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EMERGING MARKETING PRACTICES: CUSTOMER  
ENGAGEMENT. ANALYSIS AND MANAGEMENT

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## ABSTRACT

The purpose of this dissertation thesis will be to explore and analyze a concept that arose only in the last decade, which is acquiring more importance as time goes on: customer engagement. Thanks to the latest technological developments, companies communicate, sell their products and interact with customers mostly on social media platforms. Hence, it is important to understand what are the best metrics for customer engagement on social media channels.

The transition and interaction pattern between companies and customers has undergone a major paradigm shift in the last century. As time went by and customer needs increasingly changed, organizations started to recognize the need to match customers' requirements in order to satisfy them, as well as to improve their profitability. In addition, the last decade has witnessed a profound change in the technological development. Since the introduction of social media channels, communication patterns have been deeply affected.

Today, with social networks, companies are able to display their contents, launch digital campaigns, contests, and enable customer to interact with them in many possible ways. In addition, metrics and measurements are extrapolated from those media channels, as well. This new paradigm led marketing academics first, and then marketing operators and executives to recognize the importance of customer involvement in their contexts. This phenomenon is commonly known as customer engagement, which in plain terms may be referred as the intensity of consumers' participation and connection with a company's offerings and its organized activities (Vivek, 2009).

Customer engagement may occur through different channels and in different contexts, so it is easy to imagine how difficult it is to be able to effectively measure the results of such engagement of individuals. The purpose of this thesis will be to carefully analyze the concept of customer engagement and the managerial implications deriving from it for a practical use. In order to structure a consistent and accurate work, it will not be sufficient to rely only on the available literature regarding the concept. Therefore, the methodology of the thesis will be mixed. In the third chapter of the thesis, a quantitative analysis will be made by extrapolating data deriving from a consumer-oriented survey.

Instead, the next chapter will present a qualitative research, deriving from the development of an interview made with top-managers of different companies. In this way, both marketing executives and customers will have a voice in this research project, for a better and more comprehensive definition of the customer engagement subject. All the information will be gathered and put together, with the objective of establishing the most accurate metrics usable to measure customer engagement in a social media context. By using a mixed methodology, it will be possible to obtain a more thorough analysis of the several implications of customer engagements considering both the perspectives of companies and consumers.

The first will present brief historical notes regarding the different eras of customers-businesses relationships. After, the focus will be on the domain of customer relationship management and the overall implications of it. The next subsection will focus on the concept of engagement in general, which will then lead to the different definitions of customer engagement and its construct analysis. To elaborate a more comprehensive work, there will be a comparison between some similar but different constructs in order. Also, there will be citations of the main dimensions of customer engagement and the managerial implications deriving from it. Finally, attention will be placed on the importance of Internet as platform to support such interactions.

The second chapter will focus on some famous digital campaigns which proved that customer engagement can yield many benefits to both parties involved [companies and clients]. The chosen examples are not homogeneous, being launched in different years and embedding companies operating in different industries. Nevertheless, they all involve the communication and the interaction of customers and companies taking place on social media platforms.

The third chapter presents the results of the interviews conducted with top-managers of some companies highly focused and involved in marketing campaigns, made to obtain the point of view that companies use when dealing with customer engagement. In addition, the results of the interviews will be used to create a conceptual map highlighting the causes and consequences of customer engagement, with a focus on social media marketing.

The fourth chapter will present different metrics involving the measurement of customer engagement. In the first section, it will outline the proposed analytics for measuring customer engagement, analyzed by Bjlmot and his co-authors. The second subsection will cover the possible metrics to measure the results generated on Facebook, the most used social network in modern days, and one of the biggest sources of data for companies to target the market and communicate with it. Later, there will be a description of what some of the most important metrics in social media marketing are used nowadays, particularly using the book of Tuten and Solomon (2014) as main source. Finally, there will be the discussion of the results of an online survey, made to comprehend the opinion of consumers in the concept of customer engagement, which will cover the quantitative analysis of the methodology.

The fifth and final chapter will present additional customer engagement examples and the conclusion of this research project. The objective will be to outline entirely the concept of customer engagement with a focus on social media platforms, using the results deriving from the interviews and the online survey, as well as the campaigns used to describe examples of customer engagement. Overall, the thesis will focus on the importance of customer engagement and how it might be measured on social media channels, with the research question being: *“What is customer engagement and how it might be applied and measured on social media platforms?”*

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# **CHAPTER 1; CUSTOMER ENGAGEMENT: A NEW FRONTIER IN RELATIONSHIP MANAGEMENT**

## **1.1 HISTORY**

Throughout the majority of the twentieth century, relations between firms and customers consisted in a one-way transaction, where the company would produce and sell the product or service, and the customer would buy it and consume it. It was a simple and finite process, and it is named “good-dominant (G-D) logic” (Lusch, 2007).

Richard Normann, a Swedish consultant and management researcher, adopted a perspective quite different from the traditional one proposed by Michael Porter. In fact, in his book “Reframing Business” (2001), he tried to list the different eras that shaped the process of economic transactions between a producer and a user. During the years that witnessed World War I, Henry Ford conceived the assembly line, which led to mass production of products to a mass market (1913). Before this period, more commonly referred to as “Fordism”, focus was on availability of natural resources and craft skills.

Instead, this focus shifted on mastery of production technology, industrialism and standardization, which eventually led to standardization of each component of a certain product, in order to achieve economies of scale. The fact is that this era was made of companies producing products or services, which would have been bought and used up by consumers. In this case, they were seen as simple receivers, not contributing in any way to product development and improvement, but were only seen as sources of profits.

Towards the 1970s, a series of events led to a different concept of customers. The Yom Kippur War (October 6<sup>th</sup>, 1973) led to an oil embargo carried out by the Organization of the Petroleum Exporting Countries (OPEC), which caused a consistent decrease in the supply of oil, an increase of its price, and overall a worldwide economic downturn (Kumaraswamy, 2001). In addition, customer habits changed. New ways of lifestyle, more opportunities to travel around the globe, new media and growing personal wealth caused customers to change their demands, and eventually to the development of service management on part of mostly all corporations (Normann, 2001). Finally, the new Japanese manufacturing process changed the rules of the game. They were considered manufacturers of cheap replicas of other products, but instead during the 1970s they



boosted their production and manufacturing process, leading to highly innovative products, which in turn increased global supply capacity.

In this second age, known as “Customer Base Management”, the key flow was from the customer inbound. There was not just a mass market anymore, but rather customers, with different needs, which is related to the area of market segmentation. It is “the identification of distinct group of buyers, who might prefer or require varying products and marketing mixes” (Kotler, 2000). In this field, companies recognize the importance of having and developing customer relationships, which often required the usage of companies’ critical competencies. It was such a critical task, that firms started to include an invoice in their balance sheet, more precisely balanced scorecards, which measured and showed customer satisfaction. Hence, customers were not seen solely as receivers and “destroyers” of value, they were considered now sources of business, from which corporations would learn in order to edit and improve their offerings to be matched with customers’ needs.

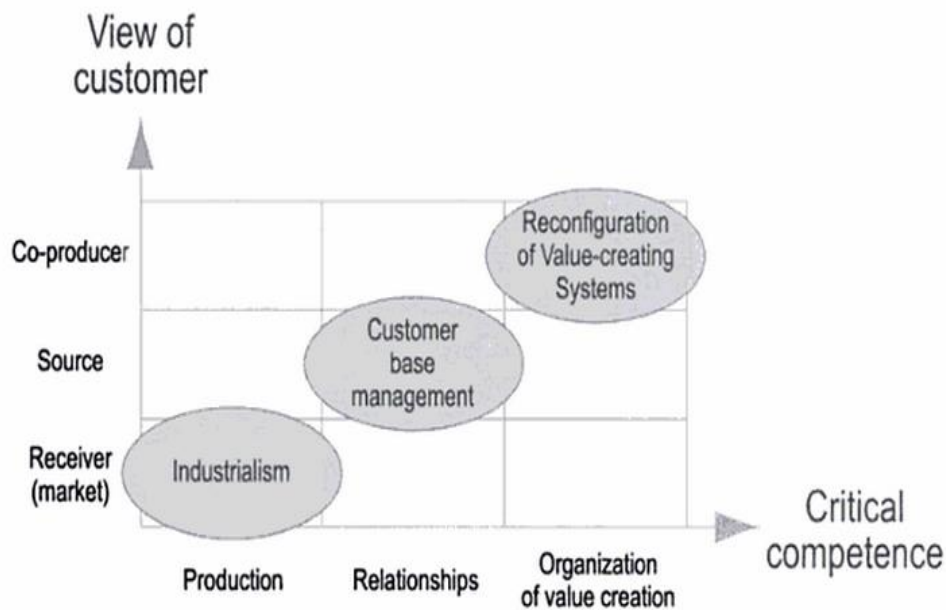


Figure 1: how business-to-consumers transactions changed over time (Normann, 2001)

The third and final phase is called “reconfiguration of value creating systems”, where businesses are organizers of value creations, implying customers being co-producers and co-designers of the products and services offered by companies. For the sake of this dissertation thesis, the key point lies in the period of customer base management, from which it will be discussed the increasing importance of customer management relationships (CRM). This topic will only be the starting point of the discussion. The focus of the paper will be on customer engagement, which is an index and a subject that during the last decade has earned a lot of importance. Firstly, marketing research placed its focus on this argument, which is one of the most cited ones in the field of marketing research in the early 2010s. Moreover, it gradually became an important practice carried out by several firms in order to retain their best and most profitable customers. However, before exploring the implications of the customer engagement index, it is important to describe the surrounding set of the practice: customer relationship management.

## **1.2 CUSTOMER RELATIONSHIP MANAGEMENT**

Many scholars agree on the notion that marketing is an increasingly important function for many firms (Carson, 1967). In the period following World War II, there were many unmet needs that were matched with mass production of standardized products, placed on the market at reasonable prices. An increasing number of firms started to enter the market, due to low barriers to entry, a huge demand to meet, and newly developed manufacturing skills to use. In this way, more product variety made mass market approaches less effective for companies.

That is when firms started to figure out that the focus was not to be placed exclusively on products, but instead on the markets itself (Sheth, Sisodia and Sharma, 2000). They understood that customer demands were changing, which altered their offerings, in order to customize whatever products or services different customers demanded. This conceptual shift is referred as from product-centric to customer-centric (Verhoef, Reinartz and Kfraft, 2010). In this perspective, the reigning field is customer relationship management (CRM), which is a set of processes and enabling systems that support a business strategy to be built in the long term, in order to create a profitable relationship with specific customers (Ling and Yen, 2001).

According to Verhoef et al. (2010), CRM mainly focuses on two large streams. In the first one, the key points lie in the idea that customers represent an asset for companies. Before being able to profitably managing them, companies must be able to document and measure those “assets”, therefore learning what they require, what they can bring to the business, advantages and disadvantages in focusing on them. Hence, the main goal is to assess different forms of customer value with respect to the organization, and then compare it to its respective drivers and outcomes (Reinartz and Kumar, 2000). In this approach, an important task comprises resources allocation to individual customers (Rust and Verhoef, 2005).

In the other stream, the main issue relates to how it is possible to link and embed the process of customers’ management effectively in the company, and more importantly, how to conceptualize and store the associated drivers (Becker, Greve and Alberts, 2009). Nowadays, in a society highly interconnected through the internet, most of the initiatives

undertaken to implement customer management are technologically based, but they are likely to succeed only in case of support by alignment of organizational structures. It is also very important to keep constant track of new technological breakthroughs and developments, since as time goes on, so does the number of new possible interactions between firms and customers.

This increasing interaction has produced in the last years a different type of relationship between firms and clients, more commonly called C2B (consumers – business). In this business model, customers are the ones offering a new product or service to companies, being enabled by them to do so. An example is made by chips-producers “Lay”, which asked consumers to develop a new flavor in an interactive contest, similar to “Ben & Jerry’s” constant request for customer feedback to create new ice cream flavors. This type of relationships are labelled non-transactional customer behavior (Verhoef et al, 2010), whose construct can be captured by customer engagement. Before analyzing and defining customer engagement, it is essential to describe what “engagement” entails, due to its possible application to different fields.

### **1.3 ENGAGEMENT**

Marketing research is not the only field where the concept of engagement has been studied and analyzed. In the field of psychology, many researchers tried to define the concept of engagement to apply in different areas.

Kahn (1990) for instance applied this concept in the area of work, suggesting that employees vary in their expression of selves in work roles. Employees and workers who perceive more supportive conditions for genuine expression tend to be engaged and more committed towards creating success for their company and their employers. Moreover, he suggested three psychological conditions for employee engagement: meaningfulness, psychological safety and availability. Meaningfulness is defined as the value of a work goal or purpose, judged in relation to an individual's own ideals. Psychological safety refers to feeling able to show and employ one's self without fear of negative consequences to self image, status or career. Psychological availability instead is defined as an individual's belief that he has the physical, emotional or cognitive resources to engage the self at work. It is possible now to move on to the definition of engagement when referring to customers. Other definitions are given by Maslach, Schaufeli and Leiter (2001, p. 417), who define work engagement as persistent, positive affective-motivational state of fulfillment. In another paper presented by Schaufeli and his co-authors (2002), engagement is defined as a positive fulfilling, work-related state of mind which is characterized by vigor, dedication and absorption.

### **1.4 CUSTOMER ENGAGEMENT DEFINITION**

The question remains: what is exactly customer engagement? Like it has been noted before, it is a concept relatively new in the marketing field, and it comprises several definitions from different authors. Van doorn et al. (2010) have defined customer engagement on a behavioral perspective, defining it as "*customer's behavioral manifestations, having a brand or firm focus, beyond purchases, resulting from motivational drivers*". Moreover, the authors specify five dimensions delimiting customer engagement behavior, which are: 1) valence, 2) form or modality. 3) scope, 4) customer goals and 5) nature of its impact.

On the other hand, Brodie and his co-authors (2011, p.260), propose a more cognitive definition of customer engagement, stating that “*it is a psychological state happening by virtue of interactive, co-creative customer experiences with a focal agent/object in focal service relationships. It occurs under a specific set of context-dependent conditions generating differing customer engagement levels. CE plays a key role in a nomological network governing service relationships in which other relational concepts are antecedents and/or consequences in iterative CE processes*”.

In addition, Vivek, Beatty and Morgan (2012) contributed to the definition of customer engagement. They claim that customer engagement represents “*the intensity of an individual’s participation in and connection with the organization’s offerings, and/or organizational activities, which either the customer or the organization initiate*”. Another fit definition is given by Richard Sedley (2006), whereas he considers customer engagement as “the activities facilitating interactions that strengthen the emotional, psychological or physical investment a customer has in a brand”. The only major flaw of this definition is that it fails to recognize that even potential and prospects customers participate in online conversations, engaging in exchange of opinions, feelings and ideas.

Other researchers such as Wagner and Majchrzak (2007) concur, “*It is the intensity of customer participation with both representatives of the company and with other customers in a collaborative exchange process*”. Finally, a definition conceptualized in an online context is given by Mollen and Wilson (2010, p. 922), claiming, “*The customer’s cognitive and affective commitment to an active relationship with the brand as personified by the web site [or other computer-mediated entities] designed to communicate brand value. It is characterized by the dimensions of dynamic and sustained cognitive processing and the satisfying of instrument value and experiential value*”.

Those outlined are five different definitions, embodied in different contexts and with different perspectives. It is a complex matter to choose the fittest one, but perhaps the most optimal solution would be to extrapolate several chunks of those definitions to combine them. It does represent a degree of participation intensity between a customer

and his/her peers, representatives of the company, and any other “stakeholder” of the company. However, as Brodie and his co-authors stated, customer engagement it is also a psychological state, while Van Doorn et al. define it as a set of behavioral manifestations that derives from motivational incentives. Both beliefs share the notion of having a brand or a company as focus of customers. Therefore, both theories express how customers behave and interact in certain ways with a company, or perhaps a specific brand of it, in order to extend their relationship with the firm, beyond a pure purchase transaction. Following the definition given by the Oxford dictionary of the verb “engage”, which may refer to employing, hiring, take part or get into a battle, it’s possible to note that all these actions imply a behavioral focus. For this reason, it is reasonable to state that the definition of customer engagement mostly accurate derives from Van doorn’s paper in 2010. The importance of this argument, viewed from a practical marketing perspective, can be inferred by an interesting report.

In 2007, “The Economist” developed a survey addressed to many CEOs and marketing executives, trying to understand the importance of customer engagement for companies (Beyond Loyalty, Economist Intelligence Unit). This survey proved that many executives were already realizing in 2007 that the winning variable is not the product or the price anymore (following the Cost Leadership / Product Differentiation paradigm), instead it was the engagement level, being the degree to which a firm successfully creates a long-term relationship with certain customers. Almost 90% of the respondents (out of 311 executives from various industries) believed that a successful implementation of customer engagement could yield different benefits, other than sales, such as a reliable source of referrals. In addition, being unable to establish a profitable relationship with specific customer can lead up to 25% of lost sales. The greatest barrier instead is the correct measurement of customer engagement, which is in line with the purpose of this thesis, which is trying to successfully determine a correct dashboard in order to quantify customer engagement results. Anyway, there are many theoretical and practical implications arising from the customer engagement set. In the next section, it will be discussed the construct analysis that defines customer engagement.

## **1.5 CONSTRUCT ANALYSIS**

Customer engagement defines a strategic-must to improve corporate performance, implying that engaged customers represent a crucial source of profits, playing a key role in viral marketing activities. Therefore, they provide referrals, recommendations and suggestions for specific products/services/brands to others, mainly their own network of friends, family and colleagues. Nevertheless, they can also play a crucial role in the development of new products and services, according to Hoyer (2010). Other authors as Brakus and his co-authors (2009), concur with Richard Normann's perspective, as they assess that engaged customers can co-create experience and value. In addition, consumers feel stimulated to engage with an offering or an activity of a company when they perceive that some value might arise from the investment of their time and effort (Vivek, 2009). Several variables and dimensions shape engagement of customers.

In fact, different customers derive different values from the same kind of engagement initiative of an organization. It might refer to entertainment, fun, chance to meet new people, being with friends [on the non-functional values], or the possibility to exploit free gadgets, food, coupons and freebies [functional and monetary value]. Value expectations are a key parameter factoring in the engagement process. Certain customers engage with companies' offerings having specific expectations, and as they pursue engagement, they derive more value from it. Thus, the more these expectations are fulfilled, the higher the engagement will be.

As previously mentioned, Van Doorn et al. (2010) discuss about customer engagement behaviors, deriving from motivational drivers as word-of-mouth activity, blogging and other customer-to-customer interactions. The authors explain how customer engagement behaviors go beyond transactions, which have a focus on the firm/brand. This behavior goes beyond the purchase, and results from motivational drivers. Van Doorn follows the notion of "Service – Dominant" logic (S-D), which is a more transcending view of marketing, opposed to the traditional perspective of "Goods – Dominant" logic (G-D). The service-dominant logic (S-D) is formulated via 10 foundational premises, representing marketing relationships. Those are embodied by customers' interactive and co-creative experiences with other stakeholders of the company.



A key underlying rationale of the “S-D” logic is that consumers act as “prosumer”, since they create unique experiences and they co-create their service experience (Schembri, 2006, p.388). The notion assesses that customer co-creation involves customer participation in the creation of the core offering. It can take place via co-design, shared production or innovation, implying that it occurs when there is customer participation through spontaneous but discretionary behaviors, that customize in a unique way the customer-to-brand experience.

Table 1 Service-dominant logic foundational premise modifications and additions

FPs	Original foundational premise	Modified/new foundational premise	Comment/explanation
FP1	The application of specialized skill(s) and knowledge is the fundamental unit of exchange	Service is the fundamental basis of exchange	The application of operant resources (knowledge and skills), “service,” as defined in S-D logic, is the basis for all exchange. Service is exchanged for service
FP2	Indirect exchange masks the fundamental unit of exchange	Indirect exchange masks the fundamental basis of exchange	Because service is provided through complex combinations of goods, money, and institutions, the service basis of exchange is not always apparent
FP3	Goods are a distribution mechanism for service provision	Goods are a distribution mechanism for service provision	Goods (both durable and non-durable) derive their value through use – the service they provide
FP4	Knowledge is the fundamental source of competitive advantage	<b>Operant resources are the fundamental source of competitive advantage</b>	The comparative ability to cause desired change drives competition
FP5	All economies are services economies	All economies are <b>service</b> economies	Service (singular) is only now becoming more apparent with increased specialization and outsourcing
FP6	The customer is always a co-producer	The customer is always a <b>co-creator of value</b>	Implies value creation is interactional
FP7	The enterprise can only make value propositions	The enterprise <b>cannot deliver value, but only offer value propositions</b>	Enterprises can offer their applied resources for value creation and collaboratively (interactively) create value following acceptance of value propositions, but can not create and/or deliver value independently
FP8	A service-centered view is customer oriented and relational	A service-centered view is <b>inherently</b> customer oriented and relational	Because service is defined in terms of customer-determined benefit and co-created it is inherently customer oriented and relational
FP9	Organizations exist to integrate and transform microspecialized competences into complex services that are demanded in the marketplace	All <b>social and economic actors are resource integrators</b>	Implies the context of value creation is networks of networks (resource integrators)
FP10		Value is always <b>uniquely and phenomenologically determined by the beneficiary</b>	Value is idiosyncratic, experiential, contextual, and meaning laden

Figure 2: the 10 fundamental propositions of the service-dominant logic (Vargo and Lusch, 2008)

According to Jarvis, Mackenzie and Podsakoff (2003), a conceptual domain defines the scope and the outline of a specific concept. These authors were able to develop a conceptual framework where five fundamental propositions were drafted in order to define the conceptual domain of customer engagement:

1. *CE reflects a psychological state, happening by virtue of interactive customer experiences with a focal agent/object.* Thus, CE occurs between a customer, a focal object, and other stakeholders in service relationships. Therefore, it requires firsthand experiences (Hollebeek, 2011). Following the rationale of the S-D logic, certain behaviors of customer engagement might extend beyond individual transactions, hence including experiences that occur before and after purchase and consumption of goods and services (Van doorn et al. 2010). The Gallup's Group, through its consultants, has stated that CE comprises both emotional attachment, as well as rational loyalty towards a focal brand (Appelbaum, 2001). Instead, McEwen (2003) believes that engaged customers may experience confidence and belief in the brand, as well as passion and pride. Some indispensable components of the customer engagement' state is the specific interactive experiences that include interactions with focal stimuli, as products and services available (Carù and Cova, 2002), or interpersonal interactions.
2. *CE states occur within a dynamic and iterative process of service relationships, cocreating value.* Using again the underlying concepts of the S-D logic, it's possible to recognize the importance of specific interactive and cocreative experiential processes, as for instance positively perceived customer/firm communications and dialogues, that eventually result in customer loyalty upshot.
3. *CE plays a central within a nomological<sup>1</sup> network of service relationships.* This fundamental proposition basically implies some antecedents and consequences of the customer engagement. Required CE antecedents, which therefore occur as precursors of the customer engagement) include participation and involvement, whilst relational concepts such as rapport and flow are considered

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<sup>1</sup> Referring to a non-logical necessity or a law of nature

to be potential CE antecedents. Regarding the consequences, some might be loyalty, trust and commitment (Brodie, 2011). These latter ones indicate CE consequences for new customers that interact with a specific engagement object for the first time (again, the example of the firm's brand).

4. *CE is a multidimensional concept, subject to a context or stakeholder specific expression of relevant cognitive, emotional and behavioral dimensions.* Throughout the majority of marketing literature, CE definitions adopt a multidimensional view of the concept. Furthermore, the relative importance of the different dimensions (cognitive, behavioral and emotional) might vary with the specific set of situational contingencies under which CE is observed.
5. *CE happens within a specific set of situational conditions generating differing CE levels.* This fundamental proposition highlights the difference between the “intensity” of the various customer engagement states. The authors Calder, Iacobucci and Bezzian-Avery (1998) distinguish between CE online versus offline, as well as across advertising opposed to other marketing applications. On the other hand, Shevlin (2007) proposes the difference between low and high engagement, along with the distinction of Bryson and Hand (2007) between actively engaged versus fully engaged. These are all different states of customer engagement that result in different activities, commitments and interactions between the organizations and their customers. This distinction highlights several differences between users. It goes from customers that are *non-engaged*, showing an absence of firm/customer interactive experience, to *marginally engaged*, defining customers that are relatively or partially engaged in specific interactive experiences from a cognitive/behavioral/emotional perspective, up until *engaged*, which refers to an extensive level of engagement. The ultimate dimension refers to *highly engaged*, where there is a high interaction level of cognitive/behavioral/emotional engagement in specific interactive experience.

It is common to mistake customer engagement with other similar constructs. The next section will briefly describe them and outline the differences between them and customer engagement.

## 1.6 SIMILAR CONSTRUCTS

The first construct is *customer participation*. Dabholkar (1990, p. 484) defines customer participation as “the degree to which the customer is involved in producing and delivering the service”. It is a construct acting solely in exchange situations, which therefore does not meet the key features of customer engagement. Moreover, it represents one possible antecedent of customer engagement, and it is simultaneous to exchange (of ideas, opinions, etc...). The second one is *customer loyalty*. As proposed by Buttle and Burton (2002), customer loyalty refers to a commitment deeply held to repurchase a preferred good or service, consistently and constantly in the future”. However, it is specifically referred to a product or a service, involving exchange, where the experience of the customer does not play any role. Another similar domain is represented by *customer satisfaction*. It represents the outcome perceived by those that have experienced an organization’s performance that has fulfilled their expectations (Angelova and Zerkini, 2011). It does not however include behavioral manifestations, but rather it only expresses a psychological state of satisfaction.

Another construct that might be mistaken for customer engagement is *customer involvement*. According to Zaichkowsky (1985), it is “the perceived relevance of the object based on inherent needs, values and interests”. It is similar to customer satisfaction, because also in this instance the behavioral manifestations are not included in the equation: only a psychological construct. Finally, *customer devotion* might be mistaken with customer engagement. As Ortiz (2008) said, it refers to “an enduring state of passionate dedication towards a product, a brand or an experience, through which the consumer defines himself. The main difference here in contrast with customer engagement is that it is only a cognitive construct, which endures in nature.

All those parameters belong to the overall domain of relationship marketing (RM), which lacks an important feature that it is embodied in customer engagement. They fail to consider the occasions where current customers and potential ones interact among themselves. It is a key feature that should not be overlooked, since this interaction mostly influences consumption decisions. Other than these fundamental propositions, there are also several dimensions which structure customer engagement.

## **1.7 DIMENSIONS**

The reason that the academic work developed by Van Doorn et al. is the most used reference so far in this thesis, is the fact that his definition and implications of customer engagement is the most thorough and complete work available in the marketing research literature. For this motive, also the paragraph listing the different dimensions of customer engagement will continue using Van Doorn's work as main source of information. Overall, many different CEOs figured that long-term and sustained competitive advantage is highly linked to the company's ability to retain, as well as sustain and nurture its customer base (Anderson et al., 2004) and customer engagement is a behavioral construct that goes beyond sole purchase behavior. Other behaviors include WOM, retention, and sales metrics, cross buying, customer recommendations and blogging (Jin and Su, 2009).

Van Doorn's definition (2010) of customer engagement behavior, in a customer-company relationship, focuses on behavioral aspects of such involvement. The behavioral manifestations can be either positive, as posting positive brand messages on an online blog, or negative, as organizing public actions against a company. CEBs have a focus on brands and firms, although they might be targeted to a broader network of actors. It may refer to any type of stakeholder, as well as potential and current customers. In addition, customer engagement includes customer co-creation. The authors Lusch and Vargo, in their paper "Service-Dominant logic" (2006), assess that customer co-creation involves customer participation in the creation of the core offering. It can take place via co-design, shared production or innovation, implying that it occurs when there is customer participation through spontaneous but discretionary behaviors, which customize in a unique way the customer-to-brand experience.

