A SCALE OF CONSUMER ENGAGEMENT

by

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ABSTRACT

The practitioner literature is replete with examples of firm efforts to engage consumers. However, the existing relationship marketing constructs focus primarily on customer retention. This research examines those offerings or activities of firms that aim to engage prospects, potentials, customers and their extended relationships, together addressed as consumers in this research. Contributing to the recent efforts to expand the domain of relationship marketing, this research develops the construct of Consumer Engagement, which is the intensity of the consumer's participation and connection with the organization's offerings and/ or its organized activities.

Using several qualitative methods, this research develops the construct of Consumer Engagement, differentiating it from existing constructs, such as involvement and customer communities. The qualitative studies in this research show that consumers may be engaged with offerings (e.g. iPod), activities (e.g. Beauty workshops), institutions (Ikea), or brands (e.g. Apple). These offerings/ activities might come from profit-making or non-profit organizations. Engagement might be in the presence or absence of other consumers, and might happen online or offline. Consumers may also be engaged through activities organized by the businesses or by consumers themselves.

Using established quantitative scale development procedures, the consumer engagement scale is developed, refined and validated. Consumer Engagement is a three-dimensional, second-order construct, composed of enthusiasm, conscious participation and social interaction.

These dimensions are verified using exploratory and confirmatory factor analysis and validated on three different data sets, representing product usage, retail service and activity. The exploration of consumer engagement helps us understand the participation and connection of consumers, independent of their commercial transactions with the company. This research shows that even routine products and brands can engage a consumer, which, in turn, positively influences their connection with the firm, and feelings of goodwill towards and intent to do business with the firm.

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CHAPTER 1

CONSUMER ENGAGEMENT: A MULTI-METHOD APPROACH TO CONSTRUCT, THEORY AND MEASURE DEVELOPMENT

Introduction

Since the early 1990s, relationship marketing (RM) research has focused on customer-company relationships largely through customer retention and repeat patronage or loyalty. The interactions in the customer-company relationship are driven by the firm, and the outcomes of these interactions are measured in terms of exchanges of products and services. However, the RM approach in its current form speaks little about 1) the acquisition of customers, 2) organizations' efforts towards prospects and potentials, and 3) consumer experiences as the basis of marketing relationships. This dissertation addresses some of these gaps in the RM literature by developing the construct of "consumer engagement". This construct explores the connection customers, prospects and potentials form with organizations, that are based in their experiences with the offerings and activities of the organizations. The consumers build these experience-based relationships through intense participation by way of unique experiences embedded in the offerings and activities of the organizations.

This research will establish the need for and scope of the construct of consumer engagement (CE); provide a conceptual framework of consumer engagement; work towards developing a theory and measure of consumer engagement; and empirically test some outcomes of engaging consumers. The construct of CE is applicable to business-to-business, business-to-

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consumer, and consumer-to-consumer relationships. Due to practical constraints in including all the three contexts in this study, the construct will be tested in business-to-consumer context.

In its 2006-2008 research priorities, the Marketing Science Institute (MSI) called for a better understanding of "engagement." As "rapid changes in communications technology as well as globalization of markets are creating communities of customers and prospects rather than a multitude of isolated customers…….companies are discovering new ways to create and sustain emotional connection with the brand……...thus *engaging* (emphasis added) customers through innovation and design" (Marketing Science Institute (MSI) Research Priorities 2006, pp. 2, 4). This research will answer this call in a business-to-consumer context. Existing literature suggests that it is appropriate to begin understanding the concept of consumer engagement from the consumer's perspective. The service-dominant logic suggests that all business actions should start with understanding the customer value-creating activities. Even Payne, Storbacka and Frow (2008, p. 89) argue, "planning for co-creation is outside-in as it starts from an understanding of the customer's value-creating processes". This research answers this call and focuses on the consumer's perspective of being engaged "through innovation and design" (MSI 2006, p. 4).

From a practical perspective, organizations are spending millions of dollars creating "fun" retail experiences so that "consumers interact physically with their merchandise" (Baron, Harris, and Harris 2001, p. 103), sponsoring programs to educate consumers (e.g. the how-to clinics or Kids workshops at Home Depot), and developing new products that can be highly personalized by the consumer (e.g. iPod). Through blogs, feeds, podcasts, and public events, companies are also providing platforms for consumers to interact with one-another. Although most successful businesses realize the need for replacing mass marketing with creation of unique experiences, and encouraging consumers to participate and interact with businesses (Prahalad

2004), they are not sure how the consumers can be involved most effectively, and which elements of such efforts can best impact the bottom-line. From the managerial perspective, this research will explore the nature of engagement from the perspective of the consumer. What are the consumers' expectations in being engaged with an offering or activity? What role are consumers expecting organizations to play when they allow themselves to be engaged? What values do consumers expect to derive by being engaged with certain offerings and activities? Answers to these questions will give a better understanding of where the managers should focus their strategies in order to engage the consumers.

The research involves collection of qualitative as well as quantitative data. Qualitative work involved field interviews with executives, focus groups, participant observations, phenomenological interviews with consumers, analysis of online comments and an open-ended survey. The qualitative study was done to develop a better understanding of the nature of CE, to develop a comprehensive definition and explore dimensions, to support theory development for the construct, and to generate items for the measure of consumer engagement. The qualitative data was collected in several stages. In stage 1 of quantitative data collection, the generated items are being assessed with a student sample of approximately 180 students. In stage 2, another set of quantitative data was collected. This data from non-students was used to purify and validate the scale. Later in stage 3, a third dataset from non-students was collected to test correlations with marketing outcome variables. The detailed research methods for each step are discussed in the later chapters.

The Expanded Relationships Domain And Consumer Engagement

In the past, some researchers broadened the domain of RM by emphasizing that RM involves all marketing activities directed towards establishing, developing and maintaining "the

ten forms of relationship marketing" (Morgan and Hunt 1994, p. 34). In spite of such efforts by some researchers, RM research has mostly limited itself to studying the development and retention of customers in buyer-seller relationships that are solely based on exchange. The excessive focus on retention has led to the neglect of understanding about the acquisition of customers, even though the service-dominant (S-D) logic (Vargo and Lusch 2004, 2008) and the recent writings of Prahalad and Ramaswamy (2000, 2002, 2003, 2004) emphasize the importance of experiences of prospects, potentials, and the *value configurations*-the "economic and social actors within networks interacting and exchanging across and through networks" (Vargo and Lusch 2008, p. 5). The approach taken by Vargo and Lusch (2004, 2008) and Prahalad and Ramaswamy (2000, 2003, 2004) calls for broadening the view of RM research to include the experiences of prospects, potentials, as well as the value configurations as a whole. In spite of these calls for broadening the domain of RM research, even the most recent academic work under the umbrella of service dominant logic continues to focus on buyer-seller relationships which are essentially bound by exchange (e.g. Payne, Storbacka and Frow 2008). Based on the writings of different researchers, table 1.1 has been created to briefly list the focus, basis of value, interactions and outcomes of the current domain of relationship marketing and compare it with the broadened view within which lies the construct of CE.

Table 1.1

Current and Expanded Domain of Relationship Marketing

	Current domain of RM	Expanded domain of RM (Morgan and Hunt 1994; Vargo and Lusch 2004, 2006, 2008; Prahalad and Ramaswamy 2000; 2003; 2004)
Focus	Customer-organization relationships; retention of customers	Value configurations of customer and prospects, communities, as well as organizational networks; Acquisition and retention of consumers
Basis of Value	Exchange/Products and services	Use/ Experiences of customers/ process of cocreation/ phenomenology
Interactions	Driven by organizations	Driven by customers, prospects, and potentials
Outcomes	Exchange-centric	Experience-centric (exchange value determination is provisional upon expereince (Vargo and Lusch 2008))

The existing RM approach focuses on retention of customers, and getting repeat patronage or loyalty from them. This way, the relationship marketing approach in its current form is silent about the acquisition of customers. Sole focus on retention and 'repeat patronage' etc., overlooks several important aspects. First, it does not account for the huge efforts organizations target towards prospects. How do we explain the millions of dollars Microsoft spends on making computers available to school students? (e.g., Clinique organizes make-up workshops, called "Attracted to Colour", twice a year to enable anyone who wishes to have an opportunity for one-on-one consultation with their make-up experts!). Second, the current paradigm of relationship marketing also does not explain RM programs of organizations that are not product-centric (e.g., American Express, through the Members Project, urges card members "to dream up, and ultimately unite behind, one incredible idea. American Express will bring it to

life with up to $5 million." (membersproject.com 2008). Third, there are occasions when customers and prospects interact amongst themselves. This interaction mostly influences their consumption decisions. For example, lots of prospects read online reviews from other customers, and product rating third-party websites (e.g. epinions.com) before buying any product or service. The existing constructs in the domain of RM do not consider the influence of such interactions. Fourth, the existing approach overlooks the opportunities created by organizations for interactions among customers and prospects that are focused on helping them share experiences and solve each others' problems, such as the baby birth or cancer seminars in many hospitals. The literature on customer communities addresses some of these relationships, but a new construct is needed that could encompass the interactions among organizations, organizational networks, customers, prospects and potentials in what Vargo and Lusch (2008) call the value configurations. The new construct: 1) should be based on experiences of consumers, irrespective of the exchange, and 2) should capture the participation of consumers within and outside of the exchange situations. This is important because, in the evolving marketing paradigm, relationships are not just between buyers and sellers, but between any combination of (and among) prospects, potentials, society, buyers, their extended relatioships, and sellers. CE is a construct that meets these two requirements and thus attempts to contribute toward expanding the domain of relationship marketing.

Conceptual Foundation

The conceptual foundations of this research lie in the theory of consumption values, the consumer value perspective, and the existing literature on engagement and customer engagement. In the past decade or so, research has also shown that value is not just economic (Holbrook 2006) or functional, but also emotional, epistemic, conditional (Sheth et al. 1991),

social (Sheth, Newman, and Gross 1991; Holbrook 2006), hedonic and altruistic (Holbrook 2006). The exchange paradigm suggests that exchange and the resulting functional or economic value precedes experience, as well as the non-functional values explored by phenomenological researchers. Recent developments in marketing suggest that "value is always uniquely and phenomenologically determined by the beneficiary" (Vargo and Lusch 2008, p. 9). Further, we have known that "consumer choice is a function of multiple consumption values" (Sheth et al. 1991: 160). This way, recent research shows that the meaning of value and the process of value creation are rapidly shifting from a product, organization and exchange-centric view to personalized consumer experiences. Given the new marketing programs mentioned earlier, consumer experiences, as well as the non-utilitarian value may or may not be solely dependent on exchange.

Considerable conceptual and descriptive work has been done on the topic of engagement across various disciplines. However, there are gaps in our understanding of how, why and when the consumers engage themselves with offerings and activities. I will draw from the growing body of literature on engagement in psychology; customer engagement in practitioner literature, information systems, and marketing; employee engagement in psychology and management; and literature on related constructs such as participation, involvement, connections, co-creation, and brand communities in the fields of psychology, management and marketing. Specifically, the research on customer engagement is predominately qualitative and descriptive, done primarily in an online context, and lacking an overarching or generalizable theory and measure of this behavior. I define *consumer engagement as the intensity of consumer's participation and connection with the organization's offerings, and/ or organized activities.*

Research Objectives

Given the existing academic and managerial understanding of consumer engagement, the objectives of this research are as follows:

1.   To establish the need for and scope of the construct of consumer engagement.

2.   To define consumer engagement and determine its dimensions.

3.   To develop and partially test a theory of consumer engagement.

4.   To develop a measure of consumer engagement.

5.   To empirically test some outcomes of engaging consumers.

Research Methods

Different methods are applicable to different objectives of this research. While the first three objectives involve extensive use of qualitative techniques, the fourth objective, measure development, is accomplished by a combination of qualitative and quantitative data. The final objective of testing relationships with certain marketing outcomes is further accomplished empirically through the use of survey research.

I have conducted field interviews with 18 executives and 13 consumers, focus groups with 2 sets of undergraduate students, participated in 3 events (Clinique's Attracted to Colour Workshop; Sea World, San Diego; Sahaj Yoga, a meditation community) and phenomenologically conducted participant interviews with five people. Another eight people were interviewed to understand CE from consumer perspective. I also analyzed about 100 online comments or postings in order to understand the nature of engagement. This has helped me understand the nature and determine the scope of CE. This collection of qualitative data also helped me define the construct and determine its dimensions conceptually. Next, using an open-ended survey, I collected 178 incidences of engagement from 62 participants to capture a whole

range of foci of consumer engagement. The qualitative information helped me to develop a pool of generalizable items for the measure of CE. The items were reviewed by 20 undergraduate students, 5 PhD students and 3 non-students for wording and relevance. For the first empirical study, 37 items were retained which were assessed using data from a student sample. The EFA helped in elimination of 19 items, which were then subjected to CFA using a mixed non-student and student sample in Study 2. At this stage 3 new items to measure social interaction were also added. CFA from Study 2 led to retention of 19 items, followed by another CFA on datasets from multiple samples in Study 3. The final CE scale has 10 items reflecting 3 dimensions.

Stage 2 involved data collection from a representative sample to validate the scale. In this stage, students in some of the marketing classes recruited participants for extra credit. This data was subjected to confirmatory factor analysis using SEM, which lead to the final scale. The steps taken to validate the scale are addressed in chapters 4, 5 and 6. In stage 3, data was again collected to measure the relationship of consumer engagement with several important marketing outcome variables, and to more fully validate the scale nomologically. The marketing outcomes measured at this stage included value, goodwill creation, connections with the company, intent to do business and affective commitment. The scale development process followed in this research is given in Table 1.2.

Table 1.2

Overview of Research Sequence
Qualitative Studies **Theory building: Exploring nature, themes, dimensions of CE** **Generated initial pool of 89 items** **Conceptualized 5 dimensions**
Initial Item Purification **Wording, Relevancy, Categorization** **37 items**

Table 1.2 (*Continued*)

Empirical Study 1: Scale Refinement
Exploratory Factor Analysis
Empirical confirmation of 2 dimensions, 18 items
Empirical Study 2: Scale Validation
Confirmatory Facot Analysis of CE items
Confirmation of 3 dimensions, 19 items
Confirmatory Factor Analysis of endogenous variables
Empirical Study 3: Nomological Validation
3 samples- Product usage, retail service, activity
CFA of CE items
3-dimensional, 10 item final CE scale
CFA of Endogenous variables
Structural Equation Modeling of hypothesized relationships of CE with endogenous constructs

Organization of Dissertation

The dissertation is organized into seven chapters. This chapter presents the rationale for the study, its importance, an overview of the methodology, and sets the conceptual foundations for the construct. Chapter 2 reviews related literature and introduces the variables related to CE. This chapter reviews existing literature on engagement and consumer engagement; compares and contrasts CE with connection, participation, co-creation and co-production, brand communities, involvement, attachment, and consumer devotion; and discusses value and connections, two important consequences of consumer engagement. Chapter 3 discusses the nature, scope and framework of CE. As the nature, scope and framework have been derived from qualitative work, this chapter also discusses each step in the qualitative data collection in detail. Chapter 4 discusses the initial scale development efforts undertaken and presents the operationalization of the measures to be used in the study and the research methods used to validate the measures and to establish the nomological validity of the construct. Chapter 5 discusses the results of

exploratory factor analysis. Chapter 6 discusses the procedures and results of studies 2 and 3.

Finally, overall research results are discussed in Chapter 7, followed by a discussion of the

implications, limitations and future research.

CHAPTER 2

THEORETICAL FOUNDATIONS OF CONSUMER ENGAGEMENT

The current study focuses on consumer engagement (CE). Given that CE is a construct not yet developed in marketing, I will draw from the growing body of literature on engagement in psychology; customer engagement in practitioner literature, information systems, and marketing; and employee engagement in psychology and management. This literature is summarized in Table 2.1.

In this Chapter, I first discuss the current use of engagement in the literature. Second, I individually review related constructs such as connection, customer participation, co-creation and co-production, brand communities, involvement, attachment, and devotion. Following a review of the literature for each construct, I compare engagement to these constructs in order to differentiate them and demonstrate the distinguishing characteristics of consumer engagement. This differentiation has also been summarized in Table 2.2. Third, I review literature on consumer value and connection as being affected by consumer engagement.

Engagement

This section discusses the existing conceptualizations of engagement and customer engagement. Table 2.1 summarizes the existing literature on these constructs from the fields of psychology, management, information systems, marketing and some practitioner literature. As the table shows, the term engagement has been used in the marketing literature, but not defined systematically. In psychology, several researchers have attempted to define engagement, either

generally (Schaufeli et al 2002), or in the context of work (Maslach, Schaufeli and Leiter 2001), role (Watkins et al. 1991) or employment (Avery, McKay and Wilson 2007). This section briefly discusses the relevant literature on engagement, which has also been summarized in Table 2.1.

Table 2.1

Summary Review of Important Papers Related to Consumer Engagement

Authors (Year) Study	Objective of the study	Main contributions	Definition of CE
Academic Literature- Marketing			
Whelan and Wohlfeil (2006) **(Case studies: Brands)**	Effectiveness of event marketing as a communication strategy	Event marketing facilitates CE with the brand through informal dialogues and personal first hand brand experiences	None
Sawhney, Verona and Prandelli (2005) **(Case studies: Marketing)**	Case studies on co-creating value through engaging customer through the internet	Virtual CE is customer-centric, active, two-way, continuous, focuses on social and experiential knowledge, has direct as well as mediated interactions with prospects and potential customers	None
Joshi and Sharma (2004) **(Empirical study on Knowledge development: Marketing)**	Explores antecedents of customer knowledge development and its impact on new product performance	Customer new product preferences evolve through customer engagement with specific new product ideas	None
Prahalad (2004)	Invited commentary on service dominant logic. Suggests there are multiple existing approaches to CE, but their organization-centered perspective needs to be debated.	Suggests that organization-customer relationships are not bilateral; engagement leads to cocreation of experience; dialogue, access & transparency to information; risk assessment are building blocks for cocreation of value.	None
Winsor (2004) **(Conceptual paper: Marketing)**	Brands and the role they play in organizational success	The most valuable feedback is gleaned from consumers when they are actually engaged in making purchasing decisions	None
Academic Literature- Psychology			
Bakker et al (2007)	Tests if job resources act as buffers and diminish the negative relationship between pupil misbehavior and work engagement	Job resources boost work engagement, especially in situations when job demands are high	

Table 2.1 (*Continued*)

Gravenkemper (2007)	Engagement principles that facilitate community-building efforts in orgs.	Six principles: communicate a compelling message; build a guiding coalition; create principle-based vs. compliance –based guidelines for decisions and behaviors; identify early engagement indicators; generate continuous opportunities for dialogue; plan assimilation strategies for new members and new leaders	
Avery, McKay and Wilson (2007)	Examined how individual or situational factors relate to engagement; Measured variables included perceived coworker age composition, satisfaction with older and younger coworkers	Satisfaction with coworkers &perceived age similarity relates to engagement	Meaningful employee expression in work roles.
Higgins (2006) (Conceptual paper-Hedonic experience and Engagement)	Proposes that *strength of engagement* can contribute to experienced value through its contribution to experience of motivational force	Proposes certain implications of the contribution of engagement strength to value	
Hallberg and Schaufeli (2006)	Investigates whether work engagement could be empirically separated from job involvement and org. commitment	Work engagement, job involvement and org commitment are empirically distinct constructs and reflect different aspects of work attachment	
Salanova, Agut & Peiro (2005)	Examines mediating role of service climate in prediction of employee performance and customer loyalty		
May, Gilson and Harter (2004)	Explore the determinants and mediating effects of meaningfulness, safety and availability on employee engagement	Meaningfulness is most strongly related to engagement. Job enrichment and work role fit relate to meaningfulness; rewarding relationships to safety; availability to resources available	

Table 2.1 (*Continued*)

Schaufeli et al (2002) **(Empirical study with 24 self-constructed items of engagement: Psychology)**	examines the factorial structure of a new instrument to measure engagement	Dimensions of Engagement-Vigor(high levels of energy and mental resilience), dedication (sense of significance, enthusiasm, inspiration, pride and challenge) and absorption (being fully concentrated, happy and deeply engrossed)	Engagement is a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication and absorption. (p.72)
Rothbard (2001) **(Empirical study: Psychology)**	develops a model of engagement in the multiple roles of work and family	Components of role engagement-attention and absorption	
Maslach, Schaufeli, and Leiter, (2001) **(Empirical study: Psychology)**	Engagement is opposite of burnout	Engagement promises to yield new perspectives on interventions to alleviate burnout	Work engagement is a persistent, positive, affective-motivational state of fulfillment (p.417)
Watkins et al. (1991)	Understanding relationship between role relevance and role engagement in school psychology	Relevance and engagement possess similarities in structure	Role engagement is the degree to which various role behaviors are actually practiced or engaged in by school psychologists
Kahn (1990) **(observation, document analysis, self-reflection, and in-depth interviewing: Psychology)**	explore the conditions at work in which people personally engage, or express and employ their personal selves, and disengage, or withdraw and defend their personal selves	Psychological conditions of personal engagement (1) How meaningful is it for me to bring myself into this performance? (2) How safe is it to do so? (3) How available am I to do so?	Engagement is the simultaneous employment and expression of a person's 'preferred self' in task behaviors that promote connections to work and to others personal presence (physical, cognitive and emotional) and active, full performances (p.700)
Academic Literature- Information Systems			

Table 2.1 (*Continued*)

Wagner and Majchrzak (2007) **(Case studies: Information systems)**	Studies of wiki technologies in three organizations to determine the enabling characteristics of CE	CE is enabled through community custodianship, goal alignment, value-adding processes, emergence of layers of participation, management and monitoring effort, and enabling technologies. Suggests customers should take the role of custodians	Customer engagement becomes defined as the intensity of customer participation with both representatives of the organization and with other customers in a collaborative knowledge exchange process.
Erat et al (2006) **(Case studies: Information systems)**	Describes communities of customers in the context of knowledge sharing	Discusses challenges in engaging customers online, the different roles customers can take.	"Engagement with customers calls for exchanging information and knowledge with customers and fostering exchanges between customers" (p. 511)
Academic Literature-Management			
Fleming, Coffman and Harter (2005) **(Empirical study drawn from a consulting assignment)**	Develops a variation of six sigma (human sigma) to manage variability in sales and service groups	Suggests performance is the result of an interaction of employee engagement and customer engagement; Emotions inform both sides' judgments and behavior more powerfully than rationality	None
Nambisan (2002) **(Conceptual paper: Management)**	Multitheoretic approach to examining the design of virtual customer environments	Discusses 4 themes-interaction patterns, knowledge creation, customer motivation, and virtual community-NPD team integration; suggests that patterns of interactions vary with the roles customers play	None
Practitioner Literature			
ARF **(Practitioner literature)**			Turning on a prospect to a brand idea enhanced by the surrounding context

Table 2.1 (*Continued*)

People Metrics (**www.people-metrics.com**) (**Practitioner literature**)		Engaged customers: 1) promote the company or brand, 2) intend to return in the future, 3) go out of their way to do business with the company, and 4) feel passion, even love, for the brand and experience.	
Wikipedia (**Wiki dictionary**)		Suggests CE is an online social phenomenon, where customer behavior revolves around product categories. Gives other definitions of CE, and discusses marketing practices	Engagement of customers with one another, with a company or a brand.
Shantanu Narayen (CEO Adobe) (2007) (**Interview**)	On redefining the motto of Adobe	Health of a company relies on the extent to which it creates meaningful and sustainable interactions	Creating meaningful and sustainable interactions
Richard Sedley (2007) (**Practitioner literature**)	Customer Engagement Director, cScape	Customer Engagement Survey 2006	Repeated interactions that strengthen the emotional, psychological or physical investment a customer has in a brand.
Preston (2007) (**Practitioner literature**)		CE is deeper than just humoring customers or paying lip service to them.	None
Ron Shevlin (2007) (**Practitioner literature**)			Repeated, satisfied interactions that strengthen the emotional connection a customer has with the brand

Table 2.1 (*Continued*)

Rieger and Kamins (2006) **(Practitioner literature)**	Exploring barriers that prevent companies from engaging their customers and employees	CE is an emotional connection between the company and its customers	None
Band and Guaspari (2003) **(Practitioner literature)**	How marketing executives can overcome the internal action gap by helping their whole organization become customer engaged	Customer engaged organization doesn't only deliver superior results but is also able to adapt and respond more nimbly in a competitive environment.	None

Kahn (1990) was the first to apply the concept of engagement to work. Describing the

behavior of engaged employees, he suggested that employees vary in their expression of selves

in work roles. Those who perceive more supportive conditions for authentic expression tend to

be engaged. On the other hand, Maslach, Schaufeli and Leiter (2001, p. 417) defined work

engagement as "persistent, positive affective-motivational state of fulfillment." Later, presenting

engagement as a motivational construct, Schaufeli et al. (2002) defined engagement as a positive,

fulfilling, work-related state of mind that is characterised by vigor, dedication and absorption.

Stressing the assumption of optimal functioning in terms of well-being (Hallberg and

Schaufeli 2006), the concept of engagement in various sub-fields of psychology has been

dimensionalized as involving vigor, dedication and absorption (Schaufeli et al. 2002).

> Vigor is characterized by high levels of energy and mental resilience while working and
> by the willingness and ability to invest effort in one's work. Dedication is characterized
> by a sense of significance, enthusiasm, inspiration, pride, and challenge. The final
> dimension of engagement, absorption, is characterized by being fully concentrated and
> happily engrossed in one's work, whereby time passes quickly and one feels carried
> away" (Schaufeli et al. 2002, p. 465).

Rothbard (2001) suggests two dimensions of engagement, attention and absorption. On

the other hand, Maslach considers engagement to be the opposite of burnout.

Kahn (1990) suggested three psychological conditions for employee engagement:

meaningfulness; psychological safety; and availability. Meaningfulness is defined as the value of

a work goal or purpose, judged in relation to an individual's own ideals or standards.

Psychological safety is defined as "feeling able to show and employ one's self without fear of

negative consequences to self-image, status, or career" (Kahn, 1990, p. 708). Psychological

availability is defined as an individual's belief that s/he has the physical, emotional or cognitive

resources to engage the self at work (Kahn, 1990).

Customer Engagement

Customer Engagement is an application of the concept of engagement that is presently evolving amongst practitioners as well as academics. A collection of definitions in Table 2.1 suggests that there are differing conceptualizations of the term. While practitioners look at customer engagement from the perspective of the organization, and define it as activities "facilitating interactions that strengthen the emotional, psychological or physical investment a customer has in a brand" (Sedley 2006, p. 5), academics in the information systems discipline look at customer engagement as "intensity of customer participation with both representatives of the organization and with other customers in a collaborative knowledge exchange process." (Wagner and Majchrzak 2007, p. 20). As the summary of literature in Table 2.1 suggests, there is considerable variation in the meaning with which the term customer engagement (CE) has been used and the manner in which it has been defined, primarily in the fields of information systems and management.

As summarized in Table 2.1, customer engagement is narrowly defined and excludes the consideration of prospects and potentials. Although the existing conceptualizations, especially the definition of Wagner and Majchrzak (2007), recognize the importance of participation, these definitions fail to recognize that even prospects and potentials participate in online conversations and exchange of views and ideas. Although the existing studies recognize the benefits organizations might derive from engaging customers, these studies do not recognize the several values consumers might derive from their connection with a company. Broadening the scope of customer engagement, consumer engagement involves customers, prospects and potentials; online and offline marketing programs; individual organizations as well as organizational networks. Further, unlike customer engagement, consumer engagement involves, but is not

limited to knowledge exchange. Engaged consumers may derive any or all possible extrinsic and intrinsic values from being engrossed with an offering or activity.

The importance of engaging the consumer has been recognized in the existing literature. However, customer engagement until now has been predominantly researched in online contexts under the exchange paradigm, with very few if any, systematic or empirical attempts to explore and operationalize the construct. Most of the work on customer engagement is descriptive in nature. Sawhney, Verona and Prandelli (2005) studied two cases of online product development to suggest how differing levels of customer involvement can facilitate collaborative innovation. Studies also suggest that the interaction of customer engagement and employee engagement result in better performance. Fleming, Coffman and Harter (2005) found that business units with even moderately high levels of employee and customer engagement are financially more effective, as compared to those with very high levels of either customer or employee engagement. More recently, Bowden (2009) provided a conceptual framework of the process of customer engagement, which is based on the extent to which customers are either new or repeat purchasers of a specific service brand. Thus, we can see that consumer engagement has not been empirically conceptualized and defined in the existing literature. The existing conceptualizations of the construct are narrow and inconsistent.

Several themes emerge from the existing literature on customer engagement. First, customer engagement has been recognized as an emotional connection between a company and its customers (Narayen 2007; Rieger and Kamins 2006). Second, customer engagement is focused on interaction with and participation of customers (Wagner and Majchrzak 2007; Nambisan 2002).Third, knowledge exchanges with and between customers are the key to engaging customers. Information and communication technologies are providing great

opportunities for organizations to exchange knowledge and engage with the customer (Erat et al. 2006; Joshi and Sharma 2004). Fourth, the existing literature suggests certain antecedents and outcomes of customer engagement. Organizational processes, enabling technologies, goal alignment with customers, organizational monitoring processes, and the different roles customers want to take affect the extent to which customer can be engaged (Wagner and Majchrzak 2007; Bakker et al. 2007; Erat et al. 2006; Nambisan 2002). Moreover, businesses are primarily engaging customers into the product development life-cycles, involving customers in product and process innovations (von Hippel 2005; Joshi and Sharma 2004; Nambisan 2002; Thomke and von Hippel 2002).

Engagement was first conceptualized in psychology in 1990 and has been studied since then. However, because of their applicability to their specific contexts, these conceptualizations cannot be applied to the consumer context. Customer engagement has also been explored and studied in recent academic and practitioner literature but not conceptualized systematically. The existing literature has some constructs similar to consumer engagement, which I will discuss in the next section.

<center>**Similar Constructs**</center>

This section discusses existing constructs that are similar to consumer engagement. The relevant literature related to each construct is briefly reviewed. Thereafter, consumer engagement is compared with and differentiated from each of these contructs. This differentiation is also summarized in Table 2.2.

Table 2.2

Differentiation of Constructs Compared to Consumer Engagement (CE)

Construct	Citations	Definition	Differs from CE
Customer Participation	Dabholkar 1990; Bendapudi and Leone 2003; Fang 2004; Dong, Evans & Zou 2006	Degree to which the customer is involved in producing and delivering the service.	Bound by the exchange situation
Involvement	Zaichkowsky 1985; Celsi & Olson 1988; Andrews et al.1990; Olsen 2007	Perceived relevance of the object based on inherent needs, values, and interests	Psychological construct, does not study behavior
Consumption Communities	Boorstin 1973; Schouten and McAlexander 1995; Muniz & O'Guinn 2001; McAlexander, Schouten and Koenig 2002; Kahney, 2004	Enduring self-selected group of consumers who share a system of values, standards & representations (a culture); and recognize bonds of membership.	brand or product consumption is a central pre-condition; social context is always rich
Attachment	Ball & Tasaki, 1992; Kleine & Baker, 2004	Bond; relationship between consumer and object of their attention; object is owned and used to maintain self-concept	Ownership oriented, defines or strengthens self-concept
Loyalty	Buttle & Burton, 2002; Dick & Basu, 1994; Mano and Oliver, 1993	Deeply held commitment to rebuy a preferred product or service consistently in the future	Product/ service specific, involves exchange, no role of experience
Consumer Devotion	Ortiz 2008; Hunt, Bristol, & Bashaw 1999; Pimentel and Reynolds 2004	Enduring state of passionate dedication to a prod./brand/ experience through which the consumer defines him/herself.	Cognitive construct, enduring in nature

Customer Participation

Recent research emphasizes the "active coproducer" (Prahalad and Ramaswamy 2000) role of the customer. Vargo and Lusch (2004) argue that the customer always participates as a coproducer. Dabholkar (1990, p. 484) defined customer participation as "the degree to which the customer is involved in producing and delivering the service." As is evident from this definition, customer participation, and the related constructs of coproduction and cocreation have viewed customer's connection with the organizations only in exchange situation. The levels at which the customers participate may range from firm production, joint production to customer production (Meuter and Bitner 1998).

Prior research on customer participation can be represented by three distinct streams. The first set of studies explores, from an organizational perspective, the reasons customers should participate. These studies focus on the economic benefits of substituting employees with customers for certain portions of labor (e.g. Mills and Morris 1986; Hsieh, Yen and Chin 2004; Payne, Storbacka and Frow 2008). Most of the work in this stream focuses on the economic rationale of participation, until Bendapudi and Leone (2003) brought up the importance of customers' psychological responses to participation, and the impact of these responses on satisfaction.

The second stream of research in customer participation focuses on employing traditional employee management models to manage customers as partial employees (Bendapudi and Leone 2003). Claycomb, Lengrich, and Inks (2001) proposed that increasingly active customer participation in service provision leads to corresponding increase in customer socialization. This increases the perceived service quality as well as satisfaction (Dabholkar 1990). Kelley, Donnelly, and Skinner (1990) proposed a conceptual service quality framework. This captures the behavioral and emotional outcomes that result from the socialization that occurs as customers participate.

The third stream of research on customer participation looks at the construct from the customer's perspective. Research in this stream has studied the motivation (Bateson 1985), effect of consumer traits and situational factors on technology adoption (Dabholkar and Bagozzi 2002), and factors influencing initial trial decisions in self-service technologies (Meuter et al. 2005). Meuter et al. (2005) established that consumer readiness variables (role clarity, motivation and ability) mediate the relationship of innovation characteristics and individual differences with the likelihood of trial. More recently, Dong, Evans and Zou (2006) focused on the effects of

customer participation in co-created service recovery. They reported that when customers participate in the service recovery process, they are more likely to have higher role clarity, perceive more value in future co-creation, be more satisfied with the service recovery, and have greater intentions to co-create value in the future. The next section discusses the literature on co-creation and co-production, and differentiates it from consumer engagement.

Co-creation and Co-production

Customer participation has always been studied in the context of co-creation, also termed co-production by many researchers. Recent research on co-creation focused on effectiveness of operational efficiency and marketing strategy (Kalaignanam and Varadrajan 2006); mutually satisfying consumption (Oliver 2006); integrated value-chain management (Flint and Mentzer 2006); cross functional processes (Lambert and Garcia-Dastugue 2006); co-creating the voice of the customer (Jaworski and Kohli 2006), and cocreating value (Payne, Storbacka and Frow 2008). Payne, Storbacka and Frow (2008) mention five types of co-creation situations. These include emotional engagement of customers through advertising and promotional activities, self-service, customers being part of an experience provided by the supplier (e.g. Disney Theme Parks), customers using the supplier's prescribed processes to self-select (e.g. Interactive voice and key-board response systems when contacting call-centers), and co-designing of products.

As can be seen from this list of co-creation situations, customer participation in existing research has been studied only in the context of an exchange. Customer participation happens during the purchase decision-making process, after the buying decision has been made, during the exchange process, or after the exchange. This way exchange is an antecedent condition simultaneous to participation.

This dependence of the construct of participation on exchange precludes several innovative marketing programs run by organizations to engage customers, for example the "retail interactive theater" that offers advice, cooking lessons and beauty workshops (Forester 2000; Mahler 2000; Pine and Gilmore 1999). Secondly, participation in the context of an exchange involves activity, i.e. a series of actions oriented towards a specific goal (Leont'ev 1978). If participation has to be studied in the context of an experience, it should incorporate an additional dimension of reflecting upon the consequences of one's activities.

As Margolin (2002) puts it, experience has an operative and a reflective dimension. "The operative dimension refers to the way we make use of products for our activities. The reflective dimension addresses the way we think about a product and give it meaning" (Margolin 2002, p. 42). Assumption of exchange as an antecedent condition to participation, as well as the sole focus on the activity dimension of participation, differentiates the construct of customer participation from consumer engagement. Consumer Engagement focuses on experiences, and not exchange, as the context in which the consumer is engaged. This experience may happen with or without an actual exchange. Moreover, consumer engagement focuses not only on the operative dimension of participation, but also the reflective dimension. Engaged consumers not only actively interact with the offerings and the businesses, but also prepare before and/ or reflect on the activity later. The following section discusses the literature of brand communities and differentiates it from consumer engagement.

Brand Communities

Research documenting the formation of cult brands (Kozinets 2001), brand communities (Muniz and O'Guinn 2001), consumption sub-cultures (Schouten and McAlexander 1995) and product/service-centric tribes (Cova 1997) suggests that a different form of consumption has

begun to emerge. The concept of consumption communities was first proposed by historian Daniel Boorstin (1973). Several consumption communities have been researched since then, including mountain men, X-Philers, Macintosh enthusiasts, or Trekkies (Belk and Tumbat, 2005; Kahney 2004; Kozinets 1997, 2001; Muniz and O'Guinn, 2001). Socially embedded consumption of this type enhances the utilitarian nature of a product or service with the value that comes from connecting to a community of users.

Based on ethnographic research and computer-mediated environmental data, generated to study the characteristics of brand community, Muniz and O'Guinn (2001) discussed three core components of a community: 1) consciousness of kind, the intrinsic connection members feel towards one-another, and the collective sense of difference from those not in the community; 2) presence of shared rituals and traditions; and 3) a sense of moral responsibility to the community as a whole.

Most research on communities is generally qualitative and descriptive (Redden and Steiner 2000). Wellman (1979) suggests that due to the presence of inexpensive and accessible communications, the notion of community has been freed from geographical bindings. A community might not be limited to a certain geographical area, but might be spread across geographical boundaries. The members in such communities are bonded not because of physical proximity, but because they share common beliefs and ideas. Anderson (1983) and Gellner (1983) even argued that most large communities are imagined. People are united through the notion of shared understanding with others. Through shared religion, shared concerns and shared beliefs, "members feel part of a large unmet, but easily imagined community." (Muniz and O'Guinn 2001, p. 419)

McAlexander, Schouten, and Koenig (2002) suggest that the primary basis for the identification of brand communities is either brands or consumption activities. They see brand communities as customer-centric. In their model, the brand and the product are granted "community member status" (p. 39) equivalent to the customer and the marketer. Thus, similar to other conceptualizations of market place communities, such as consumption communities (Boorstin 1973) and brand community triad (Muniz and O'Guinn 2001), brand or product consumption is a central pre-condition to the formation of a community.

