CE perceptions, such as interactions with other customers. Considering the limited span of control, managing and thus internalizing external input constitutes a challenge that has received only limited academic attention as yet. While the influence of other customers is not apparent in online journeys, input in terms of suggestions and valuations from other customers is significantly more compelling compared with pure offline settings (Orlikowski and Scott 2013). However, with the rise in Internet and social media use, such pure offline settings practically no longer exist, and input from peers has rapidly come to the fore in nearly all consumption decisions (e.g. Bansal and Voyer 2000). Consequently, questions about the role of other customers in general and via online valuations should be addressed, particularly in the different phases of the customer journey. There is a need for research on how firms can effectively manage, direct or even incorporate valuations in designing their customer journeys.

An addendum to this is the question of how firms can provide their customers with valuations that actually add value. Besides incorporating reviews of other customers to aid decision-making, turning prospects into clients, insights might also offer added value at later stages of the customer journey. To date, we lack an understanding of how CE is influenced by firm-initiated interaction platforms that enable customers to communicate and help each other in an environment controlled by the firm. Apart from incorporating direct peer input, firms also increasingly try to affect their customers' decision-making by mimicking the presence of other customers online. Growing in popularity are nudging techniques, such as displaying how many other customers scan the same offer at the same time or suggesting that a specific offer is the preferred option. However, little is known about how these easily implementable features actually affect customers' decision-making processes and their resulting experience.

While some external factors can indeed be influenced by firms, others cannot. Nonetheless, CE management should at least consider the ones that cannot be directly managed but that still contribute to CE from a consumer perspective. Patrício *et al.* (2011) introduced a network perspective on service delivery that moves away from a purely dyadic firm–customer view. Fertile research opportunities exist for scholars in pursuing this notion and empirically investigating the impact of other firms' services on the focal firm's CE.

Cognitive, affective and sensory evaluation of the customer journey

Our review suggests that customers perceive and evaluate their journeys through the three lenses of cognition, affect and senses. However, the literature so far remains silent on which lenses prevail in specific stages of the journey. Typically, researching unconscious consumer processes is complicated and costly, as it necessitates advanced methods such as MRI scanners (although costs are gradually diminishing). The emerging field of neuromarketing (Ariely and Berns 2010; Lee *et al.* 2007) applies methods from neuroscience to a better understanding of consumers' sensory, emotional and cognitive reactions at a neurological level. Such insights would, in our context, contribute to a better understanding of how various design elements can be effectively used to trigger cognitive, affective or sensory reactions at different stages of the journey. Furthermore, we call for research on the interplay between these three lenses in a service environment.

Managerial implications

Both the literature we reviewed here and the areas we pointed out for further research provide several important insights for managers to gain a better understanding of CE. In line with Jaworski's (2011) conceptualization of managerial relevance, those insights can range from immediately actionable measures to long-term changes in the way managers think about CE.

First, managers need to be aware of the distinction between static and dynamic CE and their management. While optimizing discrete transactions and related specific touchpoints (i.e. the static CE) might be beneficial for some companies (e.g. gift shops at holiday destinations), others will benefit much more from enhancing the overall dynamic or even the relationship CE (e.g. retail or hotel chains, providers of complex services). Consequently, firms must identify the strategic importance of the levels of CE and allocate (market research) resources accordingly. For instance, it might not be enough to measure satisfaction with each single touchpoint, since satisfaction with the cumulative journey might differ substantially (McKinsey 2016). Although they may be content with all the individual contact moments with a firm, customers can still be dissatisfied with the process over time. Consequently, consumer metrics should include

assessments of the cumulative dynamic CE. Further, the organizational structure should reflect this strategic importance. When, for instance, dynamic CE takes top priority, teams should not be organized around specific touchpoints; instead they should manage entire journeys. Moreover, employee incentives should not be based on a static, isolated view (e.g. signing up a new customer), but on dynamic CE instead (e.g. achieving a minimum level of customer satisfaction within an entire journey).

Second, managers should incorporate a bilateral view and identify what constitutes the journey for their customers. While for a call center employee a customer inquiry might be categorized as 'billing problem', from the customer's point of view it might only be a small part of the journey 'migrate my account after moving'. Firms need to understand which encounters with a firm and which other factors (that might be beyond the borders and control of the firm) contribute to CE. Once these contributing (context) factors are identified, they should be saved in the customer relationship management system and accessible for all employees.

Third, firms must not only acknowledge the external factors that contribute to their customers' experience; they should also try to manage these factors. For example, CE research suggests that other customers constitute a very impactful external factor. Thus, firms should start by assessing how influential this group is (both online and offline) in their respective contexts. If other customers are highly influential, firms should develop ways to manage their influence. While this can be relatively straightforward in online settings (e.g. by publishing valuations from other customers), it can be much more challenging offline. In some cases, companies might be better off addressing a more limited target group, if a more homogeneous client base can mitigate potential negative effects of other customers. Furthermore, firms should be aware of the potential influence on their customers' experiences of other companies, and analyze their service delivery network (e.g. Tax *et al.* 2013).

