DIMENSIONS OF ONLINE CUSTOMER ENGAGEMENT

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ABSTRACT

Customer engagement is about emotional connection between businesses and customers, focusing on interaction with customers and customers' value. The development of internet changes customers, extends options, changes the way consumers interact and communicate with companies. It is obvious that internet is a way to influence customers, building relationships with current and potential customers, provide after sales support. Engaging the customers is a primary driver of business success. The purpose of the paper is to define and measure online customer engagement by gathering data from customers who are using internet in shopping. By this purpose, an online customer engagement scale was developed and used, at the end of the factor analysis, it was found that customer engagement could be explained with trust, dedication and reputation dimensions.

1. INTRODUCTION

In an increasingly dynamic business environment, companies recognize the power and importance of internet to attract customers' attention. Internet is an effective communication tool for creating value for customers and companies. If the company wants to make sincere relationship with the customers, they have to keep customers continuously engaged. Online platforms allow businesses to engage a much larger number of customers without significant compromises (Sawhney, Verona and Prandelli, 2005). Organizations also need to be able to identify and measure attributes and factors that are important to the customers. These are offering quality products and services, it can be obtained through sample survey, opinion polls, or by soliciting individual customers' opinion on preferred product quality and service dimensions (Huq, et.al, 2010). Also, successful organization projects are based on meet the expectations of customers, understanding their situation, their needs and their wants (Largosen, 2005).

Companies are now realizing that engagement is also a more strategic way of looking at customer and stakeholder relationships (Kumar et al., 2010).

There has been a corporate and academic interest in the notion and practice of customer engagement. The term customer engagement has been finding increasing use largely in the digital context where website providers find it increasingly challenging to hold on to visitors to their sites, in an effort to sell or communicate with them (Tripathi, 2009). This paper presents a comprehensive definition of customer engagement and explains the dimensions of this concept. For this purpose, definitions of engagement and customer engagement will be given and then dimensions of customer engagement will be analyzed.

2. LITERATURE REVIEW

Engagement can be defined as long-term commitment, written or unwritten agreement between parties (Welbourne, 2007). It is characterized by high levels of energy and identification (Turgut, 2010). The concept of engagement has been explored in the organizational behavior literature (Lay and Bowden, 2009). Engagement is merely the opposite of burnout; Schaufeli et al (2002) defined engagement as a persistent and positive affective-motivational state of fulfillment in employees, characterized by vigor, dedication, and absorption. According to Schaufeli, et al., (a) vigor is high energy, resilience, a willingness to invest effort on the job, the ability to not be easily fatigued, and persistence when confronted with difficulties; (b) dedication is a strong involvement in work, enthusiasm, and sense of pride and inspiration; and (c) absorption is a pleasant state of being immersed in one's work, experiencing time passing quickly, and being unable to detach from the job (Wefald and Downey, 2009). Schaufeli et al. (2002) suggested two dimensions of work-related well-being: (a) activation, which ranges from low (exhaustion) to high (vigor), and (b) identification, which ranges from low (cynicism) to high (dedication). In addition to these two dimensions, burnout includes reduced personal accomplishment, and engagement includes absorption (Wefald and Downey, 2009; Gonzales, et.al, 2006; Shimazu et.al, 2008; Saks, 2006). Engagement has also used as a measure of the strengths of a company's customer relationships based on the extent to which customers have formed both emotional and rational bonds with a brand (Lay and Bowden, 2009). It is important to explain engagement concept with customer perspective defined as customer engagement in our study. Customer engagement is above and beyond involvement, satisfaction, trust, reputation and loyalty. These related concepts should be defined to understand customer engagement.

Involvement is continuously selling preferred goods and services and being always customer (Oliver, 1999). Involved customers are selling other goods and services easily, attractive to sell more goods and services, advice them to other customers (Barutçu, 2008). Satisfaction is evaluation about the differences between product performance and performance standards (Westbrook and Oliver, 1991). Customer satisfaction may be perceived as a summary psychological state or a subjective summary judgment based on the customer's experiences with a product as compared with expectations. The concept has been defined in various ways, as "an overall feeling, or attitude, a person has about a product after it has been purchased" or as a "summary, affective and variable intensity response (Helgesen, 2007). Trust is the individual's confidence in another person's intentions and motives, and in the sincerity of that person's word (Lewicki, Mcallister, 1998).

