

**An Investigation of the Role of Customer
Engagement in Strengthening Service Brand Loyalty**

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ABSTRACT

For years, the development and maintenance of brand loyalty has been the ultimate goal of the marketing activities of many organisations (Dick & Basu, 1994; Fournier & Yao, 1997), and the significant benefits firms derive from strong brand loyalty have led to numerous studies investigating its formation. Previous loyalty research, which has mainly examined key marketing concepts such as service quality, customer satisfaction and perceived value as loyalty antecedents, has contributed significantly to the current understanding of the influence of transaction-related drivers of loyalty. However, the growth of the Internet and the emergence of new media channels have provided firms with an effective platform for customer interaction, enabling service brands to develop and maintain connections with customers beyond the service encounter. As a result, marketing scholars and practitioners increasingly recognise that brand loyalty can be built through a range of behaviours conceptualised as “customer engagement”.

Customer engagement is thought to enhance brand loyalty (e.g., Hollebeek, 2009; Patterson, Yu & de Ruyter, 2006) through a strong, enduring psychological connection accompanied by interactive brand experiences beyond purchase. While the benefits of customer engagement are increasingly apparent, empirical research into this emerging concept has been very limited, with previous studies on customer engagement being largely restricted to conceptualised relationships without empirical testing. More specifically, despite service firms’ increasing adoption of customer engagement strategies, little is known about the conceptualisation and measurement of customer engagement with service brands. Furthermore, the multi-faceted concept of customer engagement is not fully understood with respect to drivers of

loyalty. To address this paucity of studies, this research aims to conceptualise and operationalise the concept of customer engagement, as well as to examine its linkages to key components in the process of service brand loyalty development.

This study uses a sequential mixed methods approach consisting of two phases: quantitative and qualitative. Phase One developed a customer engagement scale, which was subsequently employed to test the proposed conceptual model. Phase Two involved conducting semi-structured in-depth interviews with 16 highly engaged customers to uncover the reasons customers participate in customer engagement activities, as well as specific behavioural manifestations of their strong customer engagement with the brand.

The results of a multiple-stage scale development process provided empirical evidence supporting the proposed factor structure of customer engagement and scale validity and reliability, as well as scale generalisability across multiple samples, thus demonstrating strong psychometric properties. Structural equation modelling tested the relationships hypothesised between customer engagement, brand loyalty and the established key antecedents of brand loyalty. The results revealed that all relationships were supported, confirming the validity of the proposed model in illustrating service brand loyalty formation. Furthermore, the results of the qualitative phase identified four key drivers of customer participation in customer engagement activities: product involvement, information acquisition, affective fulfilment and customer reward. The results also revealed that the most common behavioural manifestation of customer engagement was word-of-mouth communications, followed by passive subscribing and website trawling.

This study makes several significant contributions to the research literature. From a theoretical perspective, this research conceptualises customer engagement

and, more importantly, operationalises this emerging concept. The customer engagement scale provided a basis for the empirical development and validation of a comprehensive model of service brand loyalty formation. This result not only yields a more complete picture of brand loyalty, but also suggests a comprehensive framework that focuses on antecedents both within and beyond the service experience. From a practical point of view, the knowledge acquired from testing the conceptual model of brand loyalty formation not only complements the application of traditional brand loyalty techniques, but also advances brand managers' understanding of the relationships between service consumption variables, customer engagement and brand loyalty. However, the most significant benefit of this study for practitioners is the ability to effectively measure their customer engagement strategies to provide a strong justification for investing in customer engagement.

Key Words – customer engagement, brand loyalty, brands, services, customer satisfaction, service quality, perceived value, brand trust, service evaluation

STATEMENT OF ORIGINALITY

This work has not previously been submitted for a degree or diploma in any university. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made in the thesis itself.

Signature _____

Kam Fung (Kevin) So

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LIST OF ABBREVIATIONS AND KEY TERMS

α	In statistical hypothesis testing, the probability of making a Type I error; Cronbach's index of internal consistency (a form of reliability)
β	Sample regression coefficients
χ^2	The sample value of the chi-square test statistic
χ^2/df	Normed chi-square
%	Percentage
% Var. Exp.	Percentage of variance explained
Δ	Increment of change
AB	Absorption
AIC	Akaike information criterion
AT	Attention
AVE	Average variance extracted
BCC	Browne–Cudeck criterion
BL	Brand loyalty
BT	Brand trust
CE	Customer engagement
CFA	Confirmatory factor analysis
CFI	Comparative fit index
CR	Composite reliability
D^2	Squared Mahalanobis distance
df	Degrees of freedom
Eigen.	Eigenvalue

EN	Enthusiasm
GFI	Goodness-of-fit index
ID	Identification
IT	Interaction
M	Factor mean
<i>n</i>	Number of cases
NFI	Normed fit index
<i>p</i>	Probability
PGFI	Parsimony goodness-of-fit index
PNFI	Parsimony normed fit index
PV	Perceived value
<i>R</i> ²	Coefficient of determination
RMSEA	Root mean square error of approximation
SAT	Customer satisfaction
SD	Standard deviation
SE	Standard error; bootstrap standard error
SE	Service evaluation
SEM	Structural equation modelling
SL	Standardised loading; bootstrap standardised loading
SMC	Squared multiple correlation
SQ	Service quality
SRMR	Standardised root mean square residual
<i>t</i>	The sample value of the <i>t</i> -test statistic
TLI	Tucker-Lewis index

TV

t value

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CHAPTER ONE: INTRODUCTION

1.1 Background

In global economies, the service sector is experiencing unprecedented growth in both scale and speed of labour migration (Spohrer & Maglio, 2008). As a result, services now dominate the world's most advanced economies, with many countries recording more than 70% of their gross domestic product (GDP) generated by services (Ostrom et al., 2010). Even in countries that have historically focused on manufacturing, such as China and India, services are increasing as an apparent economic force (Bitner & Brown, 2008). For instance, more than 40% of China's GDP is now attributed to services (Ostrom et al., 2010). In India, approximately 50% of GDP is generated from the service sector (Reserve Bank of Australia, 2010).

This global phenomenon of significant, sustained service growth has led to a mounting array of questions that need to be addressed (Ostrom et al., 2010). One of the most pressing issues attracting the attention of business firms is how to maintain and/or strengthen customer loyalty under rapidly changing market conditions with intensifying global competition. For example, in a customer retention survey of 92 U.S. corporations, 97.8% of the respondents indicated that customer loyalty is very important to them (Carter, 2008).

The strength of customers' brand loyalty is commonly recognised as a critical indicator of brand strategy success. For many years, the development and maintenance of brand loyalty has been the ultimate goal of the marketing activities of many organisations (Aaker, 1996; Dick & Basu, 1994; Fournier & Yao, 1997), as strong brand loyalty offers enormous benefits to both organisations and consumers.

From the firm's perspective, a base of loyal customers serves as a catalyst for a range of positive business outcomes, such as reduced marketing costs (Aaker, 1996; Uncles & Laurent, 1997), positive word-of-mouth communications (Chen & Hu, 2010; Dick & Basu, 1994; Dowling & Uncles, 1997; Reichheld & Teal, 2001; Srinivasan, Anderson & Ponnaolu, 2002) and increased market share (Buzzell & Gale, 1987; Chaudhuri & Holbrook, 2001). From a strategic point of view, the adoption of a brand loyalty approach can establish a substantial entry barrier to potential competitors and increase the organisation's ability to respond to competitive threats in the market (Delgado-Ballester & Munuera-Alemán, 2001). The reason for the significance of brand loyalty has been summarised by Reichheld and Scheffer (2000):

In industry after industry, the high cost of acquiring customers renders many customer relationships unprofitable during their early years. Only in later years, when the cost of serving loyal customers falls and the volume of their purchases rises, do relationships generate big returns (p. 106).

An enhanced level of brand loyalty also provides benefits to consumers. For example, a familiar brand can assure the consumer of a certain level of quality and satisfaction (Horppu, Kuivalainen, Tarkiainen & Ellonen, 2008). As a result of the favourable signal that a brand sends, as well as the brand's credibility as established from past experiences, consumers buy the brand with greater comfort, believing the brand will meet their expectations (Kim, Morris & Swait, 2008a). Furthermore, brand familiarity can simplify consumer choice (Aaker, 1991; de Chernatony & McDonald, 2003; Keller & Lehmann, 2006), reduce consumer risks associated with the purchase of products or services (Tepeci, 1999) and eliminate reasons for

consumers to engage in an extended information search among alternatives (Uncles, Dowling & Hammond, 2003).

Extensive research has revealed the significant benefits derived from strong brand loyalty, and has investigated the conditions that lead to formation of brand loyalty. Previous brand loyalty studies have largely focused on the examination of key marketing concepts that serve as loyalty antecedents, such as service quality (e.g., Bloemer, de Ruyter & Wetzels, 1999; Kandampully, Juwaheer & Hu, 2011; Rauyruen & Miller, 2007), perceived value (e.g., Brodie, Whittome & Brush, 2009; Chen & Hu, 2010; Ryu, Han & Kim, 2008; Sirdeshmukh, Singh & Sabol, 2002), customer satisfaction (e.g., Anderson & Srinivasan, 2003; Back & Lee, 2009; Back & Parks, 2003; Li & Petrick, 2008; Macintosh & Lockshin, 1997; Ryu et al., 2008) and brand trust (e.g., Chaudhuri & Holbrook, 2001; Delgado-Ballester & Munuera-Alemán, 2001; Han & Jeong, 2013; Lau & Lee, 1999). The findings of these studies contribute significantly to the current understanding of the influence of transaction-related drivers of loyalty.

However, in recent years, as a result of intensified market competition and the rise of new media and channels for managing customer relationships, firms have begun to realise that maintaining quality, satisfaction, value and trust does not always result in strong brand loyalty. For example, research suggests that quality is necessary but insufficient to create loyalty (Aydin & Ozer, 2005). Studies have shown that satisfied customers nevertheless express a tendency to switch to competitors (Mittal & Lassar, 1998) and merely satisfying customers is not sufficient to secure their loyalty (Jones & Sasser, 1995).

In recognition of such a marketing challenge, marketing scholars and practitioners are increasingly acknowledging that brand loyalty can be built through a

range of behaviours conceptualised as “customer engagement”. This perspective has led to emerging interest in investigating the construct of customer engagement as a superior predictor of customer loyalty (Hollebeek, 2011; Patterson et al., 2006; van Doorn et al., 2010). Customer engagement has the potential to enhance loyalty and purchase decisions (e.g., Hollebeek, 2009; Patterson et al., 2006) through a strong, enduring psychological connection accompanied by interactive brand experiences beyond purchase. Customer engagement with a brand influences important aspects of consumer brand knowledge, brand perceptions and brand attitudes, and hence brand loyalty (Sprott, Czellar & Spangenberg, 2009). Engagement has been argued to have particular applicability in service settings (e.g., Bowden, 2009; Hollebeek, 2009; Patterson et al., 2006), which are typically characterised by human social interactions.

Although the benefits of customer engagement are increasingly apparent, very little is known about the conceptualisation and measurement of customer engagement with service brands. Despite the increasing adoption of customer engagement strategies, empirical research into this emerging concept has been very limited, with previous customer engagement studies largely being restricted to conceptualised relationships without empirical testing (e.g., Bowden, 2009; Hollebeek, 2009, 2011; Mollen & Wilson, 2010; Patterson et al., 2006; van Doorn et al., 2010; Verhoef, Reinartz & Krafft, 2010). Therefore, the multi-faceted concept of customer engagement is not yet fully understood with respect to drivers of loyalty. To address this paucity of research, the objectives of the proposed study are to conceptualise and operationalise the concept of customer engagement, as well as examine its linkages to key components in the process of brand loyalty development, specifically in the context of services.

1.2 The Research Questions

The preceding section highlighted the growing importance of further understanding the manner in which brand loyalty can be strengthened. Of particular consequence is the use of customer engagement strategies to establish and maintain long-term positive relationships with potential and prospective customers, as well as with existing customers. Therefore, this thesis seeks to explore the role of the emerging concept of customer engagement in building service brand loyalty. To provide a clear direction to guide the research process, the following overarching question is proposed for the investigation of the research problem:

How can service brand loyalty be strengthened?

In addressing the research question, the following sub-questions will be addressed:

- 1. To what extent can service brand loyalty be strengthened through customer engagement?*
- 2. How is customer engagement conceptualised?*
- 3. How should customer engagement be measured in the context of services?*
- 4. To what extent does customer engagement influence service brand loyalty?*
- 5. How does customer engagement relate to service brand loyalty and its main antecedents?*
- 6. Why do customers engage with a service brand beyond purchase?*
- 7. How is customer engagement manifested in engaged customers' behaviours?*

1.3 Significance of the Study

Despite the importance of engaging with potential and existing customers, the comprehension of customer engagement is still emerging. While several researchers have attempted to conceptualise customer engagement (e.g., Brodie, Hollebeek, Juric & Ilic, 2011; Hollebeek, 2009, 2011; Patterson et al., 2006; van Doorn et al., 2010), empirical investigations are scarce and knowledge of what customer engagement is and how the concept should be measured is very limited (Bolton, 2011; Hollebeek, 2011). In the absence of such knowledge, both marketing practitioners and academics have an incomplete understanding of how customer engagement relates, or contributes, to various psychological and behavioural customer outcomes. Without such knowledge, they cannot assess how effective their marketing programs are with respect to engaging with the customer.

As the previous discussion makes clear, brand loyalty is an area worthy of investigation, especially as empirical research into the emerging concept of customer engagement is sparse. While scholars believe that customer engagement may affect brand loyalty (e.g., Hollebeek, 2009; Patterson et al., 2006), to date, no known studies have examined the role of customer engagement in building service brand loyalty. The well documented significant benefits of strong brand loyalty and the increasingly assumed importance of customer engagement as a potentially superior loyalty predictor have highlighted the pressing need for further comprehension of customer engagement in realising service brand loyalty.

By addressing the research gaps identified in the literature review, the findings of this study would make a unique and valuable contribution to the existing marketing literature. In particular, the research provides evidence to suggest that service brand loyalty can be strengthened not only through a superior service

consumption experience inherent to the actual service transaction, but also through customer engagement beyond purchase. In other words, this study conceptualises and empirically tests a more comprehensive model of service brand loyalty. In doing so, it conceptualises the customer engagement concept and, more importantly, makes it operational.

The contributions of this study are significant. From a theoretical perspective, this study offers a framework for future empirical research on customer engagement by providing a comprehensive conceptualisation of customer engagement as well as a robust scale that effectively measures a customer's engagement with a service brand. Furthermore, through empirical testing of the conceptual model, the findings of this research enhance the current understanding of customer engagement with respect to brand loyalty. Therefore, this study provides not only a more complete picture of brand loyalty but also a comprehensive framework that focuses on antecedents both within and beyond the service consumption experience. The result is a more holistic conceptualisation of brand loyalty formation, providing a solid foundation from which future customer engagement research can proceed and further knowledge can be acquired.

From a practical point of view, the development of a scale to capture customer engagement with service brands is important to brand managers who strive to acquire truly loyal customers. The scale facilitates discrimination between genuinely committed or engaged customers and those with a more tenuous psychological connection with the brand. This differentiation is essential, given that less committed customers tend to be more susceptible to switching than engaged customers and, therefore, may require more attention from managers. Furthermore, the customer engagement scale provides a useful tool for marketing practitioners to

collect insights into customers' psychological and behavioural connections with their brands beyond the service consumption experience. The knowledge acquired from testing the conceptual model of brand loyalty formation not only complements the application of traditional brand management techniques, but also advances brand managers' understanding of the relationships between service consumption-related variables, customer engagement and brand loyalty. However, the most significant benefit of this study for practitioners is the ability to effectively measure their customer engagement strategies to provide a strong justification for customer engagement investment.

1.4 Definitions and Terms

To facilitate comprehension of the conceptual framework of this study, Table 1.1 presents definitions for the constructs and key terms examined in this study. As the terms *brand loyalty*, *perceived service quality*, *customer satisfaction*, *perceived value*, *brand trust* and *identification* have been commonly used in the literature, the following definitions have been adapted from various sources to reflect the intent of this study. The definition of *brand loyalty* has been adapted from Oliver (1999), while *perceived service quality* and *perceived value* have been adapted from Zeithaml (1988). With respect to *customer satisfaction*, the definition in this study has been adapted from Rust and Oliver (1994), with *brand trust's* definition being adapted from Moorman, Zaltman and Deshpande (1992). The definition of *identification* has been adapted from Bhattacharya, Rao and Glynn (1995). In addition, the definition of *enthusiasm* has been adapted from Vivek (2009), while the definition of *absorption* has been adapted from Patterson et al. (2006). As suitable definitions of *attention*,

interaction and *customer engagement* are not available in the literature, these terms are specifically defined to suit the purpose and context of this study.

Table 1.1 *Definitions of Constructs and Key Terms*

Construct/Term	Definition
Brand loyalty	A customer's deeply held commitment to rebuy or repatronise a preferred brand consistently in the future (Oliver, 1999).
Perceived service quality	A consumer's judgement about a product's overall excellence or superiority (Zeithaml, 1988).
Customer satisfaction	The degree to which a consumer believes that possession or use of a service evokes positive feelings (Rust & Oliver, 1994).
Perceived value	A consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given (Zeithaml, 1988).
Service Evaluation	A customer's overall assessment of the service offerings provided by a brand.
Brand trust	The degree of a consumer's willingness to rely on an exchange partner in whom the consumer has confidence (Moorman et al., 1992).
Identification	The degree of a consumer's perceived oneness with or belongingness to the brand (Bhattacharya et al., 1995).
Enthusiasm	The degree of excitement and interest that a consumer has in the brand (Vivek, 2009).
Attention	The degree of attentiveness, focus and connection that a consumer has with the brand.
Absorption	A pleasant state which describes the customer as being fully concentrated, happy and deeply engrossed while playing the role as a consumer of the brand (Patterson, et al., 2006).
Interaction	A customer's online and offline participation with the brand organisation or other customers outside of purchase.
Customer engagement	A customer's personal connection to a brand as manifested in cognitive, affective and behavioural actions outside of the purchase situation.
Beyond purchase	A customer's connections with the brand outside of the service consumption experience.

1.5 Research Method

To effectively address the research questions developed from a review of the extant literature, this study uses a sequential mixed methods approach consisting of two phases: quantitative and qualitative

Utilising quantitative techniques, Phase One comprises two stages. The first stage involved the development of a customer engagement scale following the four-step procedure recommended by Netemeyer, Bearden and Sharma (2003). First, an extensive literature review ensured clear construct definitions as well as the content domain for each construct under investigation. The second step generated an initial pool of items to measure the concept of customer engagement and subsequently assessed the content validity of these items through two separate panels of judges. The third step involved pilot testing with a convenience sample of university staff and postgraduate students through an online survey, with consideration being given to scale and response format. Pilot testing ensured the development of a measurement scale of customer engagement with sound psychometric properties. The fourth step involved finalising the scale using data collected from a large sample of service customers of airlines, hotels and retail establishments. The analysis of the data provided empirical evidence supporting the proposed factor structure of customer engagement, scale validity and reliability as well as generalisability of the scale through assessment of factor invariance across multiple samples. Additional scales were included to collect research data on all other constructs contained in the conceptual model developed for this study (i.e., perceived service quality, customer satisfaction, perceived value, brand trust and brand loyalty), which provided the basis of the analysis for the second stage of the quantitative phase.

In the second stage, the scale validated in multiple samples was used to test the research hypotheses through structural equation modelling. Examination of structural relationships between customer engagement, brand loyalty and the established key antecedents of brand loyalty not only provides evidence for the nomological validity of the customer engagement concept but also affords an assessment of the significance of the relationships among these variables.

Completion of the quantitative component allowed the research to move to Phase Two, the qualitative phase, which involved conducting semi-structured interviews with 16 highly engaged customers identified in Phase One. These interviews identified reasons that customers engage with service brands outside of the purchase situation as well as how customer engagement is manifested. The use of qualitative techniques in this phase allowed the researcher to contextualise and explain the quantitative results, as well as understand the conditions under which customer engagement is likely to occur. The content analysis of the empirical material identified four key drivers of customer participation in customer engagement activities: product involvement, information acquisition, affective fulfilment and customer reward. The analysis also revealed that the most common behavioural manifestation of customer engagement was word-of-mouth communications, followed by passive subscribing and website trawling.

1.6 Thesis Outline

This section provides a clear outline of this thesis according to the generally accepted structure. In particular, decisions were made with guidance afforded from the work of Perry (1998), who, while advocating a five-chapter structure, suggests that a six- or seven-chapter approach is acceptable. As this study adopts a mixed

methods approach, an additional chapter is required to present the results of the qualitative phase. Furthermore, the multiple stages of the scale development process and their results also require the addition of a chapter. For this reason, this thesis has a seven-chapter structure. Each chapter is briefly discussed.

Chapter One sets the scene for this thesis not only by providing the background of the study, but also by identifying the research objectives and questions, outlining key definitions and terms, presenting justification for the research and acknowledging the methodological approach, as well as providing an overview of the thesis.

Chapter Two establishes the theoretical foundation for the thesis by reviewing the extant literature on services and brand loyalty and its key determinants, as well as work on the emerging concept of customer engagement. The review demonstrates that, from a consumer's perspective, traditional antecedents of brand loyalty are assessed primarily through evaluations of the service consumption experience with the brand. However, the customer engagement literature consistently shows that consumers' beyond-purchase connections with the brand can also enhance their loyalty to the brand. Drawing upon existing research on brand loyalty as well as the emerging customer engagement literature, Chapter Two develops a comprehensive understanding of how service brand loyalty can be strengthened, not only through a superior service consumption experience but also through customer engagement beyond purchase. In doing so, it proposes a comprehensive model to illustrate this process, providing the basis for hypotheses development.

Following the review of the literature relevant to this study, Chapter Three provides a holistic overview of the research methodology and design. The discussion

considers and justifies the research design, including details of the research paradigm, data collection methods and selection of data collection context. Ethical issues as well as time and financial costs of the study are also considered.

Chapter Four describes the methods and results of the first stage of the quantitative phase, which developed and validated the measurement scale of customer engagement, enabling the research questions and hypotheses to be effectively addressed. The development of the scale followed a four-step approach, including: 1) identifying appropriate construct definitions and determining content domain, 2) generating and judging measurement items, 3) designing and conducting studies to develop and refine the scale and 4) finalising the scale. This approach resulted in a customer engagement measure of sound psychometric properties.

Chapter Five presents the results of hypotheses testing and includes the preliminary analysis of the research data. Subsequent analysis involved confirmatory factor analysis to assess the measurement model via structural equation modelling. The survey scales used for this study were evaluated for reliability and validity. Finally, upon confirmation of the measurement model, a structural model was estimated with the results of the analysis being used to address the research hypotheses.

Chapter Six describes the method and results of Phase Two, the qualitative phase of the study, providing contextual meaning for the quantitative results generated in Phase One. Specifically, the chapter outlines the research procedure for conducting the qualitative interviews with the selected highly engaged customers identified in Phase One, and subsequently presents the analysis and results that uncover reasons that customers engage with the brand and other brand consumers beyond purchase. The qualitative phase highlights the conditions under which

customer engagement is likely to occur, as well as the behavioural manifestations of strong customer engagement.

Finally, Chapter Seven provides a comprehensive discussion of the research findings. This discussion explores the relationships within the conceptual model developed in this study, identifies implications from a practical and theoretical perspective and discusses limitations of the study providing recommendations for areas of future research. The final section of the thesis includes a list of references and appendices used to support the presentation of this thesis. The section below provides a brief summary of the current chapter.

1.7 Chapter Summary

This chapter has provided an introduction to this study by articulating the research background, formulating the research objectives and questions and defining key constructs under investigation. This chapter also highlighted the importance and justification of the study as well as the theoretical and practical implications anticipated as a result of this study. Additionally, the chapter presented a brief overview of the research methodology and an outline of the thesis. A thorough understanding of the relevant literature is essential prior to the commencement of any research project. For this reason, to establish a strong theoretical foundation for this research, the next chapter presents a review of the literature relevant to this study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Chapter One provided an introductory overview of this study. To establish a theoretical foundation for the study, this chapter reviews the existing relevant literature on services marketing, brand loyalty and the concept of customer engagement. The review begins with a discussion of the characteristics inherent to services and the resulting service challenges faced by the customers and marketers which is followed by a review of the brand loyalty concept. Key antecedents of brand loyalty are then identified and examined individually, leading to a summary of the current understanding of service brand loyalty formation.

In highlighting the changing marketing conditions as well as the evolving customer environment, the chapter introduces the emerging concept of customer engagement, drawing on the employee engagement literature to establish a comprehensive understanding of the nature of engagement. Subsequently, the nascent customer engagement literature is considered, resulting in the identification of five dimensions underlying the theoretical construct of customer engagement. Finally, a conceptualisation of customer engagement is proposed, followed by presentation of a conceptual model of service brand loyalty that incorporates traditional antecedents that depend on the evaluation of the service experience, as well as customer engagement beyond the consumption experience. To begin a study in services, an understanding of the characteristics that uniquely belong to this context is essential.

2.2 Service Challenges

A service has been described as “any act, performance or experience that one party can offer to another and that is essentially intangible and does not result in ownership of anything. Its production may or may not be tied to a physical product” (Lovelock, Patterson & Walker, 2007, p. 4). A service can be activities ranging from hotel services to retailing. Within the service literature, in differentiating between goods and services, scholars have identified several unique features of services that distinguish them from goods, namely *intangibility*, *inseparability*, *heterogeneity* and *perishability* (e.g., Lovelock, Patterson & Walker, 2001; Shostack, 1977; Zeithaml, Bitner & Gremler, 2006; Zeithaml, Parasuraman & Berry, 1985). The difference between services and goods has been increasingly challenged (Vargo & Lusch, 2004a, 2004b), yet these characteristics still present a number of difficulties to service marketers as well as consumers. For example, from a marketing point of view, the intangible nature of services creates difficulty for marketers to display, demonstrate or effectively communicate a service offering to customers (Grönroos, 1998; Grove, Carlson & Dorsch, 2002). For this reason, the articulation of service attributes or benefits is a challenge for service marketers (Mattila, 2000).

From a consumer perspective, the intangibility and heterogeneity features of services make pre-purchase evaluation of a service more difficult than that of a manufactured good, because manufactured goods are usually associated with a greater level of search qualities (Mittal & Baker, 2002). For example, tangible products, such as mobile phones and clothing, can be easily seen, touched and tried on prior to the actual purchase (Zeithaml et al., 2006). In contrast, intangible services, such as hotel accommodations or holiday trips, have few physical elements of the service performance for consumers to easily inspect prior to the actual experience

(Mittal & Baker, 2002). In addition, services are characterised by experience qualities (Mitra, Reiss & Capella, 1999; Nelson, 1970; Zeithaml et al., 2006), and the quality of the purchase can only be evaluated after the service experience.

For these reasons, service organisations seek to create brand loyalty as a means to overcome these service challenges. For example, the intangible nature of services makes the evaluation of service quality more difficult than for it is for goods (Javalgi & Moberg, 1997), which means consumers may rely more on the credence qualities endowed by their loyalty towards the brand to evaluate services. In addition, as services are intangible and heterogeneous, consumers often perceive higher risk in services than in goods; and as perceived risk increases, the likelihood of loyalty to a familiar and trusted brand increases (Javalgi & Moberg, 1997). As such, brand loyalty serves effectively as a barrier to switching behaviour (Bloemer et al., 1999; Zeithaml, 1981). Having discussed the benefits of brand loyalty for service organisations, the next section reviews the conceptualisation of the brand loyalty concept.

2.3 Brand Loyalty

The concept of brand loyalty has been approached from three perspectives: behavioural, attitudinal and composite loyalty (Backman & Crompton, 1991; Fournier & Yao, 1997; Jacoby & Chestnut, 1978). Researchers holding a behavioural view assume that repeat transactions represent the loyalty of a consumer towards the brand (e.g., Bass, 1974; Chatfield & Goodhardt, 1975; Dunn & Wrigley, 1984; Ehrenberg, Uncles & Goodhardt, 2004; Uncles, Ehrenberg & Hammond, 1995). While the superiority of the behavioural approach lies in its ability to provide a more realistic picture (i.e., consumers' actual purchase) of how well the brand is

performing in relation to its competitors (O'Malley, 1998), the use of behavioural measures as the sole indicator of loyalty has been criticised as being unable to distinguish between true loyalty and spurious loyalty (Dick & Basu, 1994; Odin, Odin & Valette-Florence, 2001; Shankar, Smith & Rangaswamy, 2003).

In contrast, brand loyalty from an attitudinal perspective is often viewed as stated preferences, commitment or purchase intentions of the consumers, thus emphasising the psychological element of brand loyalty (Bennett & Rundle-Thiele, 2002; Mellens, Dekimpe & Steenkamp, 1996). While consideration of the attitudinal aspects of loyalty allows the researcher to distinguish brand loyalty from repeat buying, it focuses on consumer declarations rather than actual purchases and thus may not accurately represent reality (Mellens et al., 1996; Odin et al., 2001). For example, a positive attitude towards a brand may not lead to purchase behaviour.

The limitations of a unidimensional conceptualisation of brand loyalty led to the proposal of the composite approach, which considers loyalty as a biased behavioural purchase process that results from a psychological process (Jacoby, 1971). Following this approach, brand loyalty is defined as a customer's deeply held commitment to rebuy or repatronise a preferred brand consistently in the future (Oliver, 1999). This definition suggests that the evaluation of a consumer's loyalty to a particular brand requires simultaneous consideration of attitudes and purchase behaviour (Day, 1969; Dick & Basu, 1994; Jacoby & Chestnut, 1978; Lutz & Winn, 1974). The suggestion of a composite approach was subsequently supported by other researchers examining brand loyalty (Dick & Basu, 1994; Evanschitzky, Iyer, Plassmann, Niessing & Meffert, 2006; Harris & Goode, 2004; Jacoby, 1971; Jacoby & Chestnut, 1978; Jacoby & Kyner, 1973; Li & Petrick, 2008; Odin et al., 2001; Oliver, 1999). Therefore, by incorporating both the attitudinal and behavioural aspects of

brand loyalty (see Figure 2.1), the composite view offers a superior approach to the comprehension of loyalty because it provides a holistic understanding of the concept, and therefore it is adopted in this study. Having discussed the conceptualisations of the brand loyalty construct, the next section reviews its key antecedents.

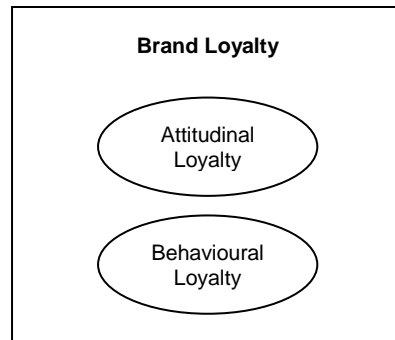


Figure 2.1 Composite brand loyalty. Adapted from “Examining the antecedents and structure of customer loyalty in a tourism context,” by X. Li, 2006, Unpublished doctoral dissertation, Texas A&M University, USA. and S. Rundle-Thiele, 2005, “Loyalty: An empirical exploration of theoretical structure in two service markets,” Unpublished doctoral dissertation, University of South Australia, Australia.

2.4 Antecedents of Brand Loyalty

To gain insight into the development of brand loyalty, scholars have investigated factors that determine a consumer’s level of brand loyalty. This section reviews research literature on brand loyalty antecedents. While investigators have proposed and demonstrated that numerous factors contribute to the formation of a consumer’s loyalty towards a brand or product, four factors have been identified as key determinants owing to their consistently supported significance in explaining brand loyalty: *customer satisfaction*, *perceived service quality*, *perceived value* and *brand trust*. These aspects are further discussed individually.

2.4.1 Customer Satisfaction

One of the most frequently studied determinants of brand loyalty is customer satisfaction. While most early researchers see satisfaction as a cognitive construct (e.g., Oliver, 1980; Olson & Dover, 1979), more recent definitions of satisfaction (e.g., Halstead, Hartman & Schmidt, 1994; Oliver, 1997; Olsen, 2002; Spreng, MacKenzie & Olshavsky, 1996) seem to form a consensus that the concept is an affective construct that concedes an emotional response to product acquisition and consumption (Bennett, 2001; Giese & Cote, 2000). From this perspective, one of the most widely used customer satisfaction definitions suggests that satisfaction is the degree to which a consumer believes that possession or use of a service evokes positive feelings (Rust & Oliver, 1994).

The standard approach to the conceptualisation of the satisfaction-loyalty relationship posits that increased loyalty results from higher levels of satisfaction (Butcher, Sparks & O'Callaghan, 2001). This positive relationship is grounded in the thinking that consumers form satisfaction judgements about products or brands they consume, and these satisfaction judgements in turn play a role in explaining why consumers become loyal to brands (Fullerton, 2005). In line with this reasoning, empirical research has generated evidence in support of the positive effect of customer satisfaction on attitudinal loyalty (Bennett, Hartel & McColl-Kennedy, 2005; Butcher et al., 2001; Chen & Tsai, 2008; Han, Kim & Kim, 2011; Jones & Suh, 2000; Li & Petrick, 2008; Macintosh & Lockshin, 1997; Rauyruen & Miller, 2007; Russell-Bennett, McColl-Kennedy & Coote, 2007; Yuksel, Yuksel & Bilim, 2010), behavioural loyalty (Nam, Ekinici & Whyatt, 2011; Yoon, Lee & Lee, 2010), as well as composite loyalty (Bridson, Evans & Hickman, 2008; Ha, Janda & Park, 2009; Harris & Goode,

2004; Kim, 2011; Lin & Wang, 2006; Rauyruen & Miller, 2007; Shankar et al., 2003).

Therefore, that customer satisfaction leads to brand loyalty is generally accepted.

2.4.2 Perceived Service Quality

Another commonly studied loyalty antecedent is perceived quality. According to Zeithaml (1988), perceived quality is the consumer's judgement about a product's overall excellence or superiority. To date, most descriptions of perceived quality in a service context are rooted in the disconfirmation paradigm (Grönroos, 1984; Lewis & Booms, 1983; Parasuraman, Zeithaml & Berry, 1985, 1988), which suggests that service quality is determined through a comparison of expectations with performance. A review of the literature reveals that perceived service quality has several conceptualisations (e.g., Grönroos, 1984; Lehtinen & Lehtinen, 1982, 1991; Sasser, Olsen & Wyckoff, 1978). However, the most universally adopted conceptualisation of service quality identifies *reliability*, *responsiveness*, *assurance*, *empathy* and *tangibles* as the five underlying dimensions consumers use to evaluate the quality of a service offering (1988; Parasuraman, Zeithaml & Berry, 1991).

In investigating the relationship between perceived service quality and loyalty, researchers have found that perceived service quality directly determines the level of a customer's loyalty towards a product or brand (Aydin & Ozer, 2005; Bitner, 1990; Bloemer et al., 1999; Han et al., 2011; Hsu, Oh & Assaf, 2012; Lee & Cunningham, 2001; Rauyruen & Miller, 2007; Zeithaml, Berry & Parasuraman, 1996). The relationship can be explained by the Model of the Behavioural Consequences of Service Quality (Zeithaml et al., 1996), which posits that high assessments of service quality lead to customers' favourable behavioural intentions, such as loyalty to the company. This effect occurs because enhanced service quality helps consumers

cultivate a favourable attitude towards a service provider, thus developing preference loyalty (de Ruyter, Wetzels & Bloemer, 1998). Empirical evidence supports service quality's influence on repurchase intention (Rauyrueen & Miller, 2007), willingness to recommend (de Ruyter et al., 1998) and service loyalty (Caruana, 2002). Therefore, superior perceived service quality engenders brand loyalty.

In addition to having direct predictive power in explaining brand loyalty, perceived service quality influences brand loyalty indirectly through customer satisfaction (Ball, Coelho & Machás, 2004; Butcher et al., 2001; Caruana, 2002; Chiou & Droge, 2006; Han et al., 2011; Harris & Goode, 2004; Kim, 2011; Olsen, 2002; Wilkins, Merrilees & Herington, 2010; Yu, Wu, Chiao & Tai, 2005). Theoretical justification for an indirect relationship is provided by the framework of Bagozzi (1992) and Lazarus (1991), which consists of *appraisal*, *emotional reactions* and *coping*. This framework suggests that consumers form attitudes about the quality of products, brands or stores by learning about the different characteristics of the objects, leading to a global affective evaluation (i.e., satisfaction). This affective evaluation subsequently serves as a predisposition to guide final brand choice and loyalty (Olsen, 2002), thus forming a sequential chain effect of perceived quality, customer satisfaction and brand loyalty in loyalty development. Therefore, perceived service quality exerts both a direct and an indirect effect (through satisfaction) on loyalty (e.g., Baker & Crompton, 2000; Cronin, Brady & Hult, 2000; Ha et al., 2009; Lee, Graefe & Burns, 2004; Petrick, 2004).

2.4.3 Perceived Value

Perceived value is also recognised as a key driver of loyalty. Most conceptual definitions of perceived value are grounded on Zeithaml's (1988) statement that

value represents “the consumer’s overall assessment of the utility of a product based on perceptions of what is received and what is given” (p. 14). From this perspective, perceptions of value reflect customers’ rational trade-off between the costs and benefits of using a product or service (e.g., Anderson & Srinivasan, 2003; Cronin et al., 2000; Dodds, Monroe & Grewal, 1991; Grewal, Monroe & Krishnan, 1998; Lai, Griffin & Babin, 2009; Lam, Shankar, Erramilli & Murthy, 2004; Petrick, 2002b; Zeithaml, 1988). In proposing the relationship between perceived value and brand loyalty, Sirdeshmukh et al. (2002) describe value as a superordinate consumer goal that regulates consumer actions at the level of behavioural intentions of loyalty. Consumers are expected to regulate their actions to attain this goal and therefore exhibit behavioural intentions of loyalty as long as the purchase provides superior value. Furthermore, previous research suggests that perceived value influences revisit intent (Kim, Jin-Sun & Kim, 2008b; Oh, 1999; Petrick, 2004), commitment (Han et al., 2011; Pura, 2005) and brand loyalty (e.g., Chen & Hu, 2010; Sirdeshmukh et al., 2002). For this reason, studies in the loyalty literature widely accept that perceived value plays a significant role in building brand loyalty.

Incorporating the view that perceived value directly determines loyalty, a number of researchers have proposed that a consumer’s value perceptions also have an indirect influence, through satisfaction, on loyalty intensity towards the product or brand of interest. Specifically, Lai, Griffin and Babin (2009) and Chiou (2004) found that perceived value has a positive influence on overall satisfaction as well as loyalty intentions, while overall satisfaction affects loyalty intentions. Similar findings have also been reported in various research settings, including online banking services (Yang & Peterson, 2004), hotels (Han et al., 2011), festivals (Yoon et al., 2010), restaurants (Tam, 2004), business-to-business services (Lam et al.,

2004) and the cruise industry (Petrick, 2004), as well as broader service environments (Cronin et al., 2000). Therefore, in addition to having a direct impact on brand loyalty, perceived value enhances customer satisfaction, which in turn affects brand loyalty.

Furthermore, the literature has established that perceived value plays a mediating role between perceived quality and brand loyalty. In supporting such a relationship, Parasuraman and Grewal (2000), on the basis of cumulative insights from their own previous research as well as other relevant research reported in the literature (e.g., Dodds et al., 1991; Grewal et al., 1998; Parasuraman et al., 1985, 1988; Voss, Parasuraman & Grewal, 1998; Zeithaml et al., 1996), developed a conceptual framework to articulate the general notion that service quality enhances perceived value, which in turn contributes to loyalty. In addition, experimental research demonstrated that a trade-off between perceived price and perceived quality leads to perceived value, and perceived value is a primary factor determining purchase intention (Chang & Wildt, 1994). Similar findings have also been reported by Grewal et al. (1998), Brodie et al. (2009), Lai et al. (2009), Nam et al. (2011), Tam (2004) and Harris and Goode (2004), providing strong evidence to indicate the sequential chain of quality, value and loyalty.

2.4.4 Brand Trust

Brand trust is another commonly cited brand loyalty antecedent. According to Moorman et al. (1992), trust is “a willingness to rely on an exchange partner in whom one has confidence” (p. 315). Trust leads to brand loyalty and commitment because it creates exchange relationships that are highly valued (Morgan & Hunt, 1994).

Therefore, loyalty and commitment underlie the ongoing process of continuing and

maintaining a valued and important relationship that has been created by trust (Chaudhuri & Holbrook, 2001).

Theoretical reasoning for the relationship between trust and loyalty has identified three ways in which trust enhances an individual's commitment to a relationship (Ganesan, 1994; Ganesan & Hess, 1997). First, trust reduces the level of perceived risk associated with the partner's opportunistic behaviours. Second, trust increases the partner's confidence that short-term inequities will be resolved over a long period. Finally, trust reduces the transaction costs in an exchange relationship. Consistent with this view, numerous studies provide empirical evidence to indicate the contribution of trust to brand loyalty (Aydin, Ozer & Arasil, 2005; Ball et al., 2004; Chaudhuri & Holbrook, 2001; Chiou, 2004; Flavián, Guinalíu & Gurrea, 2006; Garbarino & Johnson, 1999; Hsu et al., 2012; Lau & Lee, 1999; Lin & Wang, 2006; Luarn & Lin, 2003; Matzler, Grabner-Krauter & Bidmon, 2008; Sirdeshmukh et al., 2002). Thus brand trust is a relevant and important antecedent of a customer's loyalty to a brand.

Another conceptualisation of the trust-loyalty relationship posits that trust mediates the positive effect of customer satisfaction on loyalty. An explanation for such a relationship is provided by Ravald and Gronroos (1996), who suggest that when consumers are satisfied they start to feel safe with the supplier, which leads to increased trust in the supplier and supports and encourages customer loyalty. For this reason, a satisfying experience reinforces consumers' trust in the organisation. A highly satisfying experience may not only reassure the consumer that trust in the organisation is well placed but also enhances this trust (Singh & Sirdeshmukh, 2000). An increased level of trust, in turn, leads to long-term commitment to a relationship (Doney & Cannon, 1997; Garbarino & Johnson, 1999; Morgan & Hunt, 1994) and

hence to consumers' loyalty towards a brand. A series of studies provides strong support for such a sequential relationship (Caceres & Papparoidamis, 2007; Delgado-Ballester & Munuera-Alemán, 2001; Delgado-Ballester, Munuera-Aleman & Yague-Guillen, 2003; Flavián et al., 2006; Horppu et al., 2008; Kantsperger & Kunz, 2010; Ribbink, Van Riel, Liljander & Streukens, 2004; Román, 2003; Singh & Sirdeshmukh, 2000). The findings of these studies and the theoretical reasoning provided in the literature support the significant chain effect of customer satisfaction, trust and loyalty.

2.4.5 Summary of Brand Loyalty Literature

The preceding section reviewed the extant literature on brand loyalty and its key antecedents, including customer satisfaction, perceived service quality, perceived value and brand trust. As the previous discussion demonstrated, in evaluating a service offering, customers develop satisfaction judgements that summarise their feelings resulting from the possession or consumption of the service. These judgements then provide an important foundation for the development of brand loyalty.

While the customer's perception of a brand's service quality directly affects brand loyalty, the attitudes the customer forms with respect to the quality of the service also influence the global affective evaluation of satisfaction, which contributes to the formation of brand loyalty. Perceived value, representing the consumer's overall evaluation of the utility of a product, has an indirect impact on loyalty through customer satisfaction. In addition, perceived value partially mediates the effect of service quality on brand loyalty, as an enhanced level of service quality shapes customers' value perceptions, which determine brand loyalty.

Finally, as a pivotal driver of brand loyalty, brand trust underlies the loyalty relationship a customer has developed with the brand. Trust also mediates the effect of customer satisfaction on loyalty, because when customers feel satisfied with the service of the organisation, they are likely to hold a trust image of the brand. Figure 2.2 provides a graphical depiction of these established relationships that represents the existing knowledge of service brand loyalty formation.

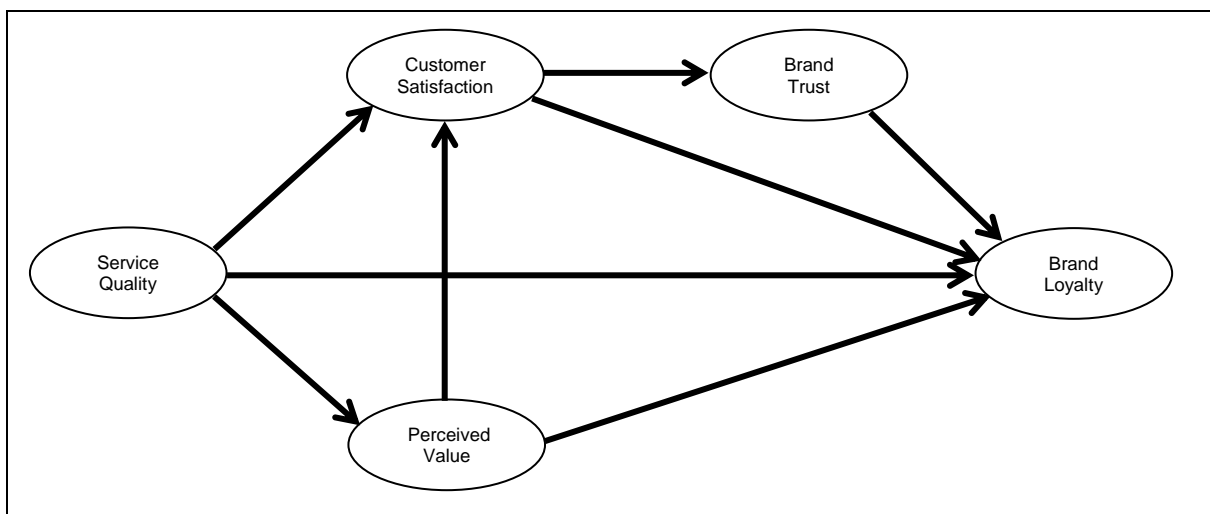


Figure 2.2 Existing knowledge of service brand loyalty formation

2.4.6 Parsimonious Conceptualisation of Brand Loyalty Formation

The model presented above clearly represents the links between brand loyalty and its key determinants as reflected in a review of the existing literature. However, some of the relationships can be summarised in a more parsimonious manner while maintaining the model's conceptual plausibility in illustrating the development of service brand loyalty. The principle of parsimony in theory development is the ability to simplify the nature of a particular phenomenon of paramount significance.

Conventional wisdom in philosophy of science holds that theories should be as simple as possible (Jones, 1952). Specifically, Popper (2002) argues that simpler theories are preferable to more complex ones because their empirical content is greater and because they are more testable. In addition, a simple theory is applicable to more cases (Popper, 2002). From a statistical point of view, the parsimony principle suggests that, given two models with similar fit to the same data, the simpler model is preferable, assuming the model is theoretically plausible (Kline, 2011).

Within the brand loyalty literature, service quality, satisfaction and value have been described as evaluative judgement variables (Butcher et al., 2001) or service evaluation variables (Lai et al., 2009) that depend directly on the customer's evaluation of the actual service offering or service consumption experience. While these variables are conceptually distinct concepts that represent the building blocks of service brand loyalty, previous empirical research has consistently found these evaluative factors to be inter-related (Choi, Cho, Lee, Lee & Kim, 2004; Cronin et al., 2000; Lai et al., 2009). Therefore, these well established brand loyalty antecedents can be collectively considered as service evaluation variables that are determined primarily through the consumer's perceptions of the service experience, contributing to the formation of service brand loyalty.

While trust has been considered to be a relational variable (Sirdeshmukh et al., 2002), scholars argue that the process by which a consumer attributes a trust image to a brand is based on experience with that brand (Delgado-Ballester & Munuera-Alemán, 2001). Similarly, Ravald and Gronroos (1996) and Rempel, Holmes and Zanna (1985) concur that trust develops as a result of past experience. In addition, according to Delgado-Ballester et al. (2003), trust as an experience

attribute is influenced by the consumer's evaluation of any direct contact (e.g., use) and indirect contact (e.g., advertising) with the brand. However, among all different contacts, the consumption experience represents the most relevant and important source of trust, thus emphasizing the role of service evaluation in building customers' trust in a brand. Furthermore, while enhanced by service evaluation, brand trust is fundamental to achieving brand loyalty (Chaudhuri & Holbrook, 2001; Harris & Goode, 2004; Sirdeshmukh et al., 2002). The preceding discussion leads to a simplified and more parsimonious conceptual model of service brand loyalty development, which is presented in Figure 2.3.