Therefore, the S-D logic along with transcending service relationships, offers a broader conceptual domain within the overall context in which customer engagement is embodied. In fact, engagement is based on the existence of focal interactive customer experiences, as well as specific engagement objects, such as the brand of an organization. A careful analysis provided by Hollebeek (2011) highlights five possible themes on which customer engagement is based on. Firstly, CE reflects a customer's particular psychological state caused by the individual's specific interactive experiences

with a focal engagement object. Second, some specific states of CE happen within broader and dynamic processes characterized by value co-creation. In the third theme, CE plays a key role in service relationships. A fourth one displays customer engagement to be multidimensional, with cognitive, emotional and behavioral dimensions, while the last one asserts that engagement occurs within specific sets of context-dependent conditions that generate different levels of customer engagement.

Van doorn and his co-authors propose five dimensions for CEB:

1. *Valence*; it can be classified either as positive or negative (Brady et al., 2006). Positive customer engagement encompasses some actions that both in short and long run have positive consequences. Certain activities as blogging, reviews and WOM might turn out either positive or negative according to the valence of the content.
2. *Form*; it refers to the different ways in which it can be expressed by customers.
3. *Scope*; which distinguishes geographic and temporal dimensions. Engagement can be momentary or ongoing, with the first one entailing that firms must assess the likely firm/brand level outcomes and act accordingly. If ongoing, firms should develop specific processes to monitor and address the customer engagement. In addition, the positioning of the engagement is relevant, since there is much difference from a suggestion made on the global website (geographic) or a suggestion delivered in person to local employee (local).
4. *Nature of impact*; this parameter can vary according to its immediacy, intensity, breadth and longevity of the impact, without forgetting the channel used to engage with the firm. Whether it is via email, phone, internet, vis-a-vis or mail, the choice of the channel does influence the overall impact of CEBs.
5. *Customer goals*; in this context, three essential questions must be asked to understand the purpose of customers. To whom is the engagement directed, to what extent is the engagement planned and to what extent are the customer's goals aligned with the firm's goals.

Taking into consideration customer engagement behavior, there are both antecedents and consequences. Based on those, Van Doorn and his co-authors developed a conceptual

model intended at showing those traits. Concerning the antecedents, there are three types of factors that can influence engagement. Those factors are customer based, firm based and context based.

Some important factors affecting customer engagement behaviors (CEB) are attitudinal antecedents, which may refer to customer satisfaction, trust, brand attachment and others. Moreover, customer goals highly affect CEB. Some individual may care more for maximizing consumption benefits, whilst others might care more for maximizing relational benefits. Previous experiences, consumer resources and affective state of consumers can play a key role in determining customer engagement behavior.

In the firm-based context, one of the most important factors influencing CEB is the brand. Its characteristics can strongly influence those behaviors, as well as the history and its equity.

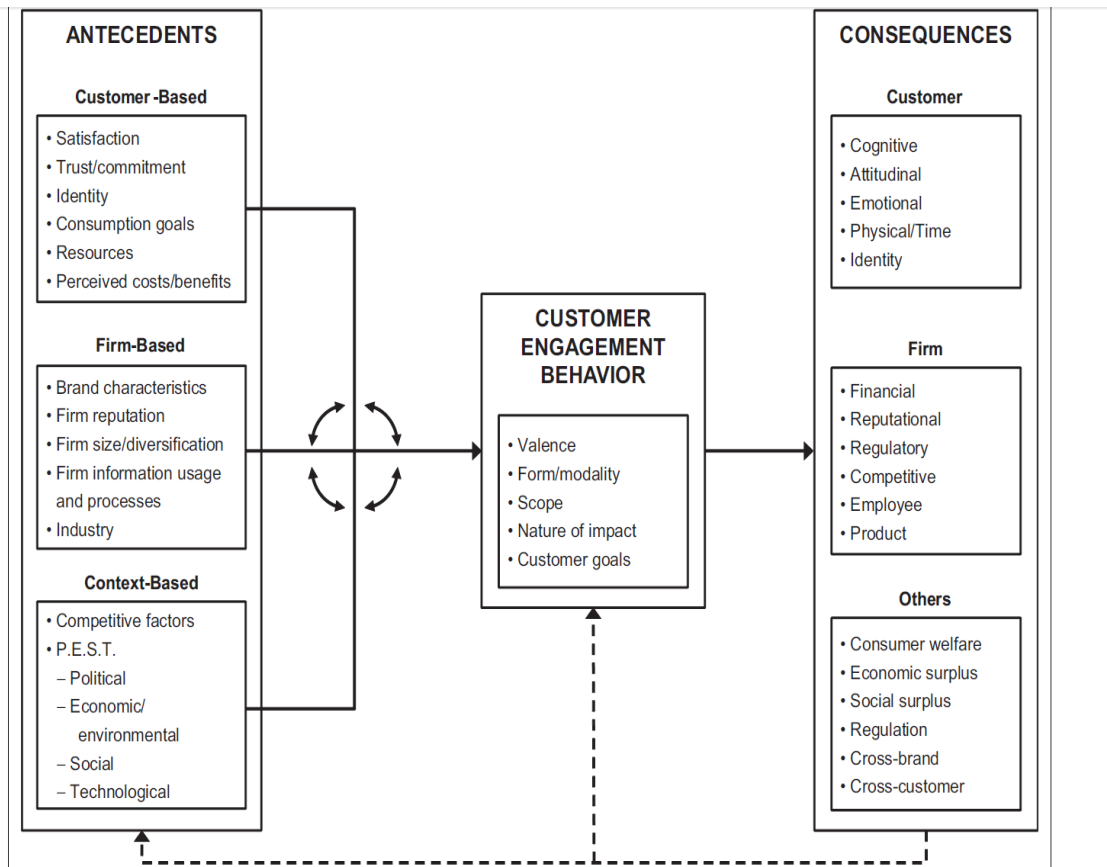


Figure 3: antecedents and consequences of customer engagement behavior (Van Doorn et al., 2010)

The concept of customer engagement can also be related to a very interesting theory developed by Albert Hirschman in 1970, where in his paper “Exit, voice and loyalty”, he outlined which are the two only outcomes that can derive from members of an organization/group/nation when they sense that the quality is dangerously decreasing, or they don’t perceive any benefit. They can either exit the company or exercise their voice in order to improve or fix the situation. The key driver in this context is loyalty, which is the attitudinal relationship with the brand, and it is the most important parameter in driving a customer’s behavioral choice. The engagement behaviors can vary from pure exit to pure voice, as also a mix between them. This is said in order to highlight the fact that loyalty is an attitudinal antecedent of those engagement behaviors.

### **1.8 MANAGERIAL IMPLICATIONS**

There are two important academic papers that presents conceptual frameworks or models that can serve as practical base for managerial implications. First, there is the conceptual framework developed by Bowden (2014), which highlights that customer satisfaction is a necessary step in loyalty formation, but also that satisfaction becomes less significant as loyalty starts to set through other mechanisms (Olivieri, 1999). In this model, customer engagement process is conceptualized as being an end state of customer loyalty. It also suggests that customer engagement includes the formation of a state of calculative commitment for new customers, increased levels of involvement and the development of affective commitment towards the service brand. Moreover, this model is based on the findings made by Soderlund (2002), whereas he states that as customers’ familiarity with a brand increase over time, he or she will have a more elaborated knowledge structure associated to the brand and a different psychological frame of reference in the evaluation process of the brand.



### A Conceptual Framework for the Process of Engagement

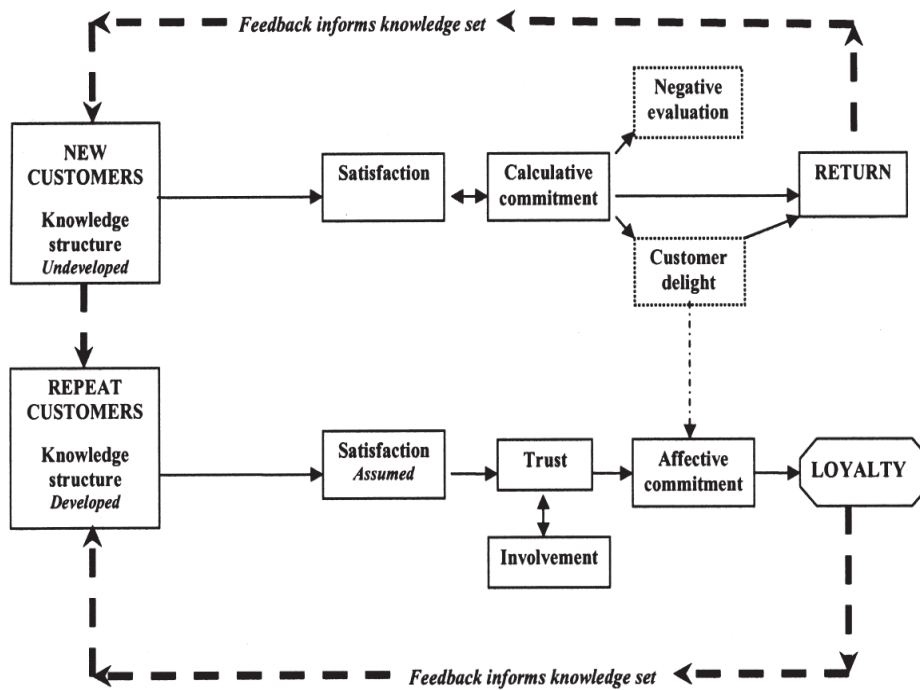


Figure 4: conceptual framework for engagement (Bowden, 2014)

This model of customer engagement rises a debate concerning the constant tendency of management executive to use simplistic measures of customer consumption responses. It provides means useful for managers to better understand the relationship between goals and expectations of customers. Basically, it displays the depth of customers' cognitive and affective responses toward a service, a brand or a company itself. More specifically, it implies that loyal customers and newly acquired ones cannot be treated in the same way, since the two segments have different needs. In case of negligence of this notion, the company is less likely to convert these new customers into loyal ones and to retain loyal customers. It highlights the importance of management's attention towards the requirements of affectively committed customers, and the need for a more relationship – based approach on behalf of the management. In this instance, a careful approach of customer relationship management is essential in order to retain the loyal customers, through the development of constant policies and programs aimed at cultivating affective ties between the brand and the customers.

Another implication of the model is that new customers will more likely be intrigued by service experiences that are beyond mainstream expectations. It means that customers that are presented and offered extra benefits or service will be more pleased and drawn to a more delighted state. According to the model, a delighted state is an important attribute to achieve on behalf of the company, suggesting that a focus on service attributes will lead to surprising levels of affect, and it will offer service providers a mechanism useful to involve and attract customers. Notwithstanding, the model reaches the conclusion that loyalty of customers engaged in iterative purchases is more effectively kept if the customer relationship management practices involve customized offers and service experiences, recognition and a direct connection with service staff.

In the end, the managerial implications of this model are addressed to marketing and management executives, who should consider to apply customer engagement as part of their overall strategy. Being a process of calculative commitment, succeeded by a combination of important factors as involvement and trust. The most important task required for managers is to successfully segment and distinguish its customers base, approaching them in a different way. It does not imply negligence for one category, but simply an adjustment of the services offered to more loyal customers, who have specific needs that must be matched by the company. By doing so, managers will be more able to effectively develop customized marketing strategies addressed to different customers segments, in order to incentivize their desire to become loyal customers.

The second conceptual model is proposed by Vivek, Beatty and Morgan (2012), where they state that customer engagement is a component of relationship marketing, which involves attracting and establishing relationships, as well as improving them.

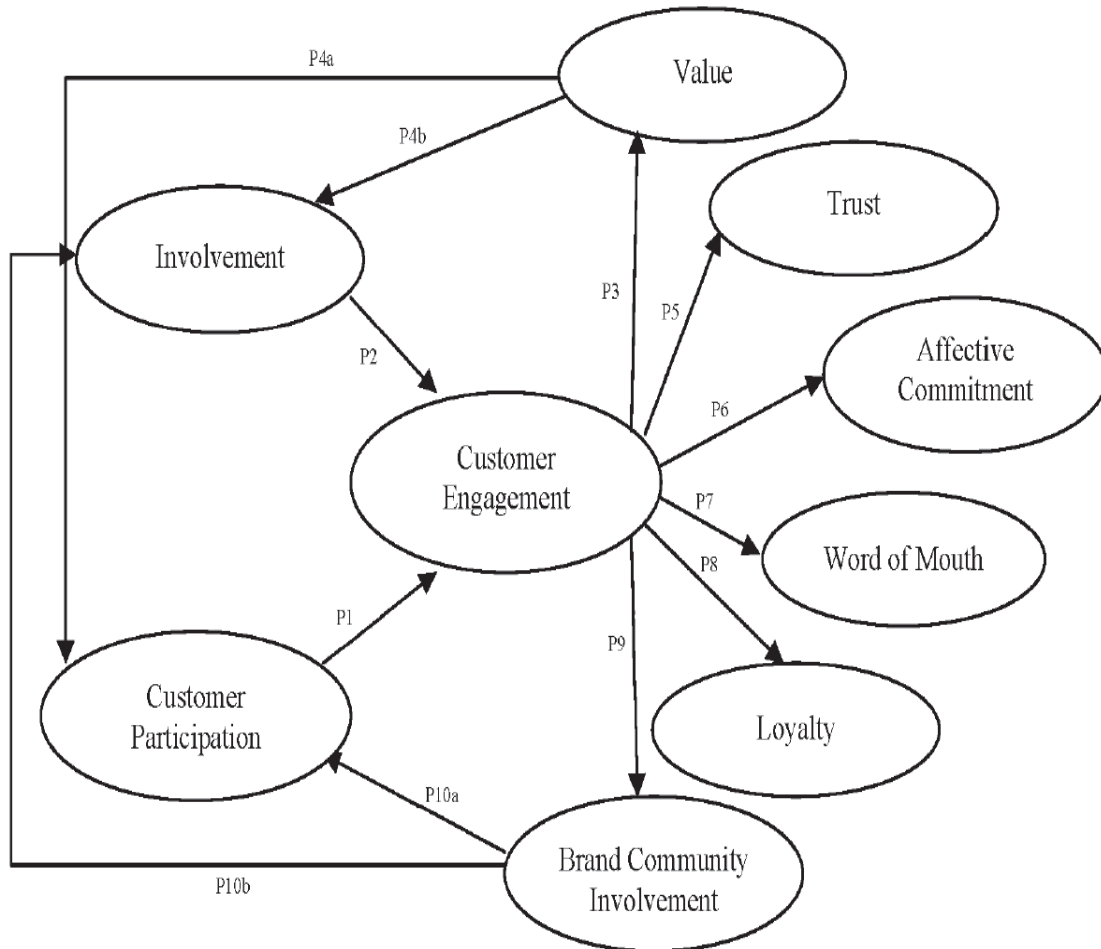


Figure 5: conceptual model of Vivek, Beatty and Morgan (2012)

The study generating the framework concluded that there are two main dimensions that explain customer engagement: interaction with offerings versus interaction with several activities. Offerings' interaction involves a product / brand which customers use and connect with. On the other hand, interactions via activities include anything that people may do and feel strongly connected with. The main difference lies in what triggers the engagement. The offering drives the customer to engage in an activity or to interact with the offering, whereas the activity drives the customer to the company, the brand or the

product. The model defines customer engagement as the intensity of an individual's participation and connection with a company's offerings or activities (Vivek, Beatty and Morgan, 2012). In this particular model, engagement can be initiated either by the company or the customers, which may be potential or actual ones. In addition, the model includes emotional and cognitive dimensions of customer engagement, which incorporate customers' feelings and experiences. Instead, the behavioral dimension is embedded in the participation of customers, both current and potential. In the model, customers build relationships that are based on experiences, through participation with the brand. The authors also developed ten propositions, which claim that:

- P1: an individual's participation level will be positively associated with the intensity of their focus on engagement;
- P2: an individual's involvement level will be positively associated with the intensity of their focus on engagement;
- P3: a highly engaged individual will derive intrinsic and extrinsic value from their focus of engagement;
- P4: increased value perceptions by the individual will be positively associated with their participation and involvement with the focus of engagement;
- P5: customer engagement will be positively associated with an individual's trust in the organization they associate with their focus of engagement.
- P6: customer engagement will be positively associated with an individual's affective commitment toward the firm they associate with their focus of engagement;
- P7: customer engagement will be positively associated with an individual's word of mouth activity in regard to the company they associate with their focus of engagement;
- P8: customer engagement will be positively associated with an individual's loyalty to the brand, company or offering they associate with their focus of engagement;
- P9: customer engagement will be positively associated with greater brand community involvement with the brand that is the focus of engagement;

- P10: increased brand community involvement by the individual will be positively associated with their participation and involvement of the brand.

The conceptual model proposed by the models indicate that researchers need to align their perception of the scope of engagement both with current and potential customers. As for managers and marketing executives, the proposal is to enable customers to initiate engagement, which can be directed toward a product, a brand, or the company as well. In this case, the internet must be fully exploited to create a platform enabling companies and customers to interact. Furthermore, virtual platforms such as social networks, blogs and official websites should be addressed at communicating and responding to customers, more than simply advertising companies' offerings. A crucial factor needed to satisfy and engage more customers is to offer instant responses. When an inquiry is posted by a customer, either current or potential, that individual expects a quick response in order to feel that the company is interested in his or her opinion. Otherwise, a company's response that take too much time will drive such customers away, and it will create the belief among the entire range of customers that the company does not care in satisfying or fixing customers' needs. This last notion can be better explained in the next paragraph, where the usefulness and the advantages of internet are better analyzed. It will be explained how the internet can act as a connecting platform between organizations and their target, and how it can lead companies to obtain a sustaining competitive advantage.

### **1.9 THE IMPORTANCE AND USEFULNESS OF INTERNET**

One of the most important management and marketing gurus of the academic and professional world is Michael Porter. He contributed to develop many pillars of the management literature, such as the five-forces analysis and the value chain. Nevertheless, a major concept that was developed by Porter in 1985, and perhaps even improved by Jay Barney in 1991, is the notion of competitive advantage. According to Porter, a competitive advantage enables a firm to create superior value, either via lower costs (cost leadership) or by creating higher value (differentiation) for its customers and superior profits for the company, itself. In his own

perspective, Barney (1991) affirmed that achieving a competitive advantage is not enough for an organization to prevail on its competitors. In order to become a powerful “weapon”, such competitive advantage shall last in the long - run, therefore being sustaining. In his paper “Firms resources and sustained competitive advantage”, Barney developed a paradigm where he highlights the key characteristics of a firm, and more precisely its resources, in order to create a sustaining competitive advantage. The underlying assumptions are that the resources available to the companies within the same industry must be heterogeneous, otherwise it would be almost impossible for a firm to be superior with the same resources of everyone else, and immobile, in order to be only at the disposal of the concerned company. Next, Barney explains how the resources should be for the company to produce a competitive advantage lasting over time. The resources must be valuable, rare, imperfectly imitable and substitutable. Therefore, the resources in possession of the company have to be difficult, or impossible, for the competitors to duplicate, and it is related to three specific conditions, which are:

- Ability of a firm to obtain resources depending on the unique historical conditions
- The link between the resources owned by a firm and the company’s sustained competitive advantage is casually ambiguous
- The resources that generate the firm’s advantage is socially complex.

The final requirement consists in the firm resource to be a source of sustained competitive advantage to strictly be no strategically equivalent valuable resources that are either not rare or imitable.

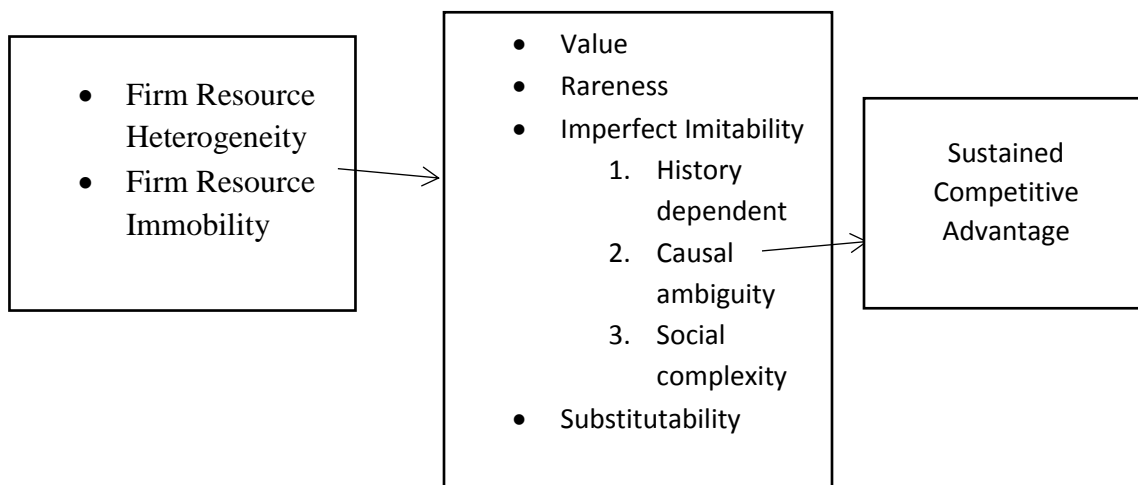


Figure 6: sustained competitive advantage framework (Barney, 1991)

Companies are recognizing the importance of collaboration in order to create and sustain such competitive advantage. Researches in marketing strategy concur that a focus must be placed on collaborating with customers in order to create value together (Prahalad and Ramaswamy, 2004). A critical process consist in collaborating in creating value via product innovation. This process is formulated, both in practice and in literature, in a 5-stage New Product Development process (NPD). The steps included in the process are 1) ideation, 2) concept development, 3) product design, 4) product testing and 5) product introduction (Urban and Hauser, 1993). In the front-end stages of the process, which refer to the first two steps, the most common techniques used are market research tools such as focus groups and surveys, while in the later stages of the procedure, more qualitative methods are used, that may include prototyping, test marketing and product testing, used by the companies in order to design and even improve products and marketing strategies for the introduction of the new product. Some of the drivers of firm's innovation success are the ability of the firm to sense and analyze the market (Day, 1994), some key functions of companies as effective R&D (research and development) and manufacturing routines, (Hayes et al. 1998), as well as the right balance in organizational competences (Verona, 1999). According to Prahalad and Ramaswamy (2004), the mainstream perspective on customer engagement views innovation as a firm-centric activity. In this perspective, the information flow occurs in one-direction only, from customer to the firm. Logically, when customers are considered to be just passive receivers, the firm has limited power of comprehension of customer knowledge, which would make it more difficult for them to truly understand what the customer is looking for and how he can contribute to the offering of the company, itself. With this perspective, organizations are starting to acknowledge the value and the usefulness of an open and free platform as the Internet (Afuha, 2003). it represents a cost-effective network, ubiquitous and capable of drastically reducing geographical constraints (Cairncross, 1997). In addition, the internet allows firms to be able to overcome a trade-off that in the field of communications is sometimes crucial: richness

and reach. In the physical / offline context, communicating rich information<sup>2</sup> requires close proximity with customers, which limits the number of customers that a firm can interact with directly or face-to-face. On the contrary, an organization can interact with a large number of individuals via surveys, but this kind of interaction does not enable a rich-information dialogue. With the help of internet, virtual and online environments enable companies to engage a larger number of customers, without excessively compromising on the richness of the interaction. Financial motives also play a key role. Mainstream market research tools as focus groups and surveys can be limited in terms of firm's frequency to engage with its customers, while virtual environments can increase the speed and consistency of customer engagement. They enable customer interactions to happen in real time, with a bigger frequency and less cognitive effort required. Notwithstanding, the main constraint that needs to be taken into account is the willingness of customers to engage and participate in interactions. Here, privacy concerns are important since they determine the degree of information that a customer is willing to share with the company regarding specific aspects. The degree of involvement in discussions, online forums and community groups is almost entirely up to the customers, themselves. They can vary their level of involvement and companies can allow customers' interaction to take place at different levels of commitment, based mostly on the interests and perceived payoffs from interaction (Hoffman and Novak, 1996). In their research paper, Verona, Prandelli and Sawhney (2005) state that several parameters such as increased speed, higher flexibility of virtual environments, improved interactivity and so on, when combined together, yield three key benefits needed for collaborative innovation with customers:

1. *Direction of communication*; instead of consisting in a one-way dialogue flowing from the company to the customer, a two-way dialogues assists firms to learn about and from customers step by step.
2. *Intensity and richness of interaction*; virtual and online communities of customers help organizations to tap into social knowledge, as well as individual customer knowledge.

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<sup>2</sup> According to John Feather (2004), rich information is defined as a country, organization or individual with the information that is needed to carry out the task in hand.



3. *Size and scope of the audience*; also this factor increases, since the firm can participate in interactions that are mediated by third parties, which are able to reach prospective customers that might still not have any relationship with the firm.

To summarize this last paragraph, virtual environments help and increase customer collaboration, by enabling firms to engage both current and prospective customers to participate and interact, both directly and through intermediaries.

Collaboration that takes place by internet triggers mechanisms that are based on two important dimensions of the NPD process: needed nature of customer involvement and stage of NPD process where customer involvement is desired. Such nature can be either emphasized toward richness or reach of information. As previously explained, it is a trade-off that is more rigid in the physical world, whilst on the internet-platform is less severe and it allows firms to find the correct balance between the two sides. Regarding the stage of the NPD process, certain mechanisms are more useful and important at the front-end stages of the process, which may concern the idea generation stages. In other cases, it is better applied in the back-end stages of the process, as product testing or product design. Some examples of tools put at customers' disposal are suggestion box, as Ben&Jerry does on its website, or advisory panels, such as the P&G Advisors Program, where customers and companies can submit their ideas for developing new products or improving existing ones. In both cases, the company's main duty would be to establish guidelines and rules for the intellectual property rights, as well as arranging

monetary/career incentives for suggesting an interesting and beneficial project.

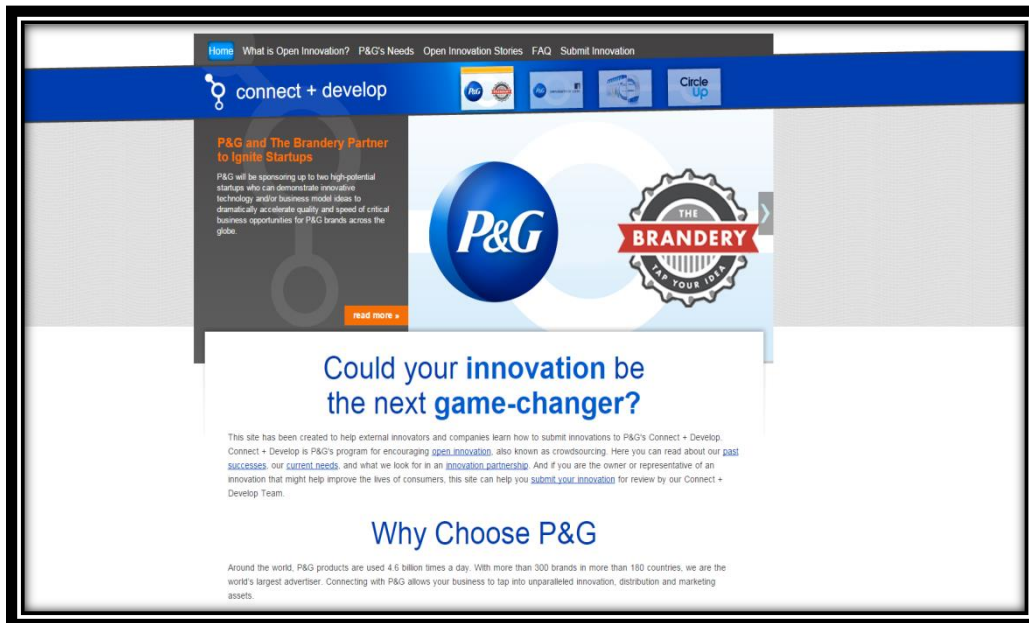


Figure 7: Procter & Gamble “Advisors Program” screenshot from the website (company’s official website)

Regarding mechanisms useful at the front-end of the NPD process, a major tool used by the majority of organizations is online surveys, which is a simple, popular, free and traditional method of market research (Burke et al., 2001). Online surveys are highly useful to understand complex and explicit customer needs, with the great advantage of being able to target the audiences fit for the company’s offering. Other useful interactive and virtual methods that companies can exploit to gather useful information and feedback from its customers are online concept labs. Here, firms test customers’ reactions to new offerings, still under development. A practical example is given by companies as Starbucks and Volvo, which adopted this strategy to study and understand reactions of their customers for new products. Verona and his co-authors have developed a multidimensional table that maps internet-based collaboration mechanisms, based on nature of collaboration and the stage of the NPD process.