Fourth, managers should examine how consumers process encounters. The prevalence of cognitive, emotional or sensory processing can alter the way stimuli are perceived. Only by understanding what constitutes an encounter and how it is perceived can firms try to appeal to or stimulate certain perceptual lenses when designing CEs. Although identifying the prevalent lens is currently a difficult task, managers should still be aware of it and be

ready to adjust their behavior in the future when new methods and insights on this matter become available.

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Appendix: Classificatory schema of customer experience studies

Static CE	Dynamic CE

Development of CE construct

Holbrook and Hirschman (1982), Bitner (1990), Hui and Bateson (1991), Bitner (1992), Arnould and Price (1993), Pine and Gilmore (1998), Carù and Cova (2003), Vargo and Lusch (2004), Verhoef *et al.* (2009), Patrício *et al.* (2011), Achrol and Kotler (2012), Krishna (2012)

Consumer perspective

Environmental factors:
Hui and Bateson (1991), Lehtinen and Lehtinen (1991), Grove and Fisk (1997), Chen, *et al.* (2009), Brocato *et al.* (2012), He *et al.* (2012), Kim and Lee (2012), Mattila *et al.* (2014)

Personal factors:
Holbrook and Hirschman (1982), Winsted (1997), Van Kenhove *et al.* (1999), Wirtz *et al.* (2000), Youngdahl *et al.* (2003), Poon *et al.* (2004), Vohs *et al.* (2013), Bhattacharjee and Mogilner (2014)

Satisfaction in the customer journey:
Ross and Simonson (1991), Bolton and Drew (1992), Loewenstein and Prelec (1993), Kahneman *et al.* (1997), Verhoef *et al.* (2004), Dagger and Sweeney (2007), Zomerdijk and Voss (2010), Patrício *et al.* (2011)

Negative moments in the customer journey:
Dwyer *et al.* (1987), Tax *et al.* (1998), De Matos *et al.* (2007), Ofir and Simonson (2007), Mandel and Nowlis (2008), Knox and Van Oest (2014), Sivakumar *et al.* (2014), Harmeling *et al.* (2015)

Time perceptions in the customer journey:
Taylor (1995), Hui *et al.* (1998), Nowlis *et al.* (2004), Tsai and Min (2011), Lee and Tsai (2014), Lim *et al.* (2015)

Cognitive, affective and sensory evaluation:
Westbrook and Oliver (1991), Miniard *et al.* (1992), Mano and Oliver (1993), Holbrook and Gardner (1993), Alford and Sherrell (1996), Richins (1997), Fournier (1998), Lemmink and Mattsson (1998), Schmitt (1999), Mattila and Wirtz (2001), Berry *et al.* (2002), Smith and Bolton (2002), Laros and Steenkamp (2005), Spangenberg *et al.* (2005), Beverland *et al.* (2006), Garlin and Owen (2006), Homburg *et al.* (2006), Cowley (2007), Gentile *et al.* (2007), Schouten *et al.* (2007), Nelson and Meyvis (2008), Brakus *et al.* (2009), Puccinelli *et al.* (2009), Chang and Horng (2010), Krishna *et al.* (2010), Svari *et al.* (2011), Achrol and Kotler (2012), Nguyen *et al.* (2012), Krishna (2012), Rose *et al.* (2012), Galak *et al.* (2013), Klaus (2013), Möller and Herm (2013), Moore (2013), Rahinel and Redden (2013), Maguire and Geiger (2015), Mikolon *et al.* (2015), Yakhlef (2015)

Organizational perspective

Servicescape:
Bitner (1990), Bitner *et al.* (1990), Bitner (1992), Aubert-Gamet and Cova (1999), Grewal *et al.* (2009), Rosenbaum and Massiah (2011)

Stuart and Tax (2004), Stuart (2006), Patrício *et al.* (2008), Zomerdijk and Voss (2010), Dhebar (2013), Tax *et al.* (2013), Akaka and Vargo (2015), Chandler and Lusch (2015), McColl-Kennedy *et al.* (2015)

Employee-customer interactions:
Surprenant and Solomon (1987), Bitner (1990), Bitner *et al.* (1994), Hartline and Ferrell (1996), Mohr and Henson (1996), Isen (2001), Menon and Dubé (2004), Arnold *et al.* (2005), Hocutt *et al.* (2006), Holloway and Beatty (2008), Massad *et al.* (2006), Mathwick *et al.* (2010), Coelho *et al.* (2011), Ma and Dub (2011), Ford and Dickson (2012), Otnes *et al.* (2012), Bowen and Schneider (2014), Wilder *et al.* (2014), Delcourt *et al.* (2016)

Organizational structure and management strategy:
Kwortnik and Thompson (2009), Palmer (2010)