In brand communities "product adoption is necessary to become fully situated in the experience" (McAlexander, Schouten, and Koenig 2002, p. 41). This way, in brand communities, consumption, and not experience, is focal to the construct. In such communities, the product is not an operand resource (Vargo and Lusch 2004), an instrument, or a medium to seek certain experiences, but is the focus of community. In contrast, for engaged consumers, consumption of a product or brand may be secondary, only instrumental in creating the experiences they seek. Instead of focusing on the product or brand, consumer engagement focuses on the experience shared with others (of a situation, a need, or a problem) that engages consumers. Unlike in brand communities, the experience in engagement could be personal or shared with others.

In situations where the consumers are engaged, the organizations and their associated networks facilitate the 'absorption' (Schaufeli et al. 2002) of the engaged consumers. Schaufeli and colleagues differentiate the absorption dimension from flow by suggesting that "being fully absorbed in one's work goes beyond merely feeling efficacious and comes close to what has been called flow, a state of optimal experience that is characterized by focused attention, a clear mind, mind and body unison, effortless concentration, complete control, loss of self-

consciousness, distortion of time, and intrinsic enjoyment (Csikszentmihalyi 1990). However, flow typically refers to rather particular, short-term peak experiences instead of a more pervasive and persistent state of mind, as is the case with engagement." (Schaufeli et al. 2002, p. 465).

Unlike communities of fans and devotees, the social context of engaged consumers also varies from being rich to being nearly devoid of it. These differences suggest that engagement is a construct different from communities, although on several occasions, engagement might result in community membership or vice versa.

Involvement

Involvement is defined as "perceived relevance of the object based on inherent needs, values, and interests" (Zaichkowsky 1985, p. 342) in exploring enduring and intrinsic relevance of an object. Involvement has been developed as a psychological construct predictive of sports related behavior (Funk, Ridinger, and Moorman 2004; Luschen and Sage 1981; Shank and Beasley 1998), products and shopping decisions (Hawes and Lumpkin 1984; Keller 1987; Slama and Tashchian 1987; Zinkhan and Locander 1988), and leisure literature (Bloch and Bruce 1984; Unger and Kernan 1983). Due to the studies spanning several disciplines, involvement has been approached in several different ways. Antil (1984) once made an attempt to gain a conceptual and operational understanding of involvement related studies in consumer behavior, followed by Zaichkowsky (1985), who then conceptualized it as personal relevance. Andrews, Durvasula, and Akhter (1990) sought to build a framework of involvement from an advertising perspective. More recently, Howard and Kerin (2006) studied involvement from the perspective of broadening the scope of reference price advertising research.

Antecedents of involvement discussed in the literature include physical and social aspects of immediate environments (Celsi and Olson 1988), and personal intrinsic characteristics

(Zaichkowsky 1985; Richins and Bloch 1986). Consequences of involvement are posited in the domain of information processing-attention and comprehension processes (Celsi and Olson 1988), motivation to process (Bloch, Sherrell, and Ridgway 1986), types of processing (Mittal 1988) and interactions (Levy and Nebenzahl 2008), as well as repurchase loyalty (Olsen 2007).

The construct of involvement has had varied conceptualizations. Researchers have viewed involvement as an internal state indicating arousal, interest, or drive invoked by a stimulus or a situation (Bloch 1982; Andrews, Durvasula, and Akhter1990). This suggests that involvement has been conceptualized as a cognitive, affective or motivational construct indicating state of mind (Smith and Godbey 1991), or perceived personal relevance (Zaichkowsky 1985; Richins and Bloch 1986; Celsi and Olson 1988). Involvement might lead to greater external search (Beatty and Smith 1987), greater depth of processing (Burnkrant and Sawyer (1983), more elaboration likelihood through peripheral or central routes of persuasion (Petty and Cacioppo 1986), gaining more experience, product trials (Robertson 1976; Krugman 1965), or other search behaviors. Thus involvement may be differentiated as a precursor to behavioral conceptualization of CE. CE is clearly a behavioral construct which focuses on actions. Involvement would be an antecedent of CE. The next section discusses attachment and differentiates it from consumer engagement.

Attachment

Attachment is a construct truly embedded in exchange. Attachment is "the extent to which an object which is owned…is used by that individual to maintain his or her self concept" (Ball and Tasaki 1992:158). Examined in the marketing literature in the contexts of objects, retailers, and brands (Ahuvia 2005; Ball and Tasaki 1992; Belk 1995), attachment has been identified to be driven by individual self-expression (McCracken 1988) and identity development

(Kleine, Kleine, and Allen 1995). The scale developed by Ball and Tasaki (1992) suggests that possession is important in consumers' maintaining and supporting their sense of identity and self-worth, even if the consumer does not admit it. Object attachment has been found to strongly impact use of products, and may define or strengthen the sense of identity of consumers (Ahuvia 2005; Falk and Campbell 1997).

Attachment is an affective construct and strongly associated with ownership or possession of objects or products, and so is different from CE. However, attachment could lead to engagement in several situations. The next section discusses consumer devotion and differentiates it from consumer engagement.

Consumer Devotion

Existing literature describes devotion as a transcendent experience. Devotion has been described as an expression of identity, as an increased motivation toward, and an attachment to an object that does not have temporal or geographic boundaries (Hunt, Bristol, and Bashaw, 1999). Based on a model of devotion, Pimentel and Reynolds (2004) argued that sport-related devotion is generalizable to mainstream brands. Devotion to a brand is accompanied by proactive sustaining behaviors, and the devoted consumers reach a level of loyalty so intense that the loyalty survives poor product performance, scandal, bad publicity, and absence of promotional efforts. Their model indicates that consumer devotion exists when there is product significance beyond utilitarian and commercial value. To extreme devotees or fanatics, possession attachment (Ball and Tasaki 1992; Kleine and Baker 2004) can take on sacred meaning, be described in religious terms, and become a reflection of personal identity (Belk 1988; Belk and Costa 1998; Holbrook 1987; Hunt, Bristol, and Bashaw 1999; Pimentel and Reynolds 2004).

Researchers have also demonstrated significance of devotion in expressing self-concept and self-identity (Hunt, Bristol, and Bashaw 1999; Ortiz 2008). Ortiz (2008) defines consumer devotion as an enduring state of passionate dedication to a product, brand, or experience through which the consumer in part defines him/herself. This definition suggests that longer durations, self-identification are key in consumer devotion. These elements of consumer devotion also differentiate it from consumer engagement which is behavioral, and is not necessarily enduring.

Several constructs in the existing literature are similar to consumer engagement. These include brand communities, customer participation, involvement, attachment and consumer devotion. These constructs were briefly discussed in this section. This section also showed how these constructs are different from consumer engagement. Next, I discuss two important consequences of consumer engagement, value and connections.

Consequences of Engagement

This section discusses literature related to value and connection. Consumers derive a range of functional and non-functional values as a result of being engaged with organizations. Consumer engagement also results into high quality emotional connection between consumers and the organizations that initiate the engagement. Therefore, value and connection are two important consequences of engagement discussed in this section.

Value

Amidst the "growing resistance of consumers to traditional marketing programs, marketers' interest in novel means of engaging consumers continues to grow" (Bagozzi and Dholakia 2006, p. 45). The increasing trend for novel marketing programs converges with "an increased demand for experiences rather than for products as major avenues for need satisfaction." (Etgar 2008, p. 99). The research emphasis on experience-seeking has been

growing since the early 1980s. (Hirschman and Holbrook 1982; Arnould, and Price 1993; Mano and Oliver 1993; Pine and Gilmore 1998, 1999; Schmitt 1999). More recently Vargo and Lusch's (2008) emphasis on phenomenological determination of value by the beneficiary has brought renewed attention to the research in interpretive marketing (Firat, Dholakia, and Venkatesh 1995; Firat and Venkatesh 1993; Berthon and John 2006; Holbrook 2006), specifically, the theory of consumption values (Sheth, Newman, and Gross 1991) and consumer value perspective (Holbrook 2006).

Consumption Values

In an attempt to explain consumer choice decisions, Sheth, Newman, and Gross (1990, 1991) argued that consumer choice is a function of multiple consumption values. Emphasizing that the determinants of choice are consumption values and not purchase criteria, Sheth, Newman, and Gross (1991) identified five consumption values that drive all market choice behavior: functional, social, emotional, epistemic and conditional. These consumption values are independent and make differential contributions in any choice situation (Sheth, Newman, and Gross 1990, 1991). The functional value is utilitarian or extrinsic in nature. "An alternative acquires functional value through the possession of salient functional, utilitarian, or physical attributes." (Sheth, Newman, and Gross, 1991, p. 160). Traditionally functional value was considered to be the primary driver of consumer choice. However, consumers can also derive value through association with social groups (social value), feelings associated with the consumption (emotional value), curiosity, novelty or knowledge acquisition (epistemic value), antecedent physical or social contingencies that might enhance any other value (conditional value). This theory depends on three axioms:

- market choice is a function of multiple values;

- these values make differential (and incremental) contributions to choice;

- the values are independent (Sheth, Newman, and Gross 1991, p. 7).

The theory has been empirically tested for examining use and brand choice in relation to cigarette smoking, and voting (Sheth, Newman, and Gross 1991), where it showed impressive predictive rates in excess of 90%. Despite difficulties with these issues, the consumption value theory has the appeal of neatness and simplicity, as observed by Schiffman and Kanuk (1991).

The theory primarily suggests that the consumption values a consumer seeks out, are what determine their choice. Although the theory of consumption values has been used to test several consumer choice situations, until now it has been limited to the study of exchange. Consumption values can also be applied to experiences. This theory will be used as a conceptual framework to aid in understanding the link between consumer's engagement, the values derived, and its impact on marketing outcomes. I now discuss the consumer value perspective which broadly categorizes consumer values as intrinsic or extrinsic.

Consumer Value Perspective

Work on experiential marketing emphasizes emotional, contextual, symbolic and non-utilitarian aspects of consumption (Arnould and Thompson 2005). Suggesting that value resides in the experience, Holbrook (1999, p. 8) argues that "value (an interactive relativistic preference experience) resides not in the product purchased, not in the brand chosen, not in the object possessed, but rather in the consumption experience(s) derived therefrom," and this way separates value from exchange between the buyer and seller and relates it to experience.

Holbrook's (1999) conceptualization of value incorporates the operative as well as reflective dimensions of experience. "The operative dimension refers to the way we make use of

products for our activities. The reflective dimension addresses the way we think about a product and give it meaning." (Margolin 2002, p. 42).

Based on the definition of value as experience, Holbrook (1999) identifies three dimensions on a continuum characterizing user value--intrinsic versus extrinsic, self-oriented versus other-oriented, and active versus reactive. Intrinsic values involve appreciating an experience for its own sake and enjoying the process, while extrinsic values will serve as a means to an end. Consumers deriving extrinsic value focus on the outcome of the experience, such as the knowledge gained out of co-creating a service, or the freebies associated with learning the art of makeup at Sephora. The second dimension, self-oriented versus other-oriented, corresponds to whether an experience is valued because of its benefits to the user, or because of the reactions it draws from others. Finally, the active-reactive dimension represents a distinction regarding whether there is a manipulation of the object of experience by the user or vice versa. Art objects have a reactive value, their benefits resulting from passive admiration. On the other hand, an iPod has an active value derived by creating customized music from it.

Desire to *play, fun, aesthetics* and *spirituality* are intrinsic values "actively pursued for its own sake" (Holbrook 2006, p. 214). Deighton and Grayson (1995) emphasize that consumer collaboration is a necessary prerequisite to creating a playful experience. Etgar (2008) suggests adding *excitement and variety-seeking* (McAlister and Pessemier 1982; Kahn 1995; Ratner, Kahn, and Kahneman 1999), or *deviation* from daily routine to Holbrook's list of intrinsic values. When an experience is appreciated for its ability to facilitate *excellence, autonomy, self-expression and uniqueness*, enables use of *personal inherent capabilities* not exercised in the daily routine, or realizes hidden *fantasies,* individuals are deriving extrinsic value from the experience.

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Research has shown that perceived value is an essential outcome of marketing activity (Holbrook 1994; Babin, Darden, and Griffin 1994). Value is also the primary motivation for entering into marketing relationships (Peterson 1995). Consumer value implies interaction of the consumer with a good, service or idea (Holbrook 1994, 1999; Payne and Holt 2001; Sánchez-Fernández,and Iniesta-Bonillo 2006). This interaction does not necessarily happen for an exchange only, but could also be relationship related (Sánchez-Fernández and Iniesta-Bonillo 2006). With the growth of the concept of retail theater (Baron, Harris, and Harris 2001) such an interaction outside of exchange is becoming commonplace amongst consumers.

Sirdeshmukh, Singh, and Sabol (2002) argue that value is "the superordinate consumer goal in relational exchanges…….consumers are thought to consummate exchanges with providers that provide maximum value" (p. 21). Value has been conceptualized (Houston and Gassenheimer 1987; Neal 1999; Woodruff 1997) and empirically demonstrated (Bolton and Drew 1991; Sirdeshmukh, Singh, and Sabol 2002) as central to marketing activity. The engagement initiatives of organizations are also designed to be consumer-value centric. An engaged consumer is expected to derive intrinsic and extrinsic value from the experience (Holbrook 2006). The value resulting from an engaging experience is further expected to drive several marketing outcomes (Sirdeshmukh, Singh, and Sabol 2002; Srivastava, Shervani, and Fahey 1999; Heskett, Sasser, and Schlesinger 1997). This research will contribute to the existing knowledge about the key role of value by studying the differential impact of intrinsic and extrinsic value. I now discuss another effect of engagement, connection, in the following section.

Connection

Heaphy and Dutton (2008, p. 139) suggest that "a connection is the microunit of a relationship. It implies that two people have interacted ….connections vary in length….. suggest

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that brief encounters with another person can be consequential moments of interpersonal contact." The construct of connection has mostly been studied in the context of the effect of its quality on work. However, quality of connection has not been consistently defined in the literature. It has been defined to imply relationship strength (Mills and Clark 1982), emotional weight of attachment (Kahn 1990), or emotional weight coupled with reciprocity and frequency of communication (Granovetter 1973). Heaphy and Dutton (2008) suggest that quality of connection is indicated by three clusters-features of actual connection, and individual experience of each party in the connection. Connection is subjectively experienced through positive arousal, positive energy (Quinn and Dutton 2005), positive regard (Rogers 1951), and mutuality (Heaphy and Dutton 2008; Miller and Stiver 1997), where "both people in the connection are engaged and actively participating." (Heaphy and Dutton 2008:267). For this research, I define connection as an emotional bond or positive attachment that the consumer may have with a company.

The construct has been studied in organizational context, including organization-employee relationships (Hochschild 1997), and in the context of well-being and health (Nix et al. 1999). Hochschild suggested that by virtue of the amount of time spent at work, employees are significantly affected by the connections they form at work. Thus connections impact organizational functioning significantly.

Dutton and Heaphy (2003) define the quality of connection in terms of a connective tissue between individuals, which can be life-giving or life-depleting. Communication, interaction, and even interdependent exchange might happen even in low-quality connection, but there is a slow decay or death in every interaction (Dutton 2003). Contacts involving mutually aware, social interactions have a living tissue, that Berscheid and Lopes (1997) called connection. This way connection has been found to have a temporal as well as an emotional

dimension (Gabarro 1987). Studied also as bond (e.g. Baumeister and Leary 1995) or space between (Josselson 1996), some researchers conceptualize connection as enduring (Reis 2001), or recurring (Gutek 1995). Some other researchers like Hallowell (1999) suggest that irrespective of the duration, a connection depends on active participation of the parties involved. Connecting involves putting other things aside for that time, so as to "bring your attention to bear upon the person you are with." (Hallowell 1999, p. 126). Gersick, Bartunek, and Dutton (2000) on the other hand emphasized the importance of reflection in connection, suggesting that high-quality connections are lived, felt and sensed. High levels of participation from both sides in an engaging situation are expected to result in a strong connection of the consumer with the company which is important for an enduring relationship.

Consumer engagement results in value which is the "fundamental basis for all marketing activity" (Holbrook 1994, p. 22). Value, a super ordinate goal, is an important consequence of consumer engagement from the marketing perspective. Consumer engagement also results in the formation of high-quality connections with the company. Such connections are important to enduring consumer-company relationships.

Conclusion

Engagement was first conceptualized by Kahn (1990), who studied its psychological pre-conditions. Early in this century, research interest in engagement regenerated and different conceptualizations of engagement came up. However, because of their specific nature, they are not applicable to the consumer context. Review of existing literature suggests that customer engagement has been popular in the practitioner literature. Organizations have been launching programs to engage customers and measuring levels of customer engagement. However, in spite

of the use of this term in recent practitioner and academic literature, there is no systematic conceptualization of engagement in marketing.

There are several constructs similar to CE, such as brand communities, customer participation, involvement, attachment and consumer devotion, but all are embedded in the customer-company exchange relationship. Due to this, the existing constructs do not explain consumer-company relationships that are independent of an exchange. CE though not bound by commercial transactions, has the ability to influence consumer's value perceptions as well as marketing outcomes, and is thus a useful construct for RM researchers as well as marketing practitioners.

Consumer engagement results in several outcomes for consumers and companies. Two important consequences of consumer engagement are value and connection. Value, a primary consequence of consumer engagement, is fundamental to marketing activity. Consumer engagement also results in high-quality connections with companies, which are important for enduring consumer-company relationships.

In the next chapter, drawing from previous research and exploratory work, I will discuss the nature of consumer engagement, its scope and framework.

CHAPTER 3

CONCEPTUAL FRAMEWORK OF CONSUMER ENGAGEMENT

Customer engagement (CE) has been discussed widely in practitioner and academic literature (www.wikipedia.org). However, the nature of engagement among consumers, prospects, and potentials has not been empirically explored. This chapter discusses the nature of consumer engagement, its dimensions, scope, and conceptual framework. This discussion is based on the analysis of qualitative data generated over a period of eight months. Based on qualitative data collection recommendations by Corbin and Strauss (2007), Patton (2002), Glaser and Strauss (1999), and Denzin and Lincoln (1998), data were gathered from a combination of interviews, focus groups, participant observation, analysis of online comments, open-ended surveys, and written documents. Table 3.1 presents the sequence of methods used and their primary foci. During the process of collecting qualitative data, I had frequent interactions with my advisors, in which we discussed the qualitative findings and charted future directions of the study.

Methodology and Data Collection

Using an open-ended, less structured, qualitative approach to inquiry, theory emerged as a consequence of reflection on the data. The various data collection and analysis procedures were based on a foundation of grounded theory (Corbin and Strauss 2007) and constant comparison approach (Glaser and Strauss, 1999). The preliminary analysis of each method of data collection and the categories of primary findings are summarized in Table 3.2. These forms of qualitative methodologies allowed me to uncover potential areas for new insights into an

understanding of consumer engagement. Phenomenology and constant comparison methods allowed me to reflect on emerging themes through the use of interviews, observations, and oral and written descriptions.

According to Boeije (2002), the constant comparison method (CCM) is at the heart of qualitative analysis. The fundamental principle of CCM is that theory development is grounded in the data through an iterative process of data analysis and theoretical sampling, creating a "cycle of comparison." Constant comparison led to several reviews and revisions of the definition, conceptualization, and framework to incorporate different perspectives.

I used a variety of qualitative techniques to explore the nature, dimensions, scope and framework of consumer engagement. Table 3.1 outlines the data collection activities, the rationale guiding these efforts, and the summary features of the samples and/ or data. The activities were not strictly done in the sequence mentioned in Table 3.1, but generally followed that order. Some activities had partial overlap (e.g. netnography, focus groups, and participant observations). Some other techniques were combined within the same temporal frame and physical settings, such as participant observation and phenomenological interviews. Further, on all occasions, the limits of one technique were overcome by the use of different methods and tools, such as camera, video recording, online documents, and exchange of emails. At each stage, I revised the understanding of the construct as well as the pool of items being generated and validated findings in a variety of ways.

Table 3.1

Sequence and Focus of Qualitative Study

Method	Focus	Summary sample/ data features
Field Interviews	Managerial perspective of customer engagement	Convenience sample; n=18 B2B, B2C companies
Focus groups	Multiple consumer perspectives of engagement; texture of themes; inputs for scale;	Senior undergraduate business students; 2 groups (9 and 11 participants) 8 females, 12 males
Netnography	Nature of online engagement; texture of themes	100 online comments from consumer blogs, business blogs, corporate websites and other web pages
Participant Observation	Lived experiences and observation of engagement; item generation; emergent dimensions	Three events- Clinique beauty workshop; Sahaj Yoga; Sea World-San Diego
Phenomenological interviews	Experiential perspective of engagement; experiential themes; revision of, and addition to pool of items; gender differences in engagement	13 participants (7 women, 6 men)
Open-ended survey	Range of foci of engagement	178 incidences collected from 62 participants. 36 senior undergraduate students; 7 PhD students; 19 non-students

Table 3.1 also illustrates the focus of data collection. Overall, data collection aimed to gather multiple perspectives. Data were gathered through field interviews with managers in business-to-business (B2B) as well as business-to-consumer (B2C) contexts. Frontline employees who were directly dealing with engagement activities were also interviewed. Focus groups were conducted to get multiple consumer perspectives of engagement. Participant observation for several engagement events was also conducted to have a firsthand feel of the experiences of consumers. As shown in Table 3.1, netnography, analysis of online comments was done to capture commonalities across online and offline contexts.

Table 3.2

Data Analysis and Categories of Findings

Method	Preliminary Analysis	Categories of findings
Field Interviews	Text analysis of memos; coding of interview transcripts; keyword search; comparison of themes identified by two independent researchers (with third researcher acting as a judge in case of disagreements)	Elements of engagement strategy; engagement characteristics; outcomes of engagement initiatives
Focus groups	Text analysis of memos and transcripts; key word search ; broad texture of themes	Exploring scope of engagement; nature of engagement; duration and focus of engagement; values derived from engagement; item generation
Netnography	Text analysis of online comments; coding of online comments	Commonality of themes in online and offline environment; refining conceptual dimensions; item generation
Participant Observation	Text analysis of field notes and memos;	Nature of engagement; confirming dimensions; item generation
Phenomenological interviews	Text analysis of memos; coding of interview transcripts; key word search; comparison of themes identified by two independent researchers; comparison of identified themes in online engagement	Validating dimensions of engagement; elements of engagement initiatives; advancing understanding of relationship with value, relationship development with businesses, and goodwill
Open-ended survey	Text analysis of open-ended responses	Scope of consumer engagement; item generation

Additionally, phenomenological interviews were conducted with consumers ranging from 18-73 years in age. These consumers were interviewed before, during, immediately after, and well after they were engaged with the offering or activity. I also collected a range of foci of engagement through open-ended surveys with students and non-students. Capturing perspectives from different vantage points allowed a more thorough examination of the topic area.

Participants in the qualitative study were recruited using theoretical sampling (Corbin and Strauss 2007). As the interviews progressed, uncovered sampling areas were identified and participants recruited to fill those uncovered areas. This ensured that as we identified key issues and areas, we addressed them through adequate sampling in subsequent stages. Interviews were conducted in a variety of locations mutually agreed upon by the participant and the interviewer. Some of the field interviews with front line retail theater experts were conducted on-site, during or immediately after the engagement event; others were conducted in the offices of the executives, or on telephone. Five phenomenological interviews were conducted in-situ, others at different locations. Focus groups were held in undergraduate classes. All interviews were audio-taped and transcribed later. After completion of each interview, memos were written by the interviewer. I will now discuss the findings from field and phenomenological interviews.

Findings from Qualitative Data

Findings from Field Interviews

This section discusses the findings from the field interviews with managers. The initial field interviews were meant to capture the perspective of executives to develop an understanding of the same from managerial perspective. I interviewed 18 executives associated with a range of industries representing business-to-business, business-to-consumer, services, products, online and offline contexts (such as marketing consulting, cosmetics, logistics, hospitality, and retail). The interviewees included male as well as female executives, of different ages, with varying lengths of experience, working at different hierarchical levels (such as supervisors, managers, senior managers, vice presidents). The interviewees were asked two questions.

1.   In your opinion, what is 'consumer engagement'? How would you define it?

2.   At what point would you consider a consumer to be 'engaged' with your

company?

The term customer engagement is already popular in practice. These two questions were

designed to be broad enough to elicit opinions of executives regarding the need for the construct

and what it means to businesses. The responses helped explore the domain and conceptual

framework for the construct from managerial perspective. The respondents believed that

engaging the customer is about building the relationship at multiple levels.

> If you have layers, multiple layers of the relationship………also having multiple touch
> points with the customer. (Personal Interview, Group Account Executive: 13 years exp.)

Other interviews supported this view and suggested that engagement involves having a

relationship that is deeper than making purchases. Such a relationship can be built by

understanding the customer's business (in a B2B context) and their needs (in a B2C context

also). Based on how he engaged his clients, an interviewee attempted to define engagement as

follows:

> By having the relationship so strong with a client on a level outside of the day to day that
> if a competitor comes in that client is engaged in me as a person and has me as the face of
> the company or what we deliver. And my goal is to make sure that that client likes me on
> a genuine level. To me, aside from the obvious continuously bringing and delivering of
> new and innovative ideas, I think that builds a definite engagement with my client. …. I
> probably am the most informal person when it comes to building relationships. I go right
> to the personal side and a lot of times that actually helps. I have never lost any major
> business. (Personal Interview, Account Supervisor: 14 years exp.)

Although relationships are two-way and so is consumer engagement, the initiative to

engage has to be taken by businesses. Individual consumer characteristics will then influence the

success of those attempts. All consumers will not respond equally to the engagement initiatives.

> Relationships require a two-way, they're very dynamics, but I would relate the concept of
> customer engagement to folks more on what you as an individual or a company could do
> to try to facilitate the building and the strengthening of those relationships. Again,

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recognizing that it's two way avenues. (Personal Interview, Vice President and Group Account Director: 10 years)

The interviews uncovered a lot of elements of a successful engagement strategy. Interviewees stressed the need to be genuine while building client relationships and engaging the customer, to be authentic in their attempts to engage the customer, and to go beyond the obvious business relationship. It is also important for the company to let the client have a face for the company, which many firms do by appointing Key Account Executives for larger accounts in B2B relationships. Executives also suggested that for engaging the customer, it is important that an effort is made to put value in each communication with the customer. From the perspective of some interviewees, ensuring relevancy of the initiatives to the customer was important for the engagement programs to be successful. The customer will only be engaged if the initiatives were designed keeping the customer's needs in mind and presented with a genuine emphasis on relevancy to the customer. This relevancy could only occur if the company understood clients' business well, or the consumers' needs well.

Field interviews also confirmed that engaging the consumer can lead to strong marketing outcomes, such as word-of-mouth, receiving value, loyalty, share of wallet, and cross-selling.

They'll be more proactive ambassadors of your brand. (Personal Interview, Senior Director, 25 years exp.)

Because they feel they are receiving value from you greater than they are giving. (Personal Interview, Account General Manager: 15 years exp.)

The importance of engaging customers is ensuring that ultimately you keep them longer, you encourage them to talk about your brand or product or service, and that the customer spends more across the range of products and services that you offer. (Personal Interview, Vice President, Global Loyalty: 7 years exp.)

The field interviews stressed the emotional context in engaging customers even in the B2B context. A young vice president summed up his understanding of engagement as follows:

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Customer engagement refers to the combination of behavioral responses with an emotional context. So the emotional context is confidence and trust, commitment, the behavioral context is action. So it's looking or logging onto websites, continuing to transact, engaging in a dialog in an ongoing basis. It's thinking about my brand. So of these, some are measurable, some are hard to measure. (Personal Interview, Vice President, Global Loyalty: 7 years exp.)

Besides emotional context, his description of engagement also emphasizes the active as well as reflective aspect of engagement. An engaged customer not only interacts with the company in different ways, but also reflects on the relationship a lot.

I could be very engaged in Maserati but I'm never going to buy one, it's just too expensive. But I love the brands. I love the cars, so I am engaged but that's not creating value for that organization, other than I talk about that brand with car aficionado friends of mine. So, what does engagement mean to the organization in the broad context of creating value? (Personal Interview, Vice President, Global Loyalty: 7 years exp.)

This interviewee suggested that organizations need to understand what behaviors and what emotional responses they are seeking from the consumer in order to have that translate into value added to the bottom line.

Findings from Qualitative Methods Focused on Consumer Experiences

After the initial field interviews that were aimed at developing a broad conceptualization of the construct and the broad contexts of its applicability, the focus of the study from this point onwards was restricted to business-to-consumer context.

Given the wide scope of the construct, which involves interactions among businesses and consumers, the consumer perspective was captured from different contexts including focus groups, netnography, participant observation, phenomenological interviewing, and open-ended surveys. As mentioned earlier, the broad sequence and the focus during the use of each of these techniques is summarized in Table 3.1. Besides giving a deeper understanding of the nature of engagement, the focus groups helped me identify more people for participant observation and phenomenological interviews through snowballing. I identified people who were engaged with a

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product and/ or an offering and would let me participate and observe them during their interactions with the foci of engagement and interviewed 13 participants in-depth about their engagement with the offerings and activities.

I used a phenomenological framework (Schütz 1967) to explore the individual consumer's thoughts and feelings about their 'lived' experiences and activities and explored the nature of the phenomenon of consumer engagement. According to Thompson, Locander, and Pollio (1989, p. 136), "phenomenology seeks to be a descriptive science that focuses on the life-world of the individual." Phenomenology is the study of individuals' retrospective description of their experiences in which the researcher attempts to describe the core assumptions of the phenomena within a given context. A phenomenological approach allows investigation and interpretation of a specific, contextualized, lived experience. Through participant observation, I captured lived experiences of engaged consumers and the organizations facilitating such engagement, which helped me create a rich description of consumer engagement. I also interviewed five participants during or immediately after the event. The rest of the interviews were conducted with people who are engaged with offerings or with activities that I did not participate in.

Phenomenology, understanding an individual's lived experience guides methodological choices (Thompson, Locander, and Pollio 1989). Although I created a semi-structured interview guide for the purpose (Appendix A), the approach used to interviewing was phenomenological. Phenomenological interviews are completely open-ended and avoid questioning the interviewees using 'why' and 'what.' The interviews are aimed at understanding the experiences as lived by the participants without trying to attach a rationale to the actions. Given the approach, the questions in the guide were only indicative of the information that needed to be collected from

the interviewee. Clarifications, explanations, further probes and expansions were sought as and when necessary, keeping with the principles of phenomenological interviewing.

I also followed the techniques recommended by Patton (1990) and Whyte (1984) in conducting in-depth interviews, participant observation and analyzing written documents at specific events. I conducted interviews with consumers engaged in situations that I first participated in. These included beauty enthusiasts at a beauty workshop conducted by Clinique, a Sahaj Yoga (a community representing a brand of meditation) follower through the day, and participants at Sea World San Diego. Each interview was tape-recorded and transcribed before interpretation.

Observing the Sahaj Yoga meditator's activities gave me several insights into the nature of the construct. I followed the Sahaj Yoga meditator through his day to understand how his engagement with this school of meditation affected his everyday life. His attempts to bring in meditation whenever possible, his attempts to move his social conversations to Sahaj Yoga, and his attempts to convince people about the benefits of this school of meditation could be seen throughout the day. While he carried on with his daily routines, he always seemed connected to the school through his actions, conversations and thoughts. Several times he evaluated his actions earlier in the day to assess his well-being. Sahaj Yoga prescribes certain activities in the client's routine and suggests that following this routine can bring well being. I also saw engagement interspersed in the routine of a weight-watcher client. She suggested that she has been following weight-watcher routines even before she bought the package.

> I saw this weight-watcher book in a thrift store and picked it up for fun. Since I read it, it has changed the way I think. If any day I did not follow their routine I felt heavy in the middle….now I am their client and just love to go by what they say. (Personal Interview, Andy, 32 years)

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Participating in Clinique workshops and observing visitors at the Sea World gave me a deeper understanding of how activities offered by organizations that do not occur on an ongoing basis, engage consumers. One interviewee from the Clinique beauty workshop suggested that she started coming to the workshop for free gifts, but felt so good after using the free gifts that now she has slowly started saving to buy all her cosmetics from Clinique. She believes that these products have not harmed her in any way and trusts the company. Although her engagement with Clinique is not as enduring as in the case of Sahaj Yoga, she just loves the attention she gets at the workshops and looks forward to the new workshops every few months. Besides developing an understanding of endurance (or the lack of it) of the event in engaging consumers, the participant observation and subsequent interviewing gave me a very good understanding of the nature of engagement. Living certain experience myself, and other participants gave me a deeper understanding of the nature of connections felt by the consumers, the quality of participation needed in order to be engaged, the value of experience and interactivity in engaging consumers, and the various elements in the engagement strategy that consumers find important. As all of these findings were substantiated, advanced or elaborated upon in the process of data collection using the other qualitative methods, these have been discussed in detail under nature, scope and framework of consumer engagement.

Another set of data collection from consumers was done through the analysis of 100 online comments to uncover the nature of this phenomenon online. Netnography (Kozinets 2001), analysis of contemporary technological texts in the form of chat rooms, web sites, and blogs, is a form of ethnography that is adapted to online communities. Kozinets (2001) developed this technique as an online marketing research technique to provide consumer insight. It provides information from online consumer groups.

I collected comments made by consumers from websites, blogs, and chat rooms to assess whether the nature of online engagement is any different from engagement in real time. My evaluation of the online comments, related to why people blog and chat with other people and companies, suggested to me that online has the same dimensions as engagement in real time. Also, as in real time, people engage themselves online to gain several different values. The only difference I found was in the wider ability of the online medium to connect consumer to consumer. While in real time, engaged consumers might be able to connect only with a limited number of other consumers, the online medium allows wider access and so in many cases may give a greater feeling of community. The aspects of personal and social forms of engagement also show up online. Some consumers visit the websites and view products and activities without interacting with other consumers (personal form of engagement), while others read the comments and opinions of other consumers, respond to them, or even initiate conversations (social form of engagement).

Themes/ Nature of Consumer Engagement

The responses obtained from the qualitative work were analyzed using coding procedures suggested by Corbin and Strauss (2007). The transcripts were analyzed and coded for themes by two researchers. Another researcher acted as a judge in cases where the two researchers disagreed. The inter-rater reliability was calculated based on the ability of the researchers to reach the same conclusions (Miles and Huberman 1994), which was .89. Themes were discussed as they emerged and finally grouped together to arrive at the findings discussed in this section.

The themes that emerged suggest 1) importance of developing connections through meaningful interactions, 2) centrality of participation of both parties in areas of common interest,

3) importance of relevance in engaging the consumers, 4) key role played by the experiences of consumers, 5) importance of value in engagement. These themes are discussed in detail here.

Developing Connections through Meaningful Interactions

Consumer engagement encompasses efforts at developing connections with and amongst customers, prospects and potentials (together called *consumers* in this research). The interviews support Heaphy and Dutton's (2008) emphasis on positive interactions in creating connections. Each interviewee emphasized the importance of meaningful interactions in making the consumer feel connected to the engaging activity, organization or product. The connections are not necessarily long in duration, but each interaction adds to the sense of being connected with the foci of engagement. For some interviewees, it was one long incidence of interaction that left the feeling of being connected, while for others, the recurring interaction ensured the connection with the foci of engagement. This suggests that for organizations, each moment of interaction, the touch points, with the consumer is an opportunity to develop connections with the consumers. Realizing the changing market dynamics, leading businesses are trying to connect with the consumer.

> Today's business customers as well as consumers are increasingly …connected to their suppliers and competitors via traditional mass marketing, augmented with one-to-one marketing and many-to-many marketing techniques. This evolution raises new questions about the management of customer and prospect touch points. (MSI Research Priorities 2006-2008, p. 2)

The interviews emphasized the importance of developing connections through meaningful interactions with consumers. Another theme emphasized the importance of participation of consumers in common interest areas. I will now discuss this theme.

Centrality of Participation in Engagement

The responses emphasize the centrality of participation from both parties in engaging a consumer. Unlike involvement, which emphasizes the importance of personal relevance, engagement requires interaction and participation. Firms like Sephora, Clinique and Sony have realized the importance of one-on-one interactions for building positive connection with consumers. Sony, for a long time, called its interactive training website as 'backstage101.' The consumers participate in interactive training sessions, upload the videos they have made, and make more videos in the process of training. The beauty expert at Clinique noted that the new marketing programs offered by organizations like Clinique are aimed at one-on-one consultations with consumers. The consumers are given suggestions about their specific beauty issues, are encouraged to try different products, and are also given samples to carry home and use later. This interviewee was very confident that these programs are not only increasing the chances of the company having strong relationships with its customers, they are also a great source of database on potential customers.

> We aim at regular one-on-one interactions with consumers about issues that interest them (the consumer). In the process we collect relevant information about them and keep it in our database. Now when they come again, we will know their needs better. (Personal Interview, Lydia, beauty expert, Clinique, 6 years)

The above mentioned quote supports MSI's argument that "the brand engages prospects and customers by identifying itself with their common interests." (MSI Research Priorities 2006, p. 4). Consumers' interactions with the businesses, on issues that are of common interest, are the key to developing engaging connections. An organization could be connecting with the consumer through common philanthropic concerns (e.g. www.membersproject.com), or addressing personal concerns (e.g. self-esteem workshops by Dove). Even if the consumer has been thinking about the organization, has a positive opinion about it, this psychological or

cognitive involvement might not engage the consumer. It is the interaction on issues of common

interest, through the organization's offerings or activities that creates a connection and engages

the consumer. Therefore, CE is behavioral, as opposed to being cognitive or emotional. This

supports the emphasis of previous research on the criticality of *participation* in building

engagement (Richardsen, Burke, and Martinissen 2006; Wagner and Majchrzak 2007). Cognitive

or emotional constructs, such as involvement and identification might cause engagement, but are

not elements of consumer engagement which, as discussed above, is primarily behavioral in

orientation. I will now discuss the importance of relevance in engaging the consumer.