**Applicability to Stage of New Product Development Process**

		Front-end (Ideation and Concept)	Back-end (Product Design and Testing)
<b>Nature of Collaboration</b>	Deep/ High Richness	Suggestion Box	Toolkits for users innovation
		Advisory panels	Open-source mechanisms
		Virtual communities	Web-based patent markets
		Web-based idea markets	
		Information Pump	
	Broad/ High Reach	On line survey	Mass customization of the product
		Market intelligence services	Web-based prototyping
		Web-based conjoint analysis	Virtual product testing
		Listening in techniques	Virtual market testing

Figure 8: new product development process matrix (Sawhney, Verona, Prandelli, 2005)

In the early stages of the NPD process, the “listening in” technique is quite common (Urban and Hauser, 2004). It involves analysis and recording of dialogues between customers and web-based virtual advisers. In this way, these advisers/experts provide advice in order to help customers identify product concepts that match their needs. An example is given by “AutoChoiceAdvisors.com”, an unbiased web-based tool useful for customers in helping them making the best choice for purchasing a new vehicle. It represents a “win-win” situation, given that customers are able to identify the right vehicle they are looking for, while General Motors (the company that created this online tool) is able to collect quantitative data on its customer preferences, enabling the firm to offer the right product according to customers’ preferences.

Concerning the later stages of NPD process, a common practice is peer-to-peer collaboration aimed at developing new product concepts. A very common channel of

this collaboration is found in open-source systems<sup>3</sup>, which consist in communities managed by users that intend and are enabled to contribute and develop new products and services (Von Krogh and Von Hippel, 2003). It must be highlighted that in open-source software, users and contributors do not actually develop the product, itself. Rather, they are enabled to make small contributions in order to improve such product. Regarding the back-end stages of the NPD process, Nike concedes a perfect instance of products' mass customization (Randall, Ulrich and Terwiesch, 2004). The company allows its customer to have the sneakers customized and personalized, based on what they desire.

This paper proved that internet allows firms to engage customers more broadly and quickly. Moreover, it allows firms to create ongoing customer dialogue, learn about social customer knowledge, scan knowledge of potential customers, as well as competitors' ones. By establishing a direct and interactive dialogue, companies can access knowledge at low cost and is not constrained by geographical boundaries. The key implication deriving from the work of Prandelli, Verona and Sawhney is that virtual customer engagement is customer – centric, multidirectional, constant and active. It focuses on social, as well as experiential knowledge, and has both direct and indirect interactions with customers. The strongest feature is that it encompasses both current and potential customers, allowing companies to interact and reinforce their engagement with their actual customers, but it gives them the possibility to reach out to new individuals.

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<sup>3</sup> Very common examples of open-source software are GNU/Linux computer operating system, Apache server software and Perl programming language (Von Krogh and Von Hippel, 2003)

## **1.10 CONCLUSION**

This preliminary chapter was made to analyze the construct of customer engagement and the possible implications deriving from a practical use. The 20<sup>th</sup> century has witnessed many major changes regarding the concept of business-consumers relationships (Normann, 2001). First, it was a one-way purchase, where the company offered a product, and the consumer purchased it. Gradually, organizations understood that they needed to listen and study what consumers really wanted from them, hence they began to edit their offerings in order to meet customers' needs. As time went by, researchers understood that enabling customers to engage in different ways with companies was a powerful tool that could benefit everyone. Nevertheless, customer engagement is not just the degree of involvement with companies. Many authors contributed to extend the meaning of customer engagement, acknowledging that it embodies many dimensions, which are behavioral, emotional and cognitive (Van Doorn et al. 2010), focused on the so-called service-dominant logic (Lush and Vargo, 2008), opposed to the old goods-dominant logic. Customer engagement represents a concept that entails many definitions, fundamental propositions, causes, consequences and dimensions. In addition, this chapter showed how engaging consumers may influence their intent to do business with certain companies. It is not sufficient anymore for companies to simply focus on strategies related to their products and services. Firms need to pay attention to engaging customers with their offerings, in order to harvest the final value that can be obtained. The thesis focuses on the usage of customer engagement and its application on social media platforms. As shown by Sawhmey, Prandelli and Verona (2005), companies must fully exploit the Internet as a platform to apply customer engagement and to enable consumers to co-create value and participate in new product development processes. To do that, though, it is imperative for the organization to establish the desired goals and the correct measurement method. In the next section, several practical case studies will be analyzed, to give empirical evidence on how successful marketing campaigns carried out in virtual environments [the Internet] can bring many benefits to organizations, as well as benefiting consumers. In relation to the thesis research question, it supports the theory of social media platforms being essential channels for companies to apply customer engagement (Sahmey, Prandelli and Verona, 2005). How it can be measured will be reviewed in the next chapters.

## **CHAPTER 2: BUSINESS CASES AND PRACTICES ON DEVELOPING AND MANAGING CUSTOMER ENGAGEMENT**

### **2.1 INTRODUCTION**

The following chapter will present four different case studies, regarding successful campaigns initiated by some companies in order to engage with their customers. These four cases present firms operating in different industries, in order to show how a marketing campaign aimed at engaging its current and potential customers can be successful, despite the nature of the offering, the industry operating in, and the type of customers addressed.

The first case concerns the Swedish company “V&S group”, producer of the world-famous vodka “Absolut”, and creator of the brilliant campaign called “In an Absolut world”, one of the most interactive digital campaigns of the last decade, which witnessed more than 500 million editorial impressions worldwide. The following part covers the “Smart” car and the brilliant way the company managed to address those customers that did not entirely believe in the reliability of the smart car. The third paragraph illustrates one of the most interactive and successful tourism campaigns, ever: the campaign of the “best job in the world”, a dream work as an island keeper off the coast of Australia. Finally, the last case study there will be a brief discussion of the cookies – brand “Oreo”, his marketing force and the viral campaigns “Cookie vs Cream” and “Daily Twist”.

## 2.2 IN AN ABSOLUT WORLD

When it comes to alcoholic spirits, not many companies in the world are capable of embracing product quality, artistic design and mastery of advertisement in the same way that “Absolut” does. Born in 1879 and developed by Lars Olsson Smith, the V&S Group distills one of the best vodkas in the world: that is, Absolut. It is produced in Åhus, southern Sweden, sold in more than 120 countries around the globe, and it is the third largest brand of spirits worldwide, after Smirnoff and Bacardi. The company was sold by the Swedish state to the French company “Pernod Ricard” in 2008 for € 5.9 billion. Apart from its taste, Absolut Vodka bases its competitive advantage on the long-term advertising campaign, supported by top marketing agencies such as TBWA Worldwide<sup>4</sup>. Many special editions of the bottle are created every year, with different flavors, special editions as the one made by Andy Warhol in 1985, and the editions of several US cities, all portraying different colors, but sharing the same shape, key traits of Absolut.



Figure 9: a traditional bottle of Absolut Vodka (company’s official website)

<sup>4</sup> Part of the Omnicom group, considered the world’s largest advertising agency.

More precisely, the marketing strategy for Absolut Vodka consisted in creative individuals from every country interpreting the bottle shape, unique in its kind, and one of the core strengths of the brand. The company has carried out the same initiative for almost 25 years, which mainly celebrated its distinctive bottle design. Despite an overall global success, in some countries this strategy started to be less effective and it was about to wear off.

Hence, Absolut started out an innovative campaign, which would balance the core value of the brand, but it would also address its customers through online platforms, mostly. The company realized that nowadays customers interact and surf on the web on a daily basis; therefore, it was necessary to adapt and start establishing an online presence. The company engages in market segmentation, thus it addresses a specific segment of customers, more precisely people and youngsters highly involved in the social scene.

In 2007, the company launched the “In an Absolut world” campaign, consisting in Absolut posting several scenarios of what the target consumers imagined or hoped the ideal (better yet, the Absolut) reality would be. On “Planet Absolut”, many improbable scenarios took place, as men getting pregnant, weapons firing music instead of bullets, and New York’s Time Square displaying paintings instead of billboards. The firm used its official website as platform for individuals to share their visions, where the key question addressed was “what is your vision of an Absolut world?” which enabled anyone willing to participate to propose and share their ideas, unleashing everyone’s



creativity and exploiting the concept of crowdsourcing (such subject will be dealt later).

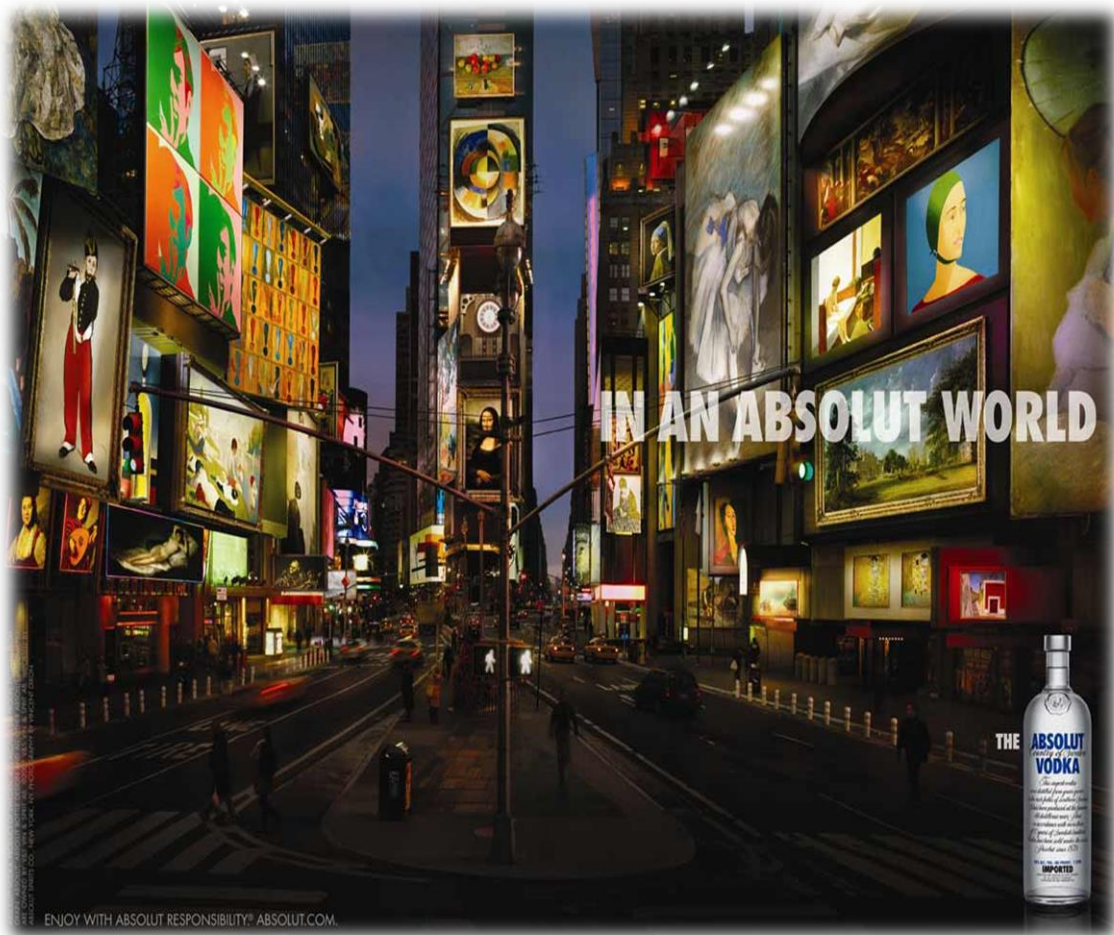


Figure 10: a proposal of the “In an Absolut world” campaign ([www.theinspirationroom.com](http://www.theinspirationroom.com))

Anyone, ranging from celebrities to local creative shared their visions. In the next phase instead, consumers had the chance to share their thoughts. After everyone shared their visions, they were all able and encouraged to comment and discuss the ideas shared by other peers. This process created one of the most interactive advertising campaign ever. Absolut’s aim was to originate a debate both online and offline, within different interest areas, matching the target customers profile.

In order to assess the success of such interactive campaign, the company used “buzz impact” and “viral impact”. The campaign witnessed more than 500 million editorial

impressions during the campaign and a great impact of social and online media. Many video-sharing websites, including YouTube, broadcasted several videos that were part of the campaign. Here, the campaign managed to receive almost 3 million views, making it viral in a short period of time, which highly increased the brand awareness for Absolut Vodka. Moreover, the campaign triggered quite a marketing buzz<sup>5</sup> around the brand, and it inspired consumers to be creative in order to show their visionary ideas about what a better world would look like. It gave the chance to everyone in the world to contribute to imagining a different and hopefully better society. In this way, following the rationale behind the campaign, “everyone can be a visionary in an Absolut world”.

As many other companies figured it out, Absolut understood the great potential of the internet, making it a cost-effective platform used to harness the creativity and the vision of many individuals around the world. There are multiple benefits arising from this strategy. The company generated a lot of online buzz, it expanded the brand awareness even among many potential customers, it generated lots of creative online content, high interaction among users, and potential new ideas for the company’s product range. The company realized that people have a strong desire to contribute and express themselves in a useful way, therefore by giving them the right tool to do so, Absolut managed to harness this passion of online communities.

This particular case presents two important concepts quite important in the economics field: network externalities and crowdsourcing. Network externalities are the effect on a user of a product/service of other individuals using the same good/service, or at least one compatible. In this case, it is possible to refer to positive network externalities, which take place if the benefits are an increasing function of the number of other users. In other words, the product or service in question acquires more value as the number of individuals using it increases. As the campaign witnessed more and more people sharing their visions, other individuals decided to participate and contribute to the success of the campaign. This process almost created a FTMO effect (Fear to miss out), which pushed more people to engage in the campaign in order to feel part of the community.

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<sup>5</sup> Buzz marketing refers to contagious talk about a brand, service, product or idea (Carl, 2006)

Related to this point, it is important to highlight that the users created the content of the “in an Absolut world” campaign, which is better known with the name “crowdsourcing”. According to Jeff Howe, crowdsourcing “is the act of a company/institution taking a function once performed by employees and outsourcing it to an undefined network of people in the form of an open call”. The content is provided by the users, instead that by the company. Some examples referring to companies based on crowdsourcing are “99 Designs”, which crowdsources graphic designs, the FMCG (fast-moving consumer goods) world leader Unilever, which through its program “Challenges and Wants” incentivizes open innovation submissions from any individual or group to submit their ideas. More famous examples of crowdsourcing are Facebook, where the company delivers the platform and its users post any type of content as images, videos, news and so on. Furthermore, Wikipedia enables its users to post the information of their pages.

To summarize, Absolut created a successful campaign, in which it strongly engaged with customers, both potential and current. It did not create the content, rather it let the users do it, expenses-free, and it generated a strong word-of-mouth and buzz regarding the brand, which increased the brand awareness and a better image of the company, as well.

### **2.3 THE TRUTH ABOUT SMART**

Cars are undoubtedly one of the most used and useful commodities in the world. Whether you need to go to your workplace, take a road trip or picking someone up, cars are one of the most common products in the global marketplace. Some companies decided to make a luxurious segment of the automobile market: one of the most famous classy cars manufacturer is Mercedes – Benz. Founded in Germany in 1926 by Karl Benz and Gottlieb Daimler, the company aims at combining the usefulness of a car, with the luxurious and elegant design of German car manufacturers. The company’s own slogan states “The best or nothing”, remarking how the German firm<sup>6</sup> attempts to place itself at the top of the luxurious segment of the car market.

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<sup>6</sup> It is actually an owned brand of the German corporation Daimler AG, which owns brands as Mercedes, Smart, Mitsubishi and others.



Figure 11: Mercedes-Benz CLS 63 AMG (company's official website)

Nevertheless, the company decided to diversify his target customers, and so in 1994 it launched its version of micro cars, named “Smart”, which is a two-seat automobile, ideal for people working in the city and in need of a parking spot. The most common model of the division is called “Smart fortwo”, but due to its compact form and his “cute” shape, many people around the world are inclined to believe that this type of car does not actually meet the requirements and the safety measures of a true car. Some of the common stereotypes related to the car are the trunk space being almost nonexistent, the fact that the smart will be narrow and crowded on the inside, plus the fear of being involved into a car crash, which would smash the smart. On the other hand, Mercedes-Benz does not think so. They proposed that the trunk is large enough to store a washing machine inside, that the front seats are much bigger than the ones many executive saloons own, and the Smart's key structure is a guarantee of security: the “Tridion safety cell”. It is the basic structure of the car, or more precisely the reinforced high-strength steel tradition safety cell, which according to the company's engineers, is designed to be a barrier between the driver and anything that might get in the way (Smart's official US

website). All these features are combined with a car that embraces the latest automotive technology, both in performance and in safety.

The mission of the company was address the public's misconceptions about the car, and therefore in 2008 it launched the campaign "the truth about Smart". It was an online initiative, with the goal of harnessing the interaction arising from online communities, in order to properly address them regarding Smart's features. The company allocated \$120.000 as campaign budget to create the online video that would illustrate everyone interested in finding the truth about the smart. To do so, they combined intensive media advertising, along with a website called [www.truthaboutsmart.co.uk](http://www.truthaboutsmart.co.uk) (although currently it seems to be inoperable), whose job would be to show to the public the video containing all the information discrediting many people's general misconceptions.

The video's major strength was the simplicity of it. All that it was shown was a video that lasted about 7 minutes, accompanied by the warm tone of a narrator's voice, who splendidly guided the persons involved in such short clip. Notwithstanding, the company did use rich media to immerse the visitor in a dynamic video, containing interactive sections that allowed users to give their opinion through multiple choice questions. In addition, the site displayed previous responses of other users, which enabled them to measure other peers' thoughts about Smart. Once the visitor gave all the answers, in a separate section the narrator would point out any wrong answers, as well as highlighting the misconceptions concerning the car.

At the beginning, the narrator asked who was the tallest person capable of entering the car, and comfortably staying in it, among four individuals of different heights. Surprisingly enough, the tallest person was a 6'3" (1.94 meters), which proved to the public that a particularly tall person can easily fit into the car, and exploit the large space of the front seats. Next, the video showed the safety that Smart has to offer. A small wrecking ball violently hit the car, damaging the front license plate and the front hood of the car, but proving that a strong object, despite a fast impact, would not compromise the integrity of the car, proving that it is safer than what most people believed. Here, the video wanted to prove the effectiveness of the Tridion safety structure.



Figure 12: a picture extrapolated by the campaign, showing a wrecking ball hitting a Smart car ([www.motorauthority.com](http://www.motorauthority.com))

In the next section of the video, the narrator asked to the website's visitors, which was the biggest item they thought it could fit in the car's trunk. Contrary to the majority of people's belief, the trunk can easily contain a medium-sized washing machine, while many people thought that the greatest object to be possible to place was a toaster or a microwave. The company wanted to show also the economic benefits of the smart car. They stated that a smart could undergo with a full tank of gasoline, from London to Edinburgh without stopping for gas, covering a distance of 414 miles, whereas many individuals thought the maximum distance possible to cover with a full tank was London – Paris (about 250 miles). Finally, another stereotype affecting the car was that it did not possess much of automotive technology in such a small space. The video proved that the list of technological features contained inside the car was quite long, and that it does represent excellence regarding car tech.



The company's main target audience ranged young couples, living in the city, between 20 and 35 years old, but the campaign proved to be an excellent explainer for any individual interested in a vehicle easy to park and drive through the city as the Smart. The website received 275,000 visitors in four months following the launch of the campaign, resulting also in visitors remaining on the site to gather more knowledge. The idea proved to be successful, as more than 2000 requests were filed for more information concerning smart cars, during only the first four months of the campaign.

What the company proved was that being able to harness digital skills could yield a great product, in this case the video that proved to be successful. Smart creatives realized that the market did not entirely trust the capabilities of the car; therefore, they decided to create an original online content, interactive with website's users that would discredit the prejudices towards Smart, showing the real potentials of the car and intriguing customers in learning more about the compact car.

Overall, the expenses were low, considering many marketing budgets placed on advertisements that sometimes do not even work. Thus, the firm re-educated its customers and potential ones in a positive way, and it showed how innovative application of interactive rich media could effectively engage and inform customers. The campaign improved the perceptions about the brand, as well as increasing the brand awareness, creating desire on the behalf of the online community to acquire more information, and a strong interaction with the website users. Overall, this innovative campaign allowed the company to improve its image and spread brand awareness across customers and prospects, as well as enabling them to interact with the company.

## 2.4 THE BEST JOB IN THE WORLD

There are thousands of jobs possible to perform in the world. An organization presents its available job as the best one in the world. This organization is the Tourism and Events Queensland (TEQ), which is a statutory body of the Queensland Government, which represents the second largest state of Australia. The institution wanted to increase global awareness of Queensland's Islands of the Great Barrier Reef. The objective was to transform a popular trip destination into a dream holiday for international students. Their strategy was based on increasing awareness of the islands and rendering them an aspirational destination, by using an interesting and inspirational story, which in the long term would increase the number of individuals desiring to visit it.



Figure 13: a picture of the Great Barrier Reef of Queensland' islands ([www.diveadventures.com.au](http://www.diveadventures.com.au))

The initial budget placed for the campaign amounted to \$ 1,000,000, but due to the incredible success deriving from the initiative, more expenses were required to sustain the campaign. Concerning the target audience, the organization aimed at reaching a very specific segment of customers. They were looking for international experience seekers, who were young travelers, willing to challenge themselves and highly educated,



confident with the new technologies available in the world. Geographically, the institution tried to attract this kind of individuals with a high propensity to visit Australia, therefore any Anglo-Saxon country as the UK, the US, New Zealand, and the majority of Europe except Eastern European countries, Asian Pacific countries, in addition to India and China.

What the group offered was something beyond pure money: it was the opportunity to become caretaker of the islands of the Great Barrier Reef. The campaign strategy consisted of launching a series of beautiful stories from the sunny environments of the Queensland islands during wintertime in the Northern hemisphere. In this way, when the campaign showed these news and videos in a period of gloom, it would appear even more majestic and implausible to miss out for millions of people desiring to embrace tropical weather and sunny days after several months of cold and clouds. The campaign did not base on a fictional role; it was an actual job offer with Tourism Queensland, which would consist in living on the islands, reporting through social media websites, both to the organization and to the world, in order to promote even more the islands to the entire marketplace.

The role was needed to show the region, its activities, its wildlife, and to give any useful and related information to a market hungry for digital information. The several duties the caretaker was required to undertake were pool cleaning, mail collecting, fish feeding and constant reporting. The benefits, other than the incredible location, were astonishing. The salary consisted of AUS 150,000 for 6 months, an extravagant accommodation paid for and the opportunity to explore an extremely interesting corner of the world. At the beginning, many individuals feared that this campaign was a hoax: everything seemed too perfect. Actually, there was no catch, and the job was as real as it was described.

Given all these information, the applications started in January 2009, and anyone willing to apply for the position would have to post a 60-seconds video, which demonstrated their skills and creativity. The first round would list 50 possible winners, which would have been cut down to 16 last applicants. Those lucky 16 individuals would finally be transported to the Queensland Islands on May for the final selection. Almost 35,000 applications were received, and it was so successful that the servers crashed after 2 days,

due to excessive activity taking place on the website. The winner of the campaign was Ben Southall from England.

The campaign proved to be one of the most interactive tourism initiatives, ever. In order to measure such success, the organization assessed it in relation to overall reach and its engagement through the social media websites, although there were several elements almost impossible to measure, such as passion and creativity harnessed in the videos, blogs and individual campaigns.

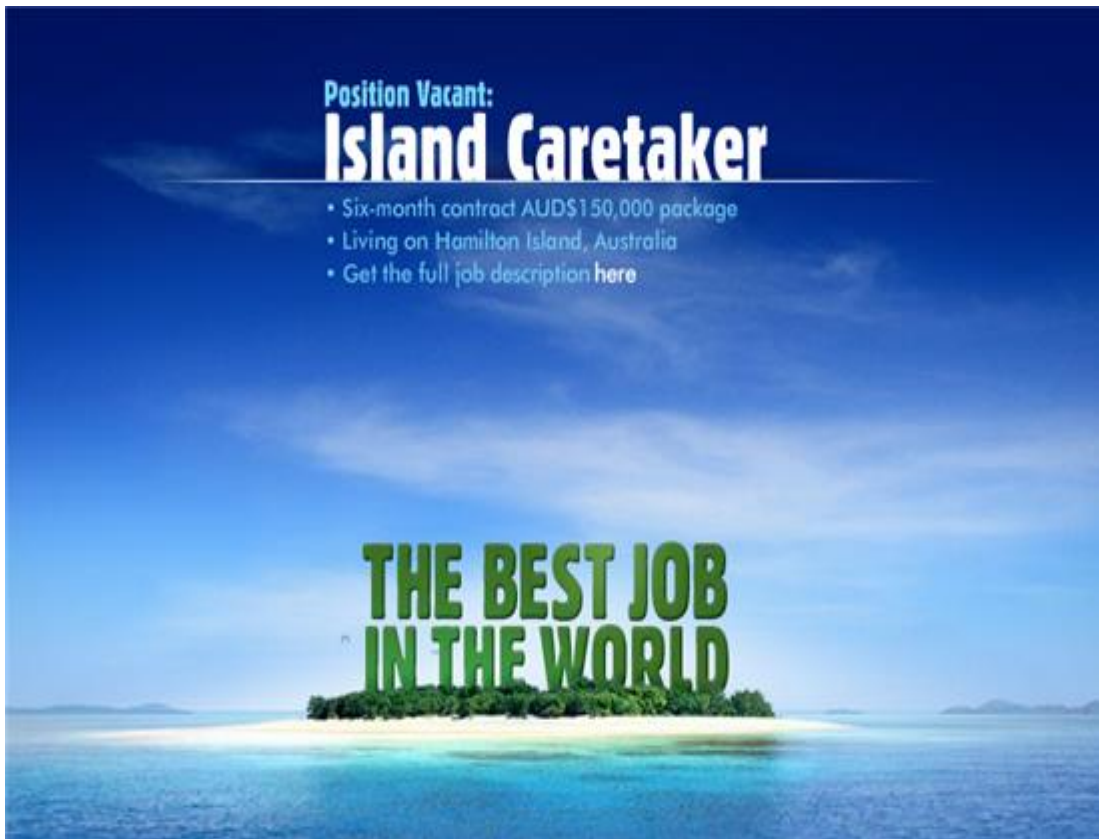


Figure 14: ad of the website’s campaign “the best job in the world” ([www.doz.com](http://www.doz.com))

Regarding the quantifiable measures, major news media channels covered the story, from CNN to BBC, as well as “Time” articles, an “Oprah” segment, and national news programs broadcasting the story. The organization estimated the media coverage valued at \$368 million, while the overall global PR value key performance indicator was \$66 million (set by the Tourism Queensland, itself). In a global list ranking the best public

relations stunts of all time, the “best job in the world” ranked eighth in 2009 (according to the PR company, Taylor Herring), although it ranked down to the 30<sup>th</sup> place three years later (bitesizepr.com). Empirical evidence showed that the campaign has reached out to an audience of more than 3 billion people.