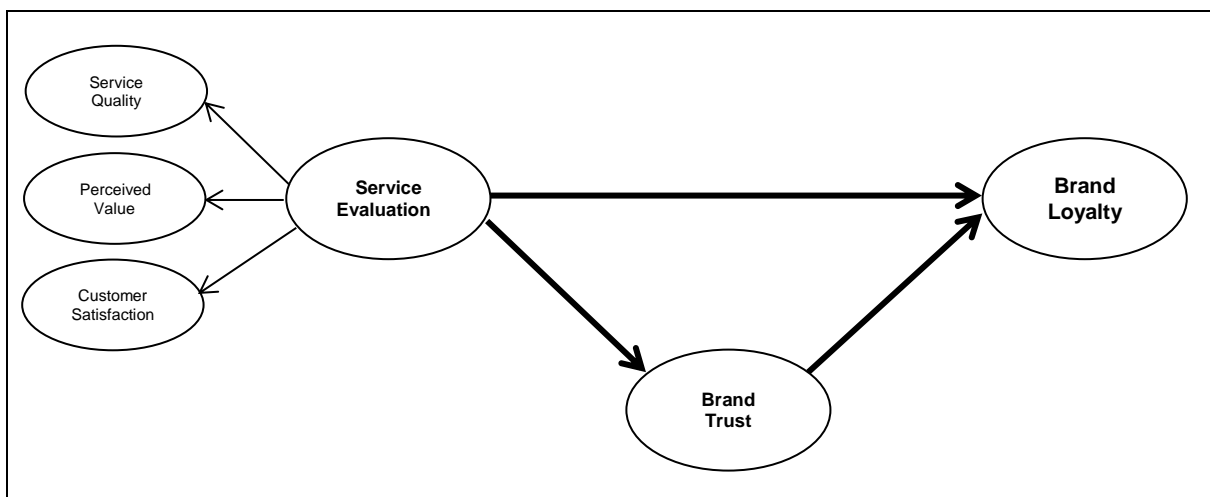


Figure 2.3 Conceptual model of service brand loyalty formation

Support exists in the marketing literature for combining closely related constructs to form a higher level of abstraction. For example, extensive research documents that customers' various global evaluations, such as overall satisfaction, perceived service quality and perceived value, often have a strong statistical relationship, described as a halo effect (Crosby & Stephens, 1987) or

multicollinearity (Rust, Zahorik & Keiningham, 1995b). Such effects are thought to result from cognitive and memory processes, where global evaluations synthesise many experiences and perceptions (Garbarino & Johnson, 1999). Although a significant number of studies have distinguished various types of global evaluations, the empirical inseparability of global evaluations has led some scholars to suggest that which construct is used does not matter, because these constructs are interchangeable or inter-correlated (Garbarino & Johnson, 1999). In particular, Rust et al. (1995b) state that whether researchers use customer satisfaction or service quality is irrelevant in determining the return on quality, as these evaluative factors are similar in forming consumer perceptions of the service firm. Furthermore, Crosby, Evans and Cowles (1990) adopt a comparable approach in proposing and testing a model of relationship quality in which different types of cumulative evaluations (e.g., trust and satisfaction) were combined to form a single global construct termed relationship quality. Therefore, on this basis, the combination of perceived service quality, perceived value and customer satisfaction to form a higher order construct of service evaluation is considered conceptually appropriate.

Traditional brand loyalty antecedents, such as trust, customer satisfaction, perceived service quality and perceived value, have been described as higher order mental constructs that summarise consumers' knowledge of and experiences with a particular firm (Garbarino & Johnson, 1999). From this perspective, it can be concluded that the evaluation of traditional brand loyalty antecedents depends largely on the consumer's evaluation of the service consumption experience with a particular brand. Therefore, the current understanding of brand loyalty formation in the literature suggests that, in a service context, consumer brand loyalty is developed primarily through the enhancement of service experience.

2.5 Knowledge Gap in the Literature

The significant role of the service consumption experience in shaping a consumer's perceptions of a service brand remains indisputable. However, the rise of new media channels and the growing popularity of the Internet have provided new opportunities for service firms to connect with their customer base outside of the service experience. In addition, an increasingly networked society enables customers to interact easily with other consumers outside of actual service consumption through online social networks and other new media (Verhoef et al., 2010). The result is multiple forms of influences that shape the way consumers think and feel about the brand. Such beyond-purchase interactions are termed the behavioural manifestation of customer engagement (van Doorn et al., 2010; Verhoef et al., 2010). Firms can leverage customer engagement behaviours or non-transactional interactions, to attract and retain more customers, improve customer service, reduce support costs, increase revenue and convert browsers to buyers, as well as gain additional insight into their business (Wang & Fesenmaier, 2004). The importance of customer engagement is also increasingly recognised from a practitioner perspective. For example, Econsultancy (2010) surveyed more than 1000 companies and agencies across various industries worldwide and found that 55% of the companies regard customer engagement as "essential" for their organisations. According to The Gallup Group (2010),

World class organizations unleash their potential for growth by optimizing their customer relationship. Organizations that have optimized engagement have outperformed their competitors by 26% in gross margin and 85% in sales

growth. Their customers buy more, spend more, return more often, and stay longer (p.1).

In recognising the benefits of building customer engagement, global service brands such as the Marriott and Cathay Pacific have established their presence on social network sites (e.g., Facebook and Twitter) and online discussion boards to engage with their customers through interactions beyond purchase. According to the Marketing Science Institute (2010), firms increasingly see non-transactional activities, such as word-of-mouth activity, recommendations, customer-to-customer interactions, blogging and writing reviews, as a route for creating, building and enhancing customer-firm relationships, and hence consumers' loyalty towards the brand. Therefore, the concept of customer engagement, incorporating the motivational drivers of these interactions, is emerging as a potential superior predictor of loyalty (e.g., Hollebeek, 2009; Patterson et al., 2006).

Marketing scholars have promoted the relevance of engagement in brand management, suggesting that the strongest affirmation of brand loyalty occurs when customers are willing to invest time or other resources in the brand beyond those expended during purchase or consumption of the brand (Keller, 2003). Typical examples of such consumer activities include joining a club centred on the brand, visiting brand-related websites, and participating in chat rooms.

Despite growing academic and business interest in fostering customer engagement, empirical research into the emerging customer engagement concept is relatively limited (Bolton, 2011). In recognising the immediate need for a greater understanding of this emerging concept, the Marketing Science Institute (2010) has identified customer engagement as one of the priority research topics in greatest

need of study, calling for more research in this area. While the significance of customer engagement in building customers' brand allegiance has been widely discussed, very little is known about the role that customer engagement plays in the brand loyalty development process and how it interacts with established loyalty determinants. More specifically, despite the increasing adoption of customer engagement strategies by organisations to manage customer-brand relationships, the conceptualisation and measurement of customer engagement is not well understood.

Furthermore, previous academic efforts focus largely on the conceptualised relationships between customer engagement and relevant consumer-related factors, such as service quality, perceived value, trust and customer satisfaction (Hollebeek, 2011; van Doorn et al., 2010; Vivek, Beatty & Morgan, 2012). However, propositions for such conceptual links have received limited empirical testing to date. To address this gap in the literature, this study investigates the customer engagement concept and empirically examines its associations with several key traditional brand loyalty antecedents in the context of services. Within this investigation, the study also examines the role of customer engagement in the process of service brand loyalty development.

Such insight is considered of paramount significance to service brand organisations because consumers are exposed to an ever-increasing range of brand options. The heightened competitiveness of many service industries, such as hotels and airlines, has led firms to compete solely on loyalty programs and price discounts. However, rising costs associated with these practices make these strategies unsustainable in the long run. For this reason, service firms need to foster customer allegiance in the form of psychological attachment, where price or loyalty points

become less relevant to future purchase decisions. Empirical investigation into customer engagement is therefore critical to support brand managers who strive to develop truly committed and engaged loyal customers.

Customer engagement has had limited exploration in the literature. Therefore, prior to the examination of its function in strengthening brand loyalty, a systematic conceptualisation of customer engagement is necessary. To provide a basis for that conceptualisation, the following section reviews the engagement literature from its parent field of organisational behaviour, or more specifically, employee engagement.

2.6 Employee Engagement

The term engagement in a business-related context was originally conceptualised as employee engagement. In the organisational behaviour literature, employee engagement refers to “the simultaneous employment and expression of a person’s preferred self in task behaviours that promote connections to work and to others, personal presence, and active, full role performances” (Kahn, 1990, p. 700). Employee engagement appears to be a motivational construct comprising attention (i.e., cognitive availability and the amount of time one spends thinking about a role) and absorption (i.e., the intensity of one’s focus on a role) (Rothbard, 2001). Leiter Maslach, Schaufeli and Leiter (2001) propose that engagement is characterised by energy, involvement and efficacy—the direct opposites of the three burnout dimensions. In addition, Bakker, Schaufeli, Leiter and Taris (2008) and Demerouti and Bakker (2008) summarise engagement as including an energy dimension and an identification dimension, suggesting that a high level of energy and strong identification with one’s work are critical characteristics of work engagement. Consistent with this emphasis on the psychological elements, engagement is “a

positive, fulfilling, work-related state of mind that is characterized by vigor, dedication and absorption” (Schaufeli, Salanova, González-Romá & Bakker, 2002b, p. 74). This definition suggests that employee engagement is a persistent and pervasive affective-cognitive state (Schaufeli & Bakker, 2004), indicating that conceptualisations of employee engagement focus on psychological aspects.

2.7 Customer Engagement

Unlike the organisational behaviour literature, which tends to focus on the cognitive or affective aspects of the engagement concept, the marketing literature has conceptualised customer engagement to emphasise overt observable behaviours and, therefore, includes a strong behavioural focus. In identifying customer engagement as a priority research topic, the Marketing Science Institute (2010) defines customer engagement as “customers’ behavioural manifestation towards a brand or firm beyond purchase, which results from motivational drivers including: word-of-mouth activity, recommendations, customer-to-customer interactions, blogging, writing reviews, and other similar activities” (p.4). Similarly, van Doorn et al. (2010) posit that customer engagement is a behavioural construct that goes beyond transactions, and may be specifically defined as a customer’s behavioural manifestations that have a brand or firm focus beyond purchase, resulting from motivational drivers. Other marketing scholars also hold a similar view on what customer engagement represents (Bijmolt et al., 2010; Verhoef et al., 2010). The importance of behaviours and interactions is emphasised from this perspective in conceptualising the concept of customer engagement.

Behaviour is central to customer engagement, but more specifically, the strength of the interaction of the behaviour is a component of customer engagement.

In emphasising the importance of customer interactions, researchers in the field of information systems define customer engagement as the intensity of customer participation with both representatives of the organisation and other customers in a collaborative knowledge-exchange process (Wagner & Majchrzak, 2007). From the organisation's point of view, customer engagement is about "exchanging information and knowledge with customers and fostering exchanges between customers" (Erat, Desouza, Schäfer-Jugel & Kurzawa, 2006, p. 511). Customer engagement is behavioural and therefore participation by the consumer is critical (Vivek, 2009). Practitioners also suggest that customer engagement represents repeated interactions that strengthen a customer's emotional, psychological or physical investment in a brand (e.g., Sedley, 2007; Shevlin, 2007). The customer's participation and interactions with the firm and other customers in sharing information and knowledge such as thoughts, feelings and experiences are central to customer engagement.

In seeking to establish a conceptual understanding of customer engagement, researchers have argued that the knowledge of employee engagement is applicable to customer engagement. Feelings of passion, energy and enthusiasm characterise both employee engagement and customer engagement (Hollebeek, 2009, 2011; Macey & Schneider, 2008; Patterson et al., 2006). However, the focus of those feelings differs (workplace vs. consumer brand). In addition, in building on the employee engagement literature, the conceptualisation of customer engagement tends to go beyond an attitudinal perspective, reflecting both psychological and behavioural dimensions (e.g., Hollebeek, 2009; Patterson et al., 2006). For example, after reviewing the employee engagement literature, Patterson et al. (2006) define customer engagement as the level of a customer's various "presences" in the

relationship with the organisation, including physical presence, emotional presence and cognitive presence, and conceptualise customer engagement as a higher-order construct that consists of four distinct dimensions: *vigor*, *dedication*, *absorption* and *interaction*. In addition to the three psychological dimensions of employee engagement, a distinct behavioural dimension of interaction was included to represent customer connections with the firm as well as other customers, suggesting customer engagement as a multidimensional construct comprising both psychological and behavioural aspects. A similar conceptualisation (Hollebeek, 2009) has been proposed to implicitly reflect the three-partite taxonomy of cognitive, behavioural and affective engagement elements suggested in the organisational behaviour literature (e.g., Kahn, 1990; May, Gilson & Harter, 2004).

More recently, from this perspective, Brodie et al. (2011) present the following comprehensive general definition of customer engagement:

Customer engagement (CE) is a psychological state that occurs by virtue of interactive, cocreative customer experiences with a focal agent/object (e.g., a brand) in focal service relationships. It occurs under a specific set of context dependent conditions generating differing customer engagement levels; and exists as a dynamic, iterative process within service relationships that cocreate value. Customer engagement plays a central role in a nomological network governing service relationships in which other relational concepts (e.g., involvement, loyalty) are antecedents and/or consequences in iterative customer engagement processes. It is a multidimensional concept subject to a context- and/or stakeholder-specific expression of relevant cognitive, emotional and/or behavioral dimensions (p. 9).

Brodie et al.'s (2011) definition suggests that customer engagement may require consideration of both the psychological aspects of engagement and behavioural participation.

Support for the adoption of a multidimensional approach is apparent in the conceptualisation of composite loyalty (i.e., behavioural and attitudinal), which suggests that behavioural measures alone may lack a conceptual basis (Jacoby & Chestnut, 1978) nor provide sufficient insight into the factors underlying repeat behaviour. This lack is equally apparent in defining the conceptual domain of customer engagement, whereby participation in customer engagement activities does not guarantee a truly engaged customer. For example, participation in a brand discussion forum may result from factors such as the need for product information or reduction of perceived risks (Brodie, Ilic, Juric & Hollebeek, 2013), rather than from being engaged or connected with the brand. The truly engaged customer must have an enduring psychological connection with the brand in addition to behavioural participation. While a behavioural approach may provide an indication of customers' participation level in customer engagement activities, a multidimensional approach will capture the full complexity of customer engagement.

2.8 Summary of Engagement Literature

In reviewing the various definitions and conceptualisations of engagement presented in the organisational behaviour and marketing literature, diverse views seem to remain with respect to the conceptualisation of the concept, creating the potential for confusion among scholars. As the preceding review of the engagement literature demonstrates, in general, engagement has been approached as a psychological state of mind, a behaviour or a composite of both. More specifically,

researchers from the field of organisational behaviour seem to accept that engagement is a state of mind that is characterised by three distinct dimensions (i.e., vigor, dedication and absorption) (Salanova, Agut & Peiro, 2005; Schaufeli & Bakker, 2004; Schaufeli, Bakker & Salanova, 2006; Schaufeli, Martinez, Pinto, Salanova & Bakker, 2002a; Schaufeli et al., 2002b). In contrast, in a consumer context, some researchers consider customer engagement to be a behavioural construct (i.e., interaction) resulting from a range of motivational drivers (Bijmolt et al., 2010; Marketing Science Institute, 2010; Verhoef et al., 2010). In addition, there are others, who acknowledge the multi-faceted nature of the concept, propose customer engagement to be a multidimensional construct comprising both psychological and behavioural aspects (Brodie et al., 2011; Hollebeek, 2009, 2011; Patterson et al., 2006; Vivek, 2009).

Despite the inconsistency of the conceptualisations of engagement, a close examination of the engagement concept and its underlying dimensions proposed in the literature (see Appendix A) reveals several common themes, including enthusiasm (Harter, Schmidt & Hayes, 2002; Macey & Schneider, 2008; Patterson et al., 2006; Salanova et al., 2005; Schaufeli & Bakker, 2004; Schaufeli et al., 2002a; Schaufeli et al., 2002b; Vivek, 2009), attention (Hollebeek, 2009; Kahn, 1990; Rothbard, 2001; Vivek, 2009), absorption (Hollebeek, 2009; Patterson et al., 2006; Rothbard, 2001; Salanova et al., 2005; Schaufeli & Bakker, 2004; Schaufeli et al., 2006; Schaufeli et al., 2002a; Schaufeli et al., 2002b) and interaction (Bijmolt et al., 2010; Erat et al., 2006; Marketing Science Institute, 2010; Patterson et al., 2006; van Doorn et al., 2010; Verhoef et al., 2010; Wagner & Majchrzak, 2007). In addition, while not emphasised significantly in the marketing literature, identification is considered here to be an important aspect of customer engagement owing to its

recognised relevance in the employee engagement literature. Identification is therefore examined further. To provide a systematic conceptualisation and comprehension of customer engagement, each of these themes is discussed further in the ensuing section.

2.9 Conceptualisation of Customer Engagement

2.9.1 *Enthusiasm*

Enthusiasm represents an individual's strong level of excitement and interest regarding the focus of engagement, such as a brand (Vivek, 2009). Several researchers have captured enthusiasm as a positive affective state in the context of both work engagement and customer engagement. For example, in a work context, engagement encompasses the employee's sense of significance, enthusiasm, inspiration and pride (e.g., Salanova et al., 2005; Schaufeli & Bakker, 2004), suggesting that an engaged employee feels enthusiastic and passionate about his/her work and role in the organisation. From this perspective, enthusiasm is consistent with the dimensions of vigor (Patterson et al., 2006) and activation (Hollebeek, 2009), given that these dimensions signify a high level of energy while playing one's role, reflecting the feeling of enthusiasm.

Energy and enthusiasm differentiate the construct of engagement from other similar constructs, such as satisfaction (Macey & Schneider, 2008). Satisfaction represents a customer's overall evaluation of the performance of an offering (Johnson & Fornell, 1991) and is based on past experience, whereas enthusiasm is characterised by a strong feeling of excitement (Bloch, 1986), which is an enduring and active state. Enthusiasm is recognised as a marker of engagement (Harter et al., 2002). Engaged customers have a sense of belonging as a customer, are proud of

the firm they patronise, and are enthusiastic and passionate to play their role as a customer (Patterson et al., 2006). The significance of the feeling of enthusiasm and excitement is also highlighted by Vivek (2009), who explicitly includes enthusiasm as a distinct dimension that captures the consumer's strong excitement and zeal about the focus of engagement (e.g., the brand). As an example at the brand level, an engaged customer of Qantas Airways can be characterised by his/her strong sense of excitement when seeing an e-newsletter pop up in the email inbox. The literature suggests that the feeling of enthusiasm as a positive affectivity is a central indicator of a customer's engagement with a brand.

2.9.2 Attention

Investigators have also consistently highlighted attention as a key dimension of engagement. Attention is the duration of focus on, and mental preoccupation with, work (Rothbard, 2001). In this respect, attention represents an invisible material resource that a person can allocate in multiple ways. Individuals who are highly engaged tend to focus a great deal of attention, consciously or unconsciously, on the object of engagement. Similarly, personal engagement is associated with feeling attentive, connected, integrated and focused in one's role performance (Kahn, 1992), highlighting the relevance of attention in work engagement.

Marketing theory also supports the inclusion of attention as an aspect of customer engagement. For example, regulatory engagement theory defines engagement as sustained attention, where behaviourally turning attention away from something lowers the level of engagement (Scholer & Higgins, 2009). Engagement is equivalent to focused attention (Lin, Gregor & Ewing, 2008), and the notion of attention is consistent with the construct of conscious participation (Vivek, 2009),

which captures a consumer's level of attention towards a brand. A customer who is engaged with a brand is attracted to information related to the brand. For instance, a highly engaged customer of Marriott Hotels is likely to focus greater attention on its brand information, such as news, advertising, or product information. Therefore, attention, representing a consumer's attentiveness and focus on the brand, is considered to be an important dimension of customer engagement.

2.9.3 Absorption

Researchers have recognised absorption as an indicator of both employee engagement (e.g., Hakanen, Schaufeli & Ahola, 2008; Rothbard, 2001; Salanova et al., 2005; Schaufeli & Bakker, 2004) and customer engagement (Hollebeek, 2009; Patterson et al., 2006). For example, in a work context, absorption partially defines engagement (Hakanen et al., 2008), which is characterised by being so fully concentrated and engrossed that time passes quickly and one has difficulty detaching from his/her role. Absorption is a high level of concentration and engrossment, extending beyond feeling efficacious and coming close to what has been called "flow", a state of optimal experience (Csikszentmihalyi, 1990; Schaufeli et al., 2002a). Absorption represents effortless concentration, loss of self-consciousness, distortion of time and intrinsic enjoyment.

In the marketing domain, scholars have also argued that strong engagement extends beyond concentrating on something to being absorbed or engrossed with it (Scholer & Higgins, 2009). Absorption is a pleasant state in which the customer is fully concentrated, happy and deeply engrossed while playing his/her role (Patterson et al., 2006), and an absorbed customer interacting with the brand or other customers perceives time as passing quickly. For example, an engaged customer of

Disneyland can easily lose track of time when reading or writing customer reviews on the Internet. The engagement literature indicates that a deep level of concentration and total immersion in one's role while interacting with the firm, its offering or other customers, signifies a strong level of customer engagement.

2.9.4 Interaction

Another characteristic commonly identified in the customer engagement literature is interaction, which refers to a customer's online and offline participation with the brand or other customers outside of purchase. Interaction involves sharing and exchanging ideas, thoughts and feelings about experiences with the brand (Vivek, 2009) and constitutes an important part of the conceptualisation of customer engagement. For example, some researchers promote customer engagement as manifesting in behaviours such as word-of-mouth communications, recommendations, customer-to-customer interactions, blogging, writing reviews and other activities that have a brand or firm focus (Bijmolt et al., 2010; Marketing Science Institute, 2010; van Doorn et al., 2010; Verhoef et al., 2010), while others include customers' participation with the firm or other customers in exchanging information (e.g., Wagner & Majchrzak, 2007).

The significance of the behavioural aspects of engagement is also evident in the organisational behaviour literature, which views employee engagement behaviours as adaptive, typically not prescribed and causing individuals to go beyond preserving the status quo of their role (Macey & Schneider, 2008). This notion is equally germane to customer engagement behaviours, where engaged consumers actively participate in activities that extend beyond being a passive receiver of communications, information and products, making them more flexible

and proactive two-way integrative contributors. The relevance of customer interaction at the brand level is supported by the well established notion of brand community, which represents a structured set of social relationships among admirers of a brand (Muniz & O'Guinn, 2001). As the intensity of engagement increases, the probability that a customer will participate in these activities is likely to increase. For these reasons, interaction constitutes an important dimension of customer engagement, representing the behavioural manifestation of a consumer's relationship with the brand beyond traditional consumptive behaviour.

2.9.5 Identification

In addition to enthusiasm, attention, absorption and interaction—the four dimensions consistently identified as comprising engagement, identification is also a key aspect of customer engagement. While the customer engagement literature contains few discussions of identification, from an employee perspective it forms a foundational dimension of engagement (Bakker et al., 2008; González-Romá, Schaufeli, Bakker & Lloret, 2006). For example, work engagement is characterised by a strong identification with one's work (Bakker et al., 2008), and identification is a key aspect in definitions of what the engaged person might experience (Macey & Schneider, 2008).

Identification is essentially a perceptual/cognitive construct (Mael & Ashforth, 1992), implying identity fit and identity matching. The concept of identification originates from social identity theory, which maintains that the self-concept is composed of a personal identity, consisting of idiosyncratic characteristics such as abilities and interests, and a social identity, encompassing salient group classifications (Ashforth & Mael, 1989; Tajfel & Turner, 1985). Individuals tend to go

beyond their self-identity to develop a social identity by classifying themselves and others into various social categories, such as organisational membership, sport clubs, gender and age cohort (Mael & Ashforth, 1992). Identification occurs when an individual sees him or herself as psychologically intertwined with the characteristics of the group.

While the application of identification to engagement is well established in the organisational behaviour literature, identification can also help explain consumers' relationships with companies or brands. Strong consumer-company relationships are based on consumers' identification with the companies that help them satisfy one or more important self-definitional needs (Bhattacharya & Sen, 2003). From a consumer perspective, identification is an individual's "perceived oneness with or belongingness to an organisation" (Bhattacharya et al., 1995, p. 46), and at the brand level, identification occurs when the consumer sees his/her self-image as overlapping the brand's image (Bagozzi & Dholakia, 2006). For example, customers may identify with the Virgin Airlines brand because of its young, innovative and edgy brand value image. Identification is active, selective and volitional, and motivates consumers to engage in company-related behaviours (Bhattacharya & Sen, 2003) as well as extra-role behaviour such as recommending products to others (Bhattacharya et al., 1995). Therefore, identification, as a cognitive component that justifies consumers' engagement behaviours, is significant to the conceptualisation of customer engagement. As the underlying dimensions of the customer engagement concept have been identified, the next section sets forth the conceptual framework of customer engagement.

2.9.6 Conceptual Framework

As the preceding discussion demonstrates, the concept of customer engagement has emerged as an important topic for marketing scholars, resulting in a need to develop a greater understanding of the concept. As a result of the extensive review of the engagement literature, customer engagement is proposed as a multi-faceted construct comprising the five distinct dimensions of identification, enthusiasm, attention, absorption and interaction, which reflect the psychological and behavioural aspects of customer engagement (see Table 2.1). On the basis of the previous discussion, customer engagement is defined as

a customers' personal connection to a brand as manifested in cognitive, affective and behavioural actions outside of the purchase situation.

Table 2.1 *Potential Dimensions of Customer Engagement*

Dimension	Conceptual Definition	Relevant Literature
Identification	The degree of a consumer's perceived oneness with or belongingness to the brand (Bhattacharya, et al., 1995).	(Ashforth & Mael, 1989; Bakker et al., 2008; Demerouti & Bakker, 2008; González-Romá et al., 2006; Hollebeek, 2009; Macey & Schneider, 2008; Mael & Ashforth, 1992; Tajfel & Turner, 1985)
Attention	The degree of attentiveness, focus and connection that a consumer has with the brand.	(Hollebeek, 2009; Kahn, 1990; Rothbard, 2001; Vivek, 2009)
Enthusiasm	The degree of excitement and interest that a consumer has in the brand (Vivek, 2009).	(Harter et al., 2002; Macey & Schneider, 2008; Patterson et al., 2006; Salanova et al., 2005; Schaufeli & Bakker, 2004; Schaufeli et al., 2002a; Schaufeli et al., 2002b; Vivek, 2009)
Absorption	A pleasant state which describes the customer as being fully concentrated, happy and deeply engrossed while playing the role as a consumer of the brand (Patterson, et al., 2006).	(Hollebeek, 2009; Patterson et al., 2006; Rothbard, 2001; Salanova et al., 2005; Schaufeli & Bakker, 2004; Schaufeli et al., 2006; Schaufeli et al., 2002a; Schaufeli et al., 2002b)
Interaction	A customer's online and offline participation with the brand organisation or other customers outside of purchase.	(Bijmolt et al., 2010; Erat et al., 2006; Marketing Science Institute, 2010; Patterson et al., 2006; van Doorn et al., 2010; Verhoef et al., 2010; Wagner & Majchrzak, 2007)

Examples of behavioural manifestation include participation in activities such as customer-to-customer interactions, blogging and writing reviews, as well as other similar activities that are centered on the brand.

While the construct of customer engagement can be interpreted using its five components, it is proposed as a higher-order construct where the five components collectively represent the more abstract construct of customer engagement. Customer engagement is a broader abstraction that accounts for the covariation among the five dimensions. The proposed second-order model is supported in the literature for both employee engagement (Rich, Lepine & Crawford, 2010) and customer engagement (Patterson et al., 2006).

Measuring a latent construct such as the customer engagement concept requires consideration of the construct's nature (i.e., reflective vs. formative) (Netemeyer et al., 2003). According to Hair et al. (2006), the issue of causality affects measurement theory. In a reflective model, the latent factor causes the indicators, whereas a formative model assumes that the indicators cause the construct. The concept of customer engagement, like other social science constructs such as attitudes, personality and behavioural intention (Hair et al., 2006), is thought to cause its specific dimensions such as *identification*, *enthusiasm*, *attention*, *absorption* and *interaction*, and therefore, a reflective model of customer engagement is proposed.

The dimensions of customer engagement are seen as functions of the higher order customer engagement construct, whereby changes in the latent variable are reflected (i.e., manifested) in changes in these dimensions (Diamantopoulos & Siguaw, 2006). The five proposed dimensions are expected to covary with each other, meaning that changes in one dimension are associated with proportional

changes in the other dimensions (Hair et al., 2006). For example, a strong enthusiasm for the brand is likely to increase the level of attention focused on the brand as well as customer participation in online discussions centered on the brand. Figure 2.4 presents the reflective model of customer engagement.

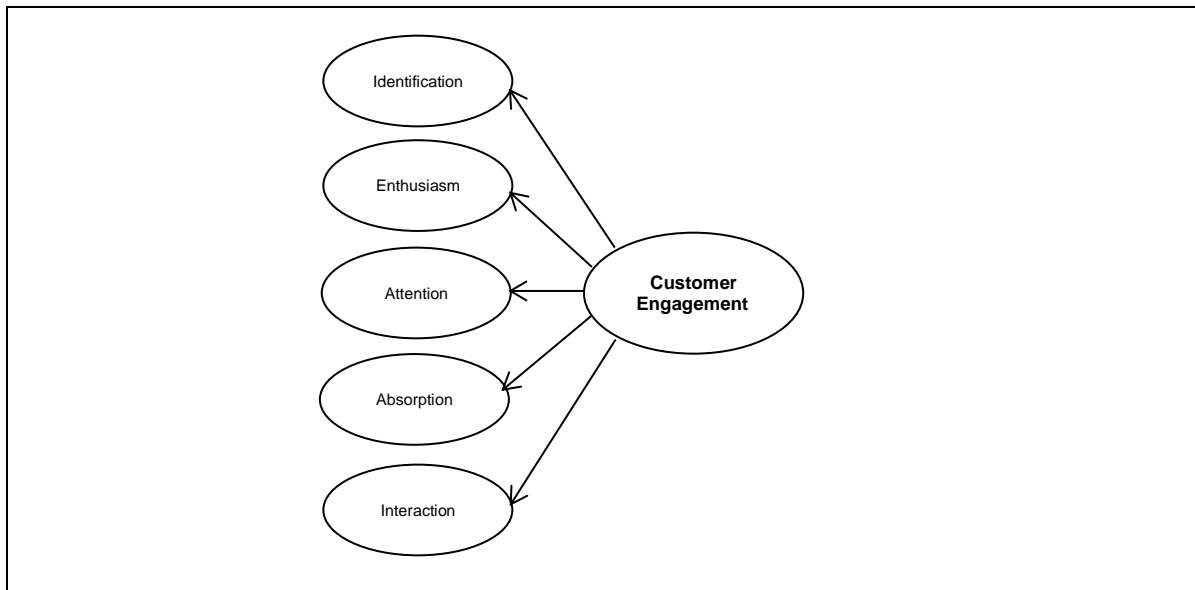


Figure 2.4 Reflective model of customer engagement

2.9.7 Distinction between Customer Engagement and Involvement

In presenting the conceptual framework for the emerging concept of customer engagement, an essential first step is to distinguish the concept from a similar, yet distinct construct, namely involvement. Engagement and involvement appear to be similar, given that they are based on consumer needs and values motivating the individual towards a specific object, such as a brand (Hollebeek, 2009). Within the marketing literature, involvement most frequently refers to the perceived personal relevance or importance of the product or brand (Mittal, 1995; Zaichkowsky, 1985).

However, engagement requires more than the exercise of cognition. Customer engagement entails an active relationship with the brand, and the intention to act makes customer engagement distinct from involvement's more passive allocation of mental resources (Mollen & Wilson, 2010). Nevertheless, the emergence of specific customer brand engagement levels requires some degree of involvement with a focal brand (Hollebeek, 2011). These characteristics make the multi-faceted concept of customer engagement conceptually distinct from involvement. In addition, Hollebeck (2009, 2011) and Patterson et al. (2006) provide extensive reviews of how customer engagement differs from other similar constructs such as commitment, satisfaction, co-creation and brand loyalty.

As the above discussion has set forth the conceptual framework for the concept of customer engagement and distinguished customer engagement from the concept of involvement, the next section proposes the hypotheses developed to guide the research design of this research.

2.10 Hypothesis Development

So as to better understand customer engagement's conceptual nature, scholars have made efforts to promote the facets of customer engagement (Bowden, 2009; Brodie et al., 2011; Hollebeck, 2009, 2011; Patterson et al., 2006; van Doorn et al., 2010; Vivek et al., 2012). However, despite the plethora of recent discussions of customer engagement in the literature (e.g., Brodie et al., 2011; van Doorn et al., 2010), empirical evidence is lacking to establish a clear understanding of the connection between customer engagement and factors important to the development of loyal customer-brand relationships. Therefore, the development of an integrated model of service brand loyalty formation requires a systematic approach to

conceptualising the linkages between the key components contained in the model. The conceptual foundations of the emerging construct of customer engagement are rooted in theory addressing marketing relationships and interactive service experience (Brodie et al., 2011), in particular the service-dominant logic (Vargo & Lusch, 2008), which promotes marketing relationships characterized by customers' interactive, cocreative experiences with other stakeholders such as firms and other customers. The conceptual relationships between customer engagement and existing loyalty antecedents and brand loyalty are proposed on the basis of the relationship marketing literature that embraces the notion of customer engagement (Morgan & Hunt, 1994; Prahalad & Ramaswamy, 2000; Prahalad & Ramaswamy, 2003; Prahalad & Ramaswamy, 2004; Vargo & Lusch, 2004a, 2008), described as the "expanded domain of relationship marketing" (Vivek et al., 2012, p. 129). The following hypotheses are discussed and proposed from this perspective.

2.10.1 Hypothesis One

As discussed in section 2.4 regarding brand loyalty antecedents, in the context of services, the development of brand loyalty rests largely on the consumer's evaluation of the service experience, which is assessed through perceived service quality, customer satisfaction and value (i.e., service evaluation). While empirical evidence directly supporting the association between service evaluation and loyalty is very limited, an understanding of the linkage between the two concepts can be established on the basis of the existing brand loyalty literature.

Research suggests that in evaluating the product or service offerings of a brand, consumers develop attitudes or satisfaction judgements about the purchase that plays a significant role in justifying their loyal relationship with the brand

(Fullerton, 2005). In addition, positive evaluation of a service results in customers' favourable behavioural intentions, such as loyalty to the company (Zeithaml et al., 1996). This result occurs because the evaluation outcome helps a customer develop a favourable attitude towards a service organisation and therefore contributes preference loyalty (de Ruyter et al., 1998).

Similarly, previous studies show that enhanced evaluation of service quality leads to favourable outcomes such as repurchase intention (Rauyrueen & Miller, 2007), willingness to recommend (de Ruyter et al., 1998) and customer's loyalty towards a product or brand (e.g., Aydin & Ozer, 2005; Zeithaml et al., 1996). On this basis, the following hypothesis is proposed:

Hypothesis 1: Service evaluation has a positive influence on brand loyalty.

2.10.2 Hypothesis Two

While directly affecting service brand loyalty, the enhancement of positive service evaluation also represents a significant contribution to the development of consumers' trust regarding a service brand. Researchers examining brand trust suggest that when consumers are content with the product or service they received, they are likely to feel safe with the provider (Ravald & Gronroos, 1996). From this perspective, a positive evaluation of the service experience reinforces consumers' trust in the organisation. Scholars argue that a trust image associated with a brand is developed primarily through consumers' past experience with that brand (Delgado-Ballester & Munuera-Alemán, 2001; Ravald & Gronroos, 1996; Rempel et al., 1985). While trust can also result from indirect contact with the firm, such as advertising or publicity, the most critical cue for building trust lies in evaluation of the consumption

experience (Delgado-Ballester et al., 2003), thus emphasising the role of service evaluation in creating customer trust in a brand. For this reason, the following hypothesis is advanced:

Hypothesis 2: Service evaluation has a positive influence on brand trust.

2.10.3 Hypothesis Three

While high assessments of service offerings engender brand trust, customers' engagement with a brand or company has also been proposed to be associated with their trust in the entity. Although trust can be a potential antecedent of customer engagement (Brodie et al., 2011), trust may be a potential outcome of customer engagement for new and existing customers (Hollebeek, 2011). Support for the positive effect of customer engagement on brand trust appears in the marketing literature, which suggests that positive interactions in extra-exchange relationship interactions enhance trust levels in the exchange relationship between partners (Ganesan, 1994; Lambe, Spekman & Hunt, 2000). The interactivity characterised by customer engagement facilitates the process of building enduring intimate relationships that engender trust and commitment between the consumer and the seller or brand, creating emotional bonds in relationship exchanges with them (Sashi, 2012). When firms engage customers, an opportunity arises for interactions that, if satisfying, can lead to trust (Vivek et al., 2012). Thus higher engagement is expected to produce more trust in the relationships. Therefore, the following hypothesis is advanced:

Hypothesis 3: Customer engagement has a positive influence on brand trust.

2.10.4 Hypothesis Four

While enhanced by positive evaluation of, as well as customer engagement with, the brand, brand trust serves as a significant determinant of brand loyalty (Aydin et al., 2005; Flavián et al., 2006; Garbarino & Johnson, 1999). Brand trust engenders brand loyalty by creating highly valued exchange relationships with the firm or brand (Morgan & Hunt, 1994). Loyalty and commitment motivate consumers to continue and maintain a valued and important relationship that has been created by trust (Chaudhuri & Holbrook, 2001). Furthermore, trust enhances a customer's commitment to a relationship by reducing the level of perceived risk associated with the exchange partner's opportunistic behaviours, increasing the confidence of the customer that short-term inequities will be resolved over a long period and reducing the transaction costs in an exchange relationship (Ganesan & Hess, 1997). On this basis, the following hypothesis is proposed:

Hypothesis 4: Brand trust has a positive influence on brand loyalty.

2.10.5 Hypothesis Five

Brand loyalty represents a customer's deeply held commitment to rebuy or repatronise a preferred brand consistently in the future (Oliver, 1999). Brand loyalty is a purchase-related outcome of an enhanced customer-brand relationship. In contrast, customer engagement, comprising cognitive, affective and behavioural components, summarises customers' beyond-purchase connections with the brand rather than an exchange relationship (Vivek et al., 2012). Marketing scholars argue that customer engagement may enhance loyalty and purchase decisions (e.g., Hollebeek, 2009; Patterson et al., 2006) through a strong, enduring psychological

connection accompanied by interactive brand experiences beyond purchase (Brodie et al., 2011). Customer engagement with a brand influences consumer outcomes such as brand knowledge, brand perceptions and brand attitudes, and therefore influences brand loyalty (Spratt et al., 2009). Using the classic hierarchy-of-effects notion of loyalty proposed by Oliver (1999), Vivek et al. (2012) argue that an engaged individual is likely to develop more favourable attitudes towards a product, company or brand, and consequently may feel more loyalty to the entity. On this basis, the following hypothesis is proposed:

Hypothesis 5: Customer engagement has a positive influence on brand loyalty.

2.10.6 Hypothesis Six

Empirical research on the direct conceptual relationship between customer engagement and service evaluation is currently lacking. However, the employee engagement literature does provide some insight into the potential relationship between the two theoretical constructs. In testing a model of the antecedents and consequences of engagement from an employee's perspective, Saks (2006) found that job satisfaction is one of the significant consequences of job and organisation engagement. Similarly, Harter et al. (2002) reported a positive relationship between employee engagement and employee satisfaction. Furthermore, Kahn (1992) proposed that personal engagement at work leads to individual outcomes such as the employee's own experiences of doing that work. Therefore, the nature of these relationships may be reasonably extended to a consumer context.

In the emerging customer engagement literature, however, scholars appear to support two opposite predictions concerning the relationship between service

evaluation and customer engagement. On the one hand, in proposing a conceptual model of customer engagement behaviour, Verhoef et al. (2010) articulate that customer-based factors, such as satisfaction, trust, perceived costs/benefits (i.e., value) and brand performance perceptions, can influence customer engagement behaviour. Therefore, enhanced service evaluation is thought to induce customer engagement. However, this directional relationship is unlikely to be a linear one. While superior service evaluation is of paramount significance for the success of service brands, to assume that all customers having positive service evaluation will become engaged with the brand is unreasonable. Therefore, superior service evaluation is necessary but insufficient to establish strong customer engagement.

From an alternative perspective, scholars argue that customer engagement affects customers' evaluations of a product or service. For example, the potential effect of customer engagement on service evaluation is evidenced in Hollebeek's (2009) conceptual model of customer engagement, where customer engagement is proposed to exert a direct influence on satisfaction and an indirect effect on customer value, thus highlighting the significance of customer engagement to consumers' service evaluation. In addition, in the marketing literature, investigators argue that customer engagement leads to favourable attitudes towards a product, company or brand (Vivek et al., 2012). Furthermore, in the social psychology literature, researchers describe engagement as a state of being involved, occupied, fully absorbed or engrossed in something—as sustaining attention, suggesting that the more strongly an individual is engaged, the more intense the motivational force experienced (Higgins & Scholer, 2009). Therefore, an individual who is more strongly engaged in pursuit of a goal will evaluate a positive target more positively and a negative target more negatively. On this basis, the following hypothesis is advanced:

Hypothesis 6: Customer engagement has a positive influence on service evaluation.

2.10.7 Hypotheses Summary

In summary, the preceding section presents the research hypotheses developed for this study. The model presented in Figure 2.5 illustrates the hypothesised relationships. Specifically, Hypothesis 1 proposes that service evaluation, consisting of perceived service quality, perceived value and customer satisfaction, has a positive influence on brand loyalty, while Hypothesis 2 indicates that service evaluation has a positive effect on brand trust. Likewise, Hypothesis 3 proposes that customer engagement, reflected in identification, enthusiasm, attention, absorption and interaction, has a positive contribution to brand trust. In emphasising the critical role of brand trust in building brand loyalty, Hypothesis 4 suggests that brand trust has a positive influence on brand loyalty. At the same time, Hypothesis 5 reflects the increasingly assumed significance of customer engagement in developing loyal customer brand relationships, proposing that the customer engagement has a positive effect on brand loyalty. Finally, the importance of consumers' psychological and behavioural connections with the brand is captured in Hypothesis 6, suggesting that customer engagement has a positive influence on service evaluation.

2.11 Chapter Summary

This chapter presents a comprehensive review of the literature relevant to this study. From this review, an integrated model was developed that illustrates how service brand loyalty can be established not only through superior service evaluation, which is dependent on the consumption experience, but also through customer

engagement that includes psychological and behavioural connections to the brand beyond purchase. More specifically, the extensive review of the customer engagement and brand loyalty literature identifies the relationships that are considered to exist between relevant key brand loyalty components and the emerging customer engagement concept. The model promotes a systematic conceptualisation to build service brand loyalty. The proposed linkages among elements in the model have been expressed in five hypotheses, which have been generated to guide the empirical testing of the proposed model. The hypotheses will guide the research design decisions, which will be discussed in Chapter Three.

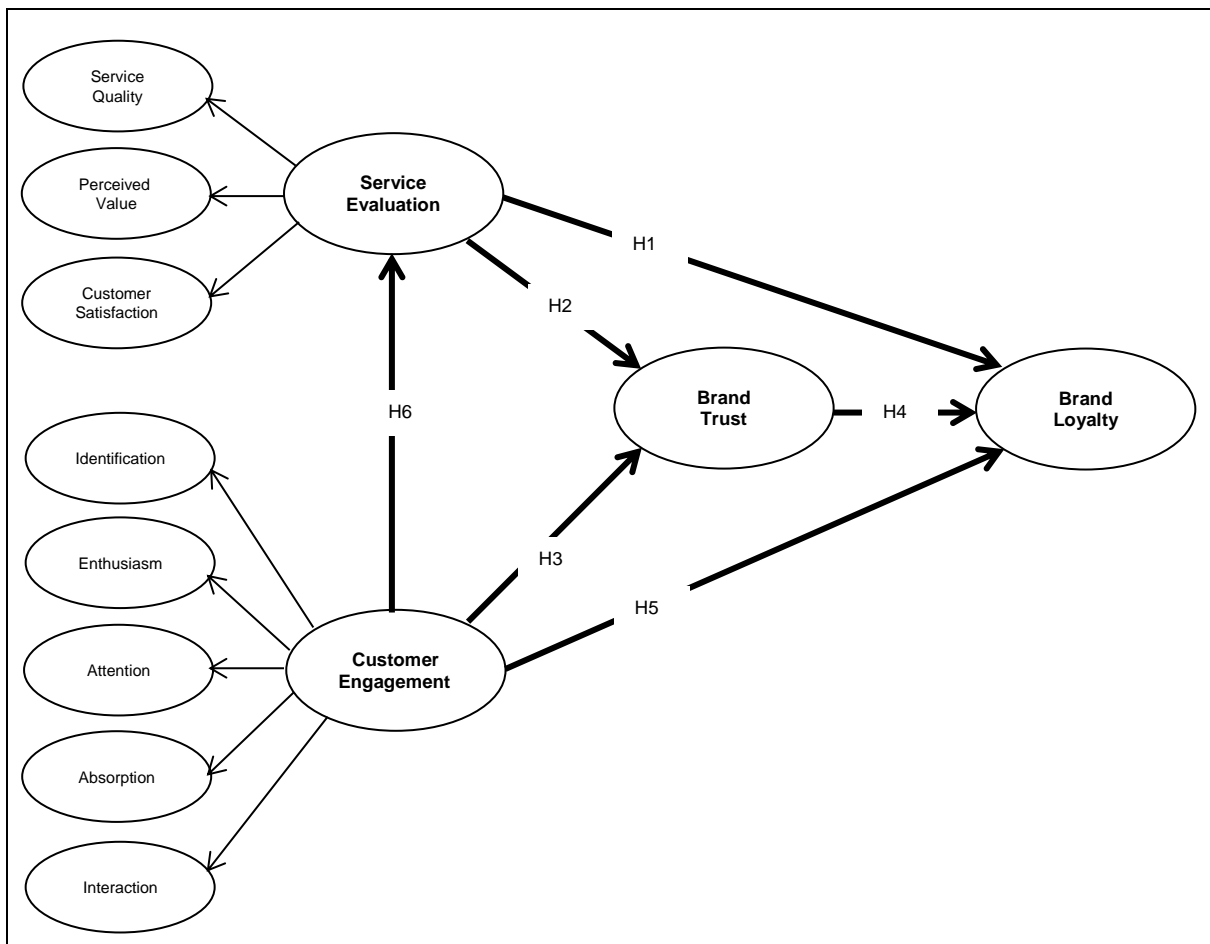


Figure 2.5 Proposed model

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Chapter Two provided a review of the extant literature on services marketing, with a particular focus on service brand loyalty antecedents and the emerging concept of customer engagement, as well as its conceptualisation. The review of the literature resulted in a conceptual model depicting the formation of service brand loyalty resulting from both customer evaluation of the experience and customer engagement beyond purchase. The model is proposed to enhance the current service brand loyalty literature. This chapter outlines the research design that enables the study to address the research questions posed in Chapter One and the hypotheses proposed in Chapter Two. Discussion topics presented in this chapter include justification for the selected paradigmatic approach, research methodology and design as well as the study context. However, prior to the discussion of this process, it is important to consider research paradigms to ensure the appropriateness of the research methodology.

3.2 Research Paradigms

Social science contains a number of organising frameworks for theory and research, known as paradigms (Neuman, 2006). A paradigm comprises a set of basic beliefs that deal with ultimates, or first principles, and represents the worldview that defines the nature of the world, the individual's place in it and the range of possible relationships to that world and its parts (Lincoln & Guba, 2005). Research paradigms are identified under a general perspective or principle that reflects the

primary assumptions and beliefs of the nature of a phenomenon (Barker, Nancarrow & Spackman, 2001). A paradigm influences what should be studied, how research should be done and how results should be interpreted (Bryman, 2001).

While various alternative-inquiry paradigmatic approaches exist in social science (Guba & Lincoln, 1994; Lincoln & Guba, 2005), research paradigms can be categorised into two dominant schools of thought, namely, positivism and constructivism, which fall on opposing ends of the research continuum (Creswell, 2009; Hussey & Hussey, 1997). These paradigmatic approaches can be differentiated through their axioms, including ontological, epistemological and methodological bases (Guba & Lincoln, 1994). An appropriate paradigmatic approach provides a theoretical and practical framework that directs the nature of the investigation (Broido & Manning, 2002) and therefore is considered crucial to effective empirical efforts.

The positivistic approach is the longest-established, and still dominant, perspective of social science research (Felding, 1993; Neuman, 2006). Positivism strategies of inquiry focus on discovering causal laws, careful empirical observations and value-free research (Neuman, 2006). This approach sees the world as being external to the investigator and involves constructing theories that describe the phenomena under study, especially describing the order in which events occur and making testable predictions about how this order will manifest in the future (Payne & Payne, 2004). Researchers adopting a positivist view often start with a theory that offers a framework to collect data that either support or refute the theory, and subsequently make necessary revisions before conducting further tests on the theory (Creswell, 2009).

As an alternative to the positivistic view, the social constructivism paradigm holds assumptions that individuals seek understanding of the world in which they live and work and develop subjective meanings of their experiences (Creswell, 2009; Crotty, 1998). This philosophical approach focuses on the subjective meaning of the subject under investigation (Bradley, 2007), and constructivist strategies of inquiry use qualitative methodology to study a small number of subjects through extensive and prolonged engagement (Moustakas, 1994). Social constructivism focuses on understanding human experience inductively in situations of specific context (Amaratunga, Baldry, Sarshar & Newton, 2002), whereby the researcher tries to discover the meaning of things and events to respondents who are members of the social group of interest (Dooley, 1995).

