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Abdul Kadir Othman, Mohd Khirzanbadzli A Rahman & Nur Najjah Abd Rahim

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Customer Engagement Index (CEI): The Assessment of Customers' Willingness to Act as Companies' Ambassadors

Abdul Kadir Othman¹, Mohd Khirzanbadzli A Rahman² & Nur
Najjah Abd Rahim³

^{1,2}Institute of Business Excellence Universiti Teknologi MARA, Shah Alam, Selangor, ³Faculty
of Business and Management, Universiti Teknologi MARA Caw Selangor, Puncak Alam
Campus, 42300 Selangor, Malaysia.

Corresponding Author's Email: abdkadir@uitm.edu.my

Abstract

Many companies have measured customer satisfaction and established the customer satisfaction index to know how well they are doing to serve their customers. This is good practice, however, knowing customer satisfaction alone is not enough. Companies should go extra miles to assess the extent the satisfied customers are willing to do to assist the companies succeed in the competitive business world. Customers who are willing to help the companies are known as engaged customers. This paper is written based on the following objectives: to assess the predictors of customer engagement, to determine the outcome of customer engagement (repurchase intention, positive word-of-mouth, price sensitivity, responsiveness to promotions, tolerance for problems), and to provide suggestions for improvement. To achieve the stated objectives, focus group study and a questionnaire survey will be utilized. By identifying the predictors and outcome of customer engagement, it is expected that companies can develop the right strategies (focused strategies) that can be used to ensure the achievement of the intended outcome. In this way, unwitting investment can be avoided that will help companies to save a great amount of expenditure in the long run.

Keywords: Customer Engagement, Customer as Ambassador, Word-Of-Mouth, Repurchase Intention, Responsiveness, Tolerance

Introduction

Customer satisfaction has long been studied by researchers and practitioners since the introduction of SERQUAL model and instrument by (Parasuraman et al., 1985; Zeithaml et al., 1988). The effort has been proliferated when the authors suggested that customer satisfaction and its antecedents should be assessed individually by the company because each company has a unique characteristic (Gilavand, & Maraghi, 2019; Teshnizi et al., 2018). Customers might assess the company that offers the services to them differently due to this

characteristic. Furthermore, the ISO certified organizations have made the evaluation of customer satisfaction a must (Midor & Kucera, 2018), contributing to its popularity.

After some times, researchers and practitioners realized that having satisfied customers alone is insufficient (Chiguvi, & Guruwo, 2017). Satisfied customers may not be loyal to the organization because the intensity of emotion attached with it is below the required level for them to stay with the company. The emotional attachment must be stronger to achieve the intended result (Hwang et al., 2019). Therefore, customers need to be delighted to stay with the organization. Since this interception, the trend of research has skewed to this direction, assessing what makes customers to be delighted with the services offered by the company (Barnes, & Krallman, 2019; Torres, & Ronzoni, 2018).

The latest progress of customer satisfaction study is on customer engagement (Barari et al., 2021; Santini et al., 2020; Islam et al., 2019). It is defined as the customer willingness to act positively in ensuring that the company is able to achieve its goals. Some companies have taken the initiative to assess the consequences of customer engagement from the perspective of customers. These consequences can be categorized intentional and behavioral. Repurchase intention and tolerance for problems fall under the first category while positive word-of-mouth, price sensitivity, and responsiveness to promotions are the behavioral effects of the engagement (King, 2017; Mihic & Milakovic, 2017).

The objectives of this paper are threefold; first to identify the factors that contribute to customer engagement; second, to examine the consequences of customer engagement in the forms of repurchase intention, tolerance for problems, positive word-of-mouth, price sensitivity, and responsiveness to promotions; third, to provide feasible suggestions to the organization on the right strategies that can be used to ensure the achievement of the intended outcomes.

