Engagement Across the Customer Experience Landscape:

The Drivers of Brand Performance

by

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ABSTRACT

Understanding the customer experience, which requires a thorough

knowledge of all touchpoints that can result from the way that a product is

marketed, sold, and used has recently been identified as a research priority by the

Marketing Science Institute. Although recent research has examined some aspects

of the customer experience, research has yet to examine the way in which the full

spectrum of touchpoint experiences may drive particular marketing performance

metrics. Significant challenges to this line of research are the complex network of

relationships that competing firms have forged with channel partners, the

relationships that focal customers have with other customers in social networks

and user communities, and the relationships that customers have with the brand

and with channel partners. To address these challenges, this paper examined the

customer experience and its effects on loyalty and commitment through three

research projects conducted in the consumer aviation market. The first and second

studies examined these touchpoint experiences using archival data supplied by an

avionics manufacturer. Results from these studies showed the importance of the

customer experience in accounting for customer loyalty. The final study examined

the role of identity in shaping the customer experience among aircraft owners

through a series of depth interviews. Results from these interviews illustrated the

importance of identity in shaping the customer experience, and provided insights

into how individuals attempt to use their consumption experiences to reinforce a

sense of identity. Together, these essays demonstrate the importance of the

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customer experience in shaping marketing outcomes and provides interesting

insights to guide future research.

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Chapter 1

INTRODUCTION

Although there would be little argument for the idea that firms must

understand the needs, desires, and behaviors of customers and potential

customers, the marketing literature has given short shrift to the realities of the

channel/reseller system (Frazier 1999) and how these relationships among

channel partners ultimately affect end-customer outcomes (Webster 2000;

Webster and Keller 2004). In particular, little research has examined the impact

of the pricing strategies used within the reseller network, of the comparative value

of product features and satisfaction, of the role of identity and communities, and

of reseller market segmentation issues on customer behavior. Similarly, there are

many aspects of customers' interactions with products during and after the

purchase process that are often neglected entirely—these elements of the

customer experience can be very powerful in shaping how the brand itself is

experienced and perceived (Rickard 2006). To understand the customer

experience, it is insufficient to merely ascertain the customer's satisfaction with

the product. Instead, managing the customer experience should include an

understanding of how customers make their purchase decisions and understanding

how customers use their products, as well as how customers use these products to

build relationships and to construct their sense of identity.

Overall Contribution to the Marketing

Literature and Practice

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This principal objective of this dissertation is to thoroughly examine the customer experience from the perspective of the customer interacting with the brand through the manufacturer, its channel partners, and through other customers. Understanding the customer experience, which requires a thorough knowledge of all of the touchpoints that can result from the way that a product is marketed, sold, and used (Meyer and Schwager 2007; Payne and Frow 2004; Schmitt 2003), has recently been identified as a research priority by the Marketing Science Institute (MSI 2010). Although recent research has examined some aspects of the customer experience, the marketing research has yet to examine the customer experience in a thorough and comprehensive manner. The purpose of this essay is to accomplish this goal and to provide guidance on how to manage the customer experience across the lifecycle of touchpoint experiences in a multi-level relationship context (Frazier 1999). Understanding how customers, resellers, and manufacturers interact to produce value has also been noted as an important challenge for researchers (Webster 2000).

Customer Experience Management (CEM) focuses on the experiential components of using a product and then attempts to ensure that these touchpoint experiences are congruent with the desired brand image or brand experience (Schmitt 2003). These touchpoint experiences do not just focus on considerations about the product—they also focus on events such as billing processes and interactions with customer service personnel (Rickard 2006). CEM thus entails following the entire set of interactions that occur during the use of the product as

well as those interactions that occur over the customer's lifecycle (Schmitt 2003). CEM also requires an understanding of how the touchpoints individually and cumulatively affect the customer's evaluation of the experience (Payne and Frow 2004) and how the customer's experience along these touchpoints differentially generates customer satisfaction and other brand outcomes. These touchpoints are the result of activities that the manufacturer can control directly (Manufacturer-mediated), that dealers or resellers can control (Dealer-mediated), or that are beyond the control of manufacturers altogether, such as product reviews and user-groups/communities (Externally-mediated). The customer's evaluation of the experience will likely be influenced, to some degree, by all three types of touchpoints. Currently, there is a dearth of research on how the customer experience should be measured, and how the customer experience influences customer engagement. Because firms have limited financial and relational resources, the allocation of these assets to create an optimum level of brand-related outcomes is an important managerial concern. Furthermore, manufacturers must also understand the role of their own channel partners as customers, as well as how relational activities might influence not only immediate financial outcomes but also the engagement of their channel partners and the end-consumers. To examine the role of the customer experience and engagement in creating brand outcomes, I use a conceptual framework which includes: relationship marketing activities and their impact on both channel partners (dealers) and customers, engagement and its effects on channel partner-level

outcomes, social identity and brand communities' effects on brand loyalty, and the value of identity itself in helping to shape the customer experience.

Dissertation Overview

This dissertation further develops and expands research on the customer experience, by examining the relationships that exist between customers and manufacturers (B2C), between manufacturers and dealers as channel partners, and those that exist among customers in the forms of social networks and user communities (C2C). Additionally, these essays focus on the central role of engagement in generating loyalty and other positive outcomes among both channel partners and end-consumers.

This dissertation is structured on three essays. The first essay (Chapter 2), entitled "Understanding the Customer Experience from the Perspective of Customers Interacting with the Brand through the Manufacturer and its Channel Partners" examines customer satisfaction, loyalty, and engagement as a function of different aspects of the customer experience. This essay showcases the results of an empirical study which shows that the customer experience is shaped as much by interactions with dealers and by manufacturer-mediated touchpoints, such as the company website, as it is by interactions with the product itself. The second essay (Chapter 3), titled "Examining the Effects of Relationship Marketing Activities on Channel Partner Outcomes in a Competitive Environment," examines the effects of competitors' relationship marketing activities and brand equity on relationship outcomes such as relationship quality

and profitability. The final essay (Chapter 4) examines the effects that other customers can have on the brand experience by examining the relationships that exist in social networks, in neighborhoods, and in brand/product-related communities. This essay also discusses the insights that were developed by examining the customer experience from these multiple perspectives, and discusses the theoretical contributions and managerial implications that were developed through this research.

Essay 1: Understanding the Customer Experience: Customers Interacting with the Brand through the Manufacturer and its Channel Partners

Essay 1 examines the customer experience by identifying all of the potential touchpoints that a customer might have with a brand or its intermediaries, and examines how these touchpoint experiences cumulatively affect engagement and overall evaluations for the focal brand and its intermediaries (dealers). This will contribute to our understanding of the "ownership" of customers (Palmatier 2008a; Palmatier et al. 2007a; Palmatier, Scheer, and Steenkamp 2007) and suggest ways in which managers can effectively manage touchpoints to improve relational outcomes across the channel system. Second, this paper makes a significant contribution to our understanding of RM, because it moves the focus away from the RM activities themselves to the actual impact that they have on the customer experience and relational outcomes. Relationship marketing has tended to focus on the relationships between channel members (Palmatier 2008b) rather than on the experience of the customer per se (Beatty et al. 1996; Sheth and

Parvatiyar 1995). Interpreting RM activities through the lens of the customer experience will allow managers to more effectively allocate their relational assets towards the important customer touchpoints that drive desired relational outcomes, that generate engagement, and that eventually drive brand equity. Essay 1 examines essentially all of the potential touchpoints that could arise from a customer's perspective (in the avionics after-market), and so it examines manufacturer, dealer, and externally-mediated processes of the customer experience across two brands in a duopolistic market.

Essay 2: Examining the Effects of Relationship Marketing Activities

On Channel Partner Outcomes in a Competitive Environment:

The Role of Reseller Engagement

Manufacturers often deliver their branded goods and services to the consumer through a system of authorized vendors/dealers. From a relationship marketing (RM) perspective (Berry, 1995; Morgan and Hunt, 1994), financial success of the manufacturer is driven by the quality of the relationships that exist among the manufacturer, the dealer, and the end-customer (Palmatier, Gopalakrishna, and Houston, 2006). However, from a brand equity perspective, the financial success of a brand (Ailawadi, Lehmann, and Neslin, 2003) is attributable to customer experiences, perceptions, and feelings (Keller, 2003).   For firms that interact with customers through an intermediary, such as an independent dealer, the fate of the brand rests not only on how effectively the manufacturer develops and markets new products (B2C), but on the effectiveness of the relationships that the

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manufacturer has with its dealers-channel partners. Because dealers interact with the customer directly, they are an extremely important representation of the brand. Thus, effective reseller-oriented relationship marketing activities would be expected to be an important criterion for success in the B2C market, and therefore an important area for research. Additionally, understanding the role of channel partners has been identified as a research priority in brand research (Keller and Lehmann, 2006; Webster and Keller, 2004), further underscoring the importance of research in this area.

While relationship marketing research has recently begun to examine the effectiveness of RM activities on financial outcomes, findings have been somewhat mixed, with some studies showing that RM activities are effective in producing financial returns (Palmatier, Gopalakrishna, and Houston 2006; Palmatier et al. 2007b) and others reporting that they are not effective (Colgate and Danaher 2000; Dowling and Uncles 1997). An emergent theme in this research has been that a firm's representative may develop relationships with customers that are stronger than the customer-firm relationship itself (Palmatier et al. 2007a,b), allowing the salesperson to effectively "own" the relationship with that customer (Palmatier et al. 2007b; Palmatier 2008a). In a setting where firms do not interact directly with customers, there is reason to believe that dealers might exert similar "ownership" of customers. This would occur not only because the dealer can develop a relationship with customers directly, but also because in many settings, the dealer acts as the brand's representative, such as

when a dealer performs repairs on a product on behalf of the manufacturer. Thus, the manufacturer's relationship with customers will be affected by the quality of the interactions it has with its dealers, as well by the quality of the relationship that its dealers have with the customers. This essay examines relationship quality through an engagement perspective, and examines how affective and cognitive engagement can lead to different outcomes, such as word of mouth, loyalty, and overall satisfaction.

Another important issue that has not been examined in this arena is that of competitors' relationship marketing activities. Prior research has centered on research settings where the effects of brands and competitors is negligible (c.f. Palmatier, Gopalkrishna, and Houston, 2006; Palmatier et al, 2007) in order to fully capture the effects of relationship marketing activities. However, in many settings, dealers are capable of selling the branded goods of many manufacturers, with each manufacturer engaging in its own relationship marketing activities with the dealer. Thus, relationship marketing activities might be less effective than previously estimated, or they might be influenced by other factors, such as consumer-based brand equity (Keller 1993). To this end, I examine the role of engagement in generating positive brand-related outcomes and strong relationships among channel partners. Taken together, Essay 2 makes several important contributions to the marketing literature by examining the effects of relationship marketing activities on brand equity in a duoplistic setting where the relational and financial outcomes for each major brand are assessed. Integrating

these two streams of research has been identified as an important area for research (Keller and Lehmann, 2006; Webster and Keller, 2004).

Essay 3: The Role of Communities and Social Networks in Influencing Product Adoption and the Customer Experience

In more technologically-based markets, the customer experience is influenced by the informational challenges that customers face when attempting to integrate related products, or to use their individual products effectively. One response to this problem has been for manufacturers and customers alike to form brand/product communities (Muniz and O'Guinn 2001). These communities are an effective means of sharing technical knowledge with customers (c.f. McAlexander, Schouten, and Koenig 2002), and are important instances of contact with customers, or touchpoints (Meyer and Schwager 2007). Communities can also foster positive evaluations of product experiences by encouraging members to cognitively reframe their experiences (c.f. Cowley 1997). Despite the positive effect community membership would have on the customer experience (Schmitt 1999; 2003), it is still unclear what effects these communities have on customer relationships with both the manufacturers and dealers. For example, participation in community activities, such as brandfests, has been shown to slightly reduce customer satisfaction among some members (McAlexander, Schouten, and Koening 2002). Furthermore, communities might also weaken the relationship between customers and dealers, because these communities provide information and technical expertise that was once provided

by the dealers. This suggests that elements of the customer experience might be less under the control of the brand, and that the effects of relationship marketing activities might be enhanced or mitigated by community activities.

In examining the effects of communities on the customer experience, several important questions arise. The first is "How does overlapping community membership influence brand outcomes?" Because firms cannot limit consumers activities across different communities, the differential effects of these overlapping communities would likely be determined by the level of psychological engagement in each, as well as by the social/psychological benefits that the different communities provide. Social identity (Hogg and Terry 2000; Tajfel 1972) and personal values (Algesheimer, Dholakia, and Herrmann 2005; Bhattacharya and Sen 2003) have been used to explain participation in these communities, but these theories do not explain how customers might reconcile owning competing brands simultaneously, or how this might affect important outcomes such as spreading positive word-of-mouth and making personal recommendations. Furthermore, because many important brand communities are in-person (as opposed to online), understanding the role of underlying social networks will also be necessary to understand the effects of communities on brand-related outcomes. Essay 3 makes several important contributions to the literature. First, it illustrates the potentially negative effects that brand communities can have when competing brands are used as focal points for ingroup and outgroup formation (c.f. Hogg and Terry 2000). Because social

identification is the mechanism for brand community activity, this constitutes an important contribution. Second, Essay 3 would be among the first to examine the overlapping roles of community membership and embedded social networks across an array of user groups/communities. Because scant research has been conducted in this area, this essay would illuminate an important and unexplored intersection of two important research streams. Finally, this essay makes an important contribution to our understanding of how psychological engagement and personal values potentially moderate the effect of community membership on brand-related outcomes, such as identification with the brand and positive word-of-mouth.

Chapter 2

THE CUSTOMER EXPERIENCE: A CRITICAL LINK BETWEEN

RELATIONSHIP MARKETING AND BRAND EQUITY

Manufacturers often deliver their branded goods and services to the consumer through a system of authorized vendors/dealers. From a relationship marketing (RM) perspective (Berry 1995; Morgan and Hunt 1994), financial success of the manufacturer is driven by the quality of the relationships that exist between the manufacturer, the dealer, and the end-customer, (Palmatier, Gopalakrishna, and Houston 2006). However, from a brand equity perspective, the financial success of a brand (Ailawadi, Lehmann, and Neslin 2003) is attributable to customer experiences, perceptions, and feelings (Keller 2003). Because branding is a central management priority (Keller 1993), and because many branded products are distributed through a channel system (Webster 2000; Webster and Keller 2004), integrating the RM and branding streams of research has been identified as an important area for future research (Keller and Lehmann 2006; Webster 2000; Webster and Keller 2004).

A recently emerging theme of research, Customer Experience Management (Meyer and Schwager 2007; Rickard 2006; Schmitt 1999; 2003), provides a potential platform from which to unify the RM research stream with the brand equity research stream (Keller and Lehmann 2006). In order to develop a model linking RM activities to brand equity, it is necessary to first show that the customer experience acts as a link between RM activities and RM outcomes. The

purpose of this paper is to take this important first step in attempting to demonstrate an overarching relationship between RM and brand equity. As such, this paper focuses on the theoretically significant question: How does the customer experience influence important relational outcomes such as trust (Morgan and Hunt, 1994), affective and calculative commitment (Hennig-Thurau and Klee 1997; Moorman, Zaltman, and Deshpandé 1992), the brand experience (Brakus et al. 2009), and loyalty (Gustafsson et al. 2005; Reichheld 2006)?

Motivation for the Research

This essay aims to make several substantive contributions. First, this essay will show that the customer's experiences with each of the channel partners (dealer and manufacturer) will differentially influence relationship quality between each of these channel partners. This will contribute to our understanding of the "ownership" of customers (Palmatier 2008a; Palmatier et al. 2007a; Palmatier, Scheer, and Steenkamp 2007) and suggest ways in which managers can effectively manage touchpoints to improve relational outcomes across the channel system. Second, this paper makes a significant contribution to our understanding of RM, because it moves the focus away from the RM activities themselves to the actual impact that they have on the customer experience and relational outcomes. Relationship marketing has tended to focus on the relationships between channel members (Palmatier 2008b) rather than on the experience of the customer per se (Beatty et al. 1996; Sheth and Parvatiyar 1995). Interpreting RM activities through the lens of the customer experience will allow managers to more

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effectively allocate their relational assets towards the important customer touchpoints that drive desired relational outcomes (and eventually brand equity). This is especially important in the channel system, because many of the components of the customer experience are controlled by the channel partner. Furthermore, examining RM from the customer experience viewpoint allows for the incorporation of potential touchpoints that occur outside of RM activities, but which still influence relational outcomes. This provides insight into the multilevel relationships that exist in this setting (Palmatier et al. 2006a). Third, understanding the customer experience will provide guidance on how to allocate relational resource allocations, which has been noted as an important research priority (MSI 2010). Finally, this essay responds to the call for research examining the relative impact of channel partners and manufacturers in driving brand outcomes (Webster and Keller 2004).

THEORETICAL BACKGROUND

Relationship Marketing: Focus and Outcomes

Relationship marketing (RM) has been an extremely important area of academic research over the past twenty years, and it has enjoyed a dominant status in business and academic thought (Palmatier et al. 2006; Reinartz and Kumar 2000; Webster 2000). Relationship marketing has been defined as "…the ongoing process of engaging in cooperative and collaborative activities and programs with immediate and end-user customers to create or enhance mutual economic value at reduced cost" (Sheth and Parvatiyar 2000, p. 9). In earlier RM

research, the focus was on finding antecedents that would improve the relational exchanges between different members of the channel system (Anderson and Narus 1990; Dwyer, Schurr, and Oh 1987; Morgan and Hunt 1994). Research in this vein has established that relational exchanges are most efficient when there is: little conflict between the channel partners (Anderson and Narus 1990; Frazier and Rody 1991), a high degree of trust between channel partners (Moorman, Deshpande, and Zaltman 1993; Morgan and Hunt 1994), and a high degree of commitment to maintaining the relationship through reciprocation (Bagozzi 1995; DeWulf, Odekerken-Schröder, and Iacobucci 2001; Palmatier et al. 2006). Thus, the constructs of trust, commitment, exchange efficiency, and reciprocity have been viewed as components of relationship quality. These constructs are consistently correlated with one another, and so there are differences across researchers as to exactly how relationship quality should be defined across studies (Dorsch, Swanson, and Kelley 1998; Hennig-Thurau, Gwinner, and Gremler 2002). However, RM research has been moving its focus away from evaluating relational outcomes such as relationship quality per se, and moving it towards demonstrating the managerial implications of relationship quality.

For example, relationship marketing research has recently begun to examine the effectiveness of RM activities on financial outcomes. Research in this arena has produced mixed findings, with some studies showing that RM activities are effective in producing financial returns (Palmatier, Gopalakrishna, and Houston 2006; Palmatier et al. 2007b) and others reporting that they are not

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effective (Colgate and Danaher 2000; Dowling and Uncles 1997). An important theme in this research has been that a salesperson working for a firm is typically able to develop relationships with customers that are stronger than the customer-firm relationship (Palmatier et al. 2007a,b), allowing the salesperson to effectively "own" the relationship with that customer (Palmatier et al. 2007b; Palmatier 2008a). This notion clearly has relevance to the present study as sales people could be equated with dealers who actually engage in direct relational encounters with the customer. Specifically, since a manufacturer that does not sell to end-customers directly must instead act through intermediaries, there could be concern that the dealer "owns" the customer and is thus able to exert influence over the customer and perhaps convince the customer to buy a competitor's product. The generalizability of the issue of salesperson owned loyalty across outside of industrial purchasing and franchise selling is still unclear, as the research findings thus far have been confined to settings where there were no brand-related effects or where multiple brands were available to salespeople (c.f. Palmatier et al. 2007a). This was a logical decision, made to ensure that the relational outcome variables under investigation were not confounded by the potential influence that brand loyalty might have over the customer.

Although salespeople might not exert as much relationship-based influence over consumers when selling branded products in B2C retail settings, there is a potential risk for manufacturers that dealers might be able to persuade customers to buy the goods of a competitor. I propose that this would be most

likely when the relationship between the dealer and the customer is stronger than the relationship between the customer and the manufacturer. Although this assertion is relatively straightforward, a better understanding of the customer's perspective is still needed to clarify this issue and to examine the degree to which it is generalizable.

Recent research in the RM context has also begun to question the value of relationships in the long run, with recent evidence suggesting that long-term, loyal, exchange partners are not necessarily less expensive to maintain and are not necessarily more profitable (Anderson and Jap 2005; DeWulf, Odekerken-Schröder, and Iacobucci 2001; Kalwani and Narayandas, 1995). This challenges an important tenet of RM research, namely that relationships will only persist if they are worthwhile and will dissolve if they are not (Dwyer, Schurr, and Oh 1987). Research findings have also suggested that the value of the relationship actually peaks during the build-up phase of the life-cycle, when the exchange partners are actively devoting resources to the relationship. It is during this period that there is increased relational velocity (Jap and Anderson 2007; Palmatier 2008b) because of the increased effort involved in creating the relationship (DeWulf, Odeerken-Schröder, and Iacobucci 2001). This suggests that strong, relationship oriented actions on the part of a manufacturer may lead to exchange performance outcomes (e.g. financial outcomes) that are more substantial and immediate than would be predicted by the overall level of relationship quality. However, these analyses have tended to be focused on the interactions between

channel partners and as such, the role of the end-customer in this phenomenon has not been considered. An alternate explanations for these findings could be that changes in the quality of the relationship between channel partners leads end-customers themselves to view the channel partners in a new light. It is possible that it is these potential changes in the end-customer's perception and experiences that are driving the buying behaviors on the part of end-customers and more positive financial outcomes for the channel partners. Taken together, it seems that an important piece of the RM equation is missing: the end-customer. Understanding how these RM investments between channel partners influence end-customers will allow for better allocation of relational investments. One possible way to do this is through a better understanding of the customer experience.

Customer Experience Management in the Channel System

Managing the customer experience requires a thorough knowledge of every potential touchpoint that can result from the way a product is marketed, sold, and used (Meyer and Schwager 2007; Payne and Frow 2004; Schmitt 2003). This process is conceptually distinct from customer relationship management (CRM), which focuses on capturing data about a customer in order to predict future purchases (Meyer and Schwager 2007). Customer experience management (CEM) focuses on addressing the needs of the end-customer and addressing how the customer experiences the product or service (Schmitt 2003). A typical first step in attempting to understand the customer experience is to develop a customer

lifecycle map (Rickard 2006). This is somewhat analogous to the process of blueprinting in services research (c.f. Bitner, Ostrom, and Morgan 2008), however the lifecycle map focuses more on experiences than on the underlying tasks. Creating the map involves identifying the different points of interaction, or touchpoints, that a customer may experience during the customer's lifecycle and then having customers evaluate these touchpoints in terms of their importance. An example of such a map, for a hypothetical avionics customer, is shown in Figure 1. Creating this map is important because what the customer actually values may be different from what the manufacturer believes that the customer values—it moves the emphasis from the product to the experiences related to the product. The importance of this shift in emphasis is illustrated by a recent Boston Consulting Group study which found that for a particular industrial goods manufacturer, 60% of customers' most important experiences were not tied to the product but rather to "softer" considerations such as the ease of placing an order (Rickard 2006). In a channel setting where the manufacturer has less control of the dealers, and therefore less control of the customer experience, the potential for non-product considerations to emerge as important determinants of the customer's evaluation might be especially high.