The two philosophical approaches have attracted heated debate on paradigmatic views to the advancement of knowledge in the social science domain. However, in recent years, pragmatism has emerged as the third dominant philosophical approach to research, and moves past the “paradigm wars” by providing a logical and practical alternative (Johnson & Onwuegbuzie, 2004). Pragmatic inquiry does not adhere strictly to any one system of philosophy and reality (Creswell, 2009), distinguishing the pragmatic approach from purely quantitative approaches that are based on a philosophy of (post) positivism and from purely qualitative approaches that are based on a philosophy of interpretivism or constructivism (Denscombe, 2008; Johnson & Onwuegbuzie, 2004). Therefore, the pragmatic logic of inquiry provides a natural complement to traditional constructivism and positivism by combining the discovery of patterns and testing of theories and hypotheses, uncovering and relying on the best of a set of explanations for understanding one's results (Johnson & Onwuegbuzie, 2004). Instead of

emphasising methods, pragmatists focus on the research problem at hand (Creswell, 2009; Rossman & Wilson, 1985) and use pluralistic approaches to derive knowledge about the problem (Creswell, 2009; Morgan, 2007; Patton, 1990).

The primary undertaking of this research is to investigate the role of customer engagement in building service brand loyalty by theoretically conceptualising its linkages with key components underlying the process of service brand loyalty formation. This objective requires empirical testing of the proposed model and research hypotheses, entailing a positivistic approach. The primary focus extends to uncovering the reasons that engaged customers participate in beyond-purchase interactions with the brand, an objective that emphasises gaining a deeper understanding of customer engagement by seeking an explanation from highly engaged customers. This aim requires an interpretive research strategy, and as a result, a pragmatic approach guided the subsequent research steps of the study. In addition to an understanding of research paradigms, a comprehension of methodological differences is also essential.

3.3 Methodologies

The selection of the methodology must be compatible with the theoretical and practical traditions of the research paradigms. A review of social research methodologies identified two broad methods that are widely used and are aligned with the previously discussed paradigms. The qualitative methodology is derived from a constructivism paradigm (Creswell, 2009; Hackley, 2001; Hussey & Hussey, 1997; Mertens, 2009), whereas the quantitative methodology takes a positivistic approach (Creswell, 2009; Neuman, 2006).

The quantitative approach is based on the positivistic field of philosophy (Allison et al., 1996; Healy & Perry, 2000) and stresses the analysis of causal linkages between variables (Denzin & Lincoln, 2005). In social science, a quantitative study inquires into a social and human problem based on testing a theory composed of variables, measured with numerical indicators and analysed with statistical techniques, undertaken to prove the predictive generalisations of the true phenomena (Creswell, 1994). The researcher in a quantitative study often plays a rather passive role and is separate from the subject under study. This methodology involves gathering precise objective information on the phenomena and relies extensively on statistical (Malhotra, Hall, Shaw & Oppenheim, 2008), as opposed to verbal, analysis. This approach requires researchers to adhere to strict procedures, which usually entail the use of structured questions with predetermined response option involving a large group of respondents (Burns & Bush, 2000). Furthermore, this type of methodology is inductive, and therefore can be generalised to the population under investigation (Creswell, 1994; Jupp, 2006). The primary limitation of quantitative methodology lies in its inability to provide deeper underlying meanings and explanations. According to Guba and Lincoln (1994), unlike the actions of physical objects, human behaviour cannot be understood without reference to the meanings and purposes human actors attribute to their activities.

In contrast to quantitative research, which focuses on examining relationships between theoretical variables, qualitative studies seek answers to questions that emphasise how social experience is created and given meaning (Lincoln & Guba, 2005). Qualitative methodology is characterised by an exploratory approach to research and relies on small samples, with the intention of providing insight into the subjective meanings through which people interpret the world as well as the different

ways in which they construct reality (Jupp, 2006; Malhotra et al., 2008). Researchers employing this methodology often interact directly with the respondents and become active participants in the process of data collection. The focus of qualitative research is not numbers but words and observations, such as stories, meaningful interpretations and other expressive descriptions (Zikmund, Ward, Lowe & Winzar, 2007). This methodology is more subjective in nature and involves collecting qualitative data, which is subject to verbal rather than statistical analysis (Burns & Bush, 2000; Shankar & Goulding, 2001). Qualitative research enables the researcher to obtain in-depth explanations and information regarding the phenomena being investigated (Crouch & Housden, 2003). However, owing to the subjective nature of the data, generalisations of the results may be made only to a specific context, situation, event or condition (Burns, 2000).

The strengths and weaknesses of quantitative and qualitative research often lead researchers to combine research strategies, an undertaking described as the fundamental principle of mixed research (Johnson & Turner, 2003). From a paradigmatic point of view, the mixed methods approach is considered to be aligned with the pragmatic philosophical approach (Denscombe, 2008). The mixed methods approach lies between the two opposing research methods (Creswell, 2009) and has emerged as the third major type of research in the social sciences, alongside quantitative and qualitative research (Johnson, Onwuegbuzie & Turner, 2007; Tashakkori & Teddlie, 2002). The use of a mixed methods approach, according to Creswell, Plano Clark, Gutmann and Hanson (2003), “can neutralize or cancel out some of the disadvantages of certain methods (e.g., the detail of qualitative data can provide insights not available through general quantitative surveys)” (p. 211). Consideration of such methodological advantages led to the use of the mixed

methods approach in this study, integrating quantitative and qualitative research techniques to address the research questions advanced in Chapter One (Section 1.2, Page 5). Furthermore, the selection of a mixed methods approach was also compatible with the pragmatic paradigm of research, which was adopted for this investigation.

3.4 Justification for the Mixed Methods Design

A mixed methods approach was considered to be effective for addressing this investigation's objectives and research questions. As discussed in Chapter One, this study seeks to develop a measurement scale for the emerging concept of customer engagement, as well as to test an integrated model of service brand loyalty formation through the use of structural equation modelling techniques. Essentially, the empirical testing of the proposed model aims primarily to predict the extent to which a customer is loyal to a service brand. This study proposes a number of research hypotheses that seek to investigate the relationships between several key components, namely service evaluation, customer engagement, brand trust and brand loyalty. Therefore, given its ability to test hypotheses, a quantitative approach was considered appropriate (Creswell, 2009).

However, this study also aims to discover the main reasons customers engage with service brands as well as how such engagement is manifested. These research questions require only subjective responses from a select group of customers who feel highly engaged. A solely quantitative method, which often collects precise information from a large group of respondents (Veal, 2005), would be unable to provide such detailed insight into the nature of customer engagement, thus requiring the use of a qualitative method to effectively address the questions.

For this reason, a mixed methods approach was considered most appropriate for this investigation.

3.5 Justification for a Sequential Mixed Methods Design

Researchers implementing a mixed methods approach must decide whether the quantitative and qualitative phases are to be carried out concurrently or sequentially (Creswell, 2009; Creswell et al., 2003; Johnson & Onwuegbuzie, 2004). Sequential mixed methods strive to elaborate or expand on the findings of one method with another method, whereas concurrent mixed methods collect and analyse both quantitative and qualitative data at roughly the same time (Creswell et al., 2003) to provide a comprehensive analysis of the research problem (Creswell, 2009). After a review of the social science literature on the design and implementation of mixed methods research strategies (Creswell, 2009; Creswell et al., 2003; Greene, 2007; Johnson & Onwuegbuzie, 2004; Johnson et al., 2007; Morgan, 2007; Tashakkori & Teddlie, 2002), a sequential mixed methods approach was adopted for this study. Such a research strategy allows the researcher to use the results from one method to inform the development of the second phase (Creswell, 2009; Creswell et al., 2003; Greene, 2007).

3.6 Justification for a Sequential Explanatory Design

According to Creswell (2003), research can employ two sequential strategies namely, *sequential explanatory design* and *sequential exploratory design* (see Figure 3.1). The sequential explanatory approach is characterised by the collection and analysis of quantitative data followed by the collection and analysis of qualitative

data, where priority is typically given to the quantitative data. In this type of design, the function of the qualitative data is to help explain and interpret the findings of a primarily quantitative study (Creswell, 2009; Greene, 2007). In contrast, the sequential exploratory approach involves an initial phase of qualitative data collection and analysis followed by a phase of quantitative data collection and analysis, with priority being given to the qualitative aspect of the study (Creswell, 2009). Unlike the sequential explanatory design that emphasises explaining and interpreting relationships, the primary focus of this model is to explore a phenomenon (Creswell, 2009).

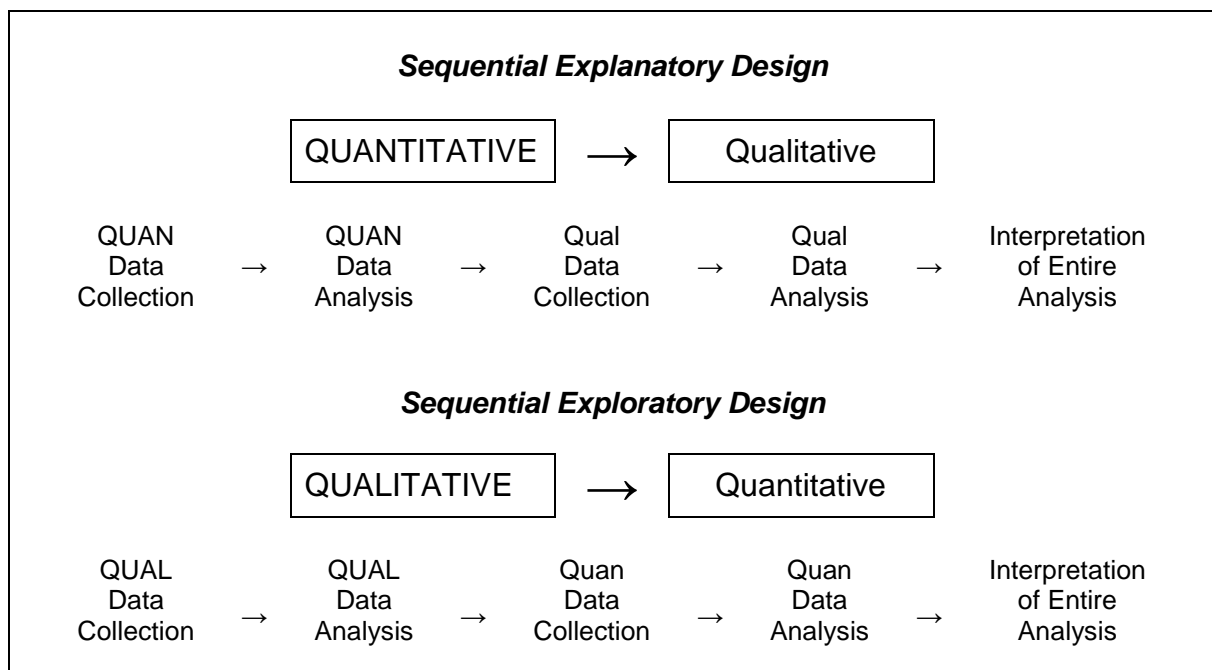


Figure 3.1 Sequential strategies. Adapted from “Research design: Qualitative, quantitative and mixed methods approaches (2 ed.),” by J. W. Creswell, 2003, Thousand Oaks, CA: Sage Publications.

Given that the primary purpose of this study is to investigate the significance and strengths of relationships among constructs measured from the consumer’s

perspective, quantitative data take priority. However, as customer engagement can strengthen brand loyalty, owing to its infancy, qualitative research is necessary to enhance academic and practical understanding of what makes an engaged customer. With this requisite in mind, a sequential explanatory strategy was adopted with an emphasis on the quantitative aspect of this study (Creswell, 2009). Unlike the sequential exploratory strategy, which focuses on exploring a phenomenon, this explanatory approach is better suited to explaining and interpreting relationships (Creswell, 2009), which is the focus of this investigation.

Another reason for adopting this approach is that the quantitative data and the subsequent analysis provide a general understanding of the research problem (i.e., what customer engagement is, how it should be measured and how it integrates into the brand loyalty development process). The results of a quantitative analysis assist in identifying individual customers who are highly engaged with a service brand. The empirical material collected in the qualitative phase and the subsequent analysis refine and assist in the explanation of the statistical results by exploring respondents' views in more depth (Creswell, 2003; Ivankova, Creswell & Stick, 2006; Rossman & Wilson, 1985; Tashakkori & Teddlie, 1998). Therefore, the adoption of a sequential explanatory approach was considered appropriate.

3.7 Holistic Overview of the Research Design

Authorities in mixed methods design suggest that when such an approach is adopted, an important step is to provide an illustration of the implementation process (Creswell, 2009; Creswell et al., 2003; Tashakkori & Teddlie, 1998). Therefore, this section outlines the main stages of this research, which are summarised in Figure 3.2.

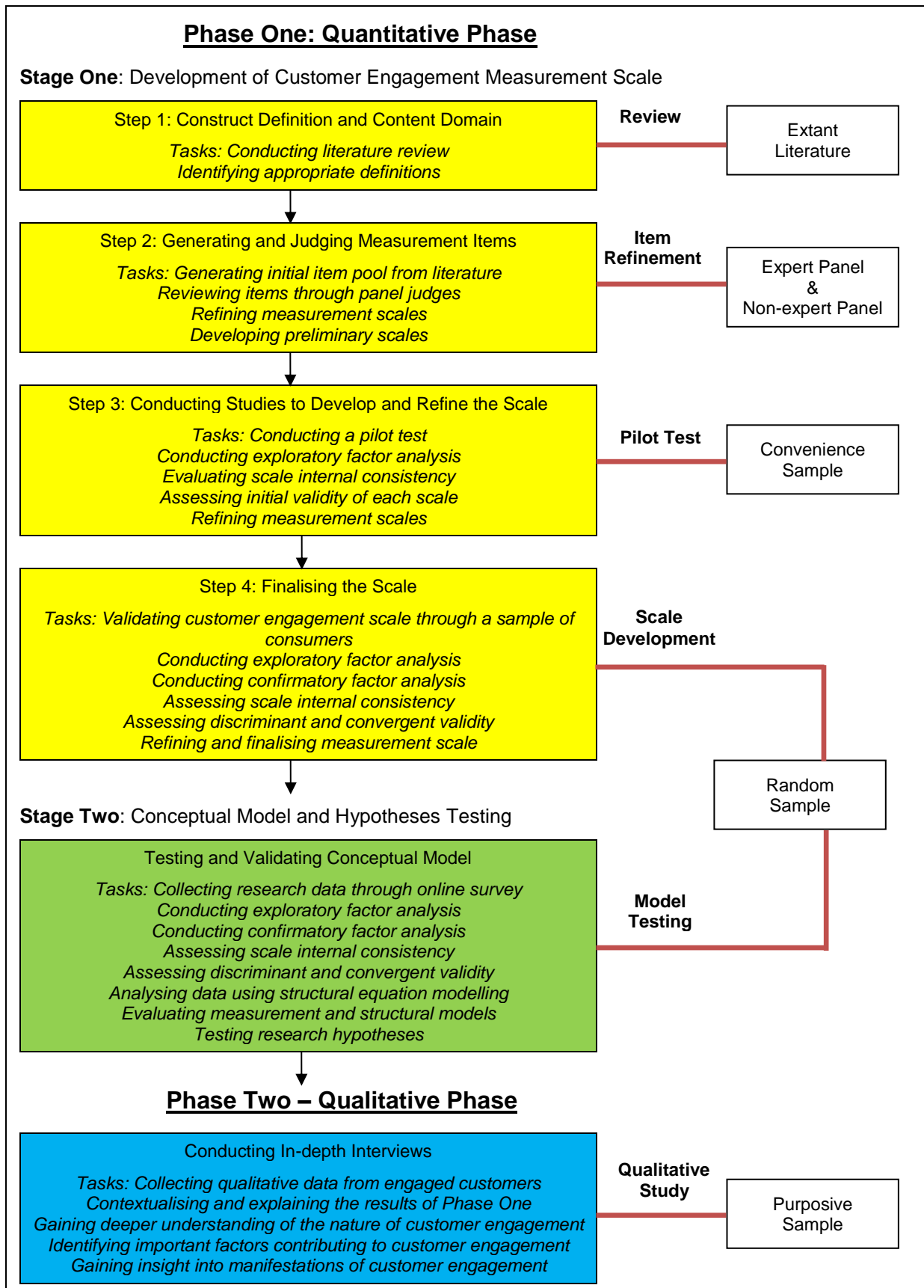


Figure 3.2 Research stages

Figure 3.2 illustrates the implementation of the sequential explanatory design adopted for this study. To facilitate interpretation, each study stage is allocated a chapter in this thesis to provide details of the research procedures and justification as well as the results generated. The following discussion presents a brief overview of each stage.

3.7.1 Phase One – Stage One: Customer Engagement Scale Development

Stage One of Phase One involved the development and validation of the customer engagement scale. This stage of research followed a four-step scale development procedure recommended by Netemeyer et al. (2003): 1) determining construct definition and content domain, 2) generating and judging measurement items, 3) conducting studies to develop and refine the scale and 4) finalising the scale. The first step involved an extensive review of the relevant literature to identify conceptual definitions suitable for the constructs under investigation. The second step focused on generating an initial pool of items measuring the dimensions of customer engagement and subsequently assessing the content validity of the items. In the third step, the refined customer engagement items were examined through a pilot study using a convenience sample, resulting in the removal of items that did not meet the suggested criteria for psychometric properties. The fourth step involved further examination of the proposed measurement scale of customer engagement with a random sample of service customers via factor structure, internal consistency, estimates of validity and generalisability, so as to ensure that measurement items were representative of their corresponding theoretical dimension. Chapter Four describes the methods and results from this stage of research.

3.7.2 Phase One – Stage Two: Research Model and Hypotheses Testing

In addition to the customer engagement items, the survey used in Step Four of Stage One included a scale of behavioural intention of loyalty for testing criterion validity of the proposed customer engagement scale, as well as measurement items that afford the collection of data on all other constructs contained in the conceptual model proposed for this study (i.e., service quality, customer satisfaction, perceived value, brand trust and brand loyalty) (see Figure 2.4), allowing Stage Two of Phase One to be completed. That is, a single survey encompassing a single data collection process facilitated the completion of Step Four of Stage One and Stage Two. The generation and development of customer engagement items will be presented in Chapter Four, and the selection and description of scale items measuring the other key constructs within the overall model will be articulated in Chapter Five. Upon completion of the scale development process, the entire dataset was utilised in Stage Two of Phase One to test the hypotheses, through the use of structural equation modelling. The analytical approach included confirmatory factor analysis to examine the performance of measurement scales through assessment of validity and reliability. An analysis of rival models was also conducted to provide evidence for the proposed parsimonious model that summarises the existing knowledge of service brand loyalty formation. Finally, the full proposed model was comprehensively examined, along with the mediating effect of brand trust. Chapter Five presents the analysis techniques and the results from this research stage.

3.7.3 Phase Two – In-depth Interviews

Phase Two involved semi-structured interviews with a select number of engaged customers identified in Phase One. This phase of the research sought to

understand the perspectives of highly engaged customers with respect to their engagement with a service brand. The intent was to identify important factors that contribute to their engagement. In addition, this phase afforded a deeper understanding of how customer engagement is manifested. The content analysis of the interview transcripts helped address the proposed research questions (see sub-research questions 6 and 7 in Section 1.2 of Chapter One, Page 5). The procedures and results from this phase are described in Chapter Six. Now that the research design for this study has been outlined, the next section provides a justification for the study context.

3.8 Study Context and Rationale

The service sector incorporates a wide array of service firms ranging from retail stores to health care organisations. However, in investigating service brand loyalty, the inclusion of all service categories in one study is not feasible. For this reason, careful consideration has been given to the selection of appropriate service contexts to test the proposed conceptual model.

For this study, airline, hotel and retail services provide the study context. The rationale for this decision was threefold. First, organisations in the retail sector (Jones & Kim, 2011) and the tourism and hospitality sector (King, 2010) are experiencing intensifying competition, as a result of the proliferation of new brands (Baltas & Argouslidis, 2007; Kim et al., 2008b; So & King, 2010; Uusitalo, 2001). The competitive landscape has led service firms to compete primarily through loyalty programs and price discounts (Leenheer & Bijmolt, 2008; Morais, Kerstetter & Yarnal, 2006). However, research suggests that many loyalty programs are ineffective in generating true customer loyalty (Bolton, Kannan & Bramlett, 2000; Morais et al.,

2006), and the rising costs associated with these practices make these strategies unsustainable in the long run. For this reason, service organisations need to foster customer allegiance through psychological attachment, so that customers place less emphasis on price or loyalty points in their future purchase decisions. As customer engagement has been argued to engender brand loyalty (e.g., Hollebeek, 2009; Patterson et al., 2006) through an enduring psychological connection and interactive brand experiences beyond purchase, service brands in these sectors (e.g., Qantas, Shangri-La, Woolworths) have been actively engaging with their customers through social media channels. Therefore, the selection of these service sectors as the study context for this investigation into customer engagement was considered appropriate.

The second reason for selecting these sectors lies in their varying degree of service characteristics, including frequency of use, intangibility and search and experiential qualities. Diversity of characteristics can provide an important foundation for generating generalisable results. In terms of frequency of use, airline and hotel services tend to be consumed infrequently, such as two or three times a year, whereas retail services, which are considered ordinary service experiences, usually have a higher usage frequency. With respect to intangibility, retail services are characterised by greater tangibility than hotel and airline services, which are more intangible. Finally, with respect to qualities (see for example, Zeithaml, 1981), retail services are characterised by high search qualities, which means that the attributes of a purchase can be determined prior to the actual purchase. In contrast, hotel and airline services are associated with high experience qualities, and thus their attributes can be discerned only during or after the consumption experience.

Third, the three categories of services selected for this study have been widely investigated by researchers as the sample categories of the service domain and

represent typical contexts for service research. For example, retail stores have been studied by Grace and O'Cass (2005), Sirdeshmukh et al. (2002) and Zeithaml et al. (1996), while airline services have been examined by Brodie et al. (2009), Harris and Goode (2004), Sirdeshmukh et al. (2002) and Sajtos, Brodie and Whittome (2010). In addition, McColl-Kennedy, Daus and Sparks (2003), DeWitt, Nguyen and Marshall (2008) and Ordanini and Parasuraman (2011) have investigated hotel services.

Support for the inclusion of multiple service categories is provided in the services research literature. For example, when investigating brand loyalty in a service context, Sirdeshmukh et al. (2002) argue that the inclusion of multiple service categories provides a robust test of model relationships by offering greater variability in study constructs and allows the researcher to examine the salient similarities and differences across the service contexts. For this reason, service researchers commonly use multiple service categories (e.g., Bloemer et al., 1999; Cronin et al., 2000; Cronin & Taylor, 1992; Gwinner, Gremler & Bitner, 1998; Parasuraman et al., 1988) and, therefore, multiple categories were considered suitable for this study.

3.9 Chapter Summary

This chapter has presented an overview of the research design adopted for this study. In doing so, the chapter has justified the adoption of a pragmatic approach, as well as the rationale for the selection of a sequential mixed methods design for data collection. In addition, the chapter has justified the selection of hotel, retail and airline services as the study context. As the research design of this study has now been described, the next chapter explains the procedure in detail and presents the results of the multiple stages of the scale development process.

CHAPTER FOUR: SCALE DEVELOPMENT

4.1 Introduction

Chapter Three provided an overview of the research design for this study and addressed the selection and justification of the sequential mixed methods design, data collection approaches and research techniques. This chapter describes the methods and results of the first stage of the quantitative phase: the development of the customer engagement scale. Building on the review of the engagement literature presented in Chapter Two, this stage of the research focuses on the development of a sound measurement scale to address the proposed research questions and hypotheses. The major topics covered include the scale development procedure, item generation and selection, scale item refinement, scale design and formatting, pilot testing and scale validation.

4.2 Scale Development Procedure

The primary goal of developing a measurement scale is to create a valid and reliable measure of constructs or concepts of interest (Clark & Watson, 1995). Although a number of authors suggest various steps and procedures for developing a scale (Churchill, 1979; Clark & Watson, 1995; DeVellis, 2012; Netemeyer et al., 2003) depending on the objectives and purpose of the measurement, most writings share a similar set of guidelines for the scale development process. For this study, a four-stage approach recommended by Netemeyer et al. (2003) guided the development and validation of a multi-item measure of customer engagement. This approach focuses specifically on measuring latent perceptual social-psychological

constructs. As the measurement of customer engagement incorporates consumers' psychological and behavioural connections with a brand, such an approach was judged appropriate for this study. In addition, the researcher considered widely accepted scale development suggestions and guidelines from other scholars (Churchill, 1979; DeVellis, 2012; Hinkin, 1995, 1998; Hinkin & Tracey, 1999), such as establishing content validity of the initial items, testing the measurement scale via multiple samples and placing and testing the proposed concept in the wider nomological net. The four steps of the scale development process include: 1) defining the construct and the content domain, 2) generating and judging measurement items, 3) conducting studies to develop and refine the scale and 4) finalising the scale. Figure 4.1 depicts the primary issues to consider in each step.

4.2.1 Step 1: Defining the Construct and Content Domain

The first step in scale development involves determining construct definition and content domain. Clear definition of the construct under investigation, including its facets and domains, is essential but is arguably the most difficult step in the scaling process (Churchill, 1979; Haynes, Richard & Kubany, 1995; Nunnally & Bernstein, 1994). Netemeyer et al. (2003) emphasise the importance of theory in the development of a valid measurement scale, suggesting that developing and refining a theory requires a thorough literature review. Therefore, an extensive literature review was conducted, resulting in the identification of conceptual definitions considered appropriate for the constructs under investigation. This step has ensured unambiguous construct definitions as well as a clearly articulated content domain for each construct (see Table 2.1 in Chapter Two, Page 46).

Step 1: Defining the Construct and Content Domain

Issues to Consider

- a) The importance of clearly defining the construct, content domain and role of theory
- b) The focus on “effect” items/indicators vs. “formative” items/indicators
- c) The dimensionality of the construct: unidimensional, multidimensional or a higher-order construct?

Step 2: Generating and Judging Measurement Items

Issues to Consider

- a) Theoretical assumptions about the items (e.g., domain sampling)
- b) Generation of potential items and determination of the response format
 - 1) Number of items as an initial pool
 - 2) Dichotomous vs. multichotomous response formats
 - 3) Item wording issues
- c) The focus on content validity in relation to theoretical dimensionality
- d) Item judging (expert and layperson)—the focus on content and face validity

Step 3: Designing and Constructing Studies to Develop and Refine the Scale

Issues to Consider

- a) Pilot testing as an item-trimming procedure
- b) Use of several samples from relevant populations for scale development
- c) Design of the studies to test psychometric properties
- d) Initial item analyses via exploratory factor analyses (EFAs)
- e) Initial item analyses and internal consistency estimates
- f) Initial estimates of validity
- g) Items to be retained for the next set of studies

Step 4: Finalising the Scale

Issues to Consider

- a) The importance of several samples from relevant populations
- b) Design of the studies to test the various types of validity
- c) Item analyses via exploratory factor analysis
 - 1) Ensuring exploratory factor analysis consistency from Step 3 to Step 4
 - 2) Deriving an initial factor structure—dimensionality and theory
- d) Item analyses and confirmatory factor analyses
 - 1) Testing the theoretical factor structure and model specification
 - 2) Evaluating confirmatory factor analysis measurement models
 - 3) Assessing factor model invariance across studies (i.e., multiple group analysis)
- e) Additional item analyses via internal consistency estimates
- f) Additional estimates of validity
- g) Establishment of norms across studies
- h) Application of G-Theory

Figure 4.1 Steps in scale development. Adapted from “Scaling procedures: Issues and applications,” by R. G. Netemeyer, W. O. Bearden and S. Sharma, 2003, Thousand Oaks, CA: Sage Publications.

An important consideration in the first step is the nature of the measures being developed. According to Hair et al. (2006) and Netemeyer et al. (2003), the two distinct categories of measurement are reflective (or effect) indicators and formative indicators. Fundamental differences between the two categories lie in the assumed causal relationship between a measurement item and its underlying latent construct. For reflective indicators, respondents' individual differences with respect to the construct itself influence how they respond to the measurement item, whereas in the case of formative indicators, individuals' responses to the items account for their individual differences on the construct (e.g., income level as an item affects the construct of social economic status, rather than social economic status causes one's income level) (Hair et al., 2006; Netemeyer et al., 2003). In consideration of such differences, as well as of the reflective nature of the measurement of employee engagement (Rothbard, 2001; Schaufeli & Bakker, 2004; Schaufeli et al., 2006; Schaufeli et al., 2002b; Vivek, 2009), the measurement items for each customer engagement dimension are proposed to be reflective indicators of their respective construct. This nature of measurement is in line with other similar social science constructs such as attitudes, personality and behavioural intention (Hair et al., 2006), which are reflected in their scale items.

In addition, as discussed in the literature review, customer engagement is proposed as a multidimensional second-order construct where the five components collectively represent the more abstract construct of customer engagement. The proposed second-order conceptualisation is consistent with the literature on employee engagement (Rich et al., 2010) and customer engagement (Patterson et al., 2006), and was therefore considered appropriate. From this perspective, customer engagement is a broader abstraction that accounts for the covariation

among the five dimensions. At the second-order level, individual differences in customer engagement are thought to cause individual differences in customer engagement dimensions such as *identification, enthusiasm, attention, absorption* and *interaction*, and as a result, a reflective model of customer engagement is proposed. The dimensions of customer engagement are seen as functions of the higher order customer engagement construct, whereby changes in the latent variable are manifested in changes in these dimensions (Diamantopoulos & Sigauw, 2006).

4.2.2 Step 2: Generating and Judging Measurement Items

4.2.2.1 Item Generation

After development of the construct definitions, the second step was to generate and judge a pool of items from which the scale will be derived. The primary issues included generating potential items, ensuring content validity, judging measurement items and determining the response format (Netemeyer et al., 2003). The initial generation of measurement items resulted in a total of 28 items, with 26 drawn from existing literature and two developed for this study. The purpose of this step was to develop a sufficient item pool for the each of the underlying dimensions of customer engagement. Two important principles guided the construction of the item pool for each construct. First, the scale items generated must tap into the content domain of the construct and exhibit content validity in accordance with the conceptual definition (DeVellis, 2012; Hinkin, 1995; Netemeyer et al., 2003; Schriesheim, Powers, Scandura, Gardiner & Lankau, 1993). Second, the items must possess face validity grounded on their ease of use, proper reading level and clarity, all of which enhance the cooperation of the respondents (Netemeyer et al., 2003). The discussion below addresses generation of the items for each dimension.

Measuring enthusiasm. Enthusiasm represents *a strong level of excitement and interest that an individual has in the focus of engagement* (Vivek, 2009). Items were selected from Vivek's (2009) scale measuring consumer enthusiasm as an underlying dimension of consumer engagement. The scale demonstrated good reliability coefficients ranging from .85 to .96 and therefore was considered appropriate. Minor changes in the wording reflect the context of this study. Examples of items used in the initial item pool appear below.

Original scale item	Item used in this study
<ul style="list-style-type: none"> • I spend a lot of my discretionary time _____ • I am heavily into _____ • I am passionate about _____ • My days would not be the same without _____ 	<ul style="list-style-type: none"> • I spend a lot of my discretionary time with this brand • I am heavily into this brand • I am passionate about this brand • My days would not be the same without this brand

In addition, the researcher developed two further items based on the definition of the construct of enthusiasm:

Construct	Item used in this study
Enthusiasm	<ul style="list-style-type: none"> • I am enthusiastic about this brand • I feel excited about this brand

In summary, the initial pool contained a total of six items generated to measure enthusiasm.

Measuring attention. Attention refers to *the degree of attentiveness, focus and connection that a consumer has with the focus of engagement.* To measure the construct of attention, three items were selected from Vivek's (2009) scale of conscious participation, having coefficient alphas ranging from .73 to .89. While termed differently, the scale is considered to be representative of the definition of attention, and therefore the items were included in the initial item pool and adapted to the context of this study. Examples of the items appear below.

Original scale item	Item used in this study
<ul style="list-style-type: none"> • I like to learn more about _____. • I pay a lot of attention to anything about _____ • Anything related to _____ grabs my attention 	<ul style="list-style-type: none"> • I like to learn more about this brand • I pay a lot of attention to anything about this brand • Anything related to this brand grabs my attention

To ensure the greatest possibility of definition representation within the scale, three additional items were chosen from Rothbard's (2001) measure of attention. While the original scale was developed as a dimension of work engagement, the items were deemed to be compatible with the definition of attention proposed in this study. Minor adjustments to the wording of the items reflect the study's context. The three items are illustrated below.

Original scale item	Item used in this study
<ul style="list-style-type: none"> • I concentrate a lot on my work • I spend a lot of time thinking about my work • I focus a great deal of attention on my work 	<ul style="list-style-type: none"> • I concentrate a lot on this brand • I spend a lot of time thinking about this brand • I focus a great deal of attention on this brand

In summary, the total number of items generated to measure the construct of attention was six.

Measuring absorption. Absorption is a pleasant state which describes the customer as being fully concentrated, happy and deeply engrossed while playing the role as a consumer of the brand (Patterson, et al., 2006). While the consumer behaviour literature seems to contain no empirically validated scale of absorption, absorption is well established as a dimension of engagement in the context of work engagement and a number of marketing researchers have supported the applicability of work engagement to a customer engagement context (e.g., Bowden, 2009; Hollebeek, 2009; Patterson et al., 2006). Therefore, six items measuring the construct of absorption were drawn from Schaufeli et al.'s (2002b) scale of absorption, reporting a coefficient alpha of .72. The scale was also used by Schaufeli and Bakker (2004), who recorded coefficient alphas ranging from .70 to .77. As the original scale measured employee engagement, the wording of the items required slight alterations to relate to customer engagement. Examples of items are presented below.

Original scale item

- When I am working, I forget everything else around me
- Time flies when I am working
- I get carried away when I am working
- It is difficult to detach myself from my job
- I am immersed in my work
- I feel happy when I am working intensely

Item used in this study

- When I am interacting with the brand, I forget everything else around me
- Time flies when I am interacting with the brand
- I get carried away when I am interacting with the brand
- It is difficult to detach myself from my interaction with the brand.
- I am immersed in my interaction with the brand.
- I feel happy when I am interacting with the brand intensely.

Measuring interaction. Interaction refers to *a customer's online and offline participation with the brand organisation or other customers outside of purchase.*

Four items were selected from Wiertz and de Ruyter's (2007) measure of online interaction propensity, reporting a coefficient alpha of .96. As the construct of interaction in this study incorporates customer participation and connections in general (i.e., online and offline), minor adjustments to the wording of the items were necessary to adapt them to the context of this study. Examples of items appear below.

Original scale item	Item used in this study
<ul style="list-style-type: none"> • In general, I like to get involved in online discussions • I am someone who enjoys interacting with like-minded others online • I am someone who likes actively participating in online discussions • In general, I thoroughly enjoy exchanging ideas with other people online 	<ul style="list-style-type: none"> • In general, I like to get involved in brand community discussions • I am someone who enjoys interacting with like-minded others in the brand community • I am someone who likes actively participating in brand community discussions • In general, I thoroughly enjoy exchanging ideas with other people in the brand community.

To supplement the items developed by Wiertz and de Ruyter (2007), one item was drawn from Algesheimer et al.'s (2005) single-item scale of brand community participation behaviour. The wording was altered slightly to reflect the context of this study, as illustrated below.

Original scale item	Item used in this study
<ul style="list-style-type: none"> • How often did you participate in activities of this brand community within the last ten weeks? 	<ul style="list-style-type: none"> • I often participate in activities of this brand community

In summary, the item pool contained a total of five items generated to measure interaction.

Measuring identification. Identification is the “*perceived oneness with or belongingness to an organization*” (Bhattacharya et al., 1995, p. 46). Five items originating from Mael (1988) were chosen from Mael and Ashforth (1992) scale of organisational identification, recording a coefficient alpha of .87. The scale has been used by Bhattacharya et al. (1995), who reported a reliability of .87, and by Kim, Han and Park (2001), who reported a coefficient alpha of .82. Slight alterations to the wording of the items were necessary to reflect the context of this study. Examples of items are presented below.

Original scale item	Item used in this study
<ul style="list-style-type: none"> • When someone criticises this school, it feels like a personal insult 	<ul style="list-style-type: none"> • When someone criticises this brand, it feels like a personal insult
<ul style="list-style-type: none"> • I am very interested in what others think about this school 	<ul style="list-style-type: none"> • I am very interested in what others think about this brand
<ul style="list-style-type: none"> • When I talk about this school, I usually say we rather than <i>they</i> 	<ul style="list-style-type: none"> • When I talk about this brand, I usually say we rather than <i>they</i>
<ul style="list-style-type: none"> • This school's successes are my successes 	<ul style="list-style-type: none"> • This brand's successes are my successes
<ul style="list-style-type: none"> • When someone praises this school, it feels like a personal compliment 	<ul style="list-style-type: none"> • When someone praises this brand, it feels like a personal compliment

Table 4.1 presents a summary of the initial item pool.

Table 4.1 *Source and Description of Initial Item Pool*

Construct	Source and Item Description	Total Items
<i>Identification</i>	Five items adapted from Ashforth and Mael (1989). ID1. When someone criticises this brand, it feels like a personal insult. ID2. I am very interested in what others think about this brand. ID3. When I talk about this brand, I usually say we rather than they. ID4. This brand's successes are my successes. ID5. When someone praises this brand, it feels like a personal compliment.	5
<i>Enthusiasm</i>	Four items adapted from Vivek (2009). EN1. I spend a lot of my discretionary time thinking about this brand. EN2. I am heavily into this brand. EN3. I am passionate about this brand. EN4. My days would not be the same without this brand. Two items generated for this study EN5. I am enthusiastic about this brand. EN6. I feel excited about this brand.	6
<i>Attention</i>	Three items adapted from Vivek (2009). AT1. I like to learn more about this brand. AT2. I pay a lot of attention to anything about this brand. AT3. Anything related to this brand grabs my attention. Three items adapted from Rothbard (2001). AT4. I concentrate a lot on this brand. AT5. I spend a lot of time thinking about this brand. AT6. I focus a great deal of attention on this brand.	6
<i>Absorption</i>	Six items adapted from Schaufeli et al. (2002b). AB1. When I am interacting with the brand, I forget everything else around me. AB2. Time flies when I am interacting with the brand. AB3. I get carried away when I am interacting with the brand. AB4. It is difficult to detach myself from my interaction with the brand. AB5. I am immersed in my interaction with the brand. AB6. I feel happy when I am interacting with the brand intensely.	6
<i>Interaction</i>	Four items adapted from Wiertz and de Ruyter (2007). IT1. In general, I like to get involved in brand community discussions. IT2. I am someone who enjoys interacting with like-minded others in the brand community. IT3. I am someone who likes actively participating in brand community discussions. IT4. In general, I thoroughly enjoy exchanging ideas with other people in the brand community. One item adapted from Algesheimer et al. (2005). IT5. I often participate in activities of the brand community.	5
	Total Items	28

4.2.2.2 Content and Face Validity Assessment

After generation of the items appropriate to measure the five dimensions of customer engagement, the next consideration was to establish content and face validity (i.e., translational validity) of the measurement items. This process involves judgement of the item pool's representativeness by multiple expert and population judges using both qualitative and quantitative procedures (Netemeyer et al., 2003). Although most measurement items were derived from the literature, the absorption scale and three items for the attention dimension originated from the employee engagement literature, which is a different context. In addition, the researcher created several items specifically for the current research and reworded the majority of the items to suit the purpose of this study. Therefore, in the construct validation process, the assessment of content validity represents an important first step in ensuring that the items reflect the theoretical domain of their respective construct (Anderson & Gerbing, 1991; Hinkin & Tracey, 1999; Schriesheim et al., 1993). Specifically, two review panels (experts and non-experts) assessed the translational validity of the measurement items both within and between the five customer engagement dimensions. Each panel included more than five judges because the detection of problematic or marginal items will be more confident and apparent given more raters (Netemeyer et al., 2003).

4.2.2.2.1 Item pool review panel one

The first item pool review aimed to establish face and content validity of the scale items between constructs. In accordance with the procedure suggested by Anderson and Gerbing (1991), Hinkin (1998) and Schriesheim et al. (1993), the first panel, consisting of eight non-experts (i.e., postgraduate students), was initially given

an item review document that included the definitions for each construct and a list of scale items arranged in random order. Referring to the definitions provided, the judges read each item and assigned it to the one construct that, in their judgement, the item best indicated. The item review document allowed space for judges to provide comments and feedback. Appendix B comprises the survey item sort document that was distributed to the non-expert panel judges. The results of this exercise indicated that the majority of items were sorted under their respective constructs with the exception of the four absorption items, which were revised to improve clarity and better reflect the construct definition, as Table 4.2 shows.

Table 4.2 *Changes Made to Initial Item Pool – Panel 1*

Construct	Changes Made	Original Wording	Refined Wording
Absorption	4 items reworded	It is difficult to detach myself from my interaction with the brand.	When interacting with the brand, it is difficult to detach myself.
		I feel happy when I am interacting with the brand intensely.	When interacting with the brand intensely, I feel happy.
		I am immersed in my interaction with the brand.	In my interaction with the brand, I am immersed.
		I get carried away when I am interacting with the brand.	When I am interacting with the brand, I get carried away

4.2.2.2.1 *Item pool review panel two*

The refined items were then subjected to a second review, which was aimed at assisting with the content validity of scale items within constructs. The panel consisted of six tourism, hospitality and marketing faculty members who were

knowledgeable in the content area and experienced in scale development. These panel members were given the definition for each construct and its items and then asked to rate each item’s representativeness of the construct definition on a three-point Likert scale (i.e., *not representative*, *somewhat representative*, or *clearly representative*). Space was given for the judges to provide comments and feedback. Appendix C contains the survey item refinement document that was distributed to the expert panel. The results showed that for all items, the majority of the experts indicated the item was either “clearly” or “somewhat” representative of the definition, and therefore, all items were retained for the third step of customer engagement scale development, the pilot study. In addition, the panel’s comments suggested other items based on the construct definitions, leading to the inclusion of six additional items, as shown in Table 4.3, resulting in a total of 34 items.

Table 4.3 *Changes Made to Initial Item Pool – Panel 2*

Construct	Changes Made	Item Wording
Identification	2 items added	I am very interested in what others in my brand community think about this brand.
		I care what others in my brand community think about this brand.
Enthusiasm	2 items added	I enjoy spending a lot of time thinking about this brand.
		I love this brand.
Attention	2 items added	I like learning more about this brand.
		I spend a lot of my free time thinking about this brand.

In summary, the experts assessed the content validity of the items by evaluating whether the full content of a definition was represented in each item (Rossiter, 2002), whereas the non-experts assessed the face validity of the items by evaluating whether each item was a measure of the dimension based on the “face of it”. Although a panel judge review does not guarantee the presence of content validity, it provides evidence of content adequacy (Hinkin, 1998) and allows the researcher to identify problem items, therefore enhancing the content validity of the scale (DeVellis, 2003; Netemeyer et al., 2003). After confirmation of the content and face validity of the measurement items, the next step was to determine the design of the survey instrument.

4.2.2.3 Survey Instrument Design

The design of the survey instrument for customer engagement included the key aspects of response format, scale points and labelling options. According to Churchill and Brown (2004), the two most widely used scale formats in marketing research are the Likert-type scale and the semantic differential scale. Likert scales are commonly used by social science researchers to measure opinions, beliefs and attitudes (DeVellis, 2003) by asking respondents to indicate their level of agreement or disagreement with a declarative statement. In contrast, semantic differential items use adjective-based scale endpoints that are bipolar (e.g., good-bad) or unipolar (e.g., good-not good), whereby respondents rate the stimulus to assess some latent attribute of the stimulus (Netemeyer et al., 2003). For the purpose of this study, a Likert-type scale was selected as the most appropriate response format because this configuration is quick to construct and easy to administer (Hawkins & Tull, 1994; McDaniel & Gates, 2005) and is compatible with self-administered surveys and items

generated in statement format. Furthermore, it has been widely used in studies relevant to this study (e.g., Schaufeli et al., 2006; Schaufeli et al., 2002b) and was therefore deemed appropriate.

In terms of scale points, scale development scholars recommend both five and seven points as the most appropriate scaling options for Likert scales (Netemeyer et al., 2003). For this study, a seven-point Likert scale, as advocated by Ryan and Garland (1999), was chosen because of its ability to effectively capture the magnitude and direction of responses. Likert-scaled items collect ordered-categorical data. Although treatment of such data as continuous has been a major issue in applications of structural equation modelling (Byrne, 2009), this problem is minimised when the number of categories is large (Byrne, 2009; Green, Akey, Fleming, Hershberger & Marquis, 1997). Therefore, the use of a seven-point versus a five-point scale facilitates subsequent analysis of the research data via structural equation modelling. Furthermore, Burns and Bush (2000) suggest that a neutral point should be included to allow respondents who have no opinion to indicate their uncertainty. Therefore, a neutral point (*neither agree nor disagree*) was also included.

The last scaling decision related to labelling options. According to Churchill and Peter (1984), labelling all of the scale points can help prevent respondent confusion by reducing uncertainty as to what a particular response represents, leading to a higher degree of reliability for the questionnaire. The following example illustrates the scale labelling design used for this study.

I am excited about this brand.

Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
1	2	3	4	5	6	7

4.2.3 Step 3: Conducting Studies to Develop and Refine the Scale

After the generation and judging of a suitable pool of 34 items, the third step of the scale development process was to pilot test the items. Pilot testing is recognised as an essential step in the scale development procedure (DeVellis, 2012; Netemeyer et al., 2003) and fulfils two primary purposes. First, pilot testing allows the trimming of the initial item pool to a more manageable number through deletion of items that do not meet certain psychometric criteria (Netemeyer et al., 2003). Second, pilot testing can provide some initial estimates of reliability and validity (Netemeyer et al., 2003).

4.2.3.1 Data Collection Procedure

In pilot testing measurement items, several important issues need to be considered, such as sample composition, the size of the sample and initial item reliability (Netemeyer et al., 2003). In this step of the scale development process, the researcher conducted empirical testing of the items with a convenience sample consisting of staff members and higher degree research students of a large Australian university. While the sample is a convenience sample, the sample units were essentially part of the relevant population of interest (i.e., customers of service brands) and therefore were considered to be suitable for the pilot study. Such a sample is preferred because measurement items that perform well (or poorly) with a sample from the relevant population will be more confidently assessed as candidates for inclusion (or deletion) from subsequent study samples (Netemeyer et al., 2003).

To access research data from the proposed sample, a survey was developed and administered through an online survey hosting company, *Qualtrics*. An invitational e-mail with a click-through link to the survey was distributed to potential

respondents in late December 2010 to encourage participation in the pilot test (see Appendix D for the pilot survey instrument). Upon agreement to participate in the survey, respondents were randomly assigned to a service category (i.e., hotels, retail or airlines) and instructed to indicate a brand they had most recently used. All respondents were then asked to indicate on a seven-point Likert scale (1 = strongly disagree and 7 = strongly agree) the extent to which they agreed or disagreed with the 34 items with respect to the nominated brand. In addition, several open-ended questions were included to give respondents the opportunity to provide any further information of customer engagement, and therefore any missing information in defining the concept could be identified.

4.2.3.2 Pilot Study Results

Of the 250 potential respondents, 110 respondents completed the survey, a response rate of approximately 45%. While scholars suggest that pilot samples should ideally be in the range of $n = 300$ (Nunnally, 1978), a sample size in the range of $n = 100$ to 200 will suffice (Clark & Watson, 1995). Empirical research has found that such a sample size of observations should be adequate to produce an accurate solution in factor analysis as long as item inter-correlations are reasonably strong (Guadagnoli & Velicer, 1988). An inspection of the inter-correlations within each dimension indicated that the majority of the inter-item correlations were greater than .50. Therefore, on the basis of the literature and the sample data, a sample size of 110 was considered appropriate for pilot testing the items.

The collected pilot data were analysed via exploratory factor analysis. Exploratory factor analysis serves two critical purposes in scale development: 1) to reduce the number of items in a scale so that the remaining items maximise both the

explained variance in the scale and the scale reliability (DeVellis, 2012; Netemeyer et al., 2003) and 2) to identify potential underlying dimensions in a scale (Churchill, 1979; DeVellis, 2012; Netemeyer et al., 2003). To ensure the adequacy of the sample size and the appropriateness of the exploratory factor analysis, both the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity were performed using SPSS. KMO values for identification, attention, enthusiasm, absorption and interaction were .82, .90, .89, .90 and .90, respectively, all exceeding the recommended level of .60 (Tabachnick & Fidell, 2001). In addition, the Bartlett's test of sphericity was significant ($p < .01$), indicating the presence of appropriate patterns of correlations, with χ^2 of 4324.80, $df = 561$, suggesting that the factor analysis was appropriate.