The official number of applications received by the institution was 34,684 from 197 countries around the world (KPI 10,000), meaning that at least one from each national country applied for the position. Furthermore, approximately 155,000 individuals subscribed to news update from the website, giving information and updates concerning the post of islands’ caretaker. The website witnessed 8,465,280 visits (KPI 400,000), more than 55 million page views, with the average time spent being 8 minutes and 22 seconds. Facebook, which is the third highest referring site, referred 371,126 visits. In addition, there was much consumer-generated content on the internet. On YouTube and other similar video – sharing websites, it is possible to find 578 hours of campaign – related videos, while on Flickr (a social network for picture – sharing), around 4500 pictures are available and related to the best job in the world. The target audience the organization decided to address has helped the media coverage around the world. In fact, the majority of the applicants were social – media prone, eager to share their thoughts, ideas and application video on every platform they were signed in.

The organization was clever with this point: they harnessed the eagerness and willingness of the applicants to fuel the campaign through social media activities, online communities’ activity and word-of-mouth, both online and offline. Moreover, they proved how effective cross-channel, integrated campaigns could be in a society where digital and traditional media are highly interconnected, and where there is no boundary between them. Thanks to this campaign, Queensland Islands are now between the most recognized regions in the world, thanks to a campaign that tremendously increased the awareness about the islands, creating digital advertising thanks to the consumer-generated content, which was in turn advertised on traditional media as newspapers and news programs. It is unknown whether the organization will continue proposing this campaign in the future, but what it is certain is that it is now considered one of the most interactive and successful campaigns, ever.

## **2.5 OREO'S "COOKIE VS CREAM" CAMPAIGN**

There are thousands of different snacks around the world, both salty and sweet. Undoubtedly, one of the most famous and beloved ones reigning the world marketplace is the line of chocolate – sandwich cookies “Oreo”.

Founded in 1912 by the National Biscuit Company (later renamed Nabisco), the Oreo biscuit is one of the most sold and desired cookie in any country where this product is sold. The marketing and sales teams constitute a core function responsible for the success of the snack. It's sold in more than 100 countries, and many of them present it in a customized flavor: Argentina has “dulce de leche” (typical dessert of the country), China offers a green-tea flavor, while the United States offer many other versions than the original one, such as “birthday cake”, “white fudge” and “banana” flavors, among many others. What is curious is that the Oreo biscuit is simply a two-sides cookie, stuffed inside with cream. It is typical for its consumers to bite it off either as it is, or twist off the cookie in order to savor the cream, which many considered the best part. This consumer behavior led the company to think of a very interesting and successful campaign, so far. Before talking about it, a small introduction must be done to clearly explain the campaign.

In the united states, around the end of February, every year the country stops to watch the Super Bowl, which is the confrontation between the two best American football teams, where they collide in what is considered in America the most important sport event of the year. During the several commercial breaks of the game, the entire population sits down, waiting for the game to start again. It is an incredibly large number of potential and current customers available to be addressed, so many companies strive to show their commercial spots during these breaks, despite huge investments. According to the Wall Street Journal, this year's Super Bowl commercial break (30 seconds of time) cost \$ 4.5 million. It is a very large expense, but if addressed in the proper way, it can be the best way to increase brand awareness, gain followers on social media and sponsor a brand-new product or service. In this instance, Oreo has exploited in the best way possible the Super Bowl of 2013. First, a blackout occurred during the event, which left the stadium in gloom for 34 minutes. While the entire nation was impatiently waiting for the game to restart, Oreo launched an instant-marketing

advertisement on its Twitter account, where they reminded everyone that “you can still dunk in the darkness”, referring to having a snack with Oreo while waiting for the lights to come back on. It was a brilliant post, which quickly became viral, being retweeted (or shared, in the Facebook context) more than 16000 times, making the company gain 8000 additional followers on Twitter. It was an idea developed both by Oreo’s marketing executives and by the marketing agency 360i, who all developed the idea right on the spot, obtaining the necessary approvals thanks to the presence of many executives in the office. It was so successful that many companies followed Oreo’s example, as Calvin Klein posting a brief video of a model working out (with the brand’s underwear) while waiting for the blackout to be gone. Interestingly enough, that was not the only action taken by Oreo that night.



Figure 15: Oreo’s tweet live during the Super Bowl 2013 blackout (<https://twitter.com/oreo/status/298246571718483968>)

Minutes earlier, the company streamed their 30 seconds commercial, named “Whisper Fight”. In a local library, two people started to argue whether the best part of Oreo was the cookie pieces or the cream inside. They started to fight by throwing tables, chairs and any object in reaching distance, and it soon escalated to the part where also police officers were involved. The theme of the video is that despite there is a lot of “violence” between the people involved, everyone kept respecting the library’s rule of avoiding talking, whispering if necessary. Even the police officer whispered to communicate everyone to calm down, since everyone was very passionate about his or her idea on which was the best part of Oreo. That is how the brand launched the campaign “Cookie vs Cream”, which took place mostly on Instagram.

The company asked its fans to submit a picture they love with the hashtag #cookieitis or #cremeitis on the picture-sharing social network. Over a certain period, Oreo selected a number of fans’ submissions, working together with a team of artists in Oregon, in order to create sculptures based on the images, but using either cookies or cream. The images selection was based on originality and creativity. After more than 30,000 fan submissions, 122 sculptures were created. The campaign was not only based on customer-generated content. It was so on Instagram, but on YouTube, the company created the videos displaying situations involving the tough decision between cookie and cream. A particularly interesting video shows a machine that acts as separator of the cream from the cookie, developed by physicist David Neevel, which in three weeks managed to receive over 4 million views. Other similar videos were produced later on in the company’s YouTube account, which received millions of views and it generated thousands of positive comments on the web.

The campaign proved to create much interaction among fans, who could enjoy the funny videos posted by the company, as well as sharing their pictures in order to state whether they preferred the cream of the biscuit, or the cookie part. In the end, the company explained that there was no wrong answer: all they wanted to do was to let everyone have fun. Actually, the aim of the company was to create a lot of word – of – mouth concerning the product, creating much online content, and getting people to talk about it

also offline. It was quite a successful campaign, which proved how creative the Oreo's team was.

In addition to this campaign, the brand had something else in mind. Back in summer 2012, every day from June 25 to October 2, the company released an image of the Oreo cookie redesigned to commemorate something recurrent in that date. Starting with the celebration of the gay pride in the first day, but also celebrating the landing of Mars Rover, the initiative managed to have many creative images of the cookie, redesigned for a specific day.

The initiative was called "Daily Twist" campaign, and it was placed primarily on the Facebook page of the company. During the campaign's run, the firm has gained 5 million likes, and the company stated that it boosted its customer engagement by 110%, without specifying which metrics they used to quantify such measure.

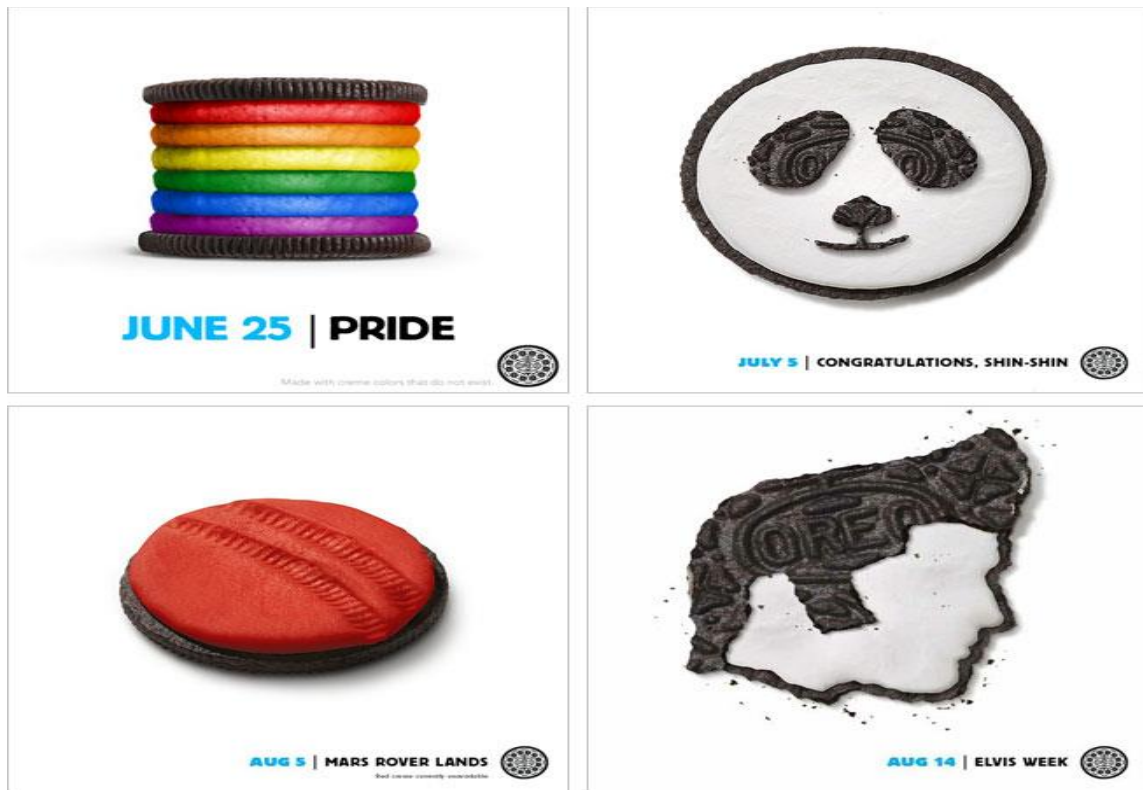


Figure 16: four different posts of Oreo's "Daily Twist" campaign ([www.adweek.com](http://www.adweek.com))

Notwithstanding, Oreo proved to be highly active on social media sites, fully exploiting all the major ones and using different kinds of content. With all the different initiatives undertaken by the company, brand awareness and online followers both increased consistently. It also gave an important lesson concerning the episode of the Super Bowl's blackout. It was a short time window, and they managed to fully exploit the accident. There was no certain duration of the blackout, but the company decided to act, regardless. Even other firms tried to duplicate their strategy of instant marketing, proving that being ready and trying to seize the opportunity is highly important in contexts such as the ones relating to marketing strategy.

## **2.6 CONCLUSION**

These four case studies proved how different customer engagement strategies are. Nevertheless, every mentioned campaign involved the usage of internet, proving the theory of many scholars such as Prandelli, Verona and Shwemy (2005), who thought that the internet could be the most optimal platform to initiate customer engagement. All the four campaigns had the objective to increase their brand awareness, and they all succeeded. They proved that generating word-of-mouth could be something extremely advantageous for many companies, and that directly interacting with customers can generate many benefits for both parties.

If marketing executives realize that consumers can be emotionally engaged with any type of product and service (Van Doorn et al., 2010), they will understand that any company may work on launching particular campaigns aimed at engaging consumers. By focusing their efforts on engaging customers by increased activity, involvement and participation (Vivek, 2009), firms enable consumers to co-create value (Schembri, 2006, Brakus et al., 2009). All those campaigns involved the usage of social media platforms, therefore it was important for the companies involved to utilize correct metrics to measure the effects of the campaigns on the social media platforms. Absolut relied on the creativity of consumers and their willingness to share. The company recorded more than 500 million editorial impressions online and its videos obtaining more than 3



million views. Thanks to it, the company increased its market share in the United States, a stable and increasing market full of growth opportunities for vodka exporting.

This represents a perfect example of conversion rate, since the company increased its brand awareness thanks to its campaign, which led to increase in sales figures and increased market share. In the four months of the campaign, more than 2000 requests for additional information concerning Smart were received by the company, with 45% of these requests being turned into requested test-drives. The Tourism and Events Queensland (TEQ) aimed at creating word-of-mouth to make its content become viral worldwide (Berger, 2014). The final results recorded online delivered 35000 applications, reaching almost 3 billion people in the whole planet, a media coverage worth more than \$350 million and more than 154000 subscriptions to the newsletter of the organization, perfect channel to expose customers to other offerings and services. Oreo mainly exploited Twitter in those campaigns, therefore by measuring the increase of followers and the number of times its content was shared or mentioned, the company assessed the increase in brand awareness.

The conversion rate of those campaigns was tangible for every involved company (perhaps with the exception of Oreo). Absolut increased in global market share, hence its sales and revenues. Smart obtained thousands of requests for test-drivers which in some cases turned into car sales. Instead, TEQ increased the awareness of its location throughout the whole world, obtaining an immense media coverage, which then turned into profits deriving from sponsors and publicity, as well as thousands of newsletter registrations. On the other hand, Oreo did increase its brand awareness on multiple channels, but it is unknown whether its activities yielded profits and sales for the brand. Even in this case, it was shown how conversion rate is what matters to the companies, since they aim at creating activities that eventually enable consumers to engage with them, but are considered successful only in the case they turn into financial profits and increased awareness for the company.

## CHAPTER 3: INTERVIEWS WITH TOP MANAGERS AND CONCEPTUAL MAP

### 3.1 INTRODUCTION

This chapter will present the findings obtained through the qualitative input of exponents of different marketing-focused companies. The purpose of the interviews was the assessment of customer engagement definitions on behalf of managers involved in the development, launch and strategy of marketing campaigns for their companies. The interview was semi-structured, varying according to the types of the different industries those managers' companies operated in. Nevertheless, the core questions were asked in the same manner to all the participants of the interview.

The interviewed were asked what types of metrics they use to correctly measure the outcomes produced by such campaigns, and they were given a list of five different variables that may constitute the customer engagement construct. These five variables were chosen due to their relations to the three dimensions of customer engagement: behavioral, emotional and cognitive.

The respondents were asked, following a definition and an example of such variable, whether it represents a critical component to create engagement with clients, both actual and potential ones. They were also suggested to give an opinion regarding the existence of other important variables for the construct, and how it is possible to correctly quantify them.

In the final section of the interview, the respondents were asked what was the interaction between the marketing department of the company and the individuals responsible for the management and development of the digital and social media campaigns. Moreover, they were asked what the hypothetical budget (in percentage) of the digital media campaigns was compared to the overall budget of the marketing department. Since some of the interviewed were working in companies that launched some of the campaigns that were discussed on the second chapter of this thesis, they were asked what in their opinion yielded the success of such campaigns in the past, and what other campaigns were considered by them to be successful in terms of customer engagement and improvement of brand awareness.

### 3.2 DUCATI INTERVIEW



*“It is easy to inform your customers when things are going well for the company, but it is important to tell them if things are doing badly”*

Diego Sgorbati

One of the top managers that kindly took some time out of their business schedule to contribute to this research project was Diego Sgorbati, current Ducati, Business Unit Director of Motorcycle Related Product, and from the end of 2007 to 2013 Marketing Director. Dr Sgorbati agreed with the given definition of customer engagement, but he claimed that rather than engaging its customers, Ducati aims to establishing a long-term relationship with them. He proposed that the main goal for the company is to establish a relationship that delivers benefits to both parties, and those benefits do not always reflect in economic value, at least not in the short term. He cared to highlight that two important emotional dimensions the firm always pursues to establish with its clients are love and trust.

According to Dr. Sgorbati, love is a key emotional component of a relationship, as well as part of the engagement established. Without passion or any emotional thrill, the relation may lose some “content”, meaning that it is important to constantly inject care and passion in a relationship, otherwise the partner, or in this case the customer, may consider abandoning such relationship, and moving on with someone that feels more enthusiastic about his or her needs. “If passion fades away, the relationship might risk to become more pragmatic, more related to a business-to-business context”. Nevertheless, he added that love is not a sufficient dimension that can sustain a relationship by itself. It

must be accompanied by something else, and according to Dr. Sgorbati, this dimension is trust.

First, it must be reciprocal. In the case that one of the parties feel there is no trust on behalf of the other party, his or her involvement will consequently decrease, up to the point where they will consider to leave such relationship. The goal in this case is to give and take [to the customer] in a perspective of reliability and long-term view. A company should focus on being present for their clients, because if this company aims at establishing long-lasting and passionate relationship with their customers, it must not limit itself to communicate news, events, products and offerings. Such company should also be blunt enough to inform its customers-base when the situation might not be as good as expected.

By doing so, the company increases its level of trust perceived by the consumers, which can only enhance the relationship. It is also critical not to think on a short-term basis. If a new initiative is launched by the company, the focus on financial profitability must not overlook the fact that it might take more time to establish a long-lasting relationship with specific clients. Those individuals, if carefully analyzed and confirmed to be able to deliver higher value with respect to more mainstream customers, have to be treated differently, based on their needs and necessities. Thus, the pillars of a long-term relationship are love and trust. They constitute an emotional, rational and factual dimension, which poses as basis of mutual benefit for companies and customers.

When asked what specific metrics Dr. Sgorbati's company (Ducati) uses to quantify customer engagement, many interesting parameters came up. Initially, the interview gave his opinion on the fact that customer engagement aims at building a solid system, and it measures clients' reactions with basic criteria. First, Ducati uses email marketing, which is a powerful tool since it eliminates all the costs necessary for graphic, printing and delivery. With HTML formats, it is possible to obtain emails that have the same emotional impact of printed content, but enable a direct interaction with the company.

In this matter, Dr. Sgorbati states how they use newsletter answer rates to assess whether customers are interested in being informed on a constant basis regarding Ducati's initiatives. In addition, the company uses lead generation, a marketing parameter which

consists in the use of a computer program, the internet or a specialized service aimed at obtaining or receiving information, with the goal of expanding the scope a business, improvement of sales revenues or conduction of specialized research. It is the process of collecting names and contact information about qualified prospects, which will be contacted by the representatives of the sales department, for generating orders. Often, those practices are carried out through response advertising and telemarketing. Another important tool used by the company is the clicked through rate (CTR), previously explained in the third chapter.

One of the most interesting topics coming out of this interview was that Ducati pays a lot of attention in quantifying and measuring customer lifetime value (CLV), which on the other hand is more oriented towards customer loyalty, as stated out by Dr. Sgorbati at the beginning of the interview. He says it refers to create a scoring based on how many motorcycles were purchased per client over a given period of time, in order to assess which customers are more loyal than others. Later on in the interview, when he was asked whether certain dimensions were closely related to the construct of customer engagement, he advocated at first that customer engagement is not necessarily attached to an economic value. He believes that customer engagement is more about creating a relationship with tens of thousands of clients, similar to a type of relationship that we have with our close friends and relatives.

In addition, he pointed out that in a choice between people with whom you have spent most time with, and the people with who you have had unforgettable experiences, people will choose the second option when it comes to selecting with whom you have more intense relationships. This point emerged when he was asked whether a company able to deliver a great experience that will positively shock a customer, leaving him/her with something hardly forgettable, is more likely to engage with customers. He stressed out that quality, when it comes to engaging current and potential customers, carries a more important weight than quantity. He made a plain example concerning telephone booths. Up until the beginning of 2000s, people used to spend great amount of times calling people with telephones installed in specific booths, but that did not contribute to their engagement with the company providing such booths.

The interviewed suggested that a company should be able in structuring its relationships with customers in the same way that people structure relationships with their inner circle, hence making them more “intimate” and intense. Ultimately, he confirmed that an *incredible experience* could be a key factor in structuring an engaged relationship with customers. On the other hand, he discredited the dimension of *interaction* as possible crucial variable for engaging customers. Again, he used the trade-off between quality and quantity. It does not matter how much time a customer spends on engaging with companies (and vice versa), it matters how those companies are able to deliver a quality product or service. At the same time, he did not concur with the fact that *enthusiasm* on behalf of customers can contribute to their engagement with customers. It is a dimension that is strictly related to the profile of the individual, but engagement depends on the intensity of the relationship. He formalized the statement, saying that obviously if there enthusiasm there is room for engagement, but not vice versa.

During the introduction of the interview, he confirmed how *trust* is a key dimension, and finally he commented on the *awareness* that customers have. If an individual is engaged, he will have a desire to being aware and informed about the company’s activities, events, offerings and news. He agreed that “Ducatisti” (the customers loyal and engaged to Ducati) act and are treated as stakeholders of the company. As previously said, he pointed out that it is important to communicate with customers when things are going well, but also when they are not turning out as expected. He related this dimension to the one concerning emotions and trust, because he emphasized that there must be rationality in a business-to-consumer relationship.

Another key factor that Dr. Sgorbati mentioned is *respect*. Highly related to trust, respect must be ensured on both sides of the relationships. As the interviewed said, Ducati likes to play in shifting the relationships with customers in a love story. The company puts a lot of effort in creating a partnership with Ducatisti, who both want to be in the relationship, but must be respectful of it. He proposed that Ducati cares about empowering their content, meaning that they focus on delivering information to their customers in a way that it makes it exclusive. This information is very interesting since it concurs with the thought of Jonah Berger. Associate Professor of Marketing at the

Wharton Business School and viral marketing expert, Berger (2014) structured a recipe for making content viral. This recipe, which he calls “Stepps”, involves six factors that a content must deliver in order to gain attention and spread widely. One of these six steps is practical value. He states that people like to help others; hence, if they can show them certain products or ideas will save them time, money, improve their health, or giving exclusive information, they will spread the word to everyone in their inner circle.

Therefore, it is crucial for companies to make their message stand out, and they have to understand what makes something seem like a nice deal, thus highlighting the incredible value of what they offer. Ducati applies this concept, empowering the information they concede to their customers, in order to inform them better and giving them exclusive information. They deliver something that enable to legitimate the agreement that customers made with Ducati. The quality and the history of the company allows its customers to be subject of discussion when they purchase a Ducati motorcycle. Therefore, when they will be placed in discussions with their friends and co-workers, the company wants to ensure that they have all the information necessary to both make the product stand out, and to advertise it as well. Dr. Sgorbati agreed that by giving more information to their customers will allow them to have more fun.

Right from the start, the interviewed confessed that customer engagement is not a practice highly carried out by Ducati. Therefore, when he was asked what is the point that indicates that customers are engaged, he was caught off guard. Nevertheless, he emphasized that Ducati mostly cares about loyalty and repurchase as indicators of customer engagement. Notwithstanding, he stated that in the industry of motorcycles, it is a tough matter to quantify. He raised the question of loyalty, asking how it is possible to assess whether an individual is loyal. Is it one that purchases a bike and manages to keep it and maintain it for 20 years, or someone that purchases a different Ducati every two to three years? In his opinion, the first option reflects a loyal customer, but for obvious reasons he will not be profitable for the company. The goal of Ducati is to maximize the utility of its customer base and render it loyal. The dynamics of the relationship are complex, though, and what the company can do to ensure its customers are engaged is to place love, trust and respect in the relationship with them.

### 3.3 DENTSU AEGIS NETWORK INTERVIEW

dentsu AEGIS network

Vizeum Posterscope isobar iProspect<sup>IP</sup>  Carat

*“If clients are enthusiast about the brand, they will become ambassadors of it, which will make them a media tool for the company”*

Giulia Decina

Another manager who decided to contribute to this research project is Giulia Decina, Strategic Planner of the Dentsu Aegis Network, one of the top global media and digital marketing communication companies around the world. She started the interview by explaining what are the most important assets that Dentsu uses in order to create marketing campaigns and to quantify them. She stated that the company has several partnerships with major global organizations, such as Google and Facebook, which support Dentsu with critical software analytics that help the company to measure their results. Many single parameters are used in order to attract customers and to verify whether they are engaged.

For instance, the company places much care into creating web banners, which represent a tool of advertising, intended to attract website traffic by linking the website of the advertiser. By placing such banners in social media websites as Facebook and YouTube, the company is able to attract customers by placing these little advertisement pop-ups. Related to this concept, another important metric is the CTR (click through rate), used especially in the Facebook website, where it is possible to quantify the engagement of users on specific posts and content by analyzing the results given for the pages-administrators.

Another important parameter constantly observed by companies is the bounce rate, which is another metric used in web traffic analysis. Mostly, it represents the percentage of visitors entering the website, and then leaving (hence the term, “bounce”), instead of viewing other pages within the same website. Therefore, it is a measure of effectiveness



of a website, aimed at encouraging visitors to continue with their visits. The main scope of this parameter is to help determine the effectiveness of an entry page in generating the interest of visitors. Moreover, she referred to the advertorial as an important measure of engagement. Advertorial entails an advertisement in for of editorial content. It is designed to promote the interests of a company, and it resembles the editorial format. Usually those tools are used to advertise new techniques, products or services. They appear in form of printed publications, and are designed to appear as independent news stories. The company also funnels its attention to landing pages. Those marketing tools are web pages allowing companies to capture a visitor's information through a lead-capture form, or better known as conversion form.

If appropriately structured, a good landing page will target a particular audience, such as traffic from an email marketing campaign that promotes a specific product, or visitors clicking on a pay-per-click ad that promotes a company's offering. Some of the advantages coming from a correct use of landing pages are the easy generation of leads, offering an appropriate platform for the company's offers, collection of demographic information about customers, and most importantly, allow to understand which prospects are more engaged. They allow to track reconversions of existing leads, which the organization use to identify which individuals are more engaged with the company. Moreover, it enables such companies to collect better intelligence on its leads' behaviors and activities on the web: that information will then be processed and used by the sales department.

Dr. Decina agreed on the definition she was presented of customer engagement, concurring that it represents the intensity of participation and connection of a customer with the activities of a specific company. She agreed that engagement might happen through several different activities; therefore, a company must be careful in selecting the platform and the fittest strategy for it, always with the goal of engaging as many customers as possible, or at least the most optimal ones. When she was asked when Dentsu considers a customer effectively engaged, she referred to the moment when consumers return to visit the official website of a company, to obtain information, visit specific sections, to contact the customer service staff, and so on. Other indicators of

customers being actually engaged are the registration formats. Since in the majority of cases, those formats represent a timely process, companies such as Dentsu consider individuals filling out the registration formats customers that are actually engaged.

In the next section of the interview, Dr. Decina was asked whether she thought that *interaction* represents an important variable in defining and triggering customer engagement. She advocates it is a very important dimension, which allows companies to understand how an individual has been engaged, meaning which tools they used to interact with the company. She claimed it is very useful to analyze since it could enable the company to understand the needs of their clients, in order to improve their services and their offerings. She underlines how interaction can be a critical factor for some company, a minor one in others. She took the example of Poste Italiane (the Italian national mail service provider), in which interaction is highly important, since it reflects in customers willing to use the company as intermediary for their personal belongings, documents and so on. Some tools that can represent interaction are survey and registration formats.

When it came to companies being able to deliver an *extraordinary experience*, she concurred that it is an important variable that might cause engagement. It may be the best way for companies to express their values, their culture and their life model. Hence, it is an important method to properly communicate to clients their vision and mission, and what they are specifically offering. Leveraging on the emotional reactions, allowing customers to have a wonderful experience could be a major factor in the process of engagement. There are several methods to deliver such experiences. One of the most common is workshops and seminars offered by the company, which also include high interaction between the companies and their customer-base. In addition, there are contests with prizes for the winners, one of the most powerful tools of interaction, which may bring a monetary or function value to the winner, which will then be incentivized to engage in those contests.