Once the lifecycle map had been developed, the next step in the process involved determining the minimal expectations of the customer. These expectations will be influenced by marketing communications and other RM activities of the manufacturer, as well as by the actions of competitors. These

expectations are important because they are a key antecedent of the customer's

level of satisfaction (Johnson et al. 2001; Oliver 1980). The typical customer will

have multiple touchpoint experiences with the firm and its intermediaries over the

course of product ownership; thus the customer's experience should be evaluated

at both the touchpoint level and at the cumulative level. This is to assess both the

individual contributions of touchpoint experiences to satisfaction and the strength

of this satisfaction in generating customer loyalty (Payne and Frow 2004). The

customer lifecycle map, based on the general categories of interactions amongst

channel partners and consumers, provides the framework from which all the

elements of the customer experience are based. Figure 2 provides the touchpoint

experiences that were developed from the customer lifecycle map.

The Customer and Relational Outcomes

The customer experience framework suggests that customers will compare

their actual experiences against their expectations and make a summative

evaluation (Payne and Frow, 2005). This conceptualization of evaluating the

customer experience is in line with the expectancy disconfirmation model of

satisfaction (Oliver 1980). While on the one hand, customer experience is

relatively undeveloped in the academic literature, on the other hand, customer

satisfaction has strong empirical support. Because these two concepts rely on a

similar evaluative process, satisfaction provides a lens through which to view

evaluation of the customer experience.

Customer satisfaction is generally defined as the post-consumption

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evaluation of a product or experience against an ideal (Oliver 1980). Although there is some disagreement as to what specific elements compose customer satisfaction, the expectancy disconfirmation model (Oliver 1980) is the dominant paradigm used in the marketing satisfaction literature. First proposed by Oliver (1980), the expectancy disconfirmation model has been validated in a variety of settings (e.g. Oliver 1993; Oliver and Burke 1999) and provides the basis for many important indices of satisfaction, such as the American Consumer Satisfaction Index (ACSI) and the Swedish Customer Satisfaction Barometer (SCSB). This basic model includes an expectation component, a performance component, and a disconfirmation component (Oliver 1980). Thus, satisfaction is formed when customers make comparisons between their expectations and their evaluations of actual experiences. When experiences exceed expectations, this leads to higher satisfaction. When experiences fail to meet expectations, this leads to lower satisfaction. A similar pattern is expected when evaluating the customer experience.

Customer satisfaction has been considered at both the transactional level as well as at the cumulative level (Johnson, Anderson, and Fornell 1995). It has been found that satisfaction at the cumulative level is better able to predict future behavior (Fornell et al. 1996). I am interested in the differential effects of the customer's level of satisfaction with the dealer and manufacturer on relational outcomes. As such, I will investigate customer satisfaction at both the transactional level (with both the dealer and the manufacturer) and at the

cumulative level in terms of the relational outcomes that this experience, based on touchpoint evaluations, engenders.

CONCEPTUAL FRAMEWORK AND HYPOTHESES

To address the research question of how the customer's experience leads to the important outcome of relationship quality, I propose the conceptual model shown in Figure 3. The model consists of the manufacturer's relationship activities, the customer's evaluation of touchpoint experiences with the dealer and the manufacturer, affective and calculative commitment with the manufacturer and the dealer, overall evaluation of the product experience, overall evaluation of the brand experience, and brand loyalty. Specifically, I propose that the relationship marketing (RM) activities of the manufacturer, which form the basis of all touchpoint experiences, lead to relationship quality outcomes. These relational outcomes help shape the customer experience, which includes the overall brand experience, the overall product experience, and ultimately, brand loyalty.

The purpose of RM activities is to generate and enhance customer relationships (Crosby, Evans, and Cowles 1990). In this essay, I am most interested in those Relational Marketing activities controlled by the manufacturer. Manufacturer's RM activities normally include "all relationship marketing activities that are directed towards establishing, developing, and maintaining relational exchanges" (Morgan and Hunt 1994, p. 22). Examples of these activities might include loyalty programs (Bolton, Kannan, and Bramlett, 2000),

advertisements, internet-based order-processing, free-shipping, and price incentives given either to the dealer or directly to the customer (Palmatier et al. 2007a). I have broken down manufacturer's RM activities into two sub-types: those directed towards the dealer and those directed towards the end-customer. Categorizing RM activities into these groupings is based on the concepts of reseller and consumer-targeted communication noted by Webster (2000), as well as the seller-focused antecedents construct used in the Palmatier, Gopalakrishna, and Houston (2006) meta-analysis.

Dealer-oriented RM activities are marketing activities whose direct goal is to improve the relational exchanges between the manufacturer and the dealer by providing incentives or flexibility in dealing with customers. This might include activities such as providing specialized training to dealers, or providing incentives for keeping a certain amount of inventory on hand. Customer-oriented RM activities are marketing activities whose direct goal is to improve relational exchanges between the manufacturer and the customer by providing incentives for product/service purchase (Crosby, Evans, and Cowles 1990). This is based on the concept of customer-focused antecedents (Palmatier et al. 2006); these activities include activities such as advertising, direct mailings, loyalty programs, and sponsored-clubs or forums.

When the customer decides to examine the value proposition that a manufacturer is offering, the nature of the channel system will dictate the way in which the customer interacts with the companies involved. For example, a

manufacturer's internet site might provide detailed product information, but in order get price information and to obtain the product, the customer must contact an authorized dealer.   This contact with the internet site would constitute an example of a "touchpoint". Using the definition of Meyer and Schwager (2007), touchpoints are, "Instances of direct contact either with the product or service itself or with representations of it by the company or some third party" (p. 119).

Touchpoints are divided into three experience types: dealer touchpoint experiences, manufacturer touchpoint experiences, and external touchpoint experiences. This classification is based on whom the customer perceives as being involved in, or responsible for, the contact experience. Figure 2 shows how these broad touchpoint experiences will generate customer experience outcomes. The actual touchpoint experiences used were determined by the RM activities of the manufacturer, such that the distribution system and resultant means of contact with the customer "directs" the customer to engage in certain types of interactions with the firm or its representatives. I used only those touchpoint experiences that participants mentioned as being part of the customer experience. Figure 3 therefore represents a conceptual model, with the actual touchpoints and their relationships discussed later in this chapter.

The first touchpoint experience occurs when the potential customer receives information about the manufacturer's value proposition. Sharing the value proposition with the potential customer will also create expectations of value and quality for that customer (Oliver 1980; 1993). These expectations are

essentially predictions (Parasuraman, Zeithaml, and Berry 1988) for the touchpoint experience and they will be evaluated against the actual touchpoint experience (Oliver 1980) and the customer will determine his/her level of satisfaction based on this comparison. For most touchpoint experiences, the evaluation process will be rather straightforward for customers and based on the most recent or immediate experience (Hamilton and Sherman 1996; Lagnado and Sloman 2006). In other words, touchpoints that involve customer interaction with the dealer with drive positive evaluations of the dealer, and touchpoints that involve customer interaction with the manufacturer will drive positive evaluations of the manufacturer.

For some touchpoint experiences, the customer might make positive or negative attributions towards both parties that impact levels of satisfaction for both the manufacturer and the dealer. This could apply in situations where there is consistent behavior across both the manufacturer and the dealer (Hess, Ganesan, and Klein 2007). There might also be situations in which one channel member is not helpful, while the other member is very helpful, which might create a contrast effect (c.f. Cialdini, 2001). This would generate overly positive evaluations of one channel member and very negative evaluations of the other. However, these experiences will still generate potential overlap due to halo effects (Luethesser et al 1995), as well as to effects due to assimilation bias (Bolton 1998). Thus, it is likely that there will be some conceptual overlap in terms of the overall evaluations of the dealer and the manufacturer.

External touchpoint experiences are also an important source of interaction for the customer. External touchpoints are contact experiences that occur outside of the channel system, such as word-of-mouth, web forums, and competitor activities. These touchpoints are important because they can influence brand or product perceptions (Thompson, Rindfleisch, and Arsel 2006; Ward and Ostrom 2006) and potentially even purchase decisions (Sen and Lerman 2008). External touchpoints will be identified based on the touchpoint experience data provided by customers. In particular, the industry that is the focus of this research proposal has many active brand communities, which have been shown to influence customer behaviors and perceptions (Muniz and O'Guinn 2001).

There are also online communities devoted to providing information about specific products or services; these sources can be especially influential when the information is negative (Huefner and Hunt 2000; Sen and Lerman 2008). Thus, word of mouth (Brown et al. 2005) and recommendations (Reichheld 2006) will likely influence outcomes for both the manufacturer and dealers alike. The types of information available to customers through external touchpoints is so diverse, relating to both the manufacturer and various dealers through which the manufacturer's products are available, that customers will be able to form more grounded expectations. Thus, these external touchpoint experiences should also influence relationships with both the dealer and the manufacturer. It is important to note that these touchpoint experiences, along with product use, provide the sole basis for the evaluation of the customer experience and form the basis of

relational and loyalty outcomes. To summarize, the touchpoint experiences can come from the dealer, the manufacturer, and from external sources. While there will be some conceptual overlap, it is likely that customers will develop stronger relationships with the dealer or manufacturer based on the quality of these touchpoint experiences. This leads to the next hypotheses.

H_1. Dealer touchpoint experience evaluations will influence relationship quality with the dealer.

H_2. Manufacturer touchpoint experiences will influence relationship quality with the manufacturer.

In addition to the overall product experience, I am also interested in relationship quality as a key outcome variable. I define relationship quality as a latent variable consisting of relationship commitment (Hennig-Thurau and Klee 1997; Leuthesser, Kohli, and Harich, 1995; Moorman, Zaltman, and Deshpandé 1992), trust (Morgan and Hunt 1994) and a norm of reciprocity (Morgan and Hunt 1994). Relationship quality is important not only because is it a good indicator of the state of the relationship (Garbarino and Johnson 1999), but because relationship quality is associated with positive relationship outcomes (c.f. Huntley 2005; Palmatier et al. 2007b). Relationship quality is different from satisfaction in that satisfaction represents a "backward looking" dimension, while commitment and trust represent " forward looking" dimensions (Gustafsson, Johnson, and Roos 2005). Thus, although the link between satisfaction and outcomes such as brand loyalty and repurchase behaviors is highly positive

(Anderson and Sullivan 1993; Bitner and Hubbert 1994), the nature of the link is more complex than would first appear (Reichheld and Aspinall 1993; Jones and Sasser, 1995).

When the level of satisfaction of the customer with the product is based on a strong or recent experience, the link between satisfaction and relationship quality is direct. This is supported by the Elaboration Likelihood Model (ELM, Petty, Caccioppo, and Schumann 1983) which states that information can be conveyed through either a central route (higher level of elaboration or processing) or a peripheral route (lower level of elaboration or processing). The central route is tends to lead to more enduring beliefs, while the peripheral route tends to lead to more ephemeral beliefs. Strong actions on the part of a channel member go through a central route, because they allow for easy comparison and thus high elaboration. This high elaboration shapes and reinforces the affective commitment the customer feels for the dealer. Additionally, positive disconfirmation experiences are related to higher affective response (Rust and Oliver 2000) and thus shape the pleasure of the relationship (Johnson et al. 2001) for the consumer, which are also elements of the brand experience (Park and MacInnis 2006). Thus, I propose that the brand experience will be strongly influence the overall brand experience.

H_{3a}. Affective commitment towards the manufacturer will

positively influence the overall brand experience.

H_{4a}. Affective commitment towards the dealer will positively

influence the overall brand experience.

More routine or mundane activities, such as checking on the status of an order, minor differences in price, or occasional equipment problems will generally not elicit deeper processing. As such, they will be less likely to lead to permanent attitude changes. Instead, the elaboration process will be more likely to rely on heuristics, such as the availability heuristic (Tversky and Kahneman 1973), whereby the recollections that are most easily accessible are used to form judgments. Thus, for many interactions with a firm, the link between overall evaluations of touchpoint experiences and relationship quality will less robust and more normative in nature. Furthermore, all touchpoint experiences should have an affective and a cognitive component. For example, a consumer might be delighted that he was treated well and that the repair was completed early (affective), but also notice that the bill was lower than estimated or lower than other avionics dealers would have charged (calculative). This results in higher levels of calculative commitment, reflecting the relational and cognitive inertia of the relationship (Auh and Johnson 2003).

> H_{3b}. Calculative commitment towards the manufacturer will positively influence the overall product experience.
>
> H_{4b}. Calculative commitment towards the dealer will positively influence the overall product experience.

As previously noted, overall evaluations have been shown to be better predictors of future behavior than isolated, transaction-specific evaluations of

satisfaction (Johnson et al. 1995). This predictive advantage is consistent with the concept of information integration theory (Anderson 1971), which proposes that when people integrate information, they assign their own weights to the individual pieces of information being integrated. Thus, features of an event that are more important to the individual will be assigned greater weight than will features that are less important. In this setting, information integration theory (Anderson 1971) would suggest that the customer's overall satisfaction will be determined through a non-summative process, based on the relative importance ascribed to satisfaction with the dealer and the manufacturer individually. Given the accessibility of the customer's experience with the brand, as well as the strong affective component of the customer/brand experience (Schmitt 2003), the brand experience will likely shape the overall evaluation of the product. This leads to the next hypothesis.

H_5. The overall brand experience is significantly related to the overall product experience.

Predicting loyalty from satisfaction or from product evaluations, as mentioned previously, is not a straightforward task (Reichheld 2006). One explanation that has been offered is the idea that global evaluations of products and experiences exist at two levels, a manifest level and a latent level (Bloemer and Kasper 1995). At the manifest level, there is little thought required for the customer; satisfaction leads directly to loyalty because the loyalty is explicit. At the latent level, the customer must reflect on experiences to determine the degree

of loyalty; here the loyalty is implicit. This model suggests that there are two distinct paths to creating loyalty. In keeping with the longstanding concept of a cognition/affect dichotomy (c.f. Zajonc 1980), and given that this research has focused on the affective and cognitive (calculative) aspects of experience, I propose that a similar mechanism drives loyalty. The overall brand experience reflects the affective and experientially based components of the customer experience (Schmitt 2003). This affective component will then drive brand associations that will be applied to both known and unknown products made by the brand. Furthermore, this affective component, based on the entire brand experience, will represent a forward looking dimension (Gustafsson et al. 2005). As such, the brand experience will ultimately drive brand loyalty.

H_6. The overall brand experience is significantly related to overall brand loyalty.

H_7. The overall product experience will be significantly related to overall brand loyalty.

METHODOLOGY

The study used archival data which examining the customer experience within a channel system by gathering data from a large manufacturing firm that distributes its branded products exclusively through a network of authorized dealers. This research setting is well suited to the proposed research, because there are very few branded competitors in this market sector, and because the dealers generally sell the chief competitor's products as well. These factors allow

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for a more complete view of the channel environment. Moreover, many of the manufacturer's (and competitors') products must go through a rigorous and expensive evaluation/certification process; the specific nature of this process allowed us to identify many of the sources of external touchpoint experiences because the scope of potential customers is limited.

This study was conducted in three phases. The first wave of data collection, consisted of conducting interviews with different stakeholders: manufacturer's representatives such as marketing managers and salespeople, dealers, and customers. The instruments were developed by conducting focus groups with key informants within the manufacturing firm. Using the approach set forth by Churchill (1979), and Gerbing and Anderson (1988), the questions were worded so that they aligned with the potential constructs that the focus group work had uncovered. The first of the three questionnaires has been administered to approximately 30 individuals who had attended a recent air show (Experimental Aircraft Association, Osh Kosh). The data from these interviews were then assessed to ensure that the questions were appropriately worded, and refined to ensure adequate domain sampling and to avoid redundancy in responses.   Following these analyses, I developed a final qualitative questionnaire for avionics dealers/resellers, the manufacturer's salespeople, and for avionics consumers. The qualitative survey that was developed for avionics consumers is shown in Appendix 1.

The data from these depth interviews were assessed using the basic

method set forth by McCracken (1988), which I will very briefly discuss. Following transcription, the data were first examined in terms of the potential importance/value of each response for each individual uniquely. The second step of this process consisted of using the responses to further test/develop assumptions and implications, again at the individual level. The third step consisted of comparing the observations across individuals; this was conducted both within groups and across groups. That is, I thoroughly examined the interviews for themes that existed uniquely for each stakeholder group as well as those that the different stakeholders shared. Finally, the fifth step consisted of articulating the relevant constructs which emerged from the thematic analysis and further discussing these themes with key informants to ensure their validity. These constructs centered on different elements of the customer experience and were then used to develop potential quantitative questionnaire items.

The development and administration of quantitative questionnaires was the third and final planned phase of the research. As mentioned earlier, the questionnaires were developed based on the qualitative interviews. While some of the items for these questionnaires were from pre-existing scales, others were derived from insights gained from the interviews. The entire questionnaire is included as Appendix 2. The questionnaire was administered by the focal manufacturer to aircraft owners and operators who had agreed to receive marketing correspondence from the manufacturer.

Measures

Please note that when necessary, the wording of the scale items was adjusted to reflect whether the items addressed touchpoint experiences with the dealer, the manufacturer, or the overall brand and product experiences.

Product Quality/Experience. The product quality or product experience scale used for the model was adapted from the Norwegian Customer Satisfaction Barometer model (Johnson et al. 2001); the scale consists of 3 items, and it is similar in wording to the American Customer Satisfaction Index (ACSI), along with an overall product experience question.

Relational Outcomes. To measure affective and calculative commitment, the commitment scales developed by Johnson et al. (2001), which are based on the works of Samuelsen (1997), Kumar, Hibbard, and Stern (1994), and Meyer and Allen (1984) were used. Trust was measured using the Dyadic Trust Scale (Larzelere and Huston 1980); this is the scale that was used by Morgan and Hunt (1994), in their seminal trust-commitment paper.

Brand Associations. To assess attitudes toward the brands, I generated items that examined some aspects of brand personality, such as the ruggedness and trustworthiness of the brand's offerings. I also incorporated some aspects of the Consumer-Based Brand Equity construct (Keller 1993), using the work of Pappu, Quester, and Cooksey (2005) as a guide. These items also included items which reflected attributes about brand offerings that were important to avionics customers, such as ease of use and the availability of desired information.

Touchpoint Experiences. General types of touchpoint experiences were ascertained through the interviews noted earlier, and the actual touchpoint questionnaires are included in Appendix 2. These touchpoint experiences centered around purchase, installation, and repair experiences, experiences based on product use, and product support experiences, such as use of the website and call-center experiences. The overall frequency data for these touchpoint experiences is included in Table 1.

Brand Experience. To measure the overall experience with the brand, an overall brand experience measure was developed. This was based on the work of Brakus et al. (2009) and the work of Park and McInnis (2006). This scale incorporates overall perceptions of the brand experience and the affective and experiential responses to the brand (Schmitt 2003).

Brand Loyalty. Brand loyalty was based on prior work on customer loyalty, and included willingness to recommend the brand and the willingness to purchase the brand in the future. This reflects the forward looking dimension of loyalty (Gustafsson et al. 2005) that is not captured by product quality/satisfaction measures.

RESULTS

The survey was administered via e-mail by a third party vendor of the manufacturer to roughly 15,000 pilots. Of this initial sample, a total of 1,942 pilots responded, which is a response rate of 12.9% which is a very high response rate for this type of research (c.f. Harmon 2006). The initial screener question

asked whether or not the individual owned or shared ownership of an aircraft. This yielded an overall sample of 1,286 aircraft owners who completed the survey. I also compared the early and late responders to see if there were differences along any of the demographic variables that were included in the questionnaire, such as age, state of residence, and type of aircraft owned. There were no significant differences along any of these variables. I also examined the differences between the overall sample and demographic data of the overall pool of aircraft owners. These data further supported the assertion that the sample was representative of the overall population of aircraft owners, suggesting that non-response bias (Armstrong and Overton 1977) was not a significant threat to the veracity of these findings.

The scale data were assessed individually for reliability using Cronbach's alpha (Cronbach 1951; Nunnally and Bernstein 1994). These reliability data are reported in Table 2. As can be seen in this table, all of the constructs are above the accepted level of reliability of 0.7 (Nunnally 1978). Furthermore, because all of the constructs used have been widely used and validated in the literature, I did not conduct further testing to assess their underlying factor structures. Additionally, the constructs were all modeled as being reflective, rather than formative, in nature. Although some research has suggested that there might be some potential pitfalls to using reflective measures (c.f. MacKenzie, Podsakoff, and Jarvis 2005), recent research has convincingly demonstrated the conceptual and statistical problems associated with the use of formative measures (c.f.

Edwards 2010). As such, it was decided to model all constructs reflectively.

The results were assessed using structural equation modeling using the LISREL 8.3 computer program (Jöreskog and Sörbom 1999). It should be noted that all of the touchpoint experiences were estimated simultaneously, which allows for the relationships among all of the touchpoints to be assessed. It should be noted that external touchpoint experiences were modeled as well, but none of them were significant and so they will not be discussed. The overall model was tested in parts, because there were significant differences in the types of touchpoint experiences reported by each respondent. As Table 1 demonstrates, there are many individuals who had multiple touchpoint experiences, and many who had few touchpoint experiences. However, all participants were able to report overall brand experience, overall product experience, and brand loyalty. For the model based on the brand experience, the product experience, and brand loyalty, the overall chi-square statistic was significant $\chi^2(87) = 2604.46$, p <.001, which is typical of datasets of this size. Several of the goodness of fit indices were all within acceptable ranges, NFI=0.95, CFI=0.95 SRMR=0.05, while some of the fit indices were not, AGFI=0.72, RMSEA= 0.14. Together, these data suggest that while the fit was far from perfect, there was still a reasonable amount of fit for this type of model, especially given the differences in underlying touchpoint experiences and the lack of any additional modification. For the model linking touchpoint experiences and relational outcomes, the overall chi-square statistic was significant $\chi^2(35)=2268.36$, which is typical of datasets of

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this size. The goodness of fit indices were all within marginally acceptable

ranges, GFI=0.83, NFI=0.88, CFI=0.88, SRMR=0.11, RMSEA= 0.20, suggesting

that while the fit was far from excellent, there was still a reasonable amount of fit

and room for significant improvement as well, especially given that the model has

not been respecified. However, given the overall lack of reasonable fit, the model

parameters should be viewed with caution.

To assess the specific hypotheses, the path loadings were assessed for

significance using the t-values generated. A summary of the overall results is

shown in Table 2. As can be seen in the parameter estimates given in Table 2, the

relationship between dealer touchpoint experiences and both affective (H1: γ=

0.82) and calculative commitment (H1: γ= 0.19) are both significant. The

manufacturer touchpoint experiences were also significant, with the website, call

center, and salespeople all having significant estimates. The relationship between

affective commitment and the brand experience were also significant, for both the

manufacturer (H3a: γ = 0.55) and the dealers (H3b: γ=0.24). The relationship

between calculative commitment and the product experience was also significant,

but for the manufacturer only (H3b: γ=0.31). The relationship between the brand

experience and both the product experience, (H5: β = 0.77) and brand loyalty

(H6: β=0.45) were significant. Finally, the relationship between the product

experience and brand loyalty was significant as well (β=0.41).

