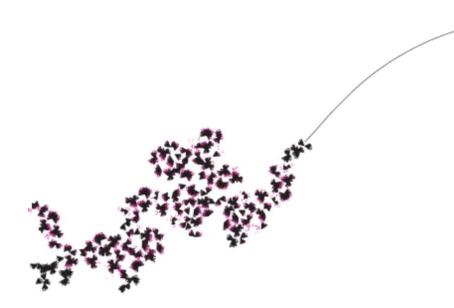


The effect of customer engagement value on the probability to repurchase of actual customers in online retailing

# UNIVERSITY OF TWENTE.





Faculty of Behavioural, Management and Social Sciences M.Sc. Business Administration
Track Strategic Marketing and Digital Business

Author: Iuliana Nicoleta Neacşu

First Supervisor: Dr. Agata Leszkiewicz Second Supervisor: Dr. Raymond Loohuis

Company Supervisor: Chief Executive Officer Vishal Jalimsingh

Date: August 12th, 2019

## **Acknowledgements**

Special thanks go to my supervisor Dr. Agata Leszkiewicz who assisted the whole process and provided me with lucrative insights about methodological challenges. Her professionalism and well-rounded expertise raised the quality of the report and enriched me with new knowledge. Apart from this, grateful acknowledgements are due to Vishal Jalimsingh, who enabled me to design and perform my own research at the company Klik en Breng B.V.. He and the diligent marketing team under the supervision of Marten Vasquez supported me with practical judgments about customer relationship analytics and customer databases. This collaboration resulted in valuable understanding of current technological developments that help track customer activity and support rapid decision making.

## **Abstract**

In this technological era, the customers of the retailing sector have been empowered with two-way communication. This has led to customization, higher interactivity and lasting competitive advantage for companies able to extract the benefits of customer engagement. Within the context of relational marketing, customer engagement is viewed as an important mean to balance investments in retention strategies. Previous studies performed on large enterprises have established that engaged customers are more likely to repurchase and preach the company's capabilities, attracting thereby new buyers. However, plainly focusing on customer engagement entails the risk of creating relationships with customers who do not close any sales. Therefore, this study aims to investigate the effect of customer engagement value on the probability to repurchase of actual customers for a Dutch SME. For the purpose of this study, customer engagement has been measured as an all-encompassing concept which consists of customer order value, customer reference value, customer influence value and customer knowledge value. This concept is measured through using the scale introduced by Kumar and Pansari (2015). Customer repurchase, on the other hand, has been associated with behavioral loyalty. This quantitative research based on logistic regression revealed a non-meaningful effect of customer engagement value on the probability to repurchase of existing customers. This has led to the conclusion that for SMEs operating in online retailing, customer engagement value is more a mean to create and maintain enduring customer relationships rather than a mean to influence customer repurchase. A deeper analysis investigating the effects of the components of customer engagement value separately, on customer repurchase, has led to the same outcomes. Apart from this, it has been noticed that the scores of customer reference are higher as compared to customer influence. This provides support for arguing that comparable SMEs should leverage more on increasing their reputation by means of monetary referral benefits programs. This strategy encourages more customers to provide positive WOM which adds to the reputation of the company and can reduce the costs of customer acquisition. Although the results were not convincing, customers scoring high on reference value and knowledge value are more likely to repurchase. Additionally, this study has verified the effect of customer satisfaction and the effect of branded content utilization on customer engagement value. Customer satisfaction has been recognized as the antecedent of customer engagement. Branded content, on the other hand, refers to the content which is sent via online channels to enhance the company's notoriety and initiate a two-way conversation with the target audience. By means of linear regression analysis, it has been established that customer satisfaction has a significant reinforcing effect on customer engagement value. However, the fact that customers are more satisfied than they are engaged gives concerns regarding the extent to which satisfied customers can develop a deeper connection with the company and become advocators of the brand. In regard to the effect of branded content utilization on customer engagement value, it resulted that the utilization of branded content sent by the company via online channels provides an opportunity to enhance customer engagement value. Supplementary, this study has pointed out that social media, especially Facebook, represents an important advertising tool that contributes notoriety. Consequently, similar companies can use Facebook more often as a suitable tool to post branded content online. From a theoretical point of view, these findings add to the valuation theory a model of customer retention which considers the value of customer engagement. The empirical insights were gathered from a SME within a business-to-consumer context, in a non-contractual setting. This context has received poor attention in the past. Also, the combination of transaction and survey data for analysing the effect of customer engagement value on customer repurchase enriches the actual literacy because studies combining transactional data with intentions are very scarce. From a practical point of view, this study has pointed out that different from large enterprises, in the case of SMEs, customer engagement is more a mean to consolidate customer relationships rather than an alternative to increase retention and boost the company's financial performance.

## **Key words**

Customer engagement value, customer order value, customer reference value, customer influence value, customer knowledge value, customer satisfaction, branded content, online retailer.

## **Table of contents**

1.	In	troduction	1			
2.	Lit	terature review	3			
	2.1.	Customer engagement and the relational marketing perspective	3			
	2.2.	Theoretical foundations of customer engagement	4			
	2.3.	Customer engagement conceptualization	7			
	2.4.	Theoretical foundations of repurchase probability	9			
	2.5.	Repurchase probability conceptualization	11			
	2.6.	Theoretical foundations of customer satisfaction	11			
	2.7.	Theoretical foundations of branded content	12			
3.	М	ethodology	15			
	3.1.	Research design	15			
	3.2.	Data collection	17			
	3.3.	Data analysis	18			
4.	Re	esults	20			
	4.1.	Descriptive statistics	20			
	4.2.	Customer engagement value	21			
	4.3.	Customer engagement value and the probability to repurchase	23			
	4.4.	Customer satisfaction, branded content utilization and customer engagement value	25			
5.	Co	onclusions	27			
	5.1.	Main findings and contributions	27			
	5.2.	Practical implications	29			
	5.3.	Limitations of the study	30			
	5.4.	Path for future research	31			
Αŗ	pend	lix 1: Theoretical model on customer engagement value	32			
Αŗ	pend	lix 2: Validation of the measurement scale for customer engagement value	32			
Αŗ	pend	lix 3: Content of the survey	33			
Αŗ	pend	lix 4: Operationalization of the variables	39			
Αŗ	pend	lix 5: Appropriateness of the measures	41			
Αŗ	pend	lix 6: Descriptive statistics of the sample	43			
Αŗ	Appendix 7: Statistics regarding the components of customer engagement value4					
Αŗ	pend	lix 8: Binary logistic regression on customer engagement value	51			
Αŗ	pend	lix 9: Binary logistic regression on the components customer engagement value	53			
Αŗ	pend	lix 10: Linear regression analysis for customer engagement value	55			
Re	eferer	nces	59			

#### 1. Introduction

Relational marketing is the new path towards profitability. Within relational marketing, customer engagement has been identified as having a predominant role due to interactivity and value cocreative experiences (Fernandes & Esteves, 2016; Kumar & Pansari, 2015; Vivek, Beatty & Morgan, 2012; Lusch & Vargo, 2010). Over time, many scholars have concluded that the concept of "customer engagement" may be defined in different ways, all being applicable in particular settings. While earlier literature conceptualized customer engagement as an unidimensional metric, recent studies emphasize its multidimensionality and its highly context dependency (Vivek, Beatty, Dalela, & Morgan, 2014; Brodie, Ilić, Jurić, & Hollebeek, 2013; Brodie et al., 2011; Hollebeek, 2011A). Regardless of the employed definition, the importance of studying customer engagement derives from its particularity to measure deep, beyond buying relationships. Other metrics such as trust, participation or satisfaction present shortcomings in capturing the depth of the relation between customers and companies, or customers and the company's offerings (Pansari & Kumar, 2017; Fernandes & Esteves, 2016; Kumar, Aksoy, Donkers, Venkantesan, Wiesel & Tillmanns, 2010). Apart from this, the importance of high customer engagement is also recognized by executives who admit its contribution for the growth of their businesses such as enhanced retention and upgraded cross-selling (Kumar et al., 2009). They also recognize the possible detrimental effects of low customer engagement for future success which is caused by missed sales and/or negative WOM (Kumar et al., 2010).

Customers contribute value to companies both, financially and non-financially. It has commonly been accepted that customer engagement focuses on maximizing customer repurchase (behavioral loyalty) as well as customer advocacy (attitudinal loyalty) (Kumar, 2018). Consequently, researchers and practitioners emphasize the relevance of selective retention (Kumar, Pozza, Petersen & Shah, 2009). They assert that companies need to distinguish between profitable and less profitable customers based on their particular contribution to the overall health of the company. Since customer retention is much cheaper than acquisition (Kumar, Jones, Venkatesan, & Leone, 2011), companies should offer privileges to engaged customers that add value. In the end, engaging with customers remains primarily driven by the need to increase sales and to have customers who repurchase on a frequent basis. For this reason, investigating the effect of customer engagement value on customer repurchase is an imminent research problem. Specifically: Many online retailers do not have reliable insights into measuring customer engagement and are unable to balance their investments in retention strategies based on their different categories of customers (engaged or disengaged). Therefore, this study aims to shed a light on the impact of customer engagement value on the probability to repurchase of actual customers. These insights will help managers operating in online retailing to segment their customer database in accordance to the value brought into the company by their various types of customers. The main research question of this paper is: What is the effect of customer engagement value on the probability to repurchase of existing customers for online retailers?

Although there is abundant literature focusing on customer valuation (Kumar, 2018), very few papers focus on studying the impact of engagement on customer repurchase and implicitly, its impact on retention. Not to mention the abovementioned effect applied to SMEs (small and medium sized enterprises), and especially in a non-contractual setting. This paper fills this gap by performing the study at Klik en Breng B.V., which is a Dutch SME dedicated to online retailing services. Provided that the company operates in the area of knowledge intensive services where customer insights are highly valuable in determining the firm's profitability, this company makes a good example to enhance the existing literacy on customer retention. Another contribution is represented by the design of the study which combines both, transactional data from the customer database to determine the probability to

repurchase of actual customers and survey information reffering to the expressed level of engagement of the customers. The novelty of this study comes from the definition assigned to measuring customer engagement which, to the best of my knowledge, has not yet been applied in a similar context. In order to capture this overarching concept, the study focuses on the definition proposed by Kumar et al. (2010) and operationalized by Kumar and Pansari (2015). This definition reinforces the emphasis of customer engagement to create deeper, enduring customer relationships that go beyond transactions (van Doorn et al., 2010; Verhoef, Reinartz, & Krafft, 2010; Bowden, 2009). Besides, it also accounts for customer purchases in the measurement of customer engagement value. Kumar et al. (2010) specify that failing to insert customer purchases as a primary form of customer engagement will lead to undervaluing or overvaluing the actual level of engagement of customers. This has repercussions on the retention strategies employed by the company. Misclassifying customer value is dangerous especially when high value is assigned to poorly engaged customers. From this point of view, this paper contributes a model of customer repurchase based on customer engagement value.

Additionally, this study determines the relationship between customer engagement value and its antecedent, customer satisfaction. Although customer satisfaction is often mentioned as a reliable performance metric for customer repurchase (Lemon, White & Winer, 2002), Kumar et al. (2009) warn about the fact that satisfied customers are not necessarily retained customers. Same findings are forwarded by Capraro, Broniarczyk and Srivastava (2003) who discovered that high levels of customer satisfaction will not guarantee high customer retention rates. Similarly, high dissatisfaction levels will not necessarily result in an immediate customer defection. The relevance of customer satisfaction as an antecedent of customer engagement is also reinforced in studies performed by Kumar and Pansari (2017), Sashi (2012) and van Doorn et al. (2010). Despite the multitude of studies focusing on customer engagement and its antecedents, the results have not always been equally conclusive and its implications for performance remained debatable. Since the implications of customer satisfaction for customer engagement have merely been explained in a descriptive way (Hollebeek, Glynn & Brodie, 2014), this study contributes empirical evidence. Next, this study elucidates the effects of branded content utilization on customer engagement value. Through the utilization of branded content is meant the interaction of the customers with the content shared by the company via online channels. This type of content is aimed to support both, the company's activity and offerings. Considering the lack of researches investigating the role of branded content for SME's, this paper contributes empirical insights on the impact of content for enhancing customer engagement.

This paper is structured in five sections all of which provide a comprehensive timeline of the case study. First, attention is paid to describing the theoretical foundations of the investigated topics. Based on the existing literature, suitable conceptualizations are given, and hypotheses are formulated. Second, the method of the research includes data collection and data analysis. Next, the actual findings are presented. Descriptive statistics are explained and the findings regarding the effects of the proposed hypotheses are extensively discussed. Conclusions and the managerial implications of the results are highlighted in the final section. Also, theoretical relevance is mentioned as well as the limitations of this research. In the end, a direction is suggested for future research.

#### 2. Literature review

This section discusses the groundings of this study and presents the theoretical framework.

## 2.1. Customer engagement and the relational marketing perspective

Over time, "engagement" or the act of "engaging" has been observed across multiple disciplines and appeared to be associated with co-creation, solution development, interaction, utilization or a form of service exchange. Authors such as Brodie, Hollebeek, Jurić and Ilić (2011) identified in their review that customer engagement has usually been associated with the idea of connection, attachment, emotional involvement or participation. In general, the term of "engagement" is defined as being a form of connectedness, the feeling of being in connection with another entity, which generates continuous interaction and/or utilization. Kumar and Pansari (2015), reflected on this term through the marketing lens and concluded that engagement refers to the "attitude, behaviour and the level of connectedness" (p.3) shown by the stakeholders of an organization with and within the organization.

The theoretical roots of the term "customer engagement" lie in the literature addressing relational marketing and the Service Dominant Logic. Lusch and Vargo (2010; Vargo & Lusch, 2004), and Grönroos (2010) were the pioneers who advanced this widely spread perspective and formulated its main premises. Within this logic, the customer is the central point around which all marketing activities gravitate. These authors argue that companies have to emphasize the co-creator role of the customers in designing their marketing offerings, interact with their target audiences and add superior services. Lusch and Vargo (2010) articulate that the essence of engaging with customers lies in enabling customer interactivity, thus offering value co-creative experiences. Same view is shared by Vivek, Beatty and Morgan (2010) who raised the importance of customer engagement by studying this concept under the "expanded relationship marketing" lens. They advocate that trough applying the fundamentals of this view companies may foster customer trust, upgrade customer loyalty and ensure long-term mutually beneficial relationships with their stakeholders (Fernandes & Esteves, 2016; Kumar & Pansari, 2015; Vivek, Beatty, Dalela, & Morgan, 2014; Vivek et al., 2012; Ellis, 2011). This comes as a result of the creation and development of deep, meaningful interactions with the customers that endure over time and surpass the transactional-based aspect of the relationship (Sashi, 2012; Kumar et al., 2010; van Doorn, Lemon, Mittal, Nass, Pick, Pirner and Vehoef, 2010). All this, and the fact that the Marketing Science Institute placed this topic on the list of "Research Priorities" for 2006 - 2008 and 2010 - 2012 (Vivek et al., 2012; Brodie et al., 2011), requesting for a more thoroughly understanding of this concept (Hollebeek et al., 2014; Vivek et al., 2014; Brodie et al., 2011; Kumar et al., 2010), but also insights about its antecedents and consequences (Chan, Zheng, Cheung, Lee, & Lee, 2014; Brodie et al., 2011; Verhoef et al., 2010; van Doorn et al., 2010) form the central argument to provide empirical insights through performing this research.

This study adheres to the belief that marketing activities initially affect attitudes and then behavioural outcomes. It is noticeable that representative studies envision customer engagement as being beneficial to companies (Kumar & Pansari, 2015; Vivek et al., 2014; Vivek et al., 2012; van Doorn et al., 2010; Bowden, 2009). As a matter of fact, Kumar et al. (2010) but also Brodie et al. (2011), point out the lack of scientific research into the negative effects of customer engagement manifested through negative news and bad opinions. According to Kumar et al. (2010) there is a common acceptance of the fact that customer interactions affect attitudes, decisions and responses of both, transmitters and receivers, thereby paying a role in the diffusion and utilization of services and/ or products. In line with the premise that customer engagement is favourable, prominent studies argue that having a solid customer engagement strategy generates enhanced value for the company through positive engagement. This results in customers who reinforce the company's benefits in their conversations (Sashi, 2012; Kumar et al., 2010). Consequently, managers should harvest customer

engagement by creating valuable experiences that emphasise the co-creator role of customers and reach beyond the transactional aspect. Overall, the importance of customer engagement within relational marketing derives from its contribution in creating, maintaining and enhancing customer relationships that surpass the merely transactional nature of the relationship.