In determining the number of factors to extract, the researcher adopted several psychometric criteria, including 1) substantial loading on a factor, 2) an eigenvalue of greater than 1 and 3) the scree test (Hair et al., 2006; Hinkin, 1998; Netemeyer et al., 2003). In relation to the satisfactory magnitude of factor loadings, Hair et al. (2006) suggest that with a sample of 110, the factor loading level for statistical significance is .55. However, they indicate that when practical significance is used as the criterion, factor loadings of greater than the absolute value of .40 meet the minimal level for interpretation of structure. In addition, Ford, MacCallum and Tait (1986) suggest that in conducting an exploratory factor analysis, a commonly used rule specifies that only variables with loadings greater than .40 on a factor should be considered "significant" and used in defining that factor. A meta-analysis of exploratory factor analysis in a selected set of high-quality marketing journals also indicates that the most common threshold value is .40 (Peterson, 2000). Therefore, the criterion of .40 was used for the exploratory factor analysis of the pilot data.

This suggested level of factor loading guided a series of exploratory factor analyses of the data. Items with cross-loadings or factor loadings of below .40 were considered candidates for removal. After an item was removed, the exploratory factor analysis was re-estimated. This iterative procedure resulted in deletion of nine items. Subsequently, a factor analysis was conducted on the remaining 25 items using the maximum likelihood estimation method with oblique rotation, as the resultant factors were expected to be correlated. Using eigenvalues of greater than 1 and Cattell's (1966) scree test as guidelines for factor extraction led to a final five-factor model with 25 items explaining 79.17 % of the total variances. The factor solution derived from the data was consistent with the proposed conceptualisation of customer engagement. Table 4.4 presents the results of the exploratory factor analysis. Furthermore, the responses to the open-ended questions about the conceptualisation of customer engagement were reviewed by the researcher. This examination revealed that very few respondents made any comments and that any comments made were repetitive of the customer engagement dimensions already identified and reflected in the quantitative items in the survey. Thus, the results led the researcher to conclude that the extensive set of measurement items generated for this study sufficiently captured the conceptual domain of customer engagement as no new themes emerged in the open-ended responses.

After an initial factor structure had been derived, consideration was next given to the examination of the items for internal consistency (Netemeyer et al., 2003). Therefore, the measurement items were scrutinised for internal consistency reliability using Cronbach's alphas, the most commonly accepted measure of reliability (Hair et al., 2006; Netemeyer et al., 2003; Price & Mueller, 1986; Tabachnick & Fidell, 2001). As Table 4.4 shows, all five dimensions exceeded the Cronbach's alpha criterion

Table 4.4 *Exploratory Factor Analysis Results for Initial Measurement Items – Pilot Sample*

Dimension and Item Description	EN	IT	AB	AT	ID	Eigen.	% Var. Exp.	α
<i>Enthusiasm</i>						13.48	53.93	.92
EN2. I am heavily into this brand.	.48							
EN3. I am passionate about this brand.	.45							
EN5. I am enthusiastic about this brand.	.92							
EN6. I feel excited about this brand.	.93							
EN8. I love this brand.	.52							
<i>Interaction</i>						2.30	9.20	.94
IT1. In general, I like to get involved in brand community discussions.		.74						
IT2. I am someone who enjoys interacting with like-minded others in the brand community.		.86						
IT3. I am someone who likes actively participating in brand community discussions.		.91						
IT4. In general, I thoroughly enjoy exchanging ideas with other people in the brand community.		.90						
IT5. I often participate in activities of the brand community.		.74						
<i>Absorption</i>						1.80	7.20	.93
AB1. When I am interacting with the brand, I forget everything else around me.			.82					
AB2. Time flies when I am interacting with the brand.			.85					
AB3. When I am interacting with brand, I get carried away.			.90					
AB4. When interacting with the brand, it is difficult to detach myself.			.76					
AB5. In my interaction with the brand, I am immersed.			.81					
AB6. When interacting with the brand intensely, I feel happy.			.44					
<i>Attention</i>						1.34	5.35	.93
AT1. I like to learn more about this brand.				.43				

AT2. I pay a lot of attention to anything about this brand.	.90			
AT3. Anything related to this brand grabs my attention.	.80			
AT4. I concentrate a lot on this brand.	.46			
AT7. I like learning more about this brand.	.50			
<i>Identification</i>		1.18	3.49	.86
ID1. When someone criticises this brand, it feels like a personal insult.	.53			
ID3. When I talk about this brand, I usually say we rather than they.	.71			
ID4. This brand's successes are my successes.	.84			
ID5. When someone praises this brand, it feels like a personal compliment.	.69			

Note. EN = enthusiasm; IT = interaction; AB = absorption; AT = attention; ID = identification; Eigen. = Eigenvalue; % Var. Exp. = Percentage of Variance Explained.

of .70 (Hair et al., 2006) and all items loaded on the intended factor, with no cross-loadings in excess of .40. The results generated from the pilot study afforded refinement of the multidimensional scale of customer engagement, reducing the scale by nine items. The refined scale was ready for the fourth step of scale development, which is finalising the scale.

4.2.4 Step 4: Finalising the Scale

This step of the scale development process aimed at further testing and assessing the proposed measurement scale with a broader sample of consumers to finalise the scale and establish additional evidence for its psychometric properties. In this step, several procedures recommended by Netemeyer et al. (2003) guided the process. These steps included 1) designing studies to sample respondents from a relevant population, 2) conducting exploratory factor analyses as precursors to confirmatory factor analysis, 3) performing confirmatory factor analysis to confirm a theoretical factor structure and to test for invariance of the proposed factor structure over multiple data sets (i.e., dividing the sample into two sub-samples) and 4) assessing construct validity and internal consistency of the scale across samples to ensure the effectiveness of the scale.

4.2.4.1 Data Collection

While survey data can be collected effectively through various methods (e.g., mail questionnaire, telephone interview, face-to-face interview or web survey) (Neuman, 2006), the method chosen as the most appropriate for this research is the web survey. Although issues concerning sampling and unequal access to the Internet have been identified as the key limitations of a web-based survey (Neuman,

2006), the web survey nevertheless offers several important advantages over other methods. In particular, web-based surveys can eliminate the costs of paper, postage, mailout and data entry, provide a potential for overcoming geographical boundaries as significant barriers and reduce the time required for survey implementation (Dillman, 2000). Therefore, an online or web-based survey was considered the most suitable and effective method for this study. After determination of the data collection method, the next consideration was that of the sampling approach.

Various factors affect sampling design. However, the primary considerations in sampling usually include defining the target population, constructing the sampling frame, specifying a sample size, selecting a sampling unit, choosing a sampling method, developing a sampling plan for execution and selecting the sample (Hair, Bush & Ortinau, 2003; Hawkins & Tull, 1994; Hussey & Hussey, 1997; Malhotra et al., 2008).

4.2.4.1.1 Sample size

Sample size guidelines or rules of thumb vary among scholars, ranging from 5 to 15 participants per parameters estimated (Bentler & Chou, 1987; Floyd & Widaman, 1995; Hair et al., 2006; Jöreskog & Sörbom, 1989; Raykov & Widaman, 1995). This study applied a generally accepted ratio of 10 respondents for each parameter estimated. As approximately 60 parameters (25 regression weights, 10 covariances and 25 variances) were anticipated to be estimated in the measurement model of customer engagement, this study set a minimum sample size of 600 respondents to satisfy this criterion. However, a more generous estimation of the target sample size is considered necessary when the response rate cannot be assured, as for this study. Therefore, the target sample size was set to be 750.

4.2.4.1.2 Population and sampling frame

The target population for this study included all service consumers over the age of 18 who reside in Australia. The sampling frame for this phase of the study was obtained from a mailing list broker (i.e., *The Prospect Shop*). To access respondents, a national mailing list of individuals who had opted in to participate in research projects was used as the sampling frame. This approach was selected because a mailing list is relatively cost-effective, regularly updated, electronically accessible and fully compliant with Australian privacy law. The mailing list used here is derived from *The Great Australian Survey*, which contains detailed demographic data on consumers throughout Australia and is a comprehensive online membership portal with over 500,000 members. The *Great Australian Survey* gathers the most up-to-date and complete data for research and direct marketing purposes. Every three months a new edition of the survey is launched online to collect comprehensive demographic data regarding lifestyle and purchasing intentions of Australian consumers. Panel members are attracted to the website through search engine marketing, member-get-member programs and website marketing. As a reward for joining, participants receive entries into quarterly prize draws of \$10,000. Since panel members are not rewarded with points or cash for responding to specific questions or promotions, their responses are better qualified and relevant to the member's genuine interest (The List Group, 2013). The database is one of the largest consumer lists in the country and is therefore considered to be reasonably representative of the population of this study. A qualifying criterion ensured that only individuals who had travelled domestically or internationally participated in the hotel and airline surveys, and that only regular grocery shoppers took part in the retail survey.

4.2.4.1.3 *Sampling techniques*

In determining the sampling techniques to be used, the researcher gave careful attention to both probability sampling and non-probability sampling. Probability samples are distinguished by the fact that each population element has a known, non-zero chance of being included in the sample, whereas with non-probability samples, estimating the probability of inclusion is impossible, and thus there is no way of ensuring that the sample is representative of the population (Churchill & Iacobucci, 2005). For this study, a probability sampling method was proposed owing to its ability to eliminate bias inherent in non-probability sampling procedures (Zikmund, 2003), as well as to minimise the size of the sampling error (Neuman, 2006). Furthermore, with the randomisation process of probability sampling, a representative sample from a population allows the researcher to generalise to the population (Creswell, 2009). While various types of probability sampling are available, the method selected for this study was systematic sampling, which involves calculating a sample interval to guide the researcher in selecting elements from the sampling frame (e.g., every 20th name from a sampling frame of 2000 to obtain a sample of 100) (Neuman, 2006). Although systematic sampling may introduce increased variability if the sampling interval is related to periodic ordering of the population, the main advantages of this method lie in its simplicity and low cost in comparison with the other probability sampling techniques (Zikmund, 2003). The use of systematic sampling was therefore considered appropriate.

The mailing list broker was instructed to use a systematic random sampling method to calculate a sample interval to obtain a list of 7500 potential respondents from the database to achieve a final sample of 750, with the three service categories being equally represented. This number was a response rate of approximately 10%,

which is consistent with previous studies using a similar mailing list (e.g., Sparks & Browning, 2011), and therefore was deemed appropriate. Over a two-week period, data collection procedures similar to those of the pilot study resulted in a sample of 853 respondents, which provided the foundation for the empirical results and findings of this study.

4.2.4.2 Results

Of the 853 completed surveys, 98 were removed from the sample owing to incomplete responses, resulting in a total of 755 usable surveys suitable for data analysis, yielding a response rate of approximately 10%. An analysis of the demographic classifications and variables (e.g., age, gender, education, income and service category) of the sample appears in Table 4.5 and is further discussed.

4.2.4.2.1 Sample profile

Within the sample, 38.3% responded to survey questions targeting airline brands, 34.3% responded with respect to retail brands and the remaining 27.4% responded regarding hotel brands. Female respondents represented 69.7% of the sample, while male respondents represented the remaining 30.3%. Of the respondents, 6.2% were under the age of 30, 15.3% were between age of 30 and 40, 22.2% were between age 40 and 50, 29.1% were between age 50 and 60 and 27.1% were 60 years old or above. Annual income levels varied, with 25% of the sample earning under AU\$20,000, 38.4% earning between AU\$20,001 and \$50,000, 22.2% earning between AU \$50,001 and \$80,000 and 14.3% earning over \$80,000. In terms of the highest education level achieved, 27.5% of the respondents had university

degrees, 15.8% held a diploma, 23.6% had other technical and trade qualifications, 32.2% were high school qualified and .8% had completed primary school.

Table 4.5 *Descriptive Summary of Participants*

Sociodemographic Variable	n	%
Industry (n = 755)		
Retail	259	34.3
Hotel	207	27.4
Airline	289	38.3
Age (n = 711)		
18-29	44	6.2
30-39	109	15.3
40-49	158	22.2
50-59	207	29.1
≥60	193	27.1
Gender (n = 732)		
Male	222	30.3
Female	510	69.7
Annual Income (n = 711)		
Less than AU\$20,000	178	25.0
AU\$20,001 - AU\$50,000	273	38.4
AU\$50,001 - AU\$80,000	158	22.2
More than AU\$80,000	102	14.3
Education (n = 729)		
Primary School	6	.8
High School	235	32.2
Technical and Trade	172	23.6
Diploma	115	15.8
Undergraduate Degree	122	16.7
Postgraduate Degree	79	10.8

In addition, a series of chi-square tests was conducted to compare the sample's characteristics to that of the general population. The results indicated that the sample differed from the population in several demographic variables (e.g., age,

gender), suggesting that the sample may not be representative of the general population. As discussed in Section 4.2.4.1.2, in selecting the potential respondents for this study stage, a qualifying criterion was used whereby only individuals who had travelled domestically or internationally participated in the hotel and airline surveys, and only regular grocery shoppers took part in the retail survey, constituting a purposive selection approach in selecting the sampling units. Therefore, this selection process was not an attempt to obtain a completely representative sample to produce findings that are generalisable to the entire population.

Completion of the examination of demographic characteristics of the sample led to the next stage, preliminary data analysis. This analysis includes an assessment of non-response bias and common factor variance, as well as examination of the key practical issues involved in the use of structural equation modelling.

4.2.4.2.2 Non-response bias

A common issue that may affect the generalisability of the findings of survey research is non-response bias, which results from a failure to receive responses from some sample elements (Hawkins, 1975; Kish, 1965). Scholars suggest that if the response rate of a study is lower than 60%, the possibility of non-response bias should be assessed (Salant & Dillman, 1994). Non-response can take two forms: 1) total non-response and 2) item non-response. Total non-response refers to individuals failing to return the survey at all, while item non-response indicates that the survey was returned incomplete (Fraenkel & Wallen, 1993; Sax, Gilmartin & Bryant, 2003). As the online survey administered in the current study used a forced

response option, the assessment of item non-response was not a requirement.

Therefore, this section focuses on examining total non-response.

Various methods have been proposed for evaluating the impact of non-response bias, such as wave analysis, comparison with known values for the population and interest-level analysis, with each approach having inherent strengths as well as limitations (Armstrong & Overton, 1977; Rogelberg & Stanton, 2007). For instance, the method of comparison with known values for the population involves comparing results from a survey with some known values for the population (e.g., age, gender, income). However, as the known values come from a different source instrument, any differences observed may occur as a result of response bias rather than non-response bias (Armstrong & Overton, 1977). Similarly, wave analysis involves comparing early and late respondents on survey variables and demographics and is based on the assumption that persons responding late are similar to non-respondents. Evidence of non-response bias exists if early and late respondents are significantly different in these variables. However, late respondents are not “pure” non-respondents in that they obviously did complete the survey, and being similar to early respondents does not necessarily indicate an absence of bias (Rogelberg & Stanton, 2007).

Despite obvious challenges presented by different methods, a wave analysis (Rogelberg & Stanton, 2007) or time-trend extrapolation test (Armstrong & Overton, 1977) was selected for assessing non-response bias. This approach was chosen because of its wide adoption in previous survey research, not only in marketing (Baldauf, Cravens, Diamantopoulos & Zeugner-Roth, 2009; Chaudhuri & Holbrook, 2001; Ewing & Napoli, 2005) but also in other social science disciplines (Court & Lupton, 1997; Li & Petrick, 2008). Following the procedure suggested by Armstrong

and Overton (1977), non-response bias was assessed by comparing early and late respondents on the demographic variables and the scale measures. The chi-square tests indicated no significant differences between early (top 10%) and late (bottom 10%) respondents in terms of respondent characteristics. In addition, the *t* test results showed that all measured items were not significantly different ($\alpha = .01$) between early and late respondents. These analyses indicated the study had no serious non-response bias. The next section presents an examination of common method variance.

4.2.4.2.3 Common method variance

Common method variance refers to spurious relationships among variables because of the common method used in collecting data (Buckley, Cote & Comstock, 1990). This study collected information via the same method (i.e., self-administered online surveys). Therefore, common method variance may introduce spurious relationships among the constructs. As with non-response bias, various techniques have been proposed to assess common method variance (e.g., Harman's single-factor test, the multitrait-multimethod procedure and the marker variable technique), each demonstrating advantages as well as limitations (Malhotra, Kim & Patil, 2006). For this study, a post-hoc Harmon's single-factor test (e.g., Susskind, Borchgrevink, Brymer & Kacmar, 2000) and a chi-square difference test (e.g., Baldauf et al., 2009) were conducted.

In the application of Harmon's single-factor test, which is one of the most widely known techniques for assessing common method variance in a single-method research design (Podsakoff, MacKenzie & Lee, 2003), all 25 items measuring five different constructs were subjected to a single-factor analysis (Malhotra et al., 2006).

If a single factor emerges from the unrotated factor solution, common method variance is present in the data (Tajeddini, 2011). Use of this technique resulted in the extraction of five factors with eigenvalues greater than 1, and the variance explained was 82.46%. The first factor accounted for 62.58% of the variance in the data, the second factor accounted for 8.90% and the remaining three factors shared 14.31% of the variance. As the results revealed no one single factor underlying the data, a significant amount of common method variance did not seem to exist in the data.

Subsequently, a confirmatory factor analysis was conducted with all 25 items loading onto a single common factor. Using a chi-square difference test, the researcher compared the results of the common factor model with the results of the confirmatory factor analysis of the proposed measurement model, which included five latent factors. The results showed that the proposed measurement model fit significantly better than the common factor model, with $\Delta \chi^2 = 8279.35$, $df = 10$, $p < .001$. The two common method variance tests indicated that a significant amount of common method variance did not seem to exist in the data. The next section examines issues of structural equation modelling.

4.2.4.2.4 Exploratory factor analysis

In the third step of the scale development process, the initial items were subjected to exploratory factor analyses to explore the underlying structure of the measurement scale. The results supported the originally proposed five-factor model of customer engagement. In finalising a newly developed measurement scale, achieving consistency in exploratory factor analysis from Step 3 to Step 4 is important (Netemeyer et al., 2003). Therefore, to ensure that the five-factor solution derived from the pilot data was consistent across multiple samples, the researcher

conducted an exploratory factor analysis on the refined items using the entire sample drawn in Step 4. A similar procedure adopted with the pilot data (i.e., Step 3) resulted in a five-factor solution.

As Table 4.6 shows, the results indicated that the first factor, with five enthusiasm items, accounted for 62.58% of the variance in the data; the second factor, with five interaction items, explained 8.9% of the variance; the third factor, with six absorption items, explained 6.06% of the variance; the fourth factor, with five items measuring attention, explained 4.93% of the variance and the fifth factor, with four identification items, explained 3.32% of the variance. The five-factor model that emerged from the exploratory factor analysis is consistent with the factor solution revealed in the pilot study and therefore provides support for exploratory factor analysis consistency.

After the exploratory factor analysis was performed, the items were examined via confirmatory factor analysis using structural equation modelling (Netemeyer et al., 2003). The primary objectives of this analysis include testing the theoretical factor structure and model specification, evaluating the measurement model and examining factor model invariance across studies or samples through multiple-group analyses. The following section describes the application of structural equation modelling to achieve these objectives.

Table 4.6 *Exploratory Factor Analysis Results for Initial Measurement Items – Consumer Sample*

Dimension and Item Description	EN	IT	AB	AT	ID	Eigen.	% Var. Exp.
<i>Enthusiasm</i>						15.64	62.58
EN2. I am heavily into this brand.	.65						
EN3. I am passionate about this brand.	.76						
EN5. I am enthusiastic about this brand.	.94						
EN6. I feel excited about this brand.	.87						
EN8. I love this brand.	.77						
<i>Interaction</i>						2.23	8.90
IT1. In general, I like to get involved in brand community discussions.		.87					
IT2. I am someone who enjoys interacting with like-minded others in the brand community.		.96					
IT3. I am someone who likes actively participating in brand community discussions.		.99					
IT4. In general, I thoroughly enjoy exchanging ideas with other people in the brand community.		.95					
IT5. I often participate in activities of the brand community.		.80					
<i>Absorption</i>						1.51	6.06
AB1. When I am interacting with the brand, I forget everything else around me.			.84				
AB2. Time flies when I am interacting with the brand.			.84				
AB3. When I am interacting with brand, I get carried away.			.93				
AB4. When interacting with the brand, it is difficult to detach myself.			.95				
AB5. In my interaction with the brand, I am immersed.			.98				
AB6. When interacting with the brand intensely, I feel happy.			.66				
<i>Attention</i>						1.23	4.93
AT1. I like to learn more about this brand.				.71			

AT2. I pay a lot of attention to anything about this brand.	.99		
AT3. Anything related to this brand grabs my attention.	.94		
AT4. I concentrate a lot on this brand.	.52		
AT7. I like learning more about this brand.	.71		
<i>Identification</i>		1.03	3.32
ID1. When someone criticises this brand, it feels like a personal insult.	.68		
ID3. When I talk about this brand, I usually say we rather than they.	.85		
ID4. This brand's successes are my successes.	.88		
ID5. When someone praises this brand, it feels like a personal compliment.	.87		

Note. EN = enthusiasm; IT = interaction; AB = absorption; AT = attention; ID = identification; Eigen. = Eigenvalue; % Var. Exp. = Percentage of Variance Explained.

4.2.4.2.5 *Practical issues in structural equation modelling*

Before the structural equation modelling analysis was performed on the research data, several important practical issues involved in this analysis technique were addressed. Sample size, missing data and linearity were checked, and univariate and multivariate normality were tested (Hair et al., 2006; Ullman, 2001). Examination of these issues forms the preliminary evaluation of the data, which is further discussed.

Sample size and missing values. Structural equation modelling is based on covariances and requires large samples to produce stable parameter estimates (Hair et al., 2006; Ullman, 2001). Opinions concerning minimum sample sizes differ (MacCallum, Widaman, Preacher & Hong, 2001), depending on the analysis procedures that are adopted and on model characteristics, such as model complexity, and estimation techniques (Hair et al., 2006). However, a generally accepted ratio is 10 cases for each parameter estimated (Jöreskog & Sörbom, 1989; Raykov & Widaman, 1995). As the proposed measurement model of customer engagement contains 60 distinct parameters to be estimated (25 regression weights, 10 covariances and 25 variances), the minimum sample size was calculated to be 600. Therefore, the current sample of 755 was considered to be more than adequate. As the online survey used a forced-response design, the data had no missing values and therefore inspection for missing data was not a requirement for this study.

Linearity. While SEM techniques require linear relationship variables, linearity among latent variables is difficult to evaluate, and linear relationships among pairs of measured variables can be inspected instead (Ullman, 2001). Given the large number of items, this evaluation was conducted on a set of items randomly selected from the data through inspection of scatterplots using SPSS (Li, 2006; Ullman, 2001).

The results showed that all pairs of observed variables were moderately to strongly linearly related.

Multivariate outliers. A univariate outlier has an extreme value on a single variable, whereas a multivariate outlier has extreme values on two or more variables (Kline, 2011). Multivariate outliers can be assessed by computing the squared Mahalanobis distance (D^2), which measures the distance in standard deviation units between a set of scores for one case and the sample means for all variables (centroids) (Byrne, 2009). A multivariate outlying case exhibits a D^2 value that is substantially apart from other all other D^2 values. Inspection of these values suggested that while some cases had large estimates, no case was significantly isolated from others and therefore, no multivariate outliers were identified.

Univariate and multivariate normality. A critically important assumption in the conduct of structural equation modelling analyses is that the data are multivariate normal (Byrne, 2009). Prerequisite to the assessment of multivariate normality is the need to check for univariate normality (DeCarlo, 1997). To formally test whether the data follow a normal distribution, a series of Kolmogorov-Smirnov tests was conducted in SPSS and results showed that all individual items departed significantly from univariate normality ($p < .001$). While normality is attributed to both skewness and kurtosis, it is kurtosis that severely affects tests of variances and covariances (Byrne, 2009; DeCarlo, 1997). As structural equation modelling is based on the analysis of covariance structures, evidence of kurtosis raises a major concern and therefore, examination of univariate kurtosis is warranted. West, Finch and Curran (1995) suggest that a rescaled value of greater than 7 is indicative of early departure from normality. Using this threshold of 7 as a guide, a review of the kurtosis values suggested that no item appeared to be substantially kurtotic.

Univariate normality is a necessary but insufficient condition for multivariate normality (DeCarlo, 1997) and therefore multivariate normality was assessed via Mardia's (1970) normalised estimate of multivariate kurtosis (Byrne, 2009). According to Bentler (2005), in practice, if critical ratio values of multivariate kurtosis are greater than 5.00, multivariate non-normality is evident in the data. This suggested criterion served as a basis for an examination of the normality output generated by AMOS, which indicated multivariate non-normality in the sample data.

While the difficulty of obtaining perfectly normal data has been widely recognised in social sciences (Hughes & Sharrock, 1980; Veal, 2005), interpretations of results based on the standard estimation method (i.e., maximum likelihood) could be problematic if multivariate kurtosis is evident. Violation of the normality assumption tends to inflate the chi-square statistic and standard errors of the parameter estimates (Bollen, 1989; Chou, Bentler & Satorra, 1991) as well as underestimate fit indices such as the Tucker-Lewis Index and Comparative Fit Index (Hu & Bentler, 1999).

One common approach to handling multivariate non-normal data is to use a procedure known as "bootstrapping" (Byrne, 2009; West et al., 1995; Yung & Bentler, 1996; Zhu, 1997). In essence, bootstrapping is a resampling technique that tests the observed sample data as an estimate of the population (Efron & Tibshirani, 1994). The primary advantage of bootstrapping is that, by drawing multiple sub-samples from the original sample and investigating the resulting parameter distribution, the researcher can assess the stability of the parameter estimates and thereby report their values with a greater level of accuracy (Byrne, 2009). Therefore, the bootstrapping technique was used in the structural equation modelling analysis.

After completion of the preliminary data analysis, consistent with previous scale development studies (e.g., Kim, Ritchie & McCormick, 2010), the overall sample was randomly split into two sub-samples using the SPSS random-case selection. One sub-sample served as a confirmatory sample and the other as a validation sample. The confirmatory sample was used to examine the psychometric properties of the measurement model, whereas the validation sample was used to test the generalisability of the scale. Results of the two samples are reported separately.

4.2.4.3 Confirmatory Sample

From a scale development perspective, confirmatory factor analysis is used to confirm, a priori, a hypothesis concerning the relationship of a set of measurement items to their respective factors, commonly known as the measurement model (Netemeyer et al., 2003). In evaluating the performance of the measurement model, the following five fit indices were examined: the Root Mean Squared Error of Approximation ($RMSEA \leq .08$), the Goodness-of-Fit Index ($GFI \geq .90$), the Tucker Lewis Index ($TLI \geq .95$), the Normed Fit Index ($NFI \geq .95$), the Comparative Fit Index ($CFI \geq .95$) and the Standardised Root Mean Square Residual ($SRMR \leq .08$) (Bagozzi & Yi, 1988; Hair et al., 2006; Hu & Bentler, 1999).

In assessing the latent structure of the measurement model, the researcher conducted a confirmatory factor analysis on the data from the confirmatory sample ($n = 378$) using AMOS 19.0 (Arbuckle, 1994), whereby the covariance matrix served as input data using the maximum likelihood estimation method (Hair et al., 2006). The initial confirmatory factor analysis was estimated with all latent factors modelled simultaneously as correlated first-order factors. The results of the analysis indicated

a marginal fit, with $\chi^2 = 928.47$, $df = 265$, $\chi^2/df = 3.50$, $p < .05$, GFI = .83, CFI = .95, TLI = .94, NFI = .93, RMSEA = .081 and SRMR = .0424. To identify problematic measurement items or model misspecification, the modification indices were examined. Jöreskog and Sörbom (1996) have described the modification indices as the most useful way to respecify the hypothesised model. An inspection of the modification indices produced by AMOS indicated that the model fit could be significantly improved by allowing covariance between AB4 (“When interacting with the brand, it is difficult to detach myself”) and AB5 (“In my interaction with the brand, I am immersed”) ($\Delta \chi^2 (1) = 85.34$, $p < .001$). However, any model respecification should be made only if it makes substantive sense (Byrne, 2009; Kline, 2011). In this case, it was considered appropriate to include a covariance between the errors of the two items because they appear to elicit similar responses from the respondents regarding their level of concentration when interacting with the brand.

Similarly, the inclusion of an error covariance between AT2 (“I pay a lot of attention to anything about this brand”) and AT3 (“Anything related to this brand grabs my attention”) significantly improved the model ($\Delta \chi^2 (1) = 72.34$, $p < .001$). The covariance between the errors of the two items was believed to be substantiated because both items explicitly address the attention that consumers pay to a brand.

In addition, the modification indices show that permitting an error covariance between EN2 (“I am heavily into this brand”) and EN3 (“I am passionate about this brand”) improved the model fit significantly ($\Delta \chi^2 (1) = 70.71$, $p < .001$). It was considered appropriate to allow the errors of the two items to be correlated as intuition suggests that the two items are associated.

After the specification of three error covariances, the revised measurement model of customer engagement illustrated in Figure 4.2 produced a good fit for the

sample data, with $\chi^2 = 700.42$, $df = 262$, $\chi^2/df = 2.67$, $p < .05$, GFI = .87, CFI = .96, TLI = .96, NFI = .94, RMSEA = .067 and SRMR = .0412. Table 4.7 presents the measurement model results.

4.2.4.3.1 Construct validity

As a primary goal of scale development is to create a valid measure of an underlying construct (Clark & Watson, 1995), construct validity needs to be assured. Construct validity refers to how well a measure actually measures the construct it is intended to measure (Netemeyer et al., 2003). According to Cook and Campbell (1979), two processes are at the heart of assessing construct validity. The first is testing for convergence across different measures of the same construct, and the second is testing for divergence between measures of related but conceptually distinct concepts. To provide evidence for construct validity, convergent and discriminant validity are evaluated from this perspective.

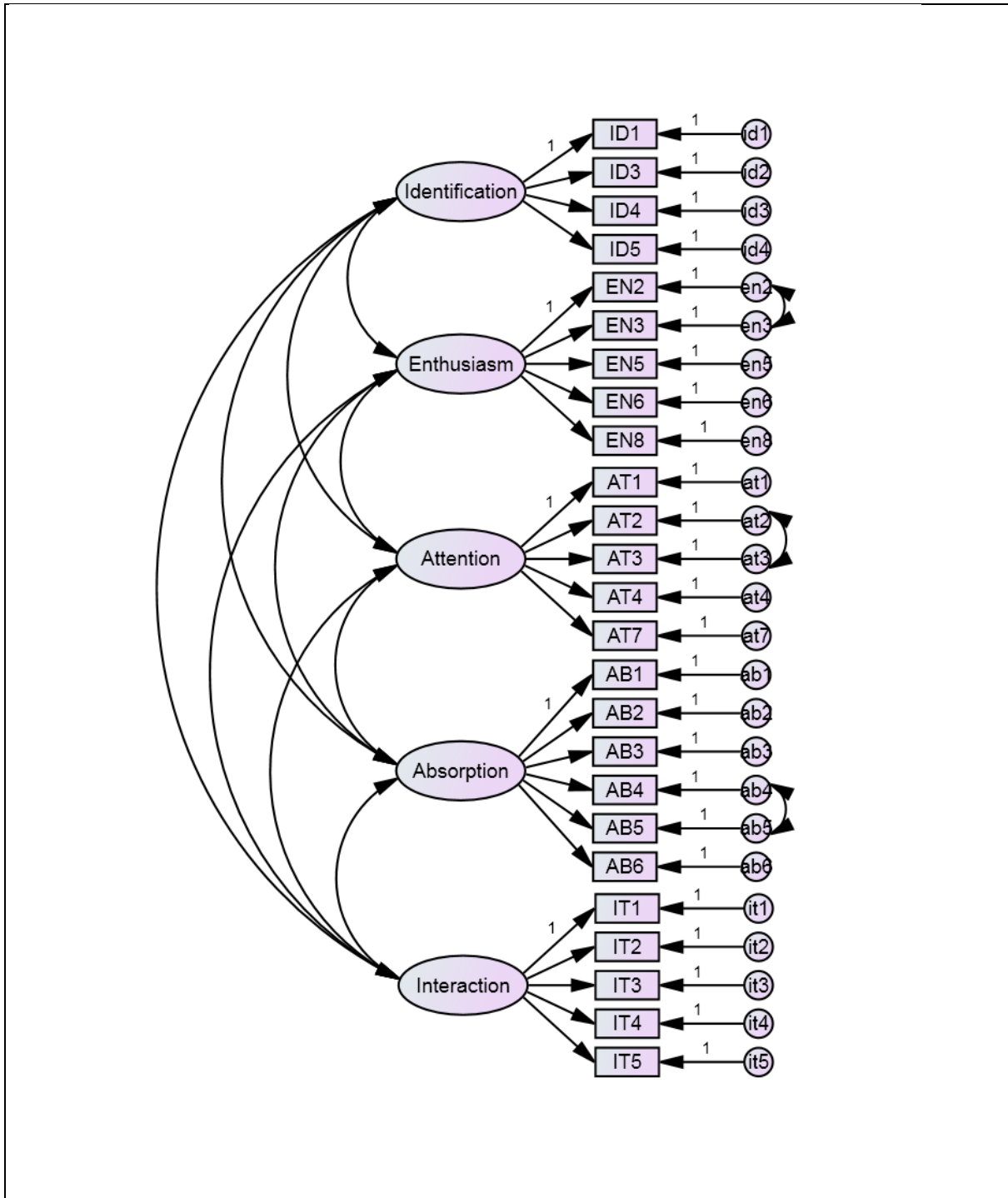


Figure 4.2 Measurement model of customer engagement

Table 4.7 Results of Confirmatory Factor Analysis – Confirmatory Sample

Dimension and Item Description	SL	SE	TV	CR	AVE	SMC
<i>Identification</i> (Mean = 3.48, Standard Deviation = 1.38)				.93	.76	
ID1. When someone criticises this brand, it feels like a personal insult.	.80	.02	N/A			.64
ID3. When I talk about this brand, I usually say we rather than they.	.84	.02	18.97			.71
ID4. This brand's successes are my successes.	.92	.02	21.57			.85
ID5. When someone praises this brand, it feels like a personal compliment.	.93	.02	21.92			.86
<i>Enthusiasm</i> (Mean = 3.53, Standard Deviation = 1.43)				.95	.80	
EN2. I am heavily into this brand.	.85	.02	N/A			.72
EN3. I am passionate about this brand.	.91	.01	34.19			.83
EN5. I am enthusiastic about this brand.	.91	.02	24.50			.83
EN6. I feel excited about this brand.	.93	.01	25.55			.86
EN8. I love this brand.	.86	.02	22.33			.74
<i>Attention</i> (Mean = 3.81, Standard Deviation = 1.28)				.93	.73	
AT1. I like to learn more about this brand.	.83	.02	N/A			.69
AT2. I pay a lot of attention to anything about this brand.	.87	.02	20.91			.76
AT3. Anything related to this brand grabs my attention.	.83	.02	19.68			.69
AT4. I concentrate a lot on this brand.	.87	.02	21.12			.76
AT7. I like learning more about this brand.	.87	.02	21.10			.76
<i>Absorption</i> (Mean = 2.88, Standard Deviation = 1.37)				.97	.85	
AB1. When I am interacting with the brand, I forget everything else around me.	.91	.02	N/A			.83
AB2. Time flies when I am interacting with the brand.	.94	.01	32.29			.88
AB3. When I am interacting with brand, I get carried away.	.97	.01	36.14			.94
AB4. When interacting with the brand, it is difficult to detach myself.	.93	.01	31.66			.86
AB5. In my interaction with the brand, I am immersed.	.94	.01	32.31			.88
AB6. When interacting with the brand intensely, I feel happy.	.84	.02	24.41			.71
<i>Interaction</i> (Mean = 3.47, Standard Deviation = 1.40)				.97	.86	
IT1. In general, I like to get involved in brand community discussions.	.88	.02	N/A			.77
IT2. I am someone who enjoys interacting with like-minded others in the brand community.	.95	.01	29.17			.90
IT3. I am someone who likes actively participating in brand community discussions.	.96	.01	30.40			.92
IT4. In general, I thoroughly enjoy exchanging ideas with other people in the brand community.		.01	29.65			.90
IT5. I often participate in activities of the brand community.	.88	.02	24.55			.77

Notes. $\chi^2 = 700.42$ ($p < .05$, $df = 262$); $\chi^2/df = 2.67$; GFI = .87; CFI = .96; NFI = .94; TLI = .96; RMSEA = .067; SRMR = .0412; SL = bootstrap standardised loadings; SE = bootstrap standard error; TV = t value; CR = composite reliability; AVE = average variance extracted; SMC = squared multiple correlation.

One of the most frequently adopted methods of investigating convergent and discriminant validity is the multitrait-multimethod matrix (Campbell & Fiske, 1959).

This procedure involves measuring more than one construct by means of more than one method to obtain a 'fully crossed' method-by-measure matrix (DeVellis, 2012).

Evidence of convergent validity is provided from significant and large correlations between two different measures of the same construct (e.g., a Likert scale and a thermometer scale) (Netemeyer et al., 2003). However, the original multitrait-multimethod procedures have been criticised for relying on unrealistic assumptions and a qualitative assessment of comparisons of correlations (e.g., Bagozzi, Yi & Phillips, 1991). Subsequent developments of confirmatory factor analysis, termed “second generation methods for approaching construct validity” (Bagozzi et al., 1991, p. 429), present evidence that the use of confirmatory factor analysis overcomes the weaknesses of the multitrait-multimethod approach by providing quantitative measures of convergent and discriminant validity, and its use in future research is advocated. For these reasons, confirmatory factor analysis was used as the foundation for the assessment of construct validity in this study.

Convergent validity. Convergent validity refers to the degree to which items designed to measure the same construct are related (Lewis, Templeton & Byrd, 2005; Netemeyer et al., 2003). Several measures have been proposed as appropriate evaluative estimates of convergent validity, including examination of the statistical significance and magnitude of an item factor loading (Anderson & Gerbing, 1988; Fornell & Larcker, 1981), correlation between items of the same factor (Churchill & Iacobucci, 2009) and the average percentage of variance extracted (AVE) among a set of construct items (Fornell & Larcker, 1981; Hair et al., 2006). Therefore, the specific suggested criteria for these measures, as well as the results, are further discussed.

The size of the factor loading is an important indicator of convergent validity. According to Hair et al. (2006), all standardised loading estimates should at minimum be statistically significant. However, a significant factor loading could be weak in

strength. Therefore, individual item factor loadings should be .50 or higher, and ideally .70 or higher (Hair et al., 2006). As Table 4.7 shows, standardised factor loadings for all items achieved the suggested threshold of .70 and all associated t -values were greater than 2.57 ($p < .01$) (Netemeyer et al., 2003), providing evidence for convergent validity. In addition, the AVEs of the five individual dimensions exceeded the suggested level of .50 (Hair et al., 2006). Furthermore, each dimension was subjected to bivariate correlation analysis and the results showed that all items within each factor were statistically significant at $\alpha = .01$. On the basis of these measures, convergent validity was supported.

Discriminant validity. In contrast to convergent validity, which represents the similarity between items of the same construct, discriminant validity refers to the extent to which a construct is truly distinct from other constructs (Hair et al., 2006). Discriminant validity exists if a measure does not correlate too highly with measures from which it is supposed to differ (Churchill & Iacobucci, 2005). To establish discriminant validity of the measured constructs, the test suggested by Fornell and Larcker (1981) was conducted to compare the correlations of the factors with the square root of the AVE for each of the factors. Discriminant validity can be established if the square root of the AVE for each of the factors is greater than the correlations among the factors. As Table 4.8 shows, the square root of the AVE for each factor was greater than its correlations with other factors, providing evidence for discriminant validity.

4.2.4.3.2 Construct reliability

Unlike validity, which is concerned with how well the measures define the concept, reliability relates to the consistency of the measures (Hair et al., 2006).

A reliable scale is one that performs in a consistent and predictive way and is able to yield scores that represent the true state of the variable being investigated (DeVellis, 2012). The two broad types of reliability commonly referred to in the psychometric literature are test-retest reliability and internal consistency (Netemeyer et al., 2003). While test-retest reliability offers information concerning the stability of the item responses over time (DeVellis, 2012; Netemeyer et al., 2003) as well as the scale's generalisability to other assessment occasions (Haynes, Nelson & Blaine, 1999), it has not been assessed in scale use or development as frequently as internal consistency (Robinson, Shaver & Wrightsman, 1991). The reason for this lesser use is that very few scales in social science have test-retest estimates (Netemeyer et al., 2003) and the requirement for assessing the phenomena with the same sample on two occasions makes the test-retest approach relatively less feasible. For this reason, internal consistency was used to assess scale reliability in this study.

Table 4.8 *Discriminant Validity Analysis from Confirmatory Factor Analysis*

	Identification	Enthusiasm	Attention	Absorption	Interaction
Identification	.87				
Enthusiasm	.77	.89			
Attention	.69	.83	.86		
Absorption	.70	.74	.74	.92	
Interaction	.48	.58	.66	.60	.92

Note. The bold diagonal elements are the square root of the variance shared between the constructs and their measures. Off-diagonal elements are the correlations between constructs.

Although Cronbach's alpha remains the most widely applied estimate for evaluation of internal consistency, scholars advocate the use of a combination of criteria such as coefficient alpha, AVE and composite reliability (Netemeyer et al.,

2003), all of which were examined in this study. The composite reliability estimates of the constructs were calculated using the formula of Hair et al. (2006, p. 777). The results indicated that all five factors achieved the recommended level of construct reliability of .70 (Hair et al., 2006), with composite reliability values ranging from .92 to .97, as shown in Table 4.7. In addition, all latent factors were tested via Cronbach's alpha, with all factors exhibiting an alpha level of greater than .70.

A more stringent test of internal structure and stability involves assessing the amount of variance captured by a construct's measure in relation to the amount of variance due to measurement error (i.e., AVE) (Netemeyer et al., 2003). As Table 4.7 indicates, the AVEs of all constructs were well above the .50 cutoff recommended by Fornell and Larcker (1981). Therefore, the reliability analysis via three different measures indicated that the measurement items all consistently represent their respective latent construct. Overall, the preceding statistical tests suggested that the scales were valid and reliable measures of the latent constructs.

4.2.4.3.3 Criterion validity

In addition to assessment of convergent and discriminant validity, a commonly acknowledged condition for scale development relates to establishing criterion-related validity (DeVellis, 2012; Hinkin, 1998; Netemeyer et al., 2003). The term "criterion validity" is often used interchangeably with "predictive validity", traditionally referred to as the ability of a measure to effectively predict some subsequent temporal criterion (DeVellis, 2012; Netemeyer et al., 2003). To establish criterion validity when developing a new measurement scale, the researcher should examine relationships between the new measure and variables with which they could be hypothesised to relate (Hinkin, 1998). Therefore, evidence of criterion validity

requires that an item or scale have an empirical association with some criterion or putative standard variable (DeVellis, 2012).

To test the criterion validity of the scale, in collecting the research data for the fourth step of the scale development process, an additional construct—behavioural intention of loyalty, was measured as an outcome variable of customer engagement. The selection of the construct was motivated by the emerging discussion that customer engagement is potentially a superior predictor of brand loyalty (e.g., Hollebeek, 2009; Patterson et al., 2006), a conceptualisation in line with the notion that customer engagement is a psychological process of loyalty development (Bowden, 2009). Therefore, five additional items were adapted from Zeithaml, Berry, and Parasuraman's (1996) scale of behavioural intention of loyalty, which were modelled as an endogenous variable predicted by the second-order factor of customer engagement.

Figure 4.3 shows the structural model for testing predictive validity of the scale. The fit indices suggested that the model fit the data reasonably well for the confirmatory sample ($n = 378$) ($\chi^2 = 1092.70$, $df = 396$, $\chi^2/df = 2.76$, $p < .05$, GFI = .83, CFI = .95, TLI = .95, NFI = .93, RMSEA = .068 and SRMR = .0557) with the exception of GFI. As the research data were found to be multivariate non-normal, a bootstrapping procedure was selected in AMOS and the resulting parameter estimates were used to evaluate the model. The results suggested that customer engagement was a significant predictor of behavioural intention of loyalty ($\beta = .564$, $t = 9.86$, $p < .001$), explaining 31.9% of the variance in this outcome variable. Therefore, this analysis provided empirical support for the predictive validity of the customer engagement scale.

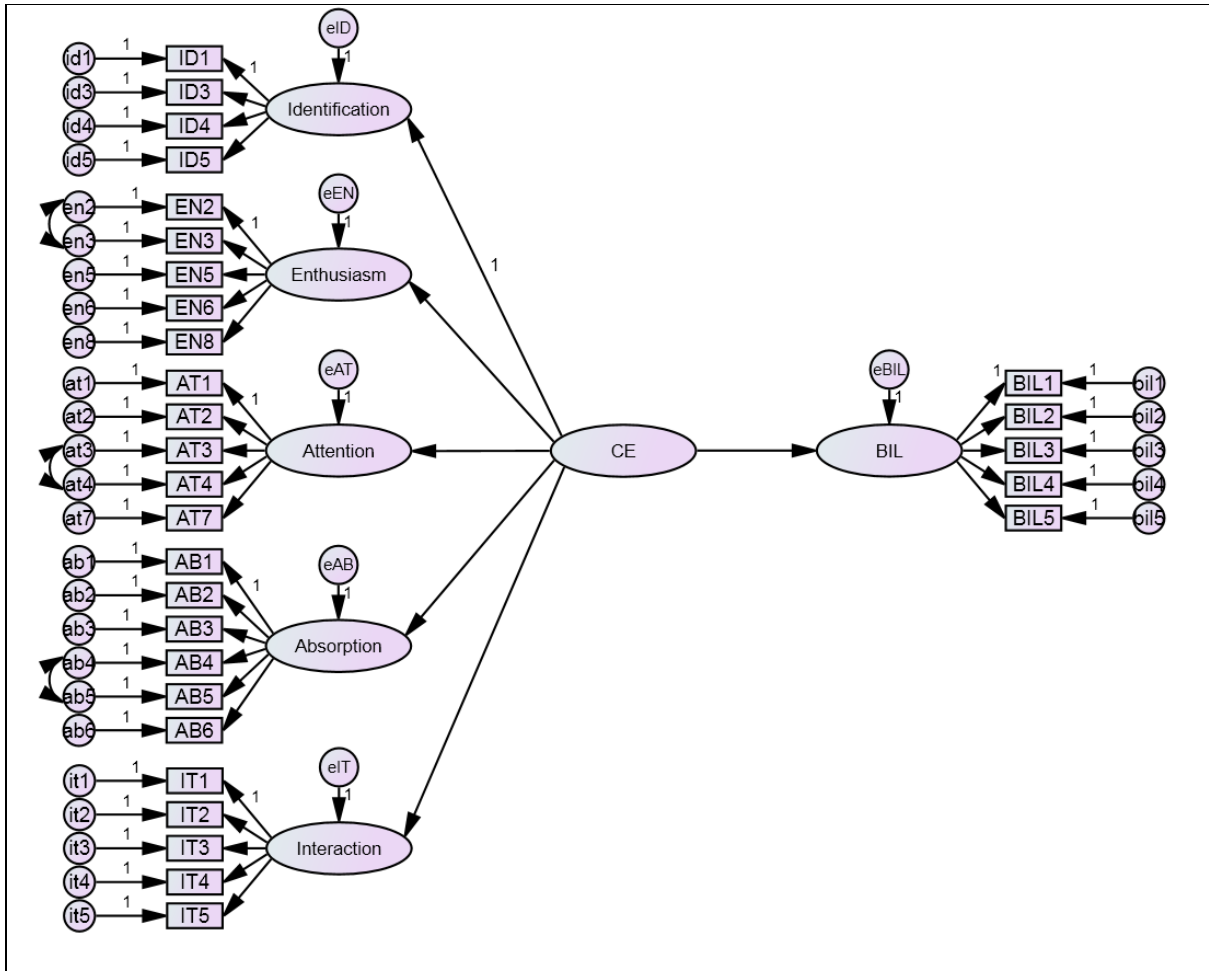


Figure 4.3 Model for testing criterion validity of customer engagement

4.2.4.3.4 Dimensionality

To test the dimensionality of the proposed customer engagement measurement scale, a series of confirmatory factor analyses was conducted to confirm whether the five-factor model was the more appropriate conceptualisation of customer engagement. Following a similar model comparison procedure adopted in other scale development studies (Chu & Murrmann, 2006; e.g., King, Grace & Funk, 2012; Sin, Tse & Yim, 2005; Sweeney & Soutar, 2001), the researcher first conducted a confirmatory factor analysis with all items of the five customer

engagement components loading on one factor to compare with proposed five-factor measurement model. As Table 4.9 shows, the one-factor model provided a significantly worse fit than the five-factor model ($\Delta \chi^2 (10) = 3489.22, p < .001$). Next, a four-factor model was estimated by combining the two most highly correlated factors (i.e., attention and enthusiasm) into one factor and leaving the other three factors unchanged. A comparison was made between the four-factor model and the proposed five-factor model, and the results presented in Table 4.9 show that the four-factor model was a significantly worse fit than the five-factor model ($\Delta \chi^2 (4) = 316.38, p < .001$). This dimensionality test provided evidence to support the five-factor model.