Discussion

Taken together, these data provide support for the crucial role that

touchpoint experiences play in shaping relationship quality, the brand experience, and brand loyalty. In this vein, this paper has made several important contributions to the marketing literature. First, this paper has provided empirical support to the assertion that the entire spectrum of touchpoint experiences are crucial to driving marketing performance, as measured by relationship marketing outcomes. Moreover, while past research (c.f. Rickard 2006) has suggested the importance of touchpoint experiences in creating customer satisfaction, these findings have extended the research by showing their effect of the overall brand experience and brand loyalty. Secondly, this paper has shown that our understanding of calculative commitment does not accurately reflect the real value of inertia in maintaining relationships. Although calculative commitment should not be the primary goal of relationship marketing activities, it is still important in shaping the customer experience and generating brand loyalty. Furthermore, this paper demonstrates the value of performing the seemingly non-essential tasks that keep relationships working (c.f Mayer and Schwager 2007). Thirdly, this paper has provided evidence that the customer will ultimately hold the manufacturer, rather than its channel partner, responsible for brand outcomes. Although the repair experiences with the dealers had a very high loading, the manufacturer touchpoint experiences, as well as the manufacturers relational outcomes, were by far the biggest drivers of the brand experience and the product experience. At the same time, it should be noted that the avionics dealers still had a strong and significant effect on the brand experience. This underscores the

importance of relational marketing activities, and addresses the need for research examining the relative impact of channel partners versus manufacturers in shaping brand outcomes (Webster and Keller 2004).

Limitations and Future Research.

The most significant limitation to this study is that the model will need to be improved in order for the results to be more generalizable. Overall, some of the model fit statistics were in the marginal-fit to mediocre-fit range, suggesting that these data should be interpreted with some caution. However, these fit statistics are based on a model in which more of the parameters were free to vary, due to the exploratory nature of this research. However, all of the hypothesized relationships did have significant and strong support, and the these strong relationships provide evidence that the model, with additional data, additional touchpoint experiences, and theoretically-justified modification, is quite promising. Thus, while the model itself requires some respecification, it should be noted that several of the hypotheses are based on the repair experiences only, rather than on the purchase and installation experiences. This might further reduce the generalizability of these data. Given the cross-tabular data from Table 1, it is apparent that this type of experience will put more emphasis on the avionics dealer and less on the manufacturer. However, the longevity of the products for each brand, as well as the product life-cycles, might therefore play an additional role in shaping these relational and loyalty outcomes as well. For example, a firm that frequently releases new products might be able to a reduce

the need to provide channel partner support in this domain, thus freeing up relational assets or even creating organizational slack that can be used for other activities entirely.

Future research should also examine the relative strength of brands in shaping these relational and customer outcomes. Given the support for the hypothesis that the brand experience can shape the product experience, it is possible that stronger brands, through their marketing activities, might help shape more positive product experiences due to a positive halo effect. If this were the case, this would provide an interesting alternative to the expectancy-disconfirmation paradigm (Oliver 1980) that is used to explain satisfaction outcomes. This also begs the question of why, if this paradigm is correct, does increased satisfaction not lead to lower loyalty, or even that of why is the relationship between satisfaction and loyalty so unclear. Understanding the role of the brand experience in shaping both of these outcomes (loyalty and satisfaction) would help provide theoretically important answers to these questions.

Chapter 3

EXAMINING THE EFFECTS OF RELATIONSHIP MARKETING

ACTIVITIES ON CHANNEL PARTNER OUTCOMES IN A COMPETITIVE

ENVIRONMENT: THE ROLE OF RESELLER ENGAGEMENT

There are two key challenges for firms that sell their goods and services through a reseller network. The first challenge is that these resellers play an important role in the overall experience of consumers—this is especially important when these resellers provide service and support for branded products (Keller and Lehmann 2006; Keller and Webster 2004). Manufacturers must use financial and relational resources to develop behavioral norms, rather than use their channel power, to help ensure that their resellers perform in line with expectations (c.f Heide and Wathne 2006; Wathne and Heide 2004). The second challenge for manufacturers is that, although they view their resellers as channel partners, they must still compete for the business of their resellers, as their resellers must allocate time, space, and financial resources across an array of branded goods representing both the focal brand and its competitors. In this competition, resellers seem to have an advantage right now, such that resellers have more buying power (Bloom and Perry 2001) and manufacturer's brands are losing importance (Shocker et al 1994). A challenge for firms who sell branded goods is to use their brands to both build stronger relationships with their resellers and to provide real benefits for their resellers (Webster 2000). Firms that succeed in providing these benefits through their relational activities will have a distinct competitive advantage over

firms that do not possess these relational skills (Hunt and Arnett 2003; Hunt and Morgan 1995)—though research suggests that most firms do not manage their relationships effectively (Sawhney and Zabin 2002).

Although these challenges faced by manufacturers are by no means new, understanding how relational factors between channel partners affect the customer experience and the brand's equity is an issue that has been largely ignored in the literature (Meyer and Schwager 2007; Rickard 2006). One potential solution to this issue is to understand the customer experience of the reseller and to examine this experience in terms of how relational touchpoints affect the array of relational outcomes for manufacturers. Because firms tend to behave differently towards resellers and consumers, the reseller's experience will likely be quite different from the experience of consumers. The relational outcomes for the resellers, such as the levels of satisfaction and the word-of-mouth recommendations, will therefore have a substantive impact on a broad array of customers, but can potentially be markedly different from the relational outcomes for consumers.

From the relationship marketing (RM) perspective (Berry 1995; Morgan and Hunt 1994), financial success for a firm is a function of the caliber of relationships that it maintains with its resellers (Pamatier 2008; Palmatier, Gopalakrishna, and Houston 2006). One important aspect that has been overlooked is that resellers must also consider brand-related factors as well, in order to be successful over the long-term. Given that the financial success of a brand (Ailawadi, Lehmann, and Neslin 2003) is attributable to customer

experiences, perceptions, and feelings (Keller 2003), and because many branded

products are distributed through a channel system (Webster 2000; Webster and

Keller 2004), firms must carefully apply relational resources at multiple levels.

Because channel members contribute to the customer's experience, integrating the

RM and branding streams of research provides an important contribution to the

marketing literature (Keller and Lehmann 2006; Webster 2000; Webster and

Keller 2004).

The need to integrate these two research themes is more pressing than the

literature would seem to indicate. While the role of brand equity in generating

financial returns has been well demonstrated in the marketing literature (c.f.

Lehmann 2004), the impact of relational assets that these brands share with their

resellers has only been marginally explored in a services marketing context.

Because multiple manufacturing firms are likely to have relationships with a

single reseller, the relationship marketing activities of these competing firms will

likely be linked to brand outcomes, but most likely in different ways, depending

on the strength of the competing brands and the competing relationships.

Therefore, the links between relationship marketing and brand outcomes are

evident in not only the way the brand's offerings are sold to consumers, but also

the manner in which these offerings are sold to resellers. Thus, understanding the

reseller's experience as a customer of a manufacturer, as a relationship partner

with a manufacturer, as the object of relationship marketing activities, and as an

ambassador of the brand requires a thorough analysis of the different relational

outcomes and antecedents in this channel system. To this end, I propose an examination of the customer experience of resellers across multiple touchpoints and along different relational outcomes such as cognitive commitment, affective commitment, and willingness to recommend products. I then build the argument that engagement, as measured by affective and cognitive commitment, is the mechanism through which financial returns are ultimately generated. I also make the argument that an important function of brand equity and trust is that these constructs help to drive the cognitive commitment and trust which are necessary to build strong business relationships (Hunt and Morgan 1994).

This chapter is laid out as follows: first, I provide a rationale for this study that describes the key aspects of the model and the importance of customer experience management and engagement, followed by an overview of the research on engagement. Next, I briefly review the recent literature on relationship marketing and I discuss the different types of relationship marketing activities and briefly integrate them with the literature on engagement. To this end, I also make the argument that relational variables capture many of the critical elements of engagement. I then present a model which proposes that the role of engagement in channel-partner activity is that of being a mechanism through which RM activities generate firm outcomes. The proposed model is tested using archival data gathered by a manufacturer of avionics equipment, which includes relational outcomes, and touchpoint experience data for both the focal manufacturer and a key competitor. Results are presented and discussed, and

limitations and recommendations for future research are made.

CONCEPTUAL FRAMEWORK

Engagement. The construct of engagement was first introduced in the organizational behavior literature by Kahn (1990), and was later used to help explain why organizational citizenship behaviors (Organ 1997) and organizational commitment are effective at producing valuable organizational outcomes. Although there has not been a substantial amount of research on the concept of engagement, research has borne out some of its occupational benefits for workers, such as working in a state of "flow" (Bakker 2005), exhibiting personal initiative (Sonnentag 2003), and showing a willingness to learn in order to proactively solve difficult problems (Schaufel and Salanova 2007). While the core definition of engagement centers on the "harnessing of organizational members' selves to their work roles: in engagement, people employ and express themselves physically, cognitively, and emotionally during role performance" (Kahn 1990, p. 694), it also includes those "task behaviors that promote connections to work and to others" (p.700). However promising the concept of engagement might seem as a managerial tool, there is a major disconnect in terms of creating an environment where workers can experience engagement—it has been estimated that a significant portion of workers do not experience engagement, resulting in an "engagement gap" that costs American business roughly $300 billion per year in productivity (Saks 2006).

Engagement has been defined in several ways, although there are some

key commonalities. Some researchers have defined work engagement as a positive, fulfilling state of mind that is characterized by vigor, dedication, and absorption (Bakker, Demerouti, and Schaufeli 2005; Schaufeli, Salanova, Gonzalez-Roma, and Bakker 2002). Vigor refers to being in a positive, high-energy state while working. Individuals who experience vigor also tend to demonstrate more mental resilience while working—they are not as bothered by the annoyances of their work and they are able to handle the physical demands of their work well (Bakker, Demerouti, and Schaufeli 2005). The construct of dedication refers to being highly involved in one's work (Bakker 2005; Brown 1996) and is very similar to being in a state of "flow" (Csikszentmihalyi 1990). Individuals who experience dedication are highly involved in their work. They see their work as interesting, challenging, and they approach their work with high levels of enthusiasm (Schaufeli, Salanova, Gonzalez-Roma, and Bakker 2002). Finally, absorption is concerned with the degree to which the worker is fully engrossed in her work. Individuals who experience absorption often get so caught up in their work that time passes extremely quickly (Schaufelli and Bakker 2004).

Other researchers have interpreted the concept of engagement using the reasoning of Kahn (1990), that engagement was the degree to which workers could negotiate some sense of identity from their notions of the self and the role (May, Gibson, and Harter 2004). Thus, individuals can choose to channel their energies and drives into role behaviors or they can choose to use their role as a medium to express their energies and drives (Kahn 1990). Individuals who do

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both are considered to be engaged, because they are able to both express themselves and to fit into a role that allows this self-expression. Using this conceptualization of engagement, individuals in a state of engagement would exhibit a high-degree of job involvement (Brown 1996) and some degree of flow (Csikszentmihalyi 1990). However, engagement differs from job involvement in that engagement incorporates the expression of emotion in work, whereas job involvement does not. Engagement is different from flow in that individuals can vary in how immersed they are in their work from moment to moment—it is not a peak experience (Kahn 1990). Additionally, an important distinction between engagement and other organizational constructs is that engagement fosters emotional connections between workers that help imbue work with meaning (Waldron 1994). This inclusion of both an affective and a cognitive component of engagement underscores its value as a predictor of both manifest variables such as objective job performance (Salanova, Schaufeli, Llorens, Peiro, and Grau 2001) as well as latent variables such as job satisfaction (Schaufeli and Bakker 2004).

In a marketing context, the concept of engagement has been defined as being a combination of cognitive and affective components (Bowden 2009; McEwen 2004). In essence, the cognitive component reflects the extent to which the individual can perform her job, and the affective component reflects the degree to which the work has personal meaning to the individual. These components also show a great deal of similarity to the constructs of calculative

commitment and affective commitment (Johnson et al. 2001). Calculative

commitment reflects the ease of staying in the working relationship and the value

of doing so (Jones and Sasser 1995); it is a measure of relational inertia and

represents an information-processing bias rather than true loyalty (Ahluwalia,

Unnava, and Burnkrant 1999; Auh and Johnson 2003). Furthermore, calculative

commitment is based on attribute-level analysis, it also tends to center on those

attributes that are easy to evaluate, such as quality and price (Auh and Johnson

2003). Thus, calculative commitment is an indicator of cognitive engagement

within a working relationship. Affective commitment, on the other hand, reflects

the emotional value of being in a working relationship, and is a measure of

loyalty, of the willingness to work hard and to potentially make sacrifices for the

relationship (Hennig-Thurau and Klee 1997). This is very similar to the concept

of affective engagement, which reflects a willingness to work hard towards a goal

that has personal meaning for the individual. Using the logic of Bowden (2009)

and McEwen (2004), I suggest that within a relational context, the affective and

cognitive commitment of the reseller reflects the degree of affective and cognitive

engagement in that relationship. This logic is supported by the definition of role

engagement put forth by Rothbard (2001), which characterizes engagement as

motivational states of absorption and attention in a role.

    The value of engagement in determining predicting relational outcomes is

enhanced by this affective/cognitive dichotomy. While past research has

examined the structural composition of work engagement (Demerouti, Bakker,

Nachreiner, and Schaufeli 2001), research has not yet examined the impact of these components on organizational outcomes. Furthermore, the cognitive/affective engagement approach is theoretically supported by similar dichotomies in the philosophical tradition (e.g. Aquinas) the psychology literature (see Zajonc 1980 for a review), the trust literature (McAllister 1995), the satisfaction and loyalty literature (Johnson et al 2001; Reichheld 2006; Reichheld and Aspinall 2003) and the organizational behavior literature (Allen 2002). Bearing in mind that the relationships between firms are based in both real, interpersonal interactions as well as in impersonal and symbolic interactions, it makes both logical and intuitive sense that the engagement that emanates from channel partner relationships (relationship marketing activities) should be studied from the affective/cognitive dichotomy perspective as well.

Although engagement has been put forth as an individual-level variable, and therefore driven by dispositional factors, there has been a focus on creating an environment wherein engagement can occur—and so firms have focused on organizational factors such as working conditions to improve the opportunity for workers to engage. This reasoning is built on the idea that a happy and engaged workers are more productive and energetic, given the strong connection between well-being and job performance (Wright and Cropanzano 2000). In fact, prior research has found that happy workers are less likely to miss work due to illness (Cohen et al 2003) and they have more productive personal relationships (Lyubomirsky et al 2005). Additionally, happy workers are more sociable,

helpful and altruistic (Lyubomirsky et al 2005). Similarly, employees who are high in engagement have higher levels of job satisfaction (Schaufeli et al 2002), higher organizational commitment (Schaufelli and Bakker 2004), and higher job performance (Salanova, Aout and Peiro 2005). In fact, a potential limiting factor to the effectiveness of engagement is the degree to which employees feel that they have the necessary resources to be engaged in their work (Kahn 1992). Thus, RM activities along some touchpoints serve the function of making it possible for the employees of the reseller, and the resellers themselves, to conduct business in a state of engagement. Engagement along these touchpoints would also contribute to the service climate (Bitner, Booms, and Tetreault 1990) of the resellers, making RM activities important drivers of the affective engagement that makes a positive service climate possible (Salanova, Aout, and Peiro 2005). Thus, engagement is both a relational outcome for the channel partners, and also affects the reseller's ability to expand the working relationship into other domains.

Relationship Marketing. The concept of relationship marketing has been a dominant theme in the marketing literature and has been used to explain the relationships that firms have with consumers and with other firms. Defined as "…the ongoing process of engaging in cooperative and collaborative activities and programs with immediate and end-user customers to create or enhance mutual economic value at reduced cost" (Sheth and Parvatiyar 2000, p. 9), RM research has concentrated on developing stronger emotional links between partners and on creating relational efficiency. Seminal RM research has focused on the

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identification of potential antecedents that can improve the relational exchanges

between the different members of the channel system (Anderson and Narus 1990;

Dwyer, Schurr, and Oh 1987), and has established that trust and commitment are

the principal drivers of effective relationships (Morgan and Hunt 1994). However,

the constructs of trust, commitment, exchange efficiency, and reciprocity have

also been offered as components of relationship quality. Clearly, these constructs

do display a great degree of conceptual overlap with one another, with the

unfortunate consequence that there are differences in the research literature as to

exactly how relationship quality should be defined (Dorsch, Swanson, and Kelley

1998; Hennig-Thurau, Gwinner, and Gremler 2002). In fact, relationship quality

has been viewed as a satisfaction outcome, as a relationship quality outcome, as a

commitment outcome, and as a trust outcome. As such, some researchers have

attempted to focus on the efficiency and profitability of relationship marketing

activities.

Research in this vein has also established that relational exchanges are

most efficient when there is little conflict between the channel partners (Anderson

and Narus 1990; Frazier and Rody 1991). In fact, meta-analysis has established

that the deleterious consequences of channel partner conflict are insurmountable

(Palmatier, Dant, Grewal, and Evans 2006). When there is an absence of conflict,

a high degree of trust between the channel partners (Moorman, Deshpande, and

Zaltman 1993; Morgan and Hunt 1994), and a high degree of commitment to

maintaining the relationship through reciprocity norms (Bagozzi 1995; DeWulf,

Odekerken-Schröder, and Iacobucci 2001; Palmatier et al. 2006) are significant predictors of exchange efficiency. However, these broad findings do not necessarily imply that relational exchanges that are efficient in the long-term will actually succeed in creating mutually beneficial outcomes that persist over time. Furthermore, there is evidence that relational outcomes might actually diminish over time even though levels of trust and commitment remain relatively constant. Some recent research in the RM context has even gone so far as to question the financial value of relationships in the long run (Anderson and Jap 2005; Jap and Anderson 2007).

Similarly, recent empirical findings have suggested that long-term, relationally loyal exchange partners are neither necessarily less expensive to maintain nor are they necessarily more profitable (Anderson and Jap 2005; DeWulf, Odekerken-Schröder, and Iacobucci 2001; Kalwani and Narayandas, 1995). This challenges an important tenet of RM research, namely that relationships will only persist if they are mutually and will dissolve if they are not (Dwyer, Schurr, and Oh 1987). There is strong evidence that dissolution does not always occur when relationships are no longer mutually beneficial, as research has shown that firms do maintain unprofitable relationships (Kalwani and Naryandas 1995). Furthermore, when one considers that much of the knowledge and efficiency that is developed in the context of a channel relationship is relatively specific to that context (Sole and Edmonson 2002), firms might maintain relationships because of the sunk relational costs.

To account for this apparent discrepancy, some researchers have suggested that the value of the relationship actually peaks during the build-up phase of the life-cycle, when the exchange partners are actively devoting relational resources to the relationship in the hope of developing a better relationship (Grayson and Ambler 1999; Palmatier, Dant, Grewal, and Houston 2007). It is during this phase of relational activity that there is increased relational velocity (Jap and Anderson 2007; Palmatier 2008b) because of the increased effort involved in creating the relationship (DeWulf, Odeerken-Schröder, and Iacobucci 2001). Relational velocity is the relationship between trust and commitment, which is said to accelerate when trust and commitment rise together, and to decelerate when their relationship begins to diverge (Palmatier, Dant, Grewal and Houston 2007), making the relationship less beneficial (Jap and Anderson 2007). Findings such as this, as well as unexpected levels of relational outcomes (i.e. lower returns on relational investments) have prompted researchers to attempt to find other measures of relational outcome, or to focus on different aspects of RM activities, such as contact density and relationship breadth (Palmatier 2007), as well as relational orientation (Cannon and Perreault 1999).

Another possible reason for the deterioration of relational benefits over time might be that the activities which create emotional and cognitive engagement remain relatively constant, but that as firms become more efficient in their interactions, they are likely to focus more on relational aspects which create cognitive, rather than affective commitment. For example, a firm that has

developed an effective working relationship may spend less time engaged in social RM activities with that reseller, or there may simply be no new benefits that it can provide the reseller other than preferred pricing and other financial benefits. A likely consequence of these more financially-oriented exchanges would be that RM activities might not change cognitive engagement at all, but that affective engagement becomes stagnant, or levels are not maintained, due to the high efficiency of relational exchanges. A logical consequence of this would be that findings pertaining to relational velocity are as much an artifact of using satisfaction as a relational outcome measure, which is an outcome of cognitive engagement, as it is a measure of the progression of a normal relationship. Furthermore, because satisfaction is a retrospective variable, rather than a forward-looking one like loyalty (Gustafsson, Johnson, and Roos 2005), it will likely be driven by the cognitive aspects of a relationship, by those aspects of a relationship that are relatively easy to evaluate.

Relationship Marketing Programs. Another potential explanation for the seeming inconsistency in relationship marketing returns is that the different types of RM activities exert different effects on relational outcomes (Berry 1995; Cannon, Achrol, and Gundlach 2000). Many typologies have been proposed to classify RM activities, such as the types of customer bonds created (Berry 1995), the types of relational benefits for customers (Gwinner, Gremler, and Bitner 1998), and the governance strategy used (Cannon, Achrol, and Gundlach 2000). However, it is the typology proposed by Palmatier, Gopalkrishna, and Houston

(2006) that has been most frequently used in recent RM research. This typology

includes three different types of RM activities: structural, financial, and social.

Structural RM programs provide relational benefits that resellers might not

otherwise be able to perform because the cost is too prohibitive or because

resellers lack the organizational capacity. This would include benefits such as

providing an advanced order processing system, or providing specialized training

to reseller personnel. The reseller firms thus acquire additional capabilities and

can do business much more efficiently; at the same time, the reseller firms must

make significant time commitments to acquire this capacity, as the streamlining

process often involves changing their own processes and learning the new

processes. In theory, this essentially creates high switching costs for the reseller,

and makes future relational activities much more efficient for both parties. In

practice, the returns from structural RM activities are not overwhelming, because

returns are moderated by the amount of personal interactions the reseller firm has

with the manufacturer. In terms of short-term returns, for resellers who interact

with the focal firm a few times per week, structural investments are generally a

push. However, when the firm interacts frequently with the reseller, returns are

roughly 120%. Given the norms of reciprocity (Cialdini 2001) and the role of

gratitude in generating RM returns (Palmatier et al 2010), this finding is

somewhat confusing. Possible explanations for this could be that the learning

(time) required to take advantage of structural investments might offset any

gratitude the reseller feels about the investment, the reseller might feel that the

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investment is a blatant influence attempt (this will be explored later), or the reseller might feel that they are reciprocating by using the system whenever possible. Another possibility is that the reseller does feel gratitude, but the gratitude is expressed in terms of satisfaction and is experienced cognitively. Thus, while these activities might not always be financially effective over the long-term per se, there is no evidence suggesting that they do not generate positive outcomes for the manufacturer once other characteristics of the relationship are considered. Another possibility is that structural investments might improve the probability of success of other RM activities. For example, salespeople who visit a reseller can spend more time building relationships rather than dealing with administrative issues, because a structural investment has made the issue moot. This idea, that structural investments are important to the overall reseller experience, will be discussed later.