Importance of Relevance in Engaging the Consumer

A consumer is more likely to participate if she finds an event or offering to be personally

relevant. Kahn (1990) and Harter, Schmidt, and Hayes (2002) emphasized the importance of

involvement as an enduring stance of engaged employee. Supporting this argument in the

literature, the interviews showed that personal relevance of the event offered by organizations

can engage consumers for longer durations and at higher levels than otherwise. One of the

interviewees spoke about his attraction towards his church in terms of personal relevance.

> It is multi-ethnicities and cultures, and I personally find different cultures very
> fascinating…these different cultures and these different people. That helps me to
> understand personally their point of view, and it helps me to understand my point of view
> better. (Personal Interview, Marc, 37 years)

In the process of being engaged, consumers assess relevance on a continuous basis. Even

before committing their time to an offering or activity, relevance may be judged through the

communication made by the businesses. Once the consumer commits to participating, relevance

of the initiative may be judged through the atmosphere, and through assessment of the extent the

business lived up to the promises made in their communication.

I went here with David to the baby talk, like after birth….but I didn't like that either… there were normally supposed to be 8 women, but normally between 2 or 3 showed up . and like it was supposed to be one month or so up to three years kids…and the trainer prepared stuff for older children and then came three babies..…and they weren't very dynamic, like there were not enough women and sometimes I was just with David, myself and the leader there. (Personal Interview, Heide, 34 years)

This way the consumer judges the relevance of an event or offering on a continuous basis. The perceived relevance influences the willingness of the consumer to be engaged. I will now discuss the centrality of consumer experiences in engaging them.

Key Role of Consumers' Experiences in Engaging Them

As discussed previously, the important role of experiences is being increasingly recognized (Vargo and Lusch 2008; Prahalad and Ramaswamy 2004; Pine and Gilmore 1999; Hirschman and Holbrook 1982). Vargo and Lusch (2004) emphasize that marketing should be viewed as facilitating phenomenological experiences of consumers. Relationships among the value configurations are longitudinal, dynamic and interactive experiences. CE recognizes this increasing emphasis on experiences which is central to consumer engagement. Use of the term experiences in this research indicates the broad meaning as in phenomenology. The interviewees suggest that consumer's connections are based in experiences, which are independent of the exchange relationship consumer might or might not have with the organization.

The dominant view of the market brings two distinct images: a locus of exchange or an aggregation of consumers (Prahalad and Ramaswamy 2004). Both of these views of the market limit the relational perspective to exchanges and treat consumers as passive recipients of the relationship programs that focus on repeated exchange. The exchange-bound view of relationships also places value extraction by the organization and the consumer at the heart of the interaction. The interviews support the recent research on consumer experience and suggest that the meaning of value and the process of value creation are rapidly shifting from a product,

organization and exchange-centric view to personalized consumer experiences (Sheth, Newman, and Gross 1990; Prahalad and Ramaswamy 2004; Holbrook 2006; Etgar 2008). As value shifts to experiences, the market is becoming a forum for conversation and interactions among consumers, consumer communities, and organizations as against an aggregation of consumers or locus of exchange (Prahalad and Ramaswamy 2004). With increasing importance of experiences, companies are also "discovering new ways to create and sustain emotional connections with the brand." (MSI Research Priorities 2006, p. 4). Experience-centric initiatives of organizations propose several values to consumers, who are then motivated to engage with the offerings and activities. I now discuss how perceived value motivates the consumer to engage.

Perceived Value Motivates the Consumer to Engage

Consumers feel motivated to engage with an offering or activity when they perceive some value from the investment of their time and effort. Those interviewees, who talked about non-functional values such as fun, escape, play, being with friends, or finding like-minded people, discussed their engagement with more intensity, as against those who were looking forward to deriving only functional value, such as getting freebies. Highly engaged interviewees reported deriving greater unique and non-functional value, as compared to those consumers who derived more functional values, which led to stronger emotional connections with the brand or business. Interviewees suggested that they were most engaged with an activity or offering in expectation of social relationships, enjoyment, gaining knowledge, developing skills, escaping the routine, finding like-minded people and many other such non-functional values.

> Like when we went to watch Sex and the City we got dressed up, we had drinks beforehand that represented the movie, talked about it ahead of time…me and my friends got limousines and went like they date, they participated in activities that were surrounding the movie. (Personal Interview, Manisha, 39 years)

Manisha's narration of the participation before going to the movie also shows that the values consumers derive from being engaged are independent of the exchange. One interviewee felt that going to retail stores and interacting in the events there helped in her bonding with her children. Another interviewee said that when he goes to a new town, he wears t-shirts that relate him with his interests in football (Crimson Tide), outdoors (Woods and Water), or golf (Callaway).

> That is my way of finding like-minded people in a new town. I see their t-shirt or they see mine and we get to talk, have beer, or just smile. I feel less of a stranger ….and these are cheap and trendy. (Personal Interview, Jacob, 22 years)

The analysis of interviews suggests that different consumers derive different values from the same engagement initiative of an organization. While some might look at it as entertainment for free, others derive satisfaction from being in a community.

Value also seems to have a cyclical relationship with engagement. Consumers engage with an offering or an activity with certain value expectations. As they engage, they derive more value. When the value expectations are fulfilled, consumers get even more engaged.

The themes discussed above suggest the importance of developing connections with consumers, through interactions on issues that interest them. These connections are based in the experiences of consumers. Further, CE is behavioral in orientation and so the participation of consumers is the key to being engaged. Consumers might derive different values from the same engagement initiative of an organization. I now discuss the conceptual dimensions of consumer engagement.

Dimensions of the Construct

Consumer Engagement (CE) is *the intensity of consumer's participation and connections with the organization's offerings, and/ or organized activities.* Beyond the themes addressed

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above, the analysis of responses in different stages (Table 3.1) led to a preliminary conceptualization of dimensions of consumer engagement. Parallel to the development of dimensions by the researcher, two PhD students and three non-students were also asked to read the items of consumer engagement and sort them into categories. These judges sorted the items into five distinct categories. This involved a lengthy, methodological clustering process, whereby the items were sorted, combined, and resorted until the items in each category were deemed more similar to each other than they were to items under the other categories and the categories were deemed distinct from each other. For the five dimensions, the inter-rater reliability was calculated as the percentage of agreement between the judges.

The inter-rater reliability (.78) was higher than the minimum reliability recommended by Miles and Huberman (1994). The dimensions resulting from this process, their definitions and example quotes for each dimension are presented in Table 3.3 and discussed below. These dimensions are each unique and are in no way meant to represent a sequence.

Awareness

Awareness involves being conscious of and having knowledge of the focus of engagement. Awareness is defined as thinking about interaction patterns, comparisons, or contrasts between partners in a relationship (Acitelli 1992). The engaged consumer thinks about her involvement with the focus of engagement. The higher the intensity of engagement higher is the extent to which the consumer thinks about her interactions with the focus of engagement. A more heavily engaged consumer is also more interested in gaining information and knowledge relating to the focus of engagement. The engaged consumer is vigilant in observing things related to the engagement and actively draws inferences from these observations.

Table 3.3

Conceptual Dimensions of Consumer Engagement

Conceptual Dimension	Definition	Quotes
Awareness	Being conscious of and having knowledge of the focus of engagement.	"It's like a boring movie versus a good movie. When it is a good movie, you are sitting on the edge, when it is a boring movie, you kind of watch the images go by." Manisha, 39 years
Enthusiasm	Strong excitement or zeal about the focus of engagement.	"It's gratifying. If you've been working on a piece for so long and then you finally complete it, nail it, it's exciting." Julie, 21 years
Interaction	To interchange ideas, thoughts, feelings about the focus of engagement with others.	"You can sit and talk with them just like you and I are doing now. It's developing a family like atmosphere that kind of gets me." Marc, 37 years
Activity	Actions focused on the program or offering the person is engaged in.	"I was very involved in this project. I continuously kept track of it, I kept going back to their website, finding out which projects were being voted best. I even put in my own project. It was a well executed project. I even talked to my family about it all the time." -Buns 41 years
Extraordinary experience	Sense of newness of perception and process. (Privette 1983:1366)	"There is definitely a certain joy of being able to do things this way. I am socially drawn there". Marc, 37 years

Enthusiasm

The dimension of enthusiasm signifies strong excitement or zeal about the focus of engagement. Glassman and McAfee (1990) suggest that enthusiastic people take ownership of things they do and have a willingness to take risks. Engaged consumers are visibly excited about their active participation with an offering or activity. Their enthusiasm encourages them to take risks and overcome difficulties or obstacles in participating. Even if not technologically skilled, an enthusiastic consumer will not give up until she has learned to customize her iPod. Enthusiastic consumers are more likely to explore the offering/ activity and experiment with it.

Their enthusiasm towards the use of the focus makes them live in the moment when they are engaged.

Interaction

The dimension of interaction represents interchange of ideas, thoughts, and feelings with other people about the engaged consumer's participation and the focus of engagement. As the level of engagement increases, the participants will be very interested in exchanging their experiences, thoughts and feelings with others. The case of Sahaj Yoga follower discussed elsewhere in this chapter is a prominent example of interaction as a dimension of engagement. One of the ways 'yogi' starts conversations about Sahaj Yoga is by attracting people's attention to his Sahaj Yoga watch or badge. Once initiated, he loves to talk extensively about the meditation technique and its benefits. This is an example of how the engaged consumers seek people having similar interests and interact with them. Interaction plays a more significant role in cases where engagement generates social benefits, as compared to situations in which the benefits are more personal in nature.

Activity

This dimension represents the action component of engagement. An engaged consumer physically participates in the activity that engages her, or operates upon an engaging offering. For example, an engaged participant in a make-up workshop tries the make-up on herself; a marathon runner not only contemplates running, but also runs; a person engaged with her iPod plays with the iPod and creates music; a woman engaged with her knitting needles creates patterns using those needles. Physical action is an essential dimension of consumer engagement. This dimension includes the behaviors of an engaged person that involve physical activity surrounding the focus of engagement.

Trying to do things oneself, such as, customizing a product, accessing a website, using equipment, and discussing in a workshop, are all examples of the action aspect. Service-dominant logic proposes that products are operand resources and consumers operate upon them. The activity dimension supports the operant role of the consumers. As also suggested by the service-dominant logic (Vargo and Lusch 2004, 2008), it is not the product itself that is important for a consumer, but it is the scope of acting upon the product that engages the consumer.

Extraordinary Experience

Extraordinary experience has been defined by Privette (1983, p. 1366) as the "sense of newness of perception and process." Extraordinary experiences are intense, positive and intrinsically enjoyable (Arnould and Price 1993). Engagement with an offering or activity always seems new and different to the engaged consumer. When they reflect upon the experience, it seems intense, and refreshing. Such an experience gives the feeling of personal control, and clear focus. From the consumer's perception, being engaged does not require high levels of energy and effort, but provides an experience "beyond the ordinary."

This way consumer engagement can be conceptualized as having five dimensions discussed above. These are awareness, enthusiasm, interaction, activity, and extraordinary experience. I will now discuss the scope of consumer engagement.

Scope of Consumer Engagement

The scope of CE is very broad. Consumers may be engaged with offerings (e.g. iPod), activities (e.g. Beauty workshops by Clinique), institutions (e.g. Ikea), or brands (e.g. Apple). These offerings, activities might come from profit-making businesses or non-profit organizations. Engagement might be in the presence or absence of other consumers (e.g. creating

music on the iPod or interacting with other pregnant moms at baby-birth seminars in hospitals), online or offline (e.g. Apple lovers blogs or Sephora beauty workshops). Consumers might also be engaged on the organization's premises (e.g. customized retail experiences) or in places other than the organization premises (e.g. Self-esteem workshops by Dove), in activities organized by the businesses, or by consumers themselves. Organizations might engage consumers directly or through third-parties, as is common online. These contexts of engagement are only indicative of the scope of engagement and certainly do not exhaust the possibilities. A listing of these contexts suggest a consumption environment where the consumer has transcended from the state of being the subject in the society and welcomes opportunities for connecting with objects, events, people, and institutions.

Based on the wide array of foci of engagement, collated through an open-ended survey (Appendix B), and also drawn from other qualitative methods used for the study, a classification of the foci of engagement was developed to capture its scope. Table 3.4 presents the classification based on two initiation categories (provider-initiated/ consumer-initiated) and two foci categories (offerings/ activities).

The schema proposes that consumer engagement can be of different types depending on the initiator and the foci of engagement. Engagement may be provider-initiated engagement or consumer initiated. Similarly, the foci of engagement could be offerings and activities. These categories create a 2X2 with 4 cells in the schema. The first cell includes all engagement that is focused around offerings that are initiated by the businesses. The second cell includes those foci of engagement which are activities initiated by businesses. The third cell includes all engagement that is focused around offerings that are initiated by the consumers themselves. Finally, the

fourth cell includes engagement focused on activities initiated by the consumers themselves. Some explanation of each cell is required to properly interpret the schema presented in Table 3.4.

The first cell in Table 3.4 includes engagement behaviors that are initiated by businesses around their offerings, i.e. products, services and brands. Engagement with offerings in this cell results from the interactivity of the offering that allows the consumer to play an active role in creating a unique experience, or getting non-functional value. Increasing use of technology and integration of various technologies, such as telecommunications and electronics, has given increased opportunities to businesses where they can create products that allow consumers to create their own experiences around the product. For example, in our interviews and open-ended survey, products from Apple, specifically the iPod, iPhone and the apple computer repeatedly came up as products that allow their owners to create and share their own experiences combining different technologies.

Table 3.4

Classification of the Foci of Consumer Engagement

	Provider-initiated	Consumer-initiated
Offerings	Engagement behaviors initiated by businesses organized around offerings (brands, products or services). **Examples** Products, services, TV shows, Movies, computer, celebrities, expensive, ultra-premium and super-premium brands (e.g. BMW/ Mercedes/ Porsche/ DKNY), thrift stores, dollar stores, secondary markets, grey markets, businesses such as Apple, Sony, Ikea, mom and pop stores, corner of the street restaurant, online experiences such as virtual test drives, etc. Museums, artists of an art club, authors of a writers' guild, political candidates, art clubs, book clubs, church, university, political parties, cults, spiritual groups, various communities, religious groups, cultural groups, Habitat for humanity.etc.	Engagement behaviors around offerings initiated by consumers. **Examples** Yard sales, garage sales, eBay auctions, consumer auction websites, direct marketing parties such as Tupperware parties, Avon parties, reverse auctions etc. Philanthropic work at public places (e.g. parks, parking lots, and rescue centers), goodwill donations
Activities	Engagement behaviors around programs, events or activities (above and beyond the organization's offering) initiated by businesses. **Examples** Skill development program for consumers, such as learning video making at [Sony's online learning center](#), innovating for organizations, make-up workshops, direct marketing, concerts, festivals, plays, dramas, events. English speaking sessions at churches, baby-birth or cancer seminars at hospitals, non-profit sporting events, non-profit recreational events, literary activities in public libraries, TV watching, programs for personal health (specific e.g. Accent health), internet, blogging, podcasting etc.	Engagement behaviors around activities initiated by consumers themselves that involve organizations. **Examples** Shopping, window shopping Photography, partying, text messaging, independent artists, personal health, knitting, sewing, running, gardening, swimming, practicing some sport, recreation, adventure, networking, fashion, advising/ mentoring, soothe-saying, blogs by individuals, cooking, travelling, music, following current events, practicing language skills, make-up, gardening and other hobbies

Consumers reported that they love to create customized music on the iPod, use the iPhone for several purposes, and create their own workplaces or entertainment centers by customizing the Apple computer. The user-friendliness of these products and their ability to synchronize different technologies and products seemed to be the main reasons for such high engagement with Apple products. Not only high-technology products, but simpler gadgets like digital video recorders (DVRs), Tivo, and cell phones, even knitting needles and sewing machines were very engaging for the consumer because of their ability to let the consumer work on their imagination and meet their individual needs.

Besides products, super-premium brands came up as engaging to consumers because of their social value. High-end cars were amongst those highly cited as an example by male respondents. Women cited more philanthropic brands as ones they were engaged with. One of the respondent said that she was very engaged with Habitat for Humanity, as she looked at her association with habitat as an opportunity for her to give back. Several examples under this category related to affiliation with groups following certain beliefs-such as political parties, book clubs, and cultural groups. The table presents several other examples of engaging provider-initiated offerings.

The second cell represents activities initiated by the provider. This cell includes engagement behaviors that are focused on programs, events or activities that are not directly related to the offerings of the businesses that initiate them. This category derives heavily from the advent of customer participation in activities such as innovation, service creation, and retail interactive theater. In an attempt to have one-on-one interactions with consumers and to develop better long-term relationships with consumers, the leading organizations invite consumers to participate at different stages in product development, distribution and sales. Recently Microsoft

and Nokia have been inviting customers to participate in creating their new products. A decade ago Whirlpool urged housewives to design an ideal refrigerator for them. Besides innovation and new product development, customers participate in events at the malls and retail stores. One of our interviewees explained her engagement with such activities in the following way.

> Yeah! Well it's kind of above and beyond, versus just going to a department store and buying a lipstick. These are events where you are a part of that activity that is unusual. (Personal Interview, Andy, 32 years)

This category also includes direct marketing, which heavily depends on engaging consumers. Direct marketing businesses such as Tupperware and Avon host parties for consumers where their products are indirectly promoted through use. Such "experiential in-home marketing events" (Trent 2008, p. 22) are no more an exclusive tool being used by direct marketing companies. Even traditional marketing companies like NBC, Ford, Gerber and Hershey's are using such events to engage consumers (Trent 2008).

The third cell suggests that there are certain consumer-initiated offerings that engage consumers. These are the offerings which do not come from organized businesses but are presented by the consumers to other consumers. An example of consumer-initiated offerings is the flea markets in the U.S. and in European cities which engage a very large number of consumers week after week. The consumers come at a specified place on a specified day of the week and buy or sell products, most of which are used. A few years ago, I consistently visited several of these markets, in Germany and Hungary, to understand what makes the consumers feel so involved with these markets. Discussions with several regular visitors revealed that visiting flea markets is like a ritual to these people, because they meet and socialize with other people, find things they do not need but would love to have, eat with others, and also make some money by selling their used products. A similar engagement also occurs with yard sales, garage sales,

and thrift stores. People look forward to these sales organized by other consumers and some even visit them early morning every weekend.

The fourth cell represents engagement behaviors around activities that are initiated by consumers themselves and involve the use of products, services or organizations. The most representative example in this category includes hobbies that use some product, service or organization. The most cited example in this category is that of shopping and window shopping. The next set of examples includes several hobbies like photography, gardening, and fishing. All of these activities are designed as well as initiated by the consumers themselves, although the initiation of and participation in these activities are supported by offerings from organized businesses. A painter needs paint and brushes to create a painting, a gardener needs gardening equipments to beautify her garden, a shopping enthusiast uses the mall set-up or stores to engage in shopping. Several businesses have recently started supporting such consumer initiatives through sponsorships. Home-depot runs weekly in-store and online home improvement clinics and workshops to support consumers in their home improvement projects. These include floor and wall tiling workshops, energy saving workshops, and craft workshops for kids (www.homedepot.com). After discussing the scope of consumer engagement, I now turn to the framework of consumer engagement.

Framework of Consumer Engagement

Scharge (1995) identifies the need for "creating tools for co-creation". MSI prioritized research on creating and sustaining emotional connections (MSI 2006). "Companies are looking for ways to engage their customers and thus strengthen customer loyalty." (MSI Research Priorities 2006, p. 4). Bolton (2006) emphasized the need for new theoretical approaches to help identify business best practices in the context of service-dominant logic. However, these calls

have not yet been answered with a systematic framework that can help businesses design effective engagement initiatives. These calls motivated this researcher to develop a framework to capture "high-quality interactions that enable an individual customer to co-create unique experiences with the company (which) are the key to unlocking new sources of competitive advantage." (Prahalad and Ramaswamy 2004, p. 7).

This research began by determining the meaning, nature and scope of CE. A comprehensive definition, exploring the nature, and determination of the scope of CE through qualitative research coincided with the development of an initial framework for CE from the qualitative study, as well as the literatures on consumer value, engagement, customer engagement, service-dominant logic, relationship marketing, co-creation, customer participation and consumer behavior. The framework presented in figure 3.1, underwent several reviews and revisions through qualitative research and was progressively refined as a result of insights during the field interviews, focus groups, phenomenological interviews (Thompson, Locander, and Pollio 1989) and analysis of online comments.

The framework presented in figure 3.1 indicates the elements of engagement strategy and the individual pre-conditions that might influence the intensity of consumer's engagement. The model is intended not as a measurement model, but as a descriptive model of the key elements associated with consumer engagement. Being a relational construct, it was important that the framework incorporates the critical elements of engagement strategies of the organizations, as well as the individual pre-conditions that influence the intensity of a consumer's engagement. Each element in the framework will now be discussed.

Critical Elements of Engagement Strategy

Irrespective of when, on what platform and through which medium engagement strategies are implemented to influence the consumer at the touch point, certain elements in the strategy are essential to engaging the consumer effectively. A thorough analysis of the field and phenomenological interviews suggests that an effective engagement program generates dialog, encourages the facilitative role of the businesses, and is authentic. The rest of this section explains each element of an effective engagement program. A successful engagement strategy will ensure the presence of all these elements in an engagement initiative.

Dialog: The element of dialog in engagement programs emphasizes flexibility, interactivity, ability and willingness to let both sides act, also equal partnership (Prahalad and Ramaswamy 2004). As the consumer transcends from the state of being a passive receiver of communication and products in the society, programs that are more engaging will be the ones that are flexible and allow two-way interaction.

Figure 3.1

Conceptual Framework of Consumer Engagement

Critical Elements of Engagement Strategy

Dialog

Facilitative role

Authenticity

Consumer Engagement

- Awareness
- Enthusiasm
- Interaction
- Activity
- Extraordinary experience

Value

Intrinsic

Extrinsic

Individual Pre-conditions

Experience-seeking

Meaningfulness

Psychological safety

Motivation

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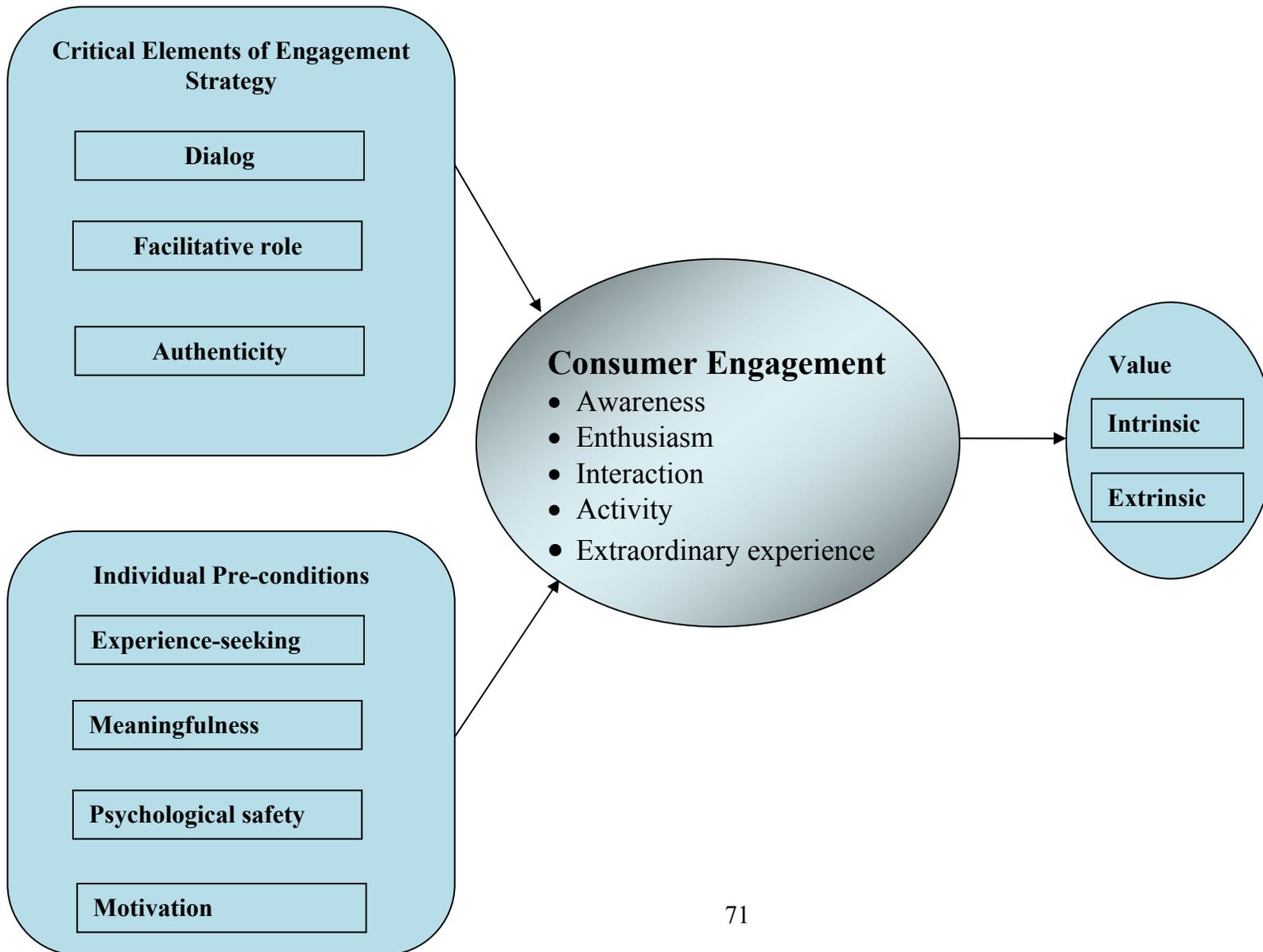
Unlike in the past where the consumer was mostly the recipient of information, effective engagement programs have to let the consumer participate in, and influence the design and structure of the interaction within the program. Instead of being tightly structured, engagement offerings and activities should allow flexibility in interaction. Describing what she likes in a program, Heide emphasized the importance of interactivity in this way:

> I like it when it's a lot of interaction and not when somebody's lecturing, and you have to just sit there and listen. (Personal Interview, Heide, 34 years)

The organization representatives have to be knowledgeable enough to create an impressive dialog while at the same time allowing the consumers to define their own role as helpers, recipients, learners or any other role that interests them. In a consortium of businesses that engage consumers, Joshi (2008) suggested "It's the content which plays a great role in consumer engagement. Our target is to win the hearts and get into the minds of consumers with powerful ideas." This speaker emphasized the importance of initiatives that not only promise substance in the program, but also make sure that the content of the program is important to consumers, and gives the participants freedom to gain the most from the time and effort they invest in participating. This can only be made possible by knowing the needs of the consumer, ensuring their participation in the planning of the engagement initiatives, and allowing room for equal participation from the consumer during the program.

Facilitative Role of Businesses

Unlike in the past, when businesses led highly structured programs to passive consumers, initiatives to engage consumers need to be more facilitative and consumer-centric. As a facilitator of an initiative, a business should involve consumers as much as possible in creating and carrying out the initiative. American Express decided to donate money to a cause through the members' project. Instead of putting up a set of projects for customers to choose from, the

company announced that it will donate $ 2.5 million to projects chosen by the people. The consumers could submit projects that competed for the money. All the members were voting for the projects put up by other members. This way, American Express only facilitated the whole project by providing a platform (the website, other infrastructure and resources) for customers to submit, and also to vote for best projects.

Facilitation in the role of businesses also shows up in product innovation. Consumers are more engaged with products that are instrumental in creating personalized experiences for them, such as the iPhone, or websites that can be customized according to the preferences of the consumer. Engagement with customizable products and services gets further intensified if the consumer can choose the method of personalizing the products, either doing it herself, or obtaining help from business representatives (e.g. calling up the call center to get help in personalizing the product).

When organizations take a facilitative role in an initiative, and let the consumers decide what role they want to play, it shows that they care for the consumers, listen to them, and empower them. Consumers will be more intensely engaged if businesses empower consumers to participate in the engagement initiative they support. Businesses can provide broad structure and resources for the initiatives and then let the consumers play a greater role in giving shape to their experience. The need of a facilitative role is evident in the following quote from one interviewee.

> They do not force a plan on me. I can make my own goals to suit my lifestyle, chart my own schedule. I meet with this other woman who has lost so much weight with her own plan, and I think she is awesome. (Personal Interview, Jessica, 27 years)

At the Sea World, a theme park in San Diego, California, I asked 20 people to name the shows they most enjoyed and were likely to return to the theme park for. 18 respondents liked events where they could freely interact with the animals (e.g. feed the fish, touch them, play or

swim with them). Lesser numbers of people thought that they would return again and again to see the animal shows (e.g. Dolphin dance) where they were only distant spectators to a show which was being directed by a Sea World employee. What people seemed to like more were the opportunities to engage in natural interactions with the animals.

Authenticity

"Marketing has become too artificial and construed, a bit like a sportsman who is trying too hard. We need to bring back authenticity to promise and quite simply to deliver on that authentic promise" (Gopalakrishnan 2008). Interviews with executives as well as consumers suggest that authenticity plays a very crucial role in engaging consumers. Consumer empathy and intuition play a large role in making an engagement program effective. Before an effective program can be designed, organizations have to step in the consumers' shoes and understand what they need

> The way it deals with customers…the approach of Sony is not just price price price or doing things for the sake of doing things. They care for quality, and they care for the quality of life of their customers. They don't bug you with emails after emails. The company markets itself in a very discrete and sophisticated manner. (Personal Interview, Buns, 41 years)

It is crucial that the program is seen by the consumer as authentically concerned and caring about what the consumer wants and not as a platform to promote products. This does not mean that products cannot be promoted in engagement programs. As long as the product promotion serves as a means for attaining the stated objective of the program, it is not judged negatively by the consumers. Sephora uses its products while doing make-up of the participants and then provides free samples for the consumer to try for a few days. Because the products are used as a means of helping the consumer, the programs are not seen as unauthentic. As Sephora

beauty consultations are not dependent on making any purchases, they genuinely engage consumers.

Consumers can be convinced of authenticity through transparency (Prahalad and Ramaswamy 2004). If information asymmetry is removed from the engagement program and consumers are provided unconditional access to all information, they can be convinced of authenticity. When the consumer has access to all information they can assess the risk-benefit of their actions well in advance, which adds to the reflection of authenticity (Prahalad and Ramaswamy 2004)

Individual Pre-conditions

All consumers cannot be expected to engage equally in an interaction. An analysis of my interviews with consumers as well as executives suggests individual differences in engagement. There are certain individual pre-conditions, which may influence the level of a consumer's engagement. These individual pre-conditions include experience-seeking, meaningfulness, and psychological safety and motivation.

Experience-seeking

Consumers vary in the nature and extent of experience they seek from any interaction. While some consumers might only be interested in transactional or functional interactions, others are not only open to, but seek experiential interactions with businesses and/ or with other consumers. Hirschman (1984) suggests that in general experience-seekers seek cognitive, sensory as well as novel stimulation.

A consumer has to be seeking experiences to a degree for her to be engaged. The more experience-seeking a consumer is, the higher is the potential to be engaged. Experience-seeking in turn is influenced by several other factors, involvement being one of them. One of the

interviewees suggested that he has always liked Mercedes cars, but now he was more engaged with them because he sees the possibility of owning one soon.

> I think I keep an eye on what kind of models they come out with and what are the different cars because I am close to a stage where I might be able to afford one in not too distant a future. (Personal Interview, Buns, 41 years)

This statement from Buns suggests that his level of engagement with a brand of cars was influenced by affordability. This suggests that levels of engagement may be transitory. The level at which a consumer feels engaged might be influenced by external conditions.

Meaningfulnes

Meaningfulness has long been recognized as associated with engagement (Kahn 1990; Hackman and Oldham 1980; May 2003; May, Gilson, and Harter, 2004). Meaningfulness is defined as the value of a purpose, judged in relation to an individual's own ideals or standards (May, Gilson, and Harter 2004). The interviews support Kahn's statement (1990) that people find an activity worthwhile when they feel they can make a difference and are not being taken for granted. An engagement initiative may lack meaningfulness if the consumer perceives it as one in which there will be little room to contribute as well as to receive. Although meaningfulness is judged in relation to the individual's standards, some program characteristics heavily affect the perception of meaningfulness. Consumers might not find a program meaningful if they perceive it as unauthentic, or do not feel that the atmosphere is relaxed. For a program to be meaningful, it is also important that the employees conducting the program are perceived as knowledgeable and experts in the area they are handling. As the following quote from Heide suggests, presence of contradiction can also affect the perception of meaningfulness negatively.

These classes didn't really help me….and the funniest thing was that in the breast-feeding classes they give you presents, like the advertisement thing, and we got formula, and that was ridiculous. Kind of like really to encourage use of formula. (Personal Interview, -Heide, 34 years)

As Heide explained, there was not enough thought given to the free gifts being incorporated in the program. The resulting contradiction was perceived as lack of authenticity by Heide, who later talked about having formed a generally negative opinion about the hospital.

A program is perceived as more meaningful if it is expected to bring learning that the consumers found challenging on their own. Moreover, meaningful programs might bring an opportunity to make a worthwhile difference to the lives of others. Giving autonomy to the consumer is another source of meaning in the initiative (Kahn 1990). When an engagement initiative gives the freedom to the consumer of making any kind of rational choices, and thereby recognizes that the consumers are capable of making informed decisions, and taking responsibility for their actions, such a program is perceived as more meaningful by the consumers. One of the interviewees suggested that she expects the marketing initiatives to genuinely inform her and then leave the decision up to her. An autonomous atmosphere could substantially increase the perception on meaningfulness for the consumer.

Psychological Safety

Psychological safety has also been previously identified as a pre-condition to engagement. The term psychological safety captures the degree to which people perceive their environment to be conducive to taking interpersonal risks (Edmondson 1999; 2002). In psychologically safe environments, people believe that if they make a mistake, ask silly questions, ask for help, information or feedback others will not think less of them. Consumers will also feel comfortable with an engagement initiative if it does not give them a feeling of

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negative consequences, such as forced purchases, or being swarmed with communication. The interviewees also suggested that they felt safe when they could trust the organization and the employees to be knowledgeable about the issues they were addressing, and to be caring for the consumers. People felt comfortable in those programs where the organizers seemed open to criticism. Moreover, the dynamics of the group in an engagement initiative involving other consumers or employees, can also affect the perception of safety and low interpersonal risk. Unequal roles of the participants (one where one party seems to be contributing more than the other) can be a major factor producing an uneasy environment.

Motivation

There are several factors that might motivate a consumer to be engaged. As the theory of consumption values (Sheth, Newman, and Gross 1991) and the consumer value perspective (Holbrook 2006) suggests, motivation relates to the values a consumer expects to obtain from being engaged with an initiative. The different motivations suggested in the interviews can be broadly categorized as personal or social. While some people expect to have fun by participating in an initiative, others want to gain knowledge.

Many interviewees suggested that they get engaged with an initiative expecting resolution of a problem or development of a skill they otherwise find challenging. On the other hand some people allow themselves to be engaged for social reasons. Besides wanting to learn more about their condition, cancer patients and pregnant women become engaged in hospital seminars to gain emotional support by being with other people who are in the same situation, and also by being in an open environment with the doctors and nurses who are perceived as capable of helping them. An interviewee felt that she would not have been so engaged with Sex and the City if it weren't for her friends with whom she shared her excitement. The thousands of people

who participated in the members project of American Express to donate money for a good cause, were motivated by the satisfaction gained from participating in a philanthropic community.

The antecedents of consumer engagement just discussed were identified from the analysis of qualitative interviews. Empirical measurement and analysis of these antecedents is beyond the scope of this study. After discussing the critical elements of an engagement strategy and the individual pre-conditions for engaging the consumers, I now discuss the intrinsic and extrinsic values consumers are expected to derive from being engaged.

Extrinsic and Intrinsic Values

As the theory of consumption values (Sheth, Newman, and Gross 1991) and the consumer values perspective (Holbrook 2006) suggest, consumers' motivation to be engaged depends on the value they expect to receive from the experience. The expected values can be intrinsic or extrinsic. If the consumer perceives attaining the expected value from investing time and effort, she will be more motivated to engage in the initiative.

When the consumer appreciates an engagement initiative for its own sake "as a self-justifying end in itself" (Holbrook 2006, p. 715), they derive intrinsic value out of it. On the other hand, if an initiative enables the individual to perform some activity better, the derived value would be extrinsic. The interviews suggest that when a consumer gains more intrinsic value from an engagement initiative, she is likely to be more engaged relative to one who derived extrinsic value from the experience. A consumer who participates in an initiative for the free gifts is less likely to be intensely engaged than the one who engages herself in order to learn, enjoy or find like-minded people. The following section briefly discusses the various intrinsic and extrinsic values consumers might derive from an engaging experience.

The interviewee who talked about his engagement with American Express' members project, was engaged with the project because it satisfied his philanthropic side. Similarly, Marc, who is very engaged with his church, did mention about the lunch after the mass, but talked more about liking the fact that he could talk with the pastor like a family member, and met a lot of international people there, and liked to get to know them. He also mentioned that unlike him, his wife went to the church so that she could leave the kids in Sunday school, and eat a free lunch. While the lunch was the purpose of engagement in the case of Marc's wife, Marc looked at the lunch as a means of spending time interacting with other members of the church, which he relished more.