Regarding the dimension of *awareness*, Dr. Decina had a clear idea about how it is essential in order to know and understand the project that creates engagement. Awareness about a brand, a company or a product is something that may trigger

customer engagement. If it acts as an antecedent, it may represent the reason for an individual, who is well informed about something related to a specific company, to explore better the dimension of the company, hence ending up in certain activities that may in turn end up in an engaged relationship. She supported this statement by saying that if customer engagement is the objective of a company, awareness is a fundamental dimension that must be taken into account. In this perspective, it is essential for companies to clearly and constantly communicate their offerings and news to their clients, both potential and current. Another key dimension which is confirmed by Dr. Decina is *trust*. The interviewed proposed this concept to be closely related to loyalty. A loyal customer will be more engaged with a company with respect to someone not engaged. Nevertheless, when an individual trusts a company, knowing that it will look forward to meet its needs and look out for his best, not only that consumer will likely engage with the company, but he will trust it, and as a consequence, he may become a brand ambassador. Many companies use this specific role as an actual job level [such as Red Bull], where individuals desire to communicate their loyalty to the company, by sponsoring it, advertising it, and referring to their friends about it.

Despite this is something that customers do mostly on the road, this concept can also be applied on the World Wide Web. Recently, Facebook has introduced a function where certain content is sponsored according to your browse history and your personal likes. Often this might be seen as spamming, but in this case, Facebook also highlights whom of your friends like that certain page or content. In that way, the social network exploits these individuals as indirect ambassadors of the content displayed on the news feed. In that way, an individual might be more trustworthy and explore what the content has to offer.

Therefore, in case an individual is not engaged yet, he or she will be more prone to check it, given the fact that some of his friends like it. In this perspective, a company should use the help of ambassadors and loyal customers to create engagement. Although they seem correlated, Dr. Decina pointed out that engagement and loyalty do not go together in the same direction. In case of customer loyalty, there is a great chance there will also be customer engagement, since by being loyal, the customer will try to be

informed and connect with the company as much as possible. Instead, if there is engagement, it is not given that there will also be customer loyalty, which derives from activities more pertaining to customer relationship management.

A related dimension, considered essential by Giulia Decina, is *enthusiasm*. As she previously stated, if an individual is satisfied with a brand or a company, he will become an ambassador of it, directly or indirectly. By being an ambassador, a customer also becomes a form of media of the company, in the meaning that if he or she will decide to advertise the product, talk about it with their friends and on social media websites, he will actively be a form of free media for the company. It will ultimately become a testimonial of the brand, which will allow the company to spread their news and offering to a large circle of individuals, who will pay close attention to the testimonials due to their social status (whether they are friends, family, co-workers, etc...)

Thus, it is essential for a company to focus on customer relationship management (CRM) practices, in order to locate and select those individuals that are likely to be brand ambassadors, and offer them functional or monetary values, such as coupons, discounts and so on. Enthusiasm is not easy to measure and quantify, but there are some practices that can be used. Online surveys to assess customer satisfaction and feedback, email marketing, social network activities and word-of-mouth. In addition, formats can be used to understand whether customers are satisfied or not and that allow companies to monitor its customers.

Other tools that companies such as Dentsu use are Facebook analysis, Google Analytics and editorials, which all serve to search on the web what the general opinions are regarding a company or a specific brand. Dr. Decina focused also on negative feedback, stating that it is important to trace those who are not satisfied with the company, understand what did not please them, and try to edit their offerings according to the feedback. She agreed that *love* (based on the Ducati interview) is a fundamental variable that might trigger engagement, but perhaps it is even better when there is engagement without love. In that case, an individual might have less emotional attachments to the brand or the company, and in that way he or she might base their decisions according to their needs, instead of their emotions. She proposed that *recognition* is an important

factor shaping the construct of customer engagement. For this point, it is necessary to refer to what is called “color marketing”.



Figure 17: infographic showing the perceived dimension of each color ([www.blog.bufferapp.com](http://www.blog.bufferapp.com))

Everything, from packaging to pricing, is essential in the overall construct of marketing, also known as “marketing mix”: and so does color, in this case the brand color. There is a psychological approach taken in this matter, which says that certain cognitive and emotional parameters, such as creativity, trust and optimism, are related to certain colors in our minds. Dr. Decina agrees with this theory, stating that certain colors recall famous logos of specific brands. In her opinion, such acknowledgment may lead to engagement on behalf of customers.

When asked where Dentsu, according to its clients’ needs, places most of its social media strategy, the interviewed said that the decision is based on choosing the best social network which allows to reach the largest range of users at the minimum costs. In this optic, Facebook is the best social network to funnel the majority of resources. It is the largest social network community of the entire world, where one seventh of the

global population is actively connected, allows to easily measure the statistics generated by companies' web pages, and enables wide interaction between users and companies. Other social networks such as Twitter, Instagram and Youtube are only used for campaigns carried out ad hoc for specific needs and goals.

In conclusion of her interview, Dr. Decina explained the two main functions of social media websites. The first one is to serve a social media strategy, where campaigns are made to explain companies' offerings and to allow customers to actively interact with firms, while the second function is referred to editorial contents, which act as the best tools for informing customers, both current and potential ones, and is often managed by creative media agencies.

### **3.4 WUNDERMAN INTERVIEW**



*“In the last few years, customer engagement has dramatically shifted to social media sites, particularly on Facebook”*

Francesco Carissimi

Another representative of the digital marketing industry who agreed to contribute to this project is Dr. Francesco Carissimi, Group Client Services Director of Wunderman Italy, one of the many companies belonging to the WPP group (Wire and Plastic Products), the world's largest communication services group. The conglomerate focuses on digital marketing, customer relationship management, social media marketing, loyalty programs and direct marketing. As for the other interviews, Dr. Carissimi was asked first whether he agreed on the given definition of customer engagement, which was extrapolated by the marketing literature found during the development of the thesis. As previous interviewed responded, this definition was much academic, but concise enough to capture the aim of customer engagement. In his opinion, this practice has shifted

towards anything related to social media channels, prevalently acting on social networks such as Facebook, Twitter, Instagram and Youtube. Therefore, in his opinion, the definition of customer engagement should include the usage of social media sites as platforms to engage customers. Such construct is measurable on social networks, which provide many critical parameters to measure engagement. Dr. Carissimi mentioned some metrics as likes, comments, mentions, direction frequency and sharing. In his opinion, Facebook offers the best standard for engagement, being the most used social network in the world.

In the next section, Dr. Carissimi was asked what he thought about *interaction* as an important variable to construct engagement. He believed that it is a determinant variable, since in his opinion the more customers and prospects interact with companies, through telephones, emails, social media channels, the more opportunities there are to create loyalty with this customers. This is an important statement because in Dr. Carissimi's opinion, customer loyalty is a key dimension that is highly related to construct engagement with individuals. Instead, when he was asked what he thought about a company being able to deliver an *extraordinary experience*, the interviewed stated how this represents something important for him due to his background in automotive luxury and clients management, involved with brands such as Ford, Jaguar, Land rover and Mazda. He agreed with the fact that companies can trigger customer engagement by offering interactive experiences that allow the consumer to immerge in the reality of the company. It might come in form of seminars, workshops, test-drives and so on. He assessed that test-drives are fundamental in spreading the customer experience, which eventually leads to customer engagement. It is important on behalf of the company to show everything that it may offer to its clients and prospects, in order to make them fully aware of the offering. Notwithstanding, test-drivers are also important triggers of word-of-mouth. It means that even customers who are currently not able to afford the car they have tested, such as a young student, will spread the word and make referrals to their friends and families after being satisfied with the experience they were given. In this context, Dr. Carissimi said that it is important for customer engagement to be unbiased, without prejudices. It is a very critical notion, since the overall concept of customer

engagement relies on the possibility to allow anyone to interact and participate with a company, both current customers and prospects.

The successive question involved *trust* and whether it constitutes a key element in leading to engagement. Dr. Carissimi claimed that it must be built over time. There is no customer or prospect in the world that place their trust over a brand immediately. There are different types of companies, targets and communication channels, and they are all related to the creation of trust on behalf of clients. More consolidated organizations spent much time and money in creating notoriety for their brands, and mostly through conventional channels such as radio and television, given their longevity and the lack of social media channels before the mid-2000s. On the other hand, less famous brands need to invest a lot in creating trust with prospects and customers, therefore social media channels represent an optimal choice due to the fewer needed expenses and the possibility to reach a large audience. Thus, these companies need to use means of communication like social media sites, focusing on CRM both with conventional approaches and with social customer relationship management. He added that trust is difficult to build, and it requires many investments, experiences and customer relationship approaches. He also referred to a disruptive example, which is made by Tesla, the automobile manufacturer. The company does not carry its communication strategies on television, only on digital channels, and it managed to create a formidable reputation thanks to its applied technology, to its range of services and the word-of-mouth generated both by current clients and potential ones.

Concerning the topic of *enthusiasm*, Dr. Carissimi believed that it is fundamental in order to create interaction with a brand, but it needs to be amplified and awarded, so that it may influence other clients to do so. Nevertheless, it is not the only necessary condition to construct customer engagement, and it is useless without a solid strategy supporting it. As for the last variable concerning customer engagement construct, the respondent believed that *awareness* is the first step to take in order to trigger engagement on behalf of consumers. More particularly, a newly formed company must focus on increasing customers and prospects' awareness towards the brand before being able to satisfy them and engage them. It depends a lot on the target audience and the



available budget. If a company can afford to spare no expenses, it should consider taking a television-centric approach, which is still the most used media channel in our society, and investing a lot in conventional channels. Therefore, in his opinion, awareness is fundamental, as long as the company has clearly figured out which is the target audience and how many resources it has at their disposal.

In the respondent's opinion, other components that might structure customer engagement are anything related to customer relationship management; more precisely, relational marketing finalized at delivering the right message, at the right touch point and at the right moment. It must be clearly defined, whether it aims at creating awareness or conversion, as well as customer caring. The most important feature is that it must be customized and personalized to create engagement. The customers must perceive it as it were made for them; hence, the message must be based on the characteristics of that person.

Other metrics that Dr. Carissimi uses to measure customer engagement are lead conversion, from which the organization extrapolates the data to understand who was engaged, how they were and why, and finally to estimate a percentage of conversion. After that, the firm calculates the return on investment (ROI) on that specific person. Furthermore, he claimed that Facebook is nowadays' television, in terms of achievable audience, and within which companies can target the clients, understand where to invest and what type of engagement. In case of prospects, the company may vary its strategy in order to make it become a customer.

When other organization use the help of WPP and its subsidiaries, Dr. Carissimi stated that there are many social networks on which they might work. Basically, all the major ones such as Twitter, YouTube, Facebook and so on, with less focus on Pinterest and Google Plus. In addition, he said that on average every client of the company (other corporations) require the allocation of one to three professional resources to manage the project. Moreover, he claimed that every company that aims at delivering and focusing on social media marketing should try to appropriate a budget close to 30-40% of the overall marketing budget.

In conclusion, Dr. Carissimi listed a couple of successful digital campaigns that created customer engagement in the last few years. The first he mentioned was the Instagram campaign #IamDriven, where users were asked to post artistic pictures about the Land Rover design. The second one was the campaign used by Procter & Gamble called “Thank you, Mom”, made in collaboration with other agencies such as Hill+Knowlton Strategies, which was made during the Olympic Games in 2012 to honor athletes and their mothers. This particular video was considered one of the best video-campaigns of the year in 2012 since they addressed a topic which is much considered by the whole world: the love of mothers towards their children and the constant support they give them. The last campaign he mentioned was delivered by Ford, where customers were enabled on Facebook to experience the technologies offered by the company, and in case they correctly answered the questions they were given, they would have won a prize.

### 3.5 PERNOD RICARD INTERVIEW



*“Customer engagement represents the intensity of one’s relation with a brand. To build a relationship with customers it is important to give them a reason to engage”*

Simone Oltolina

The next marketing manager that decided to participate in this research project was Simone Oltolina, Head of Strategic Planning and Consumer Insights of Pernod Ricard, Italian division. The company bases its business on producing distilled spirits, and it is one of the top-leaders of the alcoholic beverages industry. As in the previous interviews, at the beginning Dr. Oltolina was told the definition of customer engagement. He agreed with the given definition, remarking that it embodies the most practical definition of the concept, confirming the fact that in a marketing-executive opinion, customer engagement represents the intensity of customer’s participation and his or her connection with companies’ offerings and activities (Vivek, 2009). When he was asked how Pernod Ricard considers a client actually engaged in the company, Dr. Oltolina confirmed another common belief: it is a complex topic, since there is not just one parameter.

He stated that when a company measures the brand equity with specific studies and researches, an important metric to account for is bonding, which represents the intensity of the consumer’s connection with the brand. Anyway, he emphasized that it is not sufficient to be an active, passive or frequent customer: it is required to be interested, and therefore to be an advocate of the brand [this logic is more commonly known as “brand ambassador”].

Another comment he cared to add was that engagement is based on the number of people that were exposed to a company’s activity, with respect to the actions that they

will take, as comments, likes, discussions and participation (specifically on social networks). One of the most interesting comments that the respondent gave was the *interaction* does represent an important variable to build customer engagement, but it is not as vital as many companies think. He believed that for many organization, interaction represents an obsession that they must accomplish. Nevertheless, he continued by stating that clients do not wake up in the morning and immediately thinking about how interacting with companies during the day. In order to structure a relationship with clients, both current and potential ones, it is not necessary nor useful to “make” them to interact with the brand: instead, it is far more important to give them an incentive to undertake such action.

In the following section of the interview, Dr. Oltolina partially agreed with the importance of delivering an *incredible experience* to the company’s client-base, referring to it as experiential marketing. It represents a method to create engagement, but it must be carefully weighted. Obviously, it is intriguing for customers to participate in activities that enable them to engage with a company, but it must be analyzed whether it is economically viable to offer such experience, since it carries an important cost for companies. This cost increases as much as the number of clients the company desires to reach increases. Moreover, it is complicated to measure, unless it refers to an online contest or game that can be later analyzed through software analytics. It is also critical for organizations to establish the objective to accomplish; otherwise, it might be costly and not yield the expected (and useful) results. It would be more optimal to measure the intensity of customer participation, and conducting marketing researches aimed at establishing the customers’ interests, and successively comparing it with the data of competitors firms. It is also important to conduct tests based on social communication, advertising campaigns, and understanding how they worked. The interviewed added that tests based on customers and their needs, interests and demands is the best one to conduct in order to create an appropriate offering.

Regarding the concept of *awareness*, more particularly brand awareness, Dr. Oltolina believed that it is not related to customer engagement; rather, it is an antecedent of it, or perhaps a requirement. He stated that when a customer develops an interest for a brand,

he or she would be more inclined to be informed about it, but it represents more a concept of desiring to be more aware of the brand, not to be engaged to it. On the other hand, he claimed that *enthusiasm* is a consequence of customer engagement. If a client is highly engaged with a brand, such client will be much enthusiastic about it. It is quite complex to measure it, and the most reliable metrics come from social network activities, such as spontaneous mentions on Facebook. In addition, it is possible to extrapolate enthusiasm of customers towards a brand using the sentiment analysis.

Regarding the dimension of *trust*, Dr. Oltolina claimed that it is a necessary but insufficient condition to engage customers. He referred to the food industry, where guarantee and trust play a key role. If the brand is guaranteed to deliver quality and sanity, with a solid history supporting it and it is well recognized, it will be more targeted by customers. Moreover, they will be less inclined to believe that the brand delivers toxic or low-quality products. Nevertheless, in order to create engagement, much more must be done by companies.

Causes of customer engagement depend on the product/service and the target audience. It is critical to understand what the customer is demanding and needing in order to deliver the fittest offering. It is also required for companies to understand their limits, meaning that whatever they are offering, it must be compatible with what the company is able to create and deliver. Something that can create engagement is the ability to offer a product or a service which embodies the WOW effect: being able to offer something that catalyzes the attention of customers, and lets them to fully enjoy the product. Obviously, such product must be better than the customers' expectations in order to be able to add the "wow factor".

Concerning customer engagement metrics in social media, the main measurement is what Dr. Oltolina refers to as engagement rate, which consists of all the possible indicators of engagement in social networks: those could be likes, views and interactions. Regarding this last factor, he said that it could be furtherly skimmed; on Facebook, a "like" represents a mild form of engagement, while comments, mentions and sharing is considered stronger and more influential. Also negative feedback is considered by Pernod Ricard. There are different kinds, and reasonably insults and

faulty words are moderated from the company, while negative comments are taken into account to understand whether customers are being too pretentious or unreasonable, as well as to figure out what the company can do better to fix these mistakes.

Dr. Oltolina listed the different social networks where his company is active on: Facebook, Twitter and Instagram are the ones including the company's official page. The company uses a heterogeneous strategy for all the three social networks, with minor modifications according to the limitations of the website (such as maximum number of characters on Twitter, image and video format, etcetera). He emphasized the Facebook is the tool mostly used by the company, since nowadays it represents the only true mass social network, which works on every group age, and it represents the focus of communication, being together with WhatsApp the most used virtual mean of communication. On the other hand, Instagram is more particular, focusing on visual content in form of images, therefore the communication must be centered towards pictures or internet memes. He also added that the United States are nowadays the most important market for Absolut Vodka, one of the key brands of Pernod Ricard.

In the last section of the interview, Dr. Oltolina commented on the interactions between the departments in the company. He stated that two managers are in charge of the digital marketing functions of the company, but do not work exclusively on that. They are in charge of several functions that may vary in the marketing and strategic planning field. Instead, the daily management of digital marketing campaigns and analysis is made by the brand managers, which are four employees. They are in charge of posting online contents, controlling the results and moderating the possible interactions on Internet. Other than measuring the results, they deliver a monthly report, as well as the challenges, suggestions and problems that the company is facing in that specific period on the digital field. Finally, when asked how much of the marketing department budget is used for digital and social media campaigns, he claimed that it falls between 15% and 20% of the overall budget.

### 3.6 MERCEDES-BENZ INTERVIEW



# Mercedes-Benz

*“It is the company’s duty to treat its clients with respect, with an equal approach, without thinking of being superior to them”*

Alessia Argento

With a bit of luck in being able to contact her, another representative of the automotive industry managed to engage in this interview, aimed at delivering qualitative managerial inputs concerning customer engagement. Such representative is Dr. Alessia Argento, Marketing and Communication Responsible for Mercedes-Benz Italy. The firm is one of the most recognized, appreciated and profitable organizations operating in the premium cars industry, basing their core competences on traditional German design and mechanical engineering. Dr. Argento, as well as previous respondents, concurred with the definition of customer engagement given at the beginning of the interview, used as first question in order to validate the marketing literature used for this project.

She immediately started by saying that there are different levels of engagement, which she categorizes in “hot” and “cold” levels of engagement, more precisely lead-generations. A cold lead represents a client that engages in contact with the company through digital platforms and leaves his or her contact information on the website, in case they desire to obtain more information regarding a specific car. A hot lead instead consists in a customer actively taking an action, requesting a test drive, asking for a price quotation, or perhaps just an information pamphlet. He or she will leave his information and contacts, which will be then contacted by the call-center, and in case the interaction goes to the next step, will lead to a scheduled appointment with the closest local Mercedes-dealer.

According to Dr. Argento, *interaction* can be a critical factor in the build-up of customer engagement, although it is not an essential one. It might be measured with what she refers to as “total engagement”, consisting in likes, comments, sharing, retweets and so on (on social media websites). Regarding the concept of delivering an *extraordinary experience*, Mercedes-Benz operates in a particular area, the automotive industry. Thus, extravagant experiences that can be offered by Mercedes-Benz are limited to live presentations and demonstrations of cars and test-drives, and occasionally events made ad hoc for customers. The level of engagement will then be possible to measure via collection of names. In this context, the main goal is lead generation for all the activities offered by the company, with the exception of offerings made for niches, such as for super-premium cars. Here, the goal is to aim at customer loyalty, not lead generation.

As for *enthusiasm* and *trust*, Dr. Argento was briefer. She claimed that enthusiasm is a valid variable, stating that first a company reaches its client-base with a more rational approach, in order to successively give reasons to purchase its products or services. As for the trust, she said that it is a fundamental parameter of customer engagement, which is used to build the positioning of the brand, with its promises that must be delivered to the customers in order to engage them.

Concerning *awareness*, she believed that it is an antecedent of customer engagement, and it is the first indispensable element of contact between the clients and the brand. It is necessary to activate actions that can lead or spread awareness, which will create notoriety for the brand within a safe panel. Therefore, awareness is the first point of contact. She went on and described what other factors are critical for companies in order to create customer engagement. She listed passion, competencies on behalf of the company, and its ability to place itself at the same level of the customer, with an equal approach, without thinking of being superior with respect to its clients.

When asked what specific social media metrics Mercedes-Benz uses to measure customer engagement, all the mainstream analytics were listed for the social networks where the company operates in: those are Facebook, Instagram, Twitter, YouTube and Pinterest. She stated that in case of negative feedback, particularly insults on behalf of users, the company will manage to moderate those offences, but she added that in case



there are some complaints about the content offered by the company, it would not be ignored. The company would analyze it and attempt to modify it in order to meet the demands of the customers. Dr. Argento highlighted that social networks are users-base for researches, since the data generated by users will be either spontaneous or pressurized, which will help companies to understand what the public thinks about them.

As for previous interviews, here it was remarked that the social media strategy is not heterogeneous, and it is more or less the same one for all the different social networks, depending on the context and the restrictions of it. She also claimed that there are two professional managers allocated to the management of social media channels. Moreover, she estimated that out of the overall marketing department budget, the digital and social media marketing actions receive up to 20/25% of it.

The final part of the interview consisted in the interviewed being asked what social media campaigns she considered successful on behalf of Mercedes-Benz. She was asked this question since in the second chapter of this thesis, one of the cited case studies concerns the social media campaign “The truth about Smart”, a subdivision of the overall Daimler group<sup>7</sup>, but still part of Mercedes-Benz. The most important campaign that was mentioned was called “Formula Tweet”, in action from July 2014 until the end of November 2014.

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<sup>7</sup> Daimler group represents the controlling consortium of many brands such as Mercedes-Benz.



Figure 18: Mercedes #FormulaTweet campaign ad (official company's website)

The campaign consisted in challenging the Formula One champions with the first social car powered by supporters' passion [as claimed by Mercedes-Benz], with the final prize being a weekend on board of the New Class C BlueTECH Hybrid. During the campaign, all Twitter users had the opportunity, using the hashtag #FormulaTweet, to tweet about the movements of the hybrid car on the map of the circuit available on the website, which will have had (at the time) challenged the vehicle participating in the Formula One championship. The campaign proved to be successful, with many interactions of Twitter users, which also translated into more attention towards Formula One, where Mercedes-Benz was present, as well.

Another interesting social media activity portrayed by Mercedes-Benz occurred on October 2014, shortly after the victory of the world Formula One team championship, where the company's team defeated the long-standing rivals of Ferrari. The Italian company after the race in Sochi, Russia, congratulated Mercedes on winning the championship with a tweet, which said: "Congrats to Mercedes for the deserved world championship! Enjoy it...we will be back!"



Figure 19: a Mercedes car remarking its victory in Formula One over Ferrari's HQ ([https://twitter.com/MercedesBenz\\_IT/status/522319573622992896](https://twitter.com/MercedesBenz_IT/status/522319573622992896))

The German auto-manufacturer did not waste any time, and exploiting a test drive in Modena (an northern Italian city close to Ferrari's headquarters), parked the new hybrid car in front of Ferrari's gate, tweeting "See you soon!" Such actions on behalf of the companies generated a lot of marketing buzz on Twitter, which translated into a lot of interactions and mentions by customers regarding the two brands and their cars.

### 3.7 FIAT CHRYSLER AUTOMOBILES INTERVIEW



*”Customer engagement does not only concern the intensity of participation. It refers to the capacity of influencing interaction with a client”*

Giuseppe Moder

The final interview of this dissertation thesis involved Dr. Giuseppe Moder, Digital Marketing and CRM Director of the Fiat Chrysler Automobiles (FCA), one of the leaders in the automotive industry, which comprises eleven different brands, including Ferrari, Fiat, Maserati and Alfa Romeo. Dr. Moder started by slightly disagreeing with the definition of customer engagement he was given. He stated that it does not solely represent the intensity of participation; rather, it is related to the content typology. He emphasized the fact that customer engagement concerns more companies’ ability to influence the interaction with clients. Any content leads to interacting, but when two different parties talk with each other (in this case a firm and a customer), it is interesting only in case one of them actually responds. Often, enterprises repeat and broadcast contents that are interesting to them, and informative for the client base. Since individuals are daily exposed to hundreds (sometimes thousands) of advertisements, banners, commercial spots, there is a lot of information to process. What matters to companies is how many times a client [or a prospect] actually recommends some advertisement to his or her inner circle. It is closely related to Jonah Berger (2014) theory, where he claims that advertising is far less powerful than word-of-mouth. Every company in every industry claim their products or services are the best available on the market, hence it is reasonable for customer to assume that it is not true. On the other

hand, when someone's close and trusted person recommends a product, such individual will be more inclined to process that information and consider the purchase of the product.

Furthermore, Dr. Moder gave his opinion regarding social media platforms. He stated that they are not social environments for enterprises, but broadcast platforms used in the same way as television and radio. Moreover, he concentrated on the Facebook algorithm, which enables only a small percentage of fan page followers to actually be exposed to a content. Unless there are specific parameters involved, for a fan page including 500,000 followers, only 6.5% of them will be always exposed to the new content delivered by the page. For pages followed by more than 1 million people, the percentage will decrease to 2.5%. The reason is simple: Facebook does not want companies to constantly spam the social network users with a huge amount of information and advertisements. Moreover, it serves as an incentive for companies to boost their fan pages (by paying those boosts) in order to be able to reach a higher base of the audience. For this reason, some companies modify their social network strategy, according to the product, the target audience and the objective they want to reach.

Regarding the point at which a company (in this case FCA) considers a customer effectively engaged, Dr. Moder said that the key indicator used by the company corresponds to a client leaving his or her personal data in order to be contacted by the company later on. This is conceptualized in terms of customer engagement when it occurs as a response to a certain activity, either on social media platforms or on other ways. If customers concede their data, they become either a prospect or a lead. Successively, they will be contacted in order to evaluate whether they want to obtain more information regarding a specific car, or in other cases, when they wish to have a test-drive.

In the next section, Giuseppe Moder was given the proposed scale of the variables affecting customer engagement, as the other respondents. As previously confirmed, he concurred that *interaction* between a client/prospect and a company is important, but not a necessary condition, and it does not have to happen on social media platforms. Often, customers interact on social networks with companies in order to obtain specific

information or to propose a concern they have. Only in the case they have the desired answer, engagement might be triggered in the next phase. In this sense, online customer service and information service managers will be responsible and important to establish an interaction with customers, otherwise it will not be necessary to create engagement with clients. Concerning *enthusiasm*, Dr. Moder affirmed that it is not essential. On the other hand, what matters is rapidity in delivering answers to clients, precision in the given response, coherence with the inquiry made by the individual, which must be entirely related to the subject brought up. This means that in case a customer asks the release date of a new product, and in turn he or she is given an answer concerning a discount for a different product, such customer will not feel satisfied and will not be inclined to engage with the company. The timing of the answer also matters. Clients and prospects want an immediate answer: if it does not arrive within 24 hours, they will not be pleased with the customer service they are offered. On the contrary, they will feel enthusiastic in case the company quickly responds to them.

It is related to these points the next variable: *trust*. It is fundamental to create engagement, but it can be structured only when a company is able to respond quickly, in a detailed way, and related to the concern presented to them. In his opinion though, trust begins with the product and the service. Their quality and the history of companies will play an important role in building a sense of trust on behalf of the market. If an organization has a great product but it fails to deliver it, advertise it and present it correctly, it will not succeed. Moreover, trust will fill the gap in occasions when companies fail at something. If a customer is very loyal and places trust on the Fiat brand, in case the newly-purchased car will consume more than what it was advertised, the customer will be inclined to “forgive” the company, because she/he trusts the brands and it allows occasional mistakes.