Trust is defined as the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other party will perform a particular action important to the trustor, irrespective of the ability to monitor or control the other party (Zhang, Tsui ve Song, 2008). From the customer perspective, trust is essential for building and maintaining long-term relationships. Corporate reputation is shareholders' reaction to organization actions that are strong or weak, good or bad. Reputations are the outcomes of repeated interactions and cumulative experiences (Castro et al, 2006; Dortok, 2006). Corporate reputation is an emotional capital that reflects the various shareholders' perceptions about organization's past and future actions and inimitable, intangible asset (Kotha, Radgopal and Rindova, 2001; Fombrun and Van Riel, 2004; Gable, 2008; Walsh et.al, 2009a; Firestein, 2006; Worcester, 2009; Schürmann, 2006). Customer-based reputation (CBR) is the customer's overall evaluation of a firm based on his or her reactions to the company's goods, services, communication activities, interactions with the firm and/or its representatives or constituencies (such as employees, management, or other customers) and/or known corporate activities (Walsh, et.al, 2009b). Loyalty is about relationship with consumers. Loyal customer stays in the company and sells more goods and services to show loyalty (Lawsonbody, Moez Limayem, 2004). Customer loyalty is "the strength of the relationship between an individual's relative attitude towards an entity (brand, service, store, or vendor) and repeat patronage (Donio, 2006).

Customer engagement behavior builds on a long-term research program examining organizational variables as experienced by employees and the relationship of those experiences to customer satisfaction (Schnedier et.al., 2009). Customer engagement also appears as customer retention and customer loyalty (Carter, 2010). Research suggests that engaged customers increase sales and productivity (Barth, 2007). If a company has a high proportion of engaged customers it is obvious that the business will be even more successful (Roberts and Alpert, 2010). The world's leading organizations know that engaging their customers is a primary driver of key business success. Gallup's cross-industry research shows that fully engaged customers buy more, stay with you longer, and are more profitable than average customers. It is also not surprising to know that these organizations have placed customer engagement at the foundation of their strategy for winning in the marketplace. They understand a simple fact: organizations that engage their customers outperform those that do not (Gallup Consulting, 2009).

3. METHODOLOGY AND DATA

Given the Internet's growing popularity, companies need to understand customer's expectations and needs. The purpose of this study is to develop the online customer engagement measurement and explain the dimensions. The sample of the study was drawn from the customers that shops online. A total number of 243 people completed the questionnaire. The majority of respondents are male 55.6 %) and between 20-24 ages (45.3%). Most of the customers buy entertainment tickets and books from online. 60% of customers are shopping at least once a month (63.8%). 227 of total participants have an intention to buy in the future. The questionnaire used for collecting data in this study consisted of two sections.

In the first section, questions about characteristics; age, gender, kinds of goods and services that they buy, frequency of consume and intention to buy in the future of the respondents were asked. In the second section, participants answered questions about the firm and internet site that they frequently shop. Online customer based engagement is measured by using Saks's (2006), Schaufeli, Bakker and Salavona's (2006) studies about ''engagement''. Related items are adapted for the customers which are using internet in their consumptions as ''The web site of this company excites me'', ''I always trust this web site''.

The scale consists of 16 items with five-point rating scale, ranging from *almost never* (1) to *almost ever* (5). Questionnaire was sent to respondents via online and manual. Response rate is %80 in online distribution, %63.3 in manual distribution. 32 customers state that they don't prefer to buy from the internet. The data was analyzed in SPSS. Descriptive statistics (i.e., frequency distributions, means and standard deviations) were used to develop a profile of the respondents and to summarize the variables. Alpha coefficients were also computed to assess the reliability of customer engagement. In first step, Bartlett's Test was used in order to test the compatibility of factor model and the relationships among variables in sample. The KMO is used to measure of sampling adequacy (Nakip, 2006; Ghauri, Gronhaug and Kristianslund, 1995). According to results of the factor analysis, KMO test value was found above, 50 and Bartlett's test value was significant. Principle component factor analysis was applied to all variables by varimax rotation. Customer engagement instrument consists of 16 items in the measurement. At the end of the factor analysis, 14 items remained and 3 factors appeared. These factors were named as *trust, dedication and reputation.*