Financial RM programs are those that provide some economic or financial benefit to the reseller. These are typically in the form of rebates, discounts, and financial loyalty programs. Financial programs have several shortcomings that potentially hinder their effectiveness. The first is that, because they are simple and straightforward, they are easily matched by competitors (Day and Wensley 1988). In this vein, competitors might not even need to react at all, if their brand equity is strong, because their customers will tend to be less price-sensitive in the first place (Reichheld 2006) or, if their market share is sufficiently high, the financial incentives might not warrant a reaction at all. Additionally, resellers are

generally less likely to pass on these financial benefits to consumers if the brand equity for the manufacturer's product is low (Blattberg and Wisinewski 1989), further diminishing the potential competitive advantage to be gained from financial RM activities. Another reason that financial RM programs are not that effective is that customers who are more likely to take advantage of deals tend to be less profitable to serve (Cao and Gruca 2005), and tend to simply be looking for the lowest price rather than a mutually-beneficial relationship (Berry 1995). Although some have argued that financial RM programs can be effective in the long-term (Bolton, Kannan, and Bramlett 2000), in part because they can help to build market share (Verhoef 2003), it should be noted that these arguments are based on findings from highly competitive B2C markets for frequently purchased goods. In B2B and channel settings, large-scale analysis shows that financial RM activities are largely ineffective (Palmatier, Gopalakrishna, and Houston 2006) prompting Palmatier (2008b) to suggest that, "…financial RM investments fail to generate positive economic returns in any context" (p .64).

However, an argument can be made that one should not eliminate financial RM investments altogether. First, given the strong norms of reciprocity and the role of gratitude, one would expect there to be some benefit for these activities (Palmatier et al. 2010). That people will reciprocate in kind is one of the most established phenomena in both the sales and social psychology literatures (c.f. Cialdini 2001). In this vein, reciprocity is essentially an instinctive response that has even been demonstrated using functional MRI scans (Zahn et al. 2008). The

idea that financial RM activities are not effective is therefore one that must be examined more thoroughly when the importance of reciprocity and gratitude are considered.

One possibility is that reciprocity does drive reciprocal purchase behavior of resellers who receive financial RM benefits, but the unintended consequence might be that resellers who reciprocate by taking advantage of the benefit, such as by making additional purchases of the discounted good (stockpiling), make the benefit counter-productive for the firm. Moreover, firms may increase the price sensitivity of their resellers or even lower their resellers internal reference prices by offering financial incentives or reseller discounts, thus altering the firm's value proposition. Another possibility might be that firms might receive other relational benefits that do not immediately translate into financial benefits in the short-term. For example, reseller satisfaction might be increased, thus buffering the firm against serious declines in satisfaction should failures occur (c.f. Bolton 1998). Furthermore, these incentives might make the reseller more amenable to social RM investments down the line. Given that the relationship between loyalty and satisfaction is not always straightforward (Reichheld 2006), these investments might still be effective in generating reseller satisfaction and/or in generating or maintaining relational inertia (Sheth and Parvatiyar 1995).

Customer Experience of the Reseller. Another approach to understanding how relational activities lead to behavioral and financial outcomes is the CEM approach (Rickard 2006). The focus of customer experience management is to

identify, and to ameliorate, all of the different touchpoints that occur during the customer lifecycle (Meyer and Schwager 2007). As noted before, while a similar approach may be applied using the RM framework of social, structural, and financial activities, approaching engagement and relational outcomes from the RM framework is inadequate relative to CEM for several reasons. The most important reason is that the RM approach is not customer-centric, consequently, RM activities that prior research suggests are relatively minor or unimportant, such as the handling of billing issues (a structural element), could actually result in ineffective allocation of relational resources if those areas are important to the customer. Furthermore, many RM activities are difficult to classify into one overarching category.

A potential shortcoming of CEM is that prior research on managing the customer experience (Meyer and Schwager 2007; Rickard 2006) has focused more on identifying customer experience touchpoints and then determining those areas where the manufacturer is under-performing, rather than on conceptually arranging those touchpoints along focal outcomes other than satisfaction (c.f. Rickard 2006). Therefore, the customer experience approach, while important in addressing performance gaps, does not provide sufficient guidance to theorize how potential touchpoint activities interact, or how they might influence the behavior of their resellers. To understand how touchpoint experiences might be driving different relational and behavioral outcomes, the CEM approach of examining touchpoints could be refined to reflect how different types of

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touchpoint activities might affect engagement. Using this approach, reseller-identified touchpoints are aligned with the appropriate/potential effect on engagement, rather than simply being classified as structural, financial, or social. In this vein, structural investments whose essential function is to make mundane activities easier to perform, such as straightforward billing procedures and streamlined ordering systems, will affect the cognitive component of engagement, but will not necessarily motivate resellers to "go the extra mile" (Kumar, Hibbard, and Stern 1994) for the manufacturer. Pricing and other financial RM activities perform a similar function—they make it easier for a reseller to sell routine products with less effort. Put another way, most financial RM activities help resellers in the performance of the day-to-day activities, much in the same way that reducing hygiene factors (Herzberg 1968) would minimize those aspects of work which make it unpleasant or dissatisfying. When we consider the role of touchpoint experiences together with their role in shaping work-related activity for the resellers, there are two hypotheses which emerge. The first is that touchpoint experiences that center on more routine and mundane tasks, such as those associated with financial and structural RM investments will drive cognitive commitment (the cognitive component of engagement). The second is that cognitive commitment, because it is centered on routine reseller activities, will lead to higher levels of satisfaction and will also lead to higher sales of low-complexity goods, which I define as those which do not require specialized knowledge or skill to sell or to install.

Hypothesis 1a: RM activities focused on improving day-to-day business

operations, such as price incentives and structural

investments, will lead to cognitive commitment.

Hypothesis 1b: Cognitive commitment will be a significant driver of

affective commitment.

Brand Attitudes and Trust. Another important consideration in

relationship marketing, which has been relatively overlooked, is that of the brand

itself. On the one hand, brand equity can have different effects on a firm's

performance, depending on the type of governance. Firms with strong brands can

benefit from using a market governance approach, while firms with lower brand

equity are better off using a relational approach with their resellers (Ghosh and

John 1999). On the other hand, it has also been found that a poor relationship

between channel partners can undermine the value of a brand (Lassar and Kerr

1996). This can manifest itself in several ways. A reseller might simply provide

less space for one brand over another (Buchanan et al 1999), might recommend

another brand when consumers are making purchase decisions, or might be

unwilling to perform product-related services for that particular brand. This

diminution of brand equity might have come about because the focal firm has not

allocated enough structural resources to improving the capability of its reseller

network, because it has not provided social contact through its salesforce, or its

pricing might not be sufficient to generate profit. While some research has found that brand attitudes can affect recommendations (Baldauf et al 2003), price and competition influence reseller behavior as well. Thus, a challenge for firms is to provide the appropriate resources to its channel partners, while bearing in mind that the strength of the brand itself is an important consideration. The pattern of results found in prior research does not provide a tremendous amount of guidance, but it is clear that brand equity can influence outcomes for both manufacturers and their channel partners.

Although reseller satisfaction is a central construct in channels research (Geyskens et al 1999), it is difficult to imagine the brand itself causing reseller satisfaction that cannot be linked to price or similar non-relational factors. Even research that has found that firms with stronger brands can have better long-term relationships does not disentangle the effects that are attributable to loyalty, rather than to satisfaction with past profitability (c.f. Anselmi 2000). Thus, it is important to view brand equity, as measured by brand attitudes, as a means through which channel partners develop loyalty to the brand over time. In this vein, brand equity serves as a moderator of the link between cognitive and affective commitment. Because weaker brands might need to use more relational tactics (Ghosh and John 1999), resellers might not be as amenable to the relational overtures of these brands. This would be consistent with findings based on the Persuasion-Knowledge Model (Bearden, Hardesty, and Rose 2001; Kirmani and Zhu 2007), which suggests that influence tactics that are perceived as being

disingenuous will tend to backfire. This carries the additional risk of alienating consumers to the point that they will violate reciprocity norms to alleviate cognitive dissonance (Pritchard, Havitz, and Howard 1999). Thus, it is very likely that brands that are viewed negatively will benefit very little from their relational activities, relative to their competitors (c.f. Lewicki, McAllister, and Bies 1998). This is also consistent with prior research that has found that resellers are less likely to pass on the financial incentives (reseller discounts and the like) to their customers (Blattberg and Wisniewski 1989). Furthermore, research has demonstrated that the market orientation of manufacturers significantly predicts the reseller's commitment to the exchange relationship (Siguaw, Simpson, and Baker 1998). Taken together, these findings suggest that brand attitudes also engender trust, be it trust that the manufacturer's relational overtures are meaningful, or trust that the product will perform as promised, or trust that the consumers will be interested in the product. For resellers to be willing to take risks for a brand, such as to recommend it over other brands, or to be loyal, they must have confidence in the reliability and integrity of the brand. A similar conception of interpersonal trust, as having a cognitive component that is rooted in the reliability and dependability of others, has been noted in the managerial literature (McAllister 1995). This cognitive-based trust acts as a basis for developing deeper, more intrinsically-valued work relationships (Pennings and Woieceshyn 1987). Because trust in this setting will be linked to both the quality of the product over time, (and hence the predictability of the market offerings of

the firm) and to the shared history of the relationship between these business partners, the nature of trust seems to be one of projecting cognitive commitment into the future. This trust will also be based on the quality of the products offered over time. Thus, I expect trust to be related to both affective commitment and to be influenced by cognitive commitment, and I would expect product quality to be related to both cognitive commitment and to trust. This leads to the next hypothesis, that trust and positive brand attitudes are a crucial component controlling the degree to which cognitive engagement will become affective commitment.

> Hypothesis 2a, 2b: Product quality, based on measures of brand attributes, will be a significant driver of both cognitive commitment (H2a) and of trust (H2b).

Social RM programs are those that actually entail interacting with the reseller on a personal basis (Palmatier 2008b). Typically, social RM activities involve interpersonal activities, such as taking resellers to dinner, or providing training seminars to preferred resellers at resort destinations. An advantage of these social activities is that they engender personalized relationships between the reseller and the salesperson, leading to relational bonds are stronger than those that would result from impersonal, firm-level activity (Palmatier 2008a). Furthermore, these personal interactions also allow salespeople to exact relational "debts" directly from the reseller—the personal appeal of the salesperson is likely much more influential than the impersonal requests of the firm. From an

engagement perspective, social relationship marketing activities increase the affective engagement, rather than the cognitive engagement, of resellers.

There is also strong support for the differential benefits of affective commitment over cognitive commitment in the cognitive psychology literature. Zajonc (1980), in a seminal review, built a logical and empirical case that cognition and affect operate on separate systems. There are two key arguments which are relevant here; the first is that affective judgments are extremely difficult to change, because they are more basic and more rooted in the self. Cognitive judgments, on the other hand, tend to be based on attributes and features, which leads these types of judgment to be changed by arguments focused on those attributes and features (Petty and Cacciopo 1986). A perfect example of this affect/cognition dichotomy is the concept of salesperson-owned loyalty (Bendapudi and Leone 2002; Palmatier, Scheer, and Steenkamp 2007), whereby salespeople who have personal relationships with customers are able to "take" those customers with them when they leave their firms. This loyalty tends to belong to the salesperson even though it is ultimately the firm that pays for these relational benefits, such as financial incentives and structural investments that are given to the customer. The relational advantage of affective commitment over cognitive commitment is further demonstrated by the fact that the interpersonal relationships between channel partners (interpersonal) are more effective at building both loyalty and generating positive financial returns than are the relationships that exist at the firm (inter-firm) level (Palmatier, Scheer, and

Steenkamp 2007).

The second argument is that affective judgments are difficult to verbalize,
relative to cognitive judgments (Zajonc 1980). This is manifested by the degree
to which satisfaction, a cognitive calculation process of subtracting the rating of
the expectations of an experience from the rating of the actual experience
(Johnson and Fornell 1991; Oliver 1980), often fails to predict important
relational outcomes such as loyalty (Reichheld 2006), which is essentially an
affective judgment. Because of the need for reciprocity (Cialdini 2001), affective
judgments are likely to be reciprocated in ways that are more affective in nature.
For example, having a personal relationship with a manufacturer's salesperson
would likely result in an outcome that is based on expressing loyalty or
commitment to that salesperson, such as by resisting the sales attempts of
competitors (De Wulf, Odekerken-Schroder, and Iacobucci 2001) or by
recommending that manufacturer's products to customers who are having
difficulty making a purchase decision. Furthermore, this helps to explain why the
outcomes of social RM activities provide benefits that are difficult for other firms
to duplicate (De Wulf, Odekerken-Schroder, and Iacobucci 2001) and why they
provide returns of 180%, which is a substantially higher rate of return than other
types of RM activities (Palmatier, Gopalakrishna, and Houston 2006). It should
be noted that these returns are likely based on smaller expenditures, and it is
likely that for most firms the expenditures on structural and financial activities far
outweigh those on social activities. Thus, social RM activities do not represent a

sine qua non of RM activity, but rather they allow firms to make their relationships with resellers more meaningful and intrinsically valuable. This underscores the value of affective engagement that I hypothesize to be derived from social RM activities—the benefits of social RM activities also lie in their capability to create recommendations and to inoculate resellers (c.f. Petty and Cacciopo 1986) against competitors' brand messages and advances. Once a salesperson has established a relationship and garnered the affective-based trust of the reseller, the reseller will value the relationship more, will be concerned for the salesperson's well-being, and will be willing to make future emotional investments in the relationship (Pennings and Woiceshyn 1987). Thus, the true value of social RM activities will likely be underestimated unless the word-of-mouth and other affective engagement related outcomes are considered.

In this vein, another important question is that of competitive influence on relational and recommendation outcomes. As noted previously, little research has examined the role of competition among different manufacturer's brands for the relational resources of resellers. While prior research has demonstrated that firms will attempt to allocate relational resources differently depending on the quality of their brand and their relative standing to competitors (Lewicki, McAlister, and Bies 1998), the impact of competitor touchpoint experiences on relational and loyalty outcomes is still unknown. Another challenge for resellers who provide products and services for an array of brands, is that of organizational capacity allocation. Understanding the role that affective and cognitive commitment play

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in how firms make decisions about which relationships are worth building on is therefore an important question.

Given the knowledge orientation required to provide service (Vargo and Lusch 1994), and because service functions typically have lower profit margins (Sawhheny, Balasubramanian, and Krishnan 2004), resellers assume a great deal of risk in providing support services for a manufacturer. They must allocate considerable time learning how to provide service and they must provide the personnel to perform the service. Manufacturers, on the other hand, must commit to allocating the social and structural resources necessary to cultivate the relationship with the reseller and provide them the training to provide service for their product. The manufacturer takes a risk in that the level of service provided by the reseller impacts the way in which the brand is perceived by consumers to a certain degree (Berry 2000). Results from Essay 1 also demonstrated the importance of service in creating the customer experience and influencing brand attitudes, but it also showed that performing service on a poorly-perceived brand can be detrimental to the reseller's reputation as well. Given these concerns, the degree of coordination required to provide effective service requires a high degree of affective engagement from the reseller. Because affective engagement entails a motivation to "go the extra mile" and to feel emotionally involved in work, it is likely that reseller firms (and their employees) that are high in affective engagement will have both the organizational slack and the motivation to sell high-involvement products and services. Furthermore, because engagement also

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leads to a strong service climate (Salanova, Agut, and Peiro 2005), these resellers

will most likely provide service successfully and profitably. The avionics market

is particularly interesting, in that the majority of the products offered by resellers

require installation by certified mechanics who must sign-off and file paperwork

to that effect with the Federal Aviation Administration. This reasoning leads to

the final hypothesis, that affective engagement will exert a significant effect on

willingness to recommend one brand over another.

> Hypothesis 3: Affective commitment will lead to loyalty, as measured by
>
> willingness to recommend one brand's offerings over another.

Research Setting

The research setting for this study is the dealership/reseller (henceforth

referred to as dealer) network of a large multi-national firm. This overarching

firm (henceforth referred to as the focal firm) manufactures goods and provides

services in many settings and for many industries and agencies. I am specifically

focused on those dealers in the general aviation business. These dealers must go

through a qualification process, which requires both a minimum purchase and an

orientation visit with one of the firm's salespeople. These dealers do not sell the

products of this overarching firm exclusively—in fact, the dealers are operating in

what is essentially a duopolistic market, and all of the dealers in this study sell the

products of both brands. This provides a unique research setting because past

research in relationship marketing and in channels has tended to ignore the effects

of brands and brand equity on relational and financial outcomes. As such, I can provide more cogent insight into how different RM activities affect reseller engagement and outcomes.

The dealers in this study may also vary in the degree of complexity of the products and services that they offer. For example, some firms mainly sell handheld avionics units, which do not require any special expertise or installation, while other dealers are capable of performing installations of panel-mounted avionics equipment (analogous to installing the dashboard in an automobile). Furthermore, the focal brands differ in their approaches to performing repairs, such that some equipment is repaired exclusively by the manufacturer and some may be repaired by an authorized dealer. This allows for dealers to vary substantially in terms of organizational capacity, knowledge, and ultimately, engagement.

There are several advantages to this research setting. The principal advantage is that the existing relationship with the focal manufacturer allows access to specific financial data that is typically not available. Specifically, I can examine not only sales to each dealer, but can also ascertain the types of products sold to each dealer from the database of the focal manufacturer. Another advantage of this research setting is that the brands in this duopolistic market have different marketing strategies and differ in both how they communicate with consumers and how they conduct business with their channel partners. Finally, because of differences in consumer and dealer attitudes about the brand offerings,

which were demonstrated in Essay 1, I can make meaningful assessments of the impact of the focal brands.

Procedure & Analysis

Data for this project were gathered over several months and two phases. The first phase, following lengthy discussion with key informants over a period of several months, was based on depth interviews with five salespeople from the focal firm and with five avionics dealers. This sample represents roughly 20% of the salesforce of the focal firm, and roughly 1% of the dealer network. These participants were chosen by a high-level manager at the focal firm; additionally, dealers were selected such that dealers of varying size and capability were represented. The participants completed a structured interview by telephone, and each interview lasted roughly one hour. The structured interview questions are included as Appendix #. These data were analyzed using a grounded theory approach, and the findings were integrated with the preliminary interviews conducted in Essay 1 to generate a rough conceptual model of how dealers and the two manufacturers did business with their channel partners.

The purpose of the second phase was to conduct a quantitative survey with the avionics dealers. To this end, a quantitative survey was generated using the findings developed during the first phase. This survey is included as Appendix 3. The survey was administered by the third-party vendor used by the manufacturer, and was ultimately administered to the entire network of eligible dealers. Prior to

this, the survey was given to a key set of managers at the focal firm, to key avionics dealers, and to salespeople to ensure face validity, appropriateness of verbiage, and to verify adequate domain sampling of dealer touchpoint experiences. Minor changes were made to incorporate the suggestions that were made by these and other key informants. The final survey consists of questions about evaluations of the different touchpoint experiences, and includes scales that measure all of the core constructs discussed in this paper.

The survey was administered to a subset of the entire network of avionics dealers, which is comprised of 641 authorized dealers. Due to internal rules that prohibit administration of more than one survey per 90-day period, the survey was administered by the firm to a total sample of 200 avionics dealers. The survey was administered by a third party vendor; this same vendor administered the survey in Essay 1, and is the preferred vendor of the focal firm. To ensure maximum response rate, dealers who did not complete the survey were sent a follow-up e-mail after one week. This follow-up was sent out automatically by the third party vendor administering the survey. Additionally, those dealers who had not responded within two weeks by telephone to personally request their participation in the survey. Those dealers who agreed were sent another survey. This phone call represented the last attempt at making contact with the dealers.

Overall, there were 72 respondents, of which 62 were usable. This represents an overall response rate of 36%, which is relatively high given both the fact that the survey was administered online (c.f. Harmon 2006) and that the

survey took approximately twenty minutes to complete (Harmon 2006).

Moreover, this usable sample represents 11.2% of the entire network of avionics

resellers, which is much higher proportion of the target population examined in

social sciences research. The responses that were not used represented cases

where the respondent ended the survey after the relationship questions were

completed (4) and those companies that did not sell any other brand of avionic

(2), along with four cases where only a few questions were completed. Data were

assessed to ensure there were no significant differences between early and late

responders (Armstrong and Overton 1977) in terms of: the salesperson

administering their region, the natural logarithm of the sales figures of the

avionics dealers, the other avionics brand sold, and the type of services offered.

These tests were also used to ensure that there were no issues with non-response

bias (Armstrong and Overton 1977). No significant differences along these

criteria were found among survey respondents or among non-respondents.

   The data were assessed using a Partial Least Squares (PLS) regression

approach. The PLS approach is similar to a principal components analysis (PCA)

approach, rather than a common factor analytic (CFA) approach. The resulting

variables used in PLS, although they are called latent variables, actually represent

weighted linear composites rather than measures of covariation among variables

(McDonald 1996); for this reason the approach is sometimes called Projection

into Latent Structures (Wold 1985). The PLS regression approach was preferable

to structural equation modeling for several reasons. First, PLS is able to

accommodate smaller sample sizes better than SEM (Chin and Newsted 1999; Hsu, Chen, and Hseih 2006) in terms of its ability to generate predictive accuracy, although there is a slight downward bias to the estimation of path coefficients when using small samples in PLS. In this vein, results from Monte Carlo simulations have also found that PLS is much better suited than SEM for dealing with small samples containing correlated exogenous variables (Qureshi and Compeau 2009). Second, because PLS uses a principal components approach, the PLS factors are orthogonal by definition. Thus, the estimates derived will be relatively robust even when there is multicollinearity in the data (Cassel et al. 2000). For data dealing with satisfaction, loyalty, and purchase intentions, where multicollinearity is especially problematic, the PLS technique has been shown to be an effective alternative to SEM (c.f. Gustafsson and Johnson 2004). Furthermore, the path coefficients in PLS tend to be more robust than those generated in SEM, however this does come at the expense of not being able to compare models effectively. A final reason that PLS was used, rather than SEM, was that the theoretical model proposed is more exploratory in nature (Hinseler, Ringle, and Sinkovics 2009).

Results. Overall, the model accounted for a multiple R of 0.834 of affective commitment accounted for overall, and an overall multiple R of 0.561 for loyalty. The overall model is illustrated in Figure 4, and the specific loadings for all of the variables are given in Table 4. The general rule in interpreting these loadings is that only loadings of 0.200 or greater are considered to be robust,

showing that the touchpoint experiences, with the exception of the salespeople contact, were relatively significant. These results therefore provided support for all of the hypotheses. The effects of competitor touchpoints on loyalty was not large enough to be considered significant.