## 2.2. Theoretical foundations of customer engagement

Because of the increased interest in defining customer engagement and its role in marketing, many definitions and forms of engagement have been identified by academics. Despite the different perspectives and contexts illuminating this concept, at least a consensus has been reached on the functionality of engagement. Based on Hollebeek et al. (2014), and also on Hollebeek (2011A), customer engagement needs to be viewed as a broader process founded on interactions and experiences. Consequently, the application of this concept relies on the relationship between the focal subject (who: the customer) and the investigated object (what: marketing offerings and/ or marketing activities, companies, brands, etc.).

While initial theorists examined customer engagement as being an unidimensional concept, more recent studies set on stone that customer engagement is a multidimensional concept which overarches different contexts. Customers may express different levels of engagement depending on their individual characteristics, but also depending on the level of deliberate direct interaction with the company or the brand. Apart from this, the nature of the industry in which the company operates, the type of target customer or the size of the company may also influence the level of engagement showed by customers (Hollebeek, 2011A). According to Brodie et al. (2011), and Fernandes and Esteves (2016), only a small minority of studies argue that customer engagement is an unidimensional concept. In doing so, these authors especially focus on the behavioral aspect of engagement. Such an example can be found in the work of van Doorn et al. (2010), who define customer engagement as being: "the customer's behavioral manifestation that have a brand or firm focus, beyond purchase, resulting from motivational drivers" (p. 254). Although their unidimensional approach has the advantage of clarity and directedness, it neglects the richness of the concept. For this reason, this study considers a multidimensional approach in which customer engagement is viewed as a summative expression of behavioral, attitudinal and network drivers.

A scrutiny through the existing literature pointed out that researchers usually rely on the cognitive, emotional and behavioral drivers of customer engagement. They assert that the influence of the emotional aspect should not be underestimated because ultimately, the cognition and the attitudes towards a brand or a company concretize behaviors (Bowden, 2009). First, the cognitive driver is related to the utilitarian character of engaging with the company or the brand. It draws back to the customer's interest in gaining benefits and advantages from that relationship. Second, the emotional driver refers to the feelings, either positive or negative, a customer has regarding a company or a brand. It also shows how inspirational the company, or the brand is perceived to be by its customers. Last, the behavioral driver includes the customer's needs for interactive communication. As a rule, the emotional driver encompasses feelings, the cognitive driver is based on utilitarian judgments and the behavioral driver relies on the customer's actions (Kuvykaitė & Tarutė, 2015; Hollebeek et al., 2014; Brodie et al., 2013; Brodie et al., 2011). Although this study confirms this rationale, it goes further and defines customer engagement as a function of both, the transactional and non-transactional value which is brought into the company by the various customers. The uniqueness of this approach comes from the addition of the transactional component as being a determinant for customer engagement value. The definition proposed by Kumar et al. (2010) is most suitable: "active interaction of a customer with a firm, with prospects and with other customers, whether they are transactional or nontransactional in nature, can be defined as Customer Engagement" (Kumar et al., 2010, p. 297).

Even though all theories approaching this topic argue that the motor behind engagement is a connection of individuals with a certain company or a certain brand (Cheung, Zheng, & Lee, 2014), the scholars forward three different views on customer engagement:

- customers engagement is a psychological process;
- customer engagement is a behavioral manifestation;
- customer engagement is a psychological state of mind.

This study treats customer engagement from a customer point of view which refers to the psychological state of mind of customers involved in the relationship with the company. The reason for this selection derives from the fact that this study also emphasizes the effect of customer engagement related antecedents, specifically customer satisfaction, which does not apply when opting for a context-based or an organizational-based point of view. Table 1 shows a comparison among representative academical studies on customer engagement and how they relate to the approach used in this study.

The work of Bowden (2009) and Sashi (2012) provide a typical example applying the organizationalbased point of view. Both studies consider the value co-creative processes built around customer engagement which also require the organizational related antecedents such as the company's characteristics (e.g. age, size, nature of the business, type of sector) and reputation (van Doorn et al, 2010; Verhoef et al., 2010). These antecedents fall outside the purpose of this study as they deviate from the central subject. Therefore, the first view on customer engagement as a psychological process is not appropriate. The second view, customer engagement as a behavioral manifestation, presents shortcomings in that it merely focuses on customer behaviors neglecting the importance of attitudes and decisions prior to investigating responses. Consequently, this view is also unsuitable for this research. Within the third view, there are many definitions on customer engagement that may fit the purpose of this research. The definition proposed by Brodie et al. (2013) describing customer engagement as being "a context-dependent, psychological state characterized by fluctuating intensity levels that occur within dynamic, iterative engagement processes" (p. 107) was considered. However, their definition fails to account all types of value customers offer to companies. Consequently, the definition provided by Kumar et al. (2010) stands out from the crowd because it includes the transactional value as well, fact that makes the definition complete and overarching (see Appendix 1).

Table 1: Comparison among the marketing literature approaching the concept of customer engagement

Views on customer engagement	Authors	Interpretation	Dimensions	Benefits
Psychological process	Bowden (2009)	Customer engagement drives customer loyalty and frequent repurchase as a consequence of satisfaction, trust and affective commitment.	Cognitive Emotional Behavioural	The creation of a framework consisting of the latent mechanisms of engagement that trigger the formation of loyalty for new customers and the maintenance of loyalty for existing customers.
	Sashi (2012)	Customer engagement implies a cycle consiting of few successive stages: interaction, satisfaction, retention, loyalty, advocacy and engagement.	Cognitive Emotional Behavioural	The creation of a customer engagement matrix that segments customers based on their emotional attachment with the company and their relational exchange into: delighted customers, loyal customers, fans and transactional customers.
Behavioural manifestation	Hollebeek, Glynn and Brodie (2014)	Customer brand engagement refers to the positive valence of the interactions with the company as they are experienced by the customer.	Cognitive Emotional Behavioural	Contribute a 10-item scale for measuring customer brand engagement based on cognitive processing, affection, and activation.
Psychological state of mind	Vivek, Beatty, Dalela and Morgan (2014)	Customer engagement is more than purchasing, being represented by the level of interaction and connection with the company's offerings and the brand, often involving potential customers.	Cognitive Emotional Behavioural	Contributes a 10-item scale for measuring customer engagement based on conscious attention, enthusiast participation, and social connection. Recognizes that both, current customers as well as prospects may be engaged with the company.
	Kumar and Pansari (2015)	Customer engagement is represented by the attitudes, behaviours and degree of connectedness expressed by the customers of a company in regard to it. Specifically, higher connectedness and greater positive attitudes and behaviours lead to higher customer engagement.	Behavioural Attitudinal Network	Contribute a 16-item scale for measuring customer engagement value based on customer order value, customer referral value, customer influence value and customer knowledge value. Considers both, the transactional and non-transactional components of customer engagement that give rise to a chain of effects which determine how particular customers can become value-enhancing for the company.

## 2.3. Customer engagement conceptualization

Engaged customers contribute financially through repurchase and cross-buying, but also nonfinancially through WOM and suggestions. Kumar and Pansari (2015), but also Hollebeek (2011B) point out that customer engagement resonates with a mental state, including a feeling of connectedness. They argue that the stronger this feeling, the higher the engagement shown by the customers in regard to the company or the brand. Authors such as Mollen and Wilson (2010) specify that customer engagement comprises much more than a feeling of connection, involvement or satisfaction. Engagement is more than cognition because it requires the fulfilment of both, experiential value as well as instrumental value (utility, relevance). They also invoke the fact that while satisfied customers will reconsider to buy again form the company, engaged customers will go beyond this "mere exercise of cognition" not only through repurchasing but also by referring to others about the company's benefits. This implies the attitudinal level which in turn depends on an either intrinsically or extrinsically motivation (Calder & Malthouse, 2008). For this reason, this study takes into consideration the internal drive, intrinsic or extrinsic motivation, of the customers to engage with the company. Consequently, customer engagement value is conceptualized based on the rationale of Kumar et al. (2010) but is adapted to fit the purpose of this research. Within this study, customer engagement value includes the following components:

- Customer order value (seen as customer lifetime value, CLV) which shows attitudinal and behavioral aspects of customers in regard to current and future order placing;
- Customer referral value (CRV) which shows the extrinsic reasons why customers refer to others;
- Customer influence value (CIV) refers to the intrinsic motivation of customers, analyzing whether customers speak about the brand influencing others to order as well;
- Customer knowledge value (CKV) shows the degree to which the customers share feedback (with the company and with other audiences) about the company's services. It also shows how customers perceive to be listened at by the company, allowing them to actively shape the service.

Based on Kumar et al. (2010), customer engagement simultaneously embodies these four components. They capture financial customer value from individual transactions (e.g. CLV) and through referrals (e.g. CRV). These may lead to cheaper customer acquisition while ensuring new financial revenue streams. Next, it provides non-financial value by the power of influencing others to maintain their relationships with the company (e.g. CIV). And, it generates non-financial value through feedback and suggestions for innovation activities (e.g. CKV). Notably is the fact that these four components influence one another (Kumar & Pansari, 2015; Kumar et al., 2010). The differences between them are better exemplified in Figure 1 which also illustrates how they relate to the three motivational drivers: behavioral, attitudinal and network. Below each component is defined based on their acknowledged understanding and applicability in this study.

First, customer order corresponds to the customer lifetime value metric (CLV) which incorporates the actual financial value of future revenues contributed by a certain customer during his/her relationship with the focal company. This forward-looking measure is applied in various industries and distinctive markets (Kumar, 2018). Kumar and Reinartz (2016) note that a multitude of models have been elaborated over time with steadily increased precision. However, these models become obsolete as new business situations arise due to technology developments and available data. This research recognizes that the customer's intentions in continuing the relationship with the company are important to estimate customer repurchase. By knowing how the customers score on this metric, managers can make predictions about the future health of their business.

	CLV	CRV	CIV	CKV
Behavioral	Acquisition rate, retention rate, acquisition channel, share of wallet, retention cost, tenure, purchase frequency, cross-buying, value of purchases, variance in spending, cost of win-back	CLV of customers acquired from referrals, number of referrals	CLV of customers acquired from influence, number of reviews, product or service expertise, emotional valence of the \reviews and interactions opinion leadership, tendency to recommend, and use social media and blogs	CLV, product or service expertise
Attitudinal	Satisfaction, purchase intent, brand value or equity, relationship commitment, shopping channel preferences, firm understanding of customer needs, communication channel preference, complaint resolution, reason for leaving	Likelihood to recommend, likelihood of being an opinion leader, tendency to use social media and blogs		Likelihood to provide feedback
Network	Not Applicable	Number of connections and level of interaction with prospects, tendency to be hub versus a weak link across hubs	Number of connections and level of interaction with customers, tendency to be hub versus a weak link across hubs	Number of connections and level of interaction with customers, and prospects, tendency to be hub versus a weak link across hubs

Note. CLV = customer lifetime value; CRV = customer referral value; CIV = customer influencer value; CKV = customer knowledge value.

Figure 1: Metrics for customer engagement value components (Kumar et al., 2010, p. 303)

Second, customer referral has an important cost saving character as it supports cheap customer acquisition and bears future monetary streams when prospects become customers. Within this study, the focus will be on the extrinsic motivation of customers to provide referrals. Since the company provides rewarding for customers placing referrals and recommendations online, it becomes necessary to investigate the extent to which these incentives really prove successful in encouraging extrinsic motivation for referral actions. According to Ryu and Feick (2007), rewarding programs encourage referrals from customers who are strongly connected or have a long-lasting relationship with the company. Although, referral rewarding programs seem to attract new customers, companies should evaluate the level of the reward and the fact that some customers would have become buyers without the incentivized referral. This study will elucidate whether making further investments in referral programs is a wise decision.

Third, customer influence is merely related to the intrinsic motivation of customers. These customers are willing to persuade their peers to experience the product/ service because of their positive relationship with the company. Villanueva, Yoo, and Hanssens (2008) advocate that acquiring and retaining based on WOM results in lower costs of marketing as compared to the traditional approach. Kumar, Bhaskaran, Mirchandani, and Shah (2013) demonstrate that customer influence increases brand awareness, return on investment and the revenues growth rate for offline retailers. This study focuses on online retailers and shows how intrinsic motivation of customers contributes to customer repurchase. Based on this information, the company will know to what extent their customers are promoting the company because of their strong connection and concern for the company.

Fourth, customer knowledge entails value co-creation which is built on blocks such as personalized customer experience, customer empowering and two-way communication. Customers sustain innovative companies by sharing their preferences and through actively participating in offering development processes. In doing so, they shorten the length of product development and increase the feasibility of the offering of being accepted by the market (Joshi & Sharma, 2004). In general, knowledgeable customers are more engaged and support companies with their ideas and suggestions. As a result, they may take the role of information providers or, at a higher level, co-developers (Kumar

et al., 2010). Kumar and Bhagwat (2010) observed that business-to-consumer companies are increasingly using online channels to stimulate participation and involve customers in new offering development processes and activities (e.g. contests). Even in the service area, knowledgeable customers add value to improving the overall service quality, reducing complaints and increasing service recovery (Kumar, 2018). Knowing how customers score on this metric and the impact on customer repurchase will enable the company to adapt their strategies regarding the level of information exchange with their target audience (e.g. maintain, enhance or reduce the actual level of information exchange).

Although companies recognize the positive effects of these four components, they fail to measure their impact in a collective way. For this purpose, Kumar and Pansari (2015) operationalized these four components resulting in a 16-item measurement scale for customer engagement value. The statements are based on articles form relevant literature and actual press, and comply with the requirements of experts and practitioners (Kumar & Pansari, 2015). The scale is precise, reliable and has been validated through an iterative process. The entire validation process can be seen in Appendix 2 while the 16 statements comprising customer engagement value can be seen in Appendix 3.

## 2.4. Theoretical foundations of repurchase probability

Retaining is the new view in relational marketing as opposed to attracting customers (Ellis, 2011). Kumar et. al. (2010) relate to customer retention as manifested through repeated purchases while Brodie et al. (2011) identify retention with behavioral loyalty. Cheung et al. (2014) articulate that gaining the customer's loyalty is the main scope of relational marketing. They indicate that customer loyalty can have two different forms. First, they argue the existence of behavioral loyalty, which relies on the idea that customers will continue to buy their needs form the same company in repeated times. Second, they argue the existence of attitudinal loyalty, which is manifested through commitment and the preference towards a certain company and/ or brand. When customers show attitudinal loyalty, they feel connected with the company and appreciate the unique values associated with the image of the brand. In addition to purchasing their needs form the company's offerings, they provide referrals and try to influence others to become customers of the company (Kumar, 2018; Kumar & Pansari, 2015; Dovaliene, Masiulyte, & Piligrimiene, 2015; Cheung et al. 2014; Kumar et al. 2010, Bijmolt et al., 2010).

Two views predominate in the literature regarding customer repurchase. Researchers who studied the effects of the various marketing metrics on customer repurchase have agreed that repurchase can be measured in two different ways. First, as repurchase intentions, obtained by surveying the customers about their intentions to repurchase from the company. Second, as a marketing measure that uses past purchases of the customers as inputs. According to Kumar (2018), but also Kumar and Petersen (2012), repurchase intentions are less effective in capturing the effects of marketing metrics such as customer engagement, because they do not reflect actual customer behaviors. Chou and Hsu (2016), argue that in online environments the customer's repurchasing intentions are mainly driven by emotional evaluations. In the same vein, Keiningham, Cooil, Aksoy, Anderssen and Weiner (2008), found that relying on intentions is erroneous, as intentions alone fail to capture future loyalty behaviors. For this reason, this study focuses on repurchase probability by relying on the transactional data from the CRM system of the focal company. Within the study, customer repurchase is regarded as behavioral loyalty and the definition provided by Cheung et al. (2014) is used to define its meaning. Accordingly: "Behavioral loyalty means that customers will continue to purchase products or services from the same supplier." (Cheung et al., p. 3067). Table 2 provides a comparison among representative studies approaching customer repurchase and how this paper relates to them.

Table 2: Comparison among studies that model customer repurchase

Views on customer repurchase	Authors	Scope	Method	Context	Results
Using intentions as reliable inputs	Cheung, Zheng and Lee (2014)	Researching the role of customer engagement for customer loyalty in online environments based on repurchase intentions, in a noncontractual setting.	Univariate regression, Partial Least Squares	Online shopping platform	Customer enagement is positively associated with both, customer repurchase intention and positive WOM intention.
Using historical data of the customers	Lewis (2006)	Focus on how marketing activities (acquisition discounts) affect long-term promotion outcomes and repurchase probability in a contractual setting.	Logistic regression	Online grocer retailing	Contributes a model of estimation of customer lifetime value considering the depth of repeated purchases.
	Reinartz and Kumar (2000)	Approach retention in non-contractual setting by measuring long versus short relationship durations. They construct the model through using the time of the first purchase, the time of the last purchase and the number of closed transactions over the observation period. They call this measure P(alive).	Negative binominal distribution, Pareto	Retailing industry	Contribute a greater understanding of customer management processes and a model analysing customer lifetime profitability that shows that both long life and short life customers can be profitable.
	This study	Prediction of the probability that customers will remain actively engaged in the relationship with the company at the end of the obeservation window by repurchasing, in a non-contractual setting.	Logistic regression	Online retailing services	Contributes a model of customer retention that considers customer engagement value as an explanatory variable for customer repurchase.