Furthermore, he concurred that companies ought to be able to deliver *extraordinary experiences* to its client-base. If a customer is highly satisfied and enthusiast with something he or she experienced with a company, they will be more likely to reference it to their inner circle, so that they will trigger word-of-mouth, which in social media platforms may become viral and create much brand awareness. This concept is related

to the previous paragraph of this interview, where it has been clarified that the individual should trust and esteem someone in order to consider their referral to be reliable, otherwise it will not be more different than mainstream advertising. In this case, companies have to take into account the needed expense to create interactive experiences as test-drives, online contests and so on before deciding to serve them in order to create engagement.

As the other interviewed managers, *brand awareness* is considered the most important antecedent of customer engagement. It is fundamental and it belongs to a systematic process concerning the purchase procedure of consumers. According to Dr. Moder, the first action should be what is called a “trigger”: an event that pushes customers to decide what their next purchase should be. If someone is thirsty and does not have any beverage at home, he or she will go buy something refreshing because of their thirstiness. In the automotive industry, an iterated breakdown of the car may represent the same principle. In case a car stops several times in a short period of time, the driver will be inclined to consider buying a new car. In the next stage, there is inspiration, which is made more with the heart rather than with reason. It is the phase where customers image what they wish they could buy, but then they get to the information gathering process, where they start to collect all the possible news and information needed to correctly process their decision. After such gathering, they will evaluate the possible purchases, then they will identify their needs (how many seats they need, how much gas consumption, optional features and so on) and finally they will make the ultimate purchase decision. Before doing any of this, individuals must know the brands they are looking for. Therefore, brand awareness is considered the “trigger for the trigger”: that variable which causes the entire decision-making process concerning purchases.

In the conclusion of the interview, Dr. Moder stated that FCA does not fully measure customer engagement. By operating in a particular industry such as the automotive one, they pay attention to the number of cars sold every year. In relation to customer engagement, they analyze the number of sold cars generated by actions that were proposed to create customer engagement. Other than this, the company pays attention to the mainstream metrics used by every company in the big social media platforms, such

as likes and comments on Facebook, shares and retweets on Twitter and so on. He claimed that the organization does not monitor those parameters that much because they do not deliver value in terms of registrations, lead generation and car sales, unless the customer leaves his or her data in order to be contacted to obtain more information about a car.

Finally, he stated that all the available social networks comprise the presence of FCA, with a major focus on YouTube, Twitter, Facebook and Instagram, as well as Vimeo, Pinterest, LinkedIn and others. According to the social network kind, the company will base its social media strategy, whose management is taken by one professional resource of the company. Moreover, he claimed the social media strategy department obtains a percentage between 7 and 8% of the total marketing communication department. Considering the annual budget is something between 150 and 200 million euros, it may be considered as a huge investment for social media strategy.







### **3.8 CONCEPTUAL FRAMEWORK**

The interviews will now be used to create a conceptual framework, which will establish whether there is a direct relation between customer engagement and the dimensions asked to the respondents. The five dimensions were 1) interaction, 2) extraordinary experience, 3) enthusiasm, 4) awareness and 5) trust. It will be established whether they are causes or consequences of customer engagement, and their importance in the overall construct of it.

#### **3.8.1 INTERACTION**

Such dimension represents the exchange of ideas, opinions and feelings with other people regarding the engaged consumer's participation and the focus of engagement (Vivek, 2009). Furthermore, it refers to communication between customer-base (both prospects and current clients) and exponents of a company, which may happen through point of sales, call centers, social media sites and interactive events. When the interviewed were asked whether they thought that interaction represents a crucial dimension to trigger customer engagement, the answers were contrasting.









<p>Diego Sgorbati (Ducati)</p> 	<p>“It is not extremely important. It matters the quality of the time spent dealing or interacting with a customer rather than the quantity of it.”</p>
<p>Giulia Decina (Dentsu Aegis)</p> 	<p>“Interaction is something significant, and it may be used by companies to understand what are the means used to engage customers”.</p> <p>“It might be used to analyze clients’ needs and demands”.</p>
<p>Francesco Carissimi (Wundermn)</p> 	<p>“It is a determining variable. By increasing interaction a company may obtain more customer loyalty”.</p>
<p>Simone Oltolina (Pernod Ricard)</p> 	<p>“It might be an important behavior to encourage, but it is not vital to create engagement”.</p> <p>“Customers do not wake up in the morning thinking how much time they will interact with their favorite brands”.</p>
<p>Alessia Argento (Mercedes-Benz)</p> 	<p>“It could stimulate engagement, but it is not essential”.</p>
<p>Giuseppe Moder (FCA)</p> 	<p>“Interaction may boost customer engagement, but they are not correlated”.</p> <p>“Interaction does not have to happen exclusively on social media platforms”.</p>

Overall, it is reasonable to state that the majority of respondents does not believe that interaction is a necessary requisite to trigger customer engagement. Everyone concurred that it may be beneficial and that it represents a variable which may influence customer engagement, but only a couple of the respondents thought that it is indispensable. Moreover, Vivek (2009) stated that as the level of engagement increases, clients and prospects will be more interested in exchanging their experiences, ideas and opinions with each other. In this perspective, interaction may be seen as a consequence of customer engagement rather than an antecedent.

### 3.8.2 EXTRAORDINARY EXPERIENCE

According to Privette (1983), an extraordinary experience indicates the sense of newness of perception and processes, while Arnould and Price (1993) state that it is intense, positive and intrinsically enjoyable. In this way, delivering an experience out of the ordinary gives the feeling of personal control and clear focus (Vivek, 2009). Here are the results from the interviews concerning the importance of companies being able to deliver an incredible experience to their customers.

<p>Diego Sgorbati (Ducati)</p> 	<p>“Ducatisti feel part of the community because of the way we treat them, how we get them involved and how we are able to deliver them unforgettable experiences.”</p>
<p>Giulia Decina (Dentsu Aegis)</p> 	<p>“Experiences offered by companies might be the best way to express their values, culture and life model.”</p> <p>“Companies should clearly communicate to their clients the vision and mission, as well as what they are offering to clients.”</p>






<p>Francesco Carissimi (Wundermn)</p> 	<p>“Organizations may trigger customer engagement by offering interactive experiences, allowing clients to immerge in the company’s reality.”</p> <p>“Use these opportunities to show everything a company has to offer to the market.”</p>
<p>Simone Oltolina (Pernod Ricard)</p> 	<p>“Experiential marketing is important but it must be carefully weighted and it is tough to measure.”</p> <p>“Expenses should be kept at minimum.”</p> <p>“It is imperative to establish the main goal of the company.”</p>
<p>Alessia Argento (Mercedes-Benz)</p> 	<p>“For companies as Mercedes-Benz, interactive experiences are not a prerogative”.</p> <p>“The goal is to obtain customer loyalty.”</p>
<p>Giuseppe Moder (FCA)</p> 	<p>“If a client is satisfied with something he/she experienced with a company, they will generate word-of-mouth.”</p>

Judging by the responses, an incredible experience offered to customers is considered by everyone something quite important to achieve customer engagement in the process. Thus, it may be considered an actual variable for triggering customer engagement.


### 3.8.3 ENTHUSIASM

The next variable considered during the interviews is **enthusiasm**. It refers to strong excitement about the focus of engagement, and according to Glassman and McAfee (1990) enthusiastic people take ownership of their objects and activities and will be risk-

prone. In addition, engaged customers are more excited about their active and on-going participation with an activity offered by the company. Consequently, their enthusiasm will lead them to take risks and attempt to overcome obstacles<sup>8</sup>.

<p>Diego Sgorbati (Ducati)</p> 	<p>“Enthusiasm is highly related to the individual profile, while engagement depends on the intensity of the relationship.”</p> <p>“If there is enthusiasm there will be also engagement, but not vice versa.”</p>
<p>Giulia Decina (Dentsu Aegis)</p> 	<p>“An enthusiastic client will become a brand ambassador, and even a testimonial in some cases, becoming a media tool for the company.”</p> <p>“It is not easy to measure, but firms can use methods as online surveys and feedback email marketing.”</p>
<p>Francesco Carissimi (Wundermn)</p> 	<p>“Enthusiasm is important but must be awarded to influence other clients.”</p> <p>“Nevertheless, it is useless without a valid strategy supporting it.”</p>
<p>Simone Oltolina (Pernod Ricard)</p> 	<p>“It represents more of a consequence of customer engagement.”</p>
<p>Alessia Argento (Mercedes-Benz)</p> 	<p>“Enthusiasm is a valid variable: first the company reaches its client-base more rationally, and then it incentivizes them to purchase its cars.”</p>



<sup>8</sup> An example refers to a customer, not entirely technologically skilled, who will do anything to try to customize his or her Apple products, as iPod, iPhone and iPad.





<p>Giuseppe Moder (FCA)</p> 	<p>“It is not essential. What matters is precision in the response [to a client’s question], rapidity and coherence with the subject.”</p>
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There were many different answers arising from the interviewed managers. Most of them does not consider enthusiasm to be a crucial trigger for customer engagement. In some cases, it was even considered a consequence of it. According to Vivek (2009), engaged consumers are visibly excited about their active participation with a company’s offering. Based on Vivek’s analysis, and confirmed by Dr. Oltolina as well, enthusiasm might be viewed as a consequence for customer engagement.

**3.8.4 AWARENESS**

From the psychological perspective, **awareness** is considered as thinking about interaction patterns, comparisons and/or contrasts between partners in a relationship (Acitelli, 1992). It involves the consciousness of and having knowledge of the focus of engagement. Nevertheless, the variable taken into account during the interviews is brand awareness, which is considered by every respondent the most important antecedent for customer engagement.






<p>Diego Sgorbati (Ducati)</p> 	<p>“It is easy to tell customers that things are going great. We believe it is more important to inform them when things are not going so well.”</p>
<p>Giulia Decina (Dentsu Aegis)</p> 	<p>“If customer engagement is a key objective for a company, awareness is fundamental to trigger it.”</p> <p>“It is critical to target both current customers and prospects in order to</p>


	expose them and empower brand awareness.”
<p>Francesco Carissimi (Wundermn)</p> 	<p>“It is the first step that triggers engagement.”</p> <p>“Companies must figure out the target audience and how to use their resources.”</p>
<p>Simone Oltolina (Pernod Ricard)</p> 	<p>“It is an antecedent for customer engagement”.</p>
<p>Alessia Argento (Mercedes-Benz)</p> 	<p>“Brand awareness is the first unavoidable point of contact between companies and customers.”</p> <p>“It is the most important antecedent of customer engagement.”</p>
<p>Giuseppe Moder (FCA)</p> 	<p>“It is the most important cause of customer engagement.”</p> <p>“It represents the first trigger that will eventually lead to customer engagement.”</p>

This is the only dimension which was commonly considered the most important antecedent of customer engagement. All the respondents agreed that a client or a prospect must be aware of a brand before being eventually engaging with it. There are only a few rare cases when individuals engage in some manner with an organization knowing few or nothing at all about it. In the conceptual framework, brand awareness will be placed as the main cause of customer engagement.

### 3.8.5 TRUST

The last discussed variable is **trust**, which is the cornerstone of long-term relationships (Spekman, 1988) and it consists in the firm belief in reliability, truth or ability of someone/something (Oxford dictionary).

<p>Diego Sgorbati (Ducati)</p> 	<p>“As in a relationship with partners, companies must place trust and love in their relationship with clients.”</p> <p>“There must be rationality in B2C relationships: only in this way our customers will trust us.”</p>
<p>Giulia Decina (Dentsu Aegis)</p> 	<p>“Trust is much related to loyalty. A loyal customer will be more engaged with a firm, so we need him/her to trust us.”</p> <p>“If clients trust us, they will likely become brand ambassadors.”</p>
<p>Francesco Carissimi (Wundermn)</p> 	<p>“It must be built over time.”</p> <p>“Companies must choose the most optimal media channels to communicate to clients and to show them how they can be trusted.”</p>
<p>Simone Oltolina (Pernod Ricard)</p> 	<p>“Trust is a necessary condition for engagement, but not a sufficient one.”</p>
<p>Alessia Argento (Mercedes-Benz)</p> 	<p>“It is used to build the positioning of the brand.”</p> <p>“When a company makes a promise to its customers, it must be able to deliver them.”</p>

<p>Giuseppe Moder (FCA)</p> 	<p>“Trust is fundamental for engagement, and it begins with the quality of the good/service offered.”</p> <p>“It may compensate for when companies fail to deliver certain expectations to their customer-base.”</p>
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On average, the respondents believed that trust might represent a cornerstone for customer engagement. Moreover, it is highly related to the company’s reputation, which is an important base of the trust perceived by customers towards brands. It is a tricky parameter, since trust requires much time to be built. Nevertheless, it is considered an important variable in establishing a long-term relationship with clients, closely related to customer loyalty.



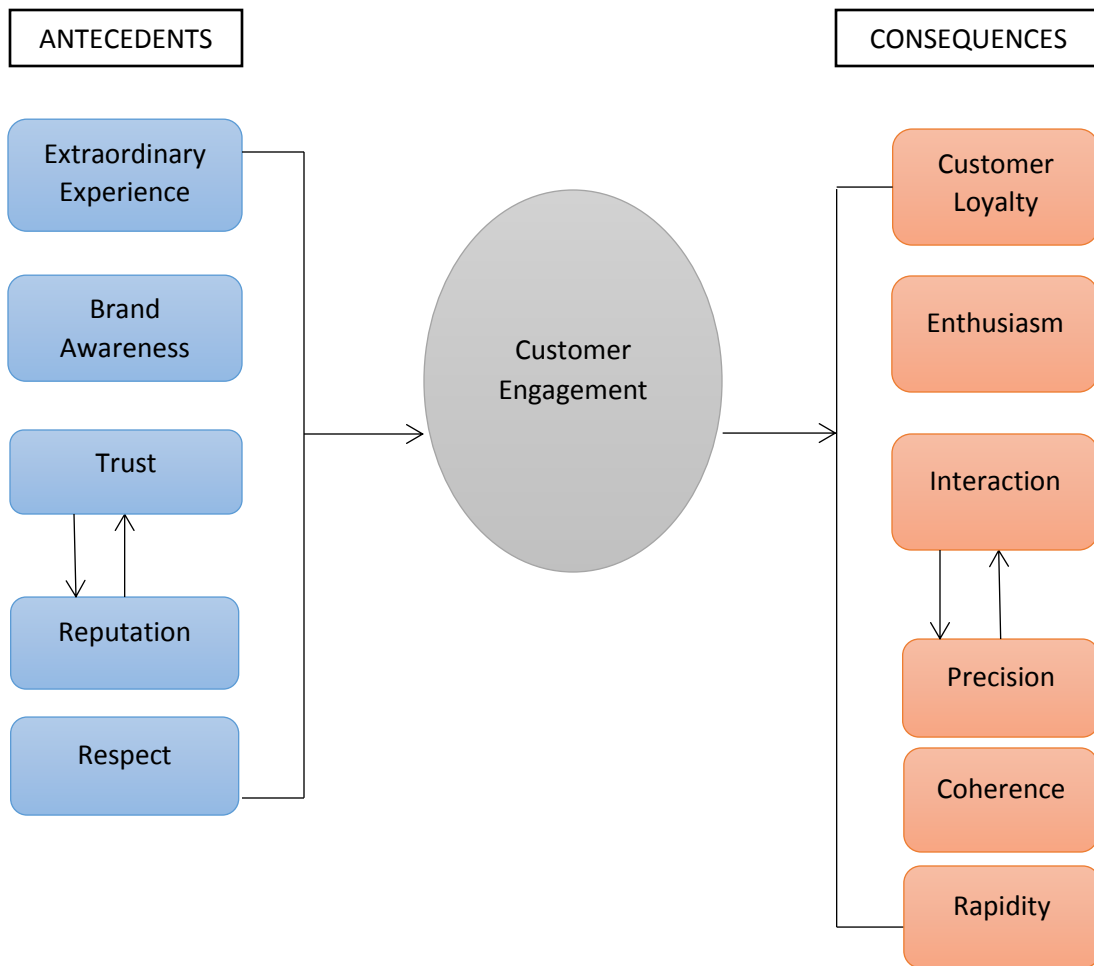


Figure 20: the conceptual framework as a result of the interview’s answers.

With customer engagement being the focus, this conceptual map attempts at extrapolating the responses arising from the interview, and allocating them as contributing or consequential variables of customer engagement. Brand awareness was considered the most important antecedent, and the first trigger to engagement. This suggests that consumers will be prone to engage with a company given their knowledge of the brand. A company’s ability to deliver an extraordinary experience to its customers was considered a powerful parameter leading to customer engagement, as well. It might yield many benefits, as increasing brand awareness, improve sales figure and give the

opportunity for companies to express and communicate all they have to offer. In addition, some of the respondents stressed that consumers need to trust a company before engaging in a more intensive manner. In this way, it is related another cause of engagement: trust. It must be built over time, and it is not easy to achieve, but it is closely related to the company's reputation. Therefore, it is a powerful, yet fragile variable to account.

As for the consequences, the respondents pointed out that dimensions such as enthusiasm and interaction may be successive to customer engagement. Specifically, interaction (no matter if it is taken on social media platforms, point of sales, etc...) must carry three important characteristics. Customers interact with companies to express their satisfaction in some cases, but most of the times they do so to communicate a problem they are facing or to gather information. In both those cases, the company must give an accurate answer, coherent with the topic brought up by the individual, and in a short period of time, since nobody enjoys receiving an answer after several days, even weeks in some cases. Finally, especially for the companies operating in the automotive industry (concerning the interview), customer engagement is seen as an antecedent for customer loyalty, which will bring more financial profits for the company.

Comparing this conceptual map with others proposed by marketing academics, it is possible to find some substantial differences. In the aforementioned model developed by Vivek et al. (2012), trust is considered a consequence of customer engagement, rather than a cause in the model deriving from the managers' interviews. According to their research, trust acts as a relational governance mechanism assuring partner reciprocity and non-opportunistic behavior (Morgan & Hunt, 1994), and that positive interactions contribute to trust in the exchange relationship (Parkhe, 1993). At the same time, the conceptual model developed by Van Doorn and co-authors (2010) proposes trust to be a cause of customer engagement. All the interviewed managers believed that trust is a prerequisite for consumers to decide to engage with companies, since they want to be sure that their involvement will be beneficial. Being linked with the reputation of the company and the mutual respect that there must be between consumers and

organizations, the interviewed managers believe that trust is something that creates engagement, rather being created by it.

In the same model, loyalty is considered a consequence of customer engagement as well, while in the proposed model of Bowden (2014), loyalty is considered the final outcome of engagement for repeat customers. On the other hand, involvement (or interaction in the constructed conceptual model) is viewed as a cognitive, affective or motivational construct, but not a consequence. Nevertheless, most of the managers agreed with the notion that customer engagement does not simply involve interaction, and more specifically online interaction of consumers. In their opinion, this is something that will be increased once the customers are engaged to the activities of the company. Hence, in their opinion, it is not an essential prerequisite for customer engagement. Compared with three other conceptual frameworks, the one produced with the answers deriving from the interviews with the marketing managers is quite consistent with the others models.

The main implication arising from the proposed conceptual map, along with those gathered from the marketing literature, is that companies and scholars have different opinions about the causes and the consequences of customer engagement since there are many plausible ones. It depends much on the objective of the company and the industry operating in, but the ultimate goal for everyone involved is converting prospects and fans into customers with the customer engagement initiatives. If they propose an activity, a contest or any other kind of action, and the customers engages with the company, reaching the point of deciding to purchase its product or service, that will consists in financial profits and value for the organizations.

## CHAPTER 4: A DASHBOARD OF ANALYTICS AND VARIABLES.

### 4.1 INTRODUCTION

“Measurement is the first step that leads to control and eventually to improvement. If you cannot measure something, you cannot understand it. If you cannot understand it, you cannot control it. If you can’t control it, you can’t improve it”. This quote made by H. James Harrington, publisher and current CEO of the Harrington Institute, is the perfect way to emphasize the true problem regarding customer engagement. As previously stated in the first two chapters, a correct application of techniques and campaigns aimed at engaging customers, both potential and prospect ones, can yield many benefits to the company. Notwithstanding, it is has the downside of being tremendously difficult to correctly be measured. It does depend on the context that companies are operating. In case organizations desire to measure the effects of their campaigns or their offerings initiated on a social media site, there are several quantitative metrics and tools that the websites can offer. However, in some cases, companies will organize events such as events aimed at attracting new and actual customers.

A good example is given by “Attracted to Color” makeup workshop offered by Clinique back in 2008, where customers were offered to try new cosmetics and makeup kits, plus two free samples for them. Another instance can be used with the case of American Express and its “Members Project” initiative, launched in 2007, where by registering online, customers were given the chance to explore current issues and decide where and how they would like charities to go to on behalf of American Express. Those types of initiative strive to attract customers, in order to display companies’ offerings, enabling interaction between employees and customers themselves, and to engage with them in order to increase sales, brand awareness and word-of-mouth.

The purpose of this chapter will be to describe what are the proposed analytics for customer engagement. The focus will be on the proposed customer engagement analytics covered by the paper of Bijlmot et al. (2010). Following this proposal, there will be the theory of another marketing expert (V. Kumar, 2013), who tries to broaden the concept of possible customer engagement metrics, perhaps expanding in boundaries

that are beyond the construct of customer engagement. The next subsection will cover the most important metrics used on Facebook, the most used social network and immense source of sensible data for companies to spot current trends and to target their audiences. Later, the most important metrics of social media platforms will be discussed. Finally, the most important part of the chapter will be the analysis of the results deriving from the online survey focused on the Italian telecommunication company, Wind, with the point of interest being the perspective of consumers on customer engagement.

#### **4.2 PROPOSED ENGAGEMENT ANALYTICS**

By being “offline” events, companies can only go as far in measuring the exact outcome of those initiatives. An interesting paper written by Bijmolt et al. (2010) offers an extensive analysis of possible customer engagement analytics for organizations to use, both in real and virtual contexts. The authors describe how key behavioral manifestations of customer engagement (as WOM and co-creation), might be embedded in analytical models. In addition, they propose that several manifestations of customer engagement can be generated in different stages of the customer lifetime cycle. Following this logic, they base their discussion on structuring three main stages: 1) customer acquisition, 2) customer development and 3) customer retention. The authors of the paper propose an extensive table consisting of all the possible analytics useful in those fields, aimed at better analyzing the effects of customer engagement.

As it will be backed by Kumar’s theory (2013), those are the most optimal strategies to ensure profitable customer engagement. Customer acquisition aims at selecting the right prospects for the acquisition campaign. The most common selection technique is the Recency-Frequency-Monetary value (RFM), which aims at creating customer groups based on their RFM characteristics of prior purchases, which then assigns probabilities to each group according with its differential response behavior.

**Table 1. Analytical Models Focusing on Customer Transactions**

Type of data	Models for		
	Customer Acquisition	Customer Development	Customer Retention
RFM data			
Customer characteristics (e.g., demographics)			
Company-interaction variables (e.g., marketing actions)			
Clickstream data			
Customer selection			
Managing customer acquisitions			
Parametric (scoring) models	Parametric models	Parametric models	Parametric (binary prediction) models
RFM scoring (Gupta et al. 2006)			
CHAID (David Shepard Associates 1999)			
Linear regression model (Bauer 1988; Berger and Magliozzi 1992; Malthouse and Blattberg 2005)			
Sequential probit model (Sismeiro and Bucklin 2004)			
Latent class probit model (Vroomen, Donkers, Verhoef, and Franses 2005)			
Logit/Probit model (Hansotia and Wang 1997; Lewis 2005; Reinartz, Thomas, and Kumar 2005; Verhoef and Donkers 2005)			
Tobit model (Hansotia and Wang 1997; Lewis 2006)			
Hazard model (Thomas, Blattberg, and Fox 2004)			
Generalized gamma model (Venkatesan and Kumar 2004)			
Hierarchical Bayesian model (Ansari and Mela 2003)			
Poisson count model (Anderson and Simester 2004)			
Data/web usage mining			
Transaction/usage clustering (Mobasher, Cooley, and Srivastava 2000)			
Association rule discovery (Mobasher, Cooley, and Srivastava 2000; Mobasher et al. 2001)			
Fuzzy inference engine (Nasraoui and Petenes 2003)			
UBB Mining (Ting, Kimble, and Kudenko 2005)			
Semi-/Nonparametric (scoring) models			
Semiparametric logit model (Bult and Wansbeek 1995; Malthouse 2001)			
Neural networks (Baesens et al. 2002; Malthouse and Blattberg 2005)			
Probability models			
Pareto/NBD model (Abe 2009; Fader, Hardie, and Lee 2005a; Schmittlein, Morrison, and Colombo 1987)			
Beta-geometric/NBD model (Fader, Hardie, and Lee 2005a; Fader, Hardie, and Shang (2010))			
Individual-level probability model (Moe and Fader 2004)			
Probability models			
Markov decision processes (Tirreni et al. 2007)			
Hidden Markov model (Netzer, Lattin, and Srinivasan 2008)			
Stochastic choice model (Bodapati 2008)			
Other models			
Matching methods (Hitt and Frei 2002; Gensler et al. 2010)			
Regression model (Bowman and Narayandas 2004; Venkatesan and Kumar 2004)			
Logistic regression model (Knott, Hayes, and Neslin 2002)			
Multinomial logit model (Knott, Hayes, and Neslin 2002)			
Discriminant analysis (Knott, Hayes, and Neslin 2002)			
Multivariate probit model (Li, Sun, and Wilcox 2005)			
Tobit type 2 model (Ansari, Mela, and Neslin 2008)			
Hazard model (Venkatesan, Kumar, and Ravishanker 2007)			
Semi-/Nonparametric models			
Neural networks (Knott, Hayes, and Neslin 2002)			
Persistence models			
Autoregressive discrete choice model (Yang and Allenby 2003)			
Probability models			
Pareto/NBD model (Schmittlein, Morrison, and Colombo 1987)			
Shifted-beta-geometric (Fader and Hardie 2007)			

Note. NBD = negative binomial distribution.

Figure 21: first picture of the analytics proposed by Bjlmot et al. paper (2010)

**Table 2. Analytical Models Focusing on Customer Engagement**

		Models for		
		Customer Acquisition	Customer Development	Customer Retention
Type of data	Clickstream data Word-of-mouth data		Brand community and information website data Word-of-mouth data	Loyalty program data Social network data Time-series data
Type of methods	Customer selection Probability models – Truncated NBD model (Bowman and Narayandas 2001) – Zero-inflation Poisson model (Wangerheim and Bayón 2007)	Managing customer acquisitions Persistence models – Vector Autoregressive (VAR) model (Villanueva, Yoo, and Hanssens 2008)	Parametric models – Structural equation model (Bagozzi and Dholakia 2006)	Parametric models – Dependence between customer value, customer engagement and churn probability (Lemmens and Croux 2010) – Churn dependence across customers (Gupta and Mele 2008)
			Persistence models – VAR model (Trusov, Buddin, and Pauwels 2009) Other models – Agent-based model (Goldenberg et al. 2007)	Dynamic churn models – (Hidden) Markov model (Netzer, Lattin, and Srinivasan 2008; Pfeifer and Carraway 2000) – Time-varying coefficient or dynamic linear model

Note. NBD = negative binomial distribution.

Figure 22: second part of the customer engagement analytics (Bijlmot et al. 2010)

On the other hand, Kumar (2013) developed a framework used to analyze and measure different components of customer engagement. He named this conceptual framework “Customer Engagement Value”, which is the total value provided by customers who value the brand, in a way that they engage with the firms through their purchase transactions, their ability to refer other customers to the firms, through their power of influence towards other customers, and by providing feedback to the firm. It provides a set of values provided by customers who value the brand and contribute by applying purchase and non-purchase behaviors. He proposes five different ways for firms to profitably engage with their customers: 1) customer brand value, 2) customer lifetime value, 3) customer referral value, 4) customer influence value and 5) customer knowledge value.

