

Role of Customer Engagement in Building Customer Loyalty- A Literature Review

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ABSTRACT

Customer engagement may be defined as engaging customers with a brand as well as with other customers. In recent years, term Customer engagement has emerged in both academic literature and practitioner discussions as a customer loyalty predictor towards brand that may be superior to other traditional customer loyalty antecedents. This paper aims at reviewing available literature in this field. This study descriptive in nature and is based on secondary data which is collected from the relevant literary sources. Researchers on the basis of literature reviewed infer that Customer Engagement significantly influences Customer Loyalty.

KEYWORDS: Customer Engagement, Customer Loyalty.

INTRODUCTION

Customer engagement refers to an emotional attachment that a customer experience during the regular interactions with the brands. Customer engagement includes various dimensions such as product involvement, buying recurrence, administration interactions recurrence, sorts of interactions, online conduct, referral conduct, and velocity. Before the wide adoption of internet in India brands have been implementing offline strategies for engaging customers to gain competitive advantage. But now they cannot rely only on

offline mode to engage customers since customers are rapidly shifting to internet media. Nowadays, Social Media sites like Facebook, Twitter, YouTube, etc. are also used as tool to enhance customer engagement and interactions. Customer engagement extends beyond mere customer satisfaction. Satisfied customers are likely to be in long term relationships and they would remain engaged with the brand. The concept of customer engagement has recently attracted researchers' attention as a critical means for attracting customer loyalty. Customer engagement is the psychological process that customers go through in order to become loyal to a brand. The development of customer loyalty and engagement is important because customers' loyalty is becoming increasingly harder to attain due to higher customer switching activities.

OBJECTIVE OF STUDY

This paper aims at reviewing available literature regarding role of customer engagement in building customer loyalty. Reviewing data collected from relevant literary sources and to draw inferences from reviewed literature is the main objective of this study.

LITERATURE REVIEW

Hollebeek (2009) highlighted the significance of customer engagement and developed a model that shows the relationship between customer engagement and various other constructs like trust, commitment, satisfaction and loyalty. Researcher also described main aspects of customer engagement like engagement contexts, engagement objects, engagement phrases, engagement dimensions and engagement levels.^[14]

So (2013) examined the contribution of customer engagement in promoting brand loyalty. Researcher used a sequential mixed approach consisting of two phases i.e. quantitative and qualitative. Under phase one customer engagement scale was developed and employed to test conceptual model. Under phase two, 16 highly engaged customers were interviewed. Findings of study revealed that customer engagement has positive impact on brand loyalty.^[5]

Salgaonkar & Salgaonka (2014) identified antecedents of customer engagement in social media and their effect on customer loyalty in the context of electronic goods segment. Questionnaire was developed and circulated using services of surveymonkey.com. The regression technique was used for analysis and it demonstrated a critical relationship by showing customer engagement has a strong association with customer loyalty.^[6]

So et. al. (2014) identified the role of customer engagement in building loyalty with respect to tourism brands. Researchers assessed relationship between customer engagement and customer loyalty with the use of structural equation modeling. 496 hotel and airline customers were chosen as samples and it was found that customer engagement plays an integral role in generating customers' service brand evaluation, brand trust, and brand loyalty. Findings of the study demonstrated that administration brand loyalty can be developed not only through the administrative utilization experiences but also through client engagement beyond the administrator experience.^[7]

Banyte & Dovaliene (2014) revealed the relations between customer engagement with value creation and customer loyalty. The conceptual model of relations between customer engagement into value creation and customer loyalty developed on the basis of literature analysis includes intermediate constructs that determine the relations, which allows us to analyse the relations in integrated manner, unfolding both direct and indirect relations between the two constructs.^[8]

Bansal and Arya (2015) highlighted the relationship of customer engagement with potential antecedents and consequences of customer engagement. Potential antecedents of customer engagement include involvement, interactivity, commitment, trust, brand attachment and customer satisfaction. Possible consequences of Customer Engagement include customer retention and loyalty.^[4]

Bansal & Chaudhary (2016) has theoretically conceptualized and empirically investigated the role of customer engagement strategies on customer loyalty and retention in Indian mobile service sector. Data was collected from 445 customers of leading mobile service providers operating in Haryana state were selected in research study namely Bharti Airtel., Reliance Communication, Vodafone, IDEA, Tata Docomo and B.S.N.L. Results revealed that there is moderate positive relationship between customer engagement and customer loyalty; customer engagement and customer retention which mean customers engagement do have somewhat positive impact on the customers loyalty and retention.^[2]

Thakur (2016) developed and validate a measurement model for customer engagement in context of mobile devices for shopping. Further, role of customer engagement in building customer loyalty is explored. The study involved data collection from experts and users through varied methods including in-depth interviews, and surveys. Further structural equation modeling was used to analyze the data. The results demonstrated significant role of customer engagement in predicting customer loyalty in addition to other existing constructs of satisfaction and convenience.^[10]

Bansal (2017) studied perception of customers towards customer engagement strategies adopted by Indian mobile service providers. Data was collected from 445 customers through simple random sampling method. As per the response given by the customers, SMS service alert is found as the most preferred strategy whereas host a live chat is considered as the least important strategy.^[1]

Prentice et al (2018) examined the relationships between organic customer-engagement behaviors and customer loyalty. Customer perceived benefits are proposed to intervene in these relationships as per expectancy theory. This research employs a longitudinal study focusing on consumers in the United States of America. Results confirm the relationship between customer-engagement behaviors and customers' brand loyalty and purchase behaviors. This relationship is partially mediated by social identity and social benefits.^[11]

Monferrer et al (2019) determine the relationship between customer engagement and customer loyalty in retail banking sector. Structural equation modelling was used to test the relationships. The results reveal a strong relationship between customer engagement and customer loyalty.^[12]

INFERENCES DRAWN FROM LITERATURE REVIEWED

Systematic comparative analysis of scientific literature revealed that Companies must engage customers with the brand through both offline and online strategies in order to increase customer loyalty. A marketer must not only take steps to make the brand more appealing and preferable to customers, but also make necessary efforts, in order to make customer to be associated and involved with the brand. Developing a culture of engagement is not an overnight process. Companies that are willing to retain customers and enhance customer loyalty must have a clear engagement strategy in place and be prepared to flounder for a while before getting it in order for reaping the benefits of customer engagement marketing. Increasing popularity of social media also facilitates customer engagement with a brand or the firm. In a nutshell, the findings reflected that, in addition to managing the service consumption experience, resources must be allocated towards fostering Customer Engagement to further enhance customer loyalty with the brand.

CONCLUSION

Customer engagement is reflected as customers' emotional, cognitive and behavioral involvement with the brand. Customer engagement strategies promote brand association among customers and helps in creating an emotional bond with existing as well as potential customers that resist customer to switch to other brands. Thus, in a nutshell

customer engagement plays a significant role in building customer loyalty and this study encourages marketers to adopt these strategies to retain their hard earned customers and thus escalating customer loyalty toward their brands.

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