When compared to the abovementioned studies, this research entails a great degree of novelty, namely the addition of the customer engagement value as determinant for customer repurchase. Based on the arguments mentioned in section 2.3. derived from Kumar (2018), Kumar and Pansari (2015) and Kumar et al. (2010), the following hypotesis is forwarded:

H1: Customer engagement value has a positive effect on customer repurchase probability.

## 2.5. Repurchase probability conceptualization

Fadie, Hardie and Lee (as cited in Kumar & Petersen, 2012), argue that in non-contractual settings it is difficult, yet crucial to identify when customers actually stopped using the service. For this reason, the literature focusing on customer retention proposes various models to determine the drivers of customer repurchase behavior and also how to make approximations on the number of orders a certain customer will place with the focal company. Within this research the model proposed by Kumar and Petersen (2012) is seen as a departure point. Additionally, few supplementary drivers will be included to predict customer repurchase as supported by studies of Kumar (2018) and Reinartz and Kumar (2007).

The model proposed by Kumar and Petersen (2012) explains customer repurchase by the following variables: orders during previous to the last quarter, average order expenditure, and the value of the first purchase. Additionally, Kumar (2018) emphasizes the incorporation in the model of tenure, which represents the time since the buyer has been a customer of the company. Tenure can also be found in studies of Reinartz and Kumar (2007), Fader and Hardie (2007).

Other variables deserving consideration are related to the demographics of the buyers. Inman, Shakar, and Ferrao (2004), but also Reinartz and Kumar (2003), articulate the benefit of including customer demographics in analyzing shopping and marketing channels choices, but also the lifetime duration of the relationship with the customer. Based on the empirical results of Kumar, George and Pancras (2008) the inclusion of age, gender and the size of the household as demographic variables is worthwhile decision because these control variables significantly affect future customer profitability. Other demographics such as income, education level, age of the head of the household, physical location of the customers, population density of the neighborhood (Kumar, 2018), channel used to disseminate content regarding the focal company (Patrutiu, 2015) and so forth, fall outside the scope of this research.

#### 2.6. Theoretical foundations of customer satisfaction

Customer satisfaction represents a building block for customer engagement and is regarded as a necessary step to reach profitability. Sashi (2012) describes the process of customer engagement by arguing that customer satisfaction is the prerequisite of obtaining the customer's engagement. While customer engagement makes customers fans of the company, a certain level of satisfaction is required to generate that meaningful connectedness. In his view, also shared by Pansari & Kumar (2017) and by Jaakkola and Alexander (2014), satisfied customers buy again while engaged customers are true advocators of the brand. Other views on the relationship between customer engagement and customer satisfaction argue that satisfaction might take the form of either antecedent (for existing customers) or consequence (for new customers) of engagement (Brodie et al., 2011; Hollebeek, 2011A; van Doorn et al., 2010). In general, all voices discard customer satisfaction as being a stand-alone performance metric and mention it as a prior stage of customer engagement which leads to valuable relationships and stronger connection (Pansari & Kumar, 2017; Sashi, 2012; van Doorn et al., 2010).

This study adheres to the confirmation/ disconfirmation paradigm. This rationale considers future expectations of the customers in determining their current buying decisions (Pansari & Kumar,

2017; Voss, Godfrey & Seiders, 2010; van Doorn et al., 2010; Lemon, White & Winer, 2002). Sashi (2012) stated that the outcome of applying this theory is the division of customers into two opposite groups: one group for the satisfied customers implying positive disconfirmation (expectations regarding the offering are exceeded), and another group for dissatisfied customers involving negative disconfirmation (offering fails to meet expectations). Pansari and Kumar (2017), mentioned a third group which implies confirmation, and which includes satisfied customers whose expectations have been met, but not exceeded. An appropriate conceptualization for customer satisfaction has been provided by Juhl et al. (2002) who implemented a 3-item scale for measuring this concept. He argues that these elements monopolize the literature and also the practice when it comes to measuring customer satisfaction. These items are based on three statements referring to how satisfied customers are in general, to what extent are their expectations met by the focal company and to what extent does the focal company approaches their ideal in terms of being a service company. These statements can be seen in Appendix 3.

A suitable definition, forwarded by Vos et al. (2010), which reinforces the temporal aspect of satisfaction is used in this research. Consequently, customer satisfaction represents "a cumulative, global evaluation based on experience with a firm over time" (Voss et al., 2010, p. 117). Since van Doorn et al. (2010) predicted a positive effect of customer satisfaction on customer engagement in a social media context, this paper forwards the following hypothesis:

H2: Customer satisfaction has a positive effect on customer engagement value.

The novelty of this study comes from the overarching definition associated to customer engagement value and the fact that this study applies to a retailing SME.

## 2.7. Theoretical foundations of branded content

As social sites continue to take a larger share of the consumer's time spent online, a new science has emerged, namely content engineering. According to Lee, Hosanagar and Nair (2014), content engineering aims to create branded content which succeeds to better engage with target audiences. Specifically, branded content captures the attention of target audiences and through articles, images, videos, podcasts or other live elements facilitated through online environments, it brings relevant information to the reader or consumer (Mission. Org, 2018). Accordingly, branded content can be read, visualized, learned or experienced by the target audience. For this reason, branded content has become a viable source of competitive advantage. In a desirable situation, the customer's interaction with branded content generates brand awareness, trust, positive WOM and enhanced reputation (Kujur & Singh, 2017; Behravan & Rahman, 2012).

Branded content focuses on brand values and relies on the willingness of the customers to interact with or utilize that specific content (Cardona, 2018; Mission. Org, 2018). Through sharing branded content companies can stimulate affection and improve customer engagement. The marketing opportunity that rises from the commerce of customer engagement as a result of branded content utilization is the optimization of production schedules, management of financial resources and improvement of offering mix (Bonchi et al., 2011). Besides, this type of content contributes value through its influence on determining the customer's actual buying behaviour (Acar & Polonsky, 2007). Considering the fact that branded content is aimed to drive real customer engagement, one principal requirement for this online distributed content is to grab the attention of the target audience. This is realized through sharing relevant content. According to Cardona (2018) and Mission.Org (2018), branded content enhances the overall brand experience by entertaining and teaching the customers interesting things with respect to the company. Consequently, branded content needs to be vivid,

interactive, entertaining and informative (Kujur & Singh, 2017). Similarly, Patrutiu (2015) articulates that companies need to ingenuously use content as a weapon to attract, acquire, retain and continuously engage with their audiences. The usefulness of content is also reinforced by Lieb (2011) who argues that the contemporaneous customers are highly selective in regard to the information they are willing to engage with. Because of the overwhelming amount of content that flows via online channels and the limited human processing capacity, customers are very selective about the contents that triggers their interest (Zha, Li, & Yan, 2013). In this regard, Kumar, Zhang and Luo (2014) found that marketing e-mails should have a short length and hold a relevant topic for the receiver. Considering all the above, the outcome of this study will empower the managers with information regarding the effectiveness of their branded content to enhance customer engagement value. For the purpose of this study, branded content is defined as: "a marketing technique that involves creating content linked to a brand that allows consumers to make the connection with the brand" (Cardona, 2018).

The utilization of branded content as defined in this study, goes beyond the simply act of reading that content. It also includes the attitudes of customers after being exposed to that content. To the best of my knowledge, the literature simultaneously measuring the effect of opening and reading the company's e-mails as well as interacting with reviews is scarce. Despite the fact that there are various practical researches concerned on reading patters of promotional material which focus on the portion of the read material, the comprehensiveness of reading or the time spent on reading (Dyson & Haselgrove, 2000), this research focuses on the frequency of utilizing or interacting with branded content. In regard to the frequency of interacting with promotional material, Kumar and Petersen (2012) articulate that the likelihood of customers to respond to the company's advertising efforts depends on the customer's profile and on the volume of promotional means employed by the company. This is in line with Kumar, Leszkiewicz, and Herbst (2018), who articulate that marketing communication activities such as direct e-mails and promotional e-mails are contributing to improved retention. In addtion, Verhoef (2003) provides underpinnings to this fact by showing that direct e-mails hold the potential to stimulate additional purchases and cross-selling; being thus, relevant for customer engagment as well (e.g. CLV). Osel-Frimpong and McLean (2018) found that firm-generated content and positive reviews have a positive effect on engagement. Consequently, the following hypothesis is forwarded:

H3: Branded content utilization has a positive effect on customer engagement value.

The study of Osei-Frimpong and McLean (2018) gives direction in investigating the frequency by which customers open, read and utilize the content distributed by the company for interaction. They rely on several studies. First, they refer to the work of Kumar, Bezawada, Rishika, Janakiraman and Kannan (2016) to stress the importance of opening and reading firm-generated content by the customers. Next, they refer to studies performed by Chang and Hsu (2016), Nowak (2013), and also Hennig-Thurau et al. (2004) to argument the importance of appealing customers with the content that is distributed via online channels. This implies that customers need to identify with the content and be pleased to such an extent that drives them to provide positive interaction manifested in the form of "likes" or WOM. Similarity to the study of Lee et al. (2014), this research will investigate about the frequency by which customers provide "likes" for the branded content shared by the company. Finally, based on the study of Hollebeek et al. (2014) and also Wangenheim and Bay (2007), who argue that the customer's intent to purchase from a company is increased when being exposed to positive referrals from satisfied customers, this research will investigate the frequency by which customers place orders after they have been referred to by another customer. The list with the five questions forming branded content utilization can be seen in Appendix 3 and includes questions 3 to 7.

Overall, the theoretical insights presented in this section lead to the research model presented in Figure 2. The research questions addresed by the model include the following:

What is the effect of customer engagement value on the probability to repurchase? What is the effect of customer satisfaction on customer engagement value? What is the effect of branded content utilization on customer engagement value?

Since the effect of customer engagement value on the probability to repurchase of actual customers is the main focus of this paper, this relationship will be investigated first. Then, the effects concerning customer satisfaction and branded content utilization on customer engagement value will receive attention.

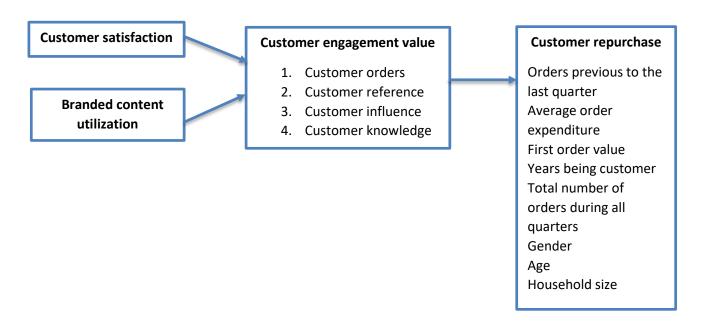


Figure 2: Theoretical research model

## 3. Methodology

In this section the research design, data collection and data analysis are discussed.

## 3.1. Research design

This research adopts a deductive approach by testing hypotheses as derived from the marketing literature. These theoretical groundings form the secondary data. The primary data was gathered from two different sources. First, the quantitative insights regarding the beliefs of the customers in regard to the investigated concepts were collected by means of a survey. Second, the transactional data of the customers who completed the survey was gathered from the CRM database of the focal company. The survey was sent online. Since almost all customers provide at least one e-mail address when placing their first order or subsequent orders, sending the survey online helped reach a larger part of the population. When compared with traditional methods on paper, Kumar and Petersen (2012) argue in favor of online surveys and mention their advantages in terms of enlarged reach, lower costs and time saving. On the other hand, they also mention that surveys have a slightly impersonal character and present the risk of unreliable information. To mitigate the risks of incomplete information, the survey sent within this research required an answer to each question before proceeding to the next one. Additionally, the customers were insistently asked to provide their e-mail address in order to get in the possession of a possible financial reward. Their e-mail address was used as a mean to couple their answers with their transactional history. By doing this, it was expected to reduce the impersonal character of the survey and support complete and honest answers by the customers. Although some authors warn that in case of non-anonymous studies, customers might tend to give socially desired answers, this was not expected to be the case in this study.

The survey consists of both, a short questionnaire and a list of statements regarding the investigated topics. The whole content of the survey can be seen in Appendix 3. The survey starts with a set of 9 close-end research questions on which the customers provided an answer by selecting it form a given list and in accordance with their believes. Questions 1, 2, 8 and 9 support information describing the population. Questions 3 to 7 provide insights in regard to the concept of branded content utilization. This concept was measured on a five-point Likert scale, ranging from "never", "rarely", "occasionally", "very frequently", and "always". Thereafter, a list of 19 statements was provided and the customers were given the possibility to rate their attitudinal beliefs based on a preestablished scale. The scale was proposed by Kumar and Pansari (2015) who operationalized the concept of customer engagement value applied in this study. For the measurement of the customer's attitudes assigned to the components of customer engagement but also for customer satisfaction, a five-point Likert scale has been applied, ranging from "fully disagree", "disagree", "neutral", to "agree" and "fully agree". Based on Kumar and Petersen (2012), Likert scales are effective in collecting and measuring the respondent's values, attitudes and beliefs regarding certain research objects. In addition, Likert scales are simple and rapid to create while also preserving acceptable reliability (Hair et al., 2014; Babbie, 2014). Table 3 presents the operationalization of the variables investigated in this research.

Table 3: Operationalization of the variables

Variables	Operationalization
Customer engagement value	As established in Kumar and Pansari (2015). The value represents the individual score of the respondents on customer engagement metrics which include customer order value, customer reverence value, customer influence value and customer knowledge value. The score is measured through using a 5-point Likert scale (see Appendix 4).
Customer repurchase	The drivers are inspired from Kumar and Petersen (2012). This variable represents the binary dependent variable of the model which refers to the probability that customers will order in the first quarter after the observation window.
Orders previous to the last quarter	An indicator whether the customers have placed any orders with the company in the quarter previous to the last researched quarter, quarter fifteen in this case (1 = ordered from the focal company in this quarter, 0 = did not ordered from the focal company in this quarter).
Average order expenditure	The average monetary value of all orders placed by the customer during the research window, which is four years.
First order value	The monetary value of the first order placed by the customer with the focal company.
Years being customer	The number of years since the customers has placed his/ her first order with the company.
Total number of orders during all quarters	The number of orders placed by the customer with the focal company over the course of the observation window.
Customer satisfaction	As indicated in Juhl, Kristensen and Ostergaard (2002). The value represents the individual score of the respondents on customer satisfaction metric, which is measured through using a 5-point Likert scale (see Appendix 4).
Branded content utilization	Inspired from Osei-Frimpong and McLean (2018). The value represents the individual score of the respondents on the interaction with the content shared by the focal company. The score is measured through using a 5-point Likert scale (see Appendix 4).
Control variables	
Gender	An indicator of the customer's gender (1 = male, 0 = female).
Age	The age of the customer measured in years.
Household size	The number of members consisted by the household of the customer.

#### 3.2. Data collection

The selection of the sample is non-probability sample, called purposive sampling. This implies that the customers who received the survey were selected from the actual database of the company and met the requirement of having ordered for at least one time over the last four years. Despite the use of judgmental selection, the sample was also created involving a clear randomly selection mechanism. This mechanism relies on the principle of self-selection (Babbie, 2014), and translates into the fact that the respondents of the survey agreed or volunteered to complete the survey. In this way, the sampling process ensured that each unit of analysis had an equal chance of being elected as part of the sample. The main objective of sampling was to obtain as many respondents as possible because, as confirmed by Hair et al. (2014), large samples increase reliability due to the fact that small changes can result in statistically significant effects.

The survey was sent to the intended customers by direct e-mails with the kindly request to participate in the survey. The confidentiality of their responses and a symbolical financial reward was promised to encourage a higher participation rate. Also, a reminder was sent after two and after four weeks from the first survey participation e-mail request. In total, there were 6 weeks of data collection. Although, the company's database counted around 35.809 unique e-mail addresses from individual customers at the day when the survey was open, only 3.433 of them have given their consent to the company to use their e-mail address for marketing purposes. In line with the European Union Data Protection Law (the GDPR) approved on the 25<sup>th</sup> of May 2018, this research could only rely on 3.433 potential respondents. To make the survey accessible and considering to the fact that almost all the customers of the company are Dutch speaking persons, the survey was translated into Dutch and a short introduction was given to ensure proper understanding by the respondents. The typical completion time was around five to six minutes.