Thus the value derived by two people from the same activity can be extrinsic or intrinsic. Some of the intrinsic values suggested by Holbrook (1994, 2006) include a desire for play and fun, search for aesthetics, and a drive for ethics; and/ or spirituality. Etgar (2008) suggested that excitement and variety-seeking (McAlister and Pessemier 1982; Kahn 1995; Ratner, Kahn, and Kahneman 1999) be added to the list of intrinsic values. On the other hand, extrinsic values include excellence & autonomy, self-expression and uniqueness, exercising personal inherent capabilities, and constructing narratives of identity (Etgar 2008).

The intrinsic and extrinsic values are independent of each other. Several values might co-exist in a situation and the total benefit felt might be the result of multiple values. The value an individual derives as a consequence of being engaged in an offering or activity can further influence other important marketing outcomes, which will be addressed in chapter 4.

Conclusion

This chapter addresses the nature, scope and framework of consumer engagement developed from a thorough qualitative study. Defined as the intensity of the consumer's

participation and connection with the organization's offerings, and/ or organized activities, consumer engagement has five dimensions--awareness, enthusiasm, interaction, activity, and extraordinary experience. The construct represents the active and reflective aspects of consumer's participation and is behavioral, as opposed to being cognitive, affective or motivational. Experience, and not exchange, is central to engaging the consumer. The experience of engagement might not necessarily be enduring though. The duration of engagement could be short or long, one-time or repeated, depending on several individual and social factors.

The construct has a very broad applicability, with the foci of engagement including offerings and activities initiated either by the providers or by the consumers. Consumer engagement is a relational construct and so it is influenced by the organizations as well as individual consumers. Its framework thus incorporates the critical elements of the engagement strategy, and the individual pre-conditions that can influence the level of the consumer engagement.

Analysis of interviews and other qualitative data suggest that the role of businesses in engagement initiatives should be facilitative, the initiatives should incorporate dialog and reflect authenticity in organization's efforts. The research also revealed some individual pre-conditions for the consumer to be engaged. The consumer should be experience-seeking, should perceive the program to be meaningful, and free of interactional risks (psychologically safe) for her to be highly engaged.

The qualitative work also suggests that consumer's derive intrinsic, as well as extrinsic value from being engaged with the initiatives of an organization. The more intrinsically engaged consumers are, the higher will be the level of engagement. The relationship between consumer engagement, value and the above mentioned marketing outcomes (connection, goodwill, intent

and affective commitment) will be measured in the last stage of this research and is discussed extensively in the next chapter.

Chapter 4 discusses the methods that used to develop and validate the measure of consumer engagement. The measure underwent purification and validation in several stages. Each stage has been discussed extensively in the subsequent chapters. Chapter 4 will also address several behavioral outcomes of engagement and value. The antecedents of consumer engagement discussed in chapter 3 were identified from the analysis of qualitative interviews. Empirical measurement and analysis of these antecedents is beyond the scope of this study.

CHAPTER 4

METHODOLOGY FOR QUANTITATIVE STUDY

The empirical context of this study is business-to-consumer relationships. As one major objective of this research is to develop a measure of consumer engagement (CE), the first stage of the study develops and tests a scale to measure consumer engagement. The measure development is based on the procedure recommended by Gerbing and Anderson (1988), Churchill (1979), and Nunnally (1978). Churchill (1979) suggests the following initial steps for measure development: 1) specify the domain of the construct of consumer engagement based on definition, field interviews, and literature search, 2) generate a list of items from qualitative research, literature search and other knowledgeable researchers. The further steps involve data collection, measure purification, assessing validity, and assessing reliability. The steps taken for generating scale items, and the steps planned for measure purification and validation are discussed in this chapter.

Development of Consumer Engagement Scale

The development of consumer engagement scale went through several stages for item generation and purification. The sequence of activities undertaken for generation of items and their initial purification is briefly listed in Table 4.1 and discussed in detail in this section.

Table 4.1

Scale Development Process

Item Generation	Initial Purification of items	Scale refinement	Scale Validation
Focus Groups (Two) Open-ended elicitation (n=178) Field Interviews (n=18) Phenomenological interviews (n=13) Online comments (n=100) Generate initial pool of items	Assessment of representativeness and wording (n=20) (32 items eliminated) A-priori categorization (5 dimensions) Reassessment of wording and relevancy (n=10) (20 items eliminated) Final assessment of wording and relevancy (n=11) (minor modifications in 4 items) Produced 37 items for next stage	Data collection from student sample (n= 238) Exploratory Factor Analysis (EFA) Assessing dimensionality Analysis of scree plot for dimensionality Refining the item pool Examining item-to-total correlations	Survey pre-test with non-student respondents Modification based on pre-test feedback Data collection from student & non-student sample (n=235) Confirmatory Factor Analysis (CFA) Assessing Construct Validity Convergent validity Discriminant validity Assessing validity against overall measure Assessing Nomological validity

Elicitation Procedure

Prior to item generation, an open-ended elicitation procedure (Netemeyer, Barton, and Lechtenstein 1995) was conducted to ensure that the researcher-generated construct definition is consistent with a typical consumer's view of the construct. I collected a description of 178 incidences of engagement from a sample of 62 participants, which included students (43) and non-students (19). The sample responded to the open-ended survey shown in Appendix B. A large majority (111) of responses indicated the dynamic nature of CE. These responses were associated with activity. Some of the respondents mentioning their engagement in terms of activities wrote: shopping at Brooks Brothers, using Perspectives base make-up, starting my day with the K-Cereal, regularly listening to my iPod. As these examples suggest, a verb indicating the dynamic/ activity aspect of CE was included in describing engagement in the majority of the responses. A more detailed list of the responses received from this open-ended survey is given in Table 4.2.

Table 4.2

Responses for Elicitation Procedure

Response Category	Sample Responses
Responses indicating activity	Actively follow developments in BMW, enjoy going to car shows, use my Apple computer, love going to bars, dine at California Underground, workout at REC, going to the movies, dancing, playing soccer, using my jet skis, using MSN, communicate on my Blackberry, gassing up at BP, shopping for my dogs, love going to concerts, using BBW products, going to Sephora, buying Shimano Hooks, drinking Natural light
Other responses	Love the smell of Axe deodorant, love Nike Shox, my iPod, Ikea, Tallahassee races, Alabama football, clothes from Old Navy, National Treasure movies, random festivals

The sample responses in Table 4.2 indicate that the definition I am using is consistent with the view of a typical consumer who thinks about engagement in terms of activity or interaction with an organization's offering. Consumer engagement is defined as the intensity of consumer's participation and connection with the organization's offerings, and/ or organized activities.

Item Generation

Following Churchill (1979), development of the consumer engagement scale began with a review of existing engagement scales (Avery, McKay and Wilson, 2007**;** May, Gilson, and Harter 2004; Schaufeli et al. 2002) and other relevant literature. A series of qualitative methods were then used (Table 3.1) to generate an initial pool of items. These methods have been summarized in Table 3.1 and discussed extensively in chapter 3. Analysis of data generated from the qualitative study led to an initial pool of 89 items, which were further refined as follows.

Initial Purification

The initial pool of 89 items was subjected to purification in several steps. The sequence of activities undertaken for initial purification is briefly listed in Table 4.1 and discussed in detail in this section. As the first step, 20 undergraduate students judged the items for representativeness. These students were asked to first think of an offering or activity with which they were engaged. They were then asked to rate the extent to which each item was representative of that offering or activity. The students were also asked to comment on the wordings of the items. This led to elimination of 32 items, leaving 57 items for the next stage. These items were dropped mainly because a number of respondents did not find them relevant to their example, and so they were not generalizable to all situations of engagement. Five items were also modified for better wording. These items were then sorted into categories as discussed

in chapter 3 under the section dimensions of consumer engagement. The dimensions emerging from this classification process were as follows:

Awareness: Being conscious of and having knowledge of the focus of engagement.

Enthusiasm: Strong excitement or zeal about the focus of engagement.

Interaction: To interchange ideas, thoughts, and feelings about the focus of engagement with others.

Activity: Actions focused on the program or offering the person is engaged in.

Extraordinary Experience: Sense of newness of perception and process." (Privette 1983, p. 1366)

The items were reviewed, revised, and presented to a final panel of five PhD students, three non-students and two marketing faculty. The judges were provided with the definition of the construct, definition of each dimension and were asked to provide comments based on the rating criteria of clearly tapping one dimension of consumer engagement construct, or poorly tapping any consumer engagement dimension. The judges were also requested to provide any comments regarding wording and relevancy of the items. The comments received from this final step led to another round of revision, which further trimmed the number of items to 37. Items with potentially ambiguous wording, and those that were not commonly applicable across different engaging offerings and activities were eliminated. This scale was then pre-tested with five PhD and five undergraduate students before starting to collect data for scale purification (See Appendix C for the scale with intial set of items). The subsequent data was collected after receiving approval from the Institutional Review Board (IRB). The following data collection steps were taken.

Scale Refinement

The scale is refined taking steps recommended by Churchill (1979). The survey was administered on two sets of samples, students and non-students. In the first step, I collected data on a student sample. The students from various marketing undergraduate classes were requested to participate in the study. They were requested to access the survey through a link that was emailed to them. The students filled out the survey and gave feedback about the wording, flow and other aspects of the survey. Participating students received an incentive at the discretion of their professor, mostly extra credit points on an exam.

I performed exploratory factor analysis (EFA) using SPSS on the obtained data. I used principal axis factoring with oblique rotation for this step because I expected the dimensions to be correlated. Exploratory factor analysis helped refine the item pool and also allowed for testing of the dimensionality (Churchill 1979). An analysis of the scree plot helped in preliminary assessment of the number of underlying dimensions of the consumer engagement construct. Individual scale items were assessed for purification by examining item-to-total correlations. Two items with low item-to-total correlation were eliminated. Further, 17 items that were either loading on more than one factor, or had low factor loadings on all factors were also eliminated.

Scale Validation

For scale validation, I collected data from about 400 non-student and student participants. These respondents were contacted through undergraduate students at a large Southeastern university. The students were given an instructions sheet with details of procedures to be followed in recruiting participants. The recruiting students took the IRB certification test, and after passing this certification, forwarded the above mentioned link of survey to individuals over the age of 19. The recruiting students were offered extra-credit at the teacher's discretion. These

students contacted their acquaintances and friends and requested them to participate in the study. The potential respondents included men and women from different age brackets (20-29; 30-39; 40-49; 50-59; and 60 +), occupations, race and regions. The online survey started with requiring consent of the participants. The participants were asked to read the consent form and agree to it before they could see the survey questions. It took approximately 15 minutes to complete the survey.

The rest of this chapter briefly explains the steps taken to validate the CE scale. I perform confirmatory factor analysis on this second set of data. Following recommendations from Bagozzi and Yi (1988), Bagozzi, Yi, and Phillip (1991) and Fornell and Larcker (1981) the confirmatory factor model was estimated using LISREL and inspected for model fit. All items with coefficients of determination above the predetermined threshold of .50 were retained. The validity of the measure was then determined using several approaches.

1. Content and construct validity (Ping 2004): Construct validity includes convergent and discriminant validity. Convergent validity was assessed with the construct of involvement. Mittal's (1995) Modified Product Involvement Inventory (MPII) was used for the purpose (items presented in Table 4.3). Convergent validity assumes that constructs that should be theoretically correlated to each other are, in fact, found to be correlated. Involvement of a consumer, though distinct, is related to consumer engagement because personal relevance of an offering or activity influences the level of engagement a consumer might have. Moreover, personal relevance works as a motivation to engage with the offerings and activities. Due to these reasons, I expected involvement to converge with consumer engagement.

2. The measure of CE was also tested by validating it with a potential overall measure of consumer engagement, in terms of the variance explained. The three-item measure was pre-tested along with the full scale of consumer engagement.

Nomological Validity

Another step in scale validation was to establish nomological validity by assessing how the consumer engagement scale relates with other variables (Figure 4.1).

Figure 4.1

Nomological Structure of Consumer Engagement
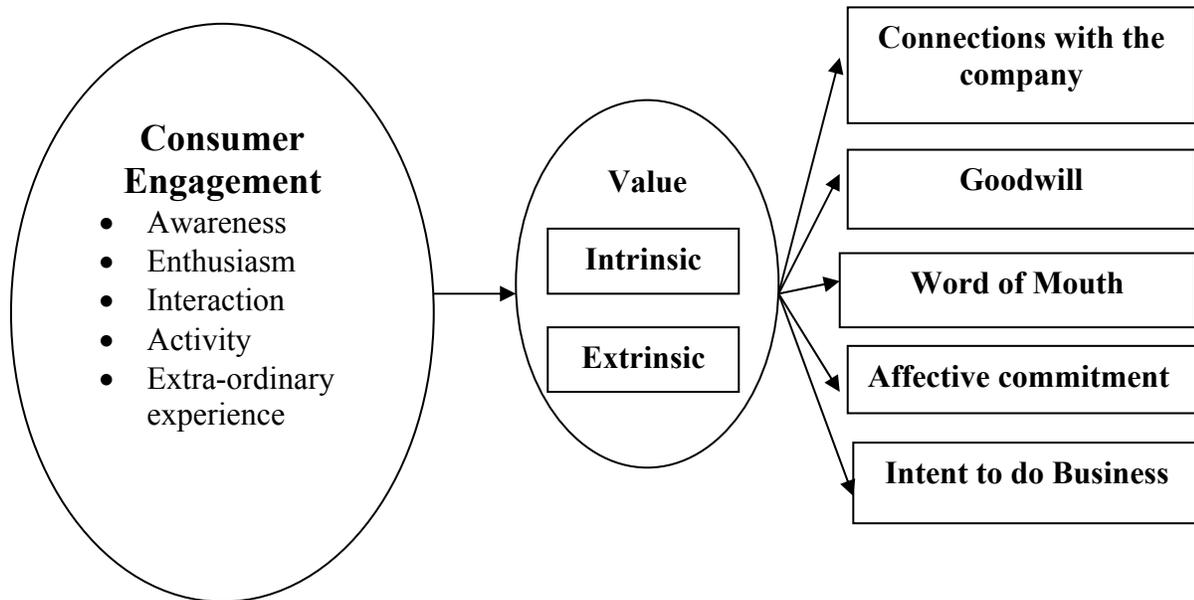
The interviews and the theory of consumption values suggest that the intensity of

consumer's engagement will be positively associated with the value received by the consumer.

Although a specific organization may not always be identifiable with an engagement activity or

offering, often there is an organization that a consumer associates closely with the engagement

offering or activity. When a consumer can identify such an association, s/he is likely to

reciprocate for the value received. Reciprocal action theory suggests that actions taken by one

party in a relationship will be reciprocated by the other party, because each party anticipates the

feelings of guilt it would have if it violated the norm of reciprocity (Li and Dant 1997). Thus the

principal of reciprocity suggests that the consumers will return good for good, in proportion to

what they receive (Bagozzi 1995). Moon (2000) argued that the norm of reciprocity can be

applied to consumer research only in conditions of one-on-one interaction with the consumers.

Individual interactions with consumers through engagement initiatives make the norm of

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reciprocity applicable to consumer engagement. Based on the norm of reciprocity and the

analysis of extensive descriptions of engagement from the interviewees in this research, I

proposed that if a business successfully engages the consumer, the consumer will recognize the

benefits received and return value for value by demonstrating behavioral intentions. In return of

the value received, the consumer will have high levels of goodwill and affective commitment for

the organization, and may be willing to develop strong relationships with the organization. The

relationship of these variables with consumer engagement is presented in Figure 4.1. The rest of

this section discusses each of these outcome variables.

Value

Existing literature suggests that value is determined by the beneficiary. Sheth, Newman,

and Gross (1991) suggest that consumers receive multiple values from their experiences and

these values affect the relationship of consumers with the organization. Based on Holbrook's

(2006) classification, I assessed the influence of intrinsic and extrinsic values derived by the

consumer on behavioral outcomes. Higher levels of value are likely to lead to higher levels of

behavioral outcomes (Sheth, Newman, and Gross 1991). More specifically, higher extrinsic

and/or intrinsic benefits will lead to greater levels of goodwill, word of mouth (WOM),

connections with the organization, and affective commitment. This relationship of value with

consumer behavior outcomes is expected to be stronger for consumers who derive greater

intrinsic values, relative to extrinsic values.

Although intrinsic and extrinsic consumer values have been discussed conceptually in the

literature, a suitable measure of the two types of value could not be located. Therefore, measures

of intrinsic and extrinsic value were developed for this study. The measures were thoroughly pre-

tested before using them for nomological validation. Table 4.3 shows the proposed scales to be used.

Table 4.3

Proposed Scale Items for Marketing Outcome Variables

Extrinsic Value (Anchors: Completely disagree/ Completely agree)

_____ has a lot of advantages resulting from it.
I like _____ because it will benefit me in the long run.
_____ helps me do better in life.
Its relevant to my needs.

Intrinsic value (Anchors: Completely disagree/ Completely agree)

I enjoy _____ for its own sake.
I like _____ for the pure enjoyment of it.
_____ itself is very gratifying.

Connection with the Company (Anchors: Completely disagree/ Completely agree)

I feel I have a bond with this organization.

I am motivated to respond to communications from _____.

I feel this organization shares the goals of its customers.

Goodwill creation (Anchors: Completely disagree/ Completely agree)

This organization goes out of its way for customers.

This organization always tries to do the right things for customers.

This organization has a genuine concern for customers.

(Adapted from Bove et al. 2008)

Table 4.3 *(Continued)*

Affective Commitment (Anchors: Completely disagree/ Completely agree)

I feel emotionally attached to this organization.

With _____, it feels I am part of the family.

I feel a sense of belonging with _____.

(Adapted from Bansal, Irving and Taylor 2004)

Word of Mouth activity (Anchors: Completely disagree/ Completely agree)

I mention this organization to others quite frequently.

I've told more people about this organization than I've told about most other organizations.

I seldom miss an opportunity to tell others about this organization.

When I tell others about this organization, I tend to talk about the organization in great detail.   (Adapted from Anderson 1998)

Intent to do Business (Anchors: Completely disagree/ Completely agree)

I intent to do business, or continue to do business with _____.

Involvement (Bipolar scale)

Important-unimportant

Means a lot to me-means nothing to me

Matters to me-does not matter

Significant-insignificant

Of concern to me-of no concern

  (Adapted from Mittal's (1995) Modified Personal Involvement Inventory (MPII))

Note: The blank spaces in items were filled with name of the company respondent most closely associated with the focus of engagement.

The analysis of qualitative data and the existing literature enables certain predictions about the relationship between individual dimensions of CE and the marketing outcomes. As consumer's participation is correlated with value (Fang 2004, qualitative responses), it is

expected that the interaction and activity dimensions of CE will be more accurate predictors of value, followed by extraordinary experience and enthusiasm. Interaction and activity may be the operative aspects of engagement, where the consumer gets involved in some dynamic interchange with the offering/ activity, as well as with the other people. This might heighten the recognition of value derived and the subsequent perception of goodwill, connection with the organization, word of mouth, affective commitment and loyalty. As awareness is a more reflective aspect and has a lower component of dynamic behavior, this dimension may be the least important predictor of value.

Connection with the Company

Connection is an emotional bond or positive attachment that the consumer may have with a company. Dutton and Heaphy's (2003) research on high-quality connections suggests that high-quality connections with consumers can be achieved through good communication. A high-quality connection is flexible, strong and resilient. In a high quality connection, the parties involved in the communication recognize each other's needs and are responsive to each other. Consumers with high-quality connections effortlessly maintain positive, frequent, timely and accurate communication with the business. High-quality connections are energetic and life-giving, in contrast to being mundane. An engaged consumer is likely to be more connected with the organization and will therefore be more responsive and sensitive to the organization. One of the interviewee explained such a connection by making a comparison with movie watching.

> It's like a boring movie versus a good movie. When it is a good movie, you are sitting on the edge, when it is a boring movie, you kind of watch the images go by. (Personal Interview, -Manisha, 39 years)

Since no measure of this construct could be located, connections was measured through items generated from the interviews and related literature. These items are presented in Table 4.3 and were pre-tested before including them in the survey.

Goodwill

Referring to goodwill in the context of a business, Merriam Webster dictionary defines goodwill towards a business as "the favor or advantage that a business has acquired especially through its brands and its good reputation" (www.m-w.com). This research defines goodwill as a kindly feeling of approval, a benevolent interest or concern that is earned by giving. As people do good to others, they slowly build up goodwill. If the engagement initiatives are authentic, they are built around the consumer's need, and so they are likely to create goodwill. Joann Kyce (2008) defines goodwill as the feeling that customers get when they know that another person or entity is acting in their best interest. Consumers will have goodwill towards the organizations if they think the business tells them the truth, does not have hidden agendas, and cares about the customers. Based on the analysis of engaged consumers' responses towards the companies associated with their foci of engagement, I propose that highly engaged consumers will have higher levels of goodwill towards the organizations that are related to their foci of engagement. The items used to measure goodwill are presented in Table 4.3. As the beliefs about the benevolence of the organization appear to be similar to goodwill felt or expressed, three items have been adapted from Bove et al. (2008). Previous research presents benevolence as another dimension of trust, besides credibility. Benevolence and credibility have been examined as dimensions of trust, both at interpersonal (Ganesan 1994) as well as organizational levels (Kumar, Scheer, and Steenkamp 1995).

Affective Commitment

Affective commitment is "the psychological attachment of an exchange partner to the other and is based on feelings of identification, loyalty, and affiliation" (Verhoef, Franses, and Hoekstra 2002, p. 204). Bansal, Irving, and Taylor (2004, p. 236) suggest that affective commitment is a "desire-based attachment". Affective commitment reflects a psychological bond that motivates the consumer to remain in a relationship with an organization because she genuinely wants to. Higher levels of benefits resulting from engagement with an organization's offerings or activities might lead to such a dedication-based relationship (Bendapudi and Berry 1997). Therefore I hypothesize that higher levels of value received from an engagement will lead to higher levels of affective commitment with the organization associated with the consumer's engagement. Affective commitment in this study was measured using items adapted from Bansal, Irving, and Taylor (2004). The items are given in Table 4.3.

Word-of-Mouth (WOM)

WOM may be defined as informal, person-to-person communication between a perceived noncommercial communicator and a receiver regarding a brand, a product, an organization, or a service (Anderson 1998; Arndt 1968; Buttle 1998). Favorable word of mouth (WOM) may include "relating pleasant, vivid, or novel experiences; recommendations to others; and even conspicuous display" (Anderson 1998, p. 6). Experimental studies have measured the effect of favorable and unfavorable WOM (Burzynski and Bayer 1977; Bone 1995; Herr, Kardes, and Kim 1991; Arndt 1968). Findings from these studies suggest that persons predisposed to purchase are more likely to receive favorable WOM from others (Arndt 1968). WOM influences short-term and long-term judgments (Bone 1995). Also, in the absence of prior impressions about the product, face-to-face communication is more effective than print format (Herr, Kardes,

and Kim 1991). Conversations about a product or service not only affect choice behavior but also influence evaluations of the experience itself (Burzynski and Bayer 1977).

WOM has long been viewed as a promotional tool (Bone 1995). Researchers have been paying attention to the sender of WOM communication as a promoter of the organization (Anderson 1998; Feick, Price, and Higie 1986). Given that satisfied customers are also expected to spread favorable WOM, and also based on the comments made by the interviewees in this research, I expect that consumer engagement will have a high correlation with positive WOM. Word of mouth activity was measured using a 4-item scale developed by Harrison-Walker (2001). The items in the scale are given in Table 4.3.

Data Collection for Nomological Validity

I test the association of consumer engagement with marketing outcomes using a third set of empirical data collected by means of another survey. The first dataset was collected from students for performing EFA, while the second dataset was collected in November-December 2008 for conducting confirmatory factor analysis discussed earlier. The surveys for the third set of studies includes items to measure consumer engagement, intrinsic and extrinsic value, goodwill creation, connections with the organization, word of mouth, and affective commitment. The survey was first pre-tested on 15-30 people, drawn from the final sample or a very similar sample. The items and/ or structure of the survey were revised based on the feedback from pre-test participants and the pre-test results.

Potential Contributions

Development of the construct of consumer engagement will contribute to the academic field of marketing in several ways. Some of the important contributions are briefly listed here. First, there is no construct that addresses the relationships between organizations and consumers

that is outside of the boundaries of exchange. This research will answer the recent calls for inclusion of consumers, prospects and potentials in organization-consumer relationships, by studying marketing programs that are not focused on exchanges. This construct will capture the participation of consumers within and outside of the exchange situations. Second, recent research has been emphasizing the importance of consumer experiences. However, existing constructs do not consider consumer experiences and tie them with marketing outcomes. Experiences are central to consumer engagement and their impact on behavioral outcomes will be studied in this research. Third, for a long time researchers have recognized the importance of value in marketing. However, most studies focus on functional value and ignore the recent conceptualizations of multiple consumer values. This research will empirically measure intrinsic as well as extrinsic values as mediating the relationship between consumers' experiences and their behavioral outcomes.

This research will also make several important managerial contributions. An important contribution will be made by expanding the boundaries of customer engagement through the development of the construct of consumer engagement. This research will show that unlike popular perception amongst academics and managers alike, the phenomenon of consumer engagement is not just limited to 40 million customers, who are networking with each other online (Prahalad and Ramaswamy 2002). Consumers offline are also being engaged in many ways through a focus on their experiences.

Conclusion

This chapter briefly discusses the steps taken in the quantitative phase of this research. The items for measure of consumer engagement have been generated using qualitative methods. These items were tested on a student sample. A factor analysis of the obtained data helped

reduce the items for data collection from a non-student sample. This data was subjected to factor analysis and confirmatory factor analysis using Lisrel. This analysis helped arrive at the final scale.

The scale was validated by comparing the results with 1) a potential overall measure of CE; 2) data on Modified Personal Involvement Inventory (Mittal 1995); 3)testing for nomological validity with the constructs of value, connection with the organization, goodwill creation, word of mouth, affective commitment and loyalty. The next chapters discuss the results of studies 1, 2 and 3 in detail.

CHAPTER 5

VALIDATION OF CE SCALE: EXPLORATORY AND CONFIRMATORY FACTOR ANALYSIS

An important objective of this research was to develop a measure of Consumer Engagement with a chosen product, service or activity. Following Churchill (1979), development of the CE scale began with the review of relevant literature and existing scales, as discussed in Chapter 2. Thereafter, several qualitative methods were used to arrive at a pool of items. These methods have been extensively discussed in Chapters 3 and 4. This pool of items was then subjected to quantitative data analysis for refinement, first using a student sample (Study 1), followed by a mix of student and non-student sample (Study 2) for responses to this survey. Study 1 data obtained from a student sample was subjected to Exploratory Factor Analysis (EFA), while study 2 data from a mix of non-student and student respondents were analyzed using Confirmatory Factor Analysis (CFA). These two studies and their results are discussed in detail in this chapter.

Study 1: Exploratory Factor Analysis

This section discusses the IRB approval, pre-test, procedure and instrument, and sample for study 1 in detail.

IRB Approval

Prior to beginning the research, I submitted all appropriate materials to the University of Alabama Institutional Review Board (IRB) for approval. Upon receipt of proposed revisions, I

edited the surveys and resubmitted them for final review. Final IRB approval was received prior to starting data collection.

Survey Pre-test

Before launching the final survey, students in a Marketing Research class were required to pre-test the survey as part of the course. Participating students were requested to access the survey through a link that was emailed to them. The students filled out the survey and gave feedback about the wording, flow and other aspects of the survey. Changes were made in the final survey based on this feedback.

Survey Procedure and Instrument

The surveys were conducted on paper as well as online. Those students who filled out the survey in class did it on paper, while those who participated out of class did it online. The participants were requested to first write how they like to spend their discretionary time. After this, they saw survey items which referred to the product, service (offering) or activity they had mentioned earlier. The survey instrument had 40 items at this stage, of which 3 items were for the overall measure of CE. The participants responded to the items on 5-point Likert scales (1-Strongly disagree; 2- Disagree; 3-Neither disagree nor agree; 4-Agree; 5-Strongly agree). The complete survey is shown in Appendix C. Obtained data were subjected to Exploratory Factor Analysis (EFA), the procedure and results of which are discussed below. The EFA was done with an aim to see if the initially conceptualized five dimensions of CE emerge empirically. Based on the qualitative study, I had earlier conceptualized that CE has five dimensions-awareness, activity, enthusiasm, extra-ordinary experience, and social interaction.

Sample

For study 1, a close-ended survey with items on 5-point Likert scales was completed by 247 undergraduate marketing students at the University of Alabama. This sample size is appropriate for an EFA which retained 18 items (Costello Osborne 2005). While some students received extra credit on exams, others received credit in class participation. Of the total 247 surveys completed, 238 were included in the analysis. Nine surveys had to be eliminated because they were either incomplete or not filled out correctly.

The respondents were between the ages of 19 and 30 years, and 38% were 21 years of age. The final sample consists of 123 males and 115 females. 21 respondents are African-American, 3 American-Indian, 7 Asian, 12 Hispanic, and 195 Caucasian. A large number of nationalities, including American (204), Czech (2), Filipino (1), French (3), German (2), Indian (2), Iranian (1), Italian (3), South African (2) and Taiwanese (2) are represented in the sample. The respondents come from 18 different states in America, with the majority from Southern states.

Exploratory Factor Analysis: Procedure and Results

EFA was conducted using SPSS 15.0. This section discusses the results of statistical procedures conducted on the data.

EFA Procedure

Preliminary analysis of the data was conducted to evaluate the extent and nature of missing data. Because the power loss was acceptable and the missing data were few, listwise deletion was deemed the most appropriate method for handling the missing data, which meant loss of nine cases.

Table 5.1

Exploratory Factor Analysis- Item Means, SDs and Factor Loadings

Item*			Factor loadings	
	Mean	**SD**	**Enthusiasm (α.93)**	**Conscious Participation (α .88)**
. I find myself _____ whenever I can.	3.91	1.01	.59	
. _____ is an important part of my life.	3.36	1.36	.54	
. I am very involved with _____	3.31	1.17	.50	
. I spend a lot of my discretionary time _ ___.	3.76	1.02	.69	
. I am heavily into _____ .	3.50	1.16	.55	
. I try to fit _____ into my schedule.	3.42	1.32	.80	
. I am so obsessed with _____.	2.82	1.36	.78	
. _____ is like a ritual to me.	2.89	1.42	.79	
. I am passionate about _____.	3.29	1.31	.55	
. My love of _____ continues to grow on me.	3.34	1.29	.52	
. My days would not be the same without _____	3.03	1.43	.86	
. I like to know more about _____.	3.37	1.22		.81
. I like events that are related to _____.	3.56	1.26		.66
. I like to learn more about _____.	3.31	1.20		.79
. I notice information related to _____.	3.61	1.12		.78
. I pay a lot of attention to anything about _____.	3.27	1.25		.70
. I keep up with the products and things related to _.	3.55	1.18		.59
. Anything related to _____ grabs my attention.	3.46	1.22		.64

N=238

Note: The blanks in the items were filled in by the focus of engagement mentioned initially by the respondent (e.g. learning photography on Sony 1o1)

Visual inspection of histograms and bivariate scatter plots did not suggest any violation of the assumption that the indicators were normally distributed. Means and standard deviations for each item appear in Table 5.1.

EFA Results

The main objective of conducting EFA was to explore the dimensions of Consumer Engagement suggested by the data. As the dimensions were expected to be correlated, Principal Axis Factoring with Direct Oblimin rotation was used to factor analyze the data using SPSS 15.0. Several criteria were used to arrive at a decision about the number of factors and items under each factor: examination of the scree plot, item-to-total correlations, total variance explained by each factor, eigen values, factor loadings etc. The scree plot indicated 2 or 3 factors. The analysis was run many times, each time eliminating items that were cross-loading or not loading at or above the generally accepted cutoff of .40 on any factor. A total of 19 items were eliminated in this manner. The resulting items were again subjected to analysis.

Two factors emerged from the final analysis. The items under each factor were reviewed to see how they related with the dimensions conceptualized previously and discussed in chapter 4. The first factor had the items from the previously conceptualized enthusiasm and extra-ordinary experience dimensions, and was labeled as enthusiasm. Enthusiasm represents strong excitement or zeal about the focus of engagement. Items in the second factor represent the activity and awareness dimensions. This factor is labeled as conscious participation. This dimension measures the mindful and cognizant actions focused on the activity or offering the person is engaged with.

The social interaction factor did not emerge from this analysis. Item descriptions, means, standard deviations, and factor loadings for the items from the final run of EFA are given in

Table 5.1. Factor loadings for all the items were greater than .5. The first dimension, labeled as enthusiasm, explains 46.2% of the total variance, with a Cronbach alpha of .93. The second dimension, labeled as conscious participation, explains 9.0% of the total variance, with a Cronbach alpha of .88.

Reliability

Reliability of a measure suggests the extent to which the measurements are repeatable and free from random error (Nunnally 1967). Internal consistency reliability estimates for the dimensions of CE were calculated using Cronbach alpha coefficient (Table 5.1). As mentioned earlier, the first factor had an alpha of .93, and the second one of .88, both being greater than 0.70, the acceptable criterion for reliability of a scale (Nunnally 1994).

Further, the established criterion for item-to-total correlations requires that at least 50% of the retained items correlate with total scores in the range 0.30 to 0.70 (Carmines and Zeller 1974). As can be seen in Table 5.2, all, except two, item-to-total correlations are in the range of 0.30 to 0.70, thereby exceeding the minimum requirement of 50% items. Not only that, none of the item-to-total correlations are below .48 and four are above .70.

Table 5.2

Exploratory Factor Analysis- Item-Total Correlations

Item*	Item-Total Correlation
I find myself _____ whenever I can.	0.51
_____ is an important part of my life.	0.68
I am very involved with _____	0.71
I spend a lot of my discretionary time _ ___.	0.58
I am heavily into _____ .	0.72
I try to fit _____into my schedule.	0.58

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Table 5.2 *(Continued)*

I am so obsessed with _____.	0.66
_____ is like a ritual to me.	0.62
I am passionate about _____.	0.79
. My love of _____ continues to grow on me.	0.75
. My days would not be the same without _____	0.63
. I like to know more about _____.	0.57
. I like events that are related to _____.	0.48
. I like to learn more about _____.	0.60
. I notice information related to _____.	0.61
. I pay a lot of attention to anything about _____.	0.67
. I keep up with the products and things related to _.	0.56
. Anything related to _____ grabs my attention.	0.65

Note: *The blanks in the items were filled in by the focus of engagement mentioned initially by the respondent (e.g. learning photography on Sony 1o1)

Study 2: Confirmatory Factor Analysis

For study 2, 268 non-students and students completed the survey, and the obtained data were subjected to Confirmatory Factor Analysis (CFA). The survey respondents were recruited by students in undergraduate marketing classes in a Southeastern University for extra credit on a voluntary basis. Participating students took the IRB certification test before recruiting participants. After passing this certification, the students forwarded the survey link to individuals, primarily non-students, over the age of 19 and requested them to participate in the study. The IRB approval, pre-test, procedure, instrument, and sample are discussed in detail below.

IRB Approval

Prior to the data collection process for study 2, human subject approval was obtained through the Institutional Review Board (IRB) at the University of Alabama.

Survey Pre-test

A pre-test of the survey for study 2 was done using 5 non-student respondents. These participants responded to the survey and gave detailed feedback on the appropriateness and wording of each item, as well as the overall structure, design and flow of the survey. Before launching the final survey, modifications were made based on this feedback.

Survey Procedure and Instrument

The survey was conducted online. Once the participants read the consent and agreed to participating, they were first asked to report how they like to spend their discretionary time. After this, they responded to survey items which referred to the product, service or activity they had mentioned earlier. The respondents were asked to provide their email addresses for the purpose of validation. All respondents were sent a validation email asking that they simply reply "No" to the email if they have not recently completed a survey for the University of Alabama on the topic of consumer engagement. No emails were received saying that they did not fill out the survey, indicating a 100% validation of responses.

The survey instrument had items measuring responses on CE. Based on the findings from the qualitative study, feedback from several academic experts, and my own understanding of the importance of social interaction in CE, at this stage three more items were added to the CE scale to measure social interaction dimension of engagement. These items were a modification of the social interaction items in study 1. The experts suggested that social interaction with others might play a significant role in consumer engagement, depending upon the focus of engagement,

and therefore the social dimension might show up significantly in future more focused studies, depending on the context. The survey also had 3 items representing an overall measure of CE. This measure will be used to compare how a three dimensional scale can better measure consumer engagement than a unidimensional scale, and to ensure convergent and predictive validity. The survey was set up in such a way that the specific focus of engagement mentioned by the respondent was piped into the item text to complete the sentence. In this manner, each survey was customized to the specific offering or activity a respondent was responding about. The survey also had items measuring the following endogenous constructs - extrinsic value (Extrinsic), intrinsic value (Intrinsic), connection with the company (Connect), goodwill (Goodwill), intent to continue business (Intent), affective commitment (Affect), and word-of-mouth (WOM). The company name related to the focus of engagement appears in the items measuring these outcome variables. Before the items for outcome variables appeared, respondents were asked to name the company they most closely associate with their focus of engagement. That company name was then piped into the item texts of outcome variables. A measure of involvement (Involve) was also included in the survey. This was added to establish discriminant validity with the measure of CE. Except for the involvement scale, which was a bipolar scale, the participants responded to the items on 5-point Likert scales (1-Strongly disagree; 2- Disagree; 3-Neither disagree nor agree; 4-Agree; 5-Strongly agree). The complete survey is shown in Appendix D.

Sample

Of the total 268 surveys completed, 235 were included in the analysis. 33 surveys were eliminated because they were either incomplete or not filled out correctly. The respondents are between the ages of 19 and 60+ years, 33% between 19-29 years and 23% between 50-59 years.

199 of 235 respondents are non-students. The final sample consists of 98 males and 137 females. 40% respondents have college degree, 24% have attended some college and 8% have high school degree. 3 respondents are African-American, 230 Caucasians and 2 non-Americans are from other races. The respondents come from 21 different states in America.

Confirmatory Factor Analysis (CFA) was conducted on the data gathered. The procedure and results of CFA are now discussed in detail.