Nowadays, there have been few studies undertaken on the importance of customer engagement as the basis for the survival of organization. In the context of tourism brands, So et al (2015) addressed the importance of customer engagement in fostering loyalty. They used structural equation modelling to evaluate customer engagement as the driver of customer loyalty. A total of 496 hotel and airline customers were contacted, and it was discovered that customer engagement is crucial to raising customer service brand evaluation, brand trust, and brand loyalty. The findings show that brand loyalty can be enhanced not only through administrative utilization of experiences, but also through customer engagement afar from their experience. Enginkaya and Esen (2014) focused on defining and measuring online customer engagement by collecting data from customers who shop online. An online customer engagement scale was created and implemented. It was discovered that customer engagement could be clarified through trust, commitment, and in a reputable dimensional manner. The research focuses on evaluation and other aspects of online client engagement.

However, to the best of author's knowledge, there are still limited studies done to assess customer engagement. According to Verhoef et al (2010), customer engagement has been widely used in marketing literature nowadays. Nevertheless, the concept is still vague and unorganized. CEI, on the other hand, plays a crucial role in service industry. By assessing CEI,

it can sustain growth of any businesses. A positive customer engagement fosters loyalty, aids in customer retention, and empowers brand advocacy.

Research Methodology

The factors that contribute to customer engagement for each organization is unique (Bilro et al., 2019). Customers in different organizations will have different perception on the factors that make them engaged or otherwise. To accurately measure customer engagement in one organization, a unique approach should be undertaken starting with a focus group study, factor identification, item development, verification process including pilot testing and lastly the assessment and the development of customer engagement index for that organization.

For a focus group study (Kinalski et al., 2017), representatives from units, departments, and branches are required to participate in this exercise. The participants will be grouped into a number of manageable groups comprising 4 members for each group. Each group will appoint a leader and he/she together with other members will discuss on the factors that contribute to their happiness/unhappiness working with their organization. They will provide justifications for their choices. After that, they will transfer the agreed points (using sticky notes) to the quadrants (in the mahjong paper) with two indicators; engaged/disengaged and important/not important. The leader of each group will present the findings.

After the focus group exercise, all findings from the groups will be analyzed and presented using word clouds generator to identify the important factors that contribute to customer engagement (So et al., 2021). In the next step, the recordings and notes from the focus group study will be reviewed to create items that can be used to assess the identified factors. The draft of the questionnaire will then be reviewed by the management of the company for approval. Once approved, the questionnaire will be pilot tested to examine the understanding of the participants on all the items included in the survey. The questionnaire items will be further improved if there is any issue regarding the difficulty in understanding them.

The subsequent step is the collection of the customer engagement data. Since the purpose of having this customer engagement index is to examine the level of their engagement, the participation of customers is required. However, it is quite impossible to achieve this as previous studies have indicated that 50% response rate is good enough to represent the whole population (Baruch & Holtom, 2008). The data collection process will take approximately one month and the process will be accomplished using an online survey. The data will be checked for completeness and accuracy before they can be analyzed using descriptive and inferential statistics.

The findings will be presented in the form of tables and infographics for easy reference and understanding. These findings can be categorized into several groups:

1. The overall customer engagement index will be generated for the organization.
2. The break-ups of the customer engagement index according to different units, departments, or branches based on the need of the organization.
3. The mean scores for each item will be presented in tables so that the organization can accurately identify the areas that need further improvement.

4. The selected responses from the open-ended question will be presented to show the seriousness of the problem so that the management can take immediate actions to rectify it.

From the findings, recommendations for improvement can be provided for the top management consideration. It is important to note that the whole exercise of establishing customer engagement index is for continuous improvement. It is meant to identify which areas or aspects of the organization should be given serious attention by the top management so that improvement actions can be taken. To conclude, customer engagement index is an exercise to ensure that customers are extremely happy dealing with the organization and they are willing to act in a positive way to help the organization succeed (Bruneau et al., 2018).

Conclusion

Many organizations have assessed the level of customer satisfaction and established the customer satisfaction index to know how well they are doing to serve their customers. However, merely knowing the levels of customer satisfaction alone is not enough. Companies should beyond that exercise to evaluate the extent the satisfied customers are willing to do to help the organizations succeed. This exercise is known as measuring customer engagement. A few suggestions are given in this paper on how to do the exercise to establish the customer engagement index. Hopefully, by having this index, organizations can devise the right strategies to have their customers engaged and are willing to go extra miles to help organizations succeed such as engaging in word-of-mouth promotion and serving as ambassador for the organizations on a voluntary basis.

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