He states that customer lifetime value (CLV) represents the net present value of future cash flows from a customer over their lifetime with the company. This parameter belongs to the metrics that comprise direct contributions to companies’ profits. It assists companies in understanding the quality of the stay-length of a customer with the company during their lifetime. The best feature of this metric is that it enables organizations to treat individual customers differently from each other, based on their contributions to the company. Some companies, for example IBM, use a metric called “Customer Spending Score” (CSS) to measure customer profitability. It is a metric that calculates the total revenue that can be expected from a customer in the next year, but it fails to account the cost of servicing customers. The general formula can be structured as the difference between “Recurring Revenues” and “Recurring Costs”, which generates the “Gross Contribution Margin”. By subtracting from it the “Marketing Costs”, it is possible to obtain the “Net Margin”, which multiplied by the “Expected number of purchases over the next 3 years”, brings the “Accumulated Margin”. Ultimately, “Acquisition Costs” are subtracted, which break down to the CLV, adjusted for the net present value.

As for indirect contribution to profits, there is the customer referral value (CRV), which represents the monetary value associated with future profits given by each referred prospect. This metric is embedded in a B2C context, while a similar one used for



business-to-business settings, there is the business reference value (BRV), which is the monetary value associated with future profits resulting from the extent of client's reference influencing the prospect purchase. A third metric consists in the customer influence value (CIV), which refers to the monetary value of customers' influence on other acquired customers, both current and potential ones. Finally, there is the customer knowledge value (CKV), which is the monetary value a customer adds to the firm through their feedback. It measures the value of the communication taking place between customers and companies to improve their existing (or potential) offerings. All those measurements, once they are combined, provide companies with the customer brand value (CBV), which measures the value that the customer attaches to the brand resulting from all marketing and communication messages delivered through different media channels and it simply represents the customer perceptions of the brand.

Other metrics that are suggested by Kumar, and partly concur with Bijmolt et al. paper (2010) are the Recency-Frequency-Monetary Value (RFM), the Past Customer Value (PCV) which measures the customer's value based on their profit contribution to the past, after adjusting for the time value of money, the Share of Wallet (SOW)<sup>9</sup> and Tenure/Duration<sup>10</sup>. Despite this statement, Kumar agrees that those metrics, used to help companies to measure the value of customers and edit their offerings according to their contributions, focus too much on a backward-looking approach, thus taking into account only the past behavior of a customer, without considering and analyzing probable future behavior.

Since the rise of such argument in the literature and in practical matters, marketing experts have always had a hard time establishing consistent metrics that could universally measure customer engagement benefits and results. Nowadays, there is still no official parameters that can be used to measure engagement of customers in every context. Despite a lack of such metric, there are different platforms that can help practitioners quantify the results of their efforts in engaging the customers.

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<sup>9</sup> It measures the degree to which a customer meets their needs in the category with the focal brand/firm. If a customer spends € 500 per month on groceries, and €400 are with Lidl, then Lidl's share of wallet for that customer is 80% in that month (Kumar, 2013).

<sup>10</sup> It considers the amount of time a customer stays active with a company, referring to the duration of a customer's relationship with the company (Kumar, 2013).

### 4.3 FACEBOOK METRICS

The majority of companies use Facebook as platform to interact with their customers and to engage with potential ones. They use this social media site to launch marketing campaigns, to sponsor and advertise their products or services, and to directly interact with their customers. In return, consumers can like a post, comment it or share it on their public profile. All those activities can be recorded and used by companies to understand customers' patterns, behaviors and thoughts. Anyway, there are many different metrics that several managers use to assess the results produced by their Facebook activity. Emeric Ernault, co – founder of AgoraPulse<sup>11</sup>, enlisted six crucial metrics to measure customer engagement taking place on the social network.

The first mentioned metric is called *Fan Reach*, which counts the number of fans of a Facebook page who has seen any given post, recording only views that occurred directly and not through an external user. Its utility consists in helping companies measure the appeal of their content to their audience. The higher the quality of their audience and the interest of the content, the more fans it will be possible to reach. A second metric is the *Organic Reach*, which corresponds to the number of people who have seen a given post, whether they are fans or not. Even in this case, only posts viewed directly are recorded. This metric is a bit different from the “fan reach” because it includes also views of people that are not fans of the page, but have directly accessed the page and its content. It can be useful in order to identify ways to enhance the company's organic visibility of their content. Another [broader] metric is the *Engagement* one, which consists in the number of people that have interacted with the firm's content. A sub-metric of “engagement” is the category of Storytellers, who correspond to people taking about a post, who made something to show engagement to their virtual circle of friends.

Probably the most important metric is the Click-Through Rate, which displays the number of people who have clicked on a link in the company's content, watched a video, or viewed a picture. In a context outside Facebook, click-through rate (CTR) is used to measure the effectiveness of email marketing, search engine advertisements, banner advertising, landing page quality and so on. Finally, in order to evaluate the quality of

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<sup>11</sup> AgoraPulse is a Facebook Marketing Software company, founded in 2011 and residing in Paris and San Francisco.

organizations' content and to understand whether it was appreciated or rejected by the audience, it is crucial to keep an eye on the negative feedback. In the specific context of Facebook, negative feedback refers to users who unliked something, hid it or reported it as spam. It is useful to understand whether the content is attracting or pushing away customers, and if the company desires to benefit from Facebook marketing, it must keep the negative feedback numbers as low as possible. Moreover, it can be better analyzed through a sentiment analysis. Such analysis tries to identify and analyze opinions and emotions (Abbasi, Chen and Salem, 2007).

#### **4.4 SOCIAL MEDIA METRICS**

As seen so far, there is a large variety of metrics that can be applied in different contexts. An important one, related to the purpose of this dissertation thesis, concerns the world of social media, and in particular the marketing approach applied in such context. Social media marketing is quite similar to online advertising, in terms of metrics used to measure the effectiveness of the messages. Advertisers can use *reach* (number of people exposed to the message), *frequency* (how many times on average a person is exposed), analyze the *stickiness* (ability of a website to attract iterated visits and to maintain persons), the *relative pull* of creative publicity (a comparison among the reactions created by communicative genders different from each other).

Moreover, companies can monitor *click through rate* (number of people exposed to a link or an online ad, who actually click on it), the *rate of conversion in sales* (number of people who click on the link and eventually end up purchasing the item), and the *view through rate* (number of persons exposed who do not click but later will visit the website of the brand).

Companies try to assess the degree of participation or engagement that customers feel during and after the interaction, and how these exposures influence their perceptions related to the brand. Engagement is a complex phenomenon, constructed by several single results. Marketing academics (Sterne, 2010) created the so-called engagement food chain, which shows the hierarchy of effects that companies search gradually in the

target market up to the point where there is maximum engagement.

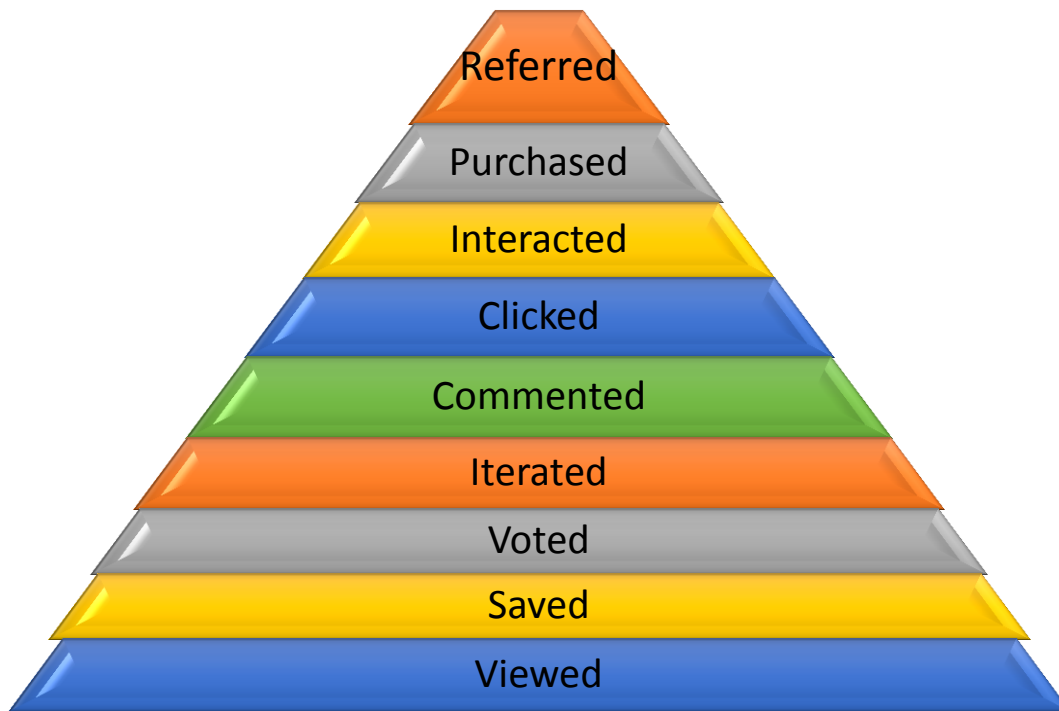


Figure 23: Engagement food chain (Tuten and Solomon, 2014)

A useful tool to conceptualize social media metrics are the Key Performance Indicators (KPI), which illustrate the metrics related to companies' objectives. Notwithstanding, for these KPIs to be useful, it is important to ensure that companies define measurable goals that can be well defined.

In any context, and especially in a social media marketing, measurement is essential. To do so, there are marketing academics (Tuten and Solomon, 2015) which use the DATA approach (define, assess, track, adjust). A key step involves the definition of the goals pursued with a social media marketing campaign, and the modality of their measurement. The specific objectives may vary consistently among different brands, but it is highly probable that it will comprise three key points:

- **Motivate** the audience towards a determined behavior (that could be visits to the company website, or purchase of the product);

- **Influence** on the notoriety of the brand and on the approaches made towards it (specifically, aimed at those individuals more probable to spread the message in their networks);
- **Realize** the first two objectives with fewer resources that would be required for other methods.

An example brought up by the book concerns Twitter. If companies use this social network to properly select on time concerns and complaints on behalf of customers, they can potentially modify the attitude towards a brand, motivating clients to share their experience with others. An example is given with Best Buy Twelpforce, which is used for such situation, and allows the organization to manage this task at a lower cost with respect to a call center.

Equally important is the assessment of the goals. To do so, it would be efficient to utilize the *SMART* formulation (specific, measurable, action oriented, realistic, and time-lined). Every result must be clearly defined in order to be useful when it comes to the evaluation process. The following step involves the structuring of the metrics, which will be used to measure the goal and they must correspond to the desired results. Several possible measures may be applied to social media. Often, the metrics usable in social media contexts are categorized in three different groups:

1. Activity metrics; they measure the actions undertaken by companies within social media sites. For instance, a firm might set its objectives defining them in terms of number and status published in various social media channels.
2. Interaction metrics; they concern the degree of engagement of the target audience in the social platform and in the activities of social media marketing. They can be structured as number of likes, shares, comments, followers, reviews and suggestions.
3. Performance metrics; they focus on results directly or indirectly involved in creating the success of a brand. They can concern financial metrics, as well as measurements related to other aspects of a business, so financial yield, measurements for cost reductions and so on.

Usually, a common metric used to evaluate a company's success is the *return on investment* (ROI). It represents a measure of profitability that outlines how a company effectively uses its capital to generate profits. When it comes to social media marketing, this parameter is edited in the *social media return on investment* (SMROI), which answers to the question “what revenue was generated from our investments in social media marketing?”

For companies highly engaged in the preparation, development and application of digital social media marketing campaigns, this is a parameter of critical importance.

#### *COMMON METRICS IN SOCIAL MEDIA MARKETING:*

- **Word-of-mouth**, as volume of posts, comments, shares, frequency and intensity;
- **Popularity** and viral spread of the contents, as sharing, views, downloads, installing of branded contents such as videos, articles and images;
- **Earned media**
- **Brand appreciation**, as followers, friends, fans, their growth, “favoriting” of contents
- **Reach rate**, as viewers, subscriptions, mentions and links;
- **Engagement**, referring to volume of comments, uploads, participation in contests, RSS, podcast, newsletter, sign ups, time spent on a page
- **Quality**, referring to bookmarks and ratings
- **Optimization** of search engines
- **Effectiveness** of websites, which includes traffic, conversions, view through and clicks;
- **Share of voice**
- **Influence**
- **Sentiment analysis**
- **Customer value**, therefore variation of sales (online and offline), customer lifetime value shift, customer retention and lower customer acquisition cost.

Other than SMROI, there are other possible types of performance measurement related to social media marketing campaigns. First, there is the *model of impression's*

*performance*, which shows the number of impressions<sup>12</sup> generated by the social policies used on the media channels. Impressions are considered to be important, since they might change the level of notoriety of a company, which will consequently affect comprehensions and behaviors on behalf of customers. Another metric is referred as *model of impact on social media's performance*. This measurement aims at comparing media and other markets' coverage with respect to the sales trend over time. The key requirement for this metric is the application of analysis of advanced multiple regression, which attempts at analyzing the variables that may influence sales. The third metric is the *model of performance of target influence*, which is based on surveys aimed at evaluating the effectiveness of social media marketing. Those surveys reveal the exposure of the ones that completed the survey from the social communication tactics and the perceptions developed by those respondents following the exposure. Last but not least, there is the *model of performance of earned media*. This method uses the so-called advertising equivalency value, which determines the equivalency of the attention received by the brand on media channels, in terms of paid publicity. For advertising on social media, AEV rate tries to compare the assurance and the importance of the source, the intensity of earned media and recommendation with the value of a paid ad.

As previously said, it is also important the assessment phase. In this stage, companies should pay attention to some costs that must be considered. Some of those expenses are the opportunity costs, the answer 'speed and the message's control. In the economics field, the opportunity cost represents the foregone value of an activity that an individual might have undertaken and engaged into rather than participating in the current one, and what the economic value would have been. On social media, a powerful and common tool used by many companies and customers are blogs, but sometimes they can be quite costly. In order to assess whether it is more profitable to keep it rather than shut it down, companies can use the *Blog Value Index* (BVI). There are many costs to consider in the management of a blog, such as initial expenses (planning and development, blogger training), continuing costs which may be blogging platform, IT assistance, contents productions and many more. On the other hand, some of the benefits that a blog may

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<sup>12</sup> An impression refers to the number of times an advertising is viewed and it can be measured.

yield are value in advertising, which is calculated in visibility over traffic, value in public relations, value in research and value in word-of-mouth.

The following step would consist in tracking the data that will be used to determine the results. In the DATA process, tracking can be broken down into several phases: 1) definition of the tracking mechanism, 2) comparing of base reference's points, 3) creating timeline of the activity, 4) development of transition data, 5) measuring the predictive factors of the transactions and 6) the overlapping of timely-oriented diagrams and searching for recurrent schemes. In addition, the tracking phase does not only refer to data gathering. It is also about organizing the data in a way that may increase their utility. To do so, there are three points to account for:

- **Forward tracking.** Here, survey mechanisms are developed before the launch of a campaign. It is the most accurate approach, due to the fact that it enables the team to develop a mechanism aimed at tracking the desired data.
- **Coincident marketing.** It begins during the campaign activity, and it could be effective since it relies on residual data, which might be gathered in the interaction point or at the point of sale.
- **Reverse tracking.** It is conducted after a campaign is finished. As well as coincident marketing, it utilizes residual data and it is able to predict the gathering of primary data, for instance through an online survey.

A useful method to reveal the effectiveness of a campaign is to establish a baseline, which refers to a metric that allows a marketing operator to compare his/her own performances with respect to another dimension with different entities. There is also the method of measurement maps, which display the types of messages created and distributed from the brand, the online allocation of web content and the invitation to engagement aimed at customers. Following the identification of all the sources of information concerning the brand, such measurement map should schematically represent the chain of possible points of contact.

The final phase of the process concerns adjustments. Not all types of measurements are reliable unless there is a process useful to apply what the company has learned to its future activities and investments. In order to measure the effectiveness of a social media



campaign, there are many plausible alternatives, tools and approaches. Anyway, certain marketing operators prefer to initiate their strategy with a simple approach before launching and developing a complete measurement program for their social media marketing campaigns. Some of these methods are:

- Contents consumption;
- Contents upgrade;
- Contents' sharing;
- Loyalty towards contents;
- Conversations regarding contents;
- Engagement on the contents.

The internet is an infinite environment with limitless possibilities. Conducting marketing on such environment may be risky, but it could also benefit any company. There are many social media marketing metrics and applications that can be used, with the risk of choosing the wrong one. The most important duty of any company is to clearly establish its goals, and adopting the fittest measurements to correctly measure the outcomes of its activities.

#### **4.5 CUSTOMER ENGAGEMENT SURVEY: WIND TELECOMMUNICATIONS**

At this point, this research project will attempt at assessing the thoughts and opinions concerning customer engagement from the perspective of consumers. As previously mentioned, this thesis contains a mixed methodology, and this part will cover the quantitative analysis of the thesis. To do so, an online survey was made to explore and analyze customer engagement. The company used as focus of the engagement was Wind Telecomunicazioni SpA, an Italian telecommunication company operating since 1997. Such survey was created on the platform "Qualtrics.com", posted on the fan pages of Wind's social network platforms and forwarded to known people who were ensured to be clients by the researcher. The sample was made by both women and men, without any age restrictions (although this survey was answered by only an individual who was

under18), who were either students, employed or unemployed. Although the research project is conducted in the English language, the survey (as well as the interview) was carried out in Italian, due to the nationality of the survey and the interview's respondents.

The only requirement of the sample was for people to be clients of the Wind company, even though out of the 106 total respondents, a small number of individuals did not confirm they were Wind customers. Whether it was a mistake or they actually being clients of other telecommunication companies, the statistics of those people were not considered in the final results. In order to be statistically relevant, the scale used to structure the questions of the survey was made based on the one already developed by Vivek (2009). The scale was made by 19 different items focused on three dimensions: *enthusiasm* for the first ten questions, *conscious participation* for the following six questions, and *social interaction* for the last three ones. Moreover, the survey (other than initially asking whether the respondent was a Wind client or not) comprised demographic questions, such as the gender of the respondent, his or her age, occupational title, educational background and civil status. Other than those who have answered "no" to being a Wind client, other answers were not fully submitted, hence making them unviable for the purpose of the study. In the end, the final sample consisted of 106 total respondents, with 99 answering all the questions, and 16 of them not confirming to be customers of Wind. Hence, the final number of answers recorded was 83. Instead, in relation to the demographic questions, 95 responses were recorded. In the pictures below, there will be the results of the demographic questions of the survey.

## 0. Gender

#	Answer	Response	%
1	Man	49	52%
2	Woman	46	48%
	Total	95	100%







## 2. Your age

#	Answer	Response	%
1	Less than 18	1	1%
2	18 – 23	43	45%
3	24 – 29	27	28%
4	30 – 34	4	4%
5	35 – 39	5	5%
6	40 – 44	5	5%
7	45 – 49	4	4%
8	50 – 54	3	3%
9	55- 59	3	3%
10	60 – 64	0	0%
11	65 – 69	0	0%
12	70 – 74	0	0%
13	75 – 79	0	0%
14	More than 80	0	0%
	Total	95	100%




## 3. Your occupation

#	Answer	Response	%
1	Unemployed	3	3%
2	Student	57	59%
3	Full-time employed	29	32%
4	Part-time employed	3	3%
5	Household individual	3	3%
6	Retired	0	0%
	Total	95	100%

#### 4. Your education level

#	Answer		Response	%
1	Middle School diploma		4	4%
2	High School diploma		30	32%
3	Bachelor's Degree		30	32%
4	Master's Degree		29	31%
5	PhD		1	1%
6	Other		1	1%
	Total		95	100%

#### 5. Your civil status

#	Answer		Response	%
1	Single		66	69%
2	I live with another person / Married		26	27%
3	Separated / Divorced		3	3%
	Total		95	100%

As for most relevant part of the survey, the respondents were asked to quantify how much they agreed with the given statements, based on a Likert scale from 1 (indicating “I absolutely disagree”) to 5 (which referred to “Strongly agree”). As previously said, the items of the survey were 19, structured in three different dimensions. For the first one, referring to the “enthusiasm” parameter of the respondents, the questions were as follows:

1. I find myself using Wind whenever I can;
2. Wind is an important part of my life;
3. I spend a lot of my discretionary time using Wind;

4. I am heavily into Wind;
5. I try to fit Wind into my schedule;
6. I am so obsessed with Wind;
7. Wind is like a ritual to me;
8. I am passionate about Wind;
9. My love of Wind continues to grow on me;
10. My days would not be the same without Wind.

To summarize the results of the items proposed in the first dimension, below there will be a table of descriptive statistics concerning the most important variables. Those will be the mean (so the average of the responses), standard deviation (being the positive square root of the variance, which shows how much the data is spread out around the mean), the skewness (measuring how asymmetric is the distribution) and the kurtosis (the measure of flatness of distribution) of the total data. Here are the results:

MEAN	3,55	2,51	2,64	2,39	2,11	1,57	1,66	2,16	1,98	2,13
STANDARD DEVIATION	1,18	1,30	1,26	1,16	1,08	1,01	1,04	1,14	1,06	1,28
SKEWNESS	-0,25	0,48	0,38	0,46	0,67	2,04	1,59	0,64	0,87	0,76
KURTOSIS	-0,98	-0,87	-0,87	-0,77	-0,35	3,69	1,76	-0,64	0,06	-0,59

Overall, the results are shown to be quite low. The explanation for such outcome is due to the small size of the sample, which had to be shrunk down since many respondents did not indicate to be Wind customers. Moreover, the structure of the items was not considered entirely fit with the company in focus. In fact, Wind is a telecommunication company which renders possible services as texts, calls and internet. But the actual products which make those functions are items as phones and tablets, therefore the perceived enthusiasm of consumers towards the company is expected to be low. Considering the mean of the results, the highest outcome derived from the item stating how consumers use Wind whenever they can, while the one claiming how they are obsessed with Wind proved to be the least agreed item. The majority of the results within the “skewness” section showed positive results, meaning there was an

asymmetrical distribution with a long tail on the right. Moreover, in two occasions (for the survey items number 6 and 7), the skewness is even higher than 1, which is considered to be substantial and indicating a distribution far from symmetrical. Instead, the kurtosis of the results tends to be negative, indicating a flatter distribution, with the exception of the results from questions six and seven (as for the skewness), with results much higher than 1. Those results correspond to the lowest results of the average from the items “I am obsessed with Wind” and “Wind is like a ritual for me”, considered to be questions quite incompatible with the company’s nature. Overall, the results of the dimension “enthusiasm” tend to be low and poorly consistent, confirming the results of the interviews taken in the third chapter, which prove that enthusiasm is not a key cause of customer engagement.

In the second dimension of the survey (conscious participation), the statements given to the respondents were the following six:

- I like to know more about Wind;
- I like to learn more about Wind;
- I notice information related to Wind;
- I pay a lot of attention to anything about Wind;
- I keep up with things related to Wind;
- Anything related to Wind grabs my attention.

Also in this case, a brief table of descriptive statistics is reported:

MEAN	2,28	2,22	2,66	2,29	2,53	2,25
STANDARD DEVIATION	1,23	1,16	1,06	1,09	1,09	1,16
SKEWNESS	0,65	0,62	0,34	0,64	0,12	0,55
KURTOSIS	-0,72	-0,56	-0,54	-0,29	-1,10	-0,63

In this case, the highest mean is a result of the sentence “I notice information related to Wind”, indicating that clients tend to keep up with information concerning the telecommunication companies, such as changes in the service plans offered by Wind,

new offers, promotions and so on. This might be attributed to the aggressive television advertising campaign delivered by Wind, which consists in constant commercial spots involving ordinary scenes with notorious individuals of the Italian media industry, explaining and communicating the promotions of the company. On the other hand, the lowest mean derived from the item saying “Anything related to Wind grabs my attention”. At the time of this thesis’ writing, there is a rumor involving the possible merger between Wind and another telecommunication company H3G, operating in Italy and more commonly recognized with its brand “3”, but part of the Chinese telecommunication group “Hutchison Whampoa”. This kind of information, according to the answers of the survey, seems not to interest or attract the attention of Wind’s clients, as they are more inclined to be aware and focused on any information concerning commercial promotions, rather than corporate news.

Overall, the skewness of the results is positive for all the items, while the kurtosis is negative in all the cases. The means of the results tend to be higher with respect to the ones belonging to the “enthusiasm” dimension, confirming how consumers want to be informed about a company before fully engaging with them. It might be reasonable to state that this dimension (conscious participation) is related to brand awareness, which was considered from the interviewed managers the most important variable to consider when applying customer engagement. Information is the key in the process, and despite the mean of the results is not even higher than the average of the scale (which is 3, since the scale was between 1 and 5), this dimension was considered the most important in the survey.

In the third and last part of the survey, three additional statements were given to the respondents to assess how much they agreed with them. The three questions belonged to the dimension of “social interaction”, hence involving how much consumers tend to interact on a social level with a company in their focus (in this case, Wind). The items were those:

- I love using Wind with my friends;
- I enjoy Wind more when I am with others;
- Wind is more fun when other people around me do it, too.

Those kind of questions do not entirely match the context of a telecommunication company, being too distant from the type of interaction a consumer would have with an electronics brand such as Apple, with respect to a brand delivering telecommunication services.

MEAN	1,90	1,82	2,12
STANDARD DEVIATION	1,14	1,07	1,27
SKEWNESS	1,25	1,28	0,82
KURTOSIS	0,78	0,84	-0,49

The results indicate that telecommunication companies provide the necessary means to communicate with other users on different levels but the communications are actually carried out on other platforms, as smartphones. Therefore, it is reasonable to note that the social interaction arising from the survey is quite low. Both the skewness and the kurtosis of the are positive in the three items, while the standard deviation is slightly higher than 1, indicating that the data is not highly spread out around the mean. The mean is low for all the three cases, with the highest referring to the item “Wind is more fun when other people around me do it, too”. Even the dimension “social interaction” is not considered a critical requirement for customer engagement, and in the instance of the interviews with marketing managers, it was not considered indispensable, as well.

#### **4.6 CONCLUSION**

Different scholars have proposed many metrics used to measure customer engagement: there is not just one universal parameter that might be used. According to the industry and the type of channel, it is possible to enlist all the available metrics, the most important being in the field of social media platforms. Aside from the types of metrics, an online survey was made and delivered to clients of the Italian telecommunication company, Wind. The results show that for this particular company, social interaction is not a key dimension considered by customers of telecommunication companies. Also the results of the questions concerning the dimension “enthusiasm” were quite low. In this case, it might be considered the fact that the type of questions were more fit for



customers of a brand involving more dynamic features. After all, Wind is telecommunication company, therefore it gives the opportunity to use certain services, but they are carried out with different means. On the other hand, the results of “conscious participation” showed that clients of Wind are interested and eager to be informed about the company, despite the lack of interest for corporate news. Such results are coherent with the outcomes of the interviews undertaken with several companies’ managers, since in their opinion brand awareness (which might be linked to the “conscious participation” dimension of the survey) is the key trigger for customer engagement and the most important of the causes. Finally, items deriving from the dimension “social interaction” produced low results on behalf of consumers, which do not consider it a key dimension for customer engagement (at least with the company Wind being the focus of engagement). Nevertheless, the type of industry and brand must also be considered in this perspective. Overall, the perceptions of consumers and managers are quite similar, since they both concur that information and knowledge about a brand is the most important variable in perspective of customer engagement, while enthusiasm and interaction are not considered to be essential to create customer engagement.