The quantitative data regarding customer engagement, customer satisfaction and branded content utilization represents primary data which was gathered using the marketing tools of MonkeySurvey.com starting from 16<sup>th</sup> of May until the 30<sup>th</sup> of June 2019. The survey was sent to 3.433 customers out of which 276 participated, resulting in a response rate of 8.04%. Initially, 151 customers participated in the survey generating a response rate of 4.40%, after the two reminders an additional of 125 customers also completed the survey having a jointly response rate of 3.64%. Although, according Hair et al. (2014) a reliable quantitative research performed at 5% confidence level requires 384 responses from individual participants, this research could not count on additional sources to attract new respondents because of the pre-established objective of this research. Specifically, this sampling method ensures that only existing customers are being surveyed which are able to provide evaluations regarding the service of the focal company. Extending the period on which the survey was active for completion was not a viable option because customers volunteering to complete the survey have already done this after the two sequential reminders. Continuing to send reminders could have been experienced negatively by those customers who have already completed the survey but also by those who did not wanted to participate.

Nevertheless, Perry (as cited in Brinkman, 2018) advocates that in case of master students who perform quantitative analysis based on surveys, the number of respondents taken into the analysis should be situated somewhere between 100 and 350 individual respondents, which corresponds to the limits for an honors research and a postgraduate doctoral degree. Since 276 respondents have completed the survey and no additional methods were available to stimulate participation, this number of observations was considered suitable for performing the analysis.

The transactional data of those customers who completed the survey corresponds to the period starting from the 1<sup>st</sup> of July 2015 until 30<sup>th</sup> of June 2019. This represents 4 years divided into 16

quarters. The first quarter starts from the  $1^{st}$  of July 2015 until the  $30^{th}$  of September 2015, while the last quarter starts from the  $1^{st}$  of April 2019 until the  $30^{th}$  of June 2019. Among the customers who participated in the survey 252 provided a valid e-mail address that could be used to investigate the first hypothesis. 24 e-mail addresses were not found in the database or were not given. For this reason, the effect of customer engagement value on the probability to repurchase is investigated based on the input from those 252 observations, while the second and third hypotheses are investigated based on the complete sample size (N = 276).

#### 3.3. Data analysis

The survey tool provided by MonkySurvey.com enabled the researcher to download the collected data in an Excel file. The transactional information of the customers was gathered from the CRM database of the focal company. These data were combined in one single Excel file and was used as input to confirm or reject preliminary formulated hypotheses. Further, the data was analyzed by means of SPSS version 25.0.

First of all, and according to Hair et al. (2014), these data was cleaned by checking for outliers, influential cases or unacceptable answers. Normally, those unreliable answers should be removed from the data set. However, no outliers were identified. Then, Factor Analysis was performed to confirm the validity of the constructs and the reliability of the measures. According to Hair et al. (2014), Factor Analysis represents a technique of interdependence which investigates the relationships between variables without considering whether they are dependent or independent variables. Cronbach's Alpha is a suitable measure to verify internal consistency which shows weather the items in the scale indeed measure the same concept. As generally agreed by academics, the reliability coefficient Cronbach's Alpha is acceptable when:  $0.6 < \alpha < 0.7$ , good when  $0.7 < \alpha < 0.9$  and excellent when  $\alpha > 0.9$  (Hair et al., 2014). The value of Kaiser-Meyer-Olkin statistic (KMO) higher than 0.7 indicates the sampling adequacy and the fact that factor analysis can be conducted. Lower values would indicate inadequacy and the fact that the correlations between the pairs of variables cannot be explained by other variables included in the analysis. This measure together with the Bartlett's Test of Sphericity, with the significance result p < 0.05, confirms the appropriateness of Factor Analysis and the fact that enough correlations exists among the given variables. Within this technique, the method of principal component analysis varimax rotation was selected. Hair et al. (2014) argue that this method is useful for summarizing the data whereby the minimum number of factors is determined which will account for maximum variance. The varimax rotation contributes factors that are uncorrelated and enhances the interpretability of the results.

Since the components of customer engagement value have already been operationalized and validated in the research of Kumar and Pansari (2015) through confirmatory factor analysis, the 16-items scale is considered suitable for this study. When verified on the data at hand, the KMO provided a result of 0.941, the Bartlett's Test of Sphericity was significant at a level of p < 0.01 and the Cronbach's Alpha reliability test provided a value of 0.846. These results meet the requirements for Factor Analysis and confirm the reliability of the measure to determine the extent to which customers are engaged or disengaged. Next, the 3-item measurement scale for customer satisfaction, proposed by Juhl et al. (2002), was tested to prevent form factors which are strongly correlated and overlap. Again, the KMO shown a result of 0.750, the Bartlett's Test of Sphericity was significant at a level of p < 0.01 and the Cronbach's Alpha value for the customer satisfaction measure was 0.889. These outcomes confirmed its reliability. Further, the 5-item measure for branded content utilization was composed as based on the literature. The KMO was 0.739, the Bartlett's Test of Sphericity was significant at a level of p < 0.01 and the Cronbach's Alpha indicated a value of 0.837. These outcomes confirm face validity as the construct measures what it was intended to measure. Appendix 5 shows the validation of the measures

customer satisfaction and branded content utilization. Finally, the customer's probability to repurchase is composed as based on the arguments of Kumar and Petersen (2012) and complies with the requirements of the academics.

To test the proposed hypotheses, this research is based on linear regression analysis but also on non-linear regression analysis, namely binary logistic regression. The first hypothesis refers to the effect of customer engagement value on the probability to repurchase of existing customers. Since customer repurchase deals with a binary dependent classifier (repurchase or not), this effect is investigated by means of logistic regression analysis. Hair et al. (2014) argue the advantages of logistic regression for this type of studies, in particular, the robustness of the outcomes, the ability to deal with non-normally distributed variables and the easiness in use. Its applicability is widespread in business research partly because of the simplicity of the prediction model.

In logistic regression the term of log odds helps to interpret the results. Therefore, the equation for log odds applied to the first investigated relationship (H1) is:

$$\begin{split} \exp \beta_{repurchase} &= \beta_0 + \beta_1 \widehat{CEV} + \beta_2 Orders\_previous\_to\_the\_last\_quarter \\ &+ \beta_3 \, Average\_order\_expenditure + \, \beta_4 First\_order\_value \\ &+ \, \beta_5 Years\_being\_customer + \beta_6 Total\_number\_of\_orders + \, \beta_7 \, Gender \\ &+ \beta_8 Age + \beta_9 Household\_size \end{split}$$

Where:

 $\exp eta_{repurchase}$  represents the log odds ratio of customer repurchase  $\widehat{\mathit{CEV}}$  represents the factor score of customer engagement value

Consequently, the equation applied for H1 relies on the following probability function:

$$P(repurchase = 1) = 1/(1 + \exp(-\beta \widehat{CEV}))$$

The following two hypotheses (H2 and H3) are investigated through using linear regression analysis because the focus is to estimate the dependence relationship among the indicated variables, namely customer satisfaction (H2) and branded content utilization (H3). Below the equation.

$$CEV = \beta_0 + \beta_1 \widehat{CS} + \beta_2 \widehat{BCU} + \beta_3 Gender + \beta_4 Age + \beta_5 Household_{size} + \varepsilon$$

Where:

 $\overline{CS}$  represents the factor score of customer satisfaction  $\overline{BCU}$  represents the factor score of branded content utilization

#### 4. Results

This section presents the results of the statistical tests either confirming or rejecting the formulated hypotheses.

#### 4.1. Descriptive statistics

When looked at the sample (N = 276) it turns out that the respondents are aged between 18 and 61 years old (M = 33; SD = 10.3). Table 4 presents the demographics of the sample.

Table 4: Descriptive data of the sample

Demographic characteristics	Distribution	
Gender	Male	51.1%
	Female	48.9%
Age	18 - 30 years old	48.9%
(4 missing values)	31 - 45 years old	35.3%
	46 - 60 years old	15.1%
	61 years old	0.7%
Household size	1 member	14.3%
(4 missing values)	2 members	23.2%
	3 members	24.3%
	4 members	27.9%
	5 members	7.7%
	6 members	2.6%
Means to hear	Social media	52.6%
about the	WOM transmitted by friends	25.7%
company	Remarking the brand marks worn by the drivers of	
	the company when making deliveries	14%
	Outside advertising aids	7.7%
Channels used to	Facebook	49.6%
follow the	Instagram	9.8%
company	None	40.6%
Reasons to use	Lack of transport	38%
the service of the	Luxury	36.2%
company	Lack of time	14.2%
	Need	11.6%
Preferred	Ideal	62.3%
method of	Cash	21%
payment	Pin at delivery address	16.7%

The sample is equally divided between genders. Customers belonging to younger age groups, 18 – 45 years old, dominate the sample as they cumulate 84.2% of the whole sample. Households sizes with 2, 3, and 4 members are most predominant counting for 75.4% of the whole sample.

What is striking is the fact that social media advertising, and especially Facebook, results to be an indispensable mean for building up the notoriety of the company. Since only 7.7% of the customers admit having noticed outside advertising aids of the company, it seems that people do not really pay attention to outside means of advertising raising the question whether or not it is worth to invest in this type of advertising tool. When looked at the customers' age groups who use Facebook to follow the company, it turns out that customers aged between 18 and 30 years old represent the main target audience to whom the company can address their marketing contents (23.2%) (see Appendix 6).

In regard to the reasons for which customers are using the service of the company, it results that a greater percentage of females, namely 19.2%, are lacking transport as compared to males, 18.8%. Also, males seem to be more often in need as they make use if this service in 8% of the cases while females in only 3.6% of the cases. Smaller household sizes (1 and 2 members) mainly opt for this service because of the lack of transport being especially represented by younger customers (18 - 30 years old). Customers living in larger households (3 and 4 members) opt for this service because of both, the lack of transport and luxury reasons, and are represented by mature age categories (31 - 45 years old). All these data can be visualized in Appendix 6.

## 4.2. Customer engagement value

Factor scores represent all the items included by the given component and prevent from complications caused by multicollinearity (Hair et al., 2014). Therefore, factor scores are considered to describe both, each of the four components of customer engagement value separately, and customer engagement value as an integrative measure. Table 5 presents the insights regarding the components of customer engagement value taken separately. These data is also illustrated in Appendix 7.

Table 5: Descriptive insights regarding the components of customer engagement value

Component of customer engagement value	Insights (scale is 1 to 5)	Interpretation
Customer order value	M = 4.41 SD = 0.59	Scores are considerably high 91.3% of customers score 4 or above
Customer reference value	M = 4.02 SD = 0.74	Scores are high 84% scored 4 or above
Customer influence value	M = 3.82 SD = 0.89	Scores are relatively high being above the neutral value of 3 Similar percentages for those customers scoring 3 or less (30.4%), for those scoring 4 (36.6%) and for those scoring 5 (33%)
Customer knowledge value	M = 3.51 SD = 0.94	Scores are relatively high 56.9% of the customers score 4 or above Substantial neutral scores (33.7%)

From the table above it can be observed that the scores of customer reference value are higher than the scores of customer influence value. This can be explained by the very essence of these two components. Specifically, influential value refers to the intrinsic motivation of the customers to promote the company's benefits to others, while customer reference refers to extrinsic motivation. Accordingly, it can be argued that customers are more inclined to promote the company and spread WOM when there are some monetary referral benefits in place rather than on their own concern for the wellbeing of the company. The considerable percentage of customers scoring neutral on customer knowledge value suggests that many customers do not actively engage in exchanging information with the focal company (e.g. provide feedback and suggestions).

When analyzing customer engagement value as an umbrella metric, it can be noticed that the scores are considerably high, ranging from 1.56 to 5. Figure 3 illustrates the relatively normal distribution of these scores and highlights the fact that most observations lie above the neutral value of 3. The mean value is situated at M = 3.94 with a standard deviation of SD = 0.70.

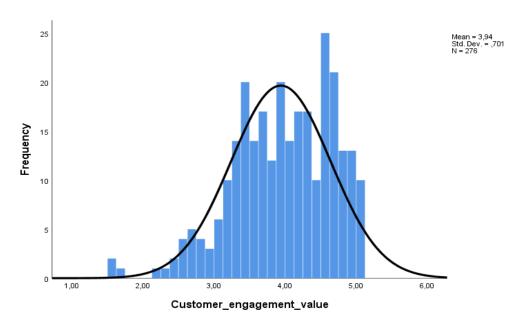


Figure 3: Customer engagement value scores of the entire sample

These insights are even more meaningful when expressed in percentages. Consequently, almost 51% of the respondents are engaged with the focal company (agree with the given statements), 41% are neutral, while only 8% of the respondents are not engaged with the focal company (disagree with the given statements). Table 6 below shows how the level of engagement expressed by customers varies in relation to their demographic characteristics.

Table 6: Descriptive insights regarding customer engagement value as an integrative variable

Demographic characteristics	Insights		Interpretation
Gender	Females M = 3.90 SD = 0.68	Males M = 3.97 SD =0.72	Genders do not differ much in regard to their expressed customer engagement value although males score slightly higher than females.
Age	18 and 30 years M = 3.89, SD = 31 to 45 years M = 3.97, SD = 46 and 60 years M = 4.03, SD = 61 years old M = 3.62, SD = 61	= 0.72 s old = 0.69 ars old = 0.69	Customers aged between 46 and 60 years old appear to be most engaged.
Household size	3 members M = 4.09 SD = 0.73		Households sizes with 3 and 5 members score highest.

Based on the table above it can be argued that mature customers are most engaged with the focal company while younger customers are slightly less engaged. A more specific analysis has shown that customers aged between 51 and 55 years old are most engaged (M = 4 .23). This can be visualized in Figure 4.

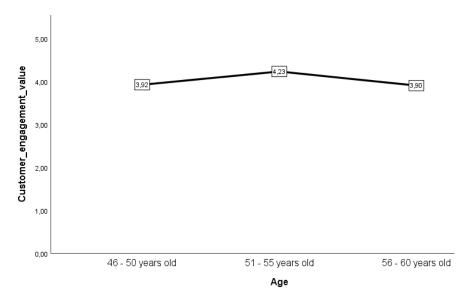


Figure 4: Customer engagement value scores per age categories

## 4.3. Customer engagement value and the probability to repurchase

Given the fact that not all customers filling in the survey provided a traceable e-mail address, only a portion of the sample is used to test H1. This sample includes 252 observations. Apart from the survey which provides information regarding the customer's beliefs, the data also consists of the customer's transactional history. Figure 5 shows in percentages how often did these customers order from the focal company over the course of the observation window which was four years.



Figure 5: Categories with the percentage of orders placed by the customers

A large majority of these customers (56.3%) have placed 10 or less than 10 orders with the focal company over the course of four years. The greater number of placed orders belongs especially to those customers who are using the services of the company for 2 or more years (60.6%). Thus, respondents being customers for a longer period place more orders. In general, customers order on average between 31 and 50 euros. Only 1.3% of the customers purchase on average more than 50 euros.

When comparing the means of the groups in regard to customer engagement value it results that customers ordering more than 101 times have considerably higher engagement rates (M = 4.64, SD = 0.34) as compared to those ordering 10 times or less. The latest group has the lowest engagement rates (M = 3.55, SD = 0.64). Most remarkable is the fact that the most engaged customers are those ordering between 51 and 100 times (M = 4.69, SD = 0.25). These results are significant (p < 0.01) meaning that customers ordering more often are more engaged with the focal company.

After running the logistic analysis including the drivers of customer repurchase, the Hosmer and Lemeshow Test indicating the goodness of fit shows that the full model fits significantly better than the null model (p = 0.765). Thus, the full model represents a significant improvement in fit as compared to the model without the drivers of repurchase. The overall classification accuracy of the prediction model based on the sample (N = 248) is 70.2% (cutoff value 0.5). This means that the model is quite accurate to correctly predict the customers who fall into the respective groups (repurchase yes or no). With respect to the results of the analysis (Appendix 8), it turns out that customer engagement value is not significantly influencing the probability of existing customers to repurchase in the first period immediately after the termination of the observation window. Customer engagement value obtained a negative logit coefficient (B = -0.228) and a log odds ratio lower than 1 (exp $\beta$  = 0.796). The results show that when controlling for the other variables in the model, there is no significant relationship between customer engagement value and customer repurchase probability (p = 0.327, Wald = 0.962). These results are showed in Table 7.