Measurement of Constructs

Construct measurement was conducted through Confirmatory Factor Analysis (CFA) using LISREL 8.8 (Jöreskog and Sorbom 2007). CFA allows assessment of validity of each individual construct (Gerbing and Anderson 1988). Drawing on Ping (2004), the validity of the CE scale was determined on the basis of two criteria: content validity and construct validity. The latter includes discriminant and convergent validity. In addition, CE scale's predictive validity was also assessed. The term construct validity refers to the correspondence between the construct, which is at an observable, conceptual level; and a purported measure of it, which is at an operational level. Construct validity is "the degree to which a measure assesses the construct it is purported to assess." (Peter 1981, p. 134). The results provide an assessment of convergent and discriminant validity that determines the feasibility of the proposed model by assessing the factor structure.

CFAs were conducted separately for Consumer Engagement (exogenous variable), and for the remaining variables which are endogenous to the model. This section first discusses results of the CFA for the Consumer Engagement scale, followed by a discussion of results of the CFA for the endogenous variables.

Confirmatory Factor Analysis for the Exogenous Construct (CE Scale)

This section discusses in detail the results of Confirmatory Factor Analysis conducted on the proposed three-dimensional CE scale. CE is an exogenous construct in this research.

As mentioned earlier, in study two, items measuring the social interaction dimension of CE were also included due to its relevance. Therefore, CE has three proposed dimensions-enthusiasm, conscious participation, and social, measured at this stage through 21 items. The enthusiasm dimension had 11 items, conscious participation had 7 items, and 3 items were added to represent the social interaction dimension. Two indicators had to be excluded from the final analysis because their coefficients of determination were below the threshold of 0.40.

Figure 5.1

Confirmatory Factor Analysis: LISREL Path Diagram for CE Three Dimensional Scale
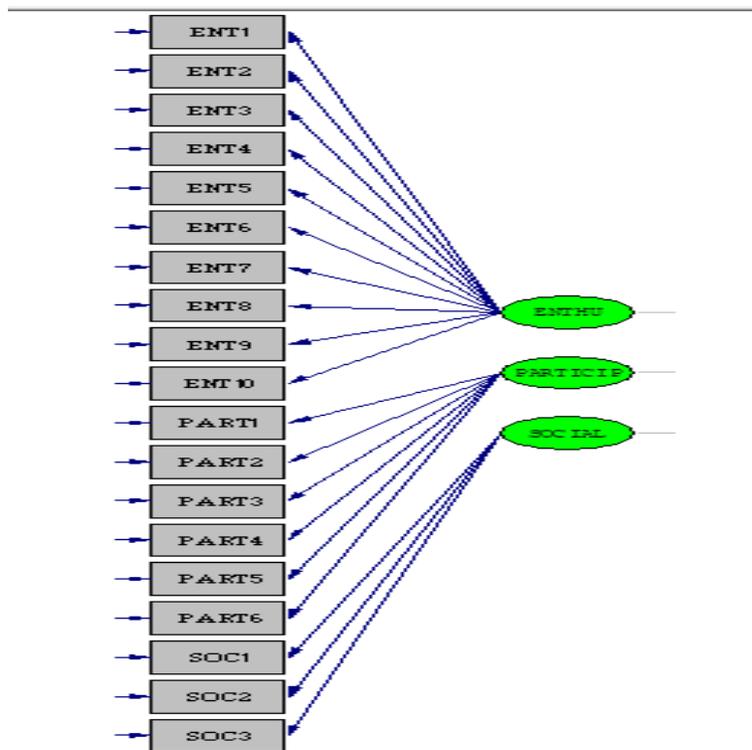
The item (I am very involved with ___.) from the enthusiasm dimension had loadings

lower than .40 and was thus removed from the final analysis. This could have been due to the use

of the word 'involvement' which can have several meanings for respondents. Similarly, an item

from the participation dimension (I like participating in events that are related to _____.) was

also loading below .40.

Moreover, the modification indices suggested that this indicator wanted to cross-load on

the enthusiasm and social dimensions too. Therefore, this item was also deleted from the final

analysis. Finally, after deletion of three items, a 19-item, three-dimension confirmatory factor

model was estimated using LISREL 8.8 (Figure 5.1, Table 5.3). Inspection of the model fit

reveals a good overall fit (GFI=0.89, AGFI=0.85, NNFI=0.97, CFI=0.98, RMR=0.06,

RMSEA=0.06, and $\chi2$=276.80, df=142 ($\chi2$/df=1.95; p=0.00). The relative chi-square/ normal

chi-square (chi-square fit index/ degrees of freedom) is in 3:1 range and indicates an acceptable

model fit (Carmines and McIver 1981; Kline 1998).

Table 5.3

Fit Indices for Confirmatory Factor Analysis of 3 Dimensional CE Scale

Degrees of Freedom = 142
Minimum Fit Function Chi-Square = 294.93 (P = 0.00)
Normal Theory Weighted Least Squares Chi-Square = 276.80 (P = 0.00)
Root Mean Square Error of Approximation (RMSEA) = 0.06
Standardized RMR = 0.06
Goodness of Fit Index (GFI) = 0.89
Adjusted Goodness of Fit Index = 0.85
Comparative Fit Index (CFI) = 0.98
Normed Fit Index (NFI) = 0.96
Non-Normed Fit Index (NNFI) = 0.97

Table 5.4 shows the standardized loadings and associated t-values for the items in the

final CE scale. Standardized loadings are relatively high (0.53 ≤ all factor loadings ≤ 0.95) for

each item and the associated t-values (greater than 1.96) are significant. The individual item loadings provide support for the convergent validity of the measures, indicating that the items converge well to individually measure each dimension of the latent construct. The significant t-values for each item further indicate good convergent validity (Anderson and Gerbing 1988).

Table 5.5 later shows the means, standard deviations, and correlations for the CE scale items. Also recorded in Table 5.5 are the Composite Reliabilities (CR) and Average Variance Extracted (AVE) and square root of the AVE by each dimension.

Table 5.4

Results of the Confirmatory Factor Analysis of CE Scale

Dimension/ Items*	Factor Loading	T-Value
Enthusiasm		
1. I find myself _____ whenever I can.	0.54	8.69
2. _____ is an important part of my life.	0.80	14.42
3. I spend a lot of my discretionary time ____.	0.71	12.22
4. I am heavily into _____.	0.83	15.25
5. I try to fit _____ into my schedule.	0.66	11.05
6. I am so obsessed with _____.	0.77	13.46
7. _____ is like a ritual to me.	0.71	12.00
8. I am passionate about _____ .	0.85	15.86
9. My love of_____ continues to grow on me.	0.67	11.27
10. My days would not be the same without ___	0.68	11.37
Conscious Participation		
1. I like to know more about _____ .	0.64	10.57
2. I like to learn more about _____.	0.68	11.47
3. I notice information related to _____.	0.77	13.31
4. I pay a lot of attention to anything about _____.	0.85	15.64
5. I keep up with things related to _____.	0.82	14.78
6. Anything related to _____ grabs my attention.	0.86	15.79
Social Interaction		
1. I love _____ with my friends.	0.77	13.69
2. I enjoy _____ more when I am with others.	0.94	18.52
3. ____is more fun when other people around me do it too.	0.91	17.58

Note: The blanks in the items were filled in by the focus of engagement mentioned initially by the respondent (e.g. learning photography on Sony 1o1)

Table 5.5

Correlation Matrix of CE Scale Items

	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Factor 1:					Enthusiasm: AVE .53;				CR .92;			√AVE .73								
Ent1	4.24	0.75	1.00																		
Ent2	3.89	0.96	0.40	1.00																	
Ent3	3.88	0.80	0.42	0.57	1.00																
Ent4	3.89	0.94	0.44	0.66	0.65	1.00															
Ent5	3.98	0.91	0.38	0.50	0.40	0.51	1.00														
Ent6	3.08	1.18	0.39	0.52	0.57	0.61	0.50	1.00													
Ent7	3.10	1.22	0.35	0.57	0.53	0.58	0.45	0.78	1.00												
Ent8	3.60	1.02	0.48	0.67	0.55	0.69	0.56	0.70	0.64	1.00											
Ent9	3.58	0.95	0.37	0.48	0.46	0.56	0.46	0.57	0.47	0.68	1.00										
Ent10	3.20	1.14	0.28	0.60	0.51	0.55	0.48	0.65	0.67	0.57	0.49	1.00									
Factor 2: Conscious Participation: AVE .60;									CR .90;			√AVE .77									
Part1	3.78	0.97	0.44	0.44	0.37	0.49	0.32	0.33	0.30	0.43	0.35	0.27	1.00								
Part2	3.99	0.85	0.36	0.48	0.34	0.50	0.23	0.30	0.27	0.47	0.33	0.26	0.73	1.00							
Part3	3.63	0.96	0.31	0.49	0.35	0.43	0.31	0.38	0.29	0.46	0.37	0.25	0.53	0.52	1.00						
Part4	3.60	0.99	0.28	0.43	0.26	0.41	0.26	0.28	0.22	0.45	0.40	0.23	0.55	0.58	0.77	1.00					
Part5	3.89	0.79	0.25	0.41	0.28	0.39	0.20	0.27	0.17	0.40	0.33	0.23	0.59	0.69	0.50	0.57	1.00				
Part6	3.72	0.88	0.36	0.51	0.45	0.59	0.27	0.39	0.31	0.54	0.48	0.32	0.70	0.72	0.54	0.57	0.78	1.00			
Factor 3:					Social Interaction: AVE .77;				CR .91;			√AVE .88								
Soc 1	3.83	1.03	0.21	0.27	0.14	0.20	0.17	0.22	0.16	0.33	0.34	0.18	0.16	0.22	0.14	0.20	0.29	0.30	1.00		
Soc 2	3.48	1.19	0.20	0.22	0.04	0.14	0.15	0.16	0.09	0.24	0.25	0.09	0.11	0.16	0.17	0.14	0.20	0.26	0.72	1.00	
Soc 3	3.49	1.19	0.21	0.18	0.08	0.15	0.15	0.15	0.07	0.18	0.23	0.11	0.08	0.15	0.18	0.16	0.17	0.20	0.70	0.86	1.00

Note: SD=Standard Deviation, CR= Composite Reliability, AVE=Average Variance Extracted, N=235

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The square root of the AVE shows discriminant validity between the respective dimensions (Fornell and Larcker 1981). By comparing the square root of the AVEs with the correlation values in the column and adjacent row, one can evaluate the dimension's ability to discriminate.

Evidence of discriminant validity among the dimensions of the CE scale was provided by a test suggested by Fornell and Larcker (1981). Here, discriminant validity between two factors is shown when individual average variance extracted for each latent variable exceeds the squared phi correlation between both latent variables. All possible pairs of factors passed this test, suggesting the discriminant validity of the dimensions in the CE scale. The correlations range from 0.24 to 0.55. The squared correlations range from .30 to .90.

Discriminant validity was also evaluated by comparing responses to two similar but conceptually distinct measures: CE and involvement (Lichtenstein et al., 1988; Zaichkowsky, 1985). Researchers have studied involvement primarily in the context of products (Nkwocha, Bao, Johnson, and Brotspies 2005; Slama and Tashchian 1987; Suh and Yi 2006). However, involvement has also been studied in other contexts, including shopping (Hawes and Lumpkin, 1984, leisure (Bloch and Bruce 1984), and sports (Ferrand and Pages 1996; Funk, Ridinger, and Moorman, 2004; Luschen and Sage 1981). Discriminant validity between the constructs of CE and involvement was tested by computing correlation coefficients of the dimensions of CE and involvement (Table 5.6). Given the large sample size (N = 235), the relationships are significant at the .01 level.

Table 5.6

Correlation Matrix of CE and Involvement

	No. of Items	Mean	SD	CR#	AVE*	Enthu-siasm	Participa-tion	Social	Involve-ment
Enthusiasm	10	3.64	.76	.92	.54	**.73**			
Conscious Participation	6	3.77	.75	.90	.61	.55**	**.78**		
Social Interaction	3	3.60	1.04	.91	.77	.24**	.24**	**.88**	
Involvement	5	4.04	0.87	.94	.75	.60**	.49**	.18**	**.87**

**(p< .01)
Note: CR= Composite Reliability, AVE=Average Variance Extracted, N=235

Further comparing the square root of the AVEs placed on the diagonal in the table, with the values in the column and row adjacent, one can evaluate the measure's ability to discriminate. The correlation coefficients are all lower than the number on the diagonal, the square root of the AVEs, therefore suggesting that the construct of involvement is distinct from all the dimensions of CE (Fornell and Larcker 1981). The measurement model for the same also suggests a good fit, indicating that these constructs are distinct from each other (GFI=0.85, AGFI=0.81, NNFI=0.97, CFI=0.98, RMR=0.06, RMSEA=0.07, and $\chi 2$=537.12, df=241 ($\chi 2$/df=2.22; p=0.00).

Convergent validity was established by examining the AVE of each dimension. The AVE is a measure of the amount of variance captured by a construct from each scale. The AVE has recommended values of 0.50 or higher to provide evidence for convergent validity (Fornell and Larcker 1981). The AVE of the three CE dimensions ranged from 0.53 to 0.77, hence indicating convergent validity.

Convergent validity assumes that measures of constructs that should be theoretically related to each other are, in fact, found to be related to each other. Convergent validity was

further assessed by examining the association between a related measure, overall CE, and the

three-dimensional CE scale. A confirmatory factor analysis including the three CE dimensions

that form the CE scale, and a three-item overall CE scale was conducted. The three items

measuring overall CE were, "I always look forward to__," "I enjoy spending my discretionary

time __," and "I feel very engaged while ___." The confirmatory factor analysis showed that the

indicators have high loadings on the predicted factors and yield strong and significant

correlations between the three CE dimensions and the overall CE factor (0.24-.77, p<0.01). The

beta coefficients reported in Table 5.7 also show a relatively high coefficient of determination

(R^2=0.63) and beta values between 0.10 and 0.67 (at p<0.05), confirming predictive validity of

the construct.

<div align="center">

Table 5.7

Overall CE Regressed on CE Dimensions

</div>

	Beta (β)	t Value
Enthusiasm	.67	13.78**
Participation	.10	2.00*
Social Interaction	.19	4.63**
R^2=0.63		

Predictive validity of the CE scale was also assessed by regressing an overall 3-item

measure of CE on the aggregated 19-item CE scale. Following Fombrun et al. (2000), the 19 CE

items in Table 5.4 were aggregated while the dependent variable was created by adding together

the 3-items of the overall scale. The results of the regression analysis show a relatively high

value for the coefficient of determination (R^2=0.60) and beta coefficient of 0.78 (p=.00). This

strong, positive relationship provides further support for the predictive validity of the CE scale.

Confirmatory Factor Analysis for Endogenous Constructs

In this research, several constructs were studied as dependent on the level of CE.

Extrinsic Value (Extrinsic) and Intrinsic Value (Intrinsic) are hypothesized to mediate the

relationship between Consumer Engagement and various marketing outcomes-consumer's

connection with the company associated with their focus of engagement (Connect), goodwill

towards that company (Goodwill), intent to do business (Intent), affective commitment (Affect)

and word-of-mouth (WOM). This section will discuss the CFA results for the endogenous

constructs, the measurement model which was tested using LISREL 8.8 (Jöreskog and Sorbom

2007). The measurement model was tested several times after making modifications suggested

by the LISREL output at each stage. The relative chi-square/ normal chi-square (chi-square fit

index/ degrees of freedom) is in 3:1 range and indicates an acceptable model fit (Carmines and

McIver 1981; Kline 1998).

Table 5.8

Fit Indices for Confirmatory Factor Analysis of Endogenous Variables

Degrees of Freedom = 102
Normal Theory Weighted Least Squares Chi-Square = 225.56 (P = 0.00)
Root Mean Square Error of Approximation (RMSEA) = 0.07
Standardized RMR = 0.06
Goodness of Fit Index (GFI) = 0.90
Comparative Fit Index (CFI) = 0.98
Normed Fit Index (NFI) = 0.96
Non-Normed Fit Index (NNFI) = 0.97

The model statistics and the modification indices of initial iterations suggested a

suppressor effect of WOM on Intrinsic. Due to this, all the items in the intrinsic value scale were

showing unacceptable loadings. Therefore, WOM was eliminated from the final analysis. The

fit–statistics for the endogenous variables in Table 5.8 are from the final run of the model. The

model shows a high level of fit after allowing some within construct error variances to correlate (Figure 5.2). Inspection of the model fit reveals a good overall fit (GFI=0.90, AGFI=0.85, NNFI=0.97, CFI=0.98, RMR=0.06, RMSEA=0.07, and $\chi2$=225.56, df=102 ($\chi2$/df=2.21; p=0.00). As shown in table 5.8, the statistics are all within the expected range.

Figure 5.2

CFA- LISREL Path Diagram for Endogenous Variables
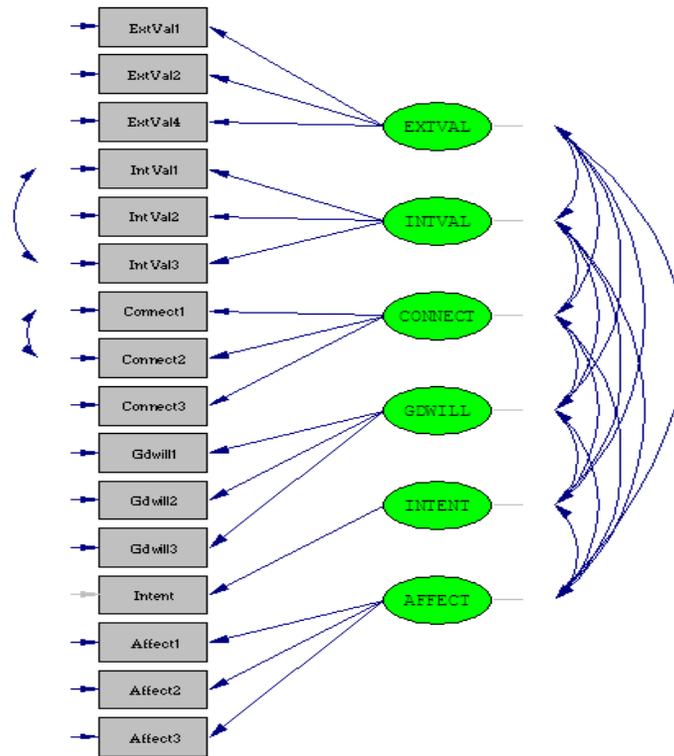
Table 5.9 shows the standardized loadings and associated t-values for remaining constructs- extrinsic value (Extrinsic) and intrinsic value (Intrinsic), connection with the company (Connect), goodwill towards the company (Goodwill), intent to do business (Intent), and affective commitment (Affect) scales.

Table 5.9

Result of the Confirmatory Factor Analysis of Endogenous Variables

Dimension/ Items	Factor Loading	T-Value
Extrinsic Value (Extrinsic)*		
. ___ has a lot of advantages resulting from it.	.93	16.12
. I like __ because it benefits me in the end.	.82	14.92
. ____helps me do better in life.	.93	17.74
. It's relevant to my needs.	.75	12.89
Intrinsic Value (Intrinsic)*		
. I enjoy _____ for its own sake.	.44	6.40
. I like ___ for the pure enjoyment of it.	.44	6.53
. ____ in itself is very gratifying.	.97	12.98
Connection with the Company (Connect)**		
. I feel I have a bond with ____.	.87	16.28
. I am motivated to respond to communications from ____ .	.74	12.91
. I feel this organization shares the goals of its customers.	.70	11.89
Goodwill Creation (Goodwill)**		
. I think ___ goes out of its way to serve its customers.	.88	16.87
. I think ___always tries to do the right things for its customers.	.92	18.05
. I think ___has a genuine concern for its customers.	.88	16.84
Intent to Do Business (Intent)**		
tend to do business with___ in the future.	1.00	18.40
Affective Commitment (Affect)**		
. I feel emotionally attached to ____ .	.93	18.42
. With ____, it feels like I am part of a family.	.93	18.69
. I feel a sense of belonging with____ .	.96	19.69

*The blanks were filled in by the focus of engagement mentioned initially by the respondent (e.g. learning photography on Sony 1o1).

** The blanks were filled in by the company the respondent most closely associated with the focus of engagement (e.g. Sony).

All factor loadings are in an acceptable range, and have significant t-values (greater than 1.96). The individual item loadings provide support for the convergent validity of the measures, indicating that the items converge well to measure the respective constructs. The significant t-values for each item further indicate good convergent validity (Anderson and Gerbing 1988).

Table 5.10 shows the Composite Reliabilities (CR), Average Variance Extracted (AVE), means, SDs, correlations, and square roots of the AVE (on the diagonals) for the endogenous variables. All composite reliabilities are above the cut-off of .60 (Bagozzi and Yi 1988). Convergent validity was established by examining the AVE of each dimension. The AVE is a measure of the amount of variance captured by a construct from each scale. The AVE has recommended values of 0.50 or higher to provide evidence for convergent validity (Fornell and Larcker 1981). The AVEs are above Fornell and Larcker's (1981) suggested minimum cutoff of .50, with an exception of the AVE for Intrinsic Value (.44), which falls slightly short of the minimum cut-off.

Table 5.10

Correlation Matrix of Endogenous Variables

	No. of Items	Mean	SD	CR	AVE	Extrinsic	Intrinsic	Connect	Goodwill	Intent	Affect
Extrinsic Value	4	3.38	0.91	0.92	0.74	**0.86**					
Intrinsic Value	3	3.90	0.63	0.67	0.44	.38**	**0.67**				
Company Connection	3	3.42	0.82	0.82	0.60	.31**	.36**	**0.77**			
Goodwill	3	3.75	0.70	0.92	0.80	.26**	.31**	.65**	**0.89**		
Intent to do Business	1	4.22	0.60	-	-	0.13	.23**	.56**	.62**	-	
Affective Commitment	3	2.80	1.10	0.96	0.89	.31**	.31**	.79**	.54**	.41**	**0.94**

**(p< .01)
Note: CR= Composite Reliability, AVE=Average Variance Extracted, N=235

The CR and AVE of intent to do business (Intent) could not be calculated because this is a single item measure. The square root of the AVEs, placed on the diagonal, show discriminant

validity between the respective scales (Fornell and Larcker 1981). By comparing the square root of the AVEs in the diagonal in the table, with the values in the column and adjacent row, one can evaluate the measure's ability to discriminate. If the correlation coefficients are all lower than the number on the diagonal, discriminant validity is supported (Fornell and Larcker 1981). In this sample, connection with the company has potential problems discriminating. However the difference between its correlation with affective commitment (.79) and the square root of its AVE (.77) is not big.

As expected based on theory and previous research, the significant correlations indicate strong relationships between the constructs. Only intent does not have a significant correlation with Extrinsic Value. As is proposed in Study 3, intrinsic value is expected to relate more strongly with intent to do business, than is extrinsic value.

Table 5.11

Alpha Reliabilities of Endogenous Variables

	No. of Items	α
Extrinsic Value	4	.89
Intrinsic Value	3	.62
Company Connection	3	.81
Goodwill	3	.92
Intent to do Business	1	-
Affective Commitment	3	.95

N= 235

Reliabilities for Endogenous Variables

There were three types of scales used in this research--previously created scales used unaltered, previously created/ tested scales with minor modifications to increase the suitability to

the context, and newly created scales. To be certain of the reliability of the scale items and their appropriateness for inclusion in the next stage, I assessed reliabilities for all scales using SPSS.

As illustrated in Table 5.11, majority of the scales performed sufficiently well, exhibiting Cronbach alpha scores in excess of the prescribed limit of .70 (Nunnally 1967), indicating that the scales are internally strong. The reliability of the intrinsic value scale is slightly lower than the accepted range. On reviewing the items of intrinsic value, it was felt that they might need modification to be universally applicable to all types of engagement with products, services or activities. Therefore, the items were slightly modified and retained for study 3 where the survey will be done in relation to a specific product, service or activity.

Conclusion

This chapter discussed the EFA and CFA applied to empirical studies 1 and 2 respectively. The EFA of study 1 data (students) started with 37 items. After eliminating 19 items due to low loadings or cross-loadings, two dimensions of CE emerged from the remaining 18 items, labeled as Enthusiasm and Conscious Participation. Based on expert advice and my understanding, in study 3, three more items were added to reflect the social dimension of CE.

The measurement model from the data collected in study 2 (non- students and students) provided a good model fit with 3 dimensions of CE. A separate CFA was also conducted for the endogenous variables, Intrinsic Value, Extrinsic Value, Connection with the Company, Goodwill, Affective Commitment and Word-of-mouth. Due to a suppressor effect on Intrinsic Value, Word-of-mouth was eliminated from the analysis. The remaining variables showed a good model fit. Study 3 will be conducted on non-students who are engaged with specific products (Apple), services (Shopping), or activities (Residents at Second Life). Study 3 is discussed in detail in the next chapter.

CHAPTER 6

NOMOLOGICAL STRUCTURE OF CONSUMER ENGAGEMENT:
DATA ANALYSIS AND RESULTS

Introduction

The third study in this research was aimed at establishing the nomological validity of

Consumer Engagement by assessing how the CE scale relates with other marketing outcomes

such as extrinsic value, intrinsic value, connection with the company, goodwill, intent to

purchase and affective commitment. Given that the exploratory work suggested that the focus of

engagement could be firm offerings (products and services) or activities, data were collected

from three different samples representing product usage (Apple product users-Appendix E), a

retail service (shopping-Appendix F) and an activity (Second Life-Appendix G). Second Life is a

3-D virtual world that enables its users, called Residents, to interact with each other through

avatars. Avatar is a symbolic graphic identity the user creates to represent oneself. The website

was launched in 2003 and is accessible via the internet. This chapter begins with a discussion of

sample demographics and other characteristics, followed by a review of scales used in this study,

model statistics, and hypotheses tests.

Study 3: Sampling and Data Collection

This section discusses the IRB approval, pre-test, sampling and research instrument, and

respondent demographics for each of the three samples in study 3.

Prior to beginning this phase of the study, I applied for IRB approval. As there were not many changes in this study as compared to the last one, the IRB approved the study without asking for any revisions.

Sampling and Research Instrument

I collected the data for product usage (Apple) and retail service (shopping) engagement through Qualtrics.com, an online panel and survey-hosting website. I chose an online service for data collection as it gave me an opportunity to recruit respondents from across the country. Moreover, the recruitment was fast, as it occurred over a 5-day period in the month of February.

I created two separate surveys on the Qualtrics website and provided the recruitment team with respondent specifications for each. The sample was expected to be representative of the genders, education levels, states in the USA, ages 19 to over 60 years, and a range of occupations. If a panelist qualified for the survey based on the information available with Qualtrics, they saw a screener survey when they logged into their account, which asked the following questions: 1) On a scale from 1 to 5, with 5 being the highest, please rate how much do you love using Apple® iPod/ iPhone/ Mac in your discretionary time? 2) On a scale from 1 to 5, with 5 being the highest, please rate how do you love shopping in your discretionary time? Participants who responded 3 or more were taken to the respective surveys.

659 people responded to this screener question, of which 236 were then taken to the Apple survey. The respondents who filled out the Apple survey were first asked to complete the following statement by selecting the Apple product they were most engaged with, "I enjoy spending my free time using/ finding out more about (Apple iPod/ Apple iPhone/ Apple Mac). 290 respondents filled out the shopping survey. Those filling out the shopping survey were first

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asked complete this statement, "I often enjoy spending my free time shopping or browsing at…..." Later in the survey, items measuring the outcome variables were presented with reference to the retailer the respondents mentioned. The respondents were offered 'MyView Dollars' which they can cash-out after accumulating 25 or more.

Table 6.1

Demographic Characteristics of the Samples

	Product Usage (Apple, n=206)		Retail Service (Shopping, n=274)		Activity (Second Life, n=253)	
	Frequency	%	Frequency	%	Frequency	%
Age						
19-29 years	54	26%	39	14%	73	29%
30-39 years	41	20	58	21	71	28
40-49 years	49	24	52	19	52	21
50-59 years	44	21	72	26	46	18
60+ years	18	9	53	19	11	4
Gender						
Male	85	41	105	38	113	45
Female	121	59	169	62	140	55
Education						
> High school	6	3	10	4	4	2
High school degree	50	24	58	21	14	6
Some college	58	28	94	34	87	34
College degree	67	33	69	25	87	34
Graduate work	7	3	10	4	17	7
Graduate degree	18	9	33	12	44	17
Race						
Caucasian	164	80	221	81	211	83
Hispanic	9	4	14	5	14	6
African-American	13	6	22	8	9	4
Asian	11	5	6	2	8	3
Other	9	4	11	4	11	4
Nationality						
American	195	95	259	95	253	100
Other	11	5	15	5	0	0

The data from Second Life (SL) residents was collected through the Social Research Foundation. The foundation forwards the survey to its panel, which has members from the

Second Life. After completing the survey, the Social Research Foundation sent me the data in excel file. The potential respondents were offered 500 Linden Dollars (currency used in Second Life) for participating in the survey.

The survey items and flow for all the samples were identical to what was used in Study 2. The survey started with asking them to name the Apple product/ retailer they spent their discretionary time using/ shopping at. Also, two items from the CE scale as well as the 4-item WOM scale, which were eliminated after the CFA of study 2 data, were not included in study 3.

Respondent Demographics

Table 6.1 lists the demographic characteristics of the respondents for the three categories. The respondents come from all ages between 19 and 60+ years. Forty-one percent are males and 59% females. While a few respondents had not completed high school, most (33%) had some college degree.

Some product related characteristics of the respondents were also gathered in the survey. Fifty-eight percent mentioned iPod as their focus of engagement, while iPhone and iMac each engaged 21% of the respondents. Forty-three percent of the 206 respondents had been engaged with the Apple product of their choice for less than a year. The characteristics related to the product of engagement are provided in Table 6.2a. Notable is the fact that 48% of the respondents engaged with one of the Apple products did not actually own the product. This is evidence that Consumer Engagement is independent of the transaction between a firm and its customer.

The retail service (shopping) segment was asked to mention the name of the store they often enjoy spending their free time shopping or browsing at. The largest number of mentions made were of Wal-Mart (n=57), which is evidence that consumers may be engaged not only with

products such as beer and jewelry, but also everyday retailers, such as Wal-Mart and Target (Applebaum 2001).

Table 6.2a

Apple Product Sample Characteristics Related to Focus of Engagement

Specific Focus of Engagement			Length of Relationship		
Product	Frequency	%	Duration	Frequency	%
					43
Apple iPod	119	58%	Less than a year	88	%
Apple iPhone	43	21	1-2 years	47	23
Apple Mac	44	21	2-3 years	31	15
			3-4 years	16	8
Ownership	Frequency	%	4-5 years	4	2
No	98	48%	More than 5 years	20	10
Yes	108	52			

Moreover, an evidence of online engagement was received from the most frequently mentioned online retail names such as EBay and Amazon. The detailed list of stores mentioned and the length of respondents' relationship with these stores is provided in Table 6.2b.

Table 6.2b

Shopping Sample Characteristics Related to Focus of Engagement

Specific Focus of Engagement		Length of Relationship		
Store	Frequency	Duration	Frequency	%
Wal-Mart	57	Less than a year	9	3%
EBay, Target	20 each	1-2 years	37	14
Amazon	15	3-4 years	39	14
Best Buy, Kohl's	11 each	5-6 years	54	20
Macy's	7	6-10 years	48	18
Costco, Home depot	5 each	> 10 years	87	32
Others	123			

The Second Life (SL) sample captured the responses of SL residents with a range of experience and weekly activity on the website. Two percent of the respondents have been visiting SL nearly since its inception in 2003, while 10% became residents less than a year ago. Forty percent of the 253 respondents spend more than 15 hours a week on SL, while 12% spend only 2 to 5 hours each week. The length of relationship and the duration of weekly activity of the sample are provided in Table 6.2c below.

Table 6.2c

Resident Sample Activity at Second Life

Weekly activity on SL			Length of Relationship with SL		
Duration	Frequency	%	Duration	Frequency	%
Less than 2 hrs.	3	1%	Less than a year	26	10%
2 to 5 hours	30	12	1-2 years	160	63
5 to 10 hours	64	25	3-4 years	61	24
10 to 15 hours	54	21	More than 5 years	6	2
More than 15 hrs.	102	40			

Additional descriptive information provides a more comprehensive picture of the respondents. The respondents from all the three segments work in diverse industry segments ranging from Accounting to Art. The educational background of respondents is also diverse and includes engineering, medicine, commerce, art, and business.

Study 3: Data Analysis

Data Preparation

The primary objective of this research is to develop a scale of Consumer Engagement and test its nomological validity with related constructs. In study 3, the scale's applicability to three different samples was tested, Apple products' fans, shopping fans and residents at Second Life.com.

I downloaded the obtained data in Excel 2007 where I could then view each response individually to ensure its completeness and locate discrepancies, if any. Originally, 236 people responded to the Apple survey, 290 to the retail survey and 257 to the Second Life survey. After cleaning the individual surveys, I used 206, 274 and 253 responses for the Apple, Shopping and Second Life surveys respectively. All the surveys eliminated from the final analysis were due to incomplete data (i.e. missing demographic information), or inconsistent responses. After cleaning the data, they were transferred to SPSS for further analysis.

Measurement of Constructs

This chapter now focuses on the discussion of the confirmatory factor analysis of the measures, the model fits and the test of hypotheses. As with study 2, two separate sets of factor analyses were conducted in study 3. One set of CFAs were conducted to assess the Consumer Engagement construct, while another CFA was conducted with all the items measuring the endogenous variables to ascertain their appropriateness for assessing the respective latent constructs.

After a detailed discussion of the CFAs for the CE and the endogenous constructs, this chapter finally tests the various hypotheses ending with a short discussion of the overall findings.

Confirmatory Factor Analysis for the Exogenous CE Scale

A Confirmatory Factor Analysis (CFA) was run on the three-dimensional model of CE using LISREL 8.80. The diagrammatic representation of the model, run for each dataset independently, is presented in Figure 6.1. Later, for comparison, a confirmatory factor analysis was run on a unidimensional model of CE with the same items. In this model all 10 items were forced to load on a single latent construct.

Based on my assessment, consumer engagement appears to be best conceptualized a three-dimensional construct. Thus, it was appropriate at this stage to analyze its first-order components (Byrne 1994). In the first order model (a) each item is expected to have a nonzero loading on the engagement factor it is designed to measure and zero loadings on all other factors, (b) the three-factors are expected to be correlated, and (c) the measurement errors are expected to be uncorrelated.

Figure 6.1

Conceptual Model of Consumer Engagement
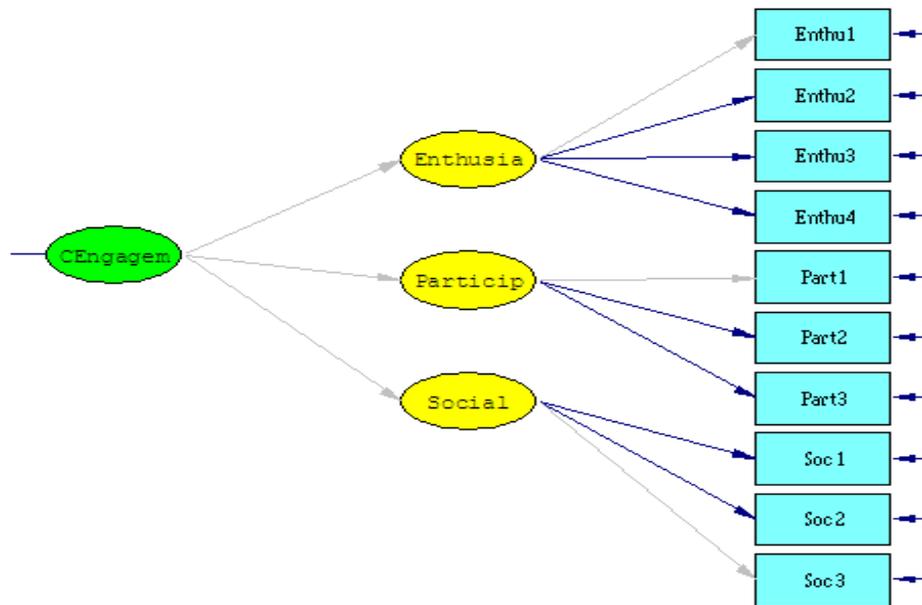
To arrive at these conditions, the model was run several times for each dataset, each time with a revision based on the modification indices from the previous run. The final model for all the three datasets had 10 items which fulfilled all the above conditions. Table 6.3 shows the

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standardized loadings and associated t-values for the 10 items finally retained in the CE scale for

all the three data sets. Standardized loadings are relatively high ($0.53 \leq$ all factor loadings $\leq$

0.95) for each item and the associated t-values (greater than 1.96) are significant.

The output shows that every estimated coefficient of the three dimensional models were

within acceptable limits. There are no negative or non-significant error variances for any

variable. Furthermore, all estimates are reasonable and statistically significant. The error

covariance of Social2 and Social3 was the only bad fitting parameter, yielding chi-square values

that were substantially larger than those of the remaining parameters. Therefore, the final

second-order model is a respecified one which took the misspecification error between Social2

and Social3 into account. Respecifying the errors of Social2 and Social3 as freely estimated

parameters seemed reasonable from statistical as well as substantive perspectives. Statistically,

they yielded large chi-square values. Substantively, they represent covariance errors among

items in the same subscale, a common finding with perception subscales in general (Byrne 1994;

Newcomb, Huba, and Bentler 1986).