## CHAPTER 5: PRACTICAL CASES AND CONCLUSION

### 5.1 INTRODUCTION

This last chapter will focus on the conclusion of the dissertation thesis, by indicating the future research implications and the practical managerial implications of the customer engagement. Moreover, it will briefly illustrate other customer engagement campaigns which proved to be successful and profitable by companies.

### 5.2 HUBSPOT

One of the best strategies to improve and expand customer engagement is content marketing, and more precisely in this context it is digital content marketing (DCM). Overall, content marketing involves creation and sharing of any type of media content with the objective of reaching and retaining customers. There are many different tools that might be used to deliver such content: videos, news, how-to-guides, pictures, infographics and so on. According to Koiso-Kantilla (2004), “digital content and digital products are conceptualized as bit-based objects distributed through electronic channels”. Digital content relates to the category of information products, more specifically electronic goods (Rowley, 2008). More precisely, digital content marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably in the context of digital content (Rowley, 2008).

Some firms use content to educate customers, and it is a practice which was not highly used as part of customer engagement strategies. Companies are starting to adopt this technique more often to improve the customer experience and to increase customer satisfaction, as well. There is a company which focuses on this strategy: HubSpot.



Figure 24: HubSpot logo (official company's website)

Founded in 2006, the company develops and markets software products aimed at inbound marketing<sup>13</sup>, which features email marketing, social media marketing and content marketing management, as well as search engine optimization. The strategy of the company is to deliver an experience that is different and better than the standard product knowledge and customer support. Thanks to their services, they managed to position themselves as experts in the field of customers education on everything related to inbound marketing and web analytics. In a constantly dynamic world, where young entrepreneurs are always attempting at launching their companies, many of them do not have the necessary time or resources to attend specific courses aimed at teaching these subjects. Therefore, a growing business lies in companies supporting this knowledge by providing it in form of software, which will then be used according to the necessities of the client. In this way, they have the opportunity to enhance their competencies to improve their companies.

The content they create refers mostly to helping their customers to understand the best and most optimal practices, to give “how-to guides” and especially understanding current trends and being able to monitor them in order to “surf the wave”, which focus more on adding value for customers rather than revenue generation. This last point is crucial since many successful digital marketing activities in the last three years have focused on the ability to exploit a current event and use it to deliver content marketing and to increase brand awareness. In the second chapter of this thesis, one of the most successful marketing campaigns was represented by Oreo being able to exploit the temporary blackout during the Super Bowl. There is also another interesting example that might be used. In the beginning of the summer 2014, the car-manufacturer “Citroen” decided to post on its Twitter page (in Italy) the formula for the perfect parking, being Italy and its biggest cities world-famous for the difficulty in finding a good parking spot. Having noticed this, Smart Italy decided to hop in the conversation, to further advertise their product: the Smart car, much smaller than the average car on the market and perfect for finding a parking spot at any time. Citroen accepted the challenge, and attempted to defeat Smart by exposing the trade-off between easiness in

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<sup>13</sup> It refers to the promotion of a company/brand through blogs, videos, newsletters and other forms of content marketing in order to attract customers.

finding a parking space against the chance of losing two extra seats, which may be used to bring the driver’s friends. The conversation reached the point where Smart offered Citroen to compromise on going together to enjoy a nice Italian “aperitivo”. After this last message, one of the most famous spirits distributors in the world decided to join: Martini, which used the posted content to appear as the peace messenger who would eventually settle the dispute and offer a solution of enjoyment. If that was not enough, another major Italian brand decided to enter the conversation, which was becoming one of the hottest trends occurring on Twitter that day: San Carlo, Italian manufacturer of snack foods. The company’s page had the brilliant idea to design the logos of the three brands involved so far (Citroen, Smart and Martini) by shaping them with some of the snacks offered by the company. The conversation proved to be extremely interactive, rising brand awareness for all the companies involved, which quickly become one of the most used Twitter case studies. Below there is the sequence of the content posted by the companies on the microblogging platform:



**Citroën Italia** @citroenitalia Follow

.@smart\_Italia Ma gli altri sono solo in 2, giusto? ;-)

View translation

**C1 > SMART**

PERCHÉ RINUNCIARE AGLI AMICI?

RETWEETS 11 FAVORITES 20

8:43 AM - 6 Jun 2014

**smart Italia** @smart\_italia Follow

. @citroenitalia Aperitivo?

**C1 + =**

**APERITIVO?**  
VI TENIAMO IL POSTO MENTRE CERCATE PARCHEGGIO.

RETWEETS 48 FAVORITES 46

10:45 AM - 6 Jun 2014

**Martini Tweets** @Martini\_Tweets Follow

@citroenitalia @smart\_Italia @smart\_Italia @citroenitalia l'#aperitivo mette sempre tutti d'accordo

View translation

**APERITIVO.**

da anni risolve i problemi matematici più complessi

RETWEETS 4 FAVORITES 19

1:48 AM - 26 Jun 2014



Figure 25: the sequence of interactive tweets between the brands involved in the conversation (from the Twitter pages of the companies)

Being able to spot a current trend and use it to create real-time content marketing is a powerful way for companies to further advertise their image and their brand, and it is one of the most crucial services offered by HubSpot.

### 5.3 IKEA

Probably the most successful company in Sweden is Ikea, the world leader of home-furniture based in the Scandinavian country. The group was founded in Älmhult, Sweden in 1946 by Ingvar Kamprad, whose family farm (Elmtaryd) and hometown (Agunnaryd) make up the acronym of IKEA. Other outsourcing the supply of all the raw materials used for the sale of the furniture, the most iconic practice of the company is that it allows customers to decide between having the product assembled by IKEA staff or self-made. This practice refers to the aforementioned concept of reconfiguration. Such practice allows customers to be able to participate in the manufacturing and production of products and services: they are often called “prosumers”, who are clients acting in certain functions as producers.



Figure 26: IKEA logo (official company's website)

The company is notorious for being proficient in enacting customer engagement. IKEA's catalogue, one of the cornerstone of the Swedish organization, allows current clients and prospects to fully explore the range of products offered by the company. Moreover, IKEA had the brilliant idea to post on its Instagram Russia page the catalogue containing several pictures, which were enhanced by different tags that will allow customer to further explore the items on different pages. This campaign allowed the company to engage with its clients by empowering its Instagram page, one of the most used social networks for photo sharing, and it also increase the brand awareness. This was not the only occasion where IKEA unleashed its creative marketing strategies on Russian territory. On December 2014, the Swedish furniture retailer decided to decorate an old Russian movie theater, replacing the mainstream chairs with IKA-made beds, transforming the entire theater into a comfy bedroom for the customers. This initiative has drawn a lot of attention from all over the world, since movie viewers were given the chance to enjoy two hours of film by comfortably laying with their partners, friends and families on king-size beds. Moreover, the had the opportunity to taste the quality of the items, which led many of them to eventually go to the IKEA stores and purchase such furniture. In this way, the company increased the brand awareness, it showed to customers around the world how the company really has its clients' needs in focus, and it made an aggressive advertising and try-it-on campaign, which in the end led to increasing sale figures.





Figure 27: Russian theater turned into a giant IKEA bedroom ([www.forum.xcitefun.net](http://www.forum.xcitefun.net))

Other than those clever customer engagement campaigns, the best example of IKEA may be referred to their campaign undertaken in the United Kingdom. The country is well known for having skyrocketing house prices, particularly in the central and western London area, as well as in the other major cities. Moreover, the traditional architecture style of such buildings have always been tending to be quite small for a family. Therefore, IKEA, which is a perfect example of a company always being highly relevant and creating compelling content for consumers to share with friends and families, decided to step in. The Swedish group attempted to appeal to the core needs of the British families by proving that even small houses may become homes with the furniture of IKEA items. By doing so, the brand demonstrated a deep understanding of the daily challenges many people have to deal with their homes. Moreover, the success may be attributed to the capacity of IKEA to delight their audience with touching stories and great experiences.

The campaign was called “Make Small Space Big”, launched in the United Kingdom and in Ireland, which involved the creation of an online video that took its visitors on a complete and thorough tour of a small apartment filled with clever and ingenious design ideas, all delivered by IKEA. The fact is that the average british home tends to be 15%



smaller than the average European home. Furthermore, newly-built houses have declined in size by around 11% over the past decade, which made lack of space a huge problem for British households. Hence, the Swedish group saw it as an opportunity for combining creative and multi-functional furniture with space-saving.

In the “One Room Paradise” advertisement, the retailer explains the story of the household’s mother, Mandy, and her son, Liam, both living in a tiny flat. Abundant space is a mirage for the couple, but with the help of IKEA furniture they manage to squeeze many different items, maximizing the available space in the house. By doing so, they perform their daily activities in the house, with the luxury of being able to enjoy a bit of skateboarding and table tennis inside their very own small apartment. To make the campaign even more interactive, IKEA released a touring clip to enable customers to take a better and closer look at the solutions explained in the video. In addition, the video was placed on a specific page of the company’s official website, embedding useful tips for the house, as well. The campaign proved to be highly successful, according to the IKEA UK and Ireland marketing manager Peter Wright, who claimed that the campaign allowed the organization to prove their comprehension, as well as their expertise in helping people to optimize any available space in their home. In this way, IKEA managed to improve their image as a caring company, increasing its brand awareness and attracting customers toward trying its products: customer engagement 101.



Figure 28: IKEA’s “Make small spaces big” screenshot of the video campaign ([www.creativebloq.com](http://www.creativebloq.com))

#### 5.4 DOVE'S REAL BEAUTY SKETCHES CAMPAIGN

When it comes to fast-moving consumer goods (FMCG), there are two major players in the industry, dominating the scene of creative and viral marketing: Procter & Gamble, an American-based company, and Unilever, an Anglo-Dutch conglomerate. This last group has managed to pull off what it was considered the best viral marketing campaign of the year 2013, more specifically with its personal care brand “Dove”. The company was introduced in 1957 in the United States, and it represents one of the many aces of the group Unilever. In 2004 the company launched a worldwide marketing campaign, which included several events, advertisements and workshops around the world. The objective of such campaign was to celebrate the natural physical variation of women, with a focus on encouraging and inspiring them to have enough confidence to be comfortable with themselves, no matter what their perfections and weaknesses were.



Figure 29: Dove's Real Beauty campaign ad ([www.chippersengl.wordpress.com](http://www.chippersengl.wordpress.com))

It all started when after a careful marketing research, about 4% of the interviewed women actually considered themselves to be beautiful. The mission of Dove was to create a world where beauty was not a cause of anxiety and preoccupation, but rather a source of confidence and energy. The campaign included the involvement of many major marketing and communication agencies, such as Ogilvy & Mather, Harbinger Communications and Edelman Public Relations. The campaign began by allocating many billboard advertisements in the United Kingdom and in Germany, and later around

the world. First, the spots showed photographs of women (instead of models), captured by John Rankin Waddell, a famous British portrait photographer. The advertisements invited passers to vote on such women and have their opinion whether they considered them beautiful or not. In addition to the ads, Unilever drew up a study where the company intended to create a new definition of beauty, which would free women and females from lack of confidence towards themselves, self-doubt and more importantly, to encourage them to truly embrace their natural and real beauty (the study was called “Dove Report”). The media coverage of the campaign was impressed. Talk shows, magazines and news channels all devoted much attention to the campaign, producing a media exposure that, according to the company, was worth more than 20 times than the media space purchased for the ads. The follow up was constant, with many television spots and print ads continuing to expand the exposure of the campaign.

Nevertheless, the climax of such event was probably reached in 2013 (thus, Dove managed to create a long-term and successful campaign focused on a sensitive issue, which kept drawing more attention). Unilever produced the most-viewed video ad campaign of the year 2013, with “Dove’s Real Beauty Sketches”. The campaign was awarded with 19 awards at the Cannes Lions International Festival of Creativity ceremony, the most important competition of marketing campaigns. This success was further emphasized by the victory over other viral videos of the year, such as “Turkish Airlines” spot with basketball icon Kobe Bryant and football phenomenon Lionel Messi, the split stunt of Jean Claude Van Damme with the Volvo trucks and the campaign of “Google Chrome: For...”.

The video debuted on April 14, 2013, turning out to be extremely successful and becoming viral in a matter of time, especially for being passionate and caring in a sensitive subject as women self-esteem. It involved the use of an FBI sketch artist asking women to participate in a study where they would describe themselves or a stranger sitting next to them earlier in that day. The results then showed different images, with the self-description that would reveal the insecurities of the participating women, which were inaccurate and full of doubt. This campaign attempted to prove to women that they are their own harshest critics and that they are more beautiful than they think they are.

Moreover, the objective was to reinvent the female-focus marketing approach, adopting a less orthodox method which would eventually reveal the truth. In addition, the hope of the campaign was to promote natural beauty. This initiative comprised many strategies concerning customer engagement, which was provided with a clear and defined approach. It served to try to better and improve people's (women) lives beyond the product or the service provided. It helped to embrace encouragement for all women alike and to understand the mentalities and characteristics of the consumers, in this particular case: women in consensus. Furthermore, the advertising campaign carried a clear and brief brand mission, which was received to everyone involved. Since the introduction of the video, Dove has received much recognition (brand awareness) and positive reception by millions of users worldwide. It evoked an emotional reaction and inspired them to share the positive message with others. In terms of social media platforms, Dove has witnessed huge insights on all its channels: 1650% increase of Dove YouTube channel subscribers, more than 600000 new Facebook fans, 14358% increase of daily tweets related to the brand and responsible for 90% of video searches on the Google browser.

## **5.5 DUNKIN DONUTS**

When it comes to stereotypes concerning the American culture, and more particularly the police force, nothing comes to mind before officers eating donuts. Despite the myths or the facts, it is highly probable that these doughnuts will be part of the commercial brand "Dunkin Donuts", one of the most proficient global companies focused on sale of coffee, pastries and baked foods. The first restaurant opened in 1948 in Quincy, Massachusetts, and has since witnessed a constant and exponential growth that allowed the company to become of the most successful organizations of the food industry (almost \$7 billion in revenue generation in 2012). Except Africa, every continent in the world has some countries where the chain is present. A special case might be devoted to the Italian market. Dunkin Donuts penetrated the market during the summer of 1999, opening several stores in the capital city of Rome, and in strategic and tourist-attracting locations such as the central station (Roma Termini), near the Trevi Fountain and many others. Nevertheless, a little after three years, the holding group of the company in the Italian market (Sweet & Co. Srl) declared bankruptcy and had to take it off the country.



Figure 30: the Dunkin Donuts logo (official company's website)

It is not as surprising as it might sound. After all, the company's core products are American coffee, which is nowadays still considered just as "dirty warm water" by the majority of the Italian population, and baked goods such as donuts, which were considered a sort of sorcery by many traditional households of the country, which has always been characterized by its strong tradition of fine cuisine, including bakery production. Nevertheless, the company did not struggle with this failure, and it moved forward to expand in other countries.

On September 2013, Dunkin Donuts has introduced an extravagant marketing campaign which would have later proved to be a great example of customer engagement. First, the company managed to obtain a partnership with the "Monday Night Football", possibly the most important video channel covering everything about American football and the National Football League (NFL), the best football league of the world. So, on September 9, 2013, the sport news channel ESPN has showed the first commercial spot entirely made on Vine, a video-based mobile application purchased by Twitter toward the end of 2012. In the video, the referee is dressed up as a coffee cup, about to throw the coin to decide who is going to start the game. More importantly, the video was used to officially launch the "multi-screen" campaign of Dunkin Donuts. The main scope of the campaign, entirely carried out with television spots adapted to Vine, was to build awareness around the company's Perks loyalty program. Dunkin Donuts would sponsor

Monday Night Countdown, the pregame show of the Monday Night Football, and it enabled customers to engage in an innovative way about any football-related event and news.

The campaign was carried on the social network Twitter, and thanks with the appropriate hashtag #DunkinReplay, every NFL fan had the chance to vote on the social media platform all the nicest game actions happening during the first half of Monday night games, all year long. The company used the help of the marketing agency Hill Holiday, which would have chosen the most voted action and it recreated it on Vine using a 5-second video, by substituting the real football players with coffee beverages, doughnuts, munchkins and other baked goods extrapolated by the Dunkin Donuts menu, in order to post them on Twitter by the end of the game. In addition to this, the company has selected on its page #MyDunkin the best and nicest tweets that would talk about football and Dunkin Donuts, and it used the Twitter users that created the tweets to incorporate them in the television spots, always Vine-made. This is a great example of customer engagement, and it is proven by many facts. First, the company has stipulated a partnership with a major media platform (Monday Night Football) on a conventional, yet mass-media tool such as television, which involves one of Northern American people's favorite sport: football. Then, it increased the brand awareness by showing in their brief videos all the possible items that were available on the company's menu. In addition, it engaged customers by allowing them to decide which was the content of the spots streamed on television, and it finally gave the chance to Twitter users to be directly involved in some of these spots.



Figure 31: screenshot of one of the Vine spots made by Dunkin Donuts ([www.brandchannel.com](http://www.brandchannel.com))

By also enabling customers to engage among themselves on Twitter, the company gave the chance to some fans to win the special Perks loyalty program of Dunkin donuts and a sweepstakes to go to the Super Bowl, the biggest and most important event of American football. Furthermore, the campaign witnessed a constant and increasing download of the company's official mobile application. In other words, Dunkin Donuts managed to pull off a creative marketing campaign that eventually led the company to highly engage customers. It gave them the chance to engage by actively participating in the development of the content produced by the company in its commercial spots, it increased the brand awareness by advertising both the company and its menu, and it associated it with one of the people's favorite sport, so that the perceived image of the company could benefit, as well.

## **FUTURE RESEARCH**

Despite customer engagement may be applied to different kinds of industries, not every company has the same objective. For instance, according to the results of the interviews, companies operating in the automotive industry aim at reaching customer loyalty rather than customer engagement. In their opinion, it is not relevant for them to generate online buzz or increase the online interaction of users, consumers and prospects on social media platforms. Rather, they attempt at applying customer engagement initiative that end up in registration formats on behalf of consumers interested in trying and (eventually) requesting a test-drive or an appointment at the local dealership of the company. Concerning the result of the survey, it would be interesting to evaluate the perceptions and opinions of customers on two different companies operating in the same industry, in order to understand what parameters are more important for a client when compared with two competitors of the same industry. As for the most reliable metrics to use on social media platforms to measure customer engagement, the research might keep analyzing the findings already available nowadays, but it is improbable to identify one or two universal metrics to use on social media channels. Due to the heterogeneity of platforms, goals established by the companies and the type of content offered, it is not possible to determine specific measurements to cross-use in different channels. Every platform presents specific features which can be measured with many metrics used by managers and companies, worldwide.

## **CONCLUSIONS**

Many thoughts, facts and definitions of customer engagement were given so far in this dissertation thesis. Thanks to the mixed methodology used in this thesis, which is a combination of a survey oriented toward customers' perspectives and a series of interviews made with several companies' managers, it was possible to further gather precious implications about the reality of customer engagement.

Societies around the world have witnessed an imperious paradigm shift, starting from companies simply producing and selling to customers, up to current times where in many occasions and industries, clients are those who create not only the demand but also the supply of products and services, who establish the market trends and are the ones



who co-produce something with a company. For this reason, companies have started to pay close attention to the needs and demands of customers, and thanks to the rise of technological innovations (most of all, social networks), they have the opportunity to establish a direct and interactive line of communication with the target audience. At the end of the fiscal year, a company will not pay much attention about how many times a content was shared on its Facebook page, or retweeted on the Twitter channel or viewed on YouTube, if it does not bring any value.

On the other hand, it will be profitable for companies when activities initiated to encourage customer engagement will bring a profit, such as a registration format that lets the user to leave its contact information in order to be called, invited to the dealership and who eventually purchase a car. At the same level, a company will be satisfied when its customer engagement activities will lead customers to actually purchase a product or service of the firm. Only in this case, customer engagement will be beneficial for both the parties. In other words, companies must aim at conversion rate, which is the percentage of visitors who take a desired action, as membership registrations, sales of goods and services, test-drive and many others. It depends on many factors; perhaps the most important one is the interest level of the visitor, which is maximized by fitting the right visitor, in the right place and at the right time. In this sense, services such as Google AdWords and Facebook Ads might help companies in locating the right message for the right target, which is a key step of promotion and ad.

Companies are realizing that as time goes by, the future of marketing will rely on customer engagement, which is the ability of organizations in enabling customers to participate in their communication, production and innovation activities. There is a key point that must be emphasized here. It is not sufficient to incentivize customers and prospects to interact on social media platforms and social networks. There are several facts surrounding customer engagement. According to the Sitecore website, global leader in customer experience management, highly engaged customers tend to spend more on each purchase and are inclined to make more frequent purchases, which will eventually lead to an increase up to 23% of revenue generation. Customers that are highly engaged will tend to create word-of-mouth with their friends, families and

contacts on the social media platforms. As previously explained, word-of-mouth generation is highly important in the referral process of goods and services. Since every company claims to sell or provide the best offer of the market, individuals are less convinced to believe such notion. On the other hand, when a close friend or a relative recommends something, they will be more inclined to believe it, and thus they will be more encouraged to try and eventually purchase such commodity. To successfully implement a customer engagement campaign, companies need to clearly establish the goal and the objectives to obtain, and more important, to target the right audience and understand their needs and demands. It is also important to understand their habits and their web-surfing routines. It would be a waste to create a campaign that is available only on desktops if the target audience spends the majority of its time on mobile devices and applications.

To properly engage customers, it is necessary to create positive and incredible customer experiences. Whether it is a live event, perhaps a workshop or a test-drive in which individuals may try the product or the service right on-spot, or facilitating the purchase process, it is important for companies to give something to customers that they will not forget. Customer service plays a key role in this context, since according to Magento, world's leader e-commerce software and platforms owned by Ebay Inc., more than 70% of customers increase their willingness to pay with companies providing excellent customer service, perhaps with the call centers, the staff working at the point-of-sales or those personnel organizing live events. According to the results of the interview, it is critical for companies to provide quick, coherent and satisfactory responses when they receive a customer inquiry. Companies should also be able to follow up. Customers pay much attention to the reviews given by other consumers, and many services such as TripAdvisor and Yelp base their core business on the user-generated reviews of other clients. In this sense, firms place high care in the interactions with consumers after checkout, so that it may affect their decisions to become a repeat customer and more importantly to refer it to their inner circle. Furthermore, consumers are more willing to engage with companies when they trust them. It is not an easy conception, since trust takes time to be built, and it is highly correlated with the reputation of companies and the respect they give to clients.

Another significant activity lies in the customization of marketing communication. Many marketing researches have shown that consumers respond more positively to edited messages rather than mass promotions. When it comes to social media platforms, companies must also pay attention to the frequency and the type of content they post, as well as the responses given for customers' interactions. They should comply with the "netiquette" of social media sites, and carefully consider what to do in case of some mistakes. For instance, in the exception of grave insults, companies should never censor the comments of users, and try to moderate and concede a diplomatic answer.

In the end, customers look for satisfaction and companies aim at profit maximizing. Customer engagement might help both the parties in achieving for they are seeking. In the world of social media, some of the most important metrics to quantify whether customers are actually engaged are click-through rates, duration of visits, newsletter subscription, format registrations, content sharing and reviews. Nevertheless, companies will aim at creating customer lifetime value and at maximizing sales figures. They must enable customers to participate in several ways, and in some occasions, allowing them to become "prosumers" who may contribute to the final product or service.

The message that this research project is trying to make is the following: customer engagement is the future of marketing, and it may be boosted with the aid of social media platforms. Though, it is important for companies to establish the desired objective and apply their strategies according to it. If the goal of a company is the sale of a car (for example), it will not be its prerogative to increase online interaction on social media platforms, but rather applying initiative that will convert users into potential and actual customers. Notwithstanding, both customers and prospects must be targeted, each one according to their needs, in order to fully engage them, and ultimately bring profits.

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## APPENDIX

### INTERVIEW STRUCTURE

Dear “respondent”,

First, thank you for your availability in participating in this qualitative interview aimed at gather critical input for the development of this dissertation thesis. The objective of such research project is to identify consistent metrics useful to correctly measure customer engagement outcomes on social media sites. Before beginning, I would like to remind you that this interview will be recorded. Furthermore, I would like for you to state your name, your company and your position.

1. Based on the marketing literature I have gathered so far, one of the most common definitions of customer engagement says that it represents the intensity of participation and the consumer’s connection with a company’s offerings or activities. Do you agree? If not, how would you define customer engagement?
2. At what point does your company actually considers a customer engaged?
3. Various dimensions structure customer engagement. Basing again on marketing literature, I have chosen these following five variables, which refer to all the dimensions of customer engagement (behavioral, cognitive, emotional).
  - The first is INTERACTION, which refers to the exchange of opinion and ideas among different individuals about a company, or the direct contact with the company through its communication channels (social media sites, point of sales, call centers). Do you believe it is an important variable? How would you measure it?
  - The second variable is the skill of a company to deliver an EXTRAORDINARY EXPERIENCE, which leads the customer to be highly impressed and incentivized to engage with the company in more ways. It may happen through seminars, workshops, test drives and so on. What do you think about it? Other than on social media sites, is it possible to measure?

- The next variable is awareness. What are your thoughts about it? Is it the first step to take before enabling a customer to engage with a firm?
  - The following variable is TRUST. Customers will be more inclined to engage deeply with a company in case he or she genuinely believes that the firm has an interest in
4. In your opinion, are there more variables that might make the customer engagement's construct? Which ones do you think are?
  5. What metrics does your company use to quantify customer engagement on social media platforms?
  6. On which social networks is your company present? And what kind of strategy does it use for the different types?
  7. Could you state how many professional resources are allocated towards the management of social media platforms?
  8. What kind of interaction is there between the marketing department and the resources in charge of social media platforms?
  9. On a hypothetical scale from 1 to 100, what percentage of the total communication marketing budget is used for the management of social media strategies?

The interview is over, I would like to thank you for your time and cooperation. Your contribution will be significant in the development of the thesis. Thank you very much.

## SURVEY

Dear respondent,

Thank you for accepting to participate to this study. We remind you that there are not right or wrong answers, we are just interested in your opinion. The included information in this study are not aimed at commercial purposes. Privacy and confidentiality are guaranteed. This survey is part of a scientific research project. Before filling out the questionnaire, we would like to ask you whether you are actually a client of the telecommunication company WIND.

*We would like to ask you to indicate, on a scale from 1 to 5, how those statements are coherent with your lifestyle and your opinions.*

	Totally disagree 1	2	3	4	Totally agree 5
I find myself using Wind whenever I can	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Wind is an important part of my life	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I spend a lot of my discretionary time with Wind	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am heavily into Wind	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I try to fit Wind into my schedule	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am obsessed with Wind	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Wind is like a ritual to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am passionate about Wind	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My love for Wind continues to grow on me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My days without Wind would not be the same	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I like to know more about Wind	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I like to learn more about Wind	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Totally disagree 1	2	3	4	Totally agree 5
I notice information related to Wind	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I pay a lot of attention to anything about Wind	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I keep up with things related to Wind	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Anything related to Wind grabs my attention	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I love Wind with my friends	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I enjoy Wind when I am with others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Wind is more fun when other people around me use it	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please, indicate your gender:

- Man
- Woman

Your age

- less than 18
- 18 - 23
- 24 - 29
- 30 - 34
- 35 - 39
- 40 - 44
- 45 - 49
- 50 - 54
- 55 - 59
- 60 - 64
- 65 - 69
- 70 - 74



- 75 - 79
- over 80

Your occupation

- Unemployed
- Student
- Employed full-time
- Employed part-time
- Homemaker
- Retired

Your education level

- Middle school diploma
- High school diploma
- Bachelor's Degree
- Master's Degree
- PhD
- Other

Your civil status

- Single
- Married / I live with someone
- Divorced / separated

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