Discussion

The overall goal of this essay was to put forth an empirically tested model of reseller engagement that integrated the concepts of relationship marketing activities, the reseller customer experience, and their relationship with affective and cognitive commitment. To this end, this essay has demonstrated the role of touchpoint experiences of the reseller in differentially generating affective and cognitive commitment. Although this essay does not introduce any new concepts per se, this essay's real contribution lies in the fact that it has attempted to logically organize an array of constructs that are inconsistently used and not examined together. In particular, the relationship between cognitive commitment and affective commitment has been modeled inconsistently—modeling the relationship when the important reseller touchpoint experiences themselves are incorporated into the model provides insight for future model development. In particular, the role of product quality attributions in generating both trust and cognitive commitment represents an important finding, especially considering the lack of treatment of brand attributions in the Relationship Marketing literature.

Furthermore, by integrating the customer experience management approach with engagement, this paper provides a clear rationale for how and why

RM activities create positive relational outcomes. This essay also provides support for the idea that managing the customer experience should not just be a goal of brand managers, but that it should be a goal of channel managers as well.

Limitations and Future Research

Although the path estimates generated in Partial Least Squares analysis tend to be robust, the relatively small sample size does represent an important limitation to this study. The smaller sample size precluded testing the model across different types of resellers, which would have increased the value of these findings. Furthermore, the small sample size did not allow for the effects of individual salespeople to be incorporated into the overall model. As previously noted, the PLS approach has been called a "soft-modeling" approach (e.g. Falk and Miller 1992), because it does not provide sampling distributions of its key statistics. This "soft" approach does not allow for the analysis of random effects that would be required to answer such a question—this questions could only be addressed through techniques that require larger samples, such as hierarchical linear modeling (HLM). The HLM approach, because it must adhere to the "hard" assumptions of ordinary least squares regression, would likely overfit a model based on a sample of this size.

Another limitation of this study is that it did not include analysis of the actual income of the resellers. Although these data were available, without historical data and a breakdown of products and services sold, these data would have minimal probative value. Furthermore, a cross-sectional approach such as

the one employed in this essay would be highly endogenous, as firms that spend more would likely be more satisfied with their touchpoint experiences. Moreover, resellers that had earned significant amounts on services might be ones that made little money selling competitors' products. In fact, this issue came up in interviews with some of the larger resellers who, because they provided full-service avionics installation, did not allocate much time selling items that did not require professional installation. To address this limitation, future research should examine these relational and financial outcomes longitudinally.

In future research, another potential contribution of this proposed model would be to examine it in the context of service/relational failure. As noted earlier, conflict leads to both relational failure (Hibbard, Kumar, and Stern 2001) and to lower levels of economic and non-economic satisfaction (Geyskens, Steenkamp, and Kumar 1999). That relational failure could potentially be more detrimental (to overall financial outcomes) than relational success is beneficial is certainly consistent with prospect theory (Kahneman and Tversky 1979) and with the literature on service failure (Maxham and Netemeyer 2002). Because there is such a strong affective component of service failure (Zeithaml, Bitner, and Gremler 2009), testing this model's robustness by using it to explain how customers deal with negatively-valenced relationships (such as channel conflict or service failure) would be an additional contribution. Given the nature of my findings here, it is likely that service failures would likely affect cognitive and affective commitment differently, and would depend on the nature of the service

failure itself. For example, some of the interviewees expressed concerns with the product ordering system. However, some resellers addressed their complaints to their dedicated salespeople, while others called tech support. Although either scenario represents an opportunity for a failure to occur, this model suggests one outcome would affect cognitive commitment and the other would affect affective commitment. Therefore, testing this model in the context of service failure would be an important next step.

Chapter 4

THE ROLE OF COMMUNITIES AND SOCIAL NETWORKS IN

INFLUENCING PRODUCT ADOPTION AND THE CUSTOMER

EXPERIENCE

Problem Statement

Because of the typically fragmentary nature of the events and interactions

which coalesce to form the customer experience, understanding the events which

can shape the customer experience is a difficult and arduous process (Schmitt

1999; 2003). In particular, because the customer experience is formed by a

customer's response to both direct and indirect contact with a firm (Meyer and

Schwager 2007), events that are out of the control of the firm can influence the

customer's relationship with a product or brand. These instances of "contact

either with the product or service itself or with representations of it by the

company or some third party" (Meyer and Schwager 2007; p. 117), called

touchpoint experiences, constitute the basis of the customer experience. Although

manufacturers might consider the product itself to be the cornerstone of the

customer experience, research has shown that touchpoint experiences related to

the "softer" elements (those not related to the product itself) are often considered

to be more critical by customers (Rickard 2006). These softer elements could be

especially problematic when the informational and technical demands of

customers are higher than a manufacturer might predict. Moreover,

manufacturers might not be able to even ascertain what these softer elements

might be. For example, pilots often buy components of their cockpits one item at a time, which means that newer components must be compatible with different types of aircraft and with different components representing multiple brands.

In theory, purchase decisions are based on the more readily discernible factors such as attributes of the products in the awareness set and past experiences with equipment brands already or currently owned. However, one important element of the customer experience, which has not been thoroughly examined, is the influence of other customers. This influence comes through casual interactions, but it also comes through membership in brand communities, user groups, and other informal groups. These groups often form beyond the control of the firm, and so do not necessarily require the firm to allocate resources to develop user groups—though they must be monitored to ensure that these groups do not distort or destroy the brand's message or image (c.f. Thompson, Rindfleisch, and Arsel 2006). Despite this risk, a distinct advantage of these groups is the degree to which they can specialize to meet very specific customer needs by capitalizing on the applied knowledge that customers have acquired. Because consumers might come to rely on one another for information, rather than relying on the manufacturers promotional activities, a disadvantage is that the manufacturer might lose influence in the decision process.

Manufacturers thus face a dilemma—they do not always have the inclination or the resources to make their products usable across different platforms, but they still want their customers to use their products and to have

positive experiences that will ultimately lead to customer satisfaction and brand

loyalty. Customers, on the other hand, face their own dilemma. Despite the

loyalty that they might feel for a brand, customers must choose and use products

based on competing needs and goals. Customers often will look to others for

guidance on how to resolve the issue. The need for guidance is especially strong

in complex or technologically-driven fields, and the challenges customers face in

this domain are both relational and informational. One strategy that

manufacturers and customers alike have used to deal with these challenges has

been to build/join brand communities and user-forums/user-groups.

These different types of communities provide a very important medium

for shaping the customer experience. For customers, these communities provide

an opportunity to discuss and even celebrate their experiences with the product

(c.f. Schouten and McAlexander 1995), as well as an opportunity to gain insights

into how to deal with some of the technical issues associated with using the

product (McAlexander, Schouten, and Koenig 2002). For individual consumers,

these communities present not only a source of product information and product

support, they also provide an opportunity to interact with others and to be a part of

a larger community with similar interests. Thus, communities can satisfy needs

for belonging and enhance self-esteem (Tajfel and Turner 1985) as well as foster

positive evaluations of product experiences by encouraging members to

cognitively reframe their experiences (c.f. Cowley 1997). An important caveat

here is that consumers may need to join more than one community to obtain the

information they need—this may pose both a practical and identity-related obstacle for those who identify with a particular brand or product.

For manufacturers, these communities are important because they present the opportunity to build brand loyalty and to create positive perceptions about the brand and the product (McAlexander, Schouten, and Koenig 2002), as well as the opportunity to potentially foster oppositional loyalty against competing brands (Thompson and Sinha 2008). This loyalty might continue long after the product is no longer being produced (Muniz and Schau 2005). These groups/communities flourish as both face-to-face, or FtF, (Walther et al 2005) communities, such as the Harley Owners Group or HOG (Fournier et al. 2001) or Camp Jeep, and as virtual communities (Jones 1995) which use Computer-Mediated Communication, or CMC, (Walther et al 2005) such as the MacForum, or Sun's Java community (Williams and Cothrel 2000). To a large extent, the marketing research literature has also treated these different community media as being relatively similar, or has grouped the individual effects of each community medium together (c.f. Algesheimer, Dholakia, and Herrmann 2005).

Although researchers have stressed the importance of understanding the different social and spatial contexts of communities (c.f. Fischer, Bristor, and Gainer 1996; Granitz and Ward 1996; Muniz and O'Guinn 2001), there has been little research comparing these different community media (FtF vs. virtual) across important community-related outcomes, such as involvement, identification, and different aspects of brand loyalty. For example, based on the research discussed

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earlier in this essay on the differences between minimal groups (Tajfel et al 1970) and interdependent groups (Lott and Lott 1965), one might only expect differences across these types of communities to be a function of the degree of interaction among members. Thus, the type of group would be the basis for community context, rather than communication medium. Communications researchers, on the other hand, would make diverging predictions based on electronic propinquity theory, or TEP, (Korzenny 1978; Walther and Bazarova 2008), the importance of cues (Walther and Parks 2002), and Media Richness Theory (Daft and Lengel 1984; Lengel and Daft 1988). Because these community outcomes represent potentially important components of the customer's experience, an important research question emerges, "Is the customer experience shaped differently by FtF and virtual community membership?" To address this question, I propose conducting a study employing both qualitative (depth interviews) and quantitative interviews (survey) with 50 aircraft owners at each of four different airports in the metropolitan area of a large city in the Southwest.

Significance of the Research

It is generally accepted in the marketing literature that strong, personal, connections between individuals meeting face-to-face (FtF) are the most powerful means of encouraging product adoption and brand loyalty (c.f. Arndt 1967; Katz and Lazarsfeld 1955; Reingen et al 1984). Similarly, organizational communications researchers have claimed that personal communication is more

effective than computer mediated communication (CMC) for conveying complex, important, or insightful information (Daft and Lengel 1984; Lengel and Daft 1988), and for conveying social information (Dubrovsky, Kiesler, and Sethna 1991). This provides strong support for the assertion that FtF brand communities, such as those noted by Muniz and O'Guinn (2001) would create stronger loyalty among members than would online, or virtual (Jones 1995) communities. On the other hand, recent marketing research on virtual brand communities suggests that there would be high degrees of both brand loyalty and oppositional loyalty for these groups that communicate exclusively by computer (Thompson and Sinha 2008). Furthermore, researchers have suggested that CMC can foster relationships which are "hyperpersonal" and thus extremely effective specifically because they do not involve FtF interaction (Walther 1996). Resolving this theoretical conflict, as it pertains to brand communities, would represent an important contribution to the literature. The increasing use of communities by both marketers and consumers further underscores the theoretical and practical importance of understanding these types of communities and the brand related outcomes they foster.

This essay will also contribute to our understanding of how individuals integrate brand loyalty and community identification across multiple brands. Prior research on brand communities has tended to focus on a core brand or product in isolation. Although this has provided important insights into some of the benefits of brand communities for the core brand, there are many product

categories where brand loyalty or brand community membership is one of many

overlapping loyalties. For example, pilots might be members of one brand

community for an aircraft component (e.g. Garmin GPS unit), and members of

another based on their particular type of aircraft (e.g. Piper Cub owners group),

and yet another for their geographic locale (e.g. flying club based out of a local

airport). Similarly, an individual might own a Windows-based computer and be

an active participant in the Microsoft brand community, yet own an iPod music

player, which he feels is superior to the Microsoft Zune. Because brand

identification has been proposed as the key driver of continuing community

activity (c.f. Algesheimer, Dholakia, and Herrmann 2005; Bhattacharya and Sen

2003; Thompson and Sinha 2008), understanding how consumers integrate these

overlapping and potentially conflicting loyalties would inform both social identity

research and brand community research. This would also provide useful guidance

for brand managers seeking to retain the customers who have relationships with

other brands. Furthermore, because these brand communities may differ in their

potential influences on the individual, it is important to understand how members

of a community view their affiliation with the community. After all, the level of

affiliation with the community will affect the degree to which the community

exists for the individual. Thus, what is a community to some might simply be a

group to others, and so understanding the individual's psychological sense of

community will likely be an important contribution to our understanding of how

communities affect brand identification, brand loyalty, and social identity

theories.

Finally, because social identification theory has been used to explain the hypothesized link between community membership and brand loyalty (Algesheimer, Dholakia, and Herrmann 2005; McAlexander, Schouten, and Koenig 2002; Thompson and Sinha 2008), it is important to empirically test this crucial assumption. Furthermore, because research has not yet examined the effects of the type of community/group on the brand outcomes, understanding the impact of the group type and medium would be a significant theoretical and managerial contribution. Examination of overlapping community/group membership would provide guidance to managers as they attempt to build communities whose ultimate goal is developing brand loyalty. Moreover, because loyalty is often measured with what has been referred to as a "cocktail approach" (Söderlund 2006) it is important for both practical and theoretical reasons, to understand the different aspects of loyalty that are affected by brand identification, such as spreading positive word-of-mouth, providing positive recommendations, and adopting new products.

This essay is organized as follows. First, I briefly discuss the relevant literature on the customer experience, and then I briefly discuss the literature on social groups and brand communities. This brief review will examine some of the differences between groups and communities, and how these differences relate to elements of the customer experience. In this vein, I will also discuss the relevant literature on social networks and will introduce the psychological constructs

associated with membership in these different groups, networks, and communities. Then, I will briefly discuss the role that of the individual, and in particular, the role of identity in consumer behavior.

THEORETICAL BACKGROUND

Managing the Customer Experience

Understanding and properly managing the customer experience requires a seamless integration of all of the potential touchpoints that occur when a product is marketed, sold, or used (Meyer and Schwager 2007; Payne and Frow 2004; Schmitt 2003). As such, Customer Experience Management (CEM) focuses on the experiential components of using a product and then attempts to ensure that these touchpoint experiences are congruent with the desired brand image or brand experience (Schmitt 2003). These touchpoint experiences do not just focus on considerations about the product—a Boston Consulting Group study with one particular manufacturer found that the majority of the important touchpoint experiences were not even related to use of the product (Rickard 2006). CEM thus entails following the entire set of interactions that occur during the use of the product as well as those interactions that occur over the customer's entire lifecycle (Schmitt 2003). Thus, the customer experience is built not only on the instances of use of the product, but also on events related to the use of the product. The usage of a product may not always be consistent, but the customer will still have some summative evaluation of the product experience at any point in time (Bolton 1998). As such, CEM also requires an understanding of how the

touchpoints individually and cumulatively affect the customer's evaluation of the experience (Payne and Frow 2004). Although the issue is not generally considered, interactions with other customers could be influential in how customer's perceive the product and evaluate its performance. For example, individuals using a new avionics component might be more likely to blame themselves for initial usage failures (c.f. Meuter, Bitner, Ostrom, and Brown 2005), and individuals who interact with others may have their perceptions of the experience unduly influenced by the judgments of others (c.f. Asch 1951).

The process of managing the brand experience includes the underlying processes of managing the product experience and using experiential communication to help deliver the desired brand experience. Because communities can provide information on how to use a product in ways that make the product more relevant to the customer, these communities represent an important touchpoint, which helps to manage both experiential communication and to enhance the customer's product experience. Furthermore, because these communities often have large memberships, they can have a vast wealth of knowledge about the use (and uses) of a product, thus providing experiential possibilities beyond those conceived by the manufacturer, as well as providing additional guidance on how to use the product for maximum benefit. Finally, managing the customer experience requires integration of touchpoint experiences (Schmitt 2003). From an informational standpoint, activities such as participating in a virtual community provide a powerful means of fostering a beneficial

integration of touchpoint experiences by enhancing the use of the product and providing support related to the use of the product.

Groups

A fundamental question which underlies social identity theory is the extent to which individuals recognize individuals, including themselves, as parts of groups that have some meaning to them (Turner et al, 1987). There are three major theoretical perspectives regarding the definition of a group. At the most basic level, early researchers suggested that the group was purely a mental construct, and as such, a group was merely a collection of individuals (Allport 1924). From this perspective, there were no synergistic properties of groups, thus the whole of a group's value could never exceed the sum of its individual members. A competing perspective at this time was the notion that groups were collections of individuals who essentially behaved in a collective manner that was independent of the individuals (McDougall 1921). This perspective requires that groups be examined apart from the individuals who comprise them, and as a corollary, that the values of the group can essentially transcend those of the individuals within the group (Turner et al. 1987). The third major perspective of groups was that groups have emergent properties which result from an interaction of the members of the group and the group as a collective (Sherif 1936). This interaction is powerful, and is able to exert a strong influence over members of the group (Asch 1951; 1952; Turner et al. 1987) and is the basis for the interdependence which is the hallmark of a group (Merton 1968). This

perspective of the group is the dominant perspective in the social identity

literature (c.f. Tajfel and Turner 1979), with a key implication of this perspective

that individuals incorporate aspects of the group into the sense of self and into

concomitant behaviors (Turner et al 1987).

Understanding how aspects of the group, such as norms, values, and

biases, are incorporated into the sense of self has been a challenge for researchers.

Interdependence has been the most frequently noted means by which this occurs,

and is generally defined as individuals being mutually and physically responsible

to one another, and sharing a common set of values around which the group is

centered. Using this reasoning, a true group does not exist if there is not a sense

of mutual dependence among the members (Cartwright and Zander 1968; Merton

1968), nor does a group exist where there is not direct communication between

members of a group, which is the basis for interaction. Although this issue will

be discussed later, it is important to note that for a considerable span of time, oral

communication was the primary basis for group communication. Thus,

understanding the importance of communication itself in communities is

important, because groups can exist across different media, and so the impact on

the customer's experience might differ as well as a function of the different types

of group/community media.

While interdependence is considered by some to be the principal criterion

of group formation, interdependence does not always manifest itself in some

groups (Tajfel 1970). Although these groups do not necessarily have the

cohesiveness and the intrinsic connections among members, they still exhibit

strong norms and influences over individual group members (c.f. Reingen et al.

1984). These groups are generally referred to as minimal groups (Tajfel 1970),

and these minimal groups still display some biases towards other members of

their group, and will preferentially allocate resources to their fellow group

members (Tajfel et al. 1971). This bias in behavior seems to be based on a

perceived similarity to minimal group members, rather than on interdependence.

This has led some researchers to assert that this sense of group identity, called

social identity (Tajfel 1978; Turner 1982), provides the basis for the biases and

the interdependence that occurs, to varying degrees, in groups. Taxonomies of

groups, from minimal groups, groups, to communities would therefore need to

incorporate the degree to which these groups can engender social identification

among its members. A challenge in this domain is often the size of the group

itself—obviously, larger groups would make it more difficult for individual

members to interact with a substantial proportion of the group in a meaningful

way, while small groups might not have the capacity to exact behavioral

outcomes that are of importance to marketers.

Collectivities

Apart from the concept of minimal groups, researchers have also put forth

the idea of collectivities, which are larger groups of people who share common

values or ideas, but who may not interact with one another or display any

interdependence with other members of the group (Parsons 1951). Although they

do not share the strong ties that would be seen in a group or community, they still

generate a "…diffuse sense of solidarity because of common norms and

values…(obligating its members to)…fulfill shared role expectations," (Clarke et

al. 1990, p. 203). In this vein, members of a collectivity still feel that they are part

of a larger group with relatively established norms and values, and they feel a

sense of similarity with other members (Clarke et al. 1990). However, the lack of

strong ties likely drives the frequent formation and dissolution of collectivities, as

well as the migration from one collectivity to another (Parsons 1951). This often

occurs because of changes in social status (Clarke et al 1990) or because of

changes in interests (Clark 1972), or because individuals are members of multiple

collectivities simultaneously and must allocate their time and other resources

across the differing collectivities. Furthermore, the norms of collectivities are

somewhat less salient than those of groups where there are more interactions

among members, and so there is also less social pressure to remain in the

collectivity. Thus, the impact of collectivities on the behavior of its members is

also diminished, relative to other types of groups (Clarke et al. 1990; Merton

1968).

Brand Communities

Brand communities are defined as "specialized, non-geographically bound

communit[ies], based on a structured set of social relationships among admirers of

a brand" (Muniz and O'Guinn 2001, p 412). These communities generally share

four distinct characteristics: a sense of social identification (McAlexander,

Schouten, and Koenig 2002), a sense of intrinsic connection with fellow members, shared rituals and/or culture, and a sense of moral responsibility to other members of the community (Muniz and O'Guinn 2001). These communities are important to marketers, because these communities provide a forum where consumers can spread positive word-of-mouth (WOM) about their products. This positive WOM need not consist only of the positive things one would say when evaluating a product or completing a satisfaction survey. Rather, this positive WOM can take the form of narratives and stories which serve to develop the product/brand experience as something that is sacred (Muniz and Schau 2005), as something that contains transformative power (Arnould and Price 1993). Because these narratives support a stronger memory trace than do descriptions of unique features (Craik and Tulving 1975), they also are more likely to be remembered by others as they attempt to integrate and understand their experiences with a product/brand. These narratives also serve to reinforce and to spread the emotional/affective components of product experiences that cannot be communicated through descriptions of a product's features or functionality. Moreover, because these narratives help individuals make sense of their product experiences, they provide an important means of influencing the customer's summative evaluation of the product. (c.f. Cowley 2007). Because this summative evaluation of the product influences the degree to which incremental experiences are assimilated, the narratives and the experiences shared within the community can bolster the firm's and the brand's reputations if and

when failures occur.

Brand communities can also be an end unto themselves—brandfests (Schouten and Alexander 1995; McAlexander, Schouten and Koenig 2005), for example, can foster experiences which can essentially transcend the quotidian product/brand experience (see Arnould and Price 1993; McAlexander and Schouten 1998). These powerful experiences create and strengthen interpersonal ties among community members, further enhancing the affective strength of the brand, and potentially leading to emotional and behavioral attachment to the brand (Ehrenberg 1988). This attachment is bolstered by the selective exposure to brand information that these communities foster (Muniz and O'Guinn 2001). Specifically, members of these communities tend to communicate positive information about the brand/product because they are more likely to be "hard-core" enthusiasts of the brand (Muniz and Schau 2005), and they tend to take an oppositional view (oppositional loyalty) towards the product/brand offerings of competitors (Thompson and Sinha 2008). This oppositional loyalty can lead to non-adoption of better products offered by competitors, and it also helps the members of the community to derive a sense of identification with the overall community. Thus, an important benefit for consumers, besides the enhanced customer experience that they derive by understanding how to use their products in more meaningful ways, is that the community provides a means of reinforcing the use of the product and the sharing of positive experiences about the use of the product. Understanding the role of identification with the product/brand, and the

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formation of a social identity for both the community and the individual within

the community, is thus a very important mechanism for understanding

communities.

Social Identity and Brand Loyalty in Communities

Social identity theory has been identified as an important paradigm for

understanding the importance that people place on being a member of groups

(Tajfel and Turner 1985; Hogg and Abrams 1988). Social identity theory

suggests that being a member of a group fills important self-esteem needs.