Table 6.3

Results of the CFA of CE Scale-Study 3

Dimension/ Items*	Product Usage (Apple)		Retail Service (Shopping)		Activity (Second Life)	
	Factor Loading	T-Value	Factor Loading	T-Value	Factor Loading	T-Value
Enthusiasm	α .96		α .87		α .85	
1. I spend a lot of my discretionary time ____.	.91	-	.74	-	.75	-
2. I am heavily into _____ .	.96	27.90	.81	12.31	.90	14.03
3. I am passionate about _____.	.93	24.69	.84	12.81	.81	13.06
4. My days would not be the same without ___.	.87	20.47	.69	10.16	.56	8.77
Conscious Participation	α .89		α .83		α .73	
1. Anything related to _____ grabs my attention.	.86	-	.75	-	.59	-
2. I like to learn more about _____.	.76	14.01	.75	10.96	.64	8.28
3. I pay a lot of attention to anything about ____.	.96	23.13	.85	12.55	.91	9.17
Social Interaction	α .88		α .89		α .77	
1. I love _____ with my friends.	.90	-	.96	12.20	.77	6.74
2. I enjoy _____ more when I am with others.	.79	18.17	.78	20.84	.69	9.82
3. __is more fun when other people around me do it too.	.76	19.09	.77	-	.70	-
N=	206		274		253	

Note: *The blanks in the items were filled in by the focus of engagement mentioned initially by the respondent (e.g. learning photography on Sony 1o1)

The individual item loadings provide support for the construct validity of the measures, indicating that the items converge well to individually measure each dimension of the latent construct. The significant t-values for each item further indicate statistically significant factorial validity (Anderson and Gerbing 1988).

The second-order model hypothesized a priori that (a) consumer engagement is measured by three factors; (b) each item has a nonzero loading on the engagement factor it is designed to measure and zero loadings on all other factors; (c) covariation between the three first-order factors will be explained fully by their regression on the second-order factor; and (d) the measurement errors are uncorrelated, except for Social2 and Social3, which are correlated with each other.

Table 6.4

Fit Indices for Confirmatory Factor Analysis of 3 Dimensional CE Scale-Second Order Model

	Product Usage (Apple)	Retail Service (Shopping)	Activity (Second Life)
Degrees of Freedom (Df)	33	33	33
Minimum Fit Function χ^2	61.28 (P=.01)	66.27 (P=.00)	63.70 (P=.00)
Root Mean Square Error of Approx. (RMSEA)	.06	.07	.06
Standardized RMR	.06	.11	.06
Goodness of Fit Index (GFI)	.94	.94	.95
Adjusted Goodness of Fit Index (AGFI)	.91	.90	.92
Comparative Fit Index (CFI)	.99	.98	.98
Normed Fit Index (NFI)	.99	.97	.96
Non-Normed Fit Index (NNFI)	.99	.98	.97

To evaluate the goodness of fit of the model in the three datasets, I relied on several statistics (Table 6.4). The ratio of chi-square statistics and degrees of freedom in all the three

models is well under 3.00, which indicates a good fit (Carmines and McIver 1981; Kline 1998). The RMSEA for all the models is also within the prescribed limit of .08.

Furthermore, the Bentler and Bonett (1980) Normed Fit Index (NFI) and the Comparative Fit Index (CFI) above .90 in all cases constitute an indication that the three-dimensions represent an adequate fit to the data in all three samples. By comparison, as evident by the fit statistics in Table 6.5, the unidimensional models present lack of fit in all cases.

Table 6.5

Fit Indices for Confirmatory Factor Analysis of Unidimensional CE Scale

	Product Usage (Apple)	Retail Service (Shopping)	Activity (Second Life)
Degrees of Freedom (Df)	28	28	28
Minimum Fit Function Chi-Square	98.39 (P=.00)	221.47 (P = .00)	138.796 (P = 0.00)
Root Mean Square Error of Approximation (RMSEA)	.11	.14	0.12
Goodness of Fit Index (GFI)	.91	.88	.91
Comparative Fit Index (CFI)	.98	.93	.92
Normed Fit Index (NFI)	.98	.92	.90
Non-Normed Fit Index (NNFI)	.97	.88	.87

Confirmatory Factor Analysis for Endogenous Constructs

As mentioned in study 2 Intrinsic Value (Intrinsic) and Extrinsic Value (Extrinsic) of the focus of engagement are hypothesized to mediate the relationship between Consumer Engagement and some marketing outcomes. Levels of intrinsic and extrinsic value influence consumer's connection with the company (Connect), goodwill towards the company (Goodwill), intent to do business (Intent), and affective commitment. Before measuring the relationship between these endogenous constructs and Consumer Engagement, I conducted a Confirmatory

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Factor Analysis of the endogenous constructs. This section will discuss the results of that CFA using LISREL 8.80. The CFA was conducted individually for the data gathered from three samples of respondents-product usage sample (Apple), retail service sample (shopping), and activity sample (Second Life) residents. The CFA in study 2 showed that the two value scales, especially the Intrinsic Value scale, did not represent their latent constructs very well. Thus, in study 3, the items for the extrinsic and intrinsic value scales were modified in order to achieve a better fit. It was thus important to check the CFA from the study 3 data for these two scales. Additionally, the analysis would confirm the representativeness of the other scales for the different respondent segments.

The measurement model for the endogenous constructs was respecified and run a few times to incorporate modifications suggested by the LISREL output at each stage. In all three datasets, the model statistics and the modification indices of initial iterations suggested a high correlation between the errors of two extrinsic value items, Extrinsic3 and Extrinsic4 (____ helps me do better in life/ _ is relevant to my needs). The model statistics also suggested that an intrinsic value item, Intrinsic4 (It is a pleasure to _____) wanted to cross load with other latent constructs. Therefore Extrinsic3 and Intrinsic4 were removed from the final analysis. The fit–statistics for the endogenous variables in Table 6.6a are from the final runs of the model for the three samples. The model shows a high level of fit after allowing some within construct error variances to correlate. The relative chi-square/ normal chi-square (chi-square fit index/ degrees of freedom) is in 3:1 range and indicates an acceptable model fit (Carmines and McIver 1981; Kline 1998). The relative chi square makes the assessment of model fit less dependent on sample size.

Table 6.6a

Fit Indices for Confirmatory Factor Analysis of Endogenous Constructs-Study 3

	Product Usage (Apple)	Retail Service (Shopping)	Activity (Second Life)
Degrees of Freedom (Df)	85	88	88
Minimum Fit Function Chi-Square	185.21 (P=.00)	201.06 (P = .00)	215.87 (P = 0.00)
Root Mean Square Error of Approximation (RMSEA)	.08	.07	.08
Goodness of Fit Index (GFI)	.90	.92	.90
Comparative Fit Index (CFI)	.99	.98	.97
Normed Fit Index (NFI)	.98	.97	.96
Non-Normed Fit Index (NNFI)	.99	.98	.96

In all three models some of the errors of the items from the same latent construct were correlated because of their high chi square values. This is reasonable as the items whose errors were correlated belonged to the same latent variable. The errors of five pairs of items were correlated in the Apple dataset (Extrinsic1 and Extrinsic2; Intrinsic1 and Intrinsic2; Connect1 and Connect3; Goodwill2 and Goodwill3; and Affect2 and Affect3). In the shopping dataset two pairs of errors were correlated: Intrinsic1 and Intrinsic3, Connect1 and Connect2. Errors of Connect 1 and Connect 2 were also correlated in the Second Life dataset, along with the errors of Goodwill1 and Goodwill3. As shown in Table 6.6a, the inspection of model fit for the three datasets revealed a good overall fit with all fit statistics within the expected range.

Table 6.6b

Result of the Confirmatory Factor Analysis of Endogenous Variables-Study 3

Dimension/ Items	Product Usage (Apple)		Retail Service (Shopping)		Activity (Second Life)	
Extrinsic Value (Extrinsic)*	Factor Loading	T-Value	Factor Loading	T-Value	Factor Loading	T-Value
___ has a lot of advantages resulting from it.	.87	15.51	.83	16.07	.86	15.87
I like __ because it benefits me in the end.	.88	15.70	.89	17.84	.85	15.80
It's relevant to my needs.	.89	16.04	.67	11.94	.66	11.20
Intrinsic Value (Intrinsic)*						
I enjoy using/ visiting_____.	.92	16.93	.91	17.09	.73	11.73
I like using/ visiting ___ just for fun.	.83	14.20	.74	13.70	.16	2.27
Using/ visiting ____ is in itself is very gratifying.	.86	15.16	.92	17.45	.76	12.13
Connection with the Company (Connect)**						
I feel I have a bond with ____.	.93	17.20	.67	11.13	.70	12.26
I am motivated to respond to communications from ___.	.85	14.92	.57	9.60	.67	11.65
I feel this organization shares the goals of its customers.	.81	13.43	.56	9.37	.86	16.29
Goodwill Creation (Goodwill)**						
I think ___ goes out of its way to serve its customers.	.93	16.72	.88	18.07	.93	18.48
I think ___always tries to do the right things for its customers.	.89	15.52	.91	19.22	.87	17.11
I think ___has a genuine concern for its customers.	.86	14.67	.92	19.52	.93	18.70
Intent to Do Business (Intent)**						
I intend to do business with___ in the future.	.97	19.09	.92	19.88	.92	19.07
Affective Commitment**						
I feel emotionally attached to ____ .	.90	16.33	.75	14.32	.83	16.06
With ____, it feels like I am part of a family.	.90	16.13	.92	19.62	.95	19.85
I feel a sense of belonging with____ .	.92	16.89	.96	21.07	.94	19.78

Notes: *The blanks were filled in by the focus of engagement mentioned initially by the respondent.

** The blanks were filled in by the company the respondent most closely associated with the focus of engagement.

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Table 6.6b shows the standardized loadings and associated t-values for the endogenous constructs- Extrinsic Value (Extrinsic) and Intrinsic Value (Intrinsic), Connection with the company (Connect), goodwill towards the company (Goodwill), intent to do business (Intent), and affective commitment scales.

All factor loadings are in an acceptable range, and had significant t-values (greater than 1.96), except the second item in intrinsic value scale in the SL dataset. The individual item loadings for all other constructs provide support for the convergent validity of the measures, indicating that the items converge well to measure the respective constructs. The significant t-values for each item further indicate good convergent validity (Anderson and Gerbing 1988).

Table 6.7a, b and c show the Composite Reliabilities (CR), Average Variance Extracted (AVE), means, standard deviations, correlations, and square roots of the AVE (on the diagonals) for the endogenous variables. All the composite reliabilities (CRs) are above the cut-off of .60, suggested by Bagozzi and Yi (1988). Convergent validity was established by examining the AVE of each dimension. The AVE is a measure of the amount of variance captured by a construct from each scale. The AVEs are above Fornell and Larcker's (1981) suggested minimum cutoff of .50, with an exception of the AVE for Connect (Shopping sample .36) and Intrinsic (SL Sample .38), which fall short of the minimum cut-off. The CR and AVE of Intent to do Business (Intent) could not be calculated because this was a single item measure. The square roots of the AVEs, placed on the diagonal, show discriminant validity between the respective scales (Fornell and Larcker 1981).

Table 6.7a

Correlation Matrix of Endogenous Variables (Apple)

	No. of Items	Mean	SD	CR	AVE	Extrinsic	Intrinsic	Connect	Goodwill	Intent	Affect
Extrinsic Value (Extrinsic)	3	3.47	1.02	0.91	0.77	.88**					
Intrinsic Value (Intrinsic)	3	3.62	0.97	0.90	0.76	0.85*	.87				
Company Connection (Connect)	3	3.20	0.98	0.90	0.75	0.76*	0.67*	.86			
Goodwill (Goodwill)	3	3.65	0.78	0.92	0.80	0.55*	0.52*	0.64*	.89		
Intent to do Business (Intent)	1	3.74	0.97	-	-	0.76*	0.79*	0.70*	0.67*	-	
Affective Commitment (Affect)	3	2.94	1.02	0.93	0.82	0.69*	0.59*	0.83	0.60*	0.65*	.91

* p< .01
** Values on the diagonals indicate square root of the AVEs
Notes: SD = Standard Deviation; CR= Composite Reliability; AVE = Average Variance Extracted; N=206

Table 6.7b

Correlation Matrix of Endogenous Variables (Shopping)

	No. of Items	Mean	SD	CR	AVE	Extrinsic	Intrinsic	Connect	Goodwill	Intent	Affect
Extrinsic Value (Extrinsic)	3	3.88	0.71	0.84	0.64	.80**					
Intrinsic Value (Intrinsic)	3	4.02	0.72	0.89	0.74	0.59*	.86				
Company Connection (Connect)	3	3.40	0.76	0.63	0.36	0.56*	0.60*	.60			
Goodwill (Goodwill)	3	3.85	0.78	0.93	0.82	0.45*	0.45*	0.56*	.90		
Intent to do Business (Intent)	1	4.36	0.66	-	-	0.46*	0.55*	0.40*	0.55*	-	
Affective Commitment (Affect)	3	2.94	0.95	0.91	0.78	0.42*	0.45*	0.72*	0.48*	0.24*	.88

* p< .01
** Values on the diagonals indicate square root of the AVEs
Notes: SD = Standard Deviation; CR= Composite Reliability; AVE = Average Variance Extracted; N=274)

By comparing the square root of the AVEs placed on the diagonal in Tables 6.7 a b, and c, with the values in the column and row adjacent, one can evaluate the measure's ability to discriminate. If the correlation coefficients are all lower than the number on the diagonal, discriminant validity is supported (Fornell and Larcker 1981). In the shopping sample (Table 6.7b), connect has potential problems discriminating with affective commitment. The construct

showed similar problems in study 2 also. The difference between its correlation with affective commitment (.72) and the square root of its AVE (.60) is large in this dataset. The construct shows discriminant validity in other datasets. Moreover, as expected based on theory and previous research, the significant correlations indicate strong relationships between the constructs.

Table 6.7c

Correlation Matrix of Endogenous Variables (Second Life)

	No. of Items	Mean	SD	CR	AVE	Extrinsic	Intrinsic	Connect	Goodwill	Intent	Affect
Extrinsic Value (Extrinsic)	3	3.65	0.78	0.84	0.63	**.80****					
Intrinsic Value (Intrinsic)	3	3.94	0.60	0.59	0.38	0.42*	**.62**				
Company Connection (Connect)	3	2.78	0.89	0.79	0.56	0.41*	0.29*	**.75**			
Goodwill (Goodwill)	3	3.08	0.98	0.94	0.83	0.24*	0.20*	0.73*	**.91**		
Intent to do Business (Intent)	1	3.89	0.90	-	-	0.26*	0.36*	0.46*	0.44*	-	
Affective Commitment (Affect)	3	2.33	0.97	0.93	0.82	0.30*	0.26*	0.71*	0.58*	0.37*	**.91**

* p< .01
** Values on the diagonals indicate square root of the AVEs
Notes: SD = Standard Deviation; CR= Composite Reliability; AVE = Average Variance Extracted; N=253

Reliability of the scale items for endogenous constructs in Study 3 was assessed using SPSS 15.0. As illustrated in Table 6.8, the majority of the scales performed sufficiently well, exhibiting Cronbach alpha scores in excess of the prescribed limit of .70 (Nunnally 1967), indicating that the scales are internally strong.

Table 6.8

Alpha Reliabilities of Endogenous Variables

	No. of Items	Apple (N=206) α	Shopping (N=274) α	Second Life (N=253) α
Extrinsic Value (Extrinsic)	3	.92	.82	.83
Intrinsic Value (Intrinsic)	3	.92	.85	.55
Company Connection (Connect)	3	.88	.70	.82
Goodwill (Goodwill)	3	.94	.93	.92
Intent to do Business (Intent)	1	-	-	-
Affective Commitment (Affect)	3	.95	.91	.93

The intrinsic value scale, which had problems in study 2, had been modified in study 3. It showed high reliability in the Apple and shopping datasets, but not in the Second Life dataset. However, to be consistent across datasets/ models, I decided to use the construct when running the structural equation model.

Testing Nomological Validity

Overview of Hypothesized Relationships

Before discussing the results of the structural models, this section gives an overview of the relationships hypothesized in the earlier chapters. I had hypothesized that CE is positively associated with the value received by the consumer. CE will positively impact both, extrinsic as well as intrinsic value. Therefore,

H1a: Consumer Engagement positively affects Extrinsic Value.

H1b: Consumer Engagement positively affects Intrinsic Value.

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Based on the reciprocal action theory (Li and Dant 1997) I had further hypothesized that

the consumer is likely to reciprocate for the value received. Therefore, value will be associated

with marketing outcomes. Figure 6.2a and 6.2b present the model of these relationships.

Figure 6.2

Mediated Effects Model of CE
a: Mediation through Extrinsic Value
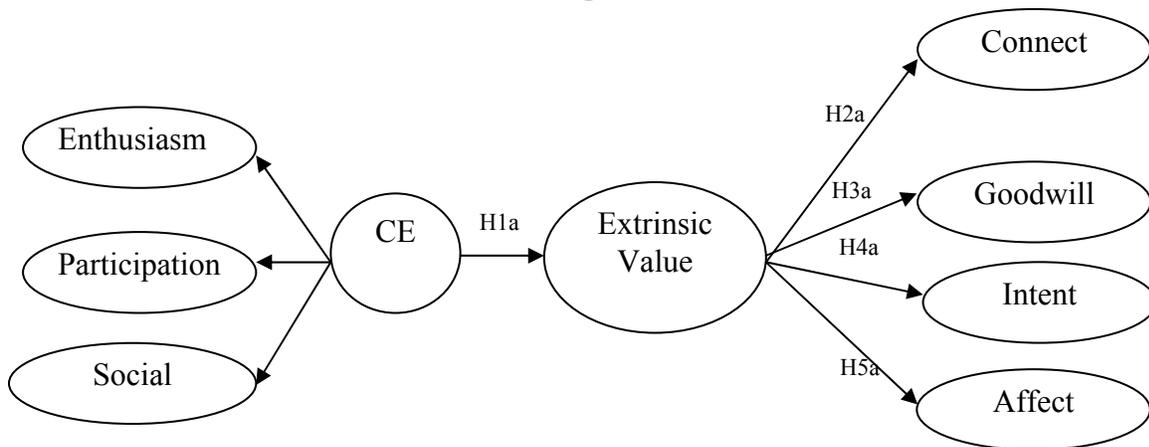
b: Mediation through Intrinsic Value
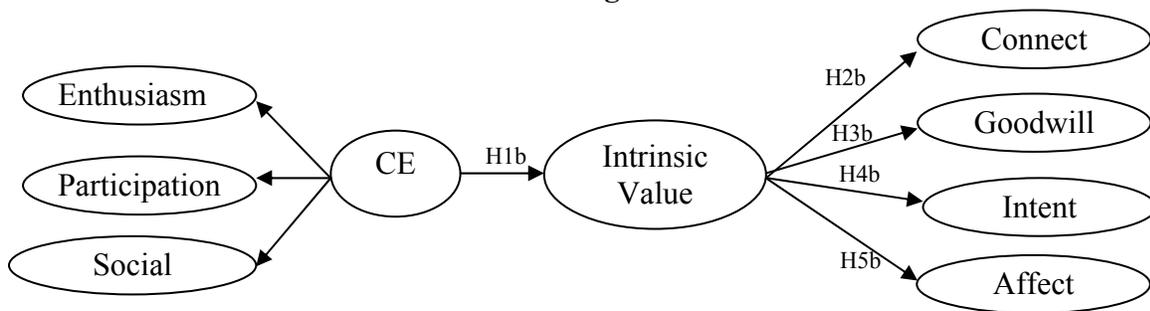
Given that extrinsic value and intrinsic value are highly correlated variables, it was not

appropriate to test the two mediators together in a single model. Therefore, as shown in Figure

6.2, two separate mediating effects models were tested for extrinsic and intrinsic value.

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The marketing outcomes with which this relationship is being tested are: connection with the company (Connect), goodwill, intent to do business (Intent), and affective commitment. The following hypotheses suggest the direction of relationships between extrinsic value and marketing outcomes for the company the engaged consumer most closely associates the focus of engagement with.

H2a: Extrinsic value positively affects connection with the company.

H3a: Extrinsic value positively affects goodwill creation.

H4a: Extrinsic value positively affects intent to do business.

H5a: Extrinsic value positively affects affective commitment.

The following set of hypotheses further suggest the direction of relationship between intrinsic value and marketing outcomes for the company the engaged consumer most closely associates the focus of engagement with.

H2b: Intrinsic value positively affects connection with the company.

H3b: Intrinsic value positively affects goodwill creation.

H4b: Intrinsic value positively affects intent to do business.

H5b: Intrinsic value positively affects affective commitment.

Based on the theory of consumption values and the consumer value perspective, I also hypothesized that intrinsic value would be associated more strongly with the outcome variables than extrinsic value. Therefore,

H6: Intrinsic value is more strongly associated with connection with the company, than extrinsic value.

H7: Intrinsic value is more strongly associated with goodwill creation, than extrinsic value.

H8: Intrinsic value is more strongly associated with intent to do business, than extrinsic value.

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H9: Intrinsic value is more strongly associated with affective commitment, than extrinsic value.

Incremental Effects

Although I hypothesized that CE influences marketing outcomes primarily through extrinsic and intrinsic value, I expect that CE explains incremental variance in marketing outcomes beyond that which is explained by extrinsic and intrinsic value. Thus, the level of consumer's engagement is also expected to have an incremental direct effect on the marketing outcomes being studied in this research. The following hypotheses were tested in the next step.

H10a: Beyond the effect of extrinsic value on connection with the company, CE positively affects connect.

H11a: Beyond the effect of extrinsic value on goodwill, CE positively affects goodwill.

H12a: Beyond the effect of extrinsic value on intent, CE positively affects intent.

H13a: Beyond the effect of extrinsic value on affective commitment, CE positively affects affective commitment.

Similar hypotheses were tested for intrinsic value model also.

H10a: Beyond the effect of intrinsic value on connection with the company, CE positively affects connect.

H11a: Beyond the effect of intrinsic value on goodwill, CE positively affects goodwill.

H12a: Beyond the effect of intrinsic value on intent, CE positively affects intent.

H13a: Beyond the effect of intrinsic value on affective commitment, CE positively affects affective commitment.

Analyses and Results: Mediation Models

To test hypotheses 1 through 5, the structural relationships shown in figure 6.2 were tested using LISREL 8.80 (Jöreskog and Sorbom 2007). In all, six structural models were estimated. For each of the three samples, one model was estimated with extrinsic value as the

mediator and the other with intrinsic value as the mediator. The results for each sample are discussed individually in this section.

Hypotheses Testing for Product Usage Sample (Apple)

I begin with the discussion of proposed hypotheses with the product usage sample which was comprised of users of Apple products.

Table 6.9

Fit Indices and SMCs for SEM of Product Usage Sample

	Extrinsic Value (H1a-H5a)	Intrinsic Value (H1b-H5b)
Degrees of Freedom (Df)	217	217
Minimum Fit Function Chi-Square	431.84	495.88
Root Mean Square Error of Approximation (RMSEA)	.07	.08
Goodness of Fit Index (GFI)	.84	.82
Comparative Fit Index (CFI)	.99	.99
Normed Fit Index (NFI)	.98	.97
Non-Normed Fit Index (NNFI)	.99	.98

Squared Multiple Correlations (SMCs)

Extrinsic	Connect	Goodwill	Intent	Affect
.92	.80	.40	.82	.84
Intrinsic	Connect	Goodwill	Intent	Affect
.88	.77	.43	.86	.83

In order to evaluate hypotheses H1 through H5, I looked at the standardized loadings and associated t-values obtained by subjecting the model to SEM in LISREL 8.80. Fit indices for the structural equation model for extrinsic value and those for intrinsic value are provided in Table 6.9.

The fit indices for the extrinsic model as well as for the intrinsic model show a moderate fit after correlating the errors of certain items within the same construct. The relative chi-square/

normal chi-square (chi-square fit index/ degrees of freedom) is in 3:1 range and indicates an acceptable model fit (Carmines and McIver 1981; Kline 1998). The relative chi square makes the assessment of model fit less dependent on sample size. The GFI is slightly lower than the expected .90. Other fit indices, NFI, CFI and NNFI are all above the expected level of .90. The modification indices suggested adding paths between two pairs of outcome constructs (connect & affective commitment, goodwill and intent). As the literature also suggests that connection leads to affective commitment (Heaphy and Dutton 2008) and goodwill influences intent to do business (Bunduchi 2005; Solomon 1999; Sen 1993), a path was added from connect to affective commitment and one from goodwill to intent. The loadings and t-values for these paths are also provided in Table 6.10. Table 6.10 also shows the results for the hypotheses proposed among the various constructs in Figure 6.2.

As shown in Table 6.10, hypotheses 1 through 4 are supported in the product usage sample, both for the extrinsic model and for the intrinsic model. However, hypothesis 5 a and b are not supported as the beta coefficients indicating the strength of relationship of affective commitment with extrinsic (H5a) / intrinsic (H5b) value are not significant.

Table 6.10

Results for Hypotheses H1-H5 for Product Usage Sample

Hypotheses	Path	Beta	T-Value	Results
From CE to Value				
H1a	CE→Extrinsic	.96	13.96	**Supported**
H1b	CE→Intrinsic	.94	13.45	**Supported**
From Extrinsic Value to Marketing Outcomes				
H2a	Extrinsic→Connect	.90	15.08	**Supported**
H3a	Extrinsic→Goodwill	.64	9.58	**Supported**
H4a	Extrinsic→Intent	.66	9.86	**Supported**
H5a	Extrinsic→Affective Commitment	.22	1.80	**Not Supported**
	Connect→Affective Commitment	.71	5.67	
	Goodwill→Intent	.33	5.33	
From Intrinsic Value to Marketing Outcomes				
H2b	Intrinsic→Connect	.88	14.55	**Supported**
H3b	Intrinsic→Goodwill	.65	9.80	**Supported**
H4b	Intrinsic→Intent	.72	10.48	**Supported**
H5b	Intrinsic→Affective Commitment	.19	1.73	**Not Supported**
	Connect→Affective Commitment	.74	6.30	
	Goodwill→Intent	.28	4.53	

In hypotheses 6 through 9, I predicted that intrinsic value will have a stronger causal effect on the outcome variables, connect, goodwill, intent and affective commitment, than extrinsic value. As suggested by Paternoster et al (1998), I used the z test to evaluate the statistical significance of the difference in the regression coefficients of extrinsic and intrinsic value.

Table 6.11

Z-tests of Difference Among Regression Coefficients of Extrinsic and Intrinsic Value (Product Usage Sample - Apple)

Hypotheses	Path	Extrinsic	Intrinsic	z-Value	Significance
		Beta (SE)	Beta (SE)		
H6	To Connect	.90 (.07)	.88 (.08)	0.19	n.s.
H7	To Goodwill	.64 (.06)	.65 (.06)	-0.12	n.s.
H8	To Intent	.66 (.07)	.72 (.07)	-0.61	n.s.
H9	To Affective Commitment	.22 (.13)	.19 (.13)	0.16	n.s.

Note: n.s.= not significant

The results, provided in Table 6.11, suggest that the slopes for extrinsic value versus intrinsic value for all the outcome variables are not different. Therefore, the analysis of the product usage sample does not support my hypothesis that intrinsic value has a stronger causal effect on the outcome variables than extrinsic value.

Hypotheses Testing for Retail Service Sample (Shopping)

The data for the retail service sample were collected from shopping enthusiasts. In order to evaluate hypotheses H1 through H5 for the retail service sample, a structural equation model of the relationships hypothesized in Figure 6.2 was run on LISREL 8.80 using the data obtained from this sample. Fit indices for the structural equation model for extrinsic value and those for intrinsic value are provided in Table 6.12.

The fit indices for the extrinsic model as well as for the intrinsic model suggest that in spite of correlating some errors in this model, the model fit was just as acceptable. The RMSEA is .08 and GFI is slightly lower than the expected .90. Other fit indices, NFI, CFI and NNFI are all above the expected level.

Table 6.12

Fit Indices & Squared Multiple Correlations for SEM of Retail Service Sample (Shopping)

	Extrinsic Value (H1a-H5a)	Intrinsic Value (H1b-H5b)
Degrees of Freedom (Df)	219	219
Minimum Fit Function Chi-Square	566.12	607.96
Root Mean Square Error of Approximation (RMSEA)	.08	.08
Goodness of Fit Index (GFI)	.84	.83
Comparative Fit Index (CFI)	.97	.97
Normed Fit Index (NFI)	.95	.95
Non-Normed Fit Index (NNFI)	.96	.96

Squared Multiple Correlations (SMCs)

Extrinsic	Connect	Goodwill	Intent	Affect
.71	.85	.40	.42	.85

Intrinsic	Connect	Goodwill	Intent	Affect
.81	.74	.32	.46	.80

As in the product usage sample, a path was added from connect to affective commitment and one from goodwill to intent. The loadings and t-values for these paths are also provided in Table 6.13. Table 6.13 also shows the results for the retail service sample of the relationships hypothesized in Figure 6.2.

As in the product usage sample, hypotheses 1 through 4 are supported in the retail service sample, both for the extrinsic model (H1a-H4a) and for the intrinsic model (H1b-H4b). As in the product usage sample, hypotheses 5a and 5b are not supported in this sample. H5b has a significant t-value, but the relationship is in the opposite direction of that hypothesized.

Table 6.13

Results for Hypotheses H1-H5 for Retail Service Sample (Shopping)

Hypotheses	Path	Beta	T-Value	Results
From CE to Value				
H1a	CE→Extrinsic	.84	10.21	**Supported**
H1b	CE→Intrinsic	.90	11.69	**Supported**
From Extrinsic Value to Marketing Outcomes				
H2a	Extrinsic→Connect	.92	10.07	**Supported**
H3a	Extrinsic→Goodwill	.64	8.64	**Supported**
H4a	Extrinsic→Intent	.24	2.89	**Supported**
H5a	Extrinsic→Affective Commitment	-.60	-1.49	**Not Supported**
	Connect→Affective Commitment	-.80	2.89	
	Goodwill→Intent	.47	5.97	
From Intrinsic Value to Marketing Outcomes				
H2b	Intrinsic→Connect	.86	10.60	**Supported**
H3b	Intrinsic→Goodwill	.56	8.28	**Supported**
H4b	Intrinsic→Intent	.32	4.41	**Supported**
H5b	Intrinsic→Affective Commitment	-.48	-2.10	**Not Supported**
	Connect→Affective Commitment	.68	5.05	
	Goodwill→Intent	.44	6.36	

In hypothesis 6 through 9, I predicted that intrinsic value will have stronger causal effect on the outcome variables connect, goodwill, intent and affective commitment, than extrinsic value. I again used the z test to evaluate the statistical significance of the difference in the regression coefficients of extrinsic and intrinsic value and found that the slopes were not different from one another across the runs (See Table 6.14). Therefore, the analysis of the retail service sample does not support my hypothesis that intrinsic value has a stronger causal effect on the outcome variables than extrinsic value.

Table 6.14

**Z-tests of Difference Among Regression Coefficients of Extrinsic
and Intrinsic Value (Retail Service Sample-Shopping)**

Hypotheses	Path	Extrinsic	Intrinsic	z-Value	Significance
		Beta (SE)	Beta (SE)		
H6	To Connection	.92(.14)	.86(.13)	0.31	n.s.
H7	To Goodwill	.64(.10)	.56(.10)	0.57	n.s.
H8	To Intent	.24(.10)	.32(.10)	-0.57	n.s.
H9	To Affective Commitment	-.60(1.02)	-.48(.48)	-0.11	n.s.

Note: n.s.= not significant

Hypotheses Testing for Activities Sample (Second Life)

The activities sample included residents of a website secondlife.com. People create virtual entities on this website and interact with other virtual entities, these entities being managed by real people who are members on the website. Structural models of the conceptual relationships shown in Figure 6.2 were run for this sample using LISREL 8.80. Fit indices for the extrinsic and intrinsic models are provided in Table 6.15.

The fit indices show that the data for extrinsic as well as intrinsic samples fit the model. The RMSEA is .07 in both cases. As in the other two samples, the GFI is slightly lower than the expected .90, but the other fit indices, NFI, CFI and NNFI are all above the expected level. The relative chi-square/ normal chi-square (chi-square fit index/ degrees of freedom) is in 3:1 range and indicates an acceptable model fit (Carmines and McIver 1981; Kline 1998). The relative chi square makes the assessment of model fit less dependent on sample size.

Table 6.15

Fit Indices and Squared Multiple Correlations for SEM of Activities Sample

	Extrinsic Value (H1a-H5a)	Intrinsic Value (H1b-H5b)
Degrees of Freedom (Df)	219	219
Minimum Fit Function Chi-Square	499.69	492.76
Root Mean Square Error of Approximation (RMSEA)	.07	.07
Goodness of Fit Index (GFI)	.85	.86
Comparative Fit Index (CFI)	.96	.96
Normed Fit Index (NFI)	.94	.93
Non-Normed Fit Index (NNFI)	.96	.96

Squared Multiple Correlations (SMCs)

Extrinsic	Connect	Goodwill	Intent	Affect
.58	.75	.08	.30	.57

Intrinsic	Connect	Goodwill	Intent	Affect
.95	0.83	0.06	0.41	0.56

Table 6.16 provides the results for the hypotheses proposed in Figure 6.2. H1a and b proposed an effect of CE on extrinsic and intrinsic value respectively. Both hypotheses are supported in the activities sample.

Further, hypotheses 2 to 5 (a and b) predicted the influence of extrinsic and intrinsic value on the marketing outcomes. Both extrinsic and intrinsic value influenced all three outcome variables, connect, goodwill and intent. Thus, hypotheses 2 to 4 (a and b) are supported by the data.

Just as in other samples, affective commitment is not influenced by the level of extrinsic value in the activities sample. Therefore, H5a was not supported. However, H5b was supported in that intrinsic value influences affective commitment in the activities sample. It should be

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noted that activities sample is the only one in which intrinsic has a relationship with affective commitment.

Table 6.16

Results for Hypotheses H1-H5 for Activities Sample

Hypotheses	Path	Beta	T-Value	Results
From CE to Value				
H1a	CE→Extrinsic	.74	9.53	**Supported**
H1b	CE→Intrinsic	.65	12.43	**Supported**
From Extrinsic Value to Marketing Outcomes				
H2a	Extrinsic→Connect	.22	4.70	**Supported**
H3a	Extrinsic→Goodwill	.28	4.08	**Supported**
H4a	Extrinsic→Intent	.21	3.05	**Supported**
H5a	Extrinsic→Affective Commitment	.03	.56	**Not Supported**
	Connect→Affective Commitment	.74	10.68	
	Goodwill→Intent	.45	6.80	
From Intrinsic Value to Marketing Outcomes				
H2b	Intrinsic→Connect	.14	2.87	**Supported**
H3b	Intrinsic→Goodwill	.24	3.37	**Supported**
H4b	Intrinsic→Intent	.41	5.99	**Supported**
H5b	Intrinsic→Affective Commitment	.13	2.22	**Supported**
	Connect→Affective Commitment	.69	9.35	
	Goodwill→Intent	.40	6.46	

However, this relationship should be interpreted keeping in mind that intrinsic in the activities sample did not have high reliability, convergent validity, or discriminant validity with affective commitment. The loadings and t-values for paths from connect to affective commitment, and from goodwill to intent are also provided in Table 6.16. As mentioned earlier,

these paths are not part of the primary hypotheses, but were added due to high modification indices.

Hypotheses 6 through 9 predicted intrinsic value to be a stronger predictor of the marketing outcomes than extrinsic value. The z tests (Paternoster et al. 1998) of the difference among regression coefficients of extrinsic and intrinsic value for the activities sample are provided in Table 6.17. These were calculated to test hypotheses 6 through 9. As the table suggests, none of the z values are significant. Therefore, just as the results in other samples, hypotheses 6 through 9 in the activities sample were not supported by the data.

Table 6.17

Z-tests of Difference Among Regression Coefficients of Extrinsic and Intrinsic Value (Activities Sample-Second Life)

Hypotheses	Path	Extrinsic Beta (SE)	Intrinsic Beta (SE)	z-Value	Significance
H6	To Connection	.22 (.05)	.14 (.06)	1.02	n.s.
H7	To Goodwill	.28 (.09)	.24 (.13)	0.25	n.s.
H8	To Intent	.21 (.08)	.41 (.11)	-1.47	n.s.
H9	To Affective Commitment	.03 (.08)	.13 (.11)	-0.74	n.s.

Note: n.s. =not significant

Incremental Effects Analysis and Results

Although I hypothesized that intrinsic and extrinsic values fully mediate the relationship of CE with marketing outcomes, I also expected a direct incremental relationship between CE and marketing outcomes in this study. To test the incremental effects related hypotheses for the three samples individually, I created the incremental effects models by adding paths from CE to connect, goodwill, intent and affective commitment, to the mediated models discussed above (Figure 6.3).