Given the fact that 56.3% of the customers included in the sample have ordered from the focal company only in 10 or less than 10 occasions, it makes sense to investigate the same effect on the sample consisting only of those customers who have ordered 11 times or more (43.7% of the original sample, N = 110). In this case, the classification accuracy of the prediction model decreases to 70%. The outcomes are very similar as, again, customer engagement value does not significantly influences the probability of existing customers to repurchase. The logit coefficient of customer engagement value is B = -0.306 with a log odds ratio of  $\exp\beta = 0.737$  (p = 0.370, Wald = 0.802). Significant insights are obtained for the following drivers: orders previous to the last quarter, average order expenditure and first order value. Accordingly, the probability of repurchase of a customer who has ordered from the company during previous to the last researched quarter increases by 0.412 as compared to a customer who did not ordered in that quarter (p = 0.097). For every increase with €1 in the average order expenditure, the probability of repurchase increases by 10% (p = 0.050). The probability that a customer will repurchase increases by 0.947 for every additional €1 spent on the first order placed by the customer with the focal company (p = 0.073). These results can be found in Appendix 8.

Further verification of the effects of the components: order value, reference value, influence value and knowledge value, taken separately, on customer repurchase shows similar results as the whole measure of customer engagement value (Appendix 9). Based on the sample N = 248, it can be argued that there is no significant relationship between customer order value and customer repurchase probability (B =-0.392, exp $\beta$  = 0.676, p = 0.323). Same counts for customer reference value (B = 0.247, exp $\beta$  = 1.281, p =0.459), customer influence value (B = -0.221, exp $\beta$  = 0.802, p = 0.499) and also for customer knowledge value (B = 0.057, exp $\beta$  = 1.059, p = 0.821). Notably, the log odds ratio for customer reference and customer knowledge are considerably higher than those of the other two components. This means that customers scoring higher on reference and knowledge components, are expected to have a considerably higher likelihood to repurchase as compared with those scoring higher on customer order and customer influence components. However, these insights are not significant (p > 0.1). Overall, there is no meaningful evidence to argue that customer engagement value has any effect on the probability to repurchase of actual customers. A pseudo measure that tells the same

story in logistic regression is Nagelkerke R<sup>2</sup> which can somehow be compared with explained variance in linear regression (measure from 0 to 1). Applied on this sample, Nagelkerke R<sup>2</sup> equals 0.043. This means that only 4.3% of the proportion in the variation of customer repurchase is accounted by the drivers included in the model.

Table 7: The results of logistic regression on customer engagement value

The effect of customer engagement value on customer repurchase				
	Sample including	Sample including customers who have		
	all customers	ordered 11 or more than 11 times		
		during the observation window		
	Log odds ratio	Log odds ratio		
Main effects				
Constant	2.739 (0.390)	13.456 (0.205)		
Customer engagement value	0.796 (0.327)	0.737 (0.370)		
Other drivers				
Orders previous to the last quarter	1.472 (0.227)	0.412*(0.097)		
Average order expenditure	1.000 (0.984)	1.100**(0.050)		
First order value	0.998 (0.888)	0.947*(0.073)		
Years being customer	0.786 (0.228)	0.578 (0.137)		
Total number of orders	1.003 (0.603)	1.001 (0.873)		
Control variables				
Gender	0.658 (0.141)	1.077 (0.873)		
Age	0.987 (0.386)	1.005 (0.822)		
Household size	1.014 (0.909)	1.107 (0.581)		
Observations (N)	252 (100%)	110 (43.7%)		

Statistical significance: \*\*\*p <0.01, \*\*p<0.05 and \*p<0.1

#### 4.4. Customer satisfaction, branded content utilization and customer engagement value

In order to determine the effects of customer satisfaction and branded content utilization on customer engagement value few descriptive statistics are relevant to mention. First, the score of customer satisfaction surpasses that of customer engagement value being situated at M = 4.11 with a SD = 0.77. In percentages this means that 69.6% customers are satisfied, 22.8% are neutral, and 7.6% are dissatisfied about the services of the company. In regard to the age categories of the responding customers, it resulted that customers aged 46 to 60 years old (M = 4.34, SD = 0.80) and those aged 31 to 45 (M = 4.20, SD = 0.72) are most satisfied, while the younger and elder categories are evenly satisfied (M = 4.00). Second, the mean value of branded content utilization is situated under the neutral value of 3 (M = 2.54, SD = 1.01). This gives reasons to argue that the customers are not interacting very much with the branded content sent by the focal company. In percentages, 61% of the customers interact poorly (scores are less than 3), 30% of the customers are neutral on this aspect (scores range within the values of 3), and only 9% of the customers admit to interact with the content provided by the company on a frequent basis (scores are 4 or higher).

When running the regression analysis on the entire sample (N = 276), it results that the model explains 53.5% of the variance in customer engagement value by the inclusion of the proposed variables. Table 8 shows that customer engagement value is significantly (p < 0.01) and positively influenced by the scores of customer satisfaction. More specifically, every additional unit of customer satisfaction will determine an increase of 0.665 in the score of customer engagement value. This

outcome provides support for H2 and confirms the existing knowledge according to which there is a strong, significant, positive relationship between customer engagement and its antecedent, customer satisfaction. In regard to branded content utilization, Table 8 shows that customer engagement value will increase by 0.015 for every additional unit increase in branded content utilization. This effect is weak but statistically significant (p < 0.01). Despite the weak effect of branded content utilization on customer engagement value, these outcomes confirm H3. The effects of gender and household size are slightly positive while the effect of age is negative. However, the impact of the demographic variables is not meaningful.

Table 8: Results of linear regression analysis on customer engagement value

The effects of customer satisfaction and branded content utilization on customer engagement value				
	Coefficient (SE)			
Main effects				
Constant	1.245***			
Customer satisfaction	0.665 ***			
Branded content utilization	0.015***			
Control variables				
Gender	0.003 (0.957)			
Age	-0.004 (0.235)			
Household size	0.012 (0.605)			
Observations (N)	276			
R	0.731			
$R^2$	0.535			
Adjusted R <sup>2</sup>	0.526			

Statistical significance: \*\*\*p <0.01, \*\*p<0.05 and \*p<0.1

Given the availability of transactional data for a diminished sample of customers (N = 252), it was interesting to verify the model when also including the following transactional variables: orders previous to the last quarter, average order expenditure, first order value, years being customer and total number of orders during all quarters. An additional analysis performed on this sample (N = 252) shows an increased explaining power in the variance of customer engagement value by the variables included in the model,  $R^2 = 65.4\%$ . In this case, the increase in customer satisfaction by one unit will determine an increase in customer engagement value score of 0.614 (p < 0.01). However, an increase in branded content utilization will not generate any significant increase in the score of customer engagement value (p > 0.1). Important to mention is the fact that the inclusion of two transactional variables provides statistically significant results (p < 0.1). For instance, when controlling for the other variables in the model: an increase with one order in the number of orders placed by the customer in the quarter previous to the last researched quarter will determine an increase in customer engagement value of 0.345 (p < 0.001). Similarly, one order more to the total number of orders during all quarters will generate an increase in customer engagement value of 0.003 (p = 0.013). These results can be seen in Appendix 10.

#### 5. Conclusions

This section answers the main research question and provides recommendations for the focal company. Apart from this, theoretical contributions, limitations of the study as well as interesting paths for future research are mentioned.

#### 5.1. Main findings and contributions

The main purpose of this study was to investigate the effect of customer engagement value on the probability to repurchase of existing customers for a Dutch retailer. Subsequently, the effects of customer satisfaction and branded content utilization on customer engagement value were analyzed. A structured literature review touching on the topics of customer engagement, customer repurchase, customer satisfaction and branded content has been conducted. In general, the theory regarding customer engagement is vague, being understood in very different and unsystematic ways. Not to mention that its role as relational marketing performance metric is still underexplored. Consequently, this research contributes a model of customer repurchase based on customer engagement value and provides empirical insights that answer the following research question: What is the effect of customer engagement value on the probability to repurchase of existing customers for online retailers?

In order to provide an answer to this question primary data was gathered by means of an online survey and from the CRM database of the focal company. Differently to previous studies, this research has analyzed the concept of customer engagement by use of the definition proposed by Kumar et al. (2010) and operationalized by Kumar and Pansari (2015), which assumes four components of the customer engagement value concept. These components are: customer order value, customer reference value, customer influence value and customer knowledge value. Although, Brodie et al. (2013), Kumar et al. (2010) and Bowden (2009) assert that customer behavioral loyalty is the main benefit of customer engagement, this study shows that, in fact, there is no significant relationship between customer engagement value and repurchase probability of actual customers in online retailing. Hereby, it needs to be mentioned that this research was performed on a small sample size. This limitation might have altered the strength of the researched effect. The fact that in this sample 56.3% of the customers ordered from the focal company only in 10 or less occasions, gave reasons to further investigate this effect on a diminished sample size. For this scope, a new sample was created consisting of only 43.7% of the customers who have ordered 11 times or more during the observation window. The results were very similar, highlighting again that customer engagement value has no meaningful effect on customer repurchase. Significant effects were found for the variables orders previous to the last quarter, average order expenditure and first order value. In this regard, it was empirically showed that the probability of repurchase of a customer who has ordered from the company during previous to the last researched quarter increases by 0.412 as compared to a customer who did not ordered in that quarter. Additionally, for every increase with €1 in the average order expenditure, the probability of repurchase of actual buyers increases by 10% while the same probability increases by 0.947 for every additional €1 spent on the first order placed by the customer with the focal company. The fact that customers purchasing more often are more engaged than those purchasing rarely was confirmed through mean comparisons as well as through regression analysis. However, given the non-meaningful results, it can be discussed that for this particular setting, customer engagement does not say much about future purchases of the existing customers.

A deeper verification of the effects of the components of customer engagement value on customer repurchase, separately, has led to the conclusion that customers being extrinsically motivated to refer to the company's services (e.g. customer referral value) and those who actively participate in shaping the service of the company (e.g. customer knowledge value) are expected to have a considerably higher likelihood to repurchase than customers scoring higher on the other two

components. These outcomes are in line Kumar, Petersen and Leone (2010) but also Villanueva et al. (2008), who mention that acquiring customers through referrals is more profitable because these customers are acquired at lower costs and are more likely to maintain the relationship for longer periods through repeated purchases. In this case, the fact that customers score high on reference value indicates that rewarding programs encourage WOM. Rubin (2009) confirms that customers engage with companies via online social environments because of potential incentives and their need to communicate. Same findings were forwarded by Ryu and Feick (2007). The fact that customers scoring high on customer reference and customer knowledge might have a higher likelihood to repurchase gives support for enhancing the amount of information exchanged between the company and its customers, but also for incentivizing buyers to promote the company. This study contributes empirical insights that reinforce the importance of monetary referral benefits for WOM and customer repurchase. However, the main contribution is represented by the fact that it positions customer engagement value as being a mean to enhance customer relationships rather than a significant tool to improve customer repurchase.

Next, the effects of customer satisfaction and branded content utilization on customer engagement value were investigated. According to the rationale of Jayachandran et al. (2005) and the proposition of van Doorn et al. (2010), customer satisfaction was expected to positively affect customer engagement value. This hypothesis was confirmed within the current setting by showing a significant positive effect. The results revealed that customer satisfaction scores are even higher than those of customer engagement value. In percentages, customers are more satisfied (69.6%) than they are engaged (51%). These outcomes are in line with Vos et al. (2010) who argue that satisfied customers are not automatically engaged customers. There is no certitude that satisfied customers will remain in the relationship with the company for longer periods or that they will consider to expand the focus of the relationship outside the transactional level (e.g. positive WOM, share feedback and suggestions). Based on the arguments of Pansari & Kumar (2017), satisfied customers merely hold a transactional relationship with the company while engaged customers are true advocators of the brand, having a deeper connection with the company. For example, in the case of highly satisfied, poorly engaged customers the large explaining power of customer satisfaction on customer engagement value may partially be assigned to the first component of the measure (order value) and less to the other three components (reference value, influence value and knowledge value). Bijmolt et al. (2010) warns that overestimating the value brought into the company by individual customers might turn very dangerous when for instance, highly satisfied customers are also considered to be highly engaged customers. Consequently, this research contributes empirical insights that explain the connection between customer satisfaction and customer engagement value within a retailing context.

Further, the effect of branded content utilization has been investigated with regard to customer engagement value. According to Cardona (2018), branded content especially differentiates by its focus on initiating two-way conversations which are based on emotions and storytelling. This type of content relies on the willingness of the customer to interact or utilize that specific content (Cardona, 2018; Mission. Org, 2018). For this purpose, branded content utilization reflects how customers interact with the branded content provided by the company via online channels and how these contents influence the customers in making their buying decisions. According to Kujur and Singh (2017), and Kang (2014), branded content spread through online channels is a reliable tool for boosting customer engagement. Additionally, Osei-Frimpong and McLean (2018) mentioned that customers who interact with firm-generated content show increased engagement. Consequently, this hypothesis was tested, and the results showed that indeed branded content utilization has a significant positive effect on customer engagement value. Despite the fact that this effect was weak, branded content resulted useful to increase customer engagement value. Kujur and Singh (2017) point out that branded

content distributed online needs to be vivid, interactive, entertaining and informative in order to gain the customer's attention. However, according to Kumar and Petersen (2012) the likelihood of customers to respond to the company's advertising efforts also depends on the customer's profile and on the volume of promotional means employed by the company. In orther words, particiular characteristics of the customers can influence the effectivenes of branded content in enhancing customer engagement value. Regardless of this, companies have to facilitate branded content to enable value co-creation and opinion exchange in real life situations by adapting the content to the customer's preferences. This results in a dynamic and collaborative new product development which supports offering acceptance by the customers (Kumar, 2018). The content, which is distributed by the company can increase trust, stimulate affection and help maintain a frequent social communication with the target audience (Behravan & Rahman, 2012). Bunpis and Haron (2014), and Lewis (2006) articulate that content should be regarded as a building block in the creation of long-term relationships with customers that will be engaged and will provide support for the company to enlarge their reach and attract new prospects. This study contributes insights about the role of branded content shared via online channels for customer engagement. While Patrutiu (2015) asserted that content cabe seen as a weapon to attract, acquire, retain and continuously engage with customers, this study has showed that, at least in part, branded content utilization enhances customer engagement.

## 5.2. Practical implications

The outcomes of this study are of practical relevance especially for the focal company and could be applicable to other retailers in similar contexts as well. In regard to the first hypothesis, this research has showed that customer engagement value has no significant effect on the probability to repurchase of the actual customers. Although, the customers turned out to be relatively engaged (51% engaged but 41% neutral), higher levels of engagement do not necessary lead to enhanced customer repurchase. Given the lower sample size it can be debatable whether the results would be different in a discrepant context and with a larger sample size. Regardless of this, the company can use these insights to consider their marketing strategies. Overall, the focal company has relatively high customer engagement value scores (M = 3.94, SD = 0.70). But, since the results for customer referral value are higher than those of customer influence value, the company can consolidate their relationship by providing more referral rewarding programs. Through the use of referral programs, the company can expand the emotional benefits derived from their offering into the financial sphere. This strategy will enhance the connection of the actual customers with the brand while also acquiring new buyers. Since customer knowledge has obtained many neutral scores (33.7%), it means that there is room for improvement to stimulate customers to share their feedback and suggestions with the company. Provided the fact that customers scoring higher on customer reference and customer knowledge are more likely to repurchase, it is also recommendable to enhance the level of information that is shared by the company with their target audiences. The company needs to be receptive to its customer's feedback and suggestions and stimulate interaction.

Despite the fact that the effect of customer engagement value on customer repurchase is not meaningful, the company should continue to improve their customer's engagement scores. This is important because increased revenues can also be obtained from the influential value exerted by those customers who spread positive WOM even though they do not purchase from the focal company themselves. Additionally, high engagement rates help maintain a higher reciprocal interaction with the intended audiences both, online and offline, which supports enduring relationships. In this case, customer engagement will function as a mean to fortify relationships rather than a mean to boost the company's financial performance.

In regard to the effect of customer engagement value on customer satisfaction, the company is advised to consider the fact that not all satisfied customers contribute non-transactional value through their engagement. While customers might be pleased about the company's services and might express their willingness to continue to purchase from the focal company, they might be less engaged in promoting the company's services to others. For this reason, supporting and stimulating customers engagement is more effective than simply keeping customers satisfied.