Specifically, belonging to a group also gives an individual the opportunity to

enhance his or her self-esteem by making contributions to the group's overall

validity or value relative to other groups (Abrams and Hogg 1988). When a

customer has difficulty using a product, and potentially faces doubt and

uncertainty related to the product purchased, joining a group serves to reduce the

uncertainty in the individual's world (Hogg and Mullin 1999). Additionally, by

becoming part of a group, an individual obtains additional guidance on how to

behave (through group norms), knows how others will likely behave and whose

opinions to value (through norms and hierarchies), and perhaps most importantly,

reinforces her own self concept through becoming part of a group (Hogg and

Abrams 1993). When this group is tied to a brand, such as in a brand community,

the brand can become part of the individual's identity (c.f. Muniz and O'Guinn

2001)—sometimes this can approach religious significance for the brand

community members (Muniz and Schau 2005). Being part of the brand

community also creates norms for behavior (Fielding et al. 2008): these norms can include brand loyalty behaviors such as making recommendations (Reichheld 2006) and stating high repurchase intentions (Anderson and Sullivan 1993). As such, brand communities have been suggested as a potential "Holy Grail of brand loyalty" (McAlexander, Schouten, and Koenig 2002, p. 38).

Social identification also causes the group and the members of that group to try to differentiate themselves from other groups, and to engage in activities which reinforce the distinctiveness and the entitativity of the group (Hogg 2003). The group creates some sort of outgroup, which must be different and inferior in some meaningful way to the ingroup. If this superiority is threatened, members abandon the group, become more extreme in their views towards other groups (Muniz and Schau 2005), or eventually purchase the products of a competitor (Thompson and Sinha 2008). The degree to which an individual identifies with the group will also enhance the differences that the individual is able to "see" between this ingroup and the outgroup (Algesheimer, Dholakia, and Herrmann 2005). As a consequence, the presence of oppositional loyalty will exert two strong effects on consumers in the ingroup. Because oppositional exists simultaneously at the group and individual level, community members can not only be expected to believe and to feel that their brand is better than other brands (Bhattacharya, Rao, and Glynn 1995), but also to believe that they are better than the people who buy other brands (Muniz and Schau 2005). These strong views about outgroups will also have a real effect on how information relevant to the

group's own status is processed, such that new information about rival brands' products will be assimilated with existing views about that group/brand (Hornsey and Hogg 2000). Thus, oppositional loyalty acts as a means of inoculation against the brand messages of competitors (Dick and Basu 1994).

Identification and Identity. A central finding of the literature on consumption and identity is that individuals engage in consumption in order to enact or bolster their identities (e.g., Belk 1988; Kleine et al. 1993). Therefore, consumption decisions represent investments in different identities in the pursuit of the various payoffs listed above. Since consumers are constrained by their financial resources and available time, they must inevitably make tradeoffs between various identities. One factor that helps shape these tradeoffs is the frequency an identity is enacted—the easier it is to enact an identity and the more that an identity is enacted, the more that identity is valued (Kleine, Kleine, and Kernan 1993; Goffman 1959). At the same time, there is competition for the identity resources of the individual (Bhattacharya et al. 1995), and so the tradeoffs that people must make in terms of investing in their identity across activities and organizations are both necessary and dynamic.

CONCEPTUAL FRAMEWORK AND HYPOTHESES

Customer Experience Management exists within the larger context of relationship marketing. The purpose of relationship marketing is to build a relationship with customers that allows for the development and maintenance of mutually beneficial, relational, exchanges (Morgan and Hunt 1994). The

relationship a firm has with its resellers and its customers will provide the basis for the customer experience, because the manufacturer creates the setting for learning about, purchasing, and otherwise interacting with the product. Relational marketing activities of the firm thus create customer touchpoints, and influence outcomes related to the customer, such as brand identification, as illustrated in Figure 1.

An important first question is whether or not membership in a brand community has an effect on brand identification, apart from the effects of any touchpoint experiences with the brand. Being a member of a brand community or a user community will likely enhance the customer experience by providing individuals the information they need to use their products more effectively, because of the prosocial nature of communities (Muniz and O'Guinn 2001). Effort justification also suggests that participating in a community will enhance evaluations of the experience (Aronson and Mills 1959; Festinger 1957). Furthermore, evaluations tend to be driven by the most recent or immediate experience (Hamilton and Sherman 1996; Lagnado and Sloman 2006), and so participation in a community will increase the likelihood that the most recent customer experience was positive because community participation supports the use of the product. Participation does not even have to be voluntary for participation to translate into repeat purchase behavior. A field study requiring participants to simply observe a community website from time to time produced a level of customer loyalty (measured in repeat purchases) that was equivalent to

the loyalty level of community enthusiasts (Algesheimer and Dholakia 2006).

Thus, joining a community provides informational, relational, and cognitive support to the customer experience in ways that are likely to be unique to community membership. These unique benefits allow for the brand message to be internalized to a greater degree, thus strengthening the degree to which the individual identifies with the brand. This moderation is predicted to occur regardless of the type or medium of the community. Membership in a brand community will moderate the relationship between evaluation of touchpoint experiences and brand identification such that community membership will produce significantly higher levels of brand identification only for those whose overall evaluation is positive. For non-community members, the level of brand identification will not be significantly influenced by evaluation of the touchpoint experience.

RQ1: Does membership in brand communities affect how individuals evaluate touchpoint experiences?

While positive product experiences are enhanced by being a member of a community, it does not necessarily follow that positive evaluations of a product or a brand experience will result in heightened identification with the brand or the community. Thus, the degree to which the consumer is involved in the community should be an important antecedent of brand identification. As noted earlier, individuals might be members of different communities based on the different products that they own, such as an iPod forum and a Windows forum.

Thus, the individual faces the challenge of identity negotiation (Swann 1987), which requires some resolution of these overlapping community memberships. This negotiation process is driven by the degree to which the community elicits or supports that individual's ideal self (Drigotas 2002). Thus, community membership's relationship with brand identification will be determined by the degree to which the community is important to the individual, and the degree to which the individual is able to integrate the community's values into his/her own identity. However, this will also be adversely affected by any oppositional loyalty: customers will therefore have to not only integrate community membership with an ideal self, but will also have to integrate conflicting loyalties as well.

RQ2. Does membership in brand communities enhance brand loyalty?

Another important question about brand communities is the extent to which the effects of community membership are based on the actual medium of the community. The seminal research on brand communities was ethnographic, generally qualitative and focused on face-to-face communities (c.f. Muniz and O'Guinn 2001). Later research expanded to include both a quantitative and qualitative focus, but still emphasized face-to-face communities (McAlexander, Schouten, and Koenig 2002). More recent research has shifted towards a quantitative approach and has included both virtual and FtF interactions of the same brand community (Algesheimer, Dholakia, and Herrmann 2005), as well as

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on brand communities that exist exclusively in the virtual arena (Goldenberg et al 2009; Thompson and Sinha 2008). One question, which remains unanswered, is whether one community medium is superior in terms of producing important brand-related outcomes for manufacturers.

There is strong support for the idea that FtF interaction would be superior in building loyalty. Reingen et al. (1984), for instance, found that interpersonal relationships were strong predictors of brand choices for members of a sorority. Offline communities also allow the opportunity for interpersonal relationships to form (c.f. McAlexander, Schouten, and Koenig 2002), and offline communities provide greater opportunity to use influence cues such as social proof (Cialdini 2001). Moreover, diffusion research suggests that individuals are more likely to adopt when they are exposed to individuals that are perceived as being highly similar to themselves, or homophilous (Rogers 2003). Community membership would bring together similar individuals and potentially foster strong interpersonal relationships that could lead to positive brand outcomes. Furthermore, network analysis, such as that conducted by Reingen et al. (1984), has shown that the strength of interpersonal relationships accounted for brand choices better than did exposure to the brand through similar others. In a similar vein, Brown and Reingen (1987) found that interpersonal exchange was more influential when the relationship (tie strength) was perceived as being stronger. Seminal work on the power of interpersonal influence by Katz and Lazarsfeld (1955) and Arndt (1967) further bolster the theoretical strength of interpersonal,

or FtF, interactions in building positive brand outcomes. In short, there is strong support from divergent market research streams that lend support to the idea that FtF communities would foster stronger brand identification than virtual communities.

Virtual environments have the capacity to provide a very negative experience. They are particularly prone to conflict—for example, social contagion might be more common in online communities (Thompson and Nadler 2002), because the lack of social cues can cause people to focus on the wrong parts of the message. This is considered the basis for phenomena such as e-mail conflict escalation (Friedman and Currall 2003). Because negative word-of-mouth tends to be retaliatory in nature (Wangenheim 2005), and because this negative information is also very influential (Huefner and Hunt 2000; Sen and Lerman 2008), some might argue that virtual communities are basically a source of negative information. This would not provide a strong basis for building a strong community. In FtF encounters, negative word-of-mouth tends to be attributed to behavioral intentions of the individual (Kelley 1973), and could potentially violate the shared norms of the FtF community (Algesheimer, Dholakia, and Herrmann 2005). Thus, the social environment of the face-to-face community provides more restrictions against providing harsh evaluations, while virtual communities provide greater opportunity and relative freedom from reprisal to foster negative word-of-mouth, because they are generally free of such constraints.

However, there is also support for the idea that virtual communities may have significant advantages over FtF communities. For example, virtual communities are more democratic in nature (Dubrovsky, Kiesler, and Sethna 1991; Walther 1996) and allow communication to be more direct (Walther and Parks 2002) and to foster accelerated relationship building (Hine et al. 2009). Social Information Processing theory (Walther 1995) suggests that virtual interactions are capable of producing stronger positive impressions than those produced by face-to-face interactions. This theory also suggests that virtual settings require more time for relationships to begin, but that these relationships can accelerate quickly (Hine et al., 2009; Walther 1995). This is also consistent with the "cues filtered in" perspective, which suggests that individuals, once they adapt to computer mediated communication, can actually incorporate richer affective and cognitive information than can be communicated FtF (Rice and Love 1997; Walther et al 2005). Furthermore, research suggests that the affective component of virtual communication is often given more weight than the same information conveyed through FtF communication (Rice and Love 1987).

At the same time, consumers tend to fear disappointment and regret more than they anticipate enjoying a product experience (Inman, Dyer, and Jia 1997), and so they are motivated to give negative information more weight, despite a lack familiarity with the source (Sen and Lerman 2008). Also, there is support for the idea that individuals are more likely to seek information about product adoption from others who are more heterophilous (Brown and Reingen 1987).

This would suggest that virtual communities actually have a greater impact on relevant behaviors than offline communities, because they are less geographically and temporally constrained than are face-to-face communities. Word-of-mouth effects (Katz and Lazarsfeld 1955) are also more likely to be present in an online community, by virtue of the degree of exposure to data that the internet allows, as well as the prevalence of imitators seeking information (Goldenberg et al. 2009). This high degree of imitation could be a by-product of the democratic nature of virtual communities, indicating that the status differences that often drive brand-related outcomes in FtF encounters are not as important in virtual communities. As such, there is strong motivation to be a member of a virtual community because of the potential for critical information—this motivation is reinforced by the communication in the virtual setting, which is potentially richer than FtF interaction. In line with the research on hyperpersonal communication (Walther 1996), and because of the rich informational aspects of virtual communities, the evidence seems to provide more support for the relative advantage of virtual communities in producing higher community affiliation, which results in stronger brand identification.

RQ3: Does the medium of the brand community (FtF or virtual) exert an effect on the community-based outcomes?

As noted earlier, there is support for a strong logical argument that identification is the means through which communities are able to influence brand loyalty. However, research has not explicitly tested this link, in part because of

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the difficulty in conceptualizing brand loyalty at the construct level, and in part because of the diverse nature of loyalty itself. Although there are many definitions of loyalty in the marketing literature (c.f. Aaker 1996; Jones and Sasser 1995; Sirdeshmukh, Singh, and Sabol 2002; Zeithaml, Berry, and Parasuraman 1996), loyalty still tends to be measured as a broad set of behaviors, as behavioral intentions, or as latent factors (Bloemer and Kasper 1995). This broad categorization includes making personal recommendations (Reichheld 1996), repurchase intentions (Anderson and Sullivan 1993), resisting the brand messages of competitors (Dick and Basu 1994), decision utility (Bolton and Reed 2004; Hsee 1999), price tolerance (Auh and Johnson 2005) or simply refraining from buying a competitor's product longer than other customers (Thompson and Sinha 2008). To address this issue, I propose using established measures of brand loyalty, as well as using a customer-centric approach (McAlexander, Schouten, and Koenig 2005) to generate additional measures of loyalty. This is important because the internalization of community norms and values is an important aspect of being a member of a community (Muniz and O'Guinn 2001; Sarason 1986). The norms of the community are then expressed through the rituals and activities related to the brand, and so individuals who identify with the community and the brand will engage in brand-related loyalty behaviors as defined by the community.

RQ4: Does identification mediate the relationship between the customer experience and brand loyalty? Does it create oppositional loyalty?

The nature of identification itself must also be examined. In this context, identification is tied to the individual's sense of identity. Identification then occurs when information from the outside world matches a valued identity of the individual (Ahuvia 2005; Belk 1988; 1989). Identity thus determines which events and information are capable of enhancing a valued identity, and it also guides individuals towards meeting identity needs. Identity researchers have identified several motives that determine whether or not these needs can be met. In the social identity literature, the concept of maintaining self-esteem (Hogg and Abrams 1988) and obtaining a sense of belonging (Vignoles et al. 2006) are frequently mentioned. Other researchers have also suggested that individuals wish to maintain a continuous or congruent sense of identity over time and across situations (Vignoles et al. 2006; Goffman 1959). Failure to maintain this consistency can lead to cognitive dissonance (Festinger 1957), which necessitates that the individual change either himself or his views to reduce the dissonance. However, individuals also have multiple identities which they must also try to keep relatively congruent as well (Roccas and Brewer 2002; Goffman 1963). One factor that should influence the degree to which identities are shifted or resources are allocated should be the associated payoffs for each of those identities. Some identities simply have more values than others to the individual, to the extent that some identities can cause emotional strife for the individual (Goffman 1963), while at the same time, the individual recognizes that another identity might increase the prestige and esteem that he experiences, thus increasing his

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willingness to spend resources on that identity (Goffman 1963). The work of Vignoles et al. (2006) has suggested that there are several key themes in the identity literature: self-esteem, contiguousness of self or continuity, distinctiveness, belonging, personal efficacy, and meaning. Thus, these themes comprise the focus of the final research question.

> RQ5: What is the identity structure of aircraft owners, and how do they maximize the payoffs from their prized identities?

METHODOLOGY

Research Setting and Participants

The purpose of this study was to examine the role of identity and community membership in helping to shape the customer experience, as well as to examine the potential reciprocal natures of these relationships. The data were gathered by conducting interviews with general aviation aircraft owners whose bases of operations are in the United States. Second, because this study also examines the impact of FtF and CMC community interactions, it was important to find a research setting where individuals would be equally likely to be able to communicate either FtF or through CMC or both. This setting was also chosen because research conducted for Essay I suggested that the aircraft represented an important prized possession (Belk 1988). Finally, this industry was chosen because there are few manufacturers in this industry, such that the majority of participants would own equipment made by multiple manufacturers, and would therefore be knowledgeable about the different product offerings available.

Research Design

This study was conducted in two waves. The first wave primarily consisted of reviewing the data from the previously conducted qualitative interviews, the quantitative results from Essay 1, as well as the open-ended responses provided by respondents to the quantitative survey discussed in Essay 1. The purpose of this wave was to verify the content validity (Cronbach 1990) of the conceptual measures proposed and to ensure that the language used would be appropriate to the participant group for this essay. These previously conducted interviews were also used to generate further insights into the customer decision process, such as types of community activity, non-formal groups, and to gain insight into how individual identity plays a role in the consumer decision process. These questions were not examined in the prior essays. These qualitative data were assessed using the general method illustrated in McCracken (1988); this assessment was particularly focused on potential themes which were generated spontaneously by participants to ensure that all potentially relevant themes would be examined in this study. The themes uncovered in these previously-conducted interviews were compared with the research hypotheses developed in this essay to assess the degree to which the research hypotheses (developed from the research literature) were supported by the participants' responses. The second wave of the study consisted of the administration of a depth-interview, which is included in Appendix 4. The depth interviews centered on developing and refining core themes based on community, identity, and the customer experience.

Methodology

   The constructs of identity, brand communities, and the customer experience were investigated through a series of qualitative interviews, conducted with multiple informants over a three-year period. Initially, I attended airshows in various locations and conducted brief interviews with aircraft owners in order to ascertain those elements of the customer experience that would shape brand loyalty and brand attitudes. These interviews served as the basis for developing a set of depth interviews as well as the quantitative research questionnaire used by the focal firm in Essay 1. Based on the results of these interviews and the results from the quantitative survey, a final questionnaire was developed. This questionnaire, included as Appendix A, contains several questions that center on each of the domains discussed in the literature review. A total of ten depth interviews were conducted for Essay 1, and fifteen informal interviews were conducted at a subsequent aviation-related activity to refine the language, wording, and domain of community-related aspects of the questionnaire. Then, ten depth interviews were conducted to explore the key constructs identified in Table X. Each interview lasted at least thirty minutes, with the longest interview lasting slightly under two hours. The differences in interview length was caused by the breadth and depth of each consumer's experience, as some of the individuals interviewed did not belong to any aviation-related communities. All participants/informants were pilots and owned avionics equipment made by one of the major avionics manufacturers, and all had flown within the past six months.

One informant was a professional pilot for a major airline and did not own an aircraft, while all other informants were aircraft owners who indicated that they were not employed as full-time pilots.   The purpose of identifying and interviewing one non-aircraft owner was to isolate those elements of the customer and identity experiences that might be unique to aircraft owners, as well as to establish a sort of baseline for the shared identity elements of being a pilot. Moreover, while aircraft owners are generally the target market for avionics products, the professional pilot has considerable experience using the avionics equipment made by all of the key manufacturers and has made recommendations about using different avionics equipment to other aircraft owners. As such, this informant provided critical insights to the identity of a pilot without some of the associated costs. As previously noted, the purpose of these interviews was to examine the role of identity in the customer experience. As such, findings are presented in terms of the important themes related to identity, the important themes related to the customer experience, and finally how these themes are linked.

Findings Along Core Construct Themes

Developmental Identity Findings. As noted during the literature review, the very concept of identity springs from the individual interacting with the environment (Goffman 1963). Thus, identity is shaped by the individuals with whom one interacts, but also by the individuals one actively chooses to interact with in order to maintain the valued identity. A unique feature of this group is the

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degree to which the majority have reached (Ericksonian stage) ego-identity.   In part, this is because these individuals are all relatively older, with an average age of around 60. As such, these individuals have had considerable time to develop, refine, and grow their identity as pilots. Furthermore, most of the participants have entered, or are nearing, retirement and so they tend to be thinking about their futures with less distraction. As one pilot put it,

> …I eat, sleep, and drink it (aviation). I mean it, to be honest. You look for things to live for and sometimes that actually pops up. And it's in your dreams and it's who you are.

Aviation and the pursuit of aviation-related activities filled a central role in identity for all of the respondents except for the airline pilot, with several participants linking the desire to fly with events from early childhood to early adulthood. One participant noted that he had flown once in the 6th grade and from that time forward started saving money to fly, a goal that he finally reached at the age of 40. They are also all at points in their lives where the strains of daily familial activity are removed, and so aviation can take a prominent role. In fact, only the airline pilot mentioned familial roles as being important, despite the fact that all respondents mentioned familial relationships in passing.

Identity Tradeoffs. Because of the importance of the identity, there was little explicit mention of having to make any real tradeoffs for aviation. In answering whether or not they ever had to choose between flying and another activity, the answer was unequivocally "no". At the same time, many activities of daily life were construed as obstacles to flying:

> …If it weren't for work or family, I would probably pass so

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that I could go flying. It may sound terrible but that's the way that it is (laughs).

Family, in particular, provided an important challenge to remaining a pilot and maintaining the pilot identity. Although there was little mention of divorce in this group, it was acknowledged by all of the respondents that aviation can be a very demanding pursuit, and one that can easily hinder other important activities. A particular limitation to other identities for these pilots was the considerable cost of aviation. Typical pilots in this group mentioned spending anywhere from 7% (low) to 50% (high) of their net income on aviation annually. Although income data was specifically not asked, only one respondent claimed to have not spent any money on his aviation identity, but to accomplish this feat, he opened up a flight school and rents out his aircraft during the week, and he teaches full-time at his flight school on weekends. From this vantage point, he has also been able to observe the tremendous costs that aviation can exact on relationships and family finances:

> I've watched a lot of marriages break up because of aviation…because it's definitely such a major life change that a marriage may or may not be able to adjust to it.

In this vein, one important activity that was universally interrupted by the aviation identity was family. Across all of the respondents, there was some regret and disappointment expressed in terms of time spent with family; interestingly, the power of the identity is such that this guilt is not as strong once the pilots are older and their children had moved out. Even the professional pilot noted, despite the tremendous amount of pride and satisfaction that he felt as a pilot, that the

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identity tradeoffs were difficult:

> I would choose audio engineering over flying in a heartbeat, because…my first priority and first association with myself in life is a father and a husband…I do love it (aviation), but I love…family more.

Although there was very little mention of aviation having caused undue strains in the personal lives of the pilots, there was a consistent acknowledgement that maintaining the identity of a pilot required dedication and sacrifice, and this tradeoff was consistently going to be made by sacrificing familial relationships.

> I kind of regret sometimes not being able to spend a little more time with my wife. My daughter kind of put up with it, but she later kind of came around and actually wanted to fly with me.

It should be noted that this was not always related to the financial costs of aviation and the pilot identity; after all, these are all very successful individuals. Instead, for most of these people the considerable cost of aviation was in time—this was time that could not be reallocated from professional pursuits and so instead came from family pursuits. A typical strategy, that all of the pilots with families mentioned, was to ask their families to share in the pilot/aviation identity. However, not all of the spouses and children were interested in aviation, and this created some tension. It also fostered a sense of disappointment in many of the pilots that their children did not take up aviation:

> I've tried to get my kids to fly. They don't dislike it, they're just neutral. You know, they could have gotten their flying licenses easily, they just didn't, just didn't get it. And I've said to them that flying is a metaphor for life…and if you learn to structure your life the way that you structure a mission…that's pretty rational.

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Identity Congruence & Investment. The lack of integrating multiple

identities did not pose a significant challenge for any of the respondents. As

noted previously, the very centrality of the pilot identity, as well as the prestige of

the identity, did not necessitate some of the identity protection noted by Goffman

(1963). This is important to note, as some elements of individuals' identities can

cause stigmatization in some settings but not in others. That there might be some

challenges to maintaining a congruent sense of identity did not appear to be the

case, and the sacrifices that the individuals made to maintain the pilot identity

tended to be ones that do not generally cause conflict across identities. In part,

the identity requires a considerable amount of wealth to maintain, and so career

success and personal wealth had to be maintained as well. The only other roles

that were left over were therefore outside of the job domain, where congruence

across identities is much less important (Goffman 1959). The only domains left

are those of personal relationships, even ones that should be valued, such as the

familial ones noted earlier. This sacrifice also exemplifies the degree to which the

identity of being a pilot becomes central to aviators and supersedes other

identities that they should not, given their own personal beliefs. It also supports

the assertion that conflicting, yet highly valued, identities are not always merged

in individuals (Goffman 1963; for a different perspective see Fombelle 2009), but

rather, they are maintained as hermetically as possible and guarded from spilling

over into domains where they might cause conflict. This creates conflict only

when the individual values both of the conflicting identities highly and must

confront these identities simultaneously. For example, one pilot noted the degree

to which the aviation identity interfered with his personal relationship with God

and his identity as a godly man.