Table 4.9 *Model Comparisons for Dimensionality*

Competing Models	Chi-Square	df	p-Value	GFI	NFI	TLI	CFI	RMSEA
One-factor model	4189.64	272	.00	.44	.66	.65	.68	.195
Four-factor model	1016.80	266	.00	.80	.92	.93	.94	.087
Five-factor model (confirmatory)	700.42	262	.00	.87	.94	.96	.96	.067

After the psychometric properties of the customer engagement scale were tested using the confirmatory sample, the scale was subsequently examined through the validation sample.

4.2.4.4 Validation Sample

With respect to development of a new measurement scale, the importance of assessing scale performance using multiple samples has been emphasised for several important reasons (Bearden, Netemeyer & Teel, 1989; DeVellis, 2012;

Hinkin, 1995; Netemeyer et al., 2003). First, the use of multiple samples helps to reduce the potential difficulties caused by common source/common method variance. Second, the use of an independent sample to provide an application of the measure enhances the generalisability of the new measure. Third, researchers who use multiple samples to develop and test their scales usually report good results. Therefore, for these identified benefits to be realised, the development of the customer engagement scale in this study required further testing of the measure with an independent sample, namely the validation sample. The examination of the validation or replication sample focuses on confirmatory factor analysis, assessment of internal consistency reliability, and convergent, discriminant and criterion-related validity (Hinkin, 1998). These analyses aim to provide the researcher with the confidence that the final scale is a valid and reliable measure that is suitable for use in future research.

4.2.4.4.1 Construct validity

To further assess the construct validity and reliability of the customer engagement scale, a confirmatory factor analysis was conducted using AMOS 19.0. The measurement model again yielded a satisfactory model fit, with $\chi^2 = 744.90$, $df = 262$, $\chi^2/df = 2.84$, $p < .05$, GFI = .86, CFI = .96, TLI = .96, NFI = .94, RMSEA = .070, and SRMR = .0397. Convergent validity was evaluated via inter-item correlation, AVE, and item factor loadings. Table 4.10 presents the confirmatory factor analysis results of the validation sample ($n = 377$). Standardised factor loadings were strong and ranged from .80 to .98 and t -values for all loadings were above the critical value of 2.57 ($p < .01$) (Netemeyer et al., 2003). AVEs of the five individual dimensions exceeded the suggested level of .50 (Hair et al., 2006). Furthermore, each

dimension was subjected to bivariate correlation analysis and the results showed that all items within each factor were statistically significant at $\alpha = .01$. The results of these analyses provided further evidence for convergent validity. As Table 4.11 indicates, the square root of the AVE for each factor was greater than its correlations with other factors, providing evidence for discriminant validity.

Table 4.10 Results of Confirmatory Factor Analysis – Validation Sample

Dimension and Item Description	SL	SE	TV	CR	AVE	SMC
<i>Identification</i> (Mean = 3.44, Standard Deviation = 1.41)				.92	.76	
ID1. When someone criticises this brand, it feels like a personal insult.	.79	.03	N/A			.62
ID3. When I talk about this brand, I usually say we rather than they.	.84	.02	18.73			.71
ID4. This brand's successes are my successes.	.90	.02	20.45			.81
ID5. When someone praises this brand, it feels like a personal compliment.	.94	.01	21.85			.88
<i>Enthusiasm</i> (Mean = 3.53, Standard Deviation = 1.48)				.96	.82	
EN2. I am heavily into this brand.	.87	.02	N/A			.76
EN3. I am passionate about this brand.	.91	.01	33.23			.83
EN5. I am enthusiastic about this brand.	.92	.02	27.04			.85
EN6. I feel excited about this brand.	.97	.01	30.61			.94
EN8. I love this brand.	.86	.02	23.32			.74
<i>Attention</i> (Mean = 3.76, Standard Deviation = 1.37)				.94	.76	
AT1. I like to learn more about this brand.	.84	.02	N/A			.71
AT2. I pay a lot of attention to anything about this brand.	.89	.02	22.78			.79
AT3. Anything related to this brand grabs my attention.	.86	.03	21.52			.74
AT4. I concentrate a lot on this brand.	.88	.02	22.32			.77
AT7. I like learning more about this brand.	.90	.02	23.28			.81
<i>Absorption</i> (Mean = 2.84, Standard Deviation = 1.36)				.97	.85	
AB1. When I am interacting with the brand, I forget everything else around me.	.94	.01	N/A			.88
AB2. Time flies when I am interacting with the brand.	.90	.02	31.30			.81
AB3. When I am interacting with brand, I get carried away.	.95	.02	38.25			.90
AB4. When interacting with the brand, it is difficult to detach myself.	.94	.01	36.84			.88
AB5. In my interaction with the brand, I am immersed.	.94	.01	36.23			.88
AB6. When interacting with the brand intensely, I feel happy.	.86	.02	27.12			.74
<i>Interaction</i> (Mean = 3.47, Standard Deviation = 1.49)				.97	.88	
IT1. In general, I like to get involved in brand community discussions.	.93	.01	N/A			.86
IT2. I am someone who enjoys interacting with like-minded others in the brand community.	.96	.01	38.65			.92
IT3. I am someone who likes actively participating in brand community discussions.	.97	.00	41.02			.94
IT4. In general, I thoroughly enjoy exchanging ideas with other people in the brand community.	.94	.01	36.14			.88
IT5. I often participate in activities of the brand community.	.88	.02	28.47			.77

Notes. $\chi^2 = 744.90$ ($p < .05$, $df = 262$); $\chi^2/df = 2.84$; GFI = .86; CFI = .96; NFI = .94; TLI = .96; RMSEA = .070; SRMR = .0397; SL = bootstrap standardised loadings; SE = bootstrap standard error; TV = t value; CR = composite reliability; AVE = average variance extracted; SMC = squared multiple correlation.

Table 4.11 *Discriminant Validity Analysis from Confirmatory Factor Analysis*

	Identification	Enthusiasm	Attention	Absorption	Interaction
Identification	.87				
Enthusiasm	.78	.89			
Attention	.70	.82	.85		
Absorption	.67	.74	.76	.92	
Interaction	.51	.64	.66	.64	.92

The bold diagonal elements are the square root of the variance shared between the constructs and their measures. Off-diagonal elements are the correlations between constructs.

4.2.4.4.2 Construct reliability

As in the evaluation of the confirmatory sample, construct reliability was assessed via coefficient alpha, AVE and composite reliability (Netemeyer et al., 2003). Again, composite reliability estimates of the five factors were calculated (Hair et al., 2006, p. 777), with all reliability values exceeding the recommended level of construct reliability of .70 (Hair et al., 2006). In addition, all latent factors were tested via Cronbach's alpha, with all factors exhibiting an alpha level of greater than .70. The AVEs of all constructs were well above the .50 cutoff recommended by Fornell and Larcker (1981). The results of the three separate reliability measures again provided support for construct reliability of the customer engagement.

4.2.4.4.3 Criterion validity

In a procedure similar to that used with the confirmatory sample, criterion-related validity of the scale was further examined using the validation sample. Again the fit indices overall indicated that the model fit the data well ($n = 377$) ($\chi^2 = 1146.81$, $df = 396$, $\chi^2/df = 2.90$, $p < .05$, GFI = .82, CFI = .95, TLI = .95, NFI = .93, RMSEA = .07 and SRMR = .0584) with the exception of GFI. The bootstrapping estimates

showed that customer engagement was a significant predictor of behavioural intention of loyalty ($\beta = .581$, $t = 10.169$, $p < .001$), explaining 33.7% of the variance in this outcome variable. Thus, the criterion-related validity of the customer engagement scale was further supported. Generation of additional evidence for the validity and reliability of the customer engagement scale using the validation sample established the foundation for the assessment of measurement invariance across samples, which is considered next.

4.2.4.4.4 Factor invariance test

One important criterion for evaluating scales relates to measurement invariance. If evidence of invariance exists, the generalisability of the scale is supported (Bollen, 1989; Marsh, 1994; Netemeyer et al., 2003; Steenkamp & Baumgartner, 1998). According to Netemeyer et al. (2003), when parallel data are available, multiple group confirmatory factor analysis provides a powerful test of measurement invariance. As the confirmatory validation samples offer parallel data on the scale items, such an analysis can readily be conducted. Thus, using the multiple group analysis in AMOS, the researcher conducted a measurement invariance test using confirmatory factor analysis to assess whether the measurement model of the five customer engagement dimensions was equivalent across the confirmatory and validation samples. According to Byrne (2009), depending on the research purpose and the hypotheses being examined, multiple group invariance tests can be performed at different levels of stringency: 1) measurement weights, 2) measurement weights and structural covariances and 3) measurement weights, structural covariances and measurement residuals. The literature has established that metric invariance (i.e., measurement weights or factor

loadings) is sufficient (Lee & Back, 2009; Yoo, 2002) to provide evidence of measurement invariance. For this reason this level of stringency was used for this study.

As recommended by Netemeyer et al. (2003), the researcher first estimated the least restrictive (i.e., unconstrained) model with the same pattern of fixed and non-fixed parameters across groups, with results indicating good model fit ($\chi^2 = 1445.32$, $df = 524$, $p < .05$, GFI = .86, CFI = .96, TLI = .96, NFI = .94, RMSEA = .048 and SRMR = .0412). This model was then used as the baseline for comparison with a full metric invariance model (i.e., invariant factor loadings across samples) ($\chi^2 = 1457.31$, $df = 544$, $p < .05$, GFI = .86, CFI = .96, TLI = .96, NFI = .94, RMSEA = .047 and SRMR = .0410). If the chi-square difference test does not suggest a significant difference between two models, the measurement model is invariant across the two samples (Lee & Back, 2009; Yoo, 2002). As indicated in Table 4.12, the chi-square difference between the unconstrained model and full metric invariance model was not significant ($\Delta \chi^2 (20) = 12.00$, $p > .05$), suggesting that the factor loadings were invariant across samples and thus providing evidence for the generalisability of the customer engagement scale.

Table 4.12 Results for Factor Invariance Test across Samples

Model	Chi-Square	df	p-Value	GFI	NFI	TLI	CFI	RMSEA
Unconstrained	1445.32	524	.00	.86	.94	.96	.96	.048
Full metric invariance	1457.31	544	.00	.86	.94	.96	.96	.047

Having established factor invariance across the confirmatory and validation samples, the researcher then combined the two samples to evaluate factor

invariance across the three service categories investigated. Following the same procedure, the researcher estimated an unconstrained model ($\chi^2 = 1975.88$, $df = 849$, $p < .05$, GFI = .82, CFI = .96, TLI = .95, NFI = .93, RMSEA = .042 and SRMR = .0477) and a full metric invariance model ($\chi^2 = 1990.16$, $df = 869$, $p < .05$, GFI = .82, CFI = .96, TLI = .95, NFI = .93, RMSEA = .041 and SRMR = .0480), with both estimations indicating satisfactory model fit. The results presented in Table 4.13 showed that the chi-square difference between the unconstrained model and full metric invariance model was not significant ($\Delta \chi^2 (20) = 14.27$, $p > .05$), indicating that the factor loadings were invariant across three service categories. Therefore, the three industry groups were combined to form a larger sample, which will be used to test the hypothesised relationships proposed within the overall conceptual model. The results are presented in the next chapter.

Table 4.13 *Results for Factor Invariance Test across Service Categories*

Model	Chi-Square	df	p-Value	GFI	NFI	TLI	CFI	RMSEA
Unconstrained	1975.88	849	.00	.82	.93	.95	.96	.042
Full metric invariance	1990.16	869	.00	.82	.93	.95	.96	.041

4.3 Chapter Summary

This chapter has described the procedure and results of the multi-stage process of developing the customer engagement measurement scale. Online distribution of the self-administered pilot survey to a convenience sample of 110 respondents provided an initial assessment of the psychometric properties of the proposed scale via exploratory factor analysis and internal consistency estimates.

The refined scale was further tested using a systematic sample of 755 consumers who were randomly separated into confirmatory and validation sub-samples.

The five-dimensional measure of customer engagement demonstrated construct, discriminant and criterion-related validity as well as construct reliability. The customer engagement scale consistently exhibited a five-factor structure across multiple samples, with identification, enthusiasm, attention, absorption and interaction being the distinct dimensions of the customer engagement concept. The comparison of three competing models lended strong support to the proposed five-factor model as the best fit for the data.

As the customer engagement scale has now been developed and validated, the next chapter describes the testing of the research hypotheses contained in the conceptual model, in which the customer engagement construct plays a central role.

CHAPTER FIVE: HYPOTHESIS TESTING

5.1 Introduction

Chapter Four discussed the process of developing the customer engagement scale and described the results, which demonstrated the strong psychometric properties of the measurement scale. This chapter describes the stages of data analysis and presents results of the examination of the research hypotheses proposed in Chapter Two. In the fourth step of the scale development process, additional measurement scales were included to facilitate hypothesis testing. Therefore, this chapter begins by outlining and justifying the selection of scales used to measure components other than customer engagement that are represented in the overall conceptual model: perceived service quality, customer satisfaction, perceived value, brand trust and brand loyalty. The chapter discussion presents a preliminary data analysis relating to data screening, followed by an evaluation of the overall measurement model via confirmatory factor analysis using structural equation modelling. Substantiation of the measurement model's performance is followed by a discussion of the confirmatory factor analysis, which verifies the proposed second-order factor model of service evaluation and customer engagement. The overall conceptual model and the proposed research hypotheses are subsequently tested. Finally, the mediating effects of brand trust are formally examined.

5.2 Construct Measurement

As described in Chapter Three, the fourth step of the scale development process involved collection of data relating to all components articulated in the

proposed integrative model of service brand loyalty formation. Specifically, measurement scales identified in the literature concerning brand trust, service quality, perceived value, customer satisfaction and brand loyalty were included. Responses to brand trust and brand loyalty items were recorded on a seven-point Likert scale (1 = strongly disagree, 7 = strongly agree), whereas service quality, perceived value and customer satisfaction were measured on a seven-point semantic differential scale. Item wording was slightly modified to reflect the context of this study. The survey instrument appears in Appendix E. The use of existing scales ensured the reliability and validity of the survey instrument. This section describes the selection of individual measurement scales suitable for the assessment of these constructs.

5.2.1 Measuring Perceived Service Quality

Perceived service quality is defined as a consumer's judgement about a product's overall excellence or superiority (Zeithaml, 1988). Service quality can be measured with the comprehensive scale of SERVQUAL (Parasuraman et al., 1988, 1991) or SERVPERF (Cronin & Taylor, 1994). However, the use of such a scale could substantially increase the length of a survey questionnaire, resulting in the potential of a lower response rate. As the overall model contains a number of other important constructs that need to be measured simultaneously, special consideration was given to survey length. For this reason, to assess customers' perceived quality of services provided by the brand, three overall service quality items, originating from Oliver (1997), were adapted from Cronin et al. (2000). The selection of the measurement scale lies in both its simplicity and its consistent reliability as reported by other scholars (e.g., Babin, Lee, Kim & Griffin, 2005). The items are shown below:

As a customer, how would you rate the level of service quality you receive from [insert brand name]?

SQ1. Poor 1 2 3 4 5 6 7 Excellent

SQ2. Inferior 1 2 3 4 5 6 7 Superior

SQ3. Low Standards 1 2 3 4 5 6 7 High Standards

5.2.2 Measuring Customer Satisfaction

Customer satisfaction represents the degree to which a consumer believes that possession or use of a service evokes positive feelings (Rust & Oliver, 1994). Four affective items were adapted from Spreng et al. (1996) to measure customers' overall evaluation of a brand. The scale has been used widely by other tourism scholars (e.g., Li & Petrick, 2008), who reported good scale reliability, and therefore the scale was deemed suitable for this study. The four items are shown below:

As a customer, how would you rate your overall experience with [insert brand name] on the following scales?

SAT1. Very Dissatisfied 1 2 3 4 5 6 7 Very Satisfied

SAT2. Very Displeased 1 2 3 4 5 6 7 Very Pleased

SAT3. Frustrated 1 2 3 4 5 6 7 Contented

SAT4. Terrible 1 2 3 4 5 6 7 Delighted

5.2.3 Measuring Perceived Value

Perceived value is a consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given (Zeithaml, 1988). While the concept of perceived value can be measured as a multidimensional construct (Bradley & Sparks, 2012; Petrick, 2002a), this study used a unidimensional measurement as it focuses on the overall assessment of perceived value and how it links to other related constructs. Four items were adapted from Sirdeshmukh et al. (2002) to measure customers' perceived value of services provided by the brand. The wording of the items was modified to suit the airline, hotel and retail service categories selected for this study. The four measurement items appear below:

Please evaluate [insert brand name] on the following factors...

PV1. For the prices you pay for travelling with this airline/staying at this hotel/shopping at this store, would you say travelling on this airline/ staying at this hotel/shopping at this store is a Very poor deal 1 2 3 4 5 6 7 Very good deal

PV2. For the time you spent in making a purchase with this airline/hotel/store, would you say travelling on this airline/staying at this hotel/shopping at this store is Highly unreasonable 1 2 3 4 5 6 7 Highly reasonable

PV3. For the effort involved in travelling with this airline/staying with this hotel/shopping with this store, would you say travelling on this airline/staying at this hotel/shopping at this store is Not at all worthwhile 1 2 3 4 5 6 7 Very worthwhile

PV4. How would you rate your overall experience with this airline/hotel/store?
Extremely poor value 1 2 3 4 5 6 7 Extremely good value

5.2.4 Measuring Brand Trust

Brand trust refers to the degree of a consumer's willingness to rely on an exchange partner in whom one has confidence (Moorman et al., 1992). To measure the construct of brand trust, four items developed by Chaudhuri and Holbrook (2001) were adapted for this study. The items are shown below:

- BT1. I trust this brand
- BT2. I rely on this brand
- BT3. This is an honest brand
- BT4. This brand is safe

5.2.5 Measuring Brand Loyalty

Brand loyalty has been defined as a customer's deeply held commitment to rebuy or repatronise a preferred brand consistently in the future (Oliver, 1999), and true brand loyalty is indicated by both a positive attitude towards the brand and a behavioural outcome of a positive psychological state. From this perspective, to measure the brand loyalty construct, four items capturing both attitudinal and behavioural loyalty were adapted from Chaudhuri and Holbrook (2001). This scale was used in previous studies (e.g., Ha et al., 2009) and produced high Cronbach's

alphas, and therefore was considered appropriate for this study. The wording of items was adapted to reflect the context of this study, as shown below.

BL1. If available, I will fly/stay/shop with this brand the next time I travel/travel/shop.

BL2. I intend to keep flying/staying/shopping with this brand.

BL3. I am committed to this brand.

BL4. I would be willing to pay a higher price for this brand over other brands.

In summary, beyond the 25 customer engagement items developed in Chapter Four, 19 additional items were included in the survey instrument administered in the fourth step of the scale development process, resulting in a total of 44 items that provided the foundation for empirical testing of the proposed research hypotheses and the overall conceptual model. The sources of the adapted scales are summarised in Table 5.1. Now that the selection of the relevant measures has been described, the next section will present a thorough analysis of the empirical data.

5.3 Data Analysis

This section provides the rationale for, and a detailed description of, the data analysis conducted to address research questions 1, 4 and 5 (see Chapter One, Section 1.2, Page 5) as well as to test the research hypotheses. Primary topics covered in the section include preliminary data analysis, assessment of the measurement model, model comparison, hypothesis testing and mediation analysis. Prior to the employment of any multivariate analytical techniques, the research data collected must be subjected to preliminary screening to ensure the statistical requirements for subsequent analysis have been met (Hair et al., 2006; Tabachnick & Fidell, 2001).

Table 5.1 *Summary of Measurement Items Used for Hypothesis Testing*

Construct	Definition	Item Source	Total Items
<i>Perceived Service Quality</i>	A consumer's judgement about a product's overall excellence or superiority (Zeithaml, 1988).	Cronin, J. J., Brady, M. K., & Hult, G. T. M. (2000). Assessing the effects of quality, value, and customer satisfaction on consumer behavioral intentions in service environments. <i>Journal of Retailing</i> , 76(2), 193-218.	3
<i>Customer Satisfaction</i>	The degree to which a consumer believes that possession or use of a service evokes positive feelings (Rust & Oliver, 1994).	Spreng, R. A., MacKenzie, S. B., & Olshavsky, R. W. (1996). A reexamination of the determinants of consumer satisfaction. <i>The Journal of Marketing</i> , 60(3), 15-32.	4
<i>Perceived Value</i>	A consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given (Zeithaml, 1988).	Sirdeshmukh, D., Singh, J., & Sabol, B. (2002). Consumer trust, value, and loyalty in relational exchanges. <i>Journal of Marketing</i> , 66(1), 15-37.	4
<i>Brand Trust</i>	The degree of a consumer's willingness to rely on an exchange partner in whom one has confidence (Moorman et al., 1992).	Chaudhuri, A., & Holbrook, M. B. (2001). The chain of effects from brand trust and brand affect to brand performance: the role of brand loyalty. <i>Journal of Marketing</i> , 65(2), 81-93.	4
<i>Brand Loyalty</i>	A customer's deeply held commitment to rebuy or repatronise a preferred brand consistently in the future (Oliver, 1999)	Chaudhuri, A., & Holbrook, M. B. (2001). The chain of effects from brand trust and brand affect to brand performance: the role of brand loyalty. <i>Journal of Marketing</i> , 65(2), 81-93.	4
<i>Customer Engagement</i>	A customer's personal connection to a brand as manifested in cognitive, affective and behavioural actions outside of the purchase situation.	Developed in Chapter Four of this thesis	25
Total Items			44

5.3.1 Preliminary Data Analysis

As with the analysis presented in Chapter Four, prior to conducting structural equation modelling analysis, the researcher addressed several important practical issues. These issues included checking the sample size, checking for missing data, ensuring linearity and testing univariate and multivariate normality (Hair et al., 2006;

Ullman, 2001) consistent with the criteria outlined in Chapter Four (Section 4.2.4.2.5, Page 109).

With respect to sample size, a ratio of 10 cases per parameter estimated was desirable (Jöreskog & Sörbom, 1989; Raykov & Widaman, 1995). However, as the total number of parameters to be estimated in the final measurement model was 106 (25 regression weights, 10 covariances and 56 variances), the minimum sample size was calculated to be 1060. Therefore, the sample of 755 respondents was lower than the required minimum sample size. The effect of the relatively low ratio of cases per parameter estimated will be assessed in subsequent analysis.

As described in Chapter Four, because the online survey employed a forced-response option, the data had no missing values and therefore inspection for missing data was not necessary for this analysis. With respect to linearity, an analysis of a randomly selected set of items from the data suggested that all pairs of observed variables were moderately to strongly linearly related.

With respect to assessment of multivariate outliers, the squared Mahalanobis distance (D^2) values suggested that some cases produced large estimates. However, no case was significantly isolated from others, and therefore no multivariate outliers were found. Univariate and multivariate normality of the data were also examined. A series of Kolmogorov-Smirnov tests indicated that all 44 measurement items exhibited a significant departure from univariate normality ($p < .001$). The means, standard deviations, skew and kurtosis values for each item appear in Appendix F.

When the rescaled value of greater than 7 is used as a guide (West et al., 1995), an inspection of the kurtosis values showed that no item appeared to be substantially kurtotic. However, the Mardia's (1970) normalised estimate of

multivariate kurtosis produced by AMOS indicates multivariate non-normality in the sample data. Therefore, consistent with the analysis conducted in Chapter Four, the non-normality of the data was addressed by using bootstrapping in subsequent structural equation modelling analysis. Now that several key practical issues in the application of structural equation modelling have been addressed, the analysis and results pertaining to the use of structural equation modelling will be presented in the next section.

5.4 Structural Equation Modelling

The research data were analysed through structural equation modelling according to the two-step procedure recommended by Anderson and Gerbing (1988), with initial examination of the measurement model followed by testing of the hypothesised structural relationships between service evaluation, customer engagement, brand trust and brand loyalty.

5.4.1 Measurement Model

Service evaluation and customer engagement are second-order reflective constructs, suggesting that the two multidimensional concepts consist of a number of more concrete (or first-order) sub-dimensions or components (see Chapter Two, Section 2.10.7, Page 56). More specifically, this study conceptualises the customer engagement concept as a five-dimensional second-order reflective measure and the service evaluation construct as a three-dimensional second-order reflective measure. Analysis of the measurement model with higher-order factor structures, such as those described above, requires the use of hierarchical (or higher-order) confirmatory factor analysis.

According to Marsh (1991), in assessing a hierarchical confirmatory factor analysis, the existence of a well-defined first-order factor measurement model is a prerequisite for testing higher-order structures. This requirement exists because higher-order models are based on the first-order models and the fit of the first-order model defines the upper limit for the fit of subsequent higher-order models. Therefore, in hierarchical confirmatory factor analysis, the rationale for the first-order factor structure and its ability to fit the data and parameter estimates on which it is based should be examined carefully. For this reason, following a similar procedure adopted by Marsh (1991), Santos-Vijande, del Río-Lanza, Suárez-Álvarez and Díaz-Martín (2013), Huang (2006) and Milfont and Duckitt (2004), the researcher first estimated a first-order measurement model on all scales used in this study. This estimation was followed by a second-order confirmatory factor analysis to assess the proposed second-order factor structure of service evaluation and customer engagement before testing the research hypotheses underpinning this study.

5.4.1.1 First-order Confirmatory Factor Analysis

In assessing the latent structure of the overall measurement model, which comprises all constructs contained in the proposed conceptual model, the researcher conducted a confirmatory factor analysis on the overall sample data ($n = 755$) using AMOS 19.0 (Arbuckle, 1994) with the maximum likelihood estimation method. The first-order confirmatory factor analysis with all latent factors modelled simultaneously as correlated first-order factors was estimated. In addition, in the specification of the model, an error covariance was included for items BL1 (“If available, I will fly/stay/shop with this brand the next time I travel/travel/shop”) and BL2 (“I intend to keep flying/staying/shopping with this brand”) as both items measure consumers’

behavioural loyalty. It was considered appropriate to allow the errors of the two items to be correlated, given that they both explicitly relate to the same aspects of brand loyalty. The results of the analysis indicated a good fit for the sample data, with $\chi^2 = 2502.68$, $df = 853$, $\chi^2/df = 2.93$, $p < .05$, GFI = .86, CFI = .96, NFI = .94, TLI = .96, RMSEA = .051 and SRMR = .0483, as shown in Table 5.2. The validity and reliability of each measurement scale were further examined.

5.4.1.1.1 Construct validity

Construct validity was evaluated through convergent validity and discriminant validity. Convergent validity was supported with statistically significant ($p < .01$) item factor loadings (Anderson & Gerbing, 1988). As indicated in Table 5.2, standardised factor loadings for all 44 items achieved the suggested threshold of .70 (Hair et al., 2006), with the exception of one item (i.e., BL4), which was slightly below this cutoff point. While researchers have suggested that a factor loading of above .70 is ideal, standardised loadings of greater than .60 are considered acceptable (Hair et al., 2006). Furthermore, the t -values associated with all standardised factor loadings were well above the recommended level of 2.57 (Netemeyer et al., 2003), providing support for convergent validity.

Following the test suggested by Fornell and Larcker (1981), the researcher assessed the discriminant validity of the measured constructs. The results presented in Table 5.3 showed that the square root of the average variance extracted (AVE) for each factor was greater than its correlations with other factors, providing evidence for discriminant validity.

Table 5.2 Results of Confirmatory Factor Analysis – Overall Sample

Construct and Item	M	SD	SL	SE	TV	CR	AVE	SMC
<i>Perceived Service Quality (SQ)</i>	5.44	1.11				.95	.87	
SQ1			.90	.02	N/A			.81
SQ2			.95	.01	43.82			.90
SQ3			.95	.01	44.35			.90
<i>Perceived Value (PV)</i>	5.4	1.02				.93	.76	
PV1			.81	.02	N/A			.66
PV2			.87	.02	28.67			.76
PV3			.89	.02	29.91			.79
PV4			.91	.01	30.59			.83
<i>Customer Satisfaction (SAT)</i>	5.58	1.08				.96	.87	
SAT1			.96	.01	N/A			.92
SAT2			.97	.01	65.86			.94
SAT3			.91	.01	48.82			.83
SAT4			.89	.01	44.71			.79
<i>Brand Trust (BT)</i>	5.41	1.03				.93	.77	
BT1			.90	.01	N/A			.81
BT2			.79	.02	28.34			.62
BT3			.92	.01	39.19			.85
BT4			.90	.02	37.29			.81
<i>Brand Loyalty (BL)</i>	4.67	1.11				.85	.60	
BL1			.74	.02	N/A			.55
BL2			.75	.02	36.24			.56
BL3			.90	.02	23.13			.81
BL4			.68	.03	18.12			.46
<i>Identification (ID)</i>	3.46	1.39				.93	.76	
ID1			.80	.02	N/A			.64
ID3			.84	.02	26.66			.71
ID4			.91	.02	29.64			.83
ID5			.94	.01	31.06			.88
<i>Enthusiasm (EN)</i>	3.53	1.46				.95	.81	
EN2			.86	.01	N/A			.74
EN3			.91	.01	47.61			.83
EN5			.91	.01	36.33			.83
EN6			.94	.01	39.01			.88
EN8			.87	.01	32.49			.76
<i>Attention(AT)</i>	3.78	1.33				.94	.75	
AT1			.84	.02	N/A			.71
AT2			.88	.02	30.93			.77
AT3			.85	.02	29.20			.72
AT4			.88	.01	30.85			.77
AT7			.88	.01	31.24			.77
<i>Absorption(AB)</i>	2.86	1.36				.97	.85	
AB1			.92	.01	N/A			.85
AB2			.92	.01	45.09			.85
AB3			.96	.01	52.50			.92

AB4			.94	.01	48.11					.88
AB5			.94	.01	48.25					.88
AB6			.85	.02	36.49					.72
Interaction(IT)	3.47	1.44						.97	.87	
IT1			.90	.01	N/A					.81
IT2			.95	.01	47.03					.90
IT3			.97	.00	49.22					.94
IT4			.95	.01	46.16					.90
IT5			.88	.01	37.38					.77

Notes. $\chi^2 = 2502.68$ ($p < .05$, $df = 853$); $\chi^2/df = 2.93$; GFI = .86; CFI = .96; NFI = .94; TLI = .96; RMSEA = .051; SRMR = .0483; M = factor mean; SD = standard deviation; SL = bootstrap standardised loadings; SE = bootstrap standard error; TV = t value; CR = composite reliability; AVE = average variance extracted; SMC = squared multiple correlation.

Table 5.3 *Discriminant Validity Analysis from First-order Confirmatory Factor Analysis*

	PV	SAT	BT	BL	ID	EN	IT	AT	AB	SQ
PV	.87									
SAT	.87	.93								
BT	.69	.72	.88							
BL	.61	.61	.66	.77						
ID	.38	.42	.45	.51	.87					
EN	.48	.51	.54	.67	.78	.90				
IT	.23	.22	.32	.50	.50	.61	.93			
AT	.38	.39	.46	.65	.70	.83	.65	.87		
AB	.28	.29	.34	.53	.69	.74	.62	.75	.92	
SQ	.70	.80	.66	.53	.40	.47	.23	.36	.28	.93

Note. The bold diagonal elements are the square root of the variance shared between the constructs and their measures. Off-diagonal elements are the correlations between constructs.

5.4.1.1.2 Construct reliability

As with the evaluation of the measurement model of customer engagement presented in Chapter Four, assessment of construct reliability was via Cronbach's coefficient alpha, AVE and composite reliability (Netemeyer et al., 2003). As Table 5.2 indicates, all composite reliability estimates exceeded the recommended level of .70 (Hair et al., 2006). In addition, all measurement scales produced an alpha

level of above .70. The AVEs of all constructs were well above the .50 cutoff recommended by Fornell and Larcker (1981). Thus, the results of the three reliability measures provided support for the reliability of the measurement scales used in this study.

Overall, the preceding statistical tests offered strong empirical support that the scales were valid and reliable measures of their respective constructs. Now that the performance of the first-order measurement model has been tested, the next analysis will test the second-order factor structure of service evaluation and customer engagement.

5.4.1.2 Second-order Confirmatory Factor Analysis

To evaluate the performance of the second-order measurement model, a hierarchical (or second-order) confirmatory factor analysis was conducted using AMOS 18.0 through maximum likelihood estimation. This analysis modelled service evaluation, customer engagement, brand trust and brand loyalty as correlated constructs measured in this study. The second-order confirmatory factor analysis was evaluated according to the criteria previously described. The fit indices show that the measurement model achieved a good fit for the sample data, with $\chi^2 = 2686.47$, $df = 884$, $\chi^2/df = 3.04$, $p < .05$, GFI = .85, CFI = .96, NFI = .94, TLI = .95, RMSEA = .052 and SRMR = .0608. As the construct validity and reliability of brand trust and brand loyalty were assessed in the first-order confirmatory factor analysis, this section focuses primarily on the evaluation of the two second-order factors, namely service evaluation and customer engagement.

5.4.1.2.1 *Construct validity*

The main purpose of the second-order confirmatory factor analysis was to test whether the service evaluation dimensions (i.e., perceived service quality, perceived value and customer satisfaction) and customer engagement dimensions (i.e., identification, enthusiasm, attention, absorption and interaction) converged on their respective proposed second-order latent factor. As a reflective measurement model was used for service evaluation and customer engagement, the standardised factor loadings of their dimensions were used to evaluate the relationships. The results of the analysis showed that the path coefficients between the second-order construct of service evaluation and the three dimensions were all significant at the $\alpha = .01$ level, with the highest loading variable being customer satisfaction (.97), followed by perceived value (.91) and perceived service quality (.82). Similarly, the path coefficients between customer engagement and its five underlying dimensions were all statistically significant ($\alpha = .01$), with enthusiasm (.93) representing the highest loading variable, followed by attention (.90), absorption (.82) and identification (.81), with the lowest loading variable being interaction (.68). The t -values for the standardised factor loadings were well above the recommended threshold of 2.57 (Netemeyer et al., 2003), indicating that these first-order factors were significant indicators of their respective second-order constructs ($p < .01$). Furthermore, the AVEs of both service evaluation and customer engagement exceeded the suggested level of .50 (Hair et al., 2006). Table 5.4 presents the results from the second-order measurement model. In summary, the significant and strong factor loadings, as well as the high AVE values, provided evidence for the convergent validity of the second-order factors of customer engagement and service evaluation.

Table 5.4 *Factor Loading for Second-order Measurement Model*

Components and Manifest Variables	Loading^a	Critical Ratio^b	AVE^c
<i>Service Evaluation</i>			.80
Perceived Service Quality	.82	N/A	
Perceived Value	.90	21.25	
Customer Satisfaction	.97	26.50	
<i>Customer Engagement</i>			.69
Identification	.81	N/A	
Enthusiasm	.93	20.30	
Attention	.90	19.33	
Absorption	.82	19.42	
Interaction	.68	16.54	

^a Bootstrap standardised loadings

^b Critical Ratio = *t* values

^c Average variance extracted

To show that service evaluation and customer engagement are concepts distinct from brand trust and brand loyalty, discriminant validity of the two second-order factors and two other first-order factors (i.e., brand trust and brand loyalty) was assessed by comparing the correlations of the factors with the square root of the AVE for each of the factors (Fornell & Larcker, 1981). The results presented in Table 5.5 indicated that the square root of the AVE for each factor was greater than its correlations with other factors, providing evidence for discriminant validity.

5.4.1.2.2 *Construct reliability*

Using the formula of Hair et al. (2006, p. 777), the researcher computed the composite reliability values for service evaluation (.92) and customer engagement (.92), which indicated that the two second-order factors exceeded the recommended level of construct reliability of .70 (Hair et al., 2006). In addition, the AVE was .80 for

service evaluation and .69 for customer engagement, achieving the .50 threshold suggested by Fornell and Larcker (1981). With the evaluation of the construct validity and reliability for the second-order factors of service evaluation and customer engagement, the assessment of the overall measurement model was satisfied.

Table 5.5 *Discriminant Validity Analysis from Second-order Confirmatory Factor Analysis*

	SE	BT	BL	CE
SE	.90			
BT	.76	.88		
BL	.63	.65	.77	
CE	.50	.53	.70	.83

Note. The bold diagonal elements are the square root of the variance shared between the constructs and their measures. Off-diagonal elements are the correlations between constructs. SE = service evaluation; BT = brand trust; BL = brand loyalty; CE = customer engagement.

The analysis presented in this section empirically supported the second-order factor structure of service evaluation and customer engagement. The next section tests the two competing models of service brand loyalty formation that were articulated as a result of the literature review presented in Chapter Two.

5.4.2 Testing Models of Service Loyalty Formation

The two competing models of service brand loyalty formation proposed in Chapter Two (Section 2.4.5, Page 26 and Section 2.4.6, Page 27), are tested individually and compared through structural equation modelling using AMOS 19.0 with maximum likelihood estimation. Scholars advocate the testing of theoretical rival or competing models, as it can rule out equivalent or better fitting models (MacCallum & Austin, 2000; Thompson, 2000). This approach is considered a

stronger test than a slight modification of a single theory and is particularly relevant in structural equation modelling, where a model can demonstrate acceptable fit but where acceptable fit alone is not sufficient to show that another model will not fit equally well or better (Hair et al., 2006).

The comparison involved the assessment of the overall model fit, the significance of path coefficients and the explanatory power of the two competing models. Specifically, a comparison of competing models that are not nested within one another, such as those tested in this analysis, usually has three steps (Huh, Kim & Law, 2009; Rust, Lee & Valente, 1995a). First, multiple model fit measures are evaluated to determine the appropriateness of each model. Second, once competing models demonstrate good fit for the data, path coefficients and explanatory power of models are compared. Finally, multiple model fit measures and explanatory power being equivalent, the best model is the most parsimonious one. This approach was used to examine the two competing models for overall model fit and their explanatory power in predicting service brand loyalty, as well as their model parsimony. Individual model results are presented first.

5.4.2.1 Model 1: Existing Knowledge of Service Loyalty Formation

The fit statistics of Model 1 produce a good fit to the data ($\chi^2 = 669.63$, $df = 143$, $\chi^2 / df = 4.683$, $p < .001$, GFI = .91, CFI = .97, NFI = .96, TLI = .96, RMSEA = .070 and SRMR = .0446). Figure 5.1 presents the standardised path coefficients among the five constructs. Results indicated that service quality was a significant predictor of customer satisfaction ($\beta = .37$, $p < .001$) and perceived value ($\beta = .70$, $p < .001$). In addition, perceived value ($\beta = .61$, $p < .001$) contributed significantly to customer satisfaction, which in turn determined brand trust ($\beta = .73$,

$p < .001$). Brand loyalty was significantly influenced by perceived value ($\beta = .30$, $p < .001$) as well as brand trust ($\beta = .44$, $p < .001$), but not service quality ($\beta = 0.04$, $p > .05$) and customer satisfaction ($\beta = 0.04$, $p > .05$). Model 1 explained 50.6% of the variance in brand loyalty.

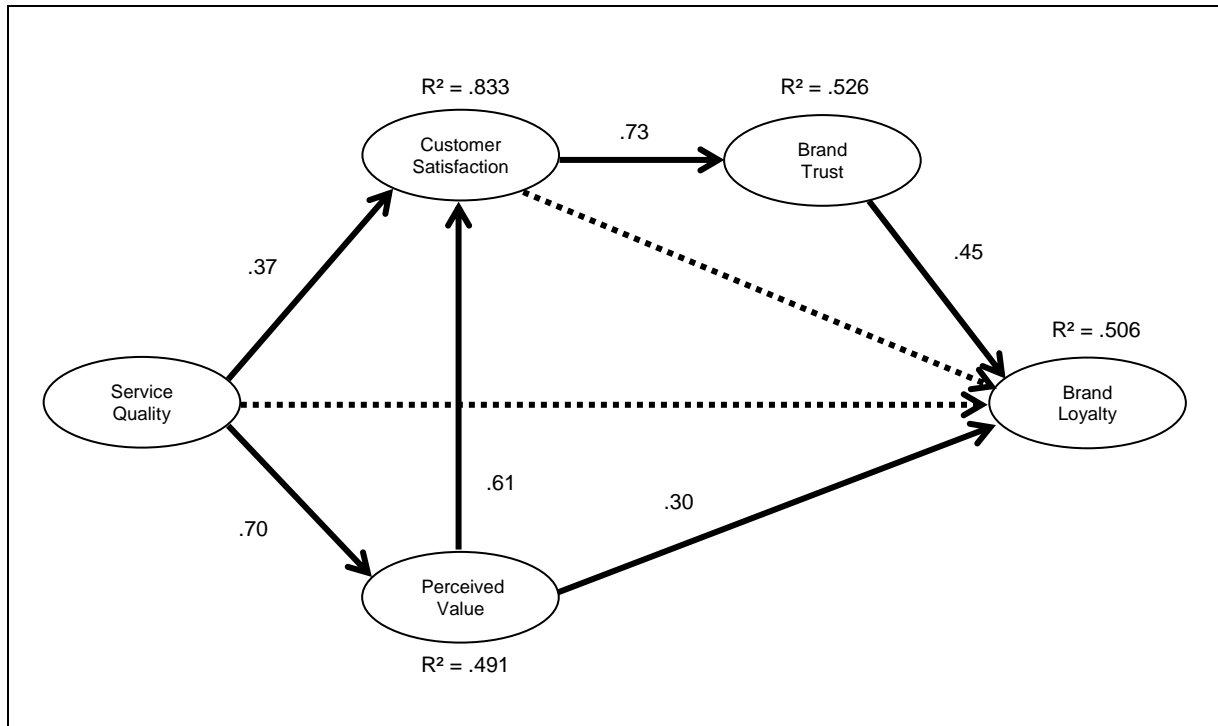


Figure 5.1 Model 1: Existing knowledge of service brand loyalty formation

5.4.2.2 Model 2: Parsimonious Model of Service Loyalty Formation

With respect to Model 2, the results indicated that all goodness of fit indices were above the acceptance levels recommended in the literature, exhibiting a good fit to the data ($\chi^2 = 656.73$, $df = 145$, $\chi^2 / df = 4.529$, $p < .001$, GFI = .91, CFI = .97, NFI = .96, TLI = .96, RMSEA = .068 and SRMR = .0419). As Figure 5.2 illustrates, all hypothetical paths were significant. Specifically, service evaluation exerted a positive effect on brand trust ($\beta = .76$, $p < .001$) and explained 57.0% of its variance. In

addition, both service evaluation ($\beta = .34, p < .001$) and brand trust ($\beta = .42, p < .001$) influenced brand loyalty significantly. With respect to explanatory power, Model 2 explained 50.5% of the variance in brand loyalty.

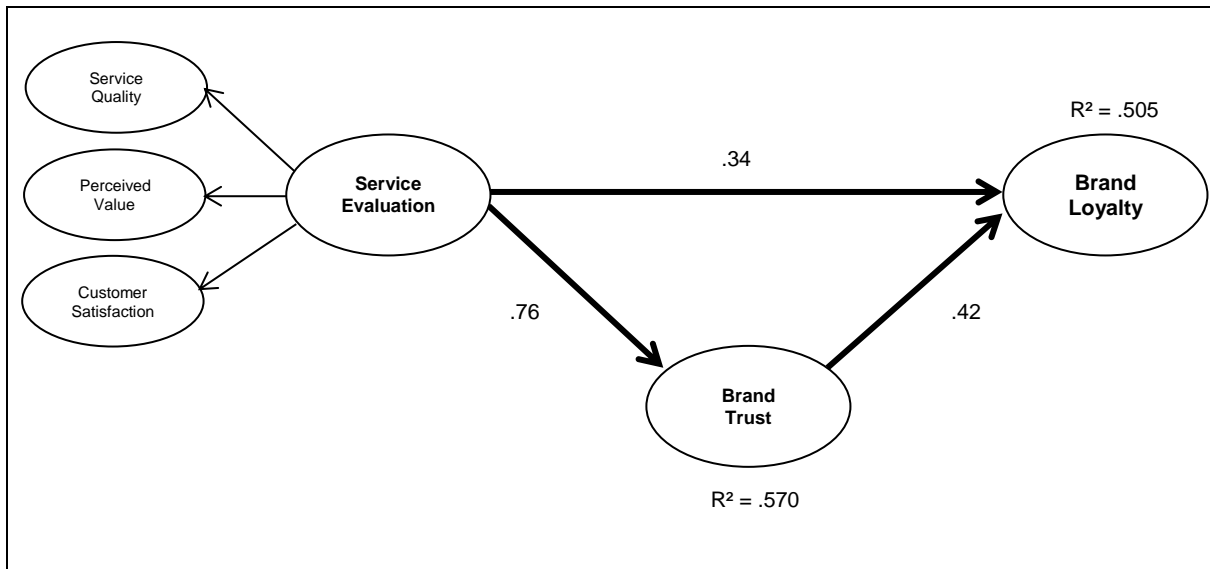


Figure 5.2 Model 2: Parsimonious model of service brand loyalty formation

Table 5.6 summarises the fit statistics, which indicated that both models overall achieved a good fit to the data. Such results suggested that the two models were valid in describing the process by which brand loyalty is developed in the eyes of service customers.

Table 5.6 Summary of Model Fit Indices

Model	χ^2	df	p	χ^2/df	GFI	NFI	TLI	CFI	RMSEA	PGFI	PNFI	AIC	BCC
Model 1	669.63	143	.00	4.68	.91	.96	.96	.97	.070	.69	.80	763.63	766.19
Model 2	656.73	145	.00	4.53	.91	.96	.96	.97	.068	.70	.81	746.73	749.18

5.4.2.3 Comparison of Competing Models

After evaluation of the two competing models, which produced satisfactory model fit results for each model, the two models were compared for model fit, path coefficients and explanatory power. In terms of the significance of the path coefficients, six of the eight relationships contained in Model 1 were statistically significant. The two exceptions were perceived service quality → brand loyalty and customer satisfaction → brand loyalty. However, the results showed that perceived service quality influenced brand loyalty indirectly through customer satisfaction, perceived value and brand trust. Likewise, customer satisfaction exerted an indirect effect on brand loyalty through brand trust. In contrast, all proposed paths in Model 2 were statistically significant, supporting the relationships hypothesised in the model. Therefore, the results showed that both models were equally plausible when illustrating the interrelationships among key components underpinning the process of service brand loyalty development.

In addition to path coefficient significance, explanatory power was used as a criterion to determine which model was superior in predicting brand loyalty. In relation to the explanatory power of Model 1, service quality, perceived value, customer satisfaction and brand trust collectively explained 50.6% of the variance in brand loyalty, while in Model 2, service evaluation and its partial mediator, brand trust, accounted for 50.5% of the variance in brand loyalty. In terms of explanatory power, both models appeared to be essentially identical. Thus, overall, a comparison of the two models' explanatory power suggested that the models performed equally in predicting service brand loyalty.

According to Rust et al. (1995a), if all models that are compared exhibit a reasonable fit to the data and explain similar outcome variables, the researcher must

apply other criteria to identify the most appropriate model. In the case of this analysis, no model is nested within any other competing models. Therefore, a chi-square difference test was considered inappropriate to determine whether one model performed better than another (Anderson & Gerbing, 1988; Rust et al., 1995a). In contrast, comparison between these models requires an evaluation of parsimony fit measures such as the Akaike information criterion (AIC) (Akaike, 1987) and the Browne–Cudeck criterion (BCC) (Browne & Cudeck, 1989), which assess model parsimony and fit (Rust et al., 1995a).

As Table 5.6 indicates, in Model 1, AIC was 763.63 and BCC was 766.19, while in Model 2 AIC was 746.73 and BCC was 749.18. In the evaluation of AIC and BCC, smaller values represent a better fit of the hypothesised model (Byrne, 2009; Hu & Bentler, 1995). Therefore, these results suggested that Model 2 was marginally preferable to Model 1. Additionally, parsimony fit indices such as the parsimony goodness-of-fit index (PGFI) (Model 1 = .69 and Model 2 = .70) and parsimony normed fit index (PNFI) (Model 1 = .80 and Model 2 = .81) assess the parsimony fit of competing models (Hair et al., 2006; Kelloway, 1998). These measures also slightly supported Model 2. Furthermore, according to Rust et al. (1995a), the most common statistic for comparison of non-nested competing models is the normed chi-square (i.e., χ^2 / df). The normed chi-square was 4.68 for Model 1 and 4.53 for Model 2. A smaller value of this statistic suggests a more parsimonious model and a better model fit. The comparison again indicated a preference for Model 2 over Model 1.