The importance of content for increasing the level of engagement of existing customers has been emphasized in various occasions. Yet, knowing that the information diffused via online channels is significantly more trustworthed than the traditional media (Behravan and Rahman, 2012), it gives reasons for the company to take additional steps to increase even more the level of their customer's engagement through the improvement of their branded content utilization. Although, content dispersed via online channels attracts the customer's participation, sharing and collaboration willingness (Behravan & Rahman, 2012), few guidelines are recommended to be considered by the focal company in creating their branded contents. First, the company needs to understand that branded content is meant to teach the customers useful things in respect to the company making less obvious their intention to sell anything. Relevant, informative but also surprising information that grabs the attention of the target audience should guide the customers in decision making, adding a feeling of connection with the brand. In particular, e-mails should be customized, of short lengths and having a captivating topic which is meaningful for the target audience. Given the fact that most of their customers are youngsters (18 -30 years old) and many of them have heard about Klik en Breng B.V. via Facebook (49.6%), the company should more often use this advertising tool to share their branded content. Owing to the fact that customers aged 51 to 55 are most engaged with the focal company, there is room to enhance engagement by means of branded content among the younger age categories. The mangers should consider that this content needs to be consistent with the image of the company and use a cautious language. Not all customers surfing online are seeking to close purchases. Therefore, the company can increase their customer's engagement by sometimes sending entertaining but educative contents which teach the customer interesting things related to the company without trying to sell them anything. Another option will be to create online contests that engage customers in an entertaining way and offers the winner a symbolic reward. This will provide an enjoyable experience which may upgrade engagement and translate into higher brand connection and positive WOM.

#### 5.3. Limitations of the study

Specific to every research, this study comes across some limitations which need to be taken into consideration when making interpretations. First, a common limitation is that the theoretical groundings on which this research is based belong to the structured literature review realized by me. It could be possible that additional relevant literature has be omitted. Consequently, it can also be argued that the research design poses a limitation. Given the fact that the conceptualization of customer engagement value as a measure composed of 16-items is relatively new, it might be possible that through using other conceptualizations the results will be discrepant. Different conceptualizations may or may not support the literature in regard to the effect of customer engagement on customer repurchase. Apart from this, in the target model none of the transactional drivers resulted to be meaningful in explaining customer repurchase. Given the fact that for the diminished sample including those customers who have ordered more often some of the drivers were reliable, it can be argued that all the other drivers could be reliable in a different setting and with a different sample as well.

Perhaps the most impactful limitation is represented by the small sample size. The criterion of conducting reliable research based on a minimum of 384 observations has not been met. However, no

other alternatives were available to gather more observations. Although, this sample size reflects the actual situation of the focal company, an increase in the number of observations could lead to more convincing results. Also, through taking a shorter observation window, the results could be altered. Shortening the observation period was not applicable in this study because then the sample size would have been diminished even more. An additional limitation is represented by the context of the research, namely a business-to-consumer Dutch retailing company. The risk that these outcomes will not hold in another setting (e.g. business-to-business, offline retailing) cannot be ruled out. Results in different settings need to be validated by future research.

Furthermore, the direction of the relationship between customer engagement value and customer repurchase could be considered a limitation as well. The direction of the analysis was set in accordance with the theoretical review. Based on the arguments of Kumar et al. (2010) and Vivek et al. (2012) who conclude that customer repurchase is the behavioral manifestation of customer engagement, this research investigated the effect of customer engagement value on customer repurchase. However, a different direction cannot be ruled out.

Last but not least, the measurement scale for branded content utilization has been inspired from the literature and is based on face validity. Consequently, through applying a different scale the results could be different.

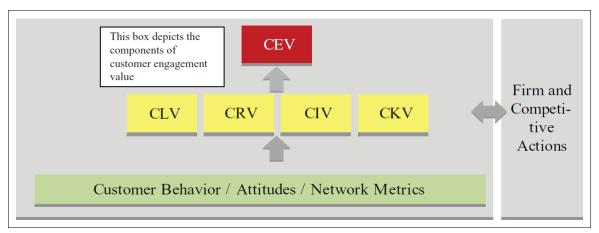
#### 5.4. Path for future research

Considering the ambiguity regarding the concept of customer engagement, but also its implications for valuation theory, many avenues for future research can be indicated. At first, from the current study it appears that the effects of customer influence value and customer referral value on customer repurchase are considerably differing among each other. A future study might focus on investigating the long-term financial benefits of enhancing customer engagement such as the commercial effects of customer reference and customer influence value. Such a study might be comparable with that of Kumar et al. (2013) who investigated customer influence value and customer influence effect in case of offline retailers. A new study might focus on online retailers.

Another avenue derived from this study might be to research which types of contents are appealing which types of customers in order to increase customer engagement levels. Also, studies might focus on the frequency at which a customer needs to receive branded content in order to become more engaged with the company.

Also, the same study can be applied to different business sectors and in the business-to-business area. It would be interesting to compare the results and check whether the literature regarding the positive effect of customer engagement on customer repurchase can be confirmed. In the end, future research can test the effect of customer engagement on customer repurchase through using a different conceptualization for engagement. These results might be relevant as different views have been forwarded which try to elucidate this concept. By studying the different dimensions and/or components of customer engagement a thorough understanding of the concept will arise and further contribution will be made to the existing knowledge by researching the same topic across a greater range of contexts.

## Appendix 1: Theoretical model on customer engagement value



Model 3: Theoretical model conceptualizing and measuring customer engagement value (CEV) as proposed by Kumar et al. (2010, p. 300), where CLV represents customer lifetime value, CRV represents customer referral value, CIV represents customer influential value and CKV represents customer knowledge value.

Appendix 2: Validation of the measurement scale for customer engagement value

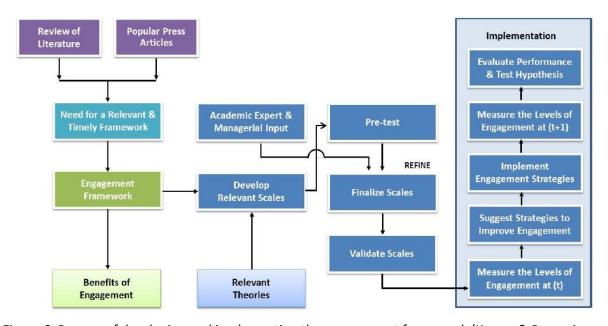


Figure 6: Process of developing and implementing the engagement framework (Kumar & Pansari, 2015, p. 42)

## **Appendix 3: Content of the survey**

'Your opinion matters!

We truly hope you are pleased with our service. We always work hard to give you a comfortable experience. We promise to carefully listen to your needs and will do our utmost to process your feedback. Please tell us about your experience with Klik en Breng.

Completing this form it will take around 5 minutes. Besides, by completing this form you may win a 50 euro voucher to place new orders with us. The lucky respondent wining this gift will be announced via social media.

Your answers are collected for research purposes to improve our customer service.'

### Questions social media brand:

- 1. How did you hear of Klik en Breng?
  - a) Via social media
  - b) I have seen them drive
  - c) Via friends
  - d) Via outside advertising
- 2. Which social media channels employed by Klik en Breng do you follow?
  - a) Facebook
  - b) Instagram
  - c) Snapchat
  - d) None of these
- 3. How often do you open the advertising e-mails sent by Klik en Breng?
- a) Never
- b) Rarely
- c) Occasionally
- d) Very frequently
- e) Always
- 4. How often do you read the advertising e-mails sent by Klik en Breng?
- a) Never
- b) Rarely
- c) Occasionally
- d) Very frequently
- e) Always
- 5. How often do you like the advertising campaigns on social media of Klik en Breng?
- a) Never
- b) Rarely
- c) Occasionally
- d) Very frequently
- e) Always
- 6. How often have you placed a positive referral about the services of Klik en Breng on social media?
- a) Never

- b) Rarely
- c) Occasionally
- d) Very frequently
- e) Always
- 7. How often have you placed an order after being referred to by another person about the services of Klik en Breng on social media?
- a) Never
- b) Rarely
- c) Occasionally
- d) Very frequently
- e) Always
- 8. What is the reason for you to order via Klik en Breng?
- a) Luxury
- b) Need
- c) Lack of transport
- d) Lack of time
- 9. Which method of payment for the services of Klik en Breng do you prefer?
- a) Cash
- b) Pin at delivery address
- c) IDeal
- d) Credit card

#### **Statements**

Please indicate to what extent do you agree or disagree with the following statements, where 1 = fully disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = fully agree.

## Statements customer satisfaction

Klik en Breng fulfils all my expectations.

Based on my experience with Klik en Breng, I am generally satisfied.

I see Klik en Breng as an ideal service company that is almost perfect in any aspects.

#### Statements customer order value

I will continue to use the services of Klik en Breng in the near future.

Placing orders with Klik en Breng made me content.

I do not get my money's worth when I order from Klik en Breng.

I appreciate the quality of the service provided by Klik en Breng.

#### Statements customer reference value

I promote Klik en Breng to my friends and relatives because of the monetary referral benefits provided by the company.

In addition to the value derived from their service, the monetary referral benefits also encourage me to promote Klik en Breng to my friends and relatives.

I enjoy promoting Klik en Breng to my friends and relatives because of the monetary referral benefits provided by the company.

Despite the monetary referral benefits provided by the company, I do not promote Klik en Breng.

#### Statements customer influence value

I do not actively discuss about Klik en Breng on any media.

I love talking about my experience with Klik en Breng.

I discuss the benefits that I get from Klik en Breng with others.

I feel like being part of Klik en Breng and discuss about it in my conversations.

### Statements customer knowledge value

I provide my feedback to the company about my experience with Klik en Breng.

I provide suggestions for improving the performance of Klik en Breng.

I appreciate the efforts of Klik en Breng in listening to the customer's feedback.

I provide feedback/ suggestions for developing new services for Klik en Breng.

### **Demographic questions:**

10. What is your age? Insert age:

- 11. What is your gender?
- a) Female
- b) Male
- 12. What is the number of people living in your household? Insert number:
- 13. Do you have comments or suggestions for Klik en Breng? Insert text:

## **Dutch version of the survey:**

'Uw mening telt!

We hopen echt dat u tevreden bent met onze diensten. We werken er altijd hard aan om u een comfortabele ervaring te bieden. We beloven om zorgvuldig te luisteren naar uw behoeften en zullen ons uiterste best doen om uw feedback te verwerken. Vertel ons alsjeblieft over u ervaringen met Klik en Breng.

Het invullen van deze enquête duurt ongeveer 5 minuten. Bovendien kunt u door het invullen van de vragenlijst een tegoedbon van 50 euro winnen om nieuwe bestellingen bij ons te plaatsen. De gelukkige deelnemer die dit cadeau wint, wordt via sociale media aangekondigd.

Uw antwoorden worden verzameld voor onderzoeksdoeleinden om onze klantenservice te verbeteren. '

- 1. Op welke manier heeft u van Klik en Breng gehoord?
  - a) Via sociale media
  - b) Ik heb ze zien rijden
  - c) Via vrienden
  - d) Via buiten reclame
- 2. Welke sociale mediakanalen volgt u van Klik en Breng?
  - a) Facebook

	b) Instagram c) Snapchat d) Geen van deze
3.	Hoe vaak opent u de reclame e-mails die door Klik en Breng zijn verzonden? a) Nooit b) Zelden c) Af en toe d) Zeer vaak e) Altijd
4.	Hoe vaak leest u de reclame e-mails die door Klik en Breng zijn verzonden?  a) Nooit  b) Zelden  c) Af en toe  d) Zeer vaak  e) Altijd
5.	Hoe vaak vindt u de reclamecampagnes op sociale media van Klik en Breng l

- a) Nooit
- b) Zelden
- c) Af en toe
- d) Zeer vaak
- e) Altijd
- 6. Hoe vaak hebt u een positieve verwijzing naar de diensten van Klik en Breng via sociale media geplaatst?
  - a) Nooit
  - b) Zelden
  - c) Af en toe
  - d) Zeer vaak
  - e) Altijd
- 7. Hoe vaak hebt u een bestelling geplaatst nadat u door een andere klant bent doorverwezen naar de diensten van Klik en Breng?
  - a) Nooit
  - b) Zelden
  - c) Af en toe
  - d) Zeer vaak
  - e) Altijd
- 8. Wat is de reden voor u om via Klik en Breng te bestellen?
  - a) Luxe
  - b) Noodzaak
  - c) Gebrek aan vervoer
  - d) Gebrek aan tijd
- 9. Welke manier van betalen voor de diensten van Klik en Breng heeft u als voorkeur?

- a) Contant
- b) Pin aan Huis
- c) IDeal
- d) Credit card

In hoeverre bent u het eens met de onderstaande stellingen? Geef antwoord op een schaal van 1 tot 5, waarbij 1 = helemaal oneens, 2 = oneens, 3 = neutraal, 4 = eens en 5 = helemaal eens.

### Tevredenheid stellingen

Klik & Breng voldoet aan al mijn behoeftes.

Op basis van mijn ervaring met Klik en Breng ben ik over het algemeen tevreden.

Ik zie Klik & Breng als een ideale dienstverlener die goed aansluit op de behoeftes.

### Stellingen klantorders

Ik zal in de (nabije) toekomst gebruik gaan maken van Klik & Breng.

Mijn geplaatste bestellingen via Klik en Breng hebben me tevreden gemaakt.

Het is voor mij het geld niet waard om via Klik en Breng te bestellen.

Ik waardeer de kwaliteit van de diensten van Klik en Breng.

## Stellingen klantreferentie

Ik promoot Klik en Breng aan mijn vrienden en familieleden vanwege de waarde van hun verstrekte voordelen voor doorverwijzing.

Naast de kwaliteit van hun diensten, promoot ik Klik en Breng vanwege de verstrekte voordelen voor doorverwijzing aan mijn vrienden en familieleden.

Ik geniet van het promoten van Klik en Breng vanwege de verstrekte voordelen voor doorverwijzing.

Ondanks de verstrekte voordelen voor doorverwijzing die aangeboden worden door het bedrijf, promoot ik Klik en Breng niet.

#### Stellingen invloed van de klant

Ik bespreek Klik en Breng op geen enkele mediakanalen.

Ik praat graag over mijn ervaring met Klik en Breng.

Ik bespreek de voordelen die ik krijg van Klik en Breng met anderen.

Ik voel me als onderdeel van Klik en Breng en ik bespreek het in mijn gesprekken.

#### Stellingen klantkennis

Ik geef mijn feedback aan het bedrijf over mijn ervaring met Klik en Breng.

Ik geef suggesties om de prestaties van Klik en Breng te verbeteren.

Ik waardeer de inspanningen van Klik en Breng om naar de feedback van hun klanten te luisteren.

Ik geef feedback/ suggesties voor het ontwikkelen van nieuwe diensten voor Klik en Breng.

- 10. Wat is uw leeftijd? Geef leeftijd aan:
- 11. Wat is uw geslacht?