> My identity as a godly man is important to me because it's
> important to God…So I don't normally bring those things
> (aviation) up. And I'm particularly slow to talk about them when
> I'm in my environment with church or Bible study, because I'm
> probably a little ashamed of it. I spend money (50% of gross
> income) doing these worldly pursuits. That maybe is in the
> category of a false God.

Identity Payoffs. Given the tremendous costs of aviation, it stands to

reason that there be considerable identity payoffs as well. The most frequently

cited payoff for aviation was the inherent love of flying and the tremendous

freedom it provides. All of the participants noted that they enjoyed being able to

travel essentially anywhere with greater freedom. It seems that the biggest payoff

comes in the value of the pilot identity itself in commanding the respect of others

and in helping to shape an identity of achievement and accomplishment.

> …I think it's added another dimension to my achievement in
> life…it structured me more as a person…with aviation I found
> something there, I found my kindred spirit…

Another way that the aviation identity can provide important payoffs is that it can

also meet unfulfilled identity needs. In particular, because the aviation identity

carries with it incredible status, it is likely that the pilot identity would be useful

in those with a high need for achievement (Murray 1938). One pilot expressed

this notion quite well:

> I work for a university, so I'm on a state job. There is limited

> growth potential here, and I'm not at the highest position, I'm not the person that runs the school. I'm just a small time manager…so I've got two different types of jobs and they are worlds apart…aviation is a completely different door to open.

For this individual, the role of the aviation is that of a compensatory mechanism. That a prized identity can fulfill needs that are not being met in the career setting has been noted in the literature on life satisfaction (c.f. Chacko 1983). In this case, the compensatory mechanism is an identity, which is a somewhat novel assertion.

Another important payoff is simply the enjoyment of flight itself, and this is something that cannot be overemphasized. Take for example this pilot, who is retired and acknowledged that he spends half of his disposable income on flying.

> I fly all the time and it's an extremely expensive aircraft to operate. I have no business flying it, really, except that I just love it. Because I have no mission, I have no payback.

Community Membership. Despite the strong sense of community among pilots, many of the pilots did not participate in any brand-related communities. Among those who did participate in communities, the majority of the pilots I interviewed were in communities or clubs centered around their particular aircraft type. What is interesting to note here is that because of a strong sense of generativity (Erikson 1959), many of the community activities were centered around teaching fellow pilots how to better pilot their aircraft, demonstrating the prosocial behavior that is one of the key features of communities (Sarason 1986; Muniz and O'Guinn 2001). A similar sense of community seemed to exist among the entire group of pilots, as many individuals specifically mentioned doing

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things for the good of the pilot community and noted there was a fraternity of pilots. It is likely that some of this sense of community comes from the sense of superiority of the pilot identity, such that non-pilots are an outgroup relative to the ingroup of pilots (c.f. Hogg and Abrams 1988).

One of the pilots noted that he lives in an aviation community, which is a planned residential area where all of the homeowners are required to own a plane and must rent or own hangar space at the community's airport. However, even this pilot has built community bonds beyond those in the immediate geographic area.

> …It's widened the scope of friendship that I have…beyond just the community that I live in, through our club and the internet…I've made some of them (friends) that I have never met face to face, but…it's like we know each other on a very personal basis.

FtF and Virtual Communities. Although there was empirical support for the assertion that there might be differences in community types, there was not a considerable amount of evidence to support this idea. In fact, many of the pilots spoke of these communities as though they were interchangeable. This might be because of the nature of aviation itself, as pilots can easily traverse the distances that virtual communities are designed to minimize. Furthermore, many of the pilots mentioned a phenomenon called "hangar flying", wherein they go to their hangar with the intent of flying that day, but instead spend their time hanging out with their neighbors. These relationships with fellow hangar owners become very important:

> I stopped by the airport to say "Hi" to my pilot friend there. If

it weren't for flying, I would never have met this guy. And he has taught me about flying, and he has also taught me about life.

The relationships formed online become important as well, but these relationships seemed to be more about maintaining contact with a community of specific aircraft owners, than about maintaining contact with specific people per se.

Loyalty and Oppositional Loyalty. There was very little evidence for loyalty to any particular brands, be it at the aircraft level or at the avionics level, that was tied to the overall quality of the products. There was an expressed consensus that all aircraft have their pros and cons, as well as a belief that aircraft choice was simply a function of the individual's mission requirements. Thus, the choices of aircraft reflect the identity of the individual pilots who own them. Loyalty was something that was given first and foremost to aviation itself, and to the "fraternity" of flying. In fact, several of the pilots had bought their aircraft from the factory, and when asked if they would buy the aircraft again, several of them said that they would not—they said that they would buy the aircraft used next time. However, among those who built their own aircraft, their was a strong sense of pride that came from building the aircraft and there was a consistent desire to build another one. In fact, one of the pilots had already built two, and had sold one of them in order to purchase another kit. What is interesting here is that the sense of identity and the loyalty that emerges seems to be a result of the tremendous opportunity for identity-expression that building one's own aircraft provides. There was also a sense among many of the pilots that brands were simply secondary to the flying experience and were not related to the pilot

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identity, and therefore were no longer important. Consider this response from

someone discussing the relative status of avionics brands:

> I think pride comes from the package. I think there's an element of pride there. And I think it's mostly false pride, but I didn't come to that conclusion until I'd flied a decade or so.

Despite the sense of community among that existed among owners of a

particular aircraft type, there was very little schadenfreude or making fun of other

brands as we might expect (Hickman and Ward 2007). The only times that

anyone openly criticized specific brands was when a brand was associated with

providing a hazard,

> Not to knock them, but if someone said that they're still flying with ***** radios…those radios were in the training aircraft I used 17 years ago…I'd kind of wonder why they haven't gotten with the times and bought more modern equipment.

Moreover, there was little expression of any specific pride associated with owning

particular avionics brands. However, when owning a particular brand elicited

pride, the pride was based on the identity benefits that owning the latest goods in

that product category provided (c.f. Rege 2008; Dupor and Liu 2003).

> I do feel proud when anybody, particularly a fellow pilot, looks into my airplane and sees the radio stack that I've got. They'll comment and say, "Gosh, I wish I had something that nice. It's a bit of satisfaction when a fellow pilot recognizes that.

It should be noted that there are expectations of loyalty and even oppositional

loyalty, it is simply that the aviators seem to feel greater allegiance to the

overarching community of pilots than they do to brands of aircraft or avionics.

This holds true even when the brand is one that they value tremendously. For

example, one pilot mentioned the problems it created when he was asked to help

form another community by people who had switched to a different brand of

aircraft.

> I was asked by the C**** people, a couple of which had moved up
> from their D**** to a C****. They asked me to help them in
> developing this Citation owners group. Some of the folks ay
> Socata had a little problem with my participation in that
> organization, and they frowned on it. And it's something that I'm
> sensitive to.

In fact, the only animosity uncovered in any of the interviews was oriented

towards groups that did not fly safely or that did not uphold the high identity

standards incumbent upon pilots. Interestingly, those who were particularly (and

willfully) negligent in following the rules of flying were not considered worthy of

friendship. For example, one pilot discussed a flying group that flies in formation

but does not require any prior training or practice beforehand:

> …there's a bunch of people around here who are pilot friends
> that…I'd just as soon not be in the same sky with. So, I'm not
> close friends with them.

Customer and Brand Experience.

There was consistent agreement among the pilots that their overall

customer experiences were relatively positive, and they were all generally well

satisfied with the aviation and avionics purchases they had made. There were

several pilots that simply could not recall any negative customer experiences.

> I have to say that…the fraternity of pilots is such that we are
> always treated very, very nicely. I have never been treated
> unpleasantly.

Furthermore, there was also a feeling that avionics brand themselves do not

enhance the pilot identity enough for the differences in brands to be meaningful.

Instead, the value of the brand seems to be in its ability to indicate that your

console is up to date. For example, one pilot mentioned overhauling his cockpit

to include many components of his preferred brand:

> …when I bought the plane it was entirely Brand A radios. The fact
> that I've evolved now and that majority of it is Brand B, it
> indicates that I've stayed up with the time and progress. My
> number two radio is still Brand A, so I rely on that just as I do any
> other piece of avionics.

The professional pilot, who does more flying than anyone else in the group, put it
rather succinctly:

> I think with any avionics, once you learn it, it's pretty easy to use.
> A couple of things here and there you wish you could do, or wish
> that it didn't do, but otherwise you get used to it, no matter who
> makes it.

Part of the problem might simply be that the avionics firms are not attempting to

build or strengthen the customer or brand experience. Instead, communities built

around aircraft are doing the work of customer experience management. Many of

the positive experiences are being created by pilots who organize flying clubs and

arrange for fly-ins and the like, but only for owners of a specific type of aircraft.

These relationships enhance the flying experience, but they also create strong

bonds among the members. For example, one pilot who started a virtual

community for his aircraft brand mentioned the strong ties that he still had with

some of the pilots who had to sell their aircraft.

> …financially, they've had to sell their airplane and get out. It
> makes a comment about loyalty, that many of them will

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> continue to be part of our discussion forums even though they no longer have the airplane. I think that loyalty, particularly to the ***** brand, just keeps us all bound together.

Because the communities do fill this important role, it makes intuitive sense that the aircraft brand communities would exert such an influence. In the first essay, I had examined the role of avionics dealers in shaping loyalty—in this audience, it seems that the loyalty is simply oriented towards the aircraft. One potential takeaway from this might be that avionics dealers do not play an important role in inculcating the loyalty and the identity which seem to shape the pilots' feelings about the different avionics brands. One pilot, speaking of his best customer experience, illustrated these points while discussing his most recent aircraft purchase, which he considered to be his best customer experience, in large part because of what he got out of it:

> …the training I got was with ****, with that plane. I've been flying for 50 years, in near everything from ultralights to 414 Cessnas. The training that they put together, in order to get your certificate, I came out a substantially better pilot. Substantially better.

DISCUSSION

There are several general conclusions that can be drawn from the interviews. The first, and most evident from the interviews and thematic analysis, is that identity plays a pervasive and active role in influencing the customer experience of pilots. Perhaps more importantly, the role of identity is that of a mediator of the customer experience. Thus, managing the customer experience will only have value inasmuch as it reinforces or supports the prized identity

of the pilots. Previous research on the customer experience (c.f. Schmitt 2003) has centered on the experiential aspects of consumer experiences, such as developing customer interfaces and designing a brand experience (Schmitt 1999; 2003). While aspects such as these are clearly important in terms of generating positive product experiences, not all experiences are created equal. Instead, there seems to be a hierarchy to those elements of the experience that are important. The aircraft, which is the most central component of the pilot identity, seems to play a larger role in shaping the customer experience. The type of aircraft owned gains this centrality because is helps to shape the types of experiences and interpersonal interaction of the pilots through communities, friendships, and the physical neighborhoods in which the aircraft are stored.

The centrality of the aircraft and the pilot identity is especially important when we consider that the avionics equipment were actually the focus of this research. In particular, the important and valuable aspects of brand loyalty, such as oppositional loyalty and repurchase intentions, did not seem to be centered on the types of avionics purchased. Rather, they were centered on the aircraft brands. Community membership did not seem to enhance the experiential value of the avionics brands to any considerable degree, and this also did not engender the oppositional loyalty found in some brand communities (Thompson and Sinha 2008; Hickman and Ward 2007). However, these pilots also mentioned that they were willing to help remediate this problem by providing training and guidance to the errant members of these groups. This pro-social behavior further reflects the

nature to which identity, and therefore sense of community, is oriented around the aviation identity and not around avionics brands. Instead, there was only evidence of loose collectives, where interpersonal friendships and proximity were the most important rationales for these small groups.

Another key implication of these findings is that there are limits to the effectiveness of customer experience management, and that this limitation is going to be based (in a worst-case scenario) on the centrality of the product in the consumer's identity, or at a minimum the extent to which the product can support an important identity. Based on these findings, even brand communities focused on avionics equipment would have little effect on the customer experience for this group. This does not mean that the communities would not have value, but rather, their value would be based on the information and expertise that they provide. Unfortunately for the avionics manufacturers, it appears that this need is already being met by the more identity-central aircraft groups and by the more neutral product-rating publications. These findings are also somewhat inconsistent with research on the phenomenon of "keeping up with the Joneses" (, whereby consumers use their product purchases as a means of establishing and enforcing identity within communities (c.f. Ouwersloot and Odekerken-Schroder 2008; Veblen 1899). This finding adds further support to the assertion that the avionics brands are not yet meeting identity needs of pilots, and so there is no opportunity to use their avionics purchases to gain status within the aviation community. Belk (1988) once pointed out the idea, "That we are what we have is perhaps the most

basic and powerful fact of consumer behavior." Thus, it would make sense that prized possessions might also compete for limited space within a prized identity.

An alternate explanation for these findings might also be that there has been no concerted effort among any of the manufacturers or resellers to shape a customer experience. For example, none of the major avionics brands have any real brand communities, and the manufacturers do not seem to engage in any community-building activities that might generate a better customer experience. The aircraft manufacturers are not much better in this regard—although there were indications of brandfests, any community-based flying activities seemed to be based on either local communities or on national-level communities. Moreover, while all of the major brands have a presence at these national events, such as EAA Osh Kosh, where the first interviews were conducted, these brands do little to organize their members in any particular way.

<div align="center">Limitations and Future Research</div>

One minor limitation of this research is that the interviews were conducted across aircraft owners who owned several brands of aircraft and avionics. It might have been perhaps more useful to try to isolate owners of a particular brand and then see if there were subgroups among them. In this vein, the different types of avionics equipment might become a means for members to differentiate themselves from one another. Given the complexity and specificity of each type of avionics equipment, these collectivities in the larger community might be an important source of knowledge for aircraft owners to further maximize elements

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of their aviation experiences. Another potential limitation of this study was that it did not center on the avionics dealers. Here, an approach might have been to examine the path-dependencies that the avionics dealers create. Given that much of the avionics equipment requires installation by a certified mechanic, the lack of a mechanic, or the preferences of a mechanic, might shape the shared knowledge that could be created. This would also make for an interesting area for future research.

Another are of future research would be to develop a multi-level model of relationship marketing. Research taking this tack would focus on a group of 20-30 avionics dealers and their relationships with the two dominant avionics manufacturers. This model would then examine the effect of dealer-manufacturer relationship quality on the customer experience of 20-30 avionics customers of each of these dealers. This approach would also allow for an investigation of the potential network effects of these avionics dealers as well, addressing the limitation noted earlier. Another area of future research might be to examine these identity-related issues in different community and identity contexts. Given the high degree of centrality of the pilot identity, it would be interesting to identify aviation products which are more central to supporting a larger identity. For example, there are communities geared towards high-end watches, and the identity of a watch-owner likely supports a more overarching identity of being a successful individual. Given that there are sites which ridicule other watch brands (Rolex is particularly noted as a brand for "poseurs" by members of other watch

communities), and by proxy ridicule the individuals who own them, we would likely see more acrimonious behavior across different owners' groups. We would also be more likely to see the brand communities shaping more of the customer experience, as the community and experience would both enhance the persona of success. Thus, investigating sense of community, loyalty, and oppositional loyalty in this setting might provide some theoretically interesting insights.

Chapter 5

OVERALL CONCLUSIONS

The purpose of this dissertation was to examine how the customer experience is shaped by the entire set of actors in the customer landscape. Essay I examined how customers, who must interact directly with avionics dealers and the focal manufacturers, derive brand loyalty from their experiences. This essay posited that affective commitment helps to shape the overall brand experience, while calculative commitment and trust helped shape evaluations of the product experience. These relational outcomes were in turn driven by the different touchpoint experiences of the avionics consumers. It is important to note that the investigation of the customer experience was extremely thorough and comprehensive, and included 3,964 evaluations, based on multiple-item scales, of manufacturer and dealer touchpoint experiences from a sample of 1,381 aircraft owners. Moreover, these data reflect customer experiences with manufacturers of both dominant brands in this market, allowing for an even more complete picture of the overall market than typical studies which center on one focal brand. The results suggested that for the focal brand, the activity of competitors does not seem to attenuate the value of touchpoint experiences in shaping affective commitment and loyalty. Additionally, the results supported the argument that product quality plays a significant role in building strong relationships, but that trust plays an important role as well.

To further the value and insights gained from this Essay I, Essay II

examined the customer experience of avionics dealers. This required development of a different set of touchpoint experiences, based on the interactions that the avionics dealers have with the salespeople of competing manufacturers, as well as the specialized interactions that the avionics dealers have with manufacturers in order to do business. Using a Partial Least Squares regression technique with a sample of 64 avionics dealers (representing 10% of the overall population of avionics dealers nationwide), the results showed the importance of the customer experience in shaping relational outcomes and in creating a willingness to recommend the products of one brand over another. This essay also showed that while competitors might be able to provide higher quality touchpoint experiences, relational outcomes and willingness to recommend are still largely based on product quality and on relational quality. A unique contribution of this essay was that it incorporated the concept of engagement into customer experience management, and touchpoint experiences were modeled based on whether they helped shape the cognitive or the affective engagement of the avionics dealers. Although the implications of this study are somewhat limited due to the small sample size, the estimation approach provides results that are quite reliable and robust. The results from this essay, while preliminary, suggest that this will be a promising area for future research.

The third essay examined the role of identity in shaping the customer experience. While the first two essays established the importance of the customer experience in shaping relational outcomes, the third essay examined the centrality

of the individual's identity in shaping the customer experience itself. To this end, the third essay examined the role of communities and brand communities in the customer experience, as well as investigating the degree to which individuals had to make tradeoffs to maintain the pilot identity. Based on depth interviews conducted with pilots across several airports, analysis showed that the identity of the pilot was extremely strong and was very central to the self-concept of these pilots. As such, the aircraft owner identity was the most important part of the customer experience, and brand communities played a minor role in the overall identities of these pilots. This suggests that an important limitation of customer experience management is the degree to which the customer experience enhances personal identity. For these aircraft owners, avionics brands were simply not that important, and so there were no real identity needs that these products could meet for this particular group. Thus, an important takeaway from this essay was that there are limits to the effectiveness of the customer experience, and this essay suggests that brand communities and customer experience managers should ensure that their efforts center on a salient identity of consumers that can be enhanced through positive product experiences. Taken together, these three essays show the complexity of the relational landscape and provide guidance on how to effectively manage the customer experience through strengthening touchpoint experiences. These essays also show that the customer experience must engage customers (resellers and consumers) and fulfill important identity needs in order to provide additional benefits for manufacturers and customers.

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For manufacturers wishing to create additional elements of the customer experience, it is clear that they must understand the identity needs of their customers and orient improvements in the customer experience around those central identity experiences.

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APPENDIX A

OPERATOR QUESTIONNAIRE

Segmentation Questions

1. Are you the sole owner of an aircraft, or are you sharing ownership with other individuals?

2. Do you have an instrument rating? Are you working on an instrument rating? Do you think that having upgraded avionics would make you more likely to obtain your instrument rating? Why/why not?

3. What brands of equipment do you have in your cockpit? Do you have a favorite/preferred brand? Which brand's equipment would you be most likely to replace if you could? What would be some of the reasons you would replace this brand?

4. Do you fly either for business or personal reasons exclusively? Which? If you fly for both reasons, how much do you fly for each reason?

5. How many hours do you fly per week/month/year?

Avionics Brand Loyalty, Perceptions, and Interactions Section

6. What avionics brands do you consider yourself loyal to / do you have a strong relationship with? In your own opinion, what behaviors would constitute brand loyalty (a strong relationship) with an avionics brand?

7. What role do recommendations play in your loyalty to these brands? Who makes recommendations to you (friends, dealers, fellow pilots, etc…)? Do you actively recommend select avionics brands to other operators? What influence do you think that these recommendations have on your behavior? On others' behavior?

8a. What comes to mind when you think of the following avionics brands:
  -Bendix/King by Honeywell
  -Garmin

8b. How would you characterize the Bendix/King by Honeywell brand? The Garmin brand?

9. What interactions or experiences do you have with avionics brands? What interactions or experiences do you have with avionic brand sales people? What interactions or experiences do you have with dealers? Other parties?

Upgrade/Retrofit/Modification (URM) Screener

10. Have you upgraded or retrofitted your cockpit within the last year? Yes, go to 12; No, go to   11.

11. Are you considering upgrading/retrofitting your aircraft's cockpit within the next year? Yes go to 20; No, end questionnaire and thank them for their time.

Recent Upgrade/Retrofit/Modification Section

12. Which brand(s) did you select? Which brand(s) were in your consideration set?

13. Please walk me through your decision-making process. If you were to divide the process into a beginning, middle, and end, what would be the key events at each step of the process?

14. What components of your cockpit did you upgrade? What were the important factors that you considered when making the decision to purchase avionics equipment?

15. Did salespeople or avionics dealers influence your decision? During what part of the decision process did they influence you? Please explain.

16. Did you do any research online, in magazines, or through peers? If so, please tell me about it. Did this research impact your decision? What was your motivation for doing research through this specific medium?

17. Can you tell me about the moment that you first started thinking about upgrading your avionics? What got the ball rolling, so to speak?

18. Have you ever recommended one specific brand over another? What were some of the factors that influenced this recommendation?

19. If you selected Bendix/King by Honeywell, have you ever contacted Bendix/King by Honeywell for customer support? How would you describe and or classify the experience?

Thank you very much for your time and your participation in this research project.

Considering Upgrade/Retrofit/Modification Section

20. What avionics components are you considering in your URM? What is your target timeframe?

21. What brand do you currently prefer for this URM? Which brands are in your consideration set?

22. Are there upgrades you would like to make right now that you simply cannot? What are the factors that are making it unfeasible to upgrade/retrofit your aircraft?

23. What are the most important factors that you are considering when comparing avionics equipment?

24. Have salespeople or avionics dealers attempted to influence you to think about getting your avionics upgraded? Please explain.

25. Did you do any research online, in magazines, or through peers? If so, please tell me about it. What was your motivation for doing research through this specific medium?

26. Can you tell me about the moment that you first started to consider upgrading your avionics?

27. Have you ever recommended one brand over another? What were some of the factors that influenced this recommendation?

APPENDIX B

OPERATOR QUESTIONNAIRE

Operator Questionnaire

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26. Can you tell me about the moment that you first started to consider upgrading your avionics?

27. Have you ever recommended one brand over another? What were some of the factors that influenced this recommendation?

APPENDIX C

LOYALTY/NPS

1A. How likely are you to recommend Bendix-King to a customer before any other brands?

0 to 10 scale with Neutral = 5
Not at all likely   Neutral   Extremely likely

1B. How likely are you to recommend Garmin to a customer before any other brands?