Overall, in terms of model fit and model parsimony, the results suggested that, in a comparison of the two competing models, Model 2 was slightly superior to Model 1, providing empirical support for the proposed parsimonious model that represents the existing knowledge of service brand formation. This evidence supporting the

simplified model led to examination in the next section of the overall structural model as well as testing of the proposed research hypotheses.

5.4.3 Structural Model

The overall structural model was again tested using AMOS 19.0 with maximum likelihood estimation. The results indicate a good model fit ($\chi^2 = 2686.47$, $df = 884$, $p < .001$, $\chi^2 / df = 3.04$, GFI = .85, CFI = .96, NFI = .94, TLI = .95, RMSEA = .052 and SRMR = .0604). Table 5.7 presents results of the hypotheses testing with the bootstrap beta weights of the hypothesised paths between the independent and dependent variables, critical ratios and individual R^2 , as well as the fit statistics for the overall model. An examination of the structural path coefficients revealed that all of the six hypothesised paths tested were statistically significant and exhibited positive relationships. Thus, all six paths were supported.

The results presented in Table 5.7 showed that customer engagement was the strongest predictor ($\beta = .46$, $p < .001$) of brand loyalty, followed by brand trust ($\beta = .24$, $p < .001$) and service evaluation ($\beta = .22$, $p < .001$). The three constructs collectively explained 62.2% of the variation in brand loyalty. Similarly, both service evaluation ($\beta = .66$, $p < .001$) and customer engagement ($\beta = .20$, $p < .001$) were statistically significant, accounting for 60.1% of the variation in brand trust. Furthermore, customer engagement ($\beta = .50$, $p < .001$) explained 24.6% of the variation in service evaluation.

As reported in the preliminary data analysis (Section 5.3.1, Page 136), owing to the size of the overall model, the current sample was slightly below the required number of respondents calculated on the basis of the ratio of 10 cases per parameter estimated. Therefore, the model results may not be entirely stable. To

assess whether a reduced model size would affect the results, the researcher computed composite variables for the dimensions of service evaluation and customer engagement, making them observed variables to be included in a structural model linking with other constructs as proposed. According to Landis, Beal and Tesluk (2000), composite formation techniques are commonly adopted to reduce the number of estimated parameters in the tested model, particularly when sample sizes are not sufficient for the intended analyses. Using this technique, the researcher estimated a reduced model with 39 distinct parameters, and the results showed that all structural paths and R² values were nearly identical to the original model. This analysis suggested that reducing the model size did not affect the model results, providing support for the use of original model.

Table 5.7 *Structural Model Results – Overall Model*

Dependent Variables	Independent Variables	Hypotheses	Beta Weight ^a	Critical Ratio ^b	Result	R ²
Brand Loyalty	Service Evaluation	H1	0.22	4.71*	Sig.	.622
	Brand Trust	H4	0.24	4.97*	Sig.	
	Customer Engagement	H5	0.46	10.97*	Sig.	
Brand Trust	Service Evaluation	H2	0.66	18.75*	Sig.	.601
	Customer Engagement	H3	0.20	6.15*	Sig.	
Service Evaluation	Customer Engagement	H6	0.50	12.26*	Sig.	.246

Note. Fit statistics: $\chi^2 = 2686.47$, $df = 884$, $p < .001$; $\chi^2 / df = 3.04$; GFI = .85; CFI = .96; NFI = .94; TLI = .95, and RMSEA = .052.

* Significant $p < .001$.

^a Bootstrap path coefficients

^b Critical Ratio = t -values

The preceding analysis of the model demonstrated support for the six hypotheses proposed in the overall conceptual model. The results of hypotheses testing are summarised in Table 5.8.

Table 5.8 *Results of Hypotheses Testing*

Hypothesis	Result
Hypothesis 1: Service evaluation has a positive influence on brand loyalty.	Supported
Hypothesis 2: Service evaluation has a positive influence on brand trust.	Supported
Hypothesis 3: Customer engagement has a positive influence on brand trust.	Supported
Hypothesis 4: Brand trust has a positive influence on brand loyalty.	Supported
Hypothesis 5: Customer engagement has a positive influence on brand loyalty.	Supported
Hypothesis 6: Customer engagement has a positive influence on service evaluation.	Supported

As the current study collected research data from three different service categories to form a general and more representative sample of service customers, it allowed the researcher to compare the three sub-groups by examining the differences in the model paths. A series of multiple group analyses evaluated the differences in the strength of the hypothesised relationships across the three customer groups. The results suggested that, in the three possible pairs of comparison, all paths were not significantly different at $\alpha = .05$. In addition, within each service group, all proposed paths were statistically significant at $\alpha = .05$, with the exception of service evaluation \rightarrow brand loyalty, which was shown to be insignificant in the retail group ($p = .09$). This result may be attributed partly to the insufficient sample size when the analysis was conducted at the individual group level. Because the primary focus of this study was to investigate the role of customer engagement in creating service brand loyalty in general, rather testing the differences between service settings, the results of the comparison appear in Appendix G.

To illustrate the results of the overall structural model from the entire sample of service customers, Figure 5.3 presents a graphical depiction showing all loadings within the two second-order factors (i.e., service evaluation and customer

engagement), structural path coefficients of the proposed model and the values of R^2 associated with dependent variables. As illustrated in the overall structural model, brand trust, in the process of service brand loyalty development, serves to mediate the effect of both service evaluation and customer engagement on the outcome variable of brand loyalty, while both service evaluation and customer engagement directly determine brand loyalty. Therefore, now that the research hypotheses contained in the overall conceptual model have been tested, the next section examines the mediating effect of brand trust through a comparison of multiple alternative models.

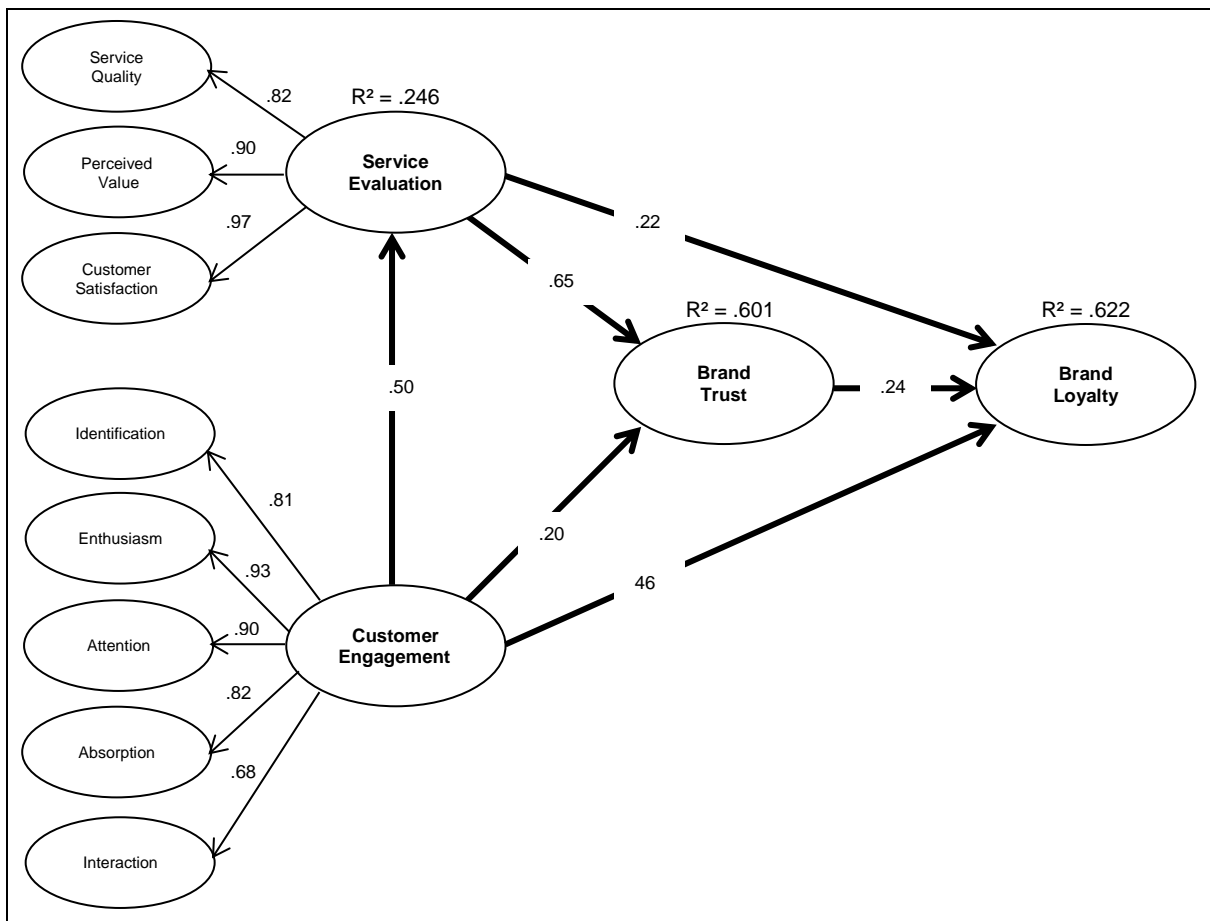


Figure 5.3 Graphical depiction of the structural relationships – Model 4

5.4.4 Testing the Mediation Effects of Brand Trust

To test the mediation effects of brand trust hypothesised as linking the independent variables (i.e., service evaluation and customer engagement) and dependent variable (i.e., brand loyalty), four alternative structural models were estimated following the test procedures outlined by James, Mulaik and Brett (2006) and subsequently adopted by Grace and Weaven (2010) and Baldauf et al. (2009). Prior to the examination of a mediating effect, investigation of the four conditions under which the existence of mediation can be supported is essential. The first condition is satisfied if the independent variable (i.e., service evaluation and customer engagement) directly influences the mediator (i.e., brand trust). The second condition is met if the mediator directly influences the dependent variable (i.e., brand loyalty). The results of Model 1, shown in Table 5.9, indicated that both conditions have been satisfied. The third condition requires that the independent variable (i.e., service evaluation and customer engagement) must significantly influence the dependent variable (i.e., brand loyalty). In line with prior research (Baldauf et al., 2009; Grace & Weaven, 2010), this condition was investigated in a model with a direct path from the independent variables (i.e., service evaluation and customer engagement) to the dependent variable (i.e., brand loyalty), without the presence of mediator (i.e., Model 2). As Table 5.9 indicates, the paths were significant ($p < .001$), therefore satisfying this condition. The fourth condition is met if, after including the paths from the independent variables (i.e., service evaluation and customer engagement) to the mediator (i.e., brand trust), the direct paths from the independent variables to the dependent variable (i.e., brand loyalty) become non-significant (full mediation) or reduce their strength (partial mediation). As Table 5.9 shows, a comparison of the results for Model 2 and Model 4 indicated that, after the

inclusion of the mediator (i.e., brand trust), the direct paths from the independent variables (i.e., service evaluation and customer engagement) to the dependent variable (i.e., brand loyalty) weakened in their strength, thus satisfying the fourth condition.

Table 5.9 *Mediation Analysis Results.*

Fit Estimates	χ^2	df	$\Delta\chi^2$	Δdf	CFI	GFI	TLI	NFI	RMSEA
Model 1	2882.14	886	Base comparison		.95	.84	.95	.93	.055
Model 2	2300.29	725			.96	.86	.96	.94	.054
Model 3	2710.51	885	171.63	1	.96	.85	.95	.94	.052
Model 4	2686.47	884	195.67	2	.96	.85	.95	.94	.052
	Model 1, Full Mediation		Model 2, PV affects DV		Model 3, No Mediation		Model 4, Partial Mediation		
CE → SE	.50*		.49*		.50*		.50*		
SE → BT	.65*		–		.66*		.65*		
CE → BT	.23*		–		.21*		.20*		
SE → BL	–		.36*		.39*		.22*		
BT → BL	.69*		–		–		.24*		
CE → BL	–		.52*		.51*		.46*		
R ²									
SE	.25		.24		.25		.25		
BT	.62		–		.61		.60		
BL	.48		.59		.60		.62		

Two-tailed significance testing.

* Significant at $p < .001$.

The final test for full mediation involves testing whether the full mediation model (Model 1, with paths from service evaluation and customer engagement going through brand trust to brand loyalty) produces a better fit than the no-mediation model, where the path from brand trust to brand loyalty was not included, thus eliminating any indirect effect (Model 3). A chi-square difference test was conducted

to determine which model achieves the best fit. The results indicated that the no-mediation model (Model 3) was significantly better than the full mediation model ($\Delta\chi^2 = 171.63$, $\Delta df = 1$, $p < .001$), lending support for the no-mediation model (Model 3). To test for partial mediation, the no-mediation model (Model 3) was compared with the partial mediation model that includes both direct and indirect paths (Model 4). The results showed that Model 4 was significantly better than Model 3 ($\Delta\chi^2 = 24.04$, $\Delta df = 1$, $p < .001$), providing further evidence in support of the partial mediation effects of brand trust. Therefore, the comparison of several alternative models lended strong support for the proposed integrative model of service brand formation in which brand trust serves as a partial mediator.

5.5 Chapter Summary

In summary, this chapter has presented the results and findings of analyses of data collected from 755 service customers. The preliminary analysis of the data addressed common issues associated with the use of structural equation modelling, such as checking data linearity, identifying outliers and inspecting univariate and multivariate normality of the data. The first-order and second-order confirmatory factor analyses conducted using structural equation modelling provided support for the performance of the measurement model. Comparison of the two competing models of service brand loyalty formation generated empirical support for the proposed parsimonious model. The analysis of the overall structural model was then performed and results indicated that all hypotheses were supported. Finally, the mediation analysis offered further support for the partial mediating effects of brand trust in service brand loyalty formation.

With this presentation of the results of hypotheses testing, the quantitative phase of this research is completed. A comprehensive discussion of the results and findings will be provided in Chapter Seven. The next chapter describes the research procedure and reports the results of the qualitative phase of this research.

CHAPTER SIX: QUALITATIVE PHASE AND RESULTS

6.1 Introduction

Chapter Five empirically tested the research hypotheses and the proposed overall model, illustrating the role of customer engagement in building service brand loyalty. Completion of the quantitative phase of this research opens the way to development of a customer engagement scale demonstrating strong psychometric properties. The quantitative results suggest that customer engagement is an additional key loyalty antecedent that underpins the service brand loyalty development process. To gain insight into how to potentially influence this important loyalty antecedent, attention now turns to understanding why customers develop a level of engagement with a brand. This chapter justifies the research method and presents the results of the second research phase, which adopts a qualitative research approach. This phase of the research takes an exploratory focus and places emphasis on generating qualitative insights from a small group of engaged service customers to both explore their reasons for engaging with a service brand as well as identify common behavioural manifestations of customer engagement. Primary topics covered in this chapter include justification for the qualitative approach, description of the method, interview protocol, sampling procedure and interview procedure, explanation of the data analysis process and presentation of results.

6.2 Rationale for Qualitative In-Depth Interview

In outlining the research design of this investigation, Chapter Three provided a comprehensive justification for the qualitative approach chosen for the second research phase. While multiple types of qualitative methods can be utilised to collect qualitative empirical material to address a research question (e.g., focus groups, in-depth interviews, ethnography, observation) (Denzin & Lincoln, 2005), each method has its strengths and limitations. After reviewing various sources (Burns & Bush, 2010; Hair et al., 2003; Kumar, Aaker & Day, 2002; Malhotra, 2010), the researcher determined that in-depth interviews offered the most appropriate methodological approach for this phase of research. The rationale for this decision is further discussed.

In-depth interviews involve the use of a set of probing questions posed one-on-one to a subject by an interviewer to gain an idea of what the subject thinks about something or why the subject behaves in a certain way (Burns & Bush, 2010). The primary objective of this data collection method is to obtain unrestricted and detailed comments or opinions that can help the researcher better understand what the subject thinks or believes about the topic of concern, as well as why the subject exhibits certain behaviour (Hair et al., 2003). As the current research focuses on generating insight into the reasons for customers' participation in customer engagement activities beyond purchase, the use of the in-depth interview technique was considered appropriate.

Another reason for the selection of an in-depth interview approach was its ability to probe effectively. By allowing the researcher to ask many additional questions, the technique affords the generation of rich information that offers a comprehensive understanding of consumer behaviour (Burns & Bush, 2010;

Churchill & Iacobucci, 2005), such as beyond-purchase customer interaction, which is the focus of this study. The use of probing questions as the mechanism to obtain more empirical material on the topic creates natural opportunities for more thorough discussion of the topic with each respondent (Hair et al., 2003). In addition, in-depth interviews can uncover more profound insights than other interview methods, such as focus groups (Malhotra, 2010).

Finally, the objective of this research phase is to identify reasons that customers engage with service brands beyond purchase, as well as how engagement is manifested in customer behaviour. Such an objective requires in-depth information from each respondent, rather than the more general information emerging from the group interactions that characterise focus group interviews. In addition, unlike members of focus groups, respondents in an in-depth interview are not influenced by other participants (Burns & Bush, 2010; Churchill & Iacobucci, 2005) and therefore no social pressure develops to conform to a group response (Malhotra, 2010), giving rise to less bias in the empirical material. The nature of the research questions as well as the characteristics of various interview methods resulted in the selection of the in-depth interview technique as the most appropriate data collection method.

While in-depth interviews are typically conducted face-to-face, telephone interviews are acceptable when interviewees are widely dispersed (Burns & Bush, 2010; Gates & Jarboe, 1987; Synodinos & Brennan, 1988). Telephone depth interviewing has proven to be more beneficial than focus groups and has gained greater acceptance among consumers (Kumar et al., 2002). Telephoning is increasingly used in qualitative research because it allows studies to be conducted in remote areas that other qualitative methods, such as focus groups, cannot access

(Kumar et al., 2002). As this study involved respondents spread across various states within Australia, conducting face-to-face interviews was considered to be practically and financially infeasible, necessitating the use of telephone interviews.

To address the disadvantages of using in-depth interviews, such as a lack of structure in the process and generation of results that may be too varied to give sufficient insight into the problem (Burns & Bush, 2010), the researcher developed an interview protocol, which is presented in the next section.

6.3 Method

Emphasising the planning and preparation stages of in-depth interviews is important to achieving the proposed research objective (Burns & Bush, 2010). Specifically, the interview protocol development, sampling procedure and interview procedure need careful consideration, as do the procedural steps in the analysis of the empirical material collected from the respondents.

6.3.1 Interview Protocol

To address Research Questions 6 (“Why do customers engage with a service brand beyond purchase?”) and 7 (“How is customer engagement manifested in engaged customers’ behaviours?”) articulated in Chapter One, as well as to achieve consistency among the interviews, the researcher developed a semi-structured interview protocol as a plan to guide the data collection (see Appendix H). A review of the literature resulted in eight umbrella questions and 24 probing questions to aid in soliciting responses from the participants. The interview protocol was reviewed by two academics experienced in qualitative research to ensure that the umbrella and probing questions were representative of the research questions proposed in

Chapter One. The feedback from the two experts led to removal of two questions owing to redundancy and to the refinement of the probing questions. The final semi-structured interview protocol incorporated six umbrella questions and 20 probing questions. To ensure that the interview protocol was realistic and workable and that the researcher was sufficiently familiar with the interview structure (van Teijlingen & Hundley, 2001), the researcher pilot-tested the interview protocol with two colleagues prior to the main qualitative data collection. This exercise showed that no changes needed to be made to the interview protocol. The following section outlines the sampling procedure used to select the potential participants for the in-depth interviews.

6.3.2 Sampling Technique

In qualitative research, unless an investigation is narrowly interpreted, it is not practically possible for a researcher to study all circumstances, events or subjects intensively and in depth (Marshall & Rossman, 2010). Therefore, a study sample is necessary to generate empirical material that lays the foundation for effectively addressing a research question. As with quantitative research, sample selection in qualitative research has a profound effect on the ultimate quality of the research (Coyne, 2008). However, while quantitative research commonly employs probability sampling techniques to produce generalisable findings, such a sampling approach is rarely appropriate when conducting qualitative research (Marshall, 1996).

A review of qualitative sampling methods demonstrates that descriptions of broad sampling techniques vary among writers (Corbin & Strauss, 1990; Morse, 1991; Patton, 1990; Sandelowski, 1995; Sandelowski, Holditch-Davis & Harris, 1992). However, two dominant qualitative sampling techniques are purposeful (or selective)

sampling and theoretical sampling, both of which were carefully considered in this phase. Theoretical sampling, according to Corbin and Strauss (1990), is a data collection process whereby the researcher simultaneously collects, codes and analyses the data to decide what data to collect next. This sampling technique, with the process of the data collection being directed by evolving theory, is the hallmark of grounded theory (Draucker, Martsof, Ross & Rusk, 2007). In contrast, purposeful sampling involves studying information-rich cases in depth and in detail, focusing on understanding and illuminating important cases rather than on generalising from a sample to a population (Patton, 1999). As the purpose of this phase is to gain insights into why customers develop a level of engagement with a service brand, the use of purposeful sampling was considered appropriate. According to Patton (1990), the “logic and power of purposeful sampling lies in selecting information-rich cases for study in depth. Information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the research” (p.169).

Furthermore, the intent of qualitative research is to purposefully select participants who will best help the researcher understand both the problem under investigation and the research question (Creswell, 2009). Therefore, purposeful sampling was necessary in this study to collect rich qualitative data from a small group of engaged customers so that a detailed understanding of the customer engagement concept can be achieved. Although collecting responses from non-engaged customers is worthwhile, this research phase sampled only those who were identified to be highly engaged. Non-engaged customers would be unable to generate the required information concerning behavioural manifestations of customer engagement.

6.3.3 Sampling Procedure

Using the purposeful sampling method, the researcher restricted the sample of this phase to respondents whose responses in Phase One identified them as highly engaged with the service brand. Specifically, using the data collected for the main quantitative phase, the researcher calculated a composite customer engagement score for each respondent by summing the mean value of each underlying dimension of customer engagement (i.e., identification, enthusiasm, attention, absorption and interaction) with higher values indicating stronger levels of customer engagement. To ensure that the empirical material collected aligned with the service context under investigation, potential respondents were identified from each of the sampled service categories by selecting the ten highest-scoring respondents and then moving down the list if more participants were required. This approach was appropriate since a higher score indicates a stronger customer engagement level, which was the criterion for the respondent selection for the qualitative phase. As participation in the interview requires both time and effort from the respondents, an incentive of a \$20 shopping voucher was offered to each respondent to encourage participation.

To recruit participants, the researcher sent an invitational email (see Appendix I) to 60 selected potential respondents. The invitation stated the research objective and provided incentive information and a confidentiality statement, as well as a click-through link to the research information sheet (see Appendix J) and a link to notify the researcher of the suitable time to contact the respondents for scheduling the interviews. This recruitment strategy resulted in nine respondents agreeing to participate in the research. The interviews with these respondents did not result in theoretical saturation, and therefore a second group of engaged customers was

recruited. Ten potential participants were identified for each service category by moving down the respondent list, resulting in the recruitment of seven additional participants.

After conducting a total of 16 interviews (for 7 retail brands, 5 hotel brands and 4 airline brands), theoretical saturation was considered to be reached, as the researcher felt that no further significant insights could emerge from the empirical materials collected from additional interviews (Corbin & Strauss, 1990). The next section describes the interview procedure.

6.3.4 Interview Procedure

All interviews were conducted from October 2012 to January 2013. The duration of the interviews ranged from 20 to 50 minutes with an average time of approximately 30 minutes. All interviews were conducted over the phone between 8am and 7pm in the respondent's time zone. With the agreement of the respondent, all interviews were digitally recorded.

At the beginning of each interview, the researcher thanked each respondent for agreeing to participate in the research and provided an overview of the research project. The overview stated that the purpose of the project was to better understand how and why customers engage and interact with service brands outside of the purchase situation. To ensure clarity as to what being engaged means, examples were also provided (e.g., some people like to connect with Qantas or Woolworths brand through Facebook, Twitter, online discussion forums, or other campaigns or programs initiated by the organisation). Confidentiality and anonymity principles were followed to ensure the quality of the data as well as the integrity of the information. Each respondent was explicitly assured that the information provided in the interview

was completely confidential and that participation in this interview was entirely voluntary. As the respondents and researcher might not hold the same understanding of the referred terminologies, key terms used in the interview were clarified to avoid ambiguity as well as to ensure effective data collection. The three terms clarified were customer, customer engagement and interaction, which were used extensively throughout the interview and therefore required clarity assurance.

In each interview, the researcher first asked the umbrella question and subsequently probed and clarified information when appropriate. After completing the questions and adequately covering the interview areas, the respondents were offered the opportunity to add any comments to the interview. The interview concluded at this point. All respondents were then thanked for their time and participation. Finally, a postal address was collected for mailing the incentive shopping voucher. The next section presents the data analysis process.

6.3.5 Data Analysis

At the completion of the in-depth interviews, the recorded conversations were professionally transcribed and then imported into NVivo 9 software for subsequent systematic content analysis. Prior to the formal analysis of the empirical material, the researcher read the transcripts several times to gain a general sense of the collected data (Spiggle, 1994). The qualitative data were content-analysed through the process of coding, which allowed the researcher to identify patterns and explanations that are central to the research questions (Richards, 2009). Analysis of the transcribed data comprised several key tasks: 1) discovering themes and subthemes, 2) winnowing themes to a manageable few, 3) building hierarchies of themes and 4) linking themes to the theoretical understanding of the problem (Ryan

& Bernard, 2003). In this phase, themes were derived both from the data (an inductive approach) based on the meaning captured in the content and from the researcher's prior theoretical understanding of the phenomenon (an a priori approach) (Ryan & Bernard, 2003). The next section presents the results derived from the content analysis.

6.4 Results

This section first provides a summary profile of the participants, followed by a discussion of the key themes of each research question individually.

6.4.1 Participant Profile

Table 6.1 shows the profile of the interview participants. Of the 16 participants, five were males and nine were females, ranging from 35 to 75 years old. The interviewees resided in various states across Australia at the time of the interview, with almost half of the participants living in New South Wales ($n = 7$), followed by Queensland ($n = 3$) and Victoria ($n = 3$). The remaining participants resided in Western Australia ($n = 2$) and Tasmania ($n = 1$). All 16 interviews focused on understanding participants' engagement experience with the brands they indicated in the quantitative phase, which included 7 retail brands, 5 hotel brands and 4 airline brands. Overall customer engagement scores were calculated from the customer engagement responses collected in the quantitative phase. Composite values ranged from 4.42 to 5.90 on a seven-point scale, indicating that all participants had a moderately strong level of engagement with the indicated brand, and therefore were qualified to provide the empirical material required for the study.

Table 6.1 *In-depth Interview Participant Profile*

Participant	Gender	Brand	Location	Age	Customer Engagement Score
1	Female	Singapore Airlines	QLD	49	5.37
2	Male	Coles	QLD	40	5.22
3	Female	Woolworths	NSW	56	5.90
4	Male	Coles	VIC	71	4.85
5	Male	Virgin Blue	TAS	59	4.89
6	Male	IGA	WA	62	4.94
7	Female	Qantas	VIC	52	5.52
8	Female	Aldi	NSW	60	5.34
9	Female	Qantas	QLD	50	5.62
10	Female	Welcome Inn	WA	61	5.75
11	Female	Myer	NSW	75	5.45
12	Male	IGA	NSW	64	5.59
13	Female	Sofitel	VIC	64	4.99
14	Female	Holiday Inn	NSW	57	5.20
15	Female	Hilton	NSW	35	4.42
16	Female	Marriott	NSW	58	4.89

Note. QLD = Queensland; NSW = New South Wales; VIC = Victoria; TAS = Tasmania; WA = Western Australia; Customer Engagement Score = Composite customer engagement score calculated based on responses in the quantitative study.

The next section presents the results of the content analysis and discusses each research question underpinning this phase of research.

6.4.2 Research Question Six

Why do customers engage with a service brand beyond purchase?

This research question aims to uncover the reasons underlying engaged customers' behavioural connections outside of the purchase situation. In the analysis of the empirical material from the in-depth interviews, several themes emerged in response to research question 6. The themes included product involvement, information acquisition, affective fulfilment and customer reward. Each theme and how it relates to research question 6 is further elaborated individually.

6.4.2.1 Product Involvement

The theme of product involvement consistently emerged as an important factor influencing customers' participation in customer engagement activities. In the context of this study, product involvement relates to the perceived relevance of a product category based on the consumer's inherent needs, interests and values (Warrington & Shim, 2000; Zaichkowsky, 1985). This theme emerged in 12 of the 16 interviews and included participant descriptions such as relevance, interest and involvement. For example, one participant noted:

[Because I am] very interested. I go through the IGA thing, I see where they are, what's going on, what's said and I go, hmm, that's great, that's good. Keep an eye out, yes I do. I'm a sticky beak. (Participant 12, male, 64)

In discussing customer engagement, some respondents contrasted products to illustrate a difference in their level of product involvement between a lower-priced convenience purchase item and a more substantial expensive purchase. For example, one participant indicated:

I need to buy bread so I buy Helga's because it's the best one that I think, the best one that I can afford. Sofitel has a lot more interest because it's a totally different product actually ... I'd put more care into choosing a place to go for a vacation or have a short break rather than I don't spend so much effort on buying a loaf of bread. (Participant 13, female, 64)

Customers' perceived involvement with the product class underlies their motivation to engage in beyond-purchase interactions with the brand as well as with other customers. The level of involvement is determined by the degree of relevance of the product category or consumer interest, which drive the propensity to engage in beyond-purchase interactions with the brand. For example,

[Holiday Inn provides] a holiday the enjoyment is huge so, yes, even if it's happening like in a few months' time it's still a nice and extremely exciting experience. (Participant 14, female, 57)

It's still a loyal relationship [with Nutri-Grain] because I still buy Nutri-Grain but I would probably say that I have more interest and information from Hilton than I would from Nutri-Grain. (Participant 15, female, 35)

Product involvement represents a long-term interest in a product that is based on the centrality of the product to important values or needs, or to the self-concept (Day, 1970; Houston & Rothschild, 1978). Involvement varies across individuals, ranging from minimal levels to the extremely high levels exhibited by consumers such as car enthusiasts, wine connoisseurs or camera buffs (Bloch, 1981). Product involvement is a construct that affects consumer behaviour on an ongoing basis (Bloch, 1981) and therefore, it is not surprising that the theme of product involvement emerged as the most important factor driving customer engagement behaviours. Involvement acts as a motivational state that leads individuals to devote more attention to advertisements, expend greater cognitive and physical effort during comprehension, focus greater attention on product-related information in the

advertisements and engage in more elaborative comprehension of product information (Celsi & Olson, 1988). Furthermore, a customer's involvement with a product creates a sense of ongoing psychological commitment to that product in terms of the customer's thoughts, feelings and subsequent behaviours (Bowden, 2009; Gordon, McKeage & Fox, 1998; Swinyard, 1993), thus motivating customer engagement behaviours.

6.4.2.2 Information Acquisition

Information acquisition was the second most frequently mentioned reason the participants engaged in beyond-purchase activities with the brand or other customers. The theme of information acquisition relates to customer activities directed towards obtaining news or facts related to the service brand. The construction of this theme included reasons such as finding out recent offers, keeping up to date with the brand, finding out what the brand is doing and obtaining information on recent promotions. Several participants indicated that they engage in beyond-purchase activities with the brand because they want to keep up to date with the brand. For example,

Mainly keeping me informed so that I'm up to date with Qantas's activities. I'll read any newspaper articles that are about Qantas. (Participant 7, female, 52)

While consumers generally acquire or gather information in the pre-purchase stage of the decision making process in a quest to solve the buying problem (Beatty & Smith, 1987; Bloch, Sherrell & Ridgway, 1986), this activity can also occur as a continuous process even when the consumer does not foresee a purchase (Bloch et

al., 1986; Claxton, Fry & Portis, 1974; Schmidt & Spreng, 1996). In those situations, information search or acquisition is recreational and may occur without a recognised consumption need in the immediate future. The consumer acquires product information, yet any plans to purchase within the product category may be vague, temporally removed, or in some cases non-existent (Bloch et al., 1986).

In addition, the theme of information acquisition also included obtaining information related to the latest offers and promotions of the brand. For example, one participant noted:

I like making sure that if there's anything coming up and any particular promotions that they've got ... So I like to know that if we've got something coming up, if we've got like a Christmas thing or a work thing or something, then at least you can look up and book something there because I enjoy the experience and I enjoy the atmosphere as such. (Participant 15, female, 35)

Although some participants indicated that obtaining information on recent offers and deals was a motivating factor for their participation in customer engagement activities, the search activities they reported in the interviews were not associated with a specific purchase decision. Therefore, consumers' participation in continuous information search activities can be construed as hedonic recreation or entertainment (Holbrook & Hirschman, 1982), rather than as an activity required to obtain purchase-specific product information to make an imminent buying decision.

6.4.2.3 Affective Fulfilment

Another theme that emerged from the empirical material was affective fulfilment, which represents the emotional sensation consumers experience when participating in customer engagement activities beyond the actual purchase. This theme surfaced in ten interviews in descriptions such as feeling good, feeling happy and feeling a sense of pride, as well as satisfying their curiosity.

Interacting with other people I feel very proud of Qantas for what they've done and how they've come a long way and they're always trying to improve their services and they do focus on their customer. (Participant 7, female, 52)

The sense of affective fulfilment motivates customers to engage in beyond-purchase activities, particularly when customer engagement activities take the form of word-of-mouth communications comprising attempts to influence the purchase behaviour of the information receiver. One participant went further, suggesting that she felt disappointed when the receiver was not persuaded by the message.

I know that if they don't take any notice of what I'm saying I feel really disappointed. I'm still trying to convince one of my daughters to go there to buy things for her baby but she still won't go and it gets me really upset because I think she wastes her money by not going to Aldi. (Participant 8, female, 60)

The theme of affective fulfilment is in line with the notion of self-enhancement, which is one of the most important motives for positive word-of-mouth

communications. Self-enhancement suggests that when recommending or suggesting a product or brand to others, a person can gain attention, show connoisseurship, suggest status, give the impression of possessing inside information and assert superiority (Engel, Blackwell & Miniard, 1995). Self-enhancement occurs when, through word-of-mouth communications and recommendations, a customer enhances his or her image among other customers by projecting an image of being an intelligent shopper (Sundaram, Mitra & Webster, 1998). Therefore, affective fulfilment, or self-enhancement, is driven by customers' desire for positive recognition from others, representing their self-related consumer needs that can be gratified through social interaction (Hennig-Thurau, Gwinner, Walsh & Gremler, 2004).

6.4.2.4 Customer Reward

Another theme that consistently emerged from the interviews was the attainment of customer reward, which included customer benefits such as loyalty points, discounts, direct incentives and the chance to win a prize. While customer reward may not be the primary factor driving customer participation in customer engagement activities, seven participants suggested that such rewards, in varying degrees of intensity, did motivate and attract them to engage in beyond-purchase activities with the brand and other customers, thereby stimulating customer interaction. For example, one participant indicated that

If you participate you can win a weekend for two to go to the races. Here we are, a helicopter ride to the Derby Day, a boat cruise to Emirates Melbourne Cup Day, you have access to the marquee, a photo opportunity with a jockey,

live interview and cocktails and food. You win the whole experience, the whole day. (Participant 13, female, 64)

From this perspective, customer reward serves as a motivational factor in that a remuneration mechanism attracts customers' participation in customer engagement activities. While highly engaged customers may choose to participate in such activities even without an economic incentive, the result of the analysis suggested that customer reward does increase the likelihood for such consumer actions. This effect occurs because economic rewards represent an important driver of human behaviour in general, and the recipient considers them to be a sign that the reward-giver appreciates the recipient's behaviour (Hennig-Thurau et al., 2004), thus serving as a reinforcer to shape that behaviour (Wirtz & Chew, 2002). These incentives can function as an extrinsic motivator and customers may engage in those behaviours more when given an incentive, and such motivation may increase as the incentive increases (Wirtz & Chew, 2002).

6.4.2.5 Summary

In summary, this section has detailed the results of the interview transcripts relating to factors that drive customers' participation in engagement activities with the brand. Four major themes emerged from the content analysis of the empirical material. The participants' perceived relevance of the product category (i.e., product involvement) was found to be important to motivate their participation in beyond-purchase interaction with the brand, while customer willingness to obtain information related to the service brand was also identified as a theme underpinning customer engagement behaviours. In addition, in ten interviews, participants reflected that the

emotional sensation (i.e., affective fulfilment) they experience in customer engagement activities was a clear motivational factor for their active participation in the activities. Further, the theme of customer reward was apparent in that participants viewed incentives as a potential trigger to participation in customer engagement activities. The next section presents the results revealing common types of behavioural manifestations of customer engagement.

6.4.3 Research Question Seven

How is customer engagement manifested?

This research question seeks to explore how customer engagement is manifested in the customer's beyond-purchase behaviour with respect to the engaged brand. Analysis of the interview transcripts identified three themes concerning research question 7. The themes included word-of-mouth communications, passive subscribing and website trawling. Each theme is further discussed individually.

6.4.3.1 Word-of-mouth Communications

The content analysis of the empirical material revealed that the most dominant form of behavioural manifestation of customer engagement was word-of-mouth communications. The construction of this theme included expressions such as talking with others about the brand, sharing the experience with others, recommending the brand to others. In all 16 interviews, participants indicated that they frequently engaged in word-of-mouth communications in relation to the brand. For example,

Face to face, always face to face. Also if my family's flying over from the mainland to Tasmania, I recommend that they book on Virgin. (Participant 5, male, 59)

I do talk about my experiences with Woolworths with other people, other family members obviously and people outside the family. (Participant 3, female, 56)

I love going to Aldi because of the price, the quality of the goods. We go at least once a week and I am forever telling my daughters about Aldi and they keep saying to me I must have shares in the company because I'm always recommending Aldi so I love it. (Participant 8, female, 60)

The increasing popularity of the Internet has led to exponential proliferation of word-of-mouth activities in the virtual environment, such as engaging in online discussion, blogging, writing customer reviews and participating in online forums. These activities have been described as customer engagement behaviours (Marketing Science Institute, 2010; van Doorn et al., 2010). Although the advancement in information technology makes word-of-mouth, particularly in electronic forms, more pervasive and amorphous (Litvin, Goldsmith & Pan, 2008), the in-depth interviews revealed that face-to-face communications were still the dominant form of engagement activity, with eight participants indicating minimal use of social media for brand-related interactions. For example,

Well I don't post anything on Facebook. I don't use Twitter very much anyway but Facebook I use a lot but I wouldn't say that I've actually posted anything on Facebook regarding Aldi. (Participant 8, female, 60)

I don't talk about it on Facebook or anything like that but if people will ask me where I shop, where I get my clothes, I will say Myer. (Participant 11, female, 75)

In addition, three participants went further in expressing that they were unwilling to use social media platforms. Such a result may be attributed to the age profile of the sample. For example, one participant noted,

I receive newsletters. I receive the regular newsletters from Qantas frequent flyers themselves. I receive emails from Qantas like for flight specials and that type of thing. I'll go to their website and have a bit of a look and see. I'm not really into social media such as Facebook, Twitter. I'm not really keen on those aspects of the Internet... I just don't like it. I find that very impersonal and I prefer face to face communication. (Participant 7, female, 52)

Word-of-mouth activity is one of the most commonly suggested forms of customer engagement behaviour (van Doorn et al., 2010; Verhoef et al., 2010). Word-of-mouth represents informal communications directed at other consumers about the ownership, use or characteristics of particular goods and services or their sellers (Westbrook, 1987). While word-of-mouth communications may involve an active recommendation or simply be a discussion about a product or brand

(Mazzarol, Sweeney & Soutar, 2007), the former appeared to be the dominant form of word-of-mouth activities evident in this study. The customer's affective elements, such as joy and pleasure, can motivate individuals who wish to share experiences with others.

6.4.3.2 Passive Subscribing

Passive subscribing, involving activities such as receiving regular emails, newsletters and catalogues from the brand organisation, emerged in 12 interviews as one of the most common forms of customer engagement activity. This type of activity was the preference of several participants mainly because it requires the least amount of effort and offers a greater level of flexibility in relation to the time for the activity to take place, resulting in a higher level of comfort for consumers. For example,

That is the personal choice, easier for me is email, yes, because I haven't got one of those new smart phones or anything so I just get on the computer every day and check my emails. (Participant 9, female, 50)

*It's good because I can read it when I want to, when I have the time.
(Participant 13, female, 64)*

Customers have traditionally played a passive role as the recipients of the firm's products and information (Hennig-Thurau et al., 2010). The theme of passive subscribing that emerged from the interviews represents a rather inactive form of engagement behaviour that requires minimal effort from the customer. Participants

viewed this form of engagement activity as more convenient because it involved acquiring information about a product or brand through unobtrusive ways (Ramirez, Walther, Burgoon & Sunnafrank, 2002). While passive recipients subscribed to one or more forms of information from the brand organisation, the receipt of such information does not mean that these customers would exercise a reasonable level of cognition in comprehending the presented contents.

6.4.3.3 Website Trawling

Website trawling constitutes a third major form of behavioural manifestation of customer engagement. Ten participants expressed that they mainly participated in engagement activities such as reading the brand's company website, checking what is on offer and reading about the brand on the internet. Compared to passive subscribing, participation in this type of engagement activity often requires a greater level of effort and time and therefore indicates a relatively higher level of engagement manifestation. For example, one participant reflected:

I'm a Qantas frequent flyer member so I'm always on the lookout for accessing extra points outside of flights themselves like through Woolworths shopping centres, Dick Smith, VW, any bonus offers that they give. I'm always browsing their online frequent flyer stores to see what sort of specials they have. I think that's about it at this stage. (Participant 7, female, 52)

I actually log in, I log in to the website. I use my card number and a PIN number and that gives me access to a major part of the website which other people can't get into. (Participant 5, male 59)

These activities represent active engagement, which occurs when a customer engages in active behavioural manifestations that have a brand focus (Lariviere et al., 2013). Website trawlers are those who actively seek information about the brand and its offerings on an ongoing basis, which is often not associated with an imminent purchase decision. In addition, as indicated in the interview transcripts, these participants exhibited willingness to maintain a close relationship with the brand organisation. Participation in engagement activities, such as keeping updated on what the brand is doing as well as its recent offers, does not necessarily mean a customer is preparing to make a purchase in the near future. Rather, engaged customers may exhibit this behavioural manifestation because of their strong connection with the brand and, therefore, have a genuine curiosity about the brand in general.

6.4.3.4 Summary

In summary, despite the increasing use of online platforms by service brands as a channel to build and maintain connections with their customers (e.g., Facebook, Twitter, Pinterest), analysis of the interviews showed that traditional word-of-mouth communications represented the dominant form of customer engagement behaviour for this group. In addition, participants suggested that passive engagement activities, such as receiving newsletters and e-mails from the brand, were a common form of beyond-purchase interactions that they had with the brand.

Furthermore, while participants consistently reported passive engagement activities in the interviews, in line with the description that engagement is pervasive and active, ten participants suggested that they participated in more active forms of engagement activity, such as reading about the brand and keeping up to date on the

brand's recent activities and offers, which were all directed to seek brand-related information as well as potential benefits customers could obtain. The interviews made evident that the participants, who are highly engaged customers of service brands, mainly performed this form of activities on company websites, rather than on third-party sites such as TripAdvisor, blogs or online discussion forums. In addition, while the use of social network sites has exploded in recent times, these participants reflected that they did not use social network sites such as Facebook or Twitter to find out brand-related information.

6.5 Chapter Summary

In conclusion, this chapter has described the research method and presented the results of the qualitative phase of this research. While the quantitative phase systematically developed a measurement scale for the emerging concept of customer engagement and empirically investigated the theoretical relationships between customer engagement and other key components in the service brand loyalty development process, the qualitative phase provided additional knowledge by revealing the reasons for their participation in customer engagement activities. As noted previously, to assume that all customers are highly engaged is not reasonable. Therefore, conducting this phase of research after the quantitative component allowed the researcher to quantify service customers' levels of engagement with the brand and subsequently identify engaged customers to provide insight into the reasons for their engagement and what common engagement activities they participate in with respect to the brand.

Sixteen in-depth interviews were conducted with highly engaged customers drawn from three service categories: hotel, airline and retail service. The content

analysis of the transcribed interview data resulted in the identification of key themes related to the two qualitative research questions posed in Chapter One (Section 1.2, Page 5). The results revealed that the main reasons for participation in customer engagement activities were product involvement, affective fulfilment, information acquisition and customer reward. In addition, analysis of the empirical material indicated that the most dominant form of behavioural manifestation of customer engagement was word-of-mouth communications, followed by passive subscribing and website trawling. This discussion of the results of Phase Two concludes the presentation of this research. The next chapter provides a comprehensive discussion of findings generated from the two study phases.

CHAPTER SEVEN: DISCUSSION

7.1 Introduction

The objective of this study was to conceptualise and develop a measurement scale for the emerging concept of customer engagement and to investigate the role customer engagement plays in developing service brand loyalty. The literature review presented in Chapter Two conceptualised the theoretical construct of customer engagement and identified its five underlying dimensions, providing a comprehensive understanding of the customer engagement concept. A review of the literature on brand loyalty and customer engagement established a basis for the development of an integrated model of service brand loyalty formation, which illustrates how service brand loyalty, from a customer's perspective, can be generated through superior service evaluation and customer connections beyond the purchase situation. That discussion provided the foundation for the proposed research hypotheses.

Following a multiple-stage scale development procedure, the researcher systematically developed and validated a measure of customer engagement in Chapter Four and used the measure to test the research model and the associated hypotheses. Data were collected from a systematic random sample of hotel, airline and retail customers through self-administered online surveys and were subsequently analysed using structural equation modelling. Results empirically supported the proposed model. The qualitative phase presented in Chapter Six identified both the drivers of participation in customer engagement activities and the common types of customer engagement behaviours.

However, comprehending the significance of this study requires interpretation of the results reported in Chapters Four, Five and Six. An understanding of the results makes the theoretical contributions of this study apparent, particularly those related to the key constructs contained within the proposed model as well as their hypothesised relationships. This chapter discusses the findings of this study, explores both theoretical and practical implications, identifies the limitations of the study and finally recommends areas for future research. To facilitate such an examination, the research hypotheses proposed for this study guide the discussion.

7.2 Discussion of Model Results

The results put forward in Chapter Five reflect the empirical test of the proposed research model developed in this study. To support discussion of the research findings, Figure 7.1 re-presents the research model and results. The results indicate that a customer's personal connection to a brand outside of the purchase situation affects the customer's assessment of the service offering in terms of perceived service quality, customer satisfaction and perceived value, which are collectively termed service evaluation. The results also demonstrate that a beyond-purchase connection with a brand contributes to a consumer's brand trust and brand loyalty. Service evaluation, which is influenced by the strength of the customer's engagement, contributes significantly to both the customer's trust in the service brand and subsequent development of loyalty to the brand. Brand trust in turn contributes significantly to the formation of service brand loyalty.

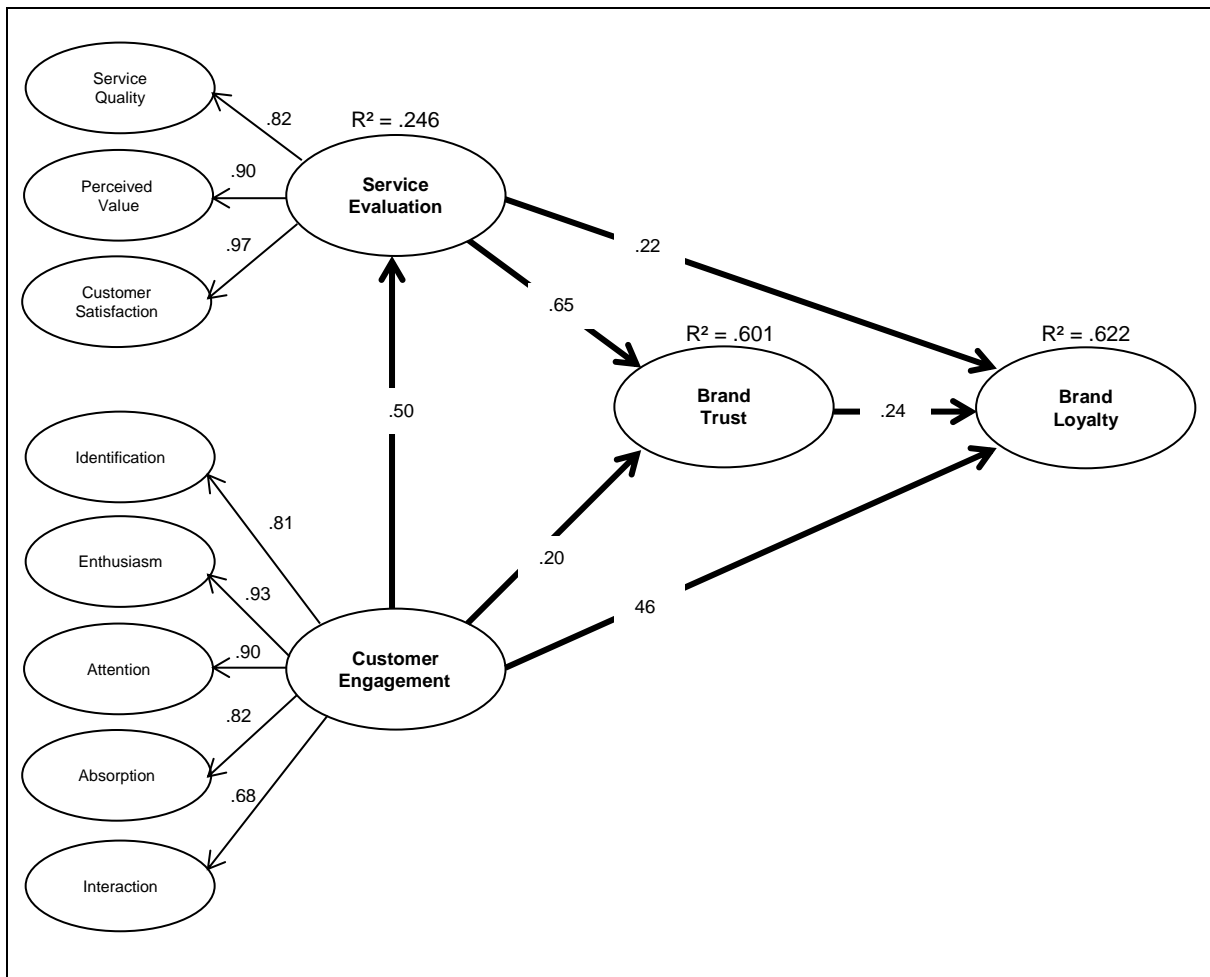


Figure 7.1 Integrative model of service brand loyalty formation

To foster comprehension, the findings of this study are presented according to the key constructs contained within the theoretical model. The discussion of each construct individually is followed by examination of the hypothesised directional relationships between constructs.