- a) Man
- b) Vrouw
- 12. Wat is het aantal mensen dat in uw huishouden woont? Aantal invullen:
- 13. Heeft U opmerkingen of suggesties voor Klik en Breng? Tekst invullen:

# **Appendix 4: Operationalization of the variables**

Table 9: Detailed operationalization of the variables used in the research (named in Table 3)

Variables	Scale	Operationalization
Customer engagement value	5 point Likert scale	A score showing the level of engagement of customers. Consists of four components having in total 16 items. The components and their items are described below.
1. Customer order value		
"I will continue to use the services of Klik en Breng in the near future."	1 ="fully disagree" 2 = "disagree"	A score showing the willingness of the customer to continue using the services of the focal company in the near future.
"Placing orders with Klik en Breng made me content."	3 = "neutral", 4 = "agree"	A score showing how content the customer is about placing orders with the focal company.
"I do not get my money's worth when I order from Klik en Breng."	5 = "fully agree"	A score showing how the customer evaluates the value he/she receives from the company in return for his/her money.
"I appreciate the quality of the service provided by Klik en Breng."		A score showing the appreciation of the customer for the quality of the company's service.
2. Customer reference value		
"I promote Klik en Breng to my friends and relatives because of the monetary referral benefits provided by the company."	1 ="fully disagree" 2 = "disagree" 3 = "neutral",	A score showing the extrinsic motivation of the customer to promote the focal company because of monetary referral benefits.
"In addition to the value derived from their service, the monetary referral benefits also encourage me to promote Klik en Breng to my friends and relatives."	4 = "agree" 5 = "fully agree"	A score showing the extrinsic motivation of the customer to promote the focal company which next to the monetary referral benefit also consider the value provided by the company as a motivating factor.
"I enjoy promoting Klik en Breng to my friends and relatives because of the monetary referral benefits provided by the company."		A score showing the enjoyment of the customer to promote the company in return for monetary referral benefits.
"Despite the monetary referral benefits provided by the company, I do not promote Klik en Breng."		A score showing that the customer does not promotes the company despite the provided monetary referral benefits.
3. Customer influence value		
"I do not actively discuss about Klik en Breng on any media."	1 ="fully disagree" 2 = "disagree"	A score showing that the customer does not discusses online about the focal company.
"I love talking about my experience with Klik en Breng."	3 = "neutral", 4 = "agree"	A score showing that the customer loves to discuss about his/her experience with the company, both online and offline.
"I discuss the benefits that I get from Klik en Breng with others."	5 = "fully agree"	A score showing that the customer discusses about the benefits of using the service of the company with others.
"I feel like being part of Klik en Breng and discuss about it in my conversations."		A score showing that the customer feels connected with the focal company and discusses about it with others.
4. Customer knowledge value		

"I provide my feedback to the company about my experience with Klik en Breng."	1 ="fully disagree" 2 = "disagree"	A score showing that the customer shares with the focal company his/her feedback about his/her experience with them.
"I provide suggestions for improving the performance of Klik en Breng."	3 = "neutral", 4 = "agree"	A score showing that the customer comes up with suggestions to enhance the performance of the company.
"I appreciate the efforts of Klik en Breng in listening to the customer's feedback."	5 = "fully agree"	A score showing that the customer appreciates how the company listens to his/her feedback.
"I provide feedback/ suggestions for developing new services for Klik en Breng."		A score showing that the customer supports service development with his/her feedback and suggestions.
Customer satisfaction	5 point Likert scale	A score showing how satisfied the customer is in regard to the focal company. Consists of 3 items.
"Klik en Breng fulfils all my expectations."	1 ="fully disagree"	A score showing whether all expectations of the customer have been met by the focal company.
"Based on my experience with Klik en Breng, I am generally satisfied."	2 = "disagree" 3 = "neutral",	A score showing that, in general, the customer is satisfied about the services of the company.
"I see Klik en Breng as an ideal service company that is almost perfect in any aspects."	4 = "agree" 5 = "fully agree"	A score showing whether the customer associates the focal company with an ideal one.
Branded content utilization	5 point Likert scale	A score showing how the customer interacts with the content shared by the focal company. Consists of 5 items.
"How often do you open the advertising e-mails sent by Klik en Breng?"	1 = "never" 2 = "rarely"	A score showing the frequency by which the customer opens the advertising e-mails sent by the focal company.
"How often do you read the advertising e-mails sent by Klik en Breng?"	3 = "occasionally" 4 = "very frequently" 5 = "always"	A score showing the frequency by which the customer reads the advertising e-mails sent by the focal company.
"How often do you like the advertising campaigns on social media of Klik en Breng?"	3 – uiwuys	A score showing the frequency by which the customer posts online "likes" to the advertising campaigns of the company.
"How often have you placed a positive referral about the services of Klik en Breng on social media?"		A score showing the frequency by which the customer posts online positive referrals (e.g. comments) about the services of the company.
"How often have you placed an order after being referred to by another person about the services of Klik en Breng on social media?""		A score showing the frequency by which the customer has been convinced by the referrals of other customers about the services of the company to place an order with the focal company.

## **Appendix 5: Appropriateness of the measures**

The measures for customer satisfaction and branded content utilization were validated by performing Factor Analysis. In order for Factor Analysis to be performed and to consider its results reliable, some assumptions need to be met. These assumptions have to simultaneously be met. Below the specification of the assumptions as described by Hair et al. (2014) and the outcomes based on the actual sample.

First: The independence requirement specifies that each respondent should provide his/her answers only once and should not influence other respondents in selecting their answers.

Based on my knowledge, this assumption has been met since the respondents received the survey via a personalized e-mail and completed the survey individually.

Second: As a general rule the size of the sample should consists of four or five times as many observations as there are variables, or should at least consist of more than one hundred observations.

The size of the sample consists of 276 observations which meets this requirement. Moreover, the three and the five item measurements scales also comply with the rule of five observations per variable (5\*5 = 25; 3\*5 = 15). In the case of customer satisfaction the KMO resulted to be 0.750 while in the case of branded content utilization the KMO equals 0.739. Both values indicate the adequacy of Factor Analysis.

Third: Although Factor Analysis is quite robust and accommodates non-normality, preferably, the variables should have a normal distribution.

The skewness and kurtosis of the data were sufficiently normally distributed. There were no outliers identified.

Fourth: The variables should be roughly linearly related because factor analysis relies on the correlations derived from the relationships among the variables.

These variables show linearity.

Fifth: Multicollinearity is problematic when large squared multiple correlations approach value 1. In the case of customer satisfaction there are acceptable correlation levels between the variables as the correlations matrix indicates correlations situated between 0.3 and 0.8. (Hair et al.; 2014).

For branded content utilization, the correlation matrix shows acceptable correlations for all the variables excepting for two of them ("open e-mail" and "read e-mail"). These variables are relatively highly correlated having a correlation value of 0.929. This result is explicable as people initially have to open an e-mail prior to reading it. Nevertheless, the Bartlett's test of Sphericity confirms that these data is suitable for performing Factor Analysis. These details will be taken into consideration in performing the analysis.

The tables below illustrate the fact that all variables that cluster on factor loadings corresponding to the same construct easily surpass the minimum requirement of 0.3 (Hair et al, 2014). Accordingly, these two constructs, customer satisfaction and branded content utilization can be declared as reliable measurement constructs. According to the results, both constructs have eigenvalues over Kaiser's criterion of 1 and explained 82.235% of the variance in case of customer satisfaction and 61.335% in case of branded content utilization. This makes the constructs distinguishable and reliable for measuring what they were meant to measure.

Table 10: Factor Analysis results for customer satisfaction measurement scale

# Component Matrix<sup>a</sup>

Customer satisafction

1

Klik en Breng fulfils all my expectations.	,904
Based on my experience with Klik en Breng, I am generally satisfied.	,913
I see Klik en Breng as an ideal service company that is almost perfect in any aspects.	,905

Extraction Method: Principal Component Analysis.

 a. N= 276; KMO = 0.750; Bartlett's test of sphericity = 0.000

Table 11: Factor Analysis results for branded content utilization measurement scale

# Component Matrix<sup>a</sup>

Branded content utilization

1

How often do you open the advertising e-mails sent by Klik en Breng?	,898,
How often do you read the advertising e-mails sent by Klik en Breng?	,917
How often do you like the advertising campaigns on social media of Klik en Breng?	,758
How often have you placed a positive referral about the services of Klik en Breng on social media?	,692
How often have you placed an order after being referred to by another person about the services of Klik en Breng?	,605

Extraction Method: Principal Component Analysis.

a. N = 276; KMO= 0.739; Bartlett's test of sphericity = 0.000

# **Appendix 6: Descriptive statistics of the sample**

Table 12: Means used by the customers to hear about the company

# How did you hear of Klik en Breng? \* Age\_cat Crosstabulation

			Age_cat				
			18 - 30	31 - 45	46 - 60	>61	Total
How did you hear of Klik	I have seen them drive	Count	24	13	1	0	38
en Breng?		% of Total	8,8%	4,8%	0,4%	0,0%	14,0%
	Via friends	Count	34	24	12	0	70
		% of Total	12,5%	8,8%	4,4%	0,0%	25,7%
	Via outside advertising	Count	9	10	2	0	21
		% of Total	3,3%	3,7%	0,7%	0,0%	7,7%
	Via social media	Count	66	49	26	2	143
		% of Total	24,3%	18,0%	9,6%	0,7%	52,6%
Total		Count	133	96	41	2	272
		% of Total	48,9%	35,3%	15,1%	0,7%	100,0%

# How did you hear of Klik en Breng? \* What is your gender? Crosstabulation

			What is you	ır gender?	
			Female	Male	Total
How did you hear of Klik	I have seen them drive	Count	23	15	38
en Breng?		% of Total	8,3%	5,4%	13,8%
	Via friends	Count	36	34	70
		% of Total	13,0%	12,3%	25,4%
	Via outside advertising	Count	11	10	21
		% of Total	4,0%	3,6%	7,6%
	Via social media	Count	65	82	147
		% of Total	23,6%	29,7%	53,3%
Total		Count	135	141	276
		% of Total	48,9%	51,1%	100,0%

Table 13: Social media channels employed by the customers to follow the company's online activity

## Which social media channels employed by Klik en Breng do you follow? \* Age\_cat Crosstabulation

			Age_cat				
			18 - 30	31 - 45	46 - 60	>61	Total
Which social media	Facebook	Count	63	42	28	2	135
channels employed by Klik en Breng do you		% of Total	23,2%	15,4%	10,3%	0,7%	49,6%
follow?	Instagram	Count	12	12	1	0	25
		% of Total	4,4%	4,4%	0,4%	0,0%	9,2%
	None of these	Count	58	42	12	0	112
		% of Total	21,3%	15,4%	4,4%	0,0%	41,2%
Total		Count	133	96	41	2	272
		% of Total	48,9%	35,3%	15,1%	0,7%	100,0%

# Which social media channels employed by Klik en Breng do you follow? \* What is your gender? Crosstabulation

			What is you	ır gender?	
			Female	Male	Total
Which social media	Facebook	Count	70	67	137
channels employed by Klik en Breng do you		% of Total	25,4%	24,3%	49,6%
follow?	Instagram  None of these	Count	15	12	27
		% of Total	5,4%	4,3%	9,8%
		Count	50	62	112
		% of Total	18,1%	22,5%	40,6%
Total		Count	135	141	276
		% of Total	48,9%	51,1%	100,0%

Table 14: The reasons of the customers to make use of the company's services

# What is the reason for you to order via Klik en Breng? \* What is your gender? Crosstabulation

			What is you	r gender?	
			Female	Male	Total
What is the reason for	Lack of time	Count	1	1	2
you to order via Klik en Breng?		% of Total	0,4%	0,4%	0,7%
	Lack of time	Count	20	17	37
		% of Total	7,2%	6,2%	13,4%
	Lack of transport	Count	53	52	105
		% of Total	19,2%	18,8%	38,0%
	Luxury	Count	51	49	100
		% of Total	18,5%	17,8%	36,2%
	Need	Count	10	22	32
		% of Total	3,6%	8,0%	11,6%
Total		Count	135	141	276
		% of Total	48,9%	51,1%	100,0%

## What is the reason for you to order via Klik en Breng? \* Householdsize Crosstabulation

					Househ	oldsize			
			1	2	3	4	5	6	Total
What is the reason for	Lack of time	Count	0	1	0	1	0	0	2
you to order via Klik en Breng?		% of Total	0,0%	0,4%	0,0%	0,4%	0,0%	0,0%	0,7%
Drong:	Lack of time	Count	6	8	9	9	4	0	36
		% of Total	2,2%	2,9%	3,3%	3,3%	1,5%	0,0%	13,2%
	Lack of transport	Count	15	19	29	29	5	5	102
		% of Total	5,5%	7,0%	10,7%	10,7%	1,8%	1,8%	37,5%
	Luxury	Count	10	29	21	32	6	2	100
		% of Total	3,7%	10,7%	7,7%	11,8%	2,2%	0,7%	36,8%
	Need	Count	8	6	7	5	6	0	32
		% of Total	2,9%	2,2%	2,6%	1,8%	2,2%	0,0%	11,8%
Total		Count	39	63	66	76	21	7	272
		% of Total	14,3%	23,2%	24,3%	27,9%	7,7%	2,6%	100,0%

# Householdsize \* Age\_cat Crosstabulation

			18 - 30	31 - 45	46 - 60	>60	Total
Householdsize	1	Count	28	4	7	0	39
		% of Total	10,3%	1,5%	2,6%	0,0%	14,3%
	2	Count	44	13	4	2	63
		% of Total	16,2%	4,8%	1,5%	0,7%	23,2%
	3	Count	27	29	10	0	66
		% of Total	9,9%	10,7%	3,7%	0,0%	24,3%
	4	Count	27	40	9	0	76
		% of Total	9,9%	14,7%	3,3%	0,0%	27,9%
	5	Count	5	8	8	0	21
		% of Total	1,8%	2,9%	2,9%	0,0%	7,7%
	6	Count	2	2	3	0	7
		% of Total	0,7%	0,7%	1,1%	0,0%	2,6%
Total		Count	133	96	41	2	272
		% of Total	48,9%	35,3%	15,1%	0,7%	100,0%

Table 15: Preferred methods of payment for the company's services by the customers

# Which method of payment for the services of Klik en Breng do you prefer? \* What is your gender? Crosstabulation

			What is you	ır gender?	
			Female	Male	Total
Which method of	Cash	Count	31	27	58
payment for the services of Klik en Breng do you		% of Total	11,2%	9,8%	21,0%
prefer? IDeal  Pin at delivery address	IDeal	Count	76	96	172
	% of Total	27,5%	34,8%	62,3%	
	Pin at delivery address	Count 28	18	46	
		% of Total	10,1%	6,5%	16,7%
Total		Count	135	141	276
		% of Total	48,9%	51,1%	100,0%

# Appendix 7: Statistics regarding the components of customer engagement value

Table 16: Descriptive statistics customer order value

## Customer\_orders\_value

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	1	,4	,4	,4
	3	3	1,1	1,1	1,4
	3	3	1,1	1,1	2,5
	3	17	6,2	6,2	8,7
	4	4	1,4	1,4	10,1
	4	22	8,0	8,0	18,1
	4	22	8,0	8,0	26,1
	4	48	17,4	17,4	43,5
	5	34	12,3	12,3	55,8
	5	38	13,8	13,8	69,6
	5	84	30,4	30,4	100,0
	Total	276	100,0	100,0	

## Statistics

## Customer\_orders\_value

N	Valid	276
	Missing	0
Mean		4,41
Mediar	ı	4,50
Std. De	eviation	,587
Range		3
Minimu	ım	2
Maxim	um	5

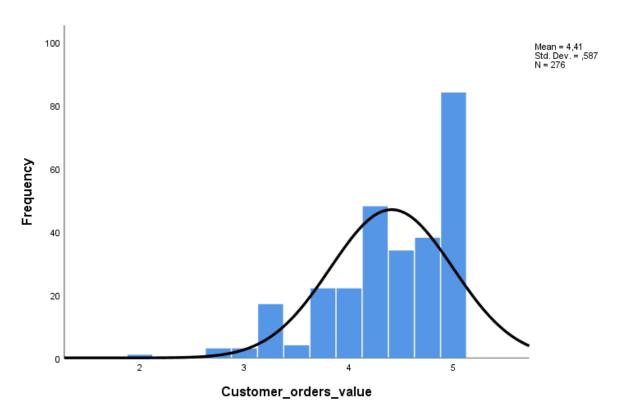


Figure 7: Distribution of the scores for customer order value

Table 17: Descriptive statistics customer reference value

# Customer\_reference\_value

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	2	,7	,7	,7
	1,50	2	,7	,7	1,4
	2,00	2	,7	,7	2,2
	2,50	2	,7	,7	2,9
	2,75	8	2,9	2,9	5,8
	3,00	11	4,0	4,0	9,8
	3,25	17	6,2	6,2	15,9
	3,50	34	12,3	12,3	28,3
	3,75	37	13,4	13,4	41,7
	4,00	27	9,8	9,8	51,4
	4,25	36	13,0	13,0	64,5
	4,50	32	11,6	11,6	76,1
	4,75	26	9,4	9,4	85,5
	5,00	40	14,5	14,5	100,0
	Total	276	100,0	100,0	

## **Statistics**

# Customer\_reference\_value

N	Valid	276
	Missing	0
Mean		4,0236
Media	n	4,0000
Std. D	eviation	,74247
Range	)	4,00
Minim	um	1,00
Maxim	um	5,00

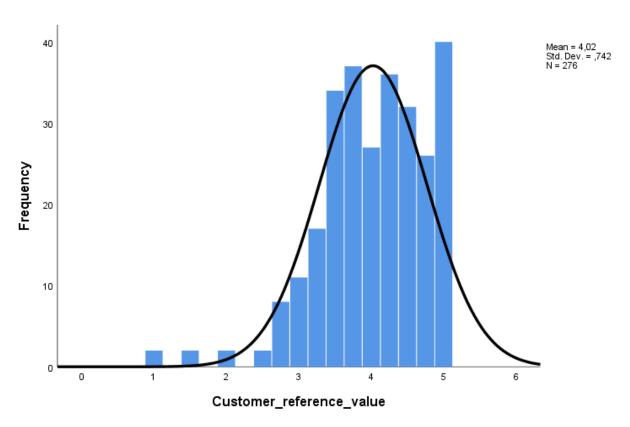


Figure 8: Distribution of the scores for customer reference value

Table 18: Descriptive statistics customer influence value

# Customer\_influence\_value

			_	-	
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	1	,4	,4	,4
	1,25	4	1,4	1,4	1,8
	1,50	1	,4	,4	2,2
	1,75	3	1,1	1,1	3,3
	2,00	6	2,2	2,2	5,4
	2,25	4	1,4	1,4	6,9
	2,50	7	2,5	2,5	9,4
	2,75	10	3,6	3,6	13,0
	3,00	16	5,8	5,8	18,8
	3,25	32	11,6	11,6	30,4
	3,50	22	8,0	8,0	38,4
	3,75	31	11,2	11,2	49,6
	4,00	32	11,6	11,6	61,2
	4,25	16	5,8	5,8	67,0
	4,50	22	8,0	8,0	75,0
	4,75	36	13,0	13,0	88,0
	5,00	33	12,0	12,0	100,0
	Total	276	100,0	100,0	