Figure 6.3
Incremental Effects Models of CE

a: Incremental Effects in Extrinsic Model

b: Incremental Effects in Intrinsic Model
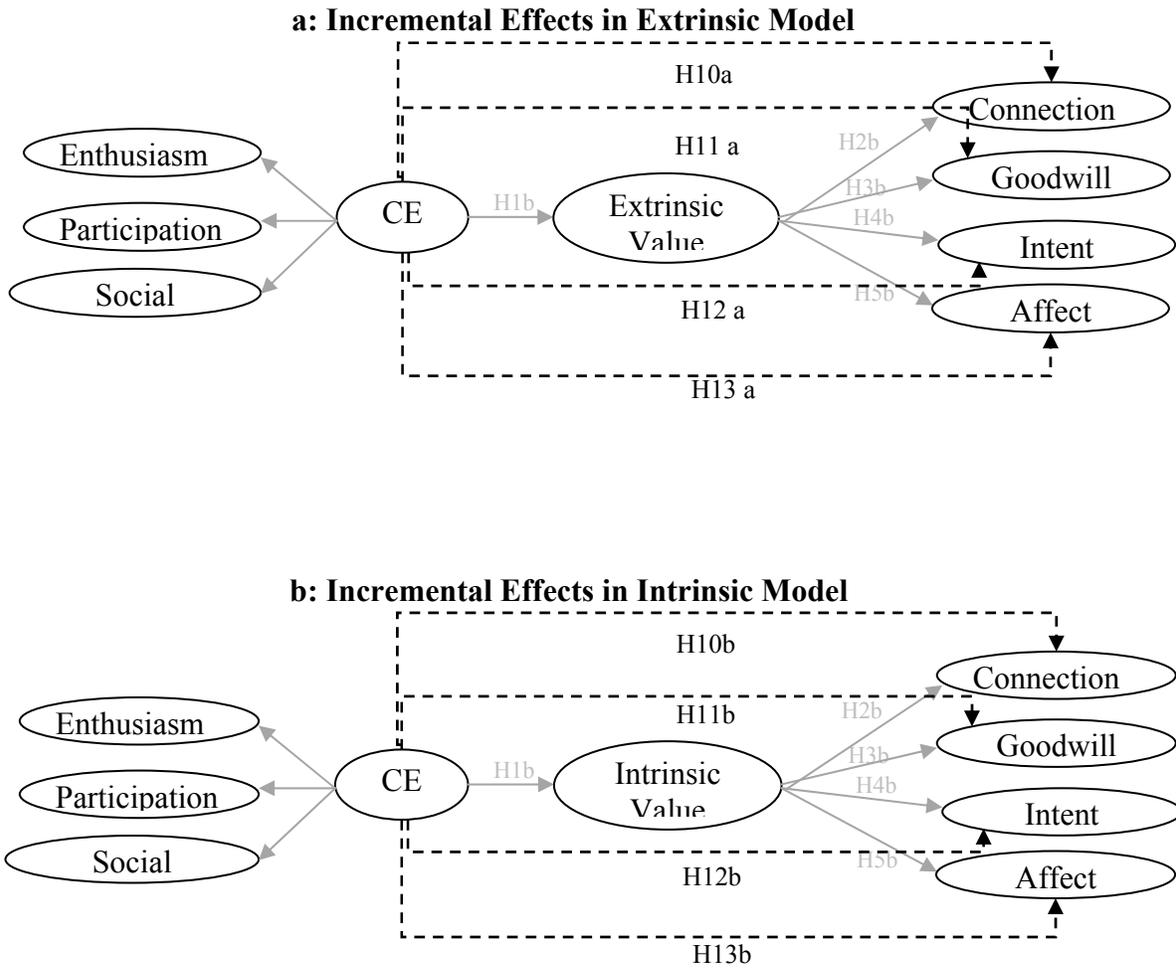
Table 6.18

Results for Hypotheses H10-H13 for Product Usage Sample (Apple)

Hypothesized Paths	Mediated Model			Incremental Effects		
	Beta	T-Value	Result	Beta	T-Value	Results
From CE to Value						
H1a CE→Extrinsic	.96	13.96	√	.90	14.07	√
H1b: CE→Intrinsic	.94	13.45	√	.78	12.58	√
From Extrinsic to Outcomes						
H2a: Extrinsic→Connect	.90	15.08	√	-.09	-.65	x
H3a: Extrinsic→Goodwill	.64	9.58	√	.07	.42	x
H4a: Extrinsic→Intent	.66	9.86	√	.57	4.32	√
H5a: Extrinsic→Affective Commitment	.22	1.80	x	-.24	-1.79	x
H10a: CE→ Connect	--	--	--	.96	6.89	√
H11a: CE→Goodwill	--	--	--	.57	3.26	√
H12a: CE→Intent	--	--	--	.07	.53	x
H13a: CE→Affective Commitment	--	--	--	.55	2.23	√
Connect→Affective Commitment	.71	5.67	--	.56	3.30	--
Goodwill→Intent	.33	5.33	--	.36	6.01	--
From Intrinsic to Outcomes						
H2b: Intrinsic→Connect	.88	14.55	√	-.09	-1.20	x
H3b: Intrinsic→Goodwill	.65	9.80	√	.12	1.19	x
H4b: Intrinsic→Intent	.72	10.48	√	.56	7.91	√
H5b: Intrinsic→Affective Commitment	.19	1.73	x	-.21	-2.77	x
H10a: CE→ Connect	--	--	--	1.00	11.06	√
H11a: CE→Goodwill	--	--	--	.54	5.16	√
H12a: CE→Intent	--	--	--	.19	2.45	√
H13a: CE→Affective Commitment	--	--	--	.54	2.68	√
Connect→Affective commitment	.74	6.30	--	.52	3.05	--
Goodwill→Intent	.28	4.53	--	.32	5.95	--

Notes: √ Hypothesis supported   x Hypothesis not supported

Tables 6.18 to 6.23 provide the results for the incremental effects models for the three samples. Consistent with the writings on mediation (Iacobucci and Duhachek 2003), I compare each incremental model to its respective mediated model. I use significance of the difference between the χ^2 of the two models to determine the difference in fit.

Table 6.19

Model Fit for Incremental Effects in Product Usage Sample (Apple)

Extrinsic Value Model						
	χ^2	df	χ^2 diff	CFI	NNFI	RMSEA
Mediated Model	431.84	217		.99	.99	.07
Incremental Effects Model	421.91	215	9.93 (p<.01)	.99	.99	.07

Intrinsic Value Model						
	χ^2	df	χ^2 diff	CFI	NNFI	RMSEA
Mediated Model	495.88	217		.99	.98	.08
Incremental Effects Model	454.73	215	41.15 (p<.01)	.99	.99	.08

The factor loadings and t-values for the hypothesized paths for the product usage sample are provided in Table 6.18 and the chi-square difference test in Table 6.19. The chi-square difference between the two models is significant, and because the incremental effects model has the lower chi-square in both the case of extrinsic as well as the intrinsic model, that seems to be a better fitting model.

Table 6.20

Results for Hypotheses H10-H13 for Retail Service Sample (Shopping)

Hypothesized Paths	Mediated Model			Incremental Effects		
	Beta	T-Value	Result	Beta	T-Value	Results
From CE to Value						
H1a CE→Extrinsic	.84	110.21	√	.68	9.80	√
H1b: CE→Intrinsic	.90	111.69	√	.88	11.94	√
From Extrinsic to Outcomes						
H2a: Extrinsic→Connection	.92	10.07	√	.19	2.34	√
H3a: Extrinsic→Goodwill	.64	8.64	√	.27	3.13	√
H4a: Extrinsic→Intent	.24	2.89	√	.37	4.14	√
H5a: Extrinsic→Affective Commitment	-.60	-1.49	x	-.23	-2.81	x
H10a: CE→ Connect	--	--	--	.72	8.06	√
H11a: CE→Goodwill	--	--	--	.37	4.19	√
H12a: CE→Intent	--	--	--	-.14	-1.48	x
H13a: CE→Affective Commitment	--	--	--	.10	.63	x
Connect→Affective Commitment	-.80	2.89	--	.96	5.02	--
Goodwill→Intent	.47	5.97	--	.50	6.98	--
From Intrinsic to Outcomes						
H2b: Intrinsic→Connection	.86	10.60	√	.10	.67	x
H3b: Intrinsic→Goodwill	.56	8.28	√	0.00	.01	x
H4b: Intrinsic→Intent	.32	4.41	√	1.22	5.15	√
H5b: Intrinsic→Affective Commitment	-.48	-2.10	x	-.47	-3.04	x
H10b: CE→ Connect	--	--	--	.79	5.17	√
H11b: CE→Goodwill	--	--	--	.57	3.18	√
H12b: CE→Intent	--	--	--	-.98	-4.17	x
H13b: CE→Affective Commitment	--	--	--	.14	.54	x
Connect→Affective Commitment	.68	5.05	--	.98	4.59	--
Goodwill→Intent	.44	6.36	--	.57	7.36	--

Notes: √ Hypothesis supported   X Hypothesis not supported

Factor loadings in Table 6.18 further suggest a stronger direct effect of CE on connect, goodwill and affective commitment, than the mediating effects. Further, the non-significant

relationship between CE and intent in the extrinsic model suggest that all the variance in intent is mediated by extrinsic value in the extrinsic model. However, the mediating relationship of intrinsic value between CE and intent is only partial in the intrinsic model. Neither extrinsic nor intrinsic values mediate the relationship between CE and Affective commitment, as the Extrinsic→Affective commitment and Intrinsic→Affective commitment paths are both not significant.

The incremental effects model was also run for the retail service sample. The results are provided in Table 6.20. The chi-square difference test results for the mediating effects models and the incremental effects models of the retail service sample in Table 6.21 suggest that the incremental effects model fits better in both the extrinsic value and intrinsic value models. The chi-square for the incremental effects model is significantly smaller than for the mediating effects models in both cases.

Comparisons of the factor loadings in Table 6.21 further explain these relationships. In the mediated models, hypotheses H1-H4 are supported in extrinsic as well as intrinsic models. Further, the extrinsic →affective commitment path was not significant in either model. The intrinsic→connect and intrinsic→goodwill paths became non-significant in the intrinsic incremental model when a direct path was added from CE to connect/ goodwill.

In the retail service model, no hypothesis predicting the influence on affective commitment was supported. As is evident from the factor loadings, affective commitment is not influenced by either intrinsic value or CE. Therefore, H5a, H5b, H13a and H13b are not supported in the retail service dataset.

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Table 6.21

Model Fit for Incremental Effects in Retail Service Sample (Shopping)

	χ^2	df	χ^2 diff	CFI	NNFI	RMSEA
Extrinsic Value Model						
Mediated Model	566.12	219		.97	.96	.08
Incremental Effects Model	527.50	215	38.62 (p<.01)	.97	.97	.07
Intrinsic Value Model						
Mediated Model	607.96	219		.97	.96	.08
Incremental Effects Model	556.83	215	51.13 (p<.01)	.97	.97	.08

Tables 6.22 and 6.23 give the factor loadings, t-values and fit statistics for the relationships in the activities model. Just as in other samples, I ran the incremental effects model independently with extrinsic and intrinsic variables as mediators. However, due to multicollinearity effects, the model with intrinsic value as the mediator (H10b-13b) did not provide interpretable results. Although the fit indices (Table 6.23) suggested that the intrinsic value model fits better, the standardized coefficients were more than 1 and thus could not be interpreted. Therefore, the results for the factor loadings and t-values for the intrinsic model are not provided here.

As Jöreskog (1999) suggests, standardized loadings can be larger than one in magnitude "if the factors are correlated (oblique) (and) the factor loadings are regression coefficients and not correlations." However, loadings larger than the magnitude of 1 suggest multicollinearity.

Table 6.22

Results for Hypotheses H10a-H13a for Activities Sample (Second Life)

Hypothesized Paths	Mediated Model			Incremental Effects		
	Beta	T-Value	Result	Beta	T-Value	Results
From CE to Value						
H1a CE→Extrinsic	.74	9.53	√	.68	8.66	√
H1b: CE→Intrinsic	.65	12.43	√	--	--	--
From Extrinsic to Outcomes						
H2a: Extrinsic→Connect	.22	4.70	√	.11	1.64	x
H3a: Extrinsic→Goodwill	.28	4.08	√	.22	1.90	x
H4a: Extrinsic→Intent	.21	3.05	√	-.38	-3.02	x
H5a: Extrinsic→Affective Commitment	.03	.56	x	-.06	-.78	x
H10a: CE→ Connect	--	--	--	.15	2.14	√
H11a: CE→Goodwill	--	--	--	.07	.59	x
H12a: CE→Intent	--	--	--	.80	6.15	√
H13a: CE→Affective Commitment	--	--	--	.13	1.56	x
Connect→Affective Commitment	.74	10.68	√	.73	10.59	√
Goodwill→Intent	.45	6.80	√	.42	6.28	√

The correlations among the endogenous variables in Table 6.7c are very high, which is another indication of multicollinearity. These correlations suggest an almost exact linear relationship between intrinsic value and several outcome variables. Moreover, low AVE and square root of AVE in the table suggest poor convergent and discriminant validity of the intrinsic value construct.

Table 6.23

Model Fit for Incremental Effects in Activities Sample (Second Life)

Extrinsic Value Model						
	χ^2	df	χ^2 diff	CFI	NNFI	RMSEA
Mediated Model	499.69	219		.96	.96	.07
Incremental Effects Model	450.48	215	49.21 (p<.01)	.97	.96	.07
Intrinsic Value Model						
	χ^2	df	χ^2 diff	CFI	NNFI	RMSEA
Mediated Model	492.76	219		.96	.96	.07
Incremental Effects Model	475.36	215	17.4 (p<.01)	.96	.96	.07

Given multicollinearity issues the results in Table 6.23 do not look plausible. The low chi square is a function of high correlations among the data. With all possible direct relationships added to the model, the chi-square became small but the factor loadings became large indicating multicollinearity. However, based on the overall results from the three datasets, it can be said that connect and goodwill are only partially mediated by the two value constructs. Intent, on the other hand, is fully mediated by both value constructs. The results for affective commitment are surprising. In the product usage model, affective commitment has a direct relationship with CE but not in the retail service sample.

The combined results for the mediated and incremental effects models for extrinsic value are shown in Table 6.24.

Table 6.24

Combined Results for Mediated and Incremental Effects Models for Extrinsic Value

Hypothesized Paths	Product Usage (Apple)				Retail Service (Shopping)				Activity (Second Life)			
	Mediated Model		Incremental Effects		Mediated Model		Incremental Effects		Mediated Model		Incremental Effects	
	Beta	T-Value	Beta	T-Value	Beta	T-Value	Beta	T-Value	Beta	T-Value	Beta	T-Value
H1a CE→Extrinsic	.96	13.96*	.90	14.07*	.84	10.21*	.68	9.80*	.74	9.53*	.68	8.66*
H1b: CE→Intrinsic	.94	13.45*	.78	12.58*	.90	11.69*	.88	11.94*	.65	12.43*	--	--
H2a: Extrinsic→Connect	.90	15.08*	-.09	-.65	.92	10.07*	.19	2.34**	.22	4.70*	.11	1.64
H3a: Extrinsic→Goodwill	.64	9.58*	.07	.42	.64	8.64*	.27	3.13*	.28	4.08*	.22	1.90
H4a: Extrinsic→Intent	.66	9.86*	.57	4.32*	.24	2.89*	.37	4.14*	.21	3.05*	-.38	-3.02
H5a: Extrinsic →Affective Commit	.22	1.80	-.24	-1.79	-.60	-1.49	-.23	-2.81	.03	.56	-.06	-.78
H10a: CE→ Connect	--	--	.96	6.89*	--	--	.72	8.06*	--	--	.15	2.14**
H11a: CE→Goodwill	--	--	.57	3.26*	--	--	.37	4.19*	--	--	.07	.59
H12a: CE→Intent	--	--	.07	.53	--	--	-.14	-1.48	--	--	.80	6.15*
H13a: CE→Affective Commitment	--	--	.55	2.23**	--	--	.10	.63	--	--	.13	1.56

The combined results for the mediated and incremental effects models for intrinsic value are shown in Table 6.25. The table

does not include results for the activity sample as this dataset had strong effects of multicollinearity and was excluded from the

analysis. Hypotheses 6 through 9 predicted that intrinsic value will be a stronger predictor of outcomes than extrinsic value. These hypotheses were not supported by any of the datasets.

Table 6.25

Combined Results for Mediated and Incremental Effects Models for Intrinsic Value

	Product Usage (Apple)				Retail Service (Shopping)			
	Mediated Model		Incremental Effects		Mediated Model		Incremental Effects	
Hypothesized Paths	**Beta**	**T-Value**	**Beta**	**T-Value**	**Beta**	**T-Value**	**Beta**	**T-Value**
H2b: Intrinsic→Connect	.88	14.55*	-.09	-1.20	.86	10.60*	0.10	.67
H3b: Intrinsic→Goodwill	.65	9.80*	.12	1.19	.56	8.28*	0.00	.01
H4b: Intrinsic→Intent	.72	10.48*	.56	7.91*	.32	4.41*	1.22	5.15*
H5b: Intrinsic→Affective Commitment	.19	1.73	-.21	-2.77	-.48	-2.10	-.47	-3.04
H10b: CE→ Connect	--	--	1.00	11.06*	--	--	.79	5.17*
H11b: CE→Goodwill	--	--	.54	5.16*	--	--	.57	3.18*
H12b: CE→Intent	--	--	.19	2.45*	--	--	-.98	-4.17
H13b: CE→Affective Commitment	--	--	.54	2.68*	--	--	.14	.54

Conclusion

This chapter discusses the results of Study 3. Study 3 data were obtained from three different samples – product usage (Apple), retail service (shopping) and an activity setting (Second Life). Using LISREL 8.80, the relationship of Consumer Engagement (CE) with several marketing constructs was tested through the data obtained from these samples. It was hypothesized that the mediating effect of intrinsic value will be higher on the marketing outcomes than extrinsic value. However, this hypothesis was not supported.

Based on the results across the three samples (Tables 6.24 and 6.25), it can be said that CE directly influences connection with the company and goodwill about the company. The results of Study 3 were consistent across product usage and retail service samples, versus the activities sample. In the product usage and retail service samples, CE has a direct positive relationship with two marketing outcomes: connection with the company and goodwill towards the company. These relationships are only partially mediated by extrinsic and intrinsic value.

CE also directly influences the level of connection a consumer has with the company. However, CE does not generally influence the intent to do business directly. This relationship is fully mediated by the two value constructs, extrinsic value and intrinsic value, except in the case of Second Life. CE also might have a direct influence on affective commitment; however, this relationship needs further exploring since it only showed up in the product usage model. These results are discussed in more detail in chapter 7.

CHAPTER 7

CONSUMER ENGAGEMENT: DISCUSSION OF RELATIONSHIPS

Introduction

The purpose of this chapter is to summarize and discuss the results of this research on

Consumer Engagement. In the first section of this chapter, I will briefly discuss the factor

structure of Consumer Engagement followed by a discussion of the structural relationships found

in the quantitative studies. I will then discuss the theoretical and managerial implications of the

results and finally, the potential limitations of this research. Future research ideas are addressed

at the end of the chapter.

Discussion of Factor Structure

Based on my qualitative research, I conceptualized five dimensions of Consumer

Engagement: awareness, enthusiasm, interaction, activity and extraordinary experience. The

detailed discussion of these dimensions is in Chapter 3. In Study 1, I collected data from students

in order to conduct exploratory factor analysis (EFA) on that data. Following prescribed

procedures, the exploratory factor analysis suggested two factors. The items under each factor

made it clear that extraordinary experience and awareness were not independent factors. An

analysis of the focus of engagement and the related companies suggested that people are not

engaged just with products (such as jewelry or beer), services (such as luxury hotels), or

activities (such as bungee jumping) that give an extraordinary experience. Even the more

mundane or routine products (for example, cell phone) and services (shopping at Wal-Mart)

appear to engage people. Therefore, after looking at the foci of engagement mentioned by the respondents in studies 1 and 2, it is not surprising that extraordinary experience did not come up as an independent factor, but combined with enthusiasm.

The dimension of activity emerged not just as an action dimension, but as conscious participation, which is how I labeled this second factor. The analysis of items forming this dimension suggested presence of the element of awareness too, which was conceptualized as an independent dimension earlier. The engaged consumer not only participates, but is also conscious of this participation (versus just being drawn into it), thinks about the interactions and makes contrasts and comparisons between situations (Acitelli 1992). Therefore, the activity is more participative and conscious for the engaged consumer.

The one dimension that did not emerge from the EFA was social interaction. Again, an analysis of the foci of engagement mentioned by the respondents suggested that although social interaction is an important component of engagement; interaction might happen in many different forms depending on the focus of engagement. A lone runner may not like to run with others, but may enjoy discussions or blogs about running. On the other hand, a person might enjoy shopping more with friends than without friends. Thus, social interaction may not always be relevant to Consumer Engagement but can sometimes be highly relevant. I reexamined potential social interaction items and developed ones more focused around specific product use, retail service or activity. In the CFA of the later studies, with revised items for social interaction, this factor then clearly emerged.

From the above discussion it is clear that the presence of all the elements earlier conceptualized as dimensions of Consumer Engagement was confirmed empirically. However, all of these elements were not strong enough to emerge as separate dimensions. Enthusiasm and

extraordinary experience emerged together as a single factor (Enthusiasm). On the other hand, awareness and activity emerged together as conscious participation, while social interaction was a third important dimension of the Consumer Engagement scale, developed in this research.

The factor structure discussed above resulted from several empirical studies. After conducting the exploratory factor analysis on the data collected from students in Study 1, I eliminated 19 items based on low factor loadings, or cross-loadings and modified several items for Study 2, especially the social interaction items. In Study 2, I collected data from a mix of students and non-students on the remaining 18 items and three new items to measure the social interaction dimension. A confirmatory factor analysis of this data set led to elimination of 2 more items, resulting in a 19-item scale of CE, consisting of enthusiasm (10 items), conscious participation (6 items) and social interaction (3 items) dimensions. These items were then used in Study 3 where I collected data from three segments- product usage (Apple product users), retail service (shoppers), and activity (Second Life residents). A measurement model of the data obtained from these three segments further refined the Consumer Engagement scale. The final scale resulting from the measurement models of these three data sets has 10 items. Four items make up the enthusiasm dimension, three represent the conscious participation dimension, and another three items represent the social interaction dimension. The reliabilities of the dimensions in all the data sets fall between .73 and .96. The factor loadings are all in the range of .70 and .96 with t-values between 6.74 and 27.90. The implementation of established scale development procedures produced a reliable and valid ten-item measure of Consumer Engagement. In this measure, Consumer Engagement is a three-dimensional second order factor.

Discussion of Structural Relationships

To study the relationship of Consumer Engagement with established marketing outcomes, and to develop further evidence of construct and predictive validity (Schwab 2005), in Study 3 I tested the nomological relationship of Consumer Engagement with extrinsic and intrinsic value and several marketing outcomes: connection with the company, goodwill towards the company, intent to do business and affective commitment. For this purpose, I used three different samples to test the relationships across different contexts. Apple product users, shopping enthusiasts and residents of secondlife.com were used to represent, product usage, retail service and an activity respectively. I first analyzed the scale items for the endogenous variables and found that generally all the scales were consistent and robust across studies. The Consumer Engagement scale was developed in the early stages of this research and showed great consistency across the three data sets in Study 3. The other scales developed for this study-extrinsic value (Extrinsic), connection with the company (Connect), and goodwill, and the previously established scale of affective commitment stood up to reliability and CFA evaluations. The intrinsic value scale had reliability issues in the earlier studies and was modified again for Study 3. In Study 3 CFA results, the revised intrinsic value scale showed improvement, but still had relatively low reliability, especially in the activity sample. All other scales appear to be reliable and can be investigated more in the future for use in other contexts.

My first hypothesis predicted a relationship between the three-dimensional second-order Consumer Engagement and the two value constructs, extrinsic value and intrinsic value. Supporting previous research, the results suggest that perceived value is an essential outcome of engagement, a marketing activity (Holbrook 1994; Babin et al. 1994). The three-dimensional,

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second-order construct of Consumer Engagement had a strong positive relationship with extrinsic, as well as intrinsic value across samples. Based on previous research (Sirdeshmukh, Singh and Sabol 2002; Srivastava, Shervani and Fahey 1999), I then hypothesized that the value resulting from an engaging experience will further influence the several marketing outcomes studied in this research. Besides hypothesizing full mediation, I also examined the incremental effects of Consumer Engagement on the marketing outcomes. The results of these hypotheses are discussed below.

To test the structural relationships, I first ran a model of relationships fully mediated by extrinsic/ intrinsic value, followed by an incremental effects model for all the three data sets individually (Apple, shopping and Second Life). The results were consistent across product usage and retail service samples, versus the activities sample. In the product usage and retail service samples, Consumer Engagement has a direct positive relationship with two marketing outcomes: connection with the company and goodwill towards the company. Extrinsic and intrinsic values partially mediate these relationships. Engaged consumers feel that the companies that provide them engagement opportunities recognize the importance of their customers, and are responsive to the needs of their consumers (Dutton and Heaphy 2003). This relationship is only partially, rather than fully, dependent on the extrinsic or intrinsic value a consumer gets from the focus of engagement. Consumer Engagement also directly influences the level of connection a consumer has with the company. Engaged consumers develop a bond with the company. As Dutton and Heaphy (2008, p. :271) suggest, high quality connections "can make positive aspects of (company's) current identity salient. They can play a significant role in converting ambivalence into positive meaning that helps people make positive sense of who they are and what they are doing." Consumers with higher levels of connection with the company

interpret the corporate actions more positively and are more willing to communicate with the company they associate with their focus of engagement. Mutually empathic interactions resulting from connection with the company also make the customers feel empowered.

My findings support the idea that engaging products and services also help companies earn the goodwill of the engaged consumers. Goodwill is an intangible asset a company builds over time. The bulk of the most expensive brand Coca-Cola's share value is not due to its bottling plants but the image of the brand name it has built in the minds of the consumers over many years. Similarly, Johnson and Johnson has earned the trust of its consumers through its brand and good reputation across generations of consumers. For the purpose of this research, I defined goodwill as a kindly feeling of approval, a benevolent interest or concern that businesses earn by being authentic in their actions and reciprocating to consumer needs. As suggested by the reciprocal action theory (Li and Dant 1997), the results show that as firms try to engage consumers through innovative and interactive products, or services, that encourage relationships that are not dependent on an exchange, consumers reciprocate to the authenticity and benevolent interest through goodwill towards the company.

Many companies have been using online social media to develop goodwill. The makers of Audi used social interaction with bloggers as a route to develop goodwill amongst a large number of consumers. Audi offered a test drive of their latest model to Guy Kawasaki, a venture capitalist whose blog attracts 2.5 million page views annually. Audi got a great review on the Kawasaki blog, invited consumers for test drives and comments, and in this way developed a great reputation among the large audience of the Kawasaki blog. In some companies when employees work closely with customers, they naturally develop relationships with these customers (Beatty et al. 1996). These relationships strengthen over time. Through many such

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actions, companies slowly develop this reputation over time, which makes goodwill a hard-earned intangible asset.

Through increased goodwill, consumers recognize the company's genuine efforts and true concern for its customers. Just as in the case of connection, this relationship is only partially dependent on the extent of value an engaged consumer derives. This means that although the level of value consumers receive from being engaged influences the goodwill they have for the company, the extent of goodwill is also directly affected by the level of a consumers' engagement with the product, service or activity. The more engaged consumers will have more goodwill towards the company they associate with their focus of engagement.

In the product usage and retail service samples, the relationship of Consumer Engagement with intent to do business is mediated by extrinsic value. When an incremental path between Consumer Engagement and intent to do business was added, the change in relationship was not significant. This brings us to the conclusion that the intent of engaged consumers to do business with the company is dependent on the extrinsic value they receive from the focus of engagement. The mediating effect of extrinsic value in the activities sample was different from the other two samples. In the activities sample, Consumer Engagement has a stronger direct influence on intent to do business as compared to a mediated influence of extrinsic value. Given that traditionally functional or extrinsic value was considered as the primary driver of consumer choice, and this relationship was supported by the product usage and retail service samples, the findings in the activities sample seem unique. However, the results for the activities sample should be interpreted with caution because of the effects of multicollinearity. Because of high correlation between extrinsic and intrinsic value, the estimates of the impact of the value constructs on marketing outcomes may not be precise in this sample.

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A noteworthy finding from this study is the lack of a consistent relationship between Consumer Engagement and affective commitment in all the three data sets. Extrinsic or intrinsic value either did not influence affective commitment, or had a negative relationship. Even the relationship of Consumer Engagement with affective commitment was not consistent across the three samples. This relationship was significant in the product usage sample, but not in the retail service or activities (extrinsic model) sample. These findings suggest that the cognition of value from the engagement does not strongly influence the emotional commitment of the consumers to the company they associate with the engagement activity.

It seems that consumers can better relate with companies when they see their names on the products, or when they see the brick and mortar presence of these companies. The Apple product users can easily relate Apple with the products they are engaged with; consumers going to Wal-Mart or Target see the stores when they visit them. However, it is not easy for Second Life residents to relate with Linden Labs. This company remains in the background of Second Life (the activities sample) and does not have a brick and mortar presence. Having only a virtual presence of the company and the offering may fail to increase consumers' affective commitment. Therefore, it is likely that the results for affective commitment are an indication of how strong the association is between the product/activity and the corporate brand. This association may be stronger in the case of Apple, but weak in the case of Linden Labs, the company behind, Second Life. Firms may achieve a close association between their products/services and their corporate brand(s) in various ways, by strong corporate advertising and presence, such as with Apple; or with a physical presence, such as with the retail existence of Wal-Mart. Neither of these aspects appear present in the case of Linden Labs--they seem to have done little to associate their corporate name with their offering (Second Life).

One set of hypotheses in my research predicted that intrinsic value will have stronger relationship with the marketing outcomes than extrinsic value. However, the data did not support this hypothesis in any of the samples. Although we can understand the strong relationship of extrinsic value with intent to do business, as the functional value people derive from using a product, service or activity affects their choice decisions strongly. However, the weak link between intrinsic value and other marketing outcomes might have been due to low reliability and convergent validity of the intrinsic value construct. This construct showed low reliability in Study 2. I then revised the items measuring this construct for Study 3. However, it still showed very low reliability in the activities sample and average reliability in the other samples. To investigate this relationship further, future studies should test the model with a robust measure of intrinsic value, as well as develop a richer understanding between Consumer Engagement and value.

Theoretical Implications

There are several theoretical implications arising from this study. First and most importantly, this research has developed a construct that recognizes the calls from recent researchers to expand the boundaries of relationship marketing to include experiences independent of exchanges. This is the first study that looks at engagement of consumers with products, services and activities in great depth. Recent research refers to customer engagement, but mostly explores the construct from the perspective of satisfaction. This is the first study to develop a definition and a measure of Consumer Engagement empirically. CE puts customer conversions into a longer term, more strategic context. Consumer Engagement aims at long-term engagement, building lasting connections with consumers and developing goodwill in the

process that is likely to lead to conversions of prospects or potentials into customers and stronger loyalty of existing customers.

This research answers several calls for focusing on prospects, experiences and engagement. The excessive focus of relationship marketing on retention led to the neglect of examining processes underlying acquisition of customers. The service-dominant (S-D) logic (Vargo and Lusch 2004, 2008) and the recent writings of Prahalad and Ramaswamy (2000, 2003) emphasizes the importance of experiences of prospects, potentials, and the value configurations and called for future research to focus on them. This research makes an important contribution by empirically developing the construct of Consumer Engagement that captures the experiences of consumers irrespective of the exchange. Our research provided us with evidence that consumers participate with companies outside of the exchange situations too. In our samples we had a large number of respondents who did not own the product they were sharing their experience about. For instance, in Study 3 a large number of respondents did not own the Apple product they were responding to the survey about, but are engaged with an Apple product. Consumer Engagement considers firm-consumer relationships that are focused, not on exchanges, but on the experiences. Therefore, this construct answers the calls for focusing on *acquisition* of consumers, and the *experiences of prospects and potentials*, along with the customers.

This research also answers the Marketing Science Institute's (MSI) call to develop a better understanding of "engagement". This research captures those situations where companies create unique ways to engage the consumer and sustain the emotional connection of the consumer with the brand, such as the "fun" retail experiences where consumers interact physically with the merchandise (MSI Research Priorities 2006). To our knowledge, this is the

first study to empirically define and develop a measure of Consumer Engagement that does not assume that relationship with a consumer starts only after a commercial transaction with the company has taken place.

In the early stages of this research, making extensive use of qualitative research methods, I developed a conceptual model of CE. Besides understanding the nature of Consumer Engagement, the qualitative data also brought out the importance of the elements of engagement strategy and the individual pre-conditions that might affect CE. These elements and pre-conditions were included in the conceptual model (Figure 3.1) in chapter 3. As the individual pre-conditions in this model suggest, there might be individual differences in the extent to which people might engage with offerings or activities. Some people might be inherently more experience-seeking and motivated. These people will more easily engage themselves with interactive offerings and activities in general. Further, consumers' engagement influences their marketing behaviors, and thus, different consumer types (segments) can be identified based on their individual readiness to engage themselves with the offerings and activities. Just as innovators can be instrumental is spreading positive word-of-mouth, individuals willing to be more engaged can be great ambassadors of the companies. As discussed earlier in this chapter, the willingness of Guy Kawasaki to engage with Audi's test drive helped the company get great reviews on the blog, hit a key demographic, and allowed the company to connect with a huge audience.

The individual differences in Consumer Engagement levels might not only be related to personality characteristics such as experience-seeking, but also situational aspects such as the overall meaningfulness of the engaging product and the engagement event. Meaningfulness takes into account the relevance of the offering or activity to the individual. Just as ego involvement

influences brand commitment through purchase involvement (Beatty et al. 1988), a person's engagement with a particular offering most likely results from an already existing general interest in that product/ service category. A person with a liking for fast cars is more likely to engage with a Chevrolet Corvette, Dodge Viper or a Nissan GT-R. An existing interest of the consumers in the general product category might have segmentation implications that can help design the engagement strategy.

Besides general liking, practical relevance of the event or offering might engage the consumers for longer durations and at higher levels. For Audi, a test drive was the best way to engage Guy Kawasaki, who is already interested in fast cars. However, the firm needs other kind of interactions with consumers who look at cars more as a functional requirement. Disseminating knowledge about the vehicle, getting them to interact with communities of owners, involving them with company's social responsibility events might be some ways to engage this second category of consumers. Through meaningful communication and interactions during engagement, companies can emphasize the relevance of the offering and keep the consumer engaged.

Besides the individual pre-conditions, the elements of the engagement strategy also affect the engagement of a consumer. The discussion on customer engagement on Wikipedia.org suggests that these elements are embedded in the engagement focused marketing practices that seek to include the customer. Although the literature suggests that it is the online social media which has strong capabilities to generate dialog and interaction (Wikipedia), this research shows that even offline engagement strategies work effectively in engaging consumers. An effective engagement strategy brings the companies and consumers together in a dialog and facilitates interactions that prompt the consumers to engage and interact with the companies and their

offerings. The retailer, Build-a-Bear, facilitates consumers' fond memories of the past by allowing customers to create their own teddy bears and other stuffed animals at Build-a-Bear workshops. Customers can select, stuff, stitch, fluff and dress their toys, name them, create a birth certificate for them, and also get them an identification which would help retrieve the toys if they were lost. While participating in creating this toy, this workshop allows consumers to embody their childhood memories and thoughts in a toy that they create for themselves. This can continue on by their engagement with the company online through games, e-cards etc.

Besides dialog and facilitative role, authenticity is another important element of engaging companies. Strategies that the consumers can easily relate themselves with are perceived as authentic attempts to engage consumers. In Study 3, the largest number of respondents cited Wal-Mart as the retailer they are engaged with. A large number of consumers like Wal-Mart for its convenience and reasonable prices. For busy consumers the attraction of being able to visit one store, load up the cart quickly, and have all their week's shopping done is an important reason for being engaged with Wal-Mart. Under the present economic conditions, Wal-Mart is proving to be somewhat recession-proof because people are realizing that Wal-Mart has all they need, as against malls that increase unaffordable greed. It appears that people's engagement with malls is declining, while more consumers are engaging with Wal-Mart and Target, whom they perceive to be increasingly genuine in understanding and responding to the needs of consumers.

Therefore, Consumer Engagement is a promising variable in marketing for several reasons. First, it can be combined with individual pre-conditions and elements of engagement strategies to explain marketing behaviors better, as suggested by my conceptual model in Figure 3.1. Consumer segments could be identified on the basis of individual pre-conditions and levels of existing interests in the broader category of the offering. The engagement strategy could then

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be adjusted according to the combined effects of personal characteristics and broader interests. In this manner, the concept of Consumer Engagement is not only useful for understanding consumer behavior, but also for developing marketing strategy.

This research also contributes by providing a three-dimensional measure of Consumer Engagement for companies who have products, services and activities that engage their users. The dimensionality of Consumer Engagement is important because our results from the different data sets suggest differences in the mean values of the three dimensions across samples. An ANOVA was run to assess the significance of difference in the mean values of the three-dimensions. As Table 7.1 shows, the F-values for all the three dimensions were highly significant suggesting differences in the mean values of the three dimensions across samples. Independent groups t-tests for means were calculated for each pair of means to determine differences in means. As the letters in cells of Table 7.1 indicate, only the means of enthusiasm and social interaction dimensions were same for product usage and retail sample. All the other means of each dimension were different from each other.

Table 7.1

Fit Indices for Confirmatory Factor Analysis of 3 Dimensional CE Scale-Second Order Model

	Product Usage (Apple)	Retail Service (Shopping)	Activity (Second Life)	Fisher F-value (p)
Enthusiasm	2.94^a	3.07^a	3.56^b	24.98 (0.00)
Conscious Participation	3.49^a	3.67^b	3.86^c	12.02 (0.00)
Social Interaction	2.94^a	3.07^a	4.09^b	107.08 (0.00)

Note: Different letters in the means indicate differences in means

Different examples of Consumer Engagement make it further evident that enthusiasm, participation and social interaction play differential roles in different situations. Although

enthusiasm is the dominant factor across the three samples, its influence across situations might be different. Some people might not spend a lot of their discretionary time with the focus of their engagement (enthusiasm), but might be passionate in their interactions with other people around the focus of engagement. It is also possible that an engaged consumer's participation might be very involved (for instance through focused learning activity), though the time spent on that activity is little. A horse rider might not ride horses frequently, but is very involved in the activity whenever she does it. Similarly, participation and social interaction also might play different roles in different situations. While participation of the consumer is very important in creating customized service (such as home interiors), social interaction plays a more important role for residents of Second Life. More than learning about SL (participation), residents enjoy interacting with other avatars (social interaction). In contrast to this, a marathon runner might be more interested in getting tips about running efficiently, rather than simply talking with others about it.

Theoretically, these three dimensions combine the cognitive-affective (enthusiasm), behavioral (conscious participation), and social (social interaction) aspects of a consumer's relationship with a company, independent of the exchange with the company. Based on their offerings and activities, firms can determine which dimensions of engagement are more important to their consumers and also what they do well in engaging their consumers and where there is room for improvement.