7.2.1 Customer Engagement

Customer engagement refers to a customer's personal connection to a brand as manifested in cognitive, affective and behavioural actions outside of the purchase

situation. In line with the emerging literature on customer engagement (Bowden, 2009; Brodie et al., 2011; Hollebeek, 2009, 2011; Patterson et al., 2006; van Doorn et al., 2010; Vivek et al., 2012), this study conceptualises customer engagement as a multidimensional construct comprising identification, enthusiasm, attention, absorption and interaction, capturing the full conceptual domain of the customer engagement concept. The five underlying dimensions collectively constitute the measurement of the higher-order factor of customer engagement. The results show that all dimensions exhibited high factor loadings, indicating that they are significant indicators of the construct supporting the proposed conceptualisation.

7.2.1.1 Customer Engagement → Service Evaluation

The customer engagement literature acknowledges that the relationship between customer engagement and service evaluation could be reciprocal. Specifically, conceptual work suggests that customer-based factors, such as satisfaction, trust, perceived costs/benefits (i.e., value) and brand performance perceptions can influence customer engagement behaviour (Verhoef et al., 2010). However, enhanced evaluation of these factors does not necessarily lead to engagement, because not all customers with high positive brand or service evaluation will become engaged with the brand. Therefore, from a conceptual point of view, enhanced service evaluation is unlikely to be sufficient to establish strong customer engagement for a service brand. A more theoretically convincing prediction suggests that customer engagement is characterised by a strong level of customer-brand connection, and thus affects customers' evaluations of a product or service (Higgins & Scholer, 2009; Hollebeek, 2009; Vivek et al., 2012).

In determining the importance of customers' beyond-purchase connections with a brand, this study hypothesised customer engagement to exert a positive influence on service evaluation. The results of the model support this hypothesis and are consistent with the argument that customer engagement affects customers' evaluations of a product or service (Higgins & Scholer, 2009; Hollebeek, 2009; Vivek et al., 2012). The finding of a directional relationship between customer engagement and service evaluation is also in line with the employee engagement literature, which shows that employee engagement with work enhances job satisfaction (Harter et al., 2002; Saks, 2006). In a customer context, customer engagement can create favourable attitudes towards a product, company or brand (Vivek et al., 2012) and therefore enhance an individual's service evaluation. Explanation for a directional relationship between customer engagement and service evaluation also appears in the social psychology literature (Higgins & Scholer, 2009), which posits that the stronger an individual's engagement, the stronger the motivational force experienced and therefore, an individual's level of engagement affects the evaluation of the target, such as a brand.

7.2.1.2 Customer Engagement → Brand Trust

In a similar vein, this study hypothesised customer engagement to have a positive influence on consumers' willingness to rely on the service brand (i.e., brand trust). The linkage between the two constructs was found to be statistically significant, providing strong empirical evidence in support of the hypothesised relationship. This finding is consistent with prior research proposing that trust is a likely outcome of customer engagement for both new and existing customers (Hollebeek, 2011). The positive effect of customer engagement on brand trust is not surprising, as positive

extra-exchange interactions have been described as enhancing trust levels in the exchange relationship between partners (Ganesan, 1994; Lambe et al., 2000), such as those between the brand and a customer. Furthermore, customer engagement represents the development of enduring intimate relationships, which engender trust and commitment between the consumer and the seller or brand and result in emotional bonds in relationship exchanges (Sashi, 2012). Therefore, higher engagement produces more trust in the relationship.

7.2.1.3 Customer Engagement → Brand Loyalty

Brand loyalty is a purchase-specific outcome of an enhanced customer-brand relationship, whereas customer engagement encompasses the customers' beyond-purchase connections with the brand (Vivek et al., 2012). While the two constructs summarise distinct aspects of a customer's relationship with the brand of interest, they are proposed to be conceptually related, given that they both signify the intensity of a customer's relationship with the brand. To empirically examine the significance of beyond-purchase brand connections in building strong customer brand relationships, this investigation hypothesised customer engagement to have a positive impact on the extent to which a customer is committed to rebuy or repatronise the brand in the future (i.e., brand loyalty). Consistent with the argument advanced in the literature (e.g., Hollebeek, 2009; Patterson et al., 2006), the results presented in Chapter Five revealed that customers' beyond-purchase connections with the brand significantly influence the formation of service brand loyalty. Customer engagement results in strong brand loyalty because it incorporates not only an enduring psychological connection with the brand, but also interactive brand experiences beyond purchase (Brodie et al., 2011). The strong psychological

connection and the beyond-purchase interactive experiences reinforce a customer's loyal relationship. This finding supports the notion that an engaged customer is more likely to develop favourable attitudes towards a product, company, or brand, and thus contributes to the formation of loyalty to the entity (Vivek et al., 2012).

7.2.2 Service Evaluation

Unlike customer engagement, which summarises customers' beyond-purchase connection with the brand, service evaluation summarises customers' assessment of the service consumption experience with the brand. The literature presented in Chapter Three shows service evaluation to be a multidimensional construct comprising three distinct aspects: A consumer's judgement about a product's overall excellence or superiority (i.e., perceived service quality), the degree to which a consumer believes that possession or use of a service evokes positive feelings (i.e., customer satisfaction) and a consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given (i.e., perceived value).

While the three important service evaluation aspects represent different dimensions of service evaluation, scholars have termed them collectively as evaluative judgement factors (Butcher et al., 2001; Lai et al., 2009), and have found inter-correlations among them (Choi et al., 2004; Cronin et al., 2000; Lai et al., 2009), because they jointly constitute the customer's evaluation of the actual service offering. The results presented in Chapter Five provide strong support for the presence of an underlying higher-order factor of service evaluation that is manifested in perceived service quality, customer satisfaction and perceived value.

All three first-order constructs exhibited high factor loadings (i.e., > .80). The higher-order factor of service evaluation accounted for the majority of the variance in the three indicators (i.e., .80), indicating a significant amount of common variation among them, as is required for higher-order conceptualisation. Use of the multidimensional measure revealed service evaluation to have a significant impact on brand loyalty and brand trust.

7.2.2.1 Service Evaluation → Brand Loyalty

The literature review presented in Chapter Two suggests that in a service environment, consumer evaluation of the service experience plays a significant role in the formation of customer loyalty to a service brand. To examine the impact of such an evaluative judgement outcome in cultivating consumer commitment to repurchase the service brand (i.e., brand loyalty), this study hypothesised service evaluation, as assessed through perceived service quality, customer satisfaction and perceived value, to have a positive influence on service brand loyalty.

Consistent with findings of other research (Fullerton, 2005; Zeithaml et al., 1996), the results of this study provide strong empirical support for the hypothesised relationship, highlighting the critical role of service evaluation in justifying a customer's loyalty to a service brand. Such a finding is unsurprising, since the primary reason consumers enter an exchange relationship with a service brand is to consume the service, and therefore the evaluation of the consumption is paramount in influencing customers' subsequent attitudes and behaviours related to the brand, such as brand loyalty. This effect is particularly relevant in service brand management, where the customer's service experience is the dominant influencing factor of customer perceptions of the service brand (So & King, 2010). Therefore, the

customer's evaluation of the service offering provides an important and meaningful foundation for the customer's favourable attitude towards a service organisation, thus enhancing preference loyalty (de Ruyter et al., 1998).

7.2.2.2 Service Evaluation → Brand Trust

In addition to its ability to foster customers' commitment to repurchase the brand, a positive service evaluation was thought to significantly contribute to the development of consumers' trust in a service brand. Therefore, this study hypothesised service evaluation to influence the extent to which a customer relies on the service brand (i.e., brand trust), and the results of this study provide empirical evidence supporting this directional relationship. The significance of service evaluation in influencing brand trust formation is consistent with the literature suggesting that when consumers are content with the product or service they received, they are likely to feel secure with the provider (Ravald & Gronroos, 1996). A positive evaluation of the service experience thus reinforces consumers' trust in the brand organisation.

Similarly, the construct of trust involves a "calculative process" grounded on the ability of an object or party (e.g., a brand) to continue to meet its obligations and on an estimation of the costs versus rewards of staying in the relationship (Doney & Cannon, 1997, p. 37). In the context of brand management, trust includes an inference that the brand will act benevolently in the best interests of the customer based on shared goals and values (Chaudhuri & Holbrook, 2001; Doney & Cannon, 1997). Therefore, the evaluation of past experience with the service brand provides an important basis for establishing and reinforcing the customer's perception of benevolence.

7.2.3 Brand Trust

Brand trust represents a customer's level of willingness to rely on a brand as an exchange partner (Moorman et al., 1992). While this study found both customer engagement and service evaluation to be significant predictors of brand trust, the results show that the customer's evaluation of the service offering exerts a stronger impact on the development of brand trust. This finding is consistent with the assertion of prior research that, although many factors can affect the customer's trust image of a brand, the most important influence on trust development is the customer's evaluation of the consumption experience (Delgado-Ballester et al., 2003). This finding therefore highlights the significant role of service evaluation in the development of brand trust. Furthermore, the findings of this study are congruent with thinking in the marketing literature, which recognises that consumers form a trust image of a brand mainly through their past experience with that brand (Delgado-Ballester & Munuera-Alemán, 2001; Ravald & Gronroos, 1996; Rempel et al., 1985). A full comprehension of the role of brand trust in the integrative model of service brand loyalty also requires consideration of its influence on the ultimate outcome variable of brand loyalty.

7.2.3.1 Brand Trust → Brand Loyalty

Consistent with prior literature, the results of this investigation suggest that brand trust has a significant positive influence on brand loyalty. For example, trust can establish and reinforce exchange relationships that customers value (Morgan & Hunt, 1994). Trust and commitment seem to be theoretically related, because both are essential for valued relationships and empirical results attest to the linkages

between brand trust, attitudinal loyalty and purchase loyalty (Chaudhuri & Holbrook, 2001). Therefore, enhanced trust provides an important foundation for long-term commitment to a relationship (Doney & Cannon, 1997; Garbarino & Johnson, 1999; Morgan & Hunt, 1994), leading to consumers' loyalty to a brand. Trust reduces customer's perceived risks related to the behaviours of an exchange partner and induces consumer confidence in the relationship, contributing to the consumer's commitment to the relationship (Ganesan & Hess, 1997). Furthermore, trust can reduce the transaction costs in relational exchange (Ganesan & Hess, 1997) and therefore contribute significantly to the formation of a customer's loyalty to a service brand.

The findings of this research support the well-established relationship between trust and loyalty (Aydin et al., 2005; Flavián et al., 2006; Garbarino & Johnson, 1999). That is, as customers' perceived level of trust in the brand increases, significant positive effects are realised, such as enhanced attitudes towards and preference for the brand, as well the likelihood of buying it in the future.

7.2.4 Brand Loyalty

Brand loyalty refers to a customer's deeply held commitment to rebuy or repatronise a preferred brand consistently in the future (Oliver, 1999). While previous brand loyalty studies have contributed significantly to the current understanding of service brand formation from a consumer's viewpoint, they have mainly examined determinants relating to consumers' service consumption experience, such as service quality, customer satisfaction and perceived value. The changing customer environment and the increasing number of channels for managing customer brand relationships have contributed to the emergence of the customer engagement

concept, which encapsulates the customer's beyond-purchase connections with a brand. These connections have been argued to be important factors influencing how customers think and feel about a brand organisation, which may potentially affect brand loyalty.

The results of the conceptualisation and testing of the integrative model of service brand loyalty formation in the current study show that customers' brand loyalty is influenced by both service evaluation and customer engagement. Furthermore, the mediation analysis suggests that while both service evaluation and customer engagement contribute significantly to the development of service brand loyalty, they also exert a significant positive influence on customers' brand trust, which in turn enhances service brand loyalty. Therefore, in the context of the proposed model, brand trust serves as a partial mediator in the relationships between brand loyalty and service evaluation and customer engagement.

The three direct predictors of service brand loyalty (i.e., service evaluation, brand trust and customer engagement) were found to be statistically significant in explaining the formation of customers' commitment to repurchase of the brand, collectively accounting for a large proportion of its variation ($R^2 = .622$). However, further examination of the paths' coefficients, presented in Figure 7.1, suggests that their significance varies. Specifically, the results show that among the three antecedents of service brand loyalty, customer engagement was the strongest predictor in explaining customers' level of loyalty to the brand, followed by brand trust and service evaluation. This finding supports the thinking that customer engagement may represent a superior explanatory factor for service brand loyalty. While customers' perceived superior service evaluation and enhanced level of brand trust are considered vitally important for building loyalty, in a highly competitive

business environment, where good service quality is becoming a basic standard, service evaluation, and subsequently brand trust, are considered to be the requirements, rather than the driving factors, for service brand success. While service evaluation relates to customers' assessment of the service offering's transactional benefits in the exchange relationship, customer engagement represents a strong customer-brand relationship associated with allegiance from a psychological attachment perspective, which involves an enduring psychological connection and behavioural participation with the brand beyond purchase (Brodie et al., 2011). Therefore, customer engagement contributes more strongly to establishing customer commitment to repurchase the brand.

7.2.5 Overall Model Results

The preceding discussion evaluated the research hypotheses proposed for this study, which provide insight into the relationships between the focal constructs of the proposed model of service brand loyalty formation. Evaluating the results of this study affords a greater appreciation of not only the significance of customer engagement in building service brand loyalty, but also how customer engagement interacts with established key drivers of loyalty in generating truly committed and loyal customers. Examination of the overall model results reveals that all of the directional relationships hypothesised within the model were supported, demonstrating the performance of the proposed model in illustrating the process by which service brand loyalty is developed from a customer's perspective. The resulting knowledge supports the emerging literature on customer engagement that emphasises the benefits of cultivating such a consumer response. Additionally, the results of this study extend the understanding of loyalty antecedents previously

presented in the literature (i.e., service brand loyalty is built through the provision of superior service offerings), thus contributing to further understanding of the evolving dynamics of service brand loyalty formation.

Although the review of the brand loyalty literature presented in Chapter Two showed that some relationships hypothesised within the proposed model have been previously investigated, the insight contributed by this study comes from the examination of how service consumption-related variables and beyond-purchase connections, collectively, perform to achieve service brand loyalty. In addition, an integration of these variables into one model is considered to be necessary to provide a comprehensive understanding of service brand loyalty development. Integration not only enhances service brand management practices but also advances existing theory on customer-brand relationship.

Customer engagement has been suggested to play a central role in a nomological network governing service relationships in which other relational concepts (e.g., involvement and loyalty) are antecedents and/or consequences in iterative customer engagement processes (Brodie et al., 2011). However, the literature offers no empirical indication of how customer engagement is situated within such a nomological network. From this perspective, the conceptualisation and formal testing of the linkages between customer engagement and other components included in the model provide nomological validity for the customer engagement concept, and more importantly illustrate its position in the wider nomological network.

Furthermore, the results presented in Chapter Five provide empirical support for the proposed model conceptualisation. The strength of the model's performance is indicated in the strong R^2 (i.e., .622) in the outcome variable of service brand loyalty. That is, the components that have been identified and subsequently tested in

this study explain 62.2% of the variance in service brand loyalty, providing strong support for the explanatory power of the proposed model in predicting the outcome variable. The next section provides a thorough explication of the findings of the qualitative phase of this research.

7.3 Discussion of Qualitative Results

In addition to developing a customer engagement scale and testing the proposed model, this study also included a qualitative phase to explain and contextualise the quantitative research findings. To allow for full interpretation of the results, the following discussion addresses the two qualitative research questions individually. The questions were proposed to uncover reasons for participation in customer engagement activities and identify behavioural manifestations of customer engagement.

7.3.1 Reasons for Participation in Customer Engagement Activities

The first research question of this phase of research sought to identify the reasons underlying engaged customers' behavioural connections outside of the purchase situation. In the analysis addressing this question, four key themes emerged as reasons for a customer's participation in customer engagement activities: product involvement, information acquisition, affective fulfilment and customer reward. First, customers' perceived relevance of the product category (i.e., product involvement) was found to motivate their participation in beyond-purchase interaction with the brand. This result is in line with the marketing literature, which holds that involvement is an important antecedent of customer engagement (Hollebeek, 2011; Vivek et al., 2012). Similarly, previous research suggests that involved customers

tend to perceive greater gains from ongoing communications and interactions with a firm and, therefore, are more receptive to relationship marketing programs and activities (Ashley, Noble, Donthu & Lemon, 2011). This result also supports the assertion that customer engagement involves an active relationship with the brand, and therefore a level of involvement is required before specific customer brand engagement levels can emerge (Hollebeek, 2011).

Second, customer willingness to obtain information related to the service brand also appears to underpin customer engagement behaviours. In contrast to information search to address a buying problem (Beatty & Smith, 1987; Bloch et al., 1986), this study showed information acquisition to be an ongoing motivational reason not associated with a specific, immediate purchase decision. A possible explanation for ongoing information acquisition is that engaged customers are genuinely interested in the brand and, therefore, seek brand-related information as hedonic recreation or entertainment (Holbrook & Hirschman, 1982) rather than to meet the need to make an immediate buying decision.

Third, the emotional sensation (i.e., affective fulfilment) that customers experience in customer engagement activities motivates their active participation. This finding is consistent with the consumer behaviour literature, which holds that through recommending or suggesting a product to others, customers can achieve satisfying feelings such as gaining attention from others, showing connoisseurship and status, giving the impression of holding inside information and asserting superiority (Engel et al., 1995), as well as enhancing their images as perceived by other customers (Sundaram et al., 1998). The result also indicates that engaged customers' participation is driven by customers' desire for positive recognition and

satisfaction of their self-related consumer needs at the affective level through social interaction (Hennig-Thurau et al., 2004).

Fourth, the discussion presented in Chapter Two suggests that an important argument for building customer engagement is to emphasise developing brand allegiance from a psychological attachment perspective, making customers' price or loyalty points less relevant to customers' behaviours. However, the findings of this study indicate that for some customers, customer rewards remain a motivational factor that triggers their participation in customer engagement activities (Hennig-Thurau et al., 2004; Wirtz & Chew, 2002). Such a result highlights the role of economic incentives as an incremental influence on customer engagement behaviours.

While the preceding discussion includes research literature relevant to the four main reasons that customers participate in engagement activities, several new findings emerged as a result of this study. First, although customer engagement has been promoted as a marker of brand allegiance, which sets it apart from more transactional types of loyalty tactics such as loyalty programs and price discounts, the qualitative findings suggest that for their engagement in beyond-purchase interaction with the brand, some highly engaged customers are still motivated by economic incentives or customer rewards. Another new finding resulting from this study relates to information acquisition. This finding suggests that highly engaged customers participate in beyond-purchase activities with the brand and other customers mainly because they want to keep up to date with the brand by obtaining current information, such as company news and facts. Thus their interest in acquiring information extends beyond making an immediate purchase decision, which is a common reason for information acquisition.

7.3.2 Behavioural Manifestations of Customer Engagement

The second research question of the qualitative phase explored how customer engagement manifests in the customer's beyond-purchase behaviour with respect to the engaged brand. The findings showed that word-of-mouth communications, passive subscribing and website trawling are the three most common forms of customer engagement activity. Although much of the discussion on customer engagement focuses on engagement related to social media such as taking part in online discussions, blogging, writing customer reviews and participating in online forums (Marketing Science Institute, 2010; van Doorn et al., 2010), the findings of this study concluded that face-to-face communication was the most common form of engagement activity, as this group of customers preferred traditional word-of-mouth communications to express their strong engagement with the brand. Furthermore, some participants reported minimal use of social media for brand-related interactions. While the participant profile was largely consistent with that of the main study, this result could be due partly to the relatively older age profile of the interview participants. This age profile contrasts with that of the core market of social networking sites such as Facebook and Twitter (i.e., younger people) (Social Media Statistics, 2013), which are often used by brands to interact with their customer base.

Another interesting finding of this research phase was that some engaged customers preferred passive subscribing, such as receiving regular emails and newsletters from the brand organisation, as opposed to active engagement activities. As passive subscribing involves less effort and offers more flexibility with respect to the timing of engagement, customers considered it to be a convenient and unobtrusive way to engage with the brand. While customer engagement often

centres on interactive experiences (Brodie et al., 2011; Brodie et al., 2013), this research suggests that even when customer engagement is strong, some customers may prefer a lower level of customer interaction with the brand, such as passive subscribing.

Website trawling constitutes a third major form of behavioural manifestation of customer engagement. In contrast to passive subscribing, website trawling often requires greater effort and more time and, therefore, indicates a relatively higher level of engagement. Highly engaged customers tend to undertake website trawling to obtain brand-related information (e.g., products, special offers, company update). This study indicates that their information search is motivated by curiosity and interest in the brand, which result from a strong customer-brand connection rather than the need to make a purchase in the immediate future. The next section presents the implications of this research.

7.4 Implications

In seeking to develop a customer engagement measure and conceptualise and empirically validate the integrative model of service brand loyalty formation, as well as to identify customers' reasons for participating in customer engagement activities and common forms of these activities, this study has provided findings that significantly enhance the current comprehension of customer engagement and its role in developing customer loyalty to a service brand. Specifically, the findings and ensuing discussion provide evidence for the need to challenge existing knowledge to advance theoretical understanding as well as empirical reality. Furthermore, the results of this study offer a unique contribution to the existing body of literature in the

service brand management area of marketing. Through this study, a number of theoretical and practical implications have emerged that warrant further discussion.

7.4.1 Theoretical Implications

The increasingly competitive consumer market requires service firms such as hotels and airlines to create long-term relationships with their customers to secure a defensive competitive advantage. In response, an emerging notion in the marketing literature is to initiate marketing programs that connect with customers and foster customer engagement beyond purchase (Marketing Science Institute, 2010). This thinking has stimulated service brands to increasingly adopt customer engagement strategies for managing customer relationships, making the concept of customer engagement a significant area of focus for both academics and practitioners in recent years. Despite such attention, as well as the increasingly assumed benefits of engaging with potential and existing customers, knowledge of customer engagement is still in its initial stage of development. While several researchers have highlighted the potential value of customer engagement (e.g., Brodie et al., 2011; Hollebeek, 2009, 2011; Patterson et al., 2006; van Doorn et al., 2010), empirical enquiries into what constitutes customer engagement and how the concept should be measured are very limited (Bolton, 2011; Hollebeek, 2011).

The marketing literature recognises customer engagement as a strategic imperative for building, maintaining and enhancing positive long-term customer-brand relationships (Marketing Science Institute, 2010). However, until now, no meaningful measurement mechanism has been available for empirical examination of such assertions. This study provides a theoretically sound scale that marketing scholars can use to further extend their understanding of how customer engagement

relates to, or contributes to, various conceptually related psychological and behavioural customer outcomes.

From a theoretical perspective, the customer engagement scale provides a foundation for building future knowledge of customer engagement and extending theoretical understanding of the customer engagement concept by empirically exploring potential correlates of customer engagement. For example, the most important factors influencing customer engagement include attitudinal antecedents, such as brand attachment, brand commitment and brand performance perceptions (van Doorn et al., 2010). In addition, a conceptual model shows involvement and interactivity as antecedents of customer engagement (Hollebeek, 2009). Using the customer engagement scale presented in this study, future research can now empirically examine these potential linkages.

Customer engagement addresses customer-brand relationships. Investigators have traditionally captured relationships using measures such as brand loyalty (e.g., de Matos & Rossi, 2008; Schau, Muñiz & Arnould, 2009), which is often associated with direct customer outcomes and involves exchanges in the form of current or future transactions with the brand (Vivek, 2009). However, measurement of customer-brand relationships is inherent in purchase-specific actions, and given the rise of new media channels and virtual platforms for customer interaction, this approach may not be sufficient to understand a consumer's various connections with the brand beyond the purchase transaction. In contrast, customer engagement encapsulates behavioural manifestations with a less direct impact on brand performance (Bijmolt et al., 2010). The results of this study expand understanding of the customer-brand relationship, which has been generally considered purchase-

specific. The measurement scale also assists in further incorporating customer engagement into the brand loyalty discussion, thus expanding existing theory.

In testing the proposed integrative model of service brand loyalty formation, this study finds results that are consistent with previous brand loyalty research in suggesting that brand trust and brand loyalty can be enhanced through traditional loyalty predictors that are considered inherent to the service encounter (e.g., service quality, customer satisfaction, and perceived value) (Palmatier, Dant, Grewal & Evans, 2006). The model comparison results provide empirical support for the proposed parsimonious model (as a result of specifying a higher-order factor of service evaluation) of the existing knowledge of service brand formation.

However, the fundamental contribution of this study is to provide theoretical justification, as well as empirical evidence, in support of the linkages between the emerging concept of customer engagement and the key components in the process of service brand loyalty development. While previous research consistently supports the contribution of purchase-related factors such as service quality and customer satisfaction in building a strong service brand (Clemes, Gan & Ren, 2010), the findings of this study contribute incrementally to the existing body of knowledge by empirically demonstrating that customer engagement beyond purchase has a strong influence on service brand loyalty as well.

As highlighted in Chapter One, research with respect to brand loyalty is an important area for scholarly investigation. Although investigators believe that the customer engagement concept may engender brand loyalty (e.g., Hollebeek, 2009; Patterson et al., 2006), no known studies have examined the role of customer engagement in building service brand loyalty. Given this paucity, the findings of this study make a unique and valuable contribution to the existing marketing literature by

bridging this knowledge gap through an empirical examination of the role of customer engagement in building service brand loyalty. The research thus provides evidence to suggest that service brand loyalty can be strengthened not only through a superior service consumption experience inherent in the actual service encounter, but also through customer engagement beyond purchase. As a result, a more comprehensive model of service brand loyalty formation was conceptualised and validated.

The measurement scale for customer engagement offers a framework for future empirical research in this increasingly important area. Furthermore, it provides a useful tool for marketing scholars to collect insights into customer connections with a service brand beyond the service consumption experience. The conceptualisation and validation of the integrative model of service brand loyalty formation complete the brand loyalty picture by considering both the customer's consumption experience inherent in the service encounter and the cognitive, affective and behavioural connections with the brand outside of the purchase situation. This undertaking provides a meaningful synthesis of the service brand loyalty literature and the emerging customer engagement literature, yielding a framework that encapsulates customer-brand experiences both within and outside of the service encounter.

From a theoretical perspective, the findings of the qualitative research phase provide further explanation for the quantitative results by identifying factors that affect customers' level of participation in beyond-purchase interactions, both with the brand and with other customers. While customer engagement has attracted significant academic attention, previous research has mainly focused on conceptualised relationships and definitions (Brodie et al., 2011; Hollebeek, 2011; van Doorn et al., 2010; Vivek et al., 2012). Thus, limited empirical knowledge exists

to indicate influencers of customer engagement behaviours, and the identification of the four reasons for customer engagement activities provides an important contribution to the customer engagement literature.

Furthermore, findings relating to the three common behavioural manifestations of customer engagement highlight the importance of face-to-face interactions (i.e., word-of-mouth). However, given the age profile of the interview participants, this finding should be further investigated in future studies using a group of younger customers. In sum, the qualitative phase has addressed marketing scholars' call for more research on customer engagement to further understanding this emerging construct (Bolton, 2011; Marketing Science Institute, 2010).

7.4.2 Practical Implications

In addition to making significant theoretical contributions, this research also offers several practical implications for brand management practices. The development and validation of a customer engagement scale provides a valuable tool for service brand managers to effectively measure the effectiveness of marketing strategies developed to engage with their customer base. This measurement can be achieved by surveying customers to assess their level of customer engagement before and after launching a marketing program, allowing marketing managers to present a measurable justification for their future customer engagement investments. The importance of being able to measure marketing decisions and actions lies in the increasing emphasis on management and marketing accountability (Perdue, 1996), especially when that accountability involves significant resources in terms of time, money and personnel. As Shah et al. (2006) suggested, "what gets measured gets done" (p. 120). In the absence of measurable insights,

marketing efforts often focus on areas where indicators of success can be easily measured, such as sales promotions. Consequently, the development of the customer engagement scale represents significant value to marketing managers who are pressured by their organisation to justify their customer engagement strategies.

In addition, managers can collect insightful information by using this scale. For instance, they can evaluate the performance of their brands against the competition by comparing their customers' level of engagement with that of competing brands' customers. Furthermore, as the scale developed in this study is an outcome measure, brand managers can use it to validate various relationship marketing initiatives. Such insights will help managers determine whether they need to modify or change their marketing programs to achieve expected objectives.

From a practical point of view, the development of a scale to capture customer engagement with service brands is valuable to brand managers who attempt to develop truly loyal customers. The scale assists brand managers in differentiating genuinely committed or engaged customers from those with a more tenuous psychological connection with the brand. The ability to make such a differentiation is essential, because less committed customers are more likely to exhibit switching behaviours than engaged customers and thus require more attention from managers. Further, the customer engagement scale provides a useful tool for marketing practitioners to collect insights into customers' cognitive, affective and behavioural connections with their brands beyond the service consumption experience.

This study demonstrates that all five dimensions are significant in representing customer engagement. This result suggests that, when attempting to develop customer engagement, managers could focus on the enhancement of each

of the five customer engagement dimensions, with particular emphasis on attention and enthusiasm, given their high factor loadings. For example, to increase attention, managers need to provide information that their customer groups find relevant and interesting (Celsi & Olson, 1988). While customer engagement is manifested beyond the service transaction, enthusiasm may be enhanced by outstanding service delivery, features that thrill customers and a positive brand image (cf. Bhoite, 1995). In building strong customer brand identification, brand managers must create a unique and clear identity that is desired by the target customer segments, because identity allows a sustainable differentiation of the offering and helps to enhance customers' identification with the brand (Baumgarth & Schmidt, 2010). While the dimension of interaction (.68) is not loaded as highly on customer engagement as the other dimensions (see Table 5.4, Page 145), it proved to be a statistically significant indicator of the construct. The weaker factor loading is reasonable because not all engaged customers are highly interactive with the brand or other customers. To increase interaction, firms need to provide opportunities for customer interaction as well as incentives that encourage customer participation, such as recognition and reward schemes (Sawhney, Verona & Prandelli, 2005). Collectively, these actions help customers to immerse themselves in the interactive experience with the brand, thereby developing their engagement with the brand.

The knowledge generated by testing the integrative model of service brand loyalty formation not only complements traditional brand loyalty techniques, such as enhancing service quality, customer satisfaction and customers' value perceptions, but also advances brand managers' understanding of the relationships between service consumption variables, customer engagement and brand loyalty. Specifically, the impact of service evaluation on brand trust and subsequently brand loyalty

provides evidence of the critical role of managing the customer's experience with the brand. However, service evaluation may reach a point where incremental improvement is not practically feasible. The strong influence of customer engagement on service brand loyalty provides a sound reason for service brands to focus on marketing strategies and actions that are likely to enhance the intensity of such engagement.

This study advances brand managers' understanding of how customer engagement can be important for enhancing brand loyalty to a service brand. While previous research provides strong support for the significant role of the service encounter in retaining customers (e.g., Shoemaker & Lewis, 1999), the findings of this study suggest that designing programs to engage with customers beyond the transaction can be an efficient approach to enhancing customer relationships, complementing the delivery of service offerings during the transaction. The adoption of this approach will help marketers attract both existing and potential customers to purchase the brand and, ultimately, improve business performance. The findings could assist service brands in developing marketing programs aimed at building ongoing customer-brand relationships outside of the service transaction.

The identification of four main reasons for customer engagement behaviours offers useful information that can guide practitioners in developing strategies or tactics to attract customer participation in beyond-purchase interactions with the brand. For example, the theme of information acquisition suggests that engaged customers would like to continually seek information related to the brand, such as company news. Therefore, service brand organisations need to update their customers on a regular basis to maintain a customer connection and satisfy customers' interest in the brand. In addition, while some engaged customers are

internally motivated to participate in customer engagement activities by the need to achieve affective fulfilment, as well as by the perceived relevance of the product category of interest, the finding that customer reward can trigger customer participation suggests that provision of some economic incentives, such as a chance to win a prize or immediate rewards, could be an effective tactic to attract customer participation in beyond-purchase interactions. Therefore, marketers must consider the use of incentives when designing a marketing program aimed at stimulating customer interaction and participation.

While many channels, such as Facebook and Twitter, are available for managers to disseminate brand-related information, this study show that highly engaged customers of service brands tend to perform engagement activities on company websites and are less likely to do so on third-party sites such as TripAdvisor, blogs or online discussion forums. Given their ability to offer objective and heuristic product information, these third-party websites may still be generally seen as the first point of product information acquisition when customers need to make an immediate purchase decision. However, engaged customers' need for information is underpinned by their strong connection with the brand, and therefore they seek brand information to fulfil their interest in the brand. For this reason, company websites may provide engaged customers with a more direct access to obtain such information.

The results of this study also enhance managerial understanding of customer engagement behaviour by substantiating the importance of face-to-face word-of-mouth communications, such as recommendations, as the most common overt customer actions to reflect their strong engagement with the brand. This interesting finding suggests that although service brand managers may attempt to establish and

expand the presence of their brand on various social media platforms, they should not ignore the traditional forms of engagement behaviour, given that engaged customers frequently emphasise the importance of personal social interaction to share their experience with others and to express the sense of pride derived from the brand. Given the significant impact and potential reach of social media, marketers should also encourage more traditional sharing and recommendations on social media platforms.

7.5 Limitations

This study offers a significant contribution to the marketing literature by providing a reliable and valid customer engagement measure to gain further insights into a customer's psychological and behavioural connections with brands beyond the service consumption experience. In addition, it demonstrates the important role of customer engagement in enhancing service brand loyalty. As evidenced in the presentation of the research design procedures in Chapters Three, Four and Five, each decision was carefully determined and methodologically justified with support from the social science research literature. However, limitations are inherent in all research methods and design and, therefore, the limitations of this study need to be identified and related to the study findings. Acknowledgement of the study's limitations should not negate the findings but rather establish boundaries within which the research was conducted. Identification of the limitations also provides the opportunity to discern potential areas for future research.

First, the use of surveys as the method of data collection may introduce measurement error into the research data. Such measurement error can emerge not only from the scales used to measure the constructs (Aaker, Kumar, Day, Lawley &

Stewart, 2007; McDaniel & Gates, 2005), but also from the respondents' inability to accurately report their past experience with the service brands they have previously used. However, measurement error with respect to the scales was minimised by following a systematic and rigorous scale development process to validate the customer engagement scale, as well as by giving careful consideration to the selection of reliable measures of other constructs that have been tested in other empirical studies. Furthermore, thorough examination of the reliability and validity of the measured constructs yielded strong evidence indicating sound psychometric properties of the measurement scales, thus suggesting that measurement error is not a major issue in this study.

The second limitation relates to the data collection design. While the theoretical model proposed and developed in this study hypothesises directional influences among the constructs of interest, the study used a cross-sectional design, which does not involve examination of cause and effect relationships. For this reason, the results afforded by this study can imply only an association, and not a causal relationship, between customer engagement and other key components of the brand loyalty development process.

As the quantitative phase of this research collected data using a single method (i.e., an online self-administered survey), another limitation relates to the potential for common method variance, which may have introduced spurious relationships among the constructs under investigation. However, the assessment of common method variance presented in Chapter Four (Section 4.2.4.2.3, Page 104) suggests that common method variance is not a major issue in this study, providing some confidence for the research findings.

The fourth limitation results from the study sample. In order to measure customer engagement as well as the key elements of the proposed model, the sample of this study comprised only customers who had had experience with the indicated service brands. Therefore, caution is warranted when generalising the results to potential consumers who have no experience with a service brand, thus limiting the generalisation of the results. In addition, while the assessment of non-response bias via a wave analysis suggests that non-response bias is not evident in this study, the relatively low response rate for the self-administered online survey may affect the validity of the study's findings, as non-respondents may have differed in their evaluation of the study constructs from those who participated in the online surveys. Furthermore, the sampling profile presented in Table 4.5 shows that within the overall study sample, 69.7% of the 755 respondents were female, and comparison of the sample's demographic characteristics to those of the general population suggests that respondents differed in several demographic variables (e.g., age, gender). Therefore, the sample may not be completely representative of the general population.

Finally, as noted in the qualitative results presented in Chapter Six, the purposive sample included a relatively high proportion of senior participants, potentially affecting the credibility of the qualitative research findings. However, customers of the service categories sampled in this study (i.e., airline, hotel and retail) often include older individuals, and therefore that the sample is skewed to older people being engaged is not surprising.

7.6 Future Research

The limitations of this study suggest several possible areas for future research. First, as the present study sampled only customers of hotel, airline and retail services, further testing of the scale and the proposed model in other service settings, such as health care and banking, may be warranted. This testing would afford greater generalisability of the study findings to other service contexts and provide increased insight into the extent to which the model explains the formation of service brand loyalty in different service settings.

Another possible area of future research relates to negatively valenced customer engagement. Consistent with much of the customer engagement discussion in the literature, this study has investigated customer engagement from a positive perspective. However, the literature acknowledges that customer engagement can also be manifested in negatively valenced expressions, such as anti-brand activities (van Doorn et al., 2010). For this reason, future research should explore various forms of negatively valenced customer engagement behaviours or expressions and how they may influence customer engagement outcomes.

Future research can also extend and examine the proposed research model by including additional factors that might represent antecedents and outcomes of customer engagement. For example, the qualitative phase of this research identified four major factors affecting customers' participation in customer engagement activities. These factors can be incorporated into the research model and tested in subsequent quantitative research to determine their relationships with customer engagement. Similarly, the customer engagement literature suggests that customer engagement may affect aspects such as customer equity, long-term reputation of the firm, brand recognition and financial outcomes (van Doorn et al., 2010). To further

advance brand management knowledge, future research could investigate the effects of customer engagement on these factors.

As noted, the participants of the in-depth interviews were predominantly older customers. While this sample characteristic may be due largely to the customer profile in the study service categories, future research could examine customer engagement with brands in product categories such as technology products (e.g., Apple), which primarily target younger customers. Investigating younger customers' engagement with brands would generate more detail with respect to potential relationships between customers' age groups and the types of behavioural manifestation of customer engagement and, therefore, further expand the knowledge afforded in this research.

In addition, the qualitative research phase investigated customer engagement by examining the experiences of engaged customers. However, future research with disengaged customers could identify how behaviour of engaged customers differs from that of disengaged customers in terms of interactions and connections with the brand, providing further insight into important characteristics of customer engagement.

Furthermore, because the current study considers brand loyalty to be a unidimensional construct comprising both attitudinal and behavioural aspects, future research might investigate the effects of customer engagement on the cognitive, affective, conative and action-oriented aspects of brand loyalty, thereby offering additional insight into the impact of customer engagement on different facets of the loyalty construct. Finally, as this study did not collect data on the sample's consumption behaviour or frequency, it is not clear whether the same findings will

emerge if survey respondents were differentiated according to frequency of purchase or usage, which should be the subject of future investigations.

7.7 Chapter Summary

In summary, this chapter has provided a discussion and comparison of the relevant literature to the findings of this research. The development of the customer engagement scale is considered to be an important step for the advancement of customer relationship management knowledge from both theoretical and practical perspectives. From a theoretical perspective, this study has addressed the paucity of studies in the customer engagement literature by providing a valid and reliable scale that can be used in future studies to gain further knowledge relating to the customer-brand relationship. From a practical point of view, the strength of the customer engagement scale lies in its ability to quantify the emerging customer engagement concept. More importantly, the customer engagement scale provides practitioners with a useful tool for collecting valuable insights into customers' beyond-purchase connections with their brands.

This study has theoretically conceptualised and empirically investigated the role of customer engagement in building loyal customers, demonstrating how service brand loyalty, from a customer's perspective, can be enhanced not only through superior cumulative evaluation of the service offering but also through customer engagement beyond purchase. Such results advance customer relationship management knowledge by expanding the current understanding of service brand loyalty, which suggests that loyalty is developed primarily through enhancement of the service consumption experience. From a practical point of view, the findings suggest that, in addition to managing the service consumption experience, service

firms must allocate resources to effectively foster customer engagement to further enhance customer loyalty with their brand.

In the study's qualitative phase, the quantitative results were contextualised and further explained. Identification of four customer engagement behaviours motives (i.e., product involvement, information acquisition, affective fulfilment and customer reward) provided empirical evidence that explains customers' motivation to interact with the service brand outside of the purchase situation. Such insight offers useful information to practitioners for developing marketing programs or campaigns intended to increase customer engagement. Furthermore, in identifying common forms of customer engagement behaviour, the findings of this research suggest that traditional word-of-mouth communications is the most frequent interaction of highly engaged customers, while social media channels were generally not considered to be the preferred brand interaction platform by the participants. Therefore, in addition to developing customer engagement in the virtual environment, marketing efforts should also include more traditional types of interaction, such as word-of-mouth communications and recommendations.

The comprehensive discussion of the results of this research established the contribution of this thesis to the existing body of knowledge and set out the resulting managerial implications. In developing the integrative model of service brand loyalty, this investigation makes a significant advancement, which provides noteworthy insight into the process of building a successful service brand.

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APPENDICES

Appendix A: Summary of Previous Engagement Conceptualisations

Summary of Previous Engagement Conceptualisations

Authors	Context	Objectives	Definition	Dimensions	Findings
(Kahn, 1990)	Personal engagement at work	To explore the conditions at work in which people personally engage, or express and employ their personal selves.	Engagement is the simultaneous employment and expression of a person's preferred self in task behaviours that promote connections to work and to others, personal presence (physical, cognitive, and emotional), and active, full role performances.	Cognitive, emotional and physical engagement.	The three psychological conditions of personal engagement or disengagement are (1) how meaningful is it for me to bring myself into this performance? (2) How safe is it to do so? (3) How available am I to do so?
(Schaufeli et al., 2002b)	Student engagement and employee engagement	To examine the factorial structure of a new instrument to measure engagement, the hypothesised 'opposite' of burnout.	Engagement is a positive, fulfilling, work-related state of mind that is characterised by <i>vigor</i> , <i>dedication</i> and <i>absorption</i> .	<i>Vigor</i> (i.e., high levels of energy and mental resilience while working, the willingness to invest effort in one's work, and persistence even in the face of difficulties, <i>dedication</i> (i.e., a sense of significance, enthusiasm, inspiration, pride, and challenge) and <i>absorption</i> (i.e., being fully concentrated and deeply engrossed in one's work, whereby time passes quickly and one has difficulties with detaching oneself from work)	Results confirmed the original three-factor structure of burnout (exhaustion, cynicism and professional efficacy) as well as the hypothesised three-factor structure of engagement (vigor, dedication and absorption). In addition, professional efficacy seems to be an element of engagement.
(Schaufeli et al., 2006)	Work engagement	To develop a short questionnaire to measure work engagement.	Engagement is a work-related state of fulfilment that is characterised by vigor, dedication and adsorption.	<i>vigor</i> (i.e., high levels of energy and mental resilience while working, the willingness to invest effort in one's work, and persistence even in the	The shortened 9 item scale was demonstrated to have acceptable psychometric properties and the instrument can be used in studies on

				face of difficulties, <i>dedication</i> (i.e., a sense of significance, enthusiasm, inspiration, pride, and challenge) and <i>absorption</i> (i.e, being fully concentrated and deeply engrossed in one's work, whereby time passes quickly and one has difficulties with detaching oneself from work)	positive organisational behaviour. Furthermore, a two-factor model with a reduced burnout factor (exhaustion and cynicism) and an expanded engagement factor (vigor, dedication, adsorption and professional efficacy) fit best to the data.
(Harter et al., 2002)	Employee engagement	To examine the relationship at business-unit level between employee satisfaction-engagement and the business-unit outcomes of customer satisfaction, productivity, profit, employee turnover, and accidents.	Engagement refers to the individual's involvement and satisfaction with as well as enthusiasm for work.	Overall job satisfaction	Generalisable relationships large enough to have substantial practical value were found between unit-level employee satisfaction-engagement and these business-unit outcomes. Changes in management practices that increase employee satisfaction may increase business-unit outcomes, including profit.
(May et al., 2004)	Employee engagement	To explore the determinants and mediating effects of three psychological conditions – meaningfulness, safety and availability – on employee engagement in their work.	Engagement is the 'harnessing of organisational members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performance' (Kahn, 1990, p. 694)	The three components of Kahn's (1990) psychological engagement: cognitive, emotional and physical engagement (are used as overall engagement).	Results from the revised theoretical framework revealed that all three psychological conditions exhibited significant positive relations with engagement
(Saks, 2006)		To test a model of the antecedents and	Engagement is distinct and unique construct that consists	Job engagement and organisational engagement	There is a meaningful difference between job and

		consequences of job and organisation engagements based on social exchange theory	of cognitive, emotional and behavioural components that are associated with individual role performance.		organisation engagements and that perceived organisational support predicts both job and organisation engagement. In addition, job and organisation engagement mediated the relationships between the antecedents and job satisfaction, organisational commitment, intention to quit and organisational citizenship behaviour.
(Rothbard, 2001)	Engagement in work and family roles	To develop a model of engagement in the multiple roles of work and family. It examines two competing arguments about the effects of engaging in multiple roles, depletion and enrichment, and integrate them by identifying the type of emotional response to a role, negative or positive, as a critical contrasting assumption held by these two perspectives	Engagement in a role refers to one's psychological presence in or focus on role activities and may be an important ingredient for effective role performance (Kahn, 1990, 1992)	<i>Attention</i> (i.e., the duration of focus and mental preoccupation with work and family) and <i>absorption</i> (i.e., the intensity of one's focus on a role)	Findings reveal evidence for both depletion and enrichment as well as gender differences.
(Schaufeli & Bakker, 2004)	Work engagement	To test whether or not a model that includes the core of burnout (exhaustion and cynicism) as well as an extended engagement factor (vigor, dedication, absorption and efficacy) fits	Engagement is a positive, fulfilling, work-related state of mind that is characterised by <i>vigor</i> , <i>dedication</i> and <i>absorption</i> .	<i>Vigor</i> (i.e., high levels of energy and mental resilience while working, the willingness to invest effort in one's work, and persistence even in the face of difficulties, <i>dedication</i> (i.e., a sense of significance,	Results indicate that burnout does not refer to one underlying dimension; (2) the core of burnout is constituted by exhaustion and cynicism, whereas in addition to vigor, dedication absorption,

		better to the data compared to: (1) a model that assumes that all burnout and engagement scales load on a single factor; (2) a model that includes the original burnout (exhaustion, cynicism and efficacy) and engagement (vigor, dedication and adsorption)		enthusiasm, inspiration, pride, and challenge) and <i>absorption</i> (i.e, being fully concentrated and deeply engrossed in one's work, whereby time passes quickly and one has difficulties with detaching oneself from work)	professional efficacy also loads on the latent engagement variable.
(Salanova et al., 2005)	Work engagement	To examine the a model includes the relationships between organisational resources and engagement as predictors of service climate, which in turn predicts employee performance and customer loyalty	Engagement is "a positive, fulfilling, work-related state of mind that is characterised by vigor, dedication and absorption" (Schaufeli et al., 2002b, p. 72)	<i>Vigor</i> (i.e., high levels of energy and mental resilience while working, the willingness to invest effort in one's work, and persistence even in the face of difficulties, <i>dedication</i> (i.e., a sense of significance, enthusiasm, inspiration, pride, and challenge) and <i>absorption</i> (i.e, being fully concentrated and deeply engrossed in one's work, whereby time passes quickly and one has difficulties with detaching oneself from work)	Analyses were consistent with a full mediation model in which organisational resources and work engagement predict service climate, which in turn predicts employee performance and then customer loyalty.
(Hollebeek, 2009)	Customer engagement	To propose a customer engagement conceptualisation and associated conceptual model, which may be used to guide future research in this area.	Engagement is the level of expression of an individual customer's motivational, brand-related and context-dependent state of mind characteristics by a degree of activation, identification and absorption in brand interactions.	<i>Activation</i> (i.e., a customer's level of energy and mental resilience while interacting with a brand, willingness to invest time-effort in one's role as a customer and persistence even in the face of difficulties), <i>identification</i> (i.e.,the degree of perceived	Illuminate the importance of customer engagement and propose a conceptualisation and model for investigation

				significance, inspiration and pride in one's role as customer) and <i>absorption</i> (i.e., the level of concentration/engrossment in one's role as a customer)	
(Patterson et al., 2006)	Customer engagement in services	To establish a conceptual understanding of customer engagement	Customer engagement is the level of a customer's various "presence" in their relationship with the organisation.	<i>Vigor</i> (the customer's level of energy and mental resilience while interacting with service employees, the organisation, the brand or with other customers), <i>dedication</i> (the customer's sense of belonging as a customer) and absorption (being fully concentrated, happy and deeply engrossed while playing his role), <i>interaction</i> (various interactions and connections)	(1) It establishes a conceptual understanding of customer engagement, which has not been done previously; (2) it distinguishes customer engagement from similar marketing constructs; and (3) it establishes the significance of further exploring and understanding the construct and its impacts, especially in service industry settings
(Vivek, 2009)	Customer engagement	To develop the construct of customer engagement	Customer engagement is the intensity of the consumer's participation and connection with the organisation's offerings and/ or its organised activities.	<i>Enthusiasm</i> (strong excitement or zeal about the focus of engagement), <i>conscious participation</i> (the mindful and cognisant actions focused on the activity) and <i>social interactions</i>	This research develops the construct of customer engagement, differentiating it from existing constructs, such as involvement, and customer communities. Customer engagement is a three-dimensional, second-order construct, composed of enthusiasm, conscious participation and social interactions. The research also shows that even routine products and brands can

					engage a consumer, which, in turn, positively influences their connection with the firm, and feelings of goodwill towards and intent to do business with the firm.
(van Doorn et al., 2010)		To develop a framework that can allow scholars and managers to fully understand customer engagement behaviours and examine them in an integrated in fashion.	Customer engagement is a behavioural construct that goes beyond transactions, and may be specifically defined as a customer's behavioural manifestations that have a brand or firm focus, beyond purchase, resulting from motivational drivers.	(1) <i>Valence</i> (from the organisation's point of view customer engagement can be classified as positive or negative), (2) <i>form or modality</i> (the different ways in which customer engagement can be expressed by customers such as by investing resources such as time or money), (3) <i>scope</i> (the temporal and geographic scope of customer engagement) (4) <i>nature of impact</i> (the impact of customer engagement behaviours upon the firm) and (5) <i>customer goals</i> (the customer's purpose when engaging)	The authors develop a conceptual model of the antecedents and consequences – customer, firm and societal – of customer engagement behaviours
(Wagner & Majchrzak, 2007)	Online-customer engagement	To examine three case studies of organisations at early stages of using wikis to identify successful characteristics enabling customer engagement	Customer engagement becomes defined as the intensity of customer participation with both representatives of the organization and other customers in a collaborative knowledge exchange process.	N/A	Six characteristics that affect customer engagement are community custodianship, goal alignment among contributors, value-adding processes, emerging layers of participation, critical mass of management and monitoring activity, and technologies in

					which features are matched to assumptions about how the community collaborates.
(Erat et al., 2006)	Customer engagement	To examine the use of information and communication technologies to build Business Customer Communities (BCCs) to help an organisation foster knowledge exchanges between its professional and institutional customers	Engagement with customers calls for exchanging information and knowledge with customers and fostering exchanges between customers.	N/A	Describe Business Customer Communities (BCCs) and outline their attributes and features, and provide an understanding of challenges associated with the enabling of BCC information and how firms can overcome these challenges.
(Karakaya & Barnes, 2010)	Online-customer engagement	To study the impact of the customer care experience voiced online on consumer choice of brand or company when purchasing products and services by including the level of use of these sites, and consumers' opinions about whether their comments would make a difference to the actions of companies	Consumer engagement is the extent of consumer use of social media to learn about the customer care offered when considering or purchasing products/services and the likelihood to share positive customer care experiences online.	Frequency of use and likelihood to share	Consumer opinions about customer care in socially based web sites affect consumer opinions and consumer engagement and consequently consumer choice of brand or company when making purchases. The web sites, including government/consumer advocacy information sites, company web sites, and information found through search engines, are not considered important in influencing consumers.
(Bowden, 2009)	Customer engagement	To redirect satisfaction research toward an approach that encompasses an understanding of the role	Engagement is conceptualised as a psychological process that models the underlying mechanisms by which	N/A	Propose a conceptual framework for segmenting customer-brand relationships based on the extent to which

		of commitment, involvement, and trust in the creation of engaged and loyal customers	customer loyalty forms for new customer		customers are either new or repeat-purchase customers of a specific service brand. In doing so, it provides a deeper and more complete understanding of the nature of customer-brand relationships and the process by which engagement may be developed and fostered among differing customer segments.
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Appendix B: Survey Item Sort Document

Instructions on how to participate in the evaluation

This document contains the definitions and items for five scales which measure: 1) identification, 2) enthusiasm, 3) attention, 4) absorption, and 5) interaction.