Table 1: Factor Analysis

Factors	Items	Factor Loadings	Factor Variance	Cronbach Alpha
Factor 1: Trust	Trust to web site	0.769	30,392	0.786
	Warranty	0.752		
	Related with my purpose	0.671		
	Support after shopping	0.657		
	Positive virtual atmosphere	0.660		
	Attractiveness of web site	0.501		
Factor 2: Dedication	Involvement	0.734	11,989	0.788
	Excitement	0.710		
	Captivated	0.700		
	Long term continuity	0.668		
	Flexibility	0.649		
Factor 3: Reputation	Others appreciation to the web site	0.849	8,274	0.821
	Web site image	0.817		
	Customized opportunities	0.638		
Kaiser-Meyer-Olkin	0.824			
Bartlett's Test of Sphericity	Approx. Chi-Square df Sig.	1,192, 622 120 0.000		

Three factors explained 50,655% of variance. Cronbach alpha values were 0.786; 0.788; 0.821. Factor loadings, variances, cronbach alpha values, Bartlett test result and KMO value are shown in Table 1. According to the results of the descriptive statistics of customer engagement factors, means for the factors were found as 4.35; 3.00; 3.85; 2.13. Mean score of trust dimension was higher than other factors of customer engagement. This findings show that if customer trusts to their company, they will be highly engaged to buy the products and services and prefer to use online platform. Figure 1 shows the factor model of engagement. When we analyze the correlations results of factors as trust, dedication and reputation, the highest correlation between customer engagement is seem trust and customer engagement relations (r=0.98). The relationship between dedication dimension and customer engagement as 0.86; reputation dimension and customer engagement as 0.82.

Figure 1: Factors of Customer Engagement
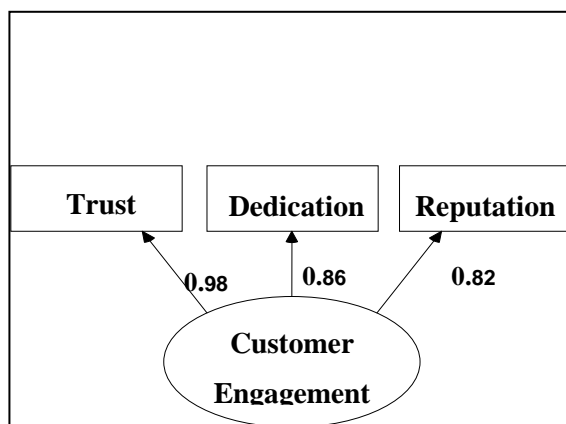
4. CONCLUSION

Companies try to challenge to make customer engagement more. One of the important ways to make customer engaged is using company's all online platforms to attract customers' attention. Customer engagement is based on the interaction with and participation of customers. This study examines the evaluation and dimensions of online customer engagement. Online customer engagement is measured by using engagement scales, the researchers are also analyzed the involvement, trust, image and reputation measurements and expected that these definitions would be involved in customer engagement. 16 item-scales were used to measure customer engagement. At the end of the principal component factor analysis, 14 items remained and 3 factors appeared. These factors were named as *trust, dedication and reputation.* Trust dimension is about trust to web site, warranty, related with customers' purpose, support after shopping, positive virtual atmosphere, and attractiveness of web site. Dedication dimension is about involvement, excitement, captivated, long term continuity, flexibility.

Reputation dimension is about others appreciation to the web-site, web-site image, customized opportunities. Factor analysis findings support the idea that customer engagement involves involvement, commitment, trust, reputation and loyalty as it explained in the literature. Mean value of trust dimension was higher than dedication and reputation of customer engagement. These findings show that customers' trust to organization, products and services and especially to web-site create positive situations.

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