0 to 10 scale with Neutral = 5
Not at all likely   Neutral   Extremely likely

Brand Attitudes

2. How would you rate the Bendix-King brand in terms of :

THESE ITEMS ARE SCORED ON THE FOLLOWING SCALE

0 to 10 scale
Poor to Excellent

a. Offering cutting-edge products

b. Having products that are easy to use

c. Frequently offering new products

d. Being trustworthy

e. Having products that are rugged

f. Authenticity

g. Having products with high functionality

h. Offering products with first-to-market features

Pricing and Inventory Management

On the general aviation (GA) side of your business, let's consider all aspects of your financial dealings with manufacturers, including margins, rebates, credit terms, and any other financial incentives.

THE FOLLOWING SCALE WILL BE USED ON THESE ITEMS
0 to 10 scale
Poor to Excellent

3. How would you rate Bendix-King overall concerning its impact on your bottom line?

4. How would you rate Garmin overall concerning its impact on your bottom line?

5. How would you rate Bendix-King in terms of:

THE FOLLOWING SCALE WILL BE USED ON THESE ITEMS
0 to 10 scale
Poor to Excellent

a. Margins that they offer across their products

b. Rebate programs that they offer

c. Discount programs

d. Rebates and discounts

e. Your ability to capture the benefits of the incentive programs they offer (such as rebates and discounts)

f. Credit terms

Product

6. What is your overall rating of Bendix-King's general aviation product offerings?

0 to 10
Poor to Excellent

7. What is your overall rating of Garmin's general aviation product offerings?

0 to 10
Poor to Excellent

8. Considering the general aviation product offerings of the different manufacturers, how would you rate Bendix-King in terms of:

THE FOLLOWING SCALE WILL BE USED ON THESE ITEMS
0 to 10 scale
Poor to Excellent

a. The breadth of its product line from the customer's point of view

b. Availability

c. Innovativeness

d. Short lead times

e. Providing demo units

f. Making products that my customers specifically demand

Product Support

Now we would like you to consider the product and technical support activities of the manufacturers during installation and repair.

THE FOLLOWING SCALE WILL BE USED ON THESE ITEMS
0 to 10 scale
Poor to Excellent

9. How would you rate Bendix-King on overall product support?

10. How would you rate Garmin on overall product support?

TSE's and Salesforce

11. Specifically, how would you rate Bendix-King on:

THE FOLLOWING SCALE WILL BE USED ON THESE ITEMS
0 to 10 scale
Poor to Excellent

a. Having technical support engineers available to provide assistance

b. Providing technical support engineers during the installation process

c. Offering timely replacements through its exchange programs

d. Offering effective product training programs

e. Responding to your support issues with the appropriate urgency

f. Providing warranties that adequately cover repair/replacement costs

g. Completing repairs in a timely fashion

THE FOLLOWING SCALE WILL BE USED ON THESE ITEMS
0 to 10 scale
Poor to Excellent

12. What is your overall rating of the Bendix-King salesperson who serves your dealership?

13. What is your overall rating of the Garmin salesperson who serves your dealership?

THE FOLLOWING SCALE WILL BE USED ON THESE ITEMS
0 to 10 scale
Poor to Excellent

14. Specifically, how would you rate your Bendix-King salesperson on:

a. Frequency of visits

b. Helping you deal with lead time issues

c. Helping you deal with credit freeze issues

d. Providing potential customer leads

e. Providing sales support such as sales presentations

f. Interacting effectively with your employees

g. Having a good working relationship with you

h. Being someone you can trust

i. Having integrity

Relational Aspects

15. How would you rate your overall relationship with Bendix-King?

0 to 10 scale
Poor to Excellent

16. Specifically, how would you rate Bendix-King in terms of:

Relational Investments

a. Working hard to strengthen the relationship it has with you

b. Making significant investments in building a relationship with you

c. Devoting time and effort to its relationship with you

Trust

d. Being a company that can be trusted at all times.

e. Having high integrity.

Commitment

THE FOLLOWING SCALE WILL BE USED ON THESE ITEMS

0 to 10 scale
Strongly Disagree to Strongly Agree

17. Please rate the extent to which you agree with each of the following statements.

a. I am willing to go the "extra mile" to work with Bendix-King.

b. I have a strong desire to maintain my relationship with Bendix-King.

c. I view my relationship with Bendix-King as a long-term relationship.

d. I intend to maintain my relationship with Bendix-King indefinitely.

e. My relationship with Bendix-King is one that deserves my maximum effort to maintain.

APPENDIX D

OFFICE OF RESEARCH INTEGRITY AND ASSURANCE LETTERS

Office of Research Integrity and Assurance

To:	Michael Hutt BAC
From:	Mark Roosa, Chair Soc Beh IRB
Date:	03/01/2011
Committee Action:	**Exemption Granted**
IRB Action Date:	03/01/2011
IRB Protocol #:	1102006075
Study Title:	Aviation Related Identity

The above-referenced protocol is considered exempt after review by the Institutional Review Board pursuant to Federal regulations, 45 CFR Part 46.101(b)(2) .

This part of the federal regulations requires that the information be recorded by investigators in such a manner that subjects cannot be identified, directly or through identifiers linked to the subjects. It is necessary that the information obtained not be such that if disclosed outside the research, it could reasonably place the subjects at risk of criminal or civil liability, or be damaging to the subjects' financial standing, employability, or reputation.

You should retain a copy of this letter for your records.

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Office of Research Integrity and Assurance

To:	Michael Hutt
	BAC
From:	Mark Roosa, Chair
	Soc Beh IRB
Date:	03/01/2011
Committee Action:	**Exemption Granted**
IRB Action Date:	03/01/2011
IRB Protocol #:	1102006074
Study Title:	Avionics Customer Satisfaction

The above-referenced protocol is considered exempt after review by the Institutional Review Board pursuant to Federal regulations, 45 CFR Part 46.101(b)(2) (4) .

This part of the federal regulations requires that the information be recorded by investigators in such a manner that subjects cannot be identified, directly or through identifiers linked to the subjects.   It is necessary that the information obtained not be such that if disclosed outside the research, it could reasonably place the subjects at risk of criminal or civil liability, or be damaging to the subjects' financial standing, employability, or reputation.

You should retain a copy of this letter for your records.

To:	Michael Hutt
	BAC
From:	Mark Roosa, Chair
	Soc Beh IRB
Date:	07/09/2008
Committee Action:	**Exemption Granted**
IRB Action Date:	07/09/2008
IRB Protocol #:	0807003087
Study Title:	Osh Kosh EAA Interviews

The above-referenced protocol is considered exempt after review by the Institutional Review Board pursuant to Federal regulations, 45 CFR Part 46.101(b)(2) .

This part of the federal regulations requires that the information be recorded by investigators in such a manner that subjects cannot be identified, directly or through identifiers linked to the subjects. It is necessary that the information obtained not be such that if disclosed outside the research, it could reasonably place the subjects at risk of criminal or civil liability, or be damaging to the subjects' financial standing, employability, or reputation.

You should retain a copy of this letter for your records.

Table 1: Frequency of Observed Touchpoint Experiences by Brand

Brand	Brand A	Brand A	Brand B	Brand B
Touchpoint Experience	**%**	**N**	**%**	**N**
Repair Experiences	22.7	314	9.8	136
Purchase Process	13.5	186	30.0	414
Installation Experience	5.0	69	16.6	229
Call-Center	13.5	186	17.1	236
Company website	42.9	593	49.8	68
Salespeople	15.8	218	18.5	256
New Product Use	6.8	94	22.5	311

Table 2. Means and Scale Reliability for Manufacturer's Model Constructs, Brands A and B

Construct Name	Cronbach's α	Mean(SD)	Cronbach's α	Mean(SD)
Brand Attitudes	0.948	5.90(1.91)	0.939	7.83(1.45)
Relationship Quality	0.907	5.40(2.10)	0.902	6.14(1.93)
Affective Commitment	0.881	5.73(2.20)	0.902	6.51(2.16)
Cognitive Commitment	*	4.73(2.18)	*	5.43(2.05)
Trust	0.924	5.85(2.39)	0.932	6.51(2.15)
Brand Experience	0.890	7.34(1.75)	0.832	8.30(1.27)
Product Experience	0.925	7.02(1.82)	0.902	7.92(1.50)
Loyalty	0.924	5.47(2.35)	0.897	7.39(1.83)
Website	0.950	5.83(2.34)	0.930	7.22(1.76)
Airshow	0.954	7.11(2.22)	0.942	7.84(1.78)
Call Center	0.951	6.94(2.51)	0.959	7.60(2.25)

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Construct Name	Cronbach's α	Mean(SD)	Cronbach's α	Mean(SD)
Overall Quality				
Dealer Installation	0.963	7.82(2.16)	0.952	8.19(1.75)
Dealer Repair	0.929	6.82(2.47)	0.951	7.32(2.45)
Dealer Purchase	0.915	7.51(2.04)	0.875	8.24(1.55)
Relationship Quality	0.907	6.13(2.04)	0.946	6.26(1.57)
Affective Commitment	0.967	6.97(2.74)	0.961	7.44(2.55)
Cognitive Commitment	*	4.46(2.37)	*	4.39(2.14)
Trust	0.985	7.16(2.80)	0.987	7.59(2.62)

Table 3. Summary of Results for Path Estimates

Path	Hypothesis	Estimate	t-Value
Dealer Touchpoint Experiences	H1		
Repair→ Affective Commitment		0.82	30.92*
Repair→ Calculative Commitment		0.19	5.85*
Manufacturer Touchpoint Experiences	H2		
Website→ Affective Commitment		0.33	12.25*
Website→ Calculative Commitment		0.34	11.75*
Call-center→ Affective Commitment		0.35	13.15*
Call-center→ Calculative Commitment		0.13	4.59*
Salespeople→ Affective Commitment		0.06	2.47*
Salespeople→ Calculative Commitment		0.21	7.28*
Affective Commitment→Brand Experience			
Manufacturer	H3a	0.55	26.06*
Dealer	H4a	0.24	11.32*

Calculative Commitment→Product Experience

Manufacturer	H3b	0.31	15.64*
Dealer	H4b	0.04	1.98

Brand Experience→ Product Experience   H5   0.77   26.60*

Brand Experience→ Brand Loyalty   H6   0.45   13.25*

Product Experience→ Brand Loyalty   H7   0.41   12.14*

Table 4.

Results and Factor Loadings for Partial Least Squares Analysis, Hypothesized Model

Independent Variable	Dependent Variable	Loading Coefficient	Multiple R
Pricing & Inventory Management	Calculative Commitment	0.227	
Product Support	Calculative Commitment	0.226	
Product Delivery	Calculative Commitment	0.235	
Brand Attitudes	Calculative Commitment	0.714	0.764
Brand Attitudes	Trust	0.670	0.449
Trust	Affective Commitment	0.290	
Salespeople	Affective Commitment	0.166	
Call Center	Affective Commitment	0.275	
Calculative Commitment	Affective Commitment	0.788	0.834
Affective Commitment	Loyalty	0.561	0.314
Competitor Touchpoints	Loyalty	0.051	

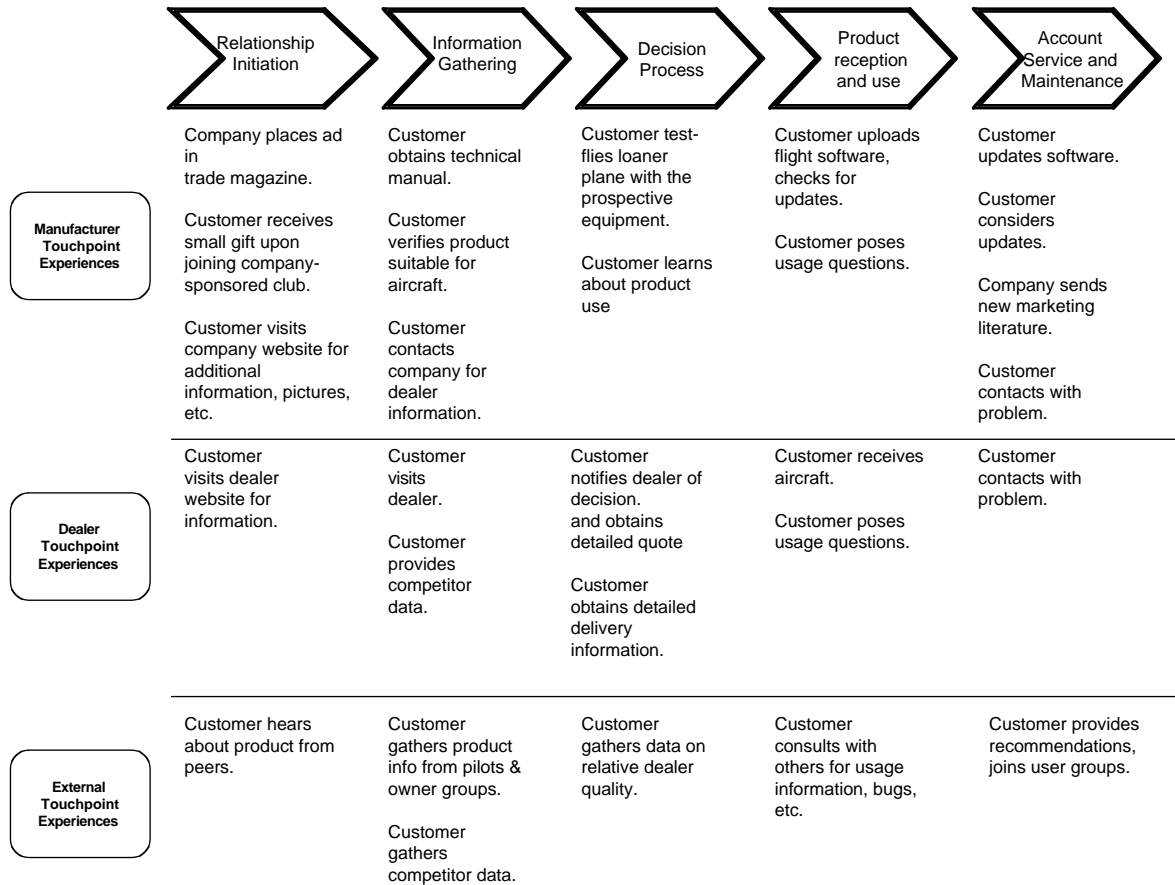Figure 1. Hypothetical Customer Touchpoints in Avionics Market.

	Relationship Initiation	Information Gathering	Decision Process	Product reception and use	Account Service and Maintenance
Manufacturer Touchpoint Experiences	Company places ad in trade magazine. Customer receives small gift upon joining company-sponsored club. Customer visits company website for additional information, pictures, etc.	Customer obtains technical manual. Customer verifies product suitable for aircraft. Customer contacts company for dealer information.	Customer test-flies loaner plane with the prospective equipment. Customer learns about product use	Customer uploads flight software, checks for updates. Customer poses usage questions.	Customer updates software. Customer considers updates. Company sends new marketing literature. Customer contacts with problem.
Dealer Touchpoint Experiences	Customer visits dealer website for information.	Customer visits dealer. Customer provides competitor data.	Customer notifies dealer of decision. and obtains detailed quote Customer obtains detailed delivery information.	Customer receives aircraft. Customer poses usage questions.	Customer contacts with problem.
External Touchpoint Experiences	Customer hears about product from peers.	Customer gathers product info from pilots & owner groups. Customer gathers competitor data.	Customer gathers data on relative dealer quality.	Customer consults with others for usage information, bugs, etc.	Customer provides recommendations, joins user groups.

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Figure 2. Types of Touchpoint Experiences

Dealer TPE's	Manufacturer TPE's	External TPE's
Purchase	Product Use	Airshows
Repair	Call-center	Magazines
Installation	Website	Flying clubs
	Salespeople	Brand Communities
		Rival brand experiences

Figure 3 Essay 1: Conceptual Model

Influence of Touchpoint
Experiences on
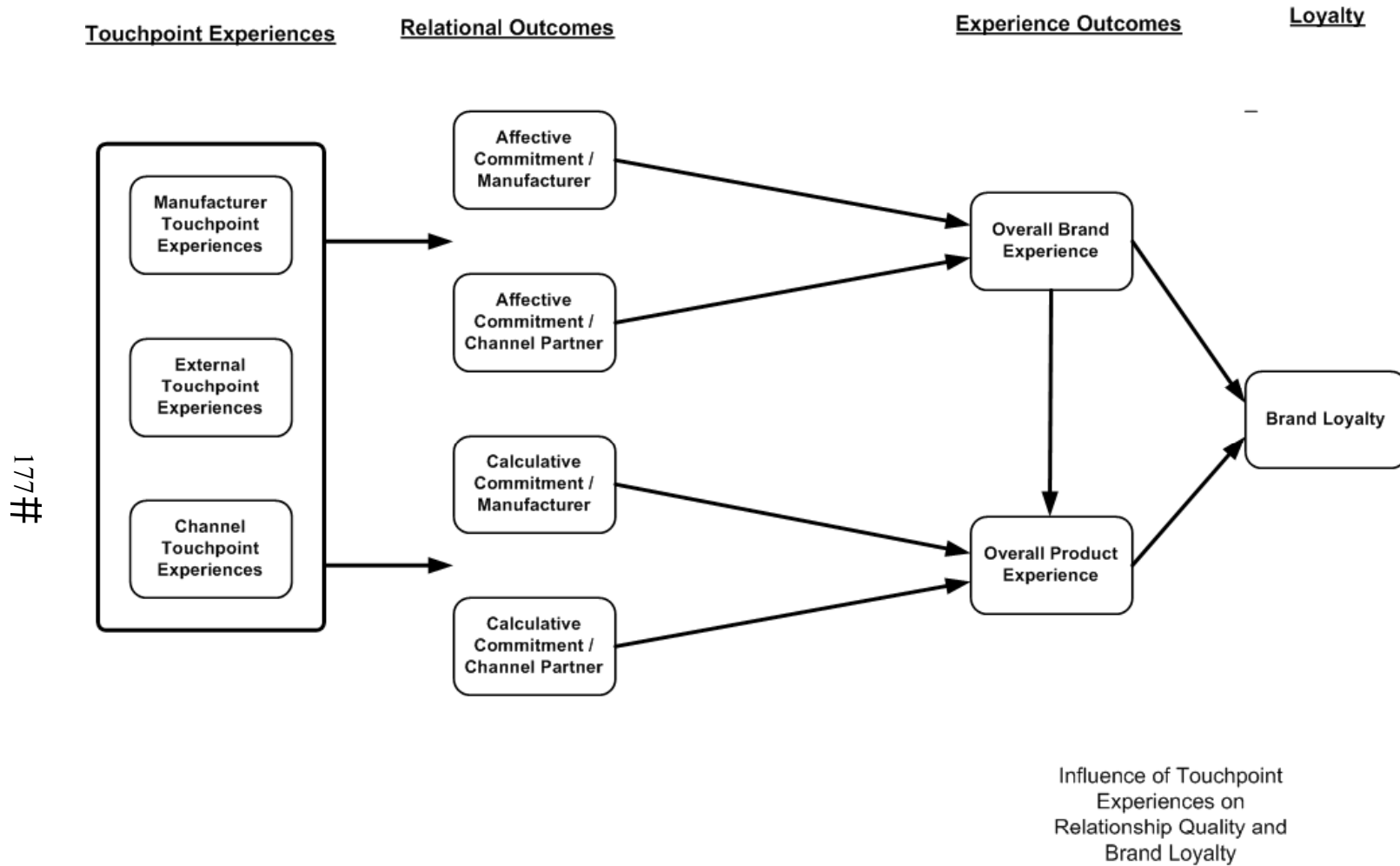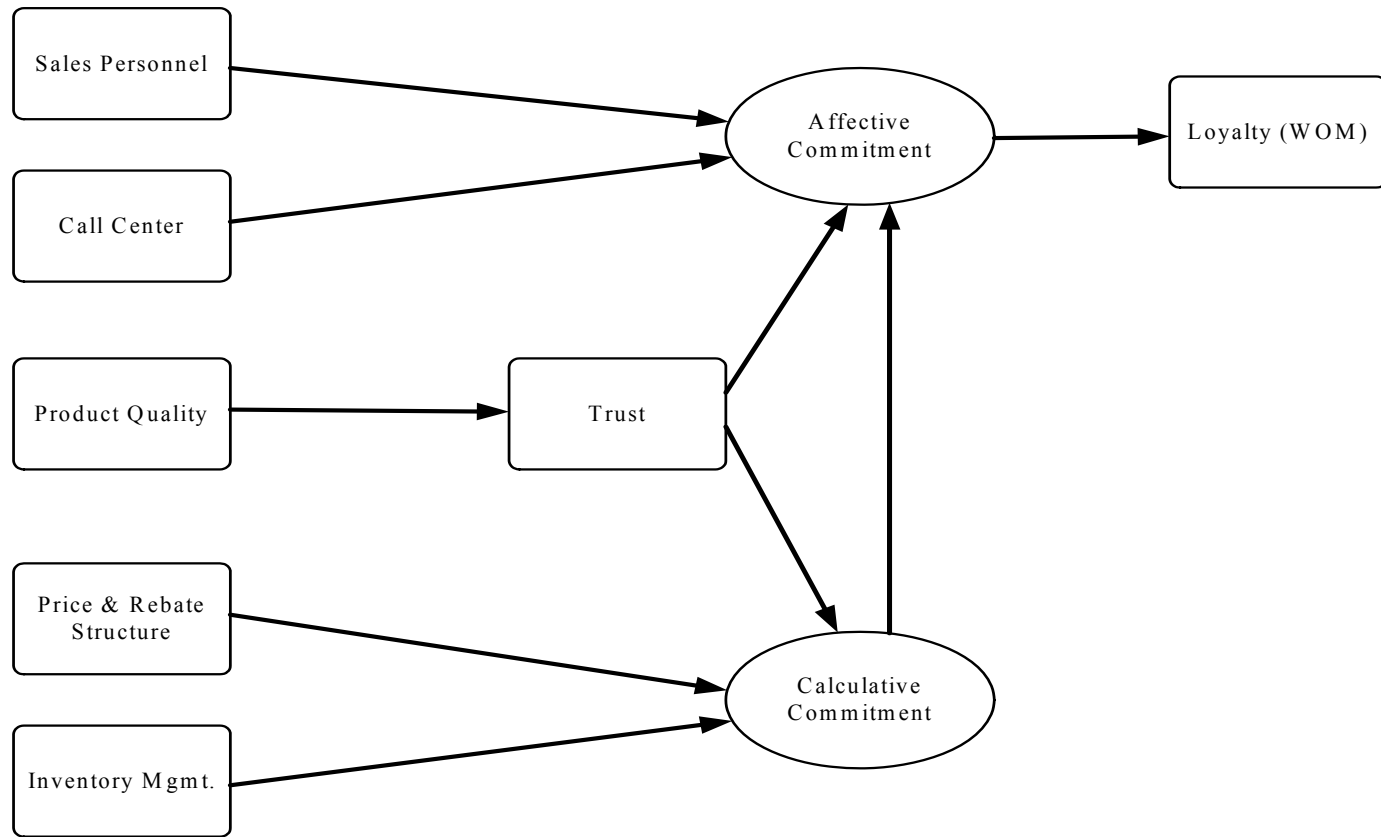Relationship Quality and
Brand Loyalty

Figure 4 Essay 2: Conceptual Model

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