# Statistics

Customer_	_influence	_value

Ν	Valid	276
	Missing	0
Mean		3,8225
Median	ı	4,0000
Std. De	viation	,89605
Range		4,00
Minimu	ım	1,00
Maximu	ım	5,00

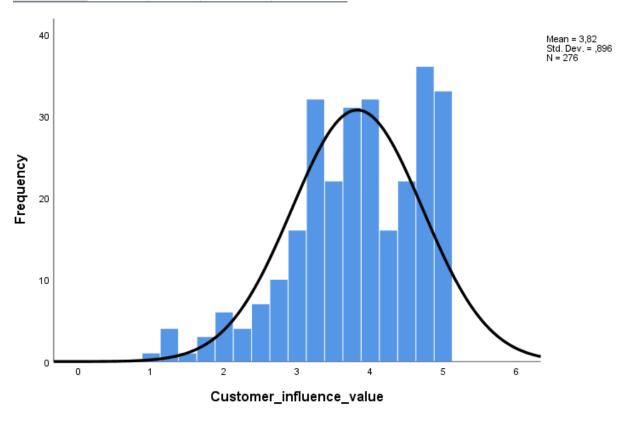


Figure 9: Distribution of the scores for customer influence value

Table 19: Descriptive statistics customer knowledge value

## Customer\_knowledge\_value

			_		
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	2	,7	,7	,7
	1,25	4	1,4	1,4	2,2
	1,50	9	3,3	3,3	5,4
	1,75	5	1,8	1,8	7,2
	2,00	2	,7	,7	8,0
	2,25	4	1,4	1,4	9,4
	2,50	14	5,1	5,1	14,5
	2,75	22	8,0	8,0	22,5
	3,00	37	13,4	13,4	35,9
	3,25	20	7,2	7,2	43,1
	3,50	24	8,7	8,7	51,8
	3,75	37	13,4	13,4	65,2
	4,00	22	8,0	8,0	73,2
	4,25	18	6,5	6,5	79,7
	4,50	19	6,9	6,9	86,6
	4,75	16	5,8	5,8	92,4
	5,00	21	7,6	7,6	100,0
	Total	276	100,0	100,0	

# **Statistics**

## Customer\_knowledge\_value

N	Valid	276
	Missing	0
Mean		3,5054
Media	n	3,5000
Std. D	eviation	,93588
Range	)	4,00
Minim	um	1,00
Maxim	um	5,00

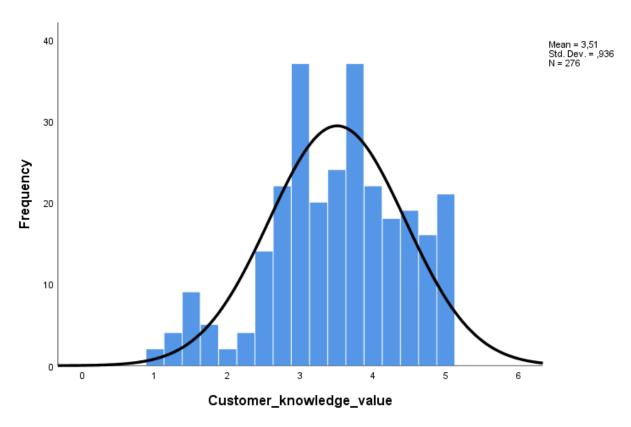


Figure 10: Distribution of the scores for customer knowledge value

# Appendix 8: Binary logistic regression on customer engagement value

Table 20: The effect of customer engagement value on the probability to repurchase of existing customers (N = 248)

# Logistic regression on Customer engagement value

			i		
			Repurchase		Percentage
	Observed		No	Yes	Correct
Step 1	Repurchase	No	173	1	99,4
		Yes	73	1	1,4
	Overall Percer	ntage			70,2

a. The cut value is ,500

								95% C.I.fo	r EXP(B)
		В	S.E.	Wald	df	Sig.	Exp(B)	Lower	Upper
Step 1ª	Customer_engagement_value	-,228	,233	,962	1	,327	,796	,504	1,256
	Orders previous to the last quarter	,387	,356	1,183	1	,277	1,472	,733	2,956
	Average order expenditure	,000	,023	,000	1	,984	1,000	,957	1,046
	First order value	-,002	,013	,020	1	,888	,998	,973	1,024
	Years being customer	-,240	,199	1,456	1	,228	,786	,532	1,162
	Total number of orders during all quarters	,003	,006	,271	1	,603	1,003	,992	1,015
	Gender	-,419	,285	2,164	1	,141	,658	,376	1,149
	Age	-,013	,015	,751	1	,386	,987	,958	1,017
	Household size	,014	,120	,013	1	,909	1,014	,802	1,282
	Constant	1,008	1,172	,740	1	,390	2,739		

a. Variable(s): Customer engagement value, Orders previous to the last quarter, Average order expenditure, First order value, Years being customer, Total number of orders during all quarters, Gender, Age, Household size.

Table 21: The effect of customer engagement value on the probability to repurchase of existing customers who ordered 11 times or more from the focal company (N = 110)

				Predicte	d	
			Repur	chase	Percentage	
	Observed		0	1	Correct	
Step 1	Repurchase	0	3	28	9,7	
		1	5	74	93,7	
Overall Percent		ntage			70,0	

a. The cut value is ,500

## Variables in the Equation

								95% C.I.fo	r EXP(B)
		В	S.E.	Wald	df	Sig.	Exp(B)	Lower	Upper
Step 1ª	Customer_engagement_value	-,306	,341	,802	1	,370	,737	,377	1,438
	Orders previous to the last quarter	-,887	,535	2,750	1	,097	,412	,144	1,175
	Average_order_expenditure	,096	,049	3,842	1	,050	1,100	1,000	1,211
	First_order_value	-,054	,030	3,222	1	,073	,947	,893	1,005
	Years being customer	-,548	,369	2,206	1	,137	,578	,280	1,192
	Total number of orders during all quarters	,001	,006	,025	1	,873	1,001	,988	1,014
	Gender	,075	,466	,026	1	,873	1,077	,432	2,687
	Age	,005	,023	,050	1	,822	1,005	,961	1,052
	Household size	,101	,183	,305	1	,581	1,107	,773	1,585
	Constant	2,599	2,051	1,606	1	,205	13,456		

a. Variable(s): Customer engagement value, Orders previous to the last quarter, Average order expenditure, First order value, Years being customer, Total number of orders during all quarters, Gender, Age, Household size.

# Appendix 9: Binary logistic regression on the components customer engagement value

Table 22: The effects of the components of customer engagement value on the probability to repurchase of existing customers (N = 248)

# $\begin{array}{c} \text{Logistic regression on the components of Customer} \\ \text{engagement value}^{a} \end{array}$

				Predicte	ed		
			Repur	hase	Percentage		
	Observed		No	Yes	Correct		
Step 1	Repurchase	No	173	1	99,4		
		Yes	71	3	4,1		
	Overall Percentage				71,0		

a. The cut value is ,500

								95% C.I.fo	r EXP(B)
		В	S.E.	Wald	df	Sig.	Exp(B)	Lower	Upper
Step 1ª	Customer_orders_value	-,392	,396	,976	1	,323	,676	,311	1,470
	Customer_reference_value	,247	,334	,549	1	,459	1,281	,666	2,463
	Customer_influence_value	-,221	,327	,457	1	,499	,802	,423	1,521
	Customer_knowledge_value	,057	,253	,051	1	,821	1,059	,645	1,739
	Orders previous to the last quarter	,366	,358	1,043	1	,307	1,441	,715	2,908
	Average order expenditure	,001	,023	,002	1	,962	1,001	,957	1,047
	First order value	-,002	,013	,021	1	,885	,998	,973	1,024
	Years being customer	-,235	,200	1,380	1	,240	,790	,534	1,170
	Total number of orders during all quarters	,003	,006	,257	1	,612	1,003	,992	1,015
	Gender	-,386	,287	1,799	1	,180	,680	,387	1,195
	Age	-,012	,015	,649	1	,421	,988	,958	1,018
	Household size	,029	,121	,056	1	,813	1,029	,811	1,306
	Constant	1,387	1,368	1,028	1	,311	4,004		

a. Variable(s): Customer orders value, Customer reference value, Customer influence value, Customer knowledge value, Orders previous to the last quarter, Average order expenditure, First order value, Years being customer, Total number of orders during all quarters, Gender, Age, Household size.

Table 23: The effects of the components of customer engagement value on the probability to repurchase of existing customers (N = 110)

				Predicte	ed		
			Repurchase		Percentage		
	Observed		0	1	Correct		
Step 1	Repurchase	0	4	27	12,9		
		1	5	74	93,7		
	Overall Percen				70,9		

a. The cut value is ,500

								95% C.I.fd	r EXP(B)
		В	S.E.	Wald	df	Sig.	Exp(B)	Lower	Upper
Step 1ª	Customer_order_value	-,104	,636	,027	1	,869	,901	,259	3,131
	Customer_reference_value	,381	,461	,684	1	,408	1,464	,593	3,617
	Customer_influence_value	-,360	,373	,931	1	,335	,697	,335	1,450
	Customer_knowledge_value	-,200	,348	,330	1	,566	,819	,414	1,619
	Orders previous to the last quarter	-,855	,543	2,478	1	,115	,425	,147	1,233
	Average_order_expenditure	,097	,049	3,855	1	,050	1,102	1,000	1,214
	First_order_value	-,057	,031	3,441	1	,064	,945	,889	1,003
	Years being customer	-,545	,372	2,145	1	,143	,580	,280	1,202
	Total number of orders during all quarters	,000	,007	,002	1	,965	1,000	,987	1,013
	Gender	,187	,492	,144	1	,704	1,205	,460	3,159
	Age	,010	,024	,168	1	,682	1,010	,963	1,060
	Household size	,105	,186	,319	1	,572	1,111	,772	1,599
	Constant	2,288	2,445	,876	1	,349	9,858		

a. Variable(s): Customer order value, Customer reference value, Customer influence value, Customer knowledge value, Orders previous to the last quarter, Average order expenditure, First order value, Years being customer, Total number of orders during all quarters, Gender, Age, Household size

## Appendix 10: Linear regression analysis for customer engagement value

In order to be able to interpret the results of the single or multiple linear regression analysis, few assumptions need to be checked. Below the assumptions as described according to the specifications of Hair et al. (2014) and based on the results from the analyzed data.

First: A sample size of 100 observations ensures maintaining the power of the test at 0.8 in multiple regression analysis (Hair et al., 2014). Yet a ratio of observations to predictors of 15 or 20 to 1 is preferable. In addition high degrees of freedom improve the generalizability and model parsimony.

For all regression models (customer satisfaction on customer engagement value, and branded content utilization on customer engagement value) there is an acceptable cases to predictors ratio. There are 272 observations, easily meeting the requirement of 20\*4 = 80 observations. The degrees of freedom are also large enough to ensure a parsimonious model: df = N – (number of independent variables + 1). In this case df1 = 270 and df2 = 267.

Second: The continuous variables should be roughly normally distributed and should be no influential observations or outliers.

The normal distribution of the variables was checked by plotting their histograms which showed a normal distribution. The normality of customer engagement value was also plotted on a histogram displaying a normal distribution. In regard to the influential observations, there were no extreme values. However, it cannot be said that the total number of purchases, the expenditure amount (total and average), the first order value or the number of years being customer could be seen as outliers since they are explained by other characteristics of the customers. The Maximum Mahalanobis distance of df (5) is 17.487 and surpasses the critical value of  $X^2$  for X = 0.001 for all cases in the data file. This means that there are no multivariate outliers that should raise concerns.

Third: Multicollinearity needs to be avoided as high correlations between the explanatory variables render an unstable regression model which is hard to interpret. Variance Inflation Factor (VIF) AND Tolerance are common statistics to verify multicollinearity.

All explanatory variables included in the models are not highly correlated as Pearson Correlations values are below the critical level of r < 0.8 (Hair et al., 2014). Supplementary, the VIF scores are situated around 1 and thus below the maximum of 5 while the tolerance scores are significantly higher than the minimum of 0.1, being situated around 0.92 and 0.99. These values indicate that there is a poor amount of multicollinearity in the regression analysis models.

Fourth: The residuals should be normally and linearly distributed, and should met the requirement of homoscedasticity. The residuals represent the numerical distances between the observed and the predicted values of the dependent variable. Homoscedasticity is present when the variance associated with the residuals of the dependent variable are not homogenous across the levels of the independent variable. The strength of the prediction of the regression equation should be equally stronger across all levels of the independent variables.

This assumption can be verified by generating the Normal P-P plot of Regression Standardized Residual. These plots clearly show a clustering of the values around the diagonal line which indicate a normal distribution of the residuals. The scatterplot of the standardized predicted value and also the residuals dose not reveal any pattern in the distribution of the value points. This confirms the assumptions of linearity, normality and homoscedasticity.

Below the tables with the results of the univariate regression analysis on customer engagement value.

Table 24: The effects of customer satisfaction on customer engagement value

The confidence intervals did not included the value 0 for all regression models. This means that coefficient's differences from 0 are statistically significant. According to Hair et al. (2014) this makes the impact of the variables "generalizable to other samples from the population" (p. 190). Also the results of the ANOVA split sample (50% to 50%) validated the results by showing significant effects (p< 0.05).

Regression analysis results<sup>a</sup>

		Unstandardize	d Coefficients	Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	1,211	,159		7,624	,000
	Customer_satisfaction	,663	,038	,729	17,503	,000
2	(Constant)	1,267	,182		6,976	,000
	Customer_satisfaction	,669	,039	,735	17,362	,000
	Dummy_gender	,004	,059	,003	,074	,941
	Age	-,004	,003	-,052	-1,202	,230
	Householdsize	,012	,024	,022	,519	,604

a. Dependent Variable: Customer\_engagement\_value

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,729 <sup>a</sup>	,532	,530	,48292
	.731 <sup>b</sup>	.534	.527	.48427

a. Predictors: (Constant), Customer\_satisfaction

b. Predictors: (Constant), Customer\_satisfaction, Householdsize, Dummy\_gender, Age

Table 25: The effects of branded content utilization on customer engagement value

# Regression analysis results<sup>a</sup>

		Unstandardize	d Coefficients	Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	3,651	,113		32,228	,000
	Branded_content_utilization	,115	,041	,167	2,779	,006
2	(Constant)	3,450	,193		17,895	,000
	Branded_content_utilization	,113	,042	,163	2,716	,007
	Dummy_gender	,071	,085	,050,	,834	,405
	Age	,003	,004	,049	,795	,427
	Householdsize	,020	,034	,036	,579	,563

a. Dependent Variable: Customer\_engagement\_value

			Adjusted R	Std. Error of
Model	R	R Square	Square	the Estimate
1	,167ª	,028	,024	,69569
2	,187 <sup>b</sup>	,035	,020	,69704

a. Predictors: (Constant), Branded\_content\_utilization

b. Predictors: (Constant), Branded\_content\_utilization, Householdsize, Dummy\_gender, Age

Table 26: The effects of customer satisfaction and branded content utilization on customer engagement value considering transactional variables of the customers (N = 252)

## Regression analysis customer satisfaction and branded content utilization (N = 252)<sup>a</sup>

		Unstandardized (	Coefficients	Standardized Coefficients			95,0% Confider	nce Interval for B
Model		В	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
1	(Constant)	1,380	,221		6,237	,000	,944	1,816
	Customer satisfaction	,614	,040	,659	15,324	,000	,535	,693
	Branded content utilization	-,013	,028	-,019	-,486	,627	-,068	,041
	Orders previous to the last quearter	,345	,066	,233	5,197	,000	,214	,476
	Averageorderexpenditure	-,008	,004	-,084	-1,816	,071	-,016	,001
	Firstordervalue	,003	,002	,070	1,511	,132	-,001	,008
	Years being customer	,040	,040	,042	1,005	,316	-,038	,118
	Total number of orders during all quarters	,003	,001	,113	2,507	,013	,001	,005
	Gender	-,048	,056	-,033	-,853	,395	-,157	,062
	Age	-,004	,003	-,050	-1,237	,217	-,009	,002
	Household size	,015	,023	,027	,653	,514	-,031	,062

a. Dependent Variable: Customer\_engagement\_value

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,809ª	,654	,639	,43360

a. Predictors: (Constant), Household size, Branded content utilization, Gender, Averageorderexpenditure, Orders previous to the last quearter, Age, Years being customer, Customer satisfaction, Total number of orders during all quarters, Firstordervalue

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