This research is also the first to extend the theory of consumption values (Sheth, Newman, and Gross 1991), and the reciprocal action theory (Li and Dant 1997) in the context of experiences. Emphasizing that the determinants of choice are consumption values and not purchase criteria, Sheth, Newman, and Gross (1991) identified five consumption values that

drive all market choice behavior: functional, social, emotional, epistemic and conditional. These consumption values are independent and make differential contributions in any choice situation (Sheth, Newman, and Gross 1990, 1991). Although the theory of consumption values has been used to test several consumer choice situations, until now it was limited to the context of customer-firm transactions. In this study consumption values has been applied to consumer experiences. I used this theory as a conceptual framework to aid in understanding the link between consumer's engagement, the values derived, and its impact on marketing outcomes.

I also used reciprocal action theory (Li and Dant 1997) to hypothesize the relationships between extrinsic/ intrinsic value and marketing outcomes. This research shows that the consumer reciprocates to a firm for the value s/he receives from the engaging offerings and activities by developing a connection with the company, and goodwill towards its actions. Consumers who receive value from an engaging event also intend to do business with the company they associate with the engaging experience. Moon (2000) had argued that the norm of reciprocity can be applied to consumer research only in conditions of one-on-one interactions with consumers. The construct of Consumer Engagement is based on the premise that consumers participate in creating their unique experiences, and so this theory could be extended to this research.

The construct of Consumer Engagement contributes to the existing literature above and beyond several existing constructs such as customer participation, consumption communities, involvement and consumer devotion. Customer participation measures the degree of customer's involvement in producing and delivering the service. Therefore, customer participation limits itself to the transactional relationships with the customers, primarily in co-production. Customer participation does not include in its domain fun instances like that of Retail Theater. Consumer

Engagement goes beyond the transactional participation and includes all interactions with the consumers, independent of their transaction with the company. Similarly, in consumption communities, brand or product consumption is a central pre-condition to membership. Research on communities therefore excludes non-owners in their studies. Moreover, the social context is always dominant in consumption communities. Consumer Engagement contributes by way of inclusion of owners and non-owners and by including social context not as dominant, but one of the three aspects of engagement.

Other constructs similar to Consumer Engagement are involvement and consumer devotion. Both involvement and devotion are primarily psychological constructs and do not study behavior. Thus, involvement is a precursor to behavioral conceptualization of CE, and might be an antecedent of CE. In Study 3, I assessed the discriminant validity of involvement with three-dimensional CE. The results confirmed that involvement is a construct distinct from CE. The concepts of involvement and devotion focus on the psychological aspects of relevance and cognitive identification respectively. Although relevance and identification might influence the extent of engagement, they do not constitute engagement. Being enthusiastic about and actively participating with the engaging offering or event, together with interaction with others, determine CE. Overall, CE contributes beyond the many existing constructs, 1) by studying relationships independent of ownership of product or service; 2) by combining cognitive-affective (enthusiasm, behavioral (conscious participation) and social (social interaction) aspects.

Managerial Implications

The findings from this research also offer a number of implications for marketing practitioners and managers. The studies in the process of developing this construct clearly show that unlike popular perception amongst academics and managers alike, the phenomenon of

Consumer Engagement is not just limited to 40 million customers, who are networking with each other online (Prahalad and Ramaswamy 2002). If companies focus on providing engaging experiences through products, services and activities, they can also engage offline consumers.

This research shows that engaging the consumer influences their intent to do business with the firm. This influence works through the extrinsic value the offerings and activities provide. The structural model in Study 3 shows that firm activities directed towards engaging consumers have desirable outcomes at several levels and hence managers must not underrate such activities. Apart from tangible outcomes such as intent to buy, which is influenced only through extrinsic value, an engaged consumer builds connection with the company as well as long-term goodwill towards the company. In an environment where return on investment is a key marketing metric, Consumer Engagement strategies sometimes might not get sufficient managerial approval and attention. This study shows that this might be detrimental to a firm's interests. As seen in the classic case of Coca-Cola, softer marketing outcomes such as connection and goodwill can have substantial impact on the firm valuation in the long run.

The value of the most expensive brand Coca-Cola is nearly 60% of its total company value. Coca-Cola is known to engage its consumers for "wholesomeness and friends and family" (Foust 2009, p. 42), making the social interaction dimension of Consumer Engagement most important in this case. Keeping its promise of delivering social value, Coca-Cola has earned huge consumer goodwill over the years. Year after year, the company stands out for its innovative spirit and keeps its performance high by embracing the change in consumer tastes. In the recent years, Coca-Cola developed Vitaminwater and Dasani water, and marketed the niche brands with the same commitment and innovativeness as it does its flagship cola. From time to time, Coke encourages the consumers to participate through several other programs, such as its

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build-your-coke program during the Olympics in 2008. During this program consumers were invited to design the new coke bottle for the 2008 Olympics.

Managers have long been attempting to assess the level of engagement of their customers. However, there was no empirically developed model of what Consumer Engagement is and how it can affect the perception of extrinsic and intrinsic value a firm provides. A large number of companies are providing platforms for consumers to come together, but are not sure where specifically the efforts should be targeted. Different firm efforts will likely have differential effects on enhancing the level of enthusiasm, participation and social interaction. American Express's attempt to bring together the consumers through its Member's Project depends on the enthusiasm of members to help humanity and their active support to one project over the other. Members could either talk to other participants about the projects, or work by themselves. The efforts of Sony My101 are different from American Express in that Sony gives the consumers an opportunity to actively participate in learning how to use complicated electronic gadgets, such as cameras, more effectively. In this manner, instead of making scattered efforts to engage the consumers, firms should focus on directing their effort towards enhancing the more important dimensions of Consumer Engagement in that context. For this, firms also need to understand what aspect of the focus of engagement impacts the consumers more-whether it enthuses them more, allows them to participate, or facilitates social interaction in some manner, or even better, does all of this equally.

This study also shows that Consumer Engagement has a definite influence on extrinsic value. This suggests that it is not sufficient for companies to focus only on strategies such as improving product quality or keeping prices low. Along with these product centric strategies, companies also need to pay attention to engaging the consumer with their offerings, in order to

convey the value offered by the company better. These companies can engage the consumers by increasing their enthusiasm, making them participate with company and its offerings, and providing opportunities for social interaction focused on the offerings of the company.

This research also provides managers with an instrument that can help measure consumers' self-perceived level of engagement with the firm's offerings and activities. The instrument will help managers see engagement from the consumer's perspective, rather than the prevailing company perspective of engagement in the existing customer engagement instruments offered by consultants. The CE scale can be used as a three-dimensional second order scale or as an overall summated scale.

In the beginning of this research, we started with the expectation that engagement of consumers is not limited to certain high involvement product categories. The confirmation of this expectation in our study brings an important message for managers of most industries. It is critical for the practitioner to know that consumers can be emotionally engaged not only with special products like beer and jewelry, but also with relatively everyday products like cell phones and providers of routine products and services, such as Wal-Mart and Target. This finding suggests that all types of companies should focus their efforts on engaging the consumers through increased participation and activity, and getting them connected with their businesses. Thus, the companies should provide consumers with as many opportunities as possible, enhancing their interaction with the firm's products, and with other consumers. Some such practices already used by some retailers are the 'UPromise' program of Publix that helps customers save for college; the weekly workshops at Home Depot that teaches wood craft to children, and the Whole Foods recipe swap program that encourages consumers to swap their favorite recipes. It is also becoming increasingly common among grocery retailers now-a-days to

enhance employee-customer interaction through product tasting trials and cookie clubs. These examples show that engagement can occur not only online, but also offline. Managers could in fact use a blend of information exchange media and the store to engage consumers at high levels.

Limitations

The research in this dissertation began with a thorough investigation into the views of consumers to understand the nature of Consumer Engagement. Using multiple qualitative methods for support, the initial conceptualization involved substantial primary research and theoretical backing. However, as in all research, this study has limitations. First, the use of an online survey may have provided a source of bias in both studies 2 and 3. By limiting data collection to only those people who have access to a computer, I might have missed a portion of the population that is not technologically savvy. Additionally, the use of an online panel might have biased the data further. The use of panels, although practical for fast and effective collection of data, is questionable in that it creates a section of society that consists of professional survey takers. The potential similarities between the individuals willing to fill out surveys for points could bias results by not providing a random sample of the population. However, the manner in which an online survey allows participation at the convenience and comfort of the respondent and fosters a feeling of anonymity, using online panels might have worked in my favor.

A second limitation of this research came from the choice of samples in Study 3 to represent product, service and activity. Apple products and shopping were used as samples based on the instances of engagement mentioned by respondents in previous studies. Second Life represented the activity category. One reason for choosing these samples was the convenience of getting responses. Apple products, shopping and Second Life are widely known to engage their

users. However, these three samples were chosen from an endless number of possible samples that could have qualified for this study. Although I expect these samples to represent a broad domain, there is no way of knowing how well they represent the domain we are expecting them to represent. Moreover, the screener questions for Apple and Shopping samples asked how much the respondents loved using Apple products/ shopping and screened out those with low responses. This method was expected to tap the engaged consumers. However, it is possible that some other method/ wordings could have been more effective in capturing engaged consumers.

A third limitation of this research came from the potential influence of multicollinearity in the data. Multicollinearity is a phenomenon that can produce misleading or uninterpretable results when highly related predictors are used to predict the dependent variables (Marsh et al. 2004). The correlations between extrinsic and intrinsic value, the two mediators used in this study in the three data sets (product usage, retail service and activities) were very high. This seems to have led to multicollinearity, this effect being especially visible in the results for the activities data set. The use of structural equation modeling dealt with multicollinearity issues to a certain extent, in that multicollinearity did not impact the results of product usage and retail service samples. However, multicollinearity seems to have affected the results heavily in the case of activities data set. The high standard errors and path loadings were an evidence of the influence of multicollinearity. Given that the data for extrinsic value and intrinsic value are largely parallel, the interpretation of the comparative ability of the two value constructs in predicting the marketing outcomes might be incorrect. Although I could not use all the variables due to multicollinearity, it gave me an opportunity to delimit my research. Once I found evidence of multicollinearity, I had a choice of eliminating either the extrinsic value models or

the intrinsic value models. Looking at the statistical results, I chose to eliminate the incremental effects model of intrinsic value in the activity sample.

The use of structural equation modeling (SEM) also posed a limitation in this research. SEM uses correlations to assess the fit of the conceptual model. However, it is well known that correlations do not imply causation. Causality also requires counterfactual dependence. All relevant variables should be included in the model and active manipulation done for final confirmation. Although there is some controversy on the issue, one recent researcher makes a good argument that SEM has the ability to determine causality (see Pearl 2009) and thus gives me better evidence of the influence of CE on the marketing outcomes of interest (Pearl 2009).

Another potential limitation of this study arose from the use of a single method for data collection in each study. Although data were collected for different samples, the data on CE, value and the marketing outcomes, all came from a single source, which has some potential to bias the results.

Future Research

The findings from the nomological structure of Consumer Engagement lend themselves to a number of future projects. To begin with, it would be interesting to evaluate competing hypotheses and the influence of demographic variables on the model. For instance, it is possible that value expectation of the consumer influences the level of engagement, as opposed to Consumer Engagement influencing the value one receives from engaging with an offering. Many value researchers argue that when consumers believe a product/service is of value to them, they are more likely to feel engaged with that product/ service. Therefore, future research should assess the influence of value expectation on CE.

As I currently have data on the state of residence of the consumer, age, occupation and education, it would be valuable to test the model using these demographics as covariates. By segmenting the consumers and evaluating the role of these various characteristics, I can generate an even deeper understanding of how market segmentation affects the level of CE. It would also be useful to take the current constructs and look at the relationships themselves in more depth. Using regression analysis with a specific focus on evaluating multicollinearity issues in the data would again provide additional depth to the current findings that might help explain some of the unsupported hypothesized relationships.

Further, a preliminary analysis of the differences in the means of the three Consumer Engagement dimensions across samples suggests differential roles of the dimensions in different contexts. There also are several examples that suggest that the dimensions of Consumer Engagement might play an important role in understanding the engagement of consumers in specific situations. Therefore, an analysis of individual dimensions in different contexts will meaningfully extend this research in the future.

Another way to extend this research would be to collect additional data, which would enable deeper analysis of relationships. First, it would be beneficial to collect additional data on other products, services and activities people might engage with. Our present choice of samples was based on examples from our initial studies and convenience. Although we expect these samples to represent a broad domain, there are still a multitude of choices in the real world of marketing that might enrich our future understanding of the construct.

Gathering additional data, directly from events while the consumers are engaged, would provide the opportunity to better understand what engagement means and implies. It would also be interesting to collect data specifically from consumers who do not own the product or are not

subscribed to the service they are engaged with, and then compare them with owners/ subscribers to see how ownership of a product or service influences Consumer Engagement. Although the presence of owners and non-owners in the present data set of Apple users also enables this analysis, the small numbers in the two categories can become a limiting factor. Another opportunity would be to compare engaged consumers based on levels of overall value versus the current method of focusing on extrinsic versus intrinsic value. By looking at engaged consumers with high overall value, versus those with low overall value, we would be able to add another dimension to the model findings. This might also allow researchers to draw conclusions about the impact of overall value on marketing outcomes (i.e., do consumers receiving high overall value also have high connection with the company, goodwill, intent to purchase and affective commitment towards the company they most closely associate with their focus of engagement?).

Future research could also assess the antecedents of Consumer Engagement. First, it would be interesting to include antecedents in the model. Based on the existing literature and qualitative interviews in this research, I suggested some antecedents in the conceptual framework, but did not test them empirically. Future empirical work could include data collection on the critical elements of the engagement strategy, such as dialog, facilitative role of the organization and authenticity. Data could also be collected on individual pre-conditions for being engaged with a product, service or activity. The conceptual framework in this study suggested experience-seeking, meaningfulness, psychological safety, and motivation as the individual pre-conditions that might affect the level of Consumer Engagement. Research of this type can assess the influence of organizational and individual factors on Consumer Engagement, and help relating Consumer Engagement with existing research on engagement in psychology and information systems.

Further, some of the current measures are not as comprehensively developed, as they could be in future iterations. For instance, the current scales do not cover intrinsic value and extrinsic value comprehensively. As the focus of this research was to develop the construct of CE, the intrinsic and extrinsic value scales were not created after in-depth qualitative research. In future, researchers might want to look at other dimensions of value and the relationship of Consumer Engagement with these dimensions.

Consumer engagement is a phenomenon that most likely exists in the business-to-business context also. Suppliers try to engage the customers through seminars, free trade shows, training etc. In future, data can also be collected in the business-to-business context to understand the nature of CE in this context.

Finally, studying the atmospherics surrounding the engagement events would be an interesting extension as this may help explain the influence of the environment created by companies during engagement events. As engagement events are conducted in many different environments, such as online/ offline, occasional/ongoing, public/ private, group/ individual and so on, the perception of consumers about these environments might influence their willingness to engage in these activities. Evaluating the overall perceptions of consumers about the atmospherics would be of interest to companies in planning and organizing engagement events.

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APPENDIX A

APPENDIX A

Interview Guide- Phenomenological Interviews with Consumers

First I would like to thank you for agreeing to participate in this interview. This interview is part of a research project investigating how people feel, behave and act in situations/ activities/ events that they feel are engaging. For example, some women love to go to make-up workshops, some people feel very engaged with their iPods and so on. Please remember that I am going to record this interview so that I can type it up later. I also want to reassure you that your identity will be protected. If you wish, you may use a pseudonym for yourself or for anyone else you might want to mention in your interview, or you can simply describe the situation without using their names at all. If you use your real name I will change it when the interview is typed up.

Before we begin, please let me record your name, age and occupation.

Think about an event, situation, game or a relationship that you are very much in, that grabs you, that you find engaging.

How will you describe yourself in this engaging situation? Explain yourself in terms of what you do, how you feel, how you behave.

Also tell me how it all started.

Does this situation (name the situation) involve you on a continuous basis, or you have moments when you do not feel as engaged?

Now list some products, events or activities organized by businesses that you find engaging, that you love to be in, that you enjoy.

(Choose one from the above question for this one) How will you describe your engagement with this product or event or program or activity? Explain yourself in terms of what you do, how you feel, how you behave.

APPENDIX B

Open-ended Survey
Think of products and services (such as iPod, make-up, hotels etc.) and organized activities (such as beauty workshops, home improvement clinics, funny video competitions at restaurants etc.) that you find engaging, you feel involved in.

Here is a short example:
I enjoy using my iPod because it keeps me focused and relaxed. I play with it, I create my favorite music on it. When I am stressed out, I listen to music on my iPod. I also love to keep it when my friends are around. We all have iPods and use them to exchange podcasts…..

Now list as many examples for me as you can by completing the following sentences. Also tell me why you enjoy the product or activity you mentioned.

1. **I enjoy** _____**because**_____

_____

2. **I enjoy** _____**because**_____

_____

3. **I enjoy** _____**because**_____

_____

Now describe below a situation when you are involved with the product or activities you mentioned. What you do with them, how you feel and why you enjoy them.

Age: _____   Gender: _____   Occupation: _____

APPENDIX C

APPENDIX C
Pre-test Scale for Consumer Engagement

Think about how you enjoy spending your free time the most. What comes to mind? Do you enjoy organized activities such as a race or car show, perhaps a service such as getting a massage or a make-over, or volunteering for a cause such as Habitat for Humanity? Or perhaps you spend your free time simply playing video games or music. Please think about this activity that you enjoy doing while you complete this brief survey. Make sure you think about something other than your hobby, unless that hobby revolves around products or activities organized by, offered by, or purchased from a particular business

Please write down the activity, service, or product you are thinking about in the space below (for example: "volunteering for Habitat", "attending concerts by Budweiser", "creating music on my iPod", "going to Sephora's make-over consultations"). Please be specific and include the specific business as well. For example, *going to Sephora for make-overs, using my DVR to watch my favorite TV shows, attending woodcraft workshops at Home Depot, going to Greenhouse for a massage, going to golf course for demonstration games...*

I enjoy spending my free time _____.

The blank space in each statement below represents the product/ service/ activity you mentioned above. Check the extent to which you agree with the following statements.

Item	1 Completely Disagree	2	3	4	5 Completely Agree
I find myself _____ whenever I can.					
I keep up with the things related to _____.					
_____ intrigues me.					
_____ fascinates me.					
Anything related to _____ grabs my attention.					
_____ is an important part of my life.					
I like to know more about ____ __.					
I like events that are related to _____.					
I look forward to _____.					
I like to learn more about _____.					
I am very involved with _____.					
I spend a lot of my discretionary time _____.					
I look for opportunities for actively_____.					
I talk to my friends about _____.					
I like to show how much I like_____.					
I notice information related to _____.					

I enjoy spending time _____.					
I like to experiment when I am_____.					
I pay a lot of attention to anything about _____.					
I like to explore when I am _____.					
I think about _____often.					
_____ gets my attention a lot.					
I think about my experience even after I'm done.					
I am heavily into ____ .					
I lose track of time when I am _____					
I avidly look for other people who like _____.					
I participate in activities that are related to _____.					
I try to fit _____into my schedule.					
I am very obsessed with_____.					
. _____is like a ritual to me.					
There is something special about __ ___.					
There is always something new about _____.					
There is always something different about_____.					
I am passionate about _____.					
. My love of___ continues to grow on me.					
My days would not be the same without _____.					
_____ is exciting to me.					
I always look forward to _____.					
I enjoy spending my discretionary time ____.					
I feel very engaged while ____.					

Age_____ Gender _____

Race_____ Nationality _____

Year in School_____ State you belong to_____

If not a student, mention your occupation _____

APPENDIX D

Consumer Participation and Involvement- Study 2

You have been selected to participate in a research study aimed at understanding behaviors of people when they are engrossed with certain products, services or organized activities offered by businesses. Please read this document and consent to your participation in the study.

If you are above 19 years of age and you agree by clicking the 'I agree' button below, you are giving your consent to participate in a survey that will last approximately 10 minutes.

Risks, Benefits, and Confidentiality

There are no foreseeable risks or benefits associated with participation in this study. The information collected will be kept anonymous and the records will be private. They will only be used by the researchers and will not be shared other than for educational purposes. Any reports we might publish will not include any information that will make it possible to identify you as a participant. The survey responses will be kept as a password protected document in the researcher's office computer.

If you have any questions, please use the following information to contact the primary researcher for this study:

Shiri Vivek; 205-348-8596; svivek@cba.ua.edu

If you have any questions about your rights as a research participant you may contact Ms. Tanta Myles, The University of Alabama Research Compliance Officer, at 205-348-5152

You may print this form to keep for your records if you like. Participation in this study is completely voluntary. If you decide to participate, you are free to withdraw at any time without affecting your relationship with the researcher, the person who recruited you for this study, or the University of Alabama. If you consent to participate, please click on 'I agree'.

I agree   I disagree
_____

Think about how you enjoy spending your free time with something that revolves around products or activities organized by, offered by, or purchased from a particular business. You might be liking going to a particular coffee shop such as Starbucks; a pub such as Houndstooth or drinking Budweiser beer.

In the space given below, **please write down ONE activity, service, or product you enjoy doing/ using in your free time**. For example:
● "volunteering for Habitat"
● "attending concerts by Budweiser"
● "creating music on my Apple iPod"
● "going to Clinique's make-up workshops"

As in examples mentioned above, **please make sure that you include the name of the business as well**. Here are some more examples:
● "running in my Nike shoes"

- ● "gardening with tools from Home Depot"
- ● "watching programs on my Sony TV"
- ● "going to Talladega car races"

These are only examples. You can write anything else you enjoy.

Complete the following sentence in the space given below by writing about one such activity or product.

1. I often enjoy spending my free time ....
2. Mention the business or organization you most closely associate with the activity or product you mentioned above (for example, name of the pub, or company manufacturing the product you use etc.)
3. How long have you been actively engaged with this activity or product.

| Less than a year | 1-2 years | 3-4 years | 5-6 years | 6-10 years | More than 10 years |

Now check the extent to which you agree with the following statements.

| Strongly Disagree (1) | Disagree (2) | Neither Agree nor Disagree (3) | Agree (4) | Strongly Agree (5) |

1. I find myself ___whenever I can.
2. I keep up with anything related to ___.
3. Anything related to ___ grabs my attention.
4. ___ is an important part of my life.
5. I like to know more about ___.
6. I like participating in events that are related to ___.
7. I like to learn more about ___.
8. I am very involved with ___.
9. I spend a lot of my discretionary time ___.
10. I notice information related to ___.
11. I pay a lot of attention to anything about ___.
12. I am heavily into ___.
13. I try to fit ___ into my schedule.
14. I am very obsessed with ___.
15. It's like a ritual to me.
16. I am passionate about ___.
17. My love of ___ continues to grow on me.
18. My days would not be the same without it.
19. I always look forward to ___.
20. I feel very engaged while ___.
21. I love ___ with my friends.
22. I enjoy ___ more when I am with others.
23. ___ is more fun when other people around me do it too.
24. ___ has a lot of advantages resulting from it.
25. I like ___ because it will benefit me in the long run.
26. ___ helps me do better in life.
27. It's relevant to my needs.
28. I enjoy ___ for its own sake.
29. I like for the pure enjoyment of it.
30. ___ is in itself very gratifying.
31. ___ is

- • Unimportant to me (1)   Important to me(5)
- • Means nothing to me (1)   Means a lot to me(5)
- • Does not matter (1)   Matters to me(5)

- Insignificant to me (1)   Significant to me (5)
- Of no concern to me(1)   Of concern to me (5)

Now think of the organization you associated earlier with the product or activity you have mentioned and answer the rest of the questions.

32. The organization you mentioned is a
    Retailer   Manufacturer   Service-provider   Other company
33. I feel I have a bond with ___.
34. I am motivated to respond to communications from ___.
35. I feel this organization shares the goals of its customers.
36. I think ___ goes out of its way to serve its customers.
37. I think ___ always tries to do the right things for its customers.
38. I think ___ has a genuine concern for its customers.
39. I intend to do business or continue to do business with ___ .
40. I feel emotionally attached to ___ .
41. With ___, it feels like I am part of a family.
42. I feel a sense of belonging with ___ .
43. I mention this organization to others quite frequently.
44. I've told more people about than I've told about most other organizations.
45. I seldom miss an opportunity to tell others about this organization.
46. When I tell others, I tend to talk about the organization in great detail**.**

Please provide some information about yourself.

47. Your age is
    19-29 years   30-39 years   40-49 years   50-59 years   60+ years
48. Your gender is
    Male   Female
49. Are you a student?
    Yes   No
50. What is the highest level of education you have received?
    Less than high school   High school degree Some college   College degree   Graduate work   Graduate degree
51. Please mention your occupation in the space below.
52. Your race is
    Caucasian   Hispanic   African-American   Asian   Other
53. Your nationality is
    American   Other
54. State of residence in USA
55. Write the name of the student you are filling in this survey for.
56. Your email address
    Click the 'Next' button below to submit your responses. Thanks so much!

APPENDIX E

APPENDIX E

A Survey of Your Involvement with Apple Products

You have been selected to participate in a research study aimed at understanding behaviors of people when they are fans of certain activities or products, specifically Apple products. You do not have to own an Apple product to participate in this study. Please read this document and consent to your participation in the study. If you are above 19 years of age and you agree by clicking the 'I agree' button below, you are giving your consent to participate in a survey that will last approximately 10 minutes.

Risks, Benefits, and Confidentiality: There are no foreseeable risks or benefits associated with participation in this study. The information collected will be kept anonymous and the records will be private. They will only be used by the researchers and will not be shared other than for educational purposes. Any reports we might publish will not include any information that will make it possible to identify you as a participant. The survey responses will be kept as a password protected document in the researcher's office computer.

If you have any questions, please use the following information to contact the primary researcher for this study:
Shiri Vivek; 205-348-8596; svivek@cba.ua.edu

If you have any questions about your rights as a research participant you may contact Ms. Tanta Myles, The University of Alabama Research Compliance Officer, at 205-348-5152

You may print this form to keep for your records if you like. Participation in this study is completely voluntary. If you decide to participate, you are free to withdraw at any time without affecting your relationship with the researcher, the person who recruited you for this study, or the University of Alabama. If you consent to participate, please click on 'I agree'. Then begin the survey by clicking on the 'Next' button below.

I agree   I disagree
_____

Think about how you enjoy using or knowing more about products offered by 'Apple'. Complete the following sentence by selecting your favorite Apple product.

1. I enjoy spending my free time using/ finding out more about the
        Apple iPod   Apple iPhone   Apple Mac
2. How long have you been actively using/ following up this product?
        Less than a year   1-2 years   2-3 years   3-4 years   4-5 years   More than 5 years
3. Do you own the above mentioned product?
        Yes   No
4. Are you planning to buy another of Apple's products in the future?
    Yes   No
Now check the extent to which you agree with the following statements.

Strongly Disagree (1) Disagree (2)   Neither Agree nor Disagree (3)   Agree (4)
    Strongly Agree (5)

5. I find myself using the _____ whenever I can.
6. I keep up with anything related to the ___ .
7. Anything related to the grabs my attention.
8. Using the _____ is an important part of my life.
9. I like to keep finding better ways to use the ___ .
10. I like to learn more about using the ___ .
11. I spend a lot of my discretionary time using the___.
12. I notice information related to using the ___.
13. I pay a lot of attention to anything related to the ___.
14. I am heavily into using the___.
15. I try to fit using the ___ into my schedule.
16. I am very obsessed with using the ___ .
17. Using Apple products is like a ritual to me.
18. I am passionate about using the ___.
19. My love for using the___ continues to grow on me.
20. My days would not be the same without it.
21. I always look forward to using the ___.
22. I feel very engaged while using the___.
23. I love to talk about the ___with my friends.
24. I enjoy using the ___ more because I have friends that use it too.
25. Using the ___is more fun when other people I know use it too.
26. Using the ___ has a lot of advantages resulting from it.
27. I like using the ___ because it benefits me in the end.
28. Using the ___ helps me do better in life.
29. It's relevant to my needs.
30. I enjoy using the ___.
31. I like using the ___ just for fun.
32. Using the ___ is in itself very gratifying.
33. It is a pleasure to use the ___.
34. Using the ___is
• Unimportant to me   Important to me
• Means nothing to me   Means a lot to me
• Does not matter   Matters to me
• Insignificant to me   Significant to me
35. I feel I have a bond with Apple.
36. I am motivated to respond to communications from Apple.
37. I feel this organization shares the goals of its customers.
38. I think Apple goes out of its way to serve its customers.
39. I think Apple tries to do the right things for its customers.
40. I think Apple has a genuine concern for its customers.
41. I intend to continue doing business with Apple in the future.
42. I feel emotionally attached to Apple.
43. With Apple, it feels like I am part of a family.
44. I feel a sense of belonging with Apple.

Please provide some information about yourself.
45. Your age is
      19-29 years   30-39 years   40-49 years   50-59 years   60+ years
46. Your gender is
      Male   Female
47. What is the highest level of education you have received?
48. Less than high school High school degree   Some college College degree   Graduate work   Graduate degree
49. Please mention your occupation in the space below.
50. Your race is
      Caucasian   Hispanic   African-American   Asian   Other
51. Your nationality is
      American   Other
52. Please select your state of residence if you live in the USA, otherwise, choose 'other' from the options given below.
Click the 'Next' button below to submit your responses. Thanks so much!

APPENDIX F

APPENDIX F
Shopping Participation and Involvement- A Survey

You have been selected to participate in a research study aimed at understanding behaviors of people when they participate in certain activities, specifically shopping. Please read this document and consent to your participation in the study. If you are above 19 years of age and you agree by clicking the 'I agree' button below, you are giving your consent to participate in a survey that will last approximately 10 minutes.

Risks, Benefits, and Confidentiality

There are no foreseeable risks or benefits associated with participation in this study. The information collected will be kept anonymous and the records will be private. They will only be used by the researchers and will not be shared other than for educational purposes. Any reports we might publish will not include any information that will make it possible to identify you as a participant. The survey responses will be kept as a password protected document in the researcher's office computer. If you have any questions, please use the following information to contact the primary researcher for this study:

Shiri Vivek; 205-348-8596; svivek@cba.ua.edu

If you have any questions about your rights as a research participant you may contact Ms. Tanta Myles, The University of Alabama Research Compliance Officer, at 205-348-5152

You may print this form to keep for your records if you like. Participation in this study is completely voluntary. If you decide to participate, you are free to withdraw at any time without affecting your relationship with the researcher, the person who recruited you for this study, or the University of Alabama.

If you consent to participate, please click on 'I agree'. Then begin the survey by clicking on the 'Next' button below.

_____ I agree _____ I disagree _____

Think about how you enjoy spending your free time shopping or browsing at a certain store. Complete the following sentence in the space given below by writing the name of your favorite retail/ online store for shopping.

1. I often enjoy spending my free time shopping or browsing at ....
2. How long have you been actively shopping or browsing here?
   Less than a year   1-2 years   3-4 years   5-6 years   6-10 years   More than 10 years

   Now check the extent to which you agree with the following statements.
   Strongly Disagree (1) Disagree (2)   Neither Agree nor Disagree (3)   Agree (4)   Strongly Agree (5)
3. I find myself shopping/ browsing at _____ whenever I can.
4. I keep up with anything related to shopping at ___.
5. Anything related to shopping at _____ grabs my attention.
6. Shopping at _____ is an important part of my life.
7. I like to keep finding better ways to shop at _____.
8. I like to learn more about shopping at _____.

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9. I spend a lot of my discretionary time shopping at ____.
10. I notice information related to shopping at ____.
11. I pay a lot of attention to anything related to shopping at ____.
12. I am heavily into shopping at ____.
13. I try to fit shopping at ____into my schedule.
14. I am very obsessed with shopping at ____.
15. It's like a ritual to me.
16. I am passionate about shopping at ____.
17. My love of shopping at continues to grow on me.
18. My days would not be the same without it.
19. I always look forward to shopping at ____.
20. I feel very engaged while shopping at ____.
21. I love to shop at ____ with my friends.
22. I enjoy shopping at ____ more when I am with others.
23. Shopping at ____ is more fun when other people around me do it too.
24. Shopping at ____ has a lot of advantages resulting from it.
25. I like shopping at ____ because it benefits me in the end.
26. Shopping at ____ helps me do better in life.
27. Its relevant to my needs.
28. I enjoy shopping at ____.
29. I like shopping at ____ just for fun.
30. Shopping at ____ is in itself very gratifying.
31. It is a pleasure to shop at ____.
32. Shopping at ____

- Is unimportant to me   Is important to me
- Means nothing to me   Means a lot to me
- Does not matter to me   Matters to me
- Is insignificant to me   Is significant to me

33.   I feel I have a bond with ____.
34.   I am motivated to respond to communications from ____.
35.   I feel this organization shares the goals of its customers.
36.   I think ____ goes out of its way to serve its customers.
37.   I think ____ always tries to do the right things for its customers.
38.   I think ____ has a genuine concern for its customers.
39.   I intend to continue doing business with ____ in the future.
40.   I feel emotionally attached to ____.
41.   With ____, it feels like I am part of a family.
42.   I feel a sense of belonging with ____.
       Please provide some information about yourself.
43.   Your age is
            19-29 years   30-39 years   40-49 years   50-59 years   60+ years
44.   Your gender is
                  Male   Female
45.   What is the highest level of education you have received?
       Less than high school High school degree   Some college College degree Graduate work
                  Graduate degree

46.   Please mention your occupation in the space below.
47.   Your race is
          Caucasian   Hispanic   African-American   Asian Other
 48.   Your nationality is
          American   Other
 49.   Mention your state of residence if you live in USA, otherwise check 'other' from the options below.
       Click the 'Next' button below to submit your responses. Thanks so much!

APPENDIX G

APPENDIX G

A Survey of Your Involvement with Second Life
You have been selected to participate in a research study aimed at understanding behaviors of people when they participate in certain activities, specifically exploring at Second Life. Please read this document and consent to your participation in the study. If you are above 19 years of age and you agree by clicking the 'I agree' button below, you are giving your consent to participate in a survey that will last approximately 10 minutes.

Risks, Benefits, and Confidentiality
There are no foreseeable risks or benefits associated with participation in this study. The information collected will be kept anonymous and the records will be private. They will only be used by the researchers and will not be shared other than for educational purposes. Any reports we might publish will not include any information that will make it possible to identify you as a participant. The survey responses will be kept as a password protected document in the researcher's office computer. If you have any questions, please use the following information to contact the primary researcher for this study:

Shiri Vivek; 205-348-8596; svivek@cba.ua.edu

If you have any questions about your rights as a research participant you may contact Ms. Tanta Myles, The University of Alabama Research Compliance Officer, at 205-348-5152
You may print this form to keep for your records if you like. Participation in this study is completely voluntary. If you decide to participate, you are free to withdraw at any time without affecting your relationship with the researcher, the person who recruited you for this study, or the University of Alabama. If you consent to participate, please click on 'I agree'. Then begin the survey by clicking on the 'Next' button below.

I agree   I disagree

Think about how you enjoy spending your free time being a resident at secondlife.com (SL) and answer the questions in this survey.

1. For how long have you been visiting secondlife.com?
   Less than a year 1-2 years   3-4 years More than 5 years

Now check the extent to which you agree with the following statements.
   Strongly Disagree (1)   Disagree (2)   Neither Agree nor Disagree (3)   Agree (4)
   Strongly Agree (5)

2. I find myself visiting Second Life whenever I can.
3. I keep up with anything related to residency at Second Life.
4. Anything related to visiting SL grabs my attention.
5. Being a resident at Secondlife.com is an important part of my life.
6. I like to keep finding better ways to enjoy my visits to SL.
7. I like to learn more about being a resident at SL.
8. I spend a lot of my discretionary time visiting secondlife.com.
9. I notice information related to visiting secondlife.com.
10. I pay a lot of attention to anything related to being a SL resident.
11. I am heavily into visiting secondlife.com.

12. I try to fit visiting SL into my schedule.
13. I am very obsessed with being a resident at SL.
14. Visiting SL is like a ritual to me.
15. I am passionate about visiting secondlife.com.
16. My love of SL continues to grow on me.
17. My days would not be the same without SL.
18. I always look forward to visiting SL.
19. I feel very engaged with my activity at secondlife.com.
20. I love to visit with my friends at SL.
21. I enjoy being at SL more when I am interacting with others.
22. Visiting SL is more fun when other people I know visit it too.
23. Being a resident at SL has a lot of advantages resulting from it.
24. I like being a resident at SL because it benefits me in the end.
25. SL helps me do better in life.
26. SL is relevant to my needs.
27. I enjoy being a resident at SL.
28. I like SL just for fun.
29. Being a resident at SL is in itself very gratifying.
30. It is a pleasure to visit secondlife.com
31. Being a resident at SL is

- Unimportant to me   Important to me
- Means nothing to me   Means a lot to me
- Does not matter   Matters to me
- Insignificant to me   Significant to me

Answer the following questions in relation to Linden Lab, the company behind secondlife.com.

32. I feel I have a bond with Linden Lab.
33. I am motivated to respond to communications from Linden Lab.
34. I feel Linden Lab shares the goals of SL residents.
35. I think Linden Lab goes out of its way to serve its customers.
36. I think Linden Lab always tries to do the right things for its customers.
37. I think Linden Lab has a genuine concern for its residents.
38. I intend to continue spending at secondlife.com in the future.
39. I feel emotionally attached to Linden Lab.
40. With Linden Lab, it feels like I am part of a family.
41. I feel a sense of belonging with Linden Lab.

Please provide some information about yourself.

42. Your age is
    19-29 years   30-39 years   40-49 years   50-59 years   60+ years
43. Your gender is
    Male   Female
44. What is the highest level of education you have received?
    Less than high school High school degree   Some college   College degree   Graduate work   Graduate degree
45. Please mention your occupation in the space below.
    46.   Your race is: Caucasian   Hispanic   African-American   Asian   Other
    47.   Your nationality is: American   Other
48. Please mention your state of residence in the USA.

Click the 'Next' button below to submit your responses. Thanks so much!