For each construct there is an associated abbreviation.

Please allocate an abbreviation to each item that you think best represents the construct definition.

After your evaluation of the items, there is space for you to provide any comments or feedback. For example, if there are any items that you feel need re-wording, any other areas that you feel that I may need to “tap” into and any other general comments that you may have about the scale or research.

Construct	Code
Identification is defined as the perceived oneness with or belongingness to an organisation of which the person is a member.	ID
Enthusiasm represents a strong level of excitement and interest that an individual has in the focus of engagement.	EN
Attention refers to the degree of attentiveness, focus and connection that a consumer has with the focus of engagement.	AT
Absorption is a pleasant state which describes the customer as being fully concentrated, happy and deeply engrossed while playing his role.	AB
Interaction refers to the various participations and connections that a customer has with the firm or other customers (i.e., brand community) outside of purchase.	IN
Item does not reflect any construct.	N/A

Item	Code
1. I spend a lot of my discretionary time thinking about this brand.	
2. I am someone who enjoys interacting with like-minded others in the brand community.	
3. Time flies when I am interacting with the brand.	
4. My days would not be the same without this brand.	
5. Anything related to this brand grabs my attention.	
6. When someone praises this brand, it feels like a personal compliment.	
7. I like to learn more about this brand.	
8. I pay a lot of attention to anything about this brand.	
9. I am enthusiastic about this brand.	
10. I concentrate a lot on this brand.	

Construct	Code
Identification is defined as the perceived oneness with or belongingness to an organisation of which the person is a member.	ID
Enthusiasm represents a strong level of excitement and interest that an individual has in the focus of engagement.	EN
Attention refers to the degree of attentiveness, focus and connection that a consumer has with the focus of engagement.	AT
Absorption is a pleasant state which describes the customer as being fully concentrated, happy and deeply engrossed while playing his role.	AB
Interaction refers to the various participations and connections that a customer has with the firm or other customers (i.e., brand community) outside of purchase.	IN
Item does not reflect any construct.	N/A

Item	Code
11. When I talk about this brand, I usually say <i>we</i> rather than <i>they</i> .	
12. When someone criticises this brand, it feels like a personal insult.	
13. When I am interacting with the brand, I forget everything else around me.	
14. I am passionate about this brand.	
15. I often participate in activities of the brand community.	
16. It is difficult to detach myself from my interaction with the brand.	
17. I am someone who likes actively participating in brand community discussions.	
18. I feel happy when I am interacting with the brand intensely.	
19. In general, I like to get involved in brand community discussions.	
20. I am heavily into this brand.	

Construct	Code
Identification is defined as the perceived oneness with or belongingness to an organisation of which the person is a member.	ID
Enthusiasm represents a strong level of excitement and interest that an individual has in the focus of engagement.	EN
Attention refers to the degree of attentiveness, focus and connection that a consumer has with the focus of engagement.	AT
Absorption is a pleasant state which describes the customer as being fully concentrated, happy and deeply engrossed while playing his role.	AB
Interaction refers to the various participations and connections that a customer has with the firm or other customers (i.e., brand community) outside of purchase.	IN
Item does not reflect any construct.	N/A

Item	Code
21. I am immersed in my interaction with the brand.	
22. In general, I thoroughly enjoy exchanging ideas with other people in the brand community.	
23. I get carried away when I am interacting with the brand.	
24. I focus a great deal of attention on this brand.	
25. I am very interested in what others think about this brand.	
26. I spend a lot of time thinking about this brand.	
27. This brand's successes are my successes.	
28. I feel excited about this brand.	
29. If a story in the media criticised this brand, I would feel embarrassed.	

Appendix C: Survey Item Refinement Document

As a precursor to the development of a survey to be used for my PhD project, I would like to seek your assistance with the refinement of identified potential survey items. To ensure that the survey instrument addresses the purpose of this study, I have articulated several definitions each with corresponding survey items. Please carefully consider each definition and its subsequent survey items, indicating the extent to which the survey items represent the relevant definition. Please be aware that as this exercise is about refining the selected items, there may be items that seem repetitive. At the conclusion of each section, there is an opportunity for you to provide any further comments.

Please note that respondents will be asked to indicate a brand that they have most recently used and then respond to the survey questions when thinking about the brand.

Thank you for your time!

Identification: The perceived oneness with or belongingness to an organisation of which the person is a member.

Please Note: The term "Brand community" refers to the relationships in which you are situated as a result of brand preference. This includes you, the brand, and other customers.

	Not Representative	Somewhat Representative	Clearly Representative
1. When someone criticises this brand, it feels like a personal insult.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. I am very interested in what others think about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. When I talk about this brand, I usually say we rather than they.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. This brand's successes are my successes.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. When someone praises this brand, it feels like a personal compliment.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. I am very interested in what others in my brand community think about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. I care what others in my brand community think about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Any Other Comments

Enthusiasm: A strong level of excitement and interest that a consumer has in a brand or product.

	Not Representative	Somewhat Representative	Clearly Representative
1. I spend a lot of my discretionary time thinking about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. I am heavily into this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. I am passionate about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. My days would not be the same without this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. I am enthusiastic about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. I feel excited about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. I enjoy spending a lot of time thinking about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. I love this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Any Other Comments

Attention: The degree of attentiveness, focus and connection that a consumer has with a brand or product.

	Not Representative	Somewhat Representative	Clearly Representative
1. I like to learn more about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. I pay a lot of attention to anything about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Anything related to this brand grabs my attention.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. I concentrate a lot on this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. I spend a lot of time thinking about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. I focus a great deal of attention on this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. I like learning more about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. I spend a lot of my free time thinking about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Any Other Comments

Absorption: A pleasant state which describes the customer as being fully concentrated, happy and deeply engrossed while interacting with the brand (e.g., consuming or using the brand, blogging about the brand, talking with others about the brand).

	Not Representative	Somewhat Representative	Clearly Representative
1. When I am interacting with the brand, I forget everything else around me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Time flies when I am interacting with the brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. When I am interacting with brand, I get carried away.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. When interacting with the brand, it is difficult to detach myself.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. In my interaction with the brand, I am immersed.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. When interacting with the brand intensely, I feel happy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Any Other Comments

Interaction: The various participations and connections that a customer has with the firm or other customers (i.e., brand community) outside of purchase.

	Not Representative	Somewhat Representative	Clearly Representative
1. In general, I like to get involved in brand community discussions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. I am someone who enjoys interacting with like-minded others in the brand community.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. I am someone who likes actively participating in brand community discussions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. In general, I thoroughly enjoy exchanging ideas with other people in the brand community.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. I often participate in activities of the brand community.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Any Other Comments

Appendix D: Pilot Survey Instrument

Thank you very much for your time and assistance!

Your participation is important to the success of this research. The research exercise will take approximately 10 - 15 minutes to complete. The objective of this research is to better understand the nature of the consumer's connection with service brands. If you require further information on this project please indicate below, otherwise please select Start to begin the survey.

- Start
- Project Information



Information Sheet

Who is conducting the research:

This survey is being conducted by:

Mr Kevin So
Dr Ceridwyn King
Professor Beverley Sparks

Department of Tourism, Leisure, Hotel and Sport Management
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Why the research is being conducted: The research is undertaken to fulfil the partial requirements of the Doctor of Philosophy offered by Griffith University, Queensland, Australia. The objective of this research is to better understand the nature of the consumer's connection with service brands. In doing so, the results of this research will provide insight into the role of customer engagement in enhancing brand loyalty.

What you will be asked to do: Participation is voluntary. If you wish to participate, you will be given a questionnaire to complete in a self-administered manner. The questionnaire includes questions asking your perception and past experience with a service brand that you have previously used. The estimated time to complete the questionnaire will be approximately 10 minutes. No information will appear in the findings that will enable individuals to be identified.

Who will be participating: Staff members and HDR students of Griffith University.

The expected benefits of the research: It is anticipated that through conducting this research, greater knowledge with respect to the nature of the consumer's engagement with the brands that they are attached to, will be revealed. The findings from this research are expected to assist in improving business practices aimed to establish consumer-brand relationships and enhance brand loyalty.

Risks to you: There are no risks associated with participating in this research.

Your confidentiality: No identifying information will be used in reports of the findings. The data that you provide to the researcher will be confidential and at no point will you be referred to by name. All responses given in the questionnaire will remain confidential. The data from the questionnaire will be stored securely and retained for 5 years, after which time it will be destroyed.

Your participation is voluntary: Your participation in this research is completely voluntary. In addition, if you change your mind after initially participating, you are free to withdraw from the study at

any time without comment or penalty. Your consent to participate in the research is indicated by the completion and submission of the electronic questionnaire. Please print and retain this information sheet for your own reference.

Communication of results: A summary report will be provided to interested parties from the participating individuals or general public *upon request*. Academic conference and/or journal papers maybe produced as part of this research. At no time will the communication of results refer directly to participants in relation to specific findings of the research.

Questions/further information: If you have any questions or require further information about this project, please contact either member of the research team listed at the top of this information sheet.

The ethical conduct of this research: Griffith University conducts research in accordance with the *National Statement on Ethical Conduct in Research Involving Humans*. If you have any concerns or complaints about the ethical conduct of the project, please contact the Manager, Research Ethics on (07) 3735 5585 or email: research-ethics@griffith.edu.au

Your feedback: The findings of the research will be available to all participants, if desired.

Privacy statement: The information collected is confidential and will not be disclosed to third parties without your consent, except to meet government, legal or other regulatory authority requirements. A de-identified copy of this data may be used for other research purposes. However, your anonymity will at all times be safeguarded. For further information consult the University's Privacy Plan at www.gu.edu.au/ua/aa/vc/pp or telephone (07) 3735 5585.

Q1[Airline]. In the following list, please select an airline brand that you have most recently experienced.

- Qantas
- Virgin Blue
- Tiger Airways
- Jetstar
- Other - Please indicate below _____

Q1[Hotel]. In the following list, please select a hotel brand that you have most recently experienced.

- Hilton
- Marriot
- Hyatt
- Sheraton
- Holiday Inn
- Other - Please indicate below _____

Q1[Retail]. In the following list, please select a retail brand that you have most recently experienced.

- Woolworths
- Coles
- Aldi
- IGA
- Other - Please indicate below _____

Q2. Thinking about [Insert answer from Q1], please indicate how much you agree or disagree with each of the following statements.

Please note: Brand Community is a group of people whose common interest is the brand. For example, the organisation, other potential and existing customers, etc.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
1. When someone criticises this brand, it feels like a personal insult.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. I am very interested in what others think about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. When I talk about this brand, I usually say we rather than they.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. This brand's successes are my successes.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. When someone praises this brand, it feels like a personal compliment.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. I am very interested in what others in my brand community think about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. I care what others in my brand community think about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q3. Thinking about [Insert answer from Q1], please indicate how much you agree or disagree with each of the following statements.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
1. I spend a lot of my discretionary time thinking about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. I am heavily into this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. I am passionate about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. My days would not be the same without this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. I am enthusiastic about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. I feel excited about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. I enjoy spending a lot of time thinking about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. I love this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q4. Thinking about [Insert answer from Q1], please indicate how much you agree or disagree with each of the following statements.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
1. I like to learn more about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. I pay a lot of attention to anything about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Anything related to this brand grabs my attention.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. I concentrate a lot on this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. I spend a lot of time thinking about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. I focus a great deal of attention on this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. I like learning more about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. I spend a lot of my free time thinking about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q5. Please indicate the extent to which you agree or disagree with the following statements when interacting with [Insert answer from Q1] (e.g., consuming or using the brand, blogging about the brand, talking with others about the brand).

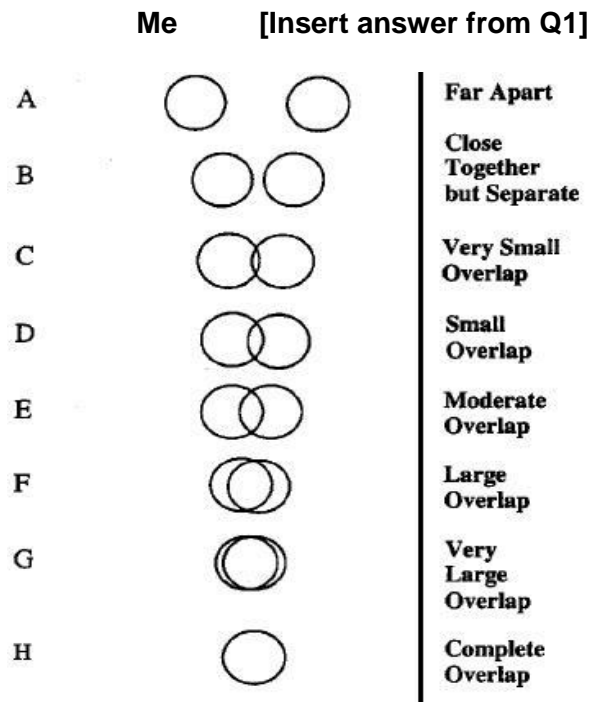
	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
1. When I am interacting with this brand, I forget everything else around me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Time flies when I am interacting with this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. I get carried away when I am interacting with this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. It is difficult to detach myself from my interaction with this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. I am immersed in my interaction with this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. I feel happy when I am interacting with this brand intensely.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q6. Thinking about your interactions and connections with [Insert answer from Q1] and other customers (i.e., brand community), please indicate how much you agree or disagree with each of the following statements.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
1. In general, I like to get involved in brand community discussions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. I am someone who enjoys interacting with like-minded others in the brand community.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. I am someone who likes actively participating in brand community discussions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. In general, I thoroughly enjoy exchanging ideas with other people in the brand community.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. I often participate in activities of the brand community.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q7[not used for this study]. We sometimes strongly identify with a brand. This occurs when we perceive a great amount of overlap between our ideas about who we are as a person and what we stand for (i.e., our self-image) and of who this brand is and what it stands for (i.e., the brand's image).

A. Imagine that one of the circles at the left in each row represents your own self-definition or identity and the other represents [Insert answer from Q1]'s identity. Please indicate which case (A, B, C, D, E, F, G, or H) best describes the level of overlap between your own and [Insert answer from Q1]'s identities.



B. Please indicate to what degree your self-image overlaps with [Insert answer from Q1]'s image.

Not at all		Moderately			Very much	
1	2	3	4	5	6	7
○	○	○	○	○	○	○

In order to have a better understanding of what customer engagement is, we would like to ask you the following questions:

Q8. What does customer engagement mean to you?

Q9. If you engage with a company or non-profit organisation what are your reasons for doing so?

Q10. Please indicate a product (such as Apple, Nike, BMW, etc.), or a service (such as Hilton, Woolworths, Qantas, etc) that you find engaging, that you feel involved with, that you enjoy.

Q11. Please describe your engagement with [Insert answer from Q10].

A. Why do you find interacting with [Insert answer from Q10] engaging?

B. When you engage with [Insert answer from Q10], how does it make you feel?

C. In what ways do you interact or engage with [Insert answer from Q10] (e.g. read their newsletters, write on their web discussion pages, engage in company competitions)?

A few questions about you

Q12. Do you belong to the Facebook page of any company?

- Yes
- No

Q13. Please indicate the company name of this Facebook page

Q14. When using FB, etc, do you tend to review other people's comments or post comments?

- Review other people's comments
- Post comments
- Both review other people's comments and post comments

Q15. Do you ever visit discussion groups of a specific product / company?

- Yes
- No

Q16. Please indicate the name of the discussion group that you visit most often.

Q17. How often do you participate in this discussion group in a month?

Q18. Gender

- Female
- Male

Q19. Year of Birth

Q20. Highest Education Achieved

- Primary School
- High School
- Technical and Trade
- Diploma
- Undergraduate Degree
- Postgraduate Degree

Q21. Annual Personal Income

- Less than AU\$20,000
- AU\$20,001 - AU\$50,000
- AU\$50,001 - AU\$80,000
- More than AU\$80,000

Appendix E: Main Survey Instrument

Thank you very much for your time and assistance!

Your participation is important to the success of this research.

As an INCENTIVE, all those who complete the questionnaire will be entered into a prize draw to win one of six Myer shopping vouchers, two worth \$200 each and four worth \$50 each. The objective of this research is to better understand the nature of the consumer's connection with service brands. If you require further information on this project please indicate below, otherwise please select Start to begin the survey.

- Start
- Project Information



Information Sheet

Who is conducting the research:

This survey is being conducted by:

Mr Kevin So
Dr Ceridwyn King
Professor Beverley Sparks

Department of Tourism, Leisure, Hotel and Sport Management
Gold Coast campus, Griffith University
PMB 50 Gold Coast Mail Centre
Queensland 9726, Australia

Phone: 07 5552 8827

Email: c.king@griffith.edu.au

Why the research is being conducted: The research is undertaken to fulfil the partial requirements of the Doctor of Philosophy offered by Griffith University, Queensland, Australia. The objective of this research is to better understand the nature of the consumer's connection with service brands. In doing so, the results of this research will provide insight into the role of customer engagement in enhancing brand loyalty.

What you will be asked to do: Participation is voluntary. If you wish to participate, you will be given a questionnaire to complete in a self-administered manner. The questionnaire includes questions asking your perception and past experience with a service brand that you have previously used. The estimated time to complete the questionnaire will be approximately 10 minutes. No information will appear in the findings that will enable individuals to be identified.

Who will be participating: Hotel, airline and retail customers.

The expected benefits of the research: It is anticipated that through conducting this research, greater knowledge with respect to the nature of the consumer's engagement with the brands that they are attached to, will be revealed. The findings from this research are expected to assist in improving business practices aimed to establish consumer-brand relationships and enhance brand loyalty.

Risks to you: There are no risks associated with participating in this research.

Your confidentiality: No identifying information will be used in reports of the findings. The data that you provide to the researcher will be confidential and at no point will you be referred to by name. All responses given in the questionnaire will remain confidential. The data from the questionnaire will be stored securely and retained for 5 years, after which time it will be destroyed.

Your participation is voluntary: Your participation in this research is completely voluntary. In addition, if you change your mind after initially participating, you are free to withdraw from the study at any time without comment or penalty. Your consent to participate in the research is indicated by the completion and submission of the electronic questionnaire. Undertaking this on-line survey you are advised to print and retain this information sheet for your own reference.

Communication of results: A summary report will be provided to interested parties from the participating individuals or general public *upon request*. Academic conference and/or journal papers maybe produced as part of this research. At no time will the communication of results refer directly to participants in relation to specific findings of the research.

Questions/further information: If you have any questions or require further information about this project, please contact either member of the research team listed at the top of this information sheet.

The ethical conduct of this research: Griffith University conducts research in accordance with the *Statement on Ethical Conduct in Human Research (2007)*. If you have any concerns or complaints about the ethical conduct of the project, please contact the Manager, Research Ethics on (07) 3735 5585 or email: research-ethics@griffith.edu.au

Your feedback: The findings of the research will be available to all participants, if desired.

Q1[Airline]. In the following list, please select an airline brand that you most frequently use.

- Qantas
- Virgin Blue
- Tiger Airways
- Jetstar
- Cathay Pacific
- Singapore Airlines
- Other - Please indicate below _____

Q1[Hotel]. In the following list, please select a hotel brand that you most frequently use.

- Hilton
- Marriott
- Hyatt
- Sheraton
- Holiday Inn
- Sofitel
- Other - Please indicate below _____

Q1[Retail]. In the following list, please select a retail brand that you most frequently use.

- Woolworths
- Coles
- Aldi
- IGA
- David Jones
- Myer
- Other - Please indicate below _____

Q2. For me, [Insert answer from Q1] is:

	1	2	3	4	5	6	7	
Unimportant	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Unimportant
Of no concern	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Of no concern
Means nothing to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Means nothing to me
Does not matter	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Does not matter
Insignificant	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insignificant

Q3. As a customer, how would you rate the level of service quality you receive from [Insert answer from Q1]?

	1	2	3	4	5	6	7	
Poor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Excellent
Inferior	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Superior
Low Standards	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	High Standards

Q4 [Airline]. Please evaluate [Insert answer from Q1] on the following factors:

1. For the prices you pay for travelling with this airline, would you say travelling on this airline is a

	1	2	3	4	5	6	7	
Very poor deal	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very good deal

2. For the time you spent in making a purchase with this airline, would you say travelling on this airline is

	1	2	3	4	5	6	7	
Highly unreasonable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Highly reasonable

3. For the effort involved in travelling with this airline, would you say travelling on this airline is

	1	2	3	4	5	6	7	
Not at all worthwhile	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very worthwhile

4. How would you rate your overall experience with this airline?

	1	2	3	4	5	6	7	
Extremely poor value	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Extremely good value

Q4 [Hotel]. Please evaluate [Insert answer from Q1] on the following factors:

1. For the prices you pay for staying at this hotel, would you say staying at this hotel is a

	1	2	3	4	5	6	7	
Very poor deal	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very good deal

2. For the time you spent in making a purchase with this hotel, would you say staying at this hotel is

	1	2	3	4	5	6	7	
Highly unreasonable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Highly reasonable

3. For the effort involved in staying with this hotel, would you say staying at this hotel is

	1	2	3	4	5	6	7	
Not at all worthwhile	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very worthwhile

4. How would you rate your overall experience with this hotel?

	1	2	3	4	5	6	7	
Extremely poor value	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Extremely good value

Q4 [Retail]. Please evaluate [Insert answer from Q1] on the following factors:

1. For the prices you pay for shopping at this store, would you say shopping at this store is a

	1	2	3	4	5	6	7	
Very poor deal	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very good deal

2. For the time you spent in making a purchase with this store, would you say shopping at this store is

	1	2	3	4	5	6	7	
Highly unreasonable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Highly reasonable

3. For the effort involved in shopping with this store, would you say shopping at this store is

	1	2	3	4	5	6	7	
Not at all worthwhile	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very worthwhile

4. How would you rate your overall experience with this store?

	1	2	3	4	5	6	7	
Extremely poor value	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Extremely good value

Q5. As a customer, how would you rate your overall experience with [Insert answer from Q1] on the following scales?

	1	2	3	4	5	6	7	
Very Dissatisfied	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Satisfied
Very Displeased	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very Pleased
Frustrated	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Contented
Terrible	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Delighted

Q6. Thinking about [Insert answer from Q1], please indicate how much you agree or disagree with each of the following statements.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
1. I trust this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. I rely on this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. This is an honest brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. This brand is safe.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q7. Thinking about [Insert answer from Q1], please indicate how much you agree or disagree with each of the following statements. Please note: Brand Community is a group of people whose common interest is the brand. For example, the organisation, other potential and existing customers, etc.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
1. When someone criticises this brand, it feels like a personal insult.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. I am very interested in what others think about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. When I talk about this brand, I usually say we rather than they.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. This brand's successes are my successes.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. When someone praises this brand, it feels like a personal compliment.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. I am very interested in what others in my brand community think about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. I care what others in my brand community think about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q8. Thinking about [Insert answer from Q1], please indicate how much you agree or disagree with each of the following statements.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
1. I spend a lot of my discretionary time thinking about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. I am heavily into this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. I am passionate about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. My days would not be the same without this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. I am enthusiastic about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. I feel excited about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. I enjoy spending a lot of time thinking about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. I love this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q9. Thinking about [Insert answer from Q1], please indicate how much you agree or disagree with each of the following statements.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
1. I like to learn more about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. I pay a lot of attention to anything about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Anything related to this brand grabs my attention.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. I concentrate a lot on this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. I spend a lot of time thinking about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. I focus a great deal of attention on this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. I like learning more about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. I spend a lot of my free time thinking about this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q10. Please indicate the extent to which you agree or disagree with the following statements when interacting with [Insert answer from Q1] (e.g., consuming or using the brand, blogging about the brand, talking with others about the brand).

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
1. When I am interacting with this brand, I forget everything else around me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Time flies when I am interacting with this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. I get carried away when I am interacting with this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. It is difficult to detach myself from my interaction with this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. I am immersed in my interaction with this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. I feel happy when I am interacting with this brand intensely.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q11. Thinking about your interactions and connections with [Insert answer from Q1] and other customers (i.e., brand community), please indicate how much you agree or disagree with each of the following statements.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
1. In general, I like to get involved in brand community discussions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. I am someone who enjoys interacting with like-minded others in the brand community.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. I am someone who likes actively participating in brand community discussions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. In general, I thoroughly enjoy exchanging ideas with other people in the brand community.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. I often participate in activities of the brand community.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q12 [Airline]. Thinking about [Insert answer from Q1], please indicate how much you agree or disagree with each of the following statements.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
1. If available, I will fly with this brand the next time I travel.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. I intend to keep flying with this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. I am committed to this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. I would be willing to pay a higher price for this brand over other brands.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. I would say positive things about this brand to other people.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. I would recommend this brand to someone who seeks my advice.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. I would encourage friends and relatives to do business with this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. I would consider this brand my first choice to buy services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9. I would do more business with this brand in the next few years.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Note. Items 1 to 4 are measures of brand loyalty and items 5 to 9 are measures of behavioural intention of loyalty used as the outcome variable for testing criterion validity in Chapter Four.

Q12 [Hotel]. Thinking about [Insert answer from Q1], please indicate how much you agree or disagree with each of the following statements.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
1. If available, I will stay with this brand the next time I travel.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. I intend to keep staying with this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. I am committed to this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. I would be willing to pay a higher price for this brand over other brands.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. I would say positive things about this brand to other people.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. I would recommend this brand to someone who seeks my advice.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. I would encourage friends and relatives to do business with this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. I would consider this brand my first choice to buy services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9. I would do more business with this brand in the next few years.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Note. Items 1 to 4 are measures of brand loyalty and items 5 to 9 are measures of behavioural intention of loyalty used as the outcome variable for testing criterion validity in Chapter Four.

Q12 [Retail]. Thinking about [Insert answer from Q1], please indicate how much you agree or disagree with each of the following statements.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
1. If available, I will shop with this brand the next time I shop.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. I intend to keep shopping with this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. I am committed to this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. I would be willing to pay a higher price for this brand over other brands.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. I would say positive things about this brand to other people.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. I would recommend this brand to someone who seeks my advice.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. I would encourage friends and relatives to do business with this brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. I would consider this brand my first choice to buy services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9. I would do more business with this brand in the next few years.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Note. Items 1 to 4 are measures of brand loyalty and items 5 to 9 are measures of behavioural intention of loyalty used as the outcome variable for testing criterion validity in Chapter Four.

In order to have a better understanding of what customer engagement is, we would like to ask you the following questions:

Q13. What does customer engagement mean to you?

Q14. In the last six months, have you participated in any brand-organised consumer competition?

- No
- Yes - Please indicate the brand name below _____

Q15. On average, how often do you participate in the following activities in a month?

	Never	1-5 Times	6-10 Times	11-15 Times	16-20 Times	More than 20 Times
1. Recommending [Insert answer from Q1] to others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Blogging about [Insert answer from Q1]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Providing online customer ratings on [Insert answer from Q1]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Word-of-Mouth communications on [Insert answer from Q1]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Writing online customer reviews on [Insert answer from Q1]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Exchanging ideas or product information about [Insert answer from Q1] with other customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

A few questions about you

Q16. Do you have a Facebook account?

- No
- Yes - Please indicate how many times (on average) you log into your Facebook account in a week _____

Q17. Do you have a Twitter account?

- No
- Yes - Please indicate how many times (on average) you log into your Twitter account in a week _____

Q18[Airline]. Are you a member of the following airline loyalty programs?

- Qantas Frequent Flyer
- Virgin Blue Velocity
- Air New Zealand Airpoints
- British Airways Executive Club
- Singapore Airlines KrisFlyer
- Cathay Pacific Asia Miles
- Other - Please indicate below _____

Q18[Hotel]. Are you a member of the following hotel loyalty programs?

- Starwood Preferred Guest
- IHG Priority Club Rewards
- Hilton HHonors
- Marriott Rewards
- Hyatt Gold Passport
- Accor Advantage Plus / A | Club

- Best Western Rewards
- Other - Please indicate below _____

Q18[Retail]. Are you a member of the following retail loyalty programs?

- FlyBuys
- Everyday Rewards
- MYER one
- Other - Please indicate below _____

Q19. Gender

- Female
- Male

Q20. Year of Birth

Q21. Highest Education Achieved

- Primary School
- High School
- Technical and Trade
- Diploma
- Undergraduate Degree
- Postgraduate Degree

Q22. Annual Personal Income

- Less than AU\$20,000
- AU\$20,001 - AU\$50,000
- AU\$50,001 - AU\$80,000
- More than AU\$80,000

Q23. What is your postcode?

PRIZE ENTRY FORM

Thank you for taking the time to participate in this study. To enter the prize draw to win one of the following prizes, please complete the prize entry form at the bottom of this screen.

- One of two Myer shopping vouchers, worth \$200 each OR
- One of four Myer shopping vouchers, worth \$50 each.

Terms and Conditions of Entry

1. When you enter the competition, you accept these terms and conditions of entry.
2. Entry into the competition is indicated by the completion and submission of a completed questionnaire and providing a contact e-mail to the project leader, Kevin So at the Department of Tourism, Leisure, Hotel and Sport Management, Griffith Business School Griffith University, Gold Coast campus, Queensland, Australia.
3. The first two randomly drawn entries will each receive a \$200 Myer shopping voucher.
4. The third to sixth randomly drawn entries will each receive a \$50 Myer shopping voucher.
5. Members of the research team and their immediate family are ineligible to enter.
6. The decision of the University is final and no correspondence will be entered into.
7. The prizes are not transferable and cannot be redeemed for cash. The prizes are not refundable.
8. The winner releases the University from any and all causes for action, losses, liability, damage, expense (including legal expense) cost or charge suffered, sustained or in any way incurred by the winner as a result of any loss or damage to any physical property of the winner, or any injury to or death of any person arising out of, or related to or in any way connected with the University or the prize.
9. Any winner drawn for the prize who is unable to fulfil all of these terms and conditions will forfeit the prize and another winner will be drawn.
10. The competition opens to entries at 1 June 2011, and the competition closes at 30 June 2011 at 5pm. The competition is drawn on 1 July 2011 at Griffith University, Gold Coast Campus, Queensland, Australia. You do not have to be at the draw to win.
11. The prizes will be mailed out to the winners together with notification, after the prize draws on 15 July 2011.

Q24. Your first name: _____

Q25. Your contact e-mail: _____

Q26. Would you be interested in participating in a follow-up study?

- Yes
- No

Appendix F: Descriptive Statistics of Measurement Items

Descriptive Statistics

Construct and Item		N	Mean	Std. Dev.	Skewness		Kurtosis	
		Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Service quality	SQ1	755	5.57	1.141	-.831	.089	1.113	.178
	SQ2	755	5.32	1.161	-.516	.089	.509	.178
	SQ3	755	5.43	1.186	-.723	.089	1.036	.178
Perceived value	PV1	755	5.22	1.226	-.542	.089	.312	.178
	PV2	755	5.32	1.109	-.476	.089	.334	.178
	PV3	755	5.53	1.076	-.378	.089	-.215	.178
	PV4	755	5.51	1.103	-.636	.089	.526	.178
Customer satisfaction	SAT1	755	5.64	1.108	-.961	.089	1.714	.178
	SAT2	755	5.63	1.129	-.849	.089	1.240	.178
	SAT3	755	5.61	1.183	-1.027	.089	1.679	.178
	SAT4	755	5.44	1.151	-.603	.089	.645	.178
Brand trust	BT1	755	5.61	1.056	-.892	.089	.834	.178
	BT2	755	5.13	1.278	-.596	.089	.033	.178
	BT3	755	5.35	1.131	-.618	.089	.233	.178
	BT4	755	5.55	1.077	-.762	.089	.595	.178
Identification	ID1	755	3.52	1.514	-.068	.089	-.724	.178
	ID3	755	3.40	1.546	.088	.089	-.818	.178
	ID4	755	3.41	1.518	-.002	.089	-.724	.178
	ID5	755	3.51	1.590	-.003	.089	-.845	.178
Enthusiasm	EN2	755	3.31	1.561	.062	.089	-.936	.178
	EN3	755	3.36	1.556	-.005	.089	-.903	.178
	EN5	755	3.73	1.589	-.245	.089	-.836	.178
	EN6	755	3.50	1.555	-.137	.089	-.813	.178
	EN8	755	3.72	1.625	-.212	.089	-.778	.178
Attention	AT1	755	3.93	1.424	-.388	.089	-.295	.178
	AT2	755	3.88	1.478	-.286	.089	-.547	.178
	AT3	755	4.03	1.488	-.410	.089	-.509	.178
	AT4	755	3.34	1.452	-.017	.089	-.646	.178
	AT7	755	3.74	1.520	-.246	.089	-.739	.178
Absorption	AB1	755	2.79	1.412	.381	.089	-.622	.178
	AB2	755	3.03	1.509	.227	.089	-.885	.178
	AB3	755	2.84	1.457	.340	.089	-.683	.178
	AB4	755	2.68	1.407	.452	.089	-.538	.178
	AB5	755	2.68	1.423	.426	.089	-.635	.178
	AB6	755	3.14	1.542	.071	.089	-.945	.178
Interaction	IT1	755	3.47	1.517	.057	.089	-.784	.178
	IT2	755	3.54	1.545	-.010	.089	-.768	.178

Brand loyalty	IT3	755	3.47	1.529	.055	.089	-.719	.178
	IT4	755	3.62	1.563	-.051	.089	-.740	.178
	IT5	755	3.22	1.502	.215	.089	-.653	.178
	BL1	755	5.43	1.148	-.653	.089	.514	.178
	BL2	755	5.43	1.162	-.716	.089	.764	.178
	BL3	755	4.41	1.465	-.265	.089	-.210	.178
	BL4	755	3.42	1.526	.166	.089	-.604	.178

Appendix G: Multiple Group Analysis Results across Service Categories

Comparison between Hotel and Airline

Dependent Variables	Independent Variables	Hypotheses	Hotel		Airline		z Score for Path Comparison	Result
			Beta Weight ^a	p value	Beta Weight ^a	p value		
Brand Loyalty	Service Evaluation	H1	.24	.01	.18	.00	-.59	N.S.
	Brand Trust	H4	.20	.04	.25	.00	.41	N.S.
	Customer Engagement	H5	.39	.00	.33	.00	-.81	N.S.
Brand Trust	Service Evaluation	H2	.64	.00	.68	.00	.46	
	Customer Engagement	H3	.19	.00	.12	.01	-1.08	N.S.
Service Evaluation	Customer Engagement	H6	.35	.00	.48	.00	1.51	N.S.

^a Standardised loadings

Comparison between Hotel and Retail

Dependent Variables	Independent Variables	Hypotheses	Hotel		Retail		z Score for Path Comparison	Result
			Beta Weight ^a	p value	Beta Weight ^a	p value		
Brand Loyalty	Service Evaluation	H1	.24	.01	.13	.09	-.92	N.S.
	Brand Trust	H4	.20	.04	.17	.01	-.26	N.S.
	Customer Engagement	H5	.39	.00	.40	.00	.18	N.S.
Brand Trust	Service Evaluation	H2	.64	.00	.71	.00	.65	
	Customer Engagement	H3	.19	.00	.23	.00	.57	N.S.
Service Evaluation	Customer Engagement	H6	.35	.00	.41	.00	.70	N.S.

^a Standardised loadings

Comparison between Airline and Retail

Dependent Variables	Independent Variables	Hypotheses	Airline		Retail		z Score for Path Comparison	Result
			Beta Weight ^a	p value	Beta Weight ^a	p value		
Brand Loyalty	Service Evaluation	H1	.18	.00	.13	.09	-.45	N.S.
	Brand Trust	H4	.25	.00	.17	.01	-.86	N.S.
	Customer Engagement	H5	.33	.00	.40	.00	1.04	N.S.
Brand Trust	Service Evaluation	H2	.68	.00	.71	.00	.29	N.S.
	Customer Engagement	H3	.12	.01	.23	.00	1.60	N.S.
Service Evaluation	Customer Engagement	H6	.48	.00	.41	.00	-.92	N.S.

^a Standardised loadings

Appendix H: Semi-Structured Interview Protocol

Interview Protocol

Code _____ Gender _____ Age ____ Brand Name _____

Concept	Score from Quantitative Results
Customer Engagement	
Identification	
Enthusiasm	
Attention	
Absorption	
Interaction	

Good morning/afternoon

Thank you for agreeing to talk with me today about your experiences with XYX brand. The purpose of this research is to better understand how and why customers engage and interact with service brands outside of the purchase situation. For example, some people like to connect with Qantas or Woolworths brand through Facebook, Twitter, online discussion forums, or other campaigns or programs initiated by the organisation.

I would like to first reassure you that what you say in the next 20 minutes or so is completely confidential and your participation in this interview is entirely voluntary. No information will appear in the findings that will enable you to be identified. To allow me to fully understand your ideas, I would like to record our interview and later transcribed for analysis purposes. Tapes will be erased after the analysis is completed. Is it okay if I tape our conversation?

Yes/ No

Thank you

Before we start the interview, I would like to read you this consent form:

- I understand that my involvement in this research entails taking part in an interview related to my experiences and perceptions of service brands that I feel engaged with;
- I have had any questions answered to my satisfaction;
- I understand the risks involved, and that I am free to withdraw at any time, without comment or penalty, and in case of withdrawal from the interview, my responses and answers will be deleted;
- I understand that upon completion of the interview, a **\$20 Woolworths shopping voucher** will be mailed to me;
- My postal address recorded for mailing the shopping voucher will not be used for other purposes, and will be deleted after the voucher is mailed out;
- I understand that my participation is voluntary, and that my responses are completely anonymous – no identifying information is required;
- I will be assigned a unique interviewee code prior to the interview and my name will not be identified in the interview data;
- I understand that if I have any additional questions I can ask Professor Beverley Sparks using the contact details provided on the information sheet which I have retained;
- I understand that I can contact the Manager, Research Ethics, at Griffith University Human Research Ethics Committee on 3735 5585 (or research-ethics@griffith.edu.au) if I have any concerns about the ethical conduct of the project; and
- I agree to participate in the project.

I confirm that I have understand the information and agree to participate in the interview: **YES / NO**

That's great.

Now I've got some questions I'd like to ask you. If at any stage you have questions with what I am asking or don't wish to answer a question please let me know. For all the questions I am going to ask you, there are no right or wrong answers, it is your first impression I would like to know.

Glossary of Terms

Customer - any person who enters into a financial transaction with the organisation for the purpose of acquiring goods or services.

Customer Engagement - a customers' personal connection to a brand outside of the purchase situation.

Interaction - various participation (both online and offline) that a customer has with the brand organization or other customers outside of purchase. (e.g., talk to others, follow on Twitter, Facebook, write on blogs, read reviews etc)

Research Question 7: How is customer engagement manifested in engaged customers' behaviours?

Umbrella question 1: Through the online survey you completed last year, we saw that you have a strong connection with XYX brand outside of the purchase situation. In thinking of your experiences with XYX brand, can you describe yourself in terms of how you connect with that brand, if at all?

Probe: Do you spend a lot of time engaging in activities related to XYZ brand that are outside of a normal transaction? If so, can you describe that, how you feel when participating in such activities

Probe: What type of activities do you participate in with respect to XYX brand (e.g. blogging, talking to others about, following them on Facebook, etc)

Probe: In thinking about XYX brand, other than purchasing its services, how else do you interact or engage with the brand? (e.g., read reviews, follow on twitter)

Umbrella question 2: Can you think of a situation in which you find yourself as being highly engage with XYZ brand? (e.g., while you are at work, on weekends, at night, when I have spare time)

Probe: In thinking of that specific situation, what makes you engaged? (e.g., having time available, access to a computer)

Probe: Is there anything else you would like to add?

Umbrella question 3: In thinking of your personal engagement or connection with XYZ brand, can you describe your relationship with this brand?

Probe: What else do you do to maintain such relationship?

Probe: In contrast to your connection to XYZ brand, can you think of another product where you use the same brand often but you aren't as involved in as you are with XYZ brand (e.g. shampoo, cereal, toothpaste, public transport)

Probe: Can you describe your relationship with this brand and perhaps compare it to your relationship with XYZ? Why is it the same/different (i.e. how do you interact and feel about the relationship?)

Research Question 6: Why does a customer engage with a service brand (e.g., because of type of brand, type of product, etc)?

Umbrella question 1: Can you please describe the main reasons you engage or interact with XYZ brand outside of purchase? (e.g., because it makes you feel good, because you are really interested in what they are doing, because they are an integral part of my life)

Probe: Thinking about these reasons, what do you think is the most important?

Probe: Can you describe each one of them in detail?

Probe: Is there anything else you would like to add?

Probe: How does it make you feel when you engage in such activities?

Probe: Is there a particular type of brand or product category that you engage with more frequently than this brand?

Probe: If so, what makes you do so?

Umbrella question 2: In thinking of your personal engagement or connection with XYZ brand, do you have specific preferences in relation to how you like to engage with the brand? (e.g., blogging, talking with others, reading reviews)

Probe: Can you elaborate this more?

Probe: Are there any methods or channels that you would prefer to use in order to maintain a connection with the brand (e.g., Facebook, discussion forums, newsletter, or any other platforms)? Why?

Umbrella question 3: With the increasing usage of the internet, many organizations have developed campaigns and programs with the purpose to engage and interact their customers in order to develop long term relationships (e.g., like Starbucks on Facebook, sending your best photo to Canon for a competition). Can you think of a situation where you as a customer have participated in such a program?

Probe: In thinking of that campaign, what were some examples of desirable characteristics that attracted you as a customer to participate in or engage in that activity (e.g. was it the activity itself or was it the brand (the activity was secondary), was it the chance to win a prize and you really didn't care about the brand)?

Probe: What would be some other characteristics that could have made the campaign more attractive to you to want to develop a relationship with this brand (i.e. be a loyal customer)?

Probe: Can you describe each one of them further?

Probe: Is there anything else you would like to add?

Appendix I: Interview Invitation Email

Dear [name],

RE: Customer Engagement with Service Brands Project

Thank you for completing our stage one online questionnaire on Customer Engagement, which was distributed through *The Great Australian Survey* in 2011.

In the online questionnaire, you indicated your willingness to participate in a follow up study. Therefore, I am writing to invite you to participate in the second stage of our research project into customer engagement with service brands. The research is undertaken to fulfil the partial requirements of the Doctor of Philosophy offered by Griffith University, Queensland, Australia. The objective of this research is to better understand the nature of the consumer's connection with service brands. Findings from the research are expected to help practitioners gain insight into the dynamics of customer-brand relationships.

Should you agree to participate, we will contact you to arrange a telephone interview in which you will be asked questions regarding your experiences and perceptions of a service brand that you are engaged with. Examples of the kinds of questions you will be asked are: "what makes you feel engaged with a service brand?", "why do you interact with a service outside of the purchase situation?" Each interview will take about 20-30 minutes to complete.

Incentive Information

To ensure the success of this project, your participation is both very important and greatly appreciated by us. As an INCENTIVE, all those who participate in an interview will be offered **a \$20 Woolworths shopping voucher**.

Confidentiality

All information gathered is completely confidential, and will be analysed and reported in summary format. Names will not be provided to any other parties. If you would like to learn more about the research, with a view to possibly participating as an interviewee, please contact me on 5552 7671 or k.so@griffith.edu.au

Click on this link to view the information sheet of this research: [*link inserted here, directed to Appendix I*]

To notify the researcher that you would like to participate in an interview, click on this link: [*link inserted here*]

Thank you very much for your time and assistance with this research project.

Yours sincerely,

Kevin So
PhD Candidate
Department of Tourism, Leisure, Hotel and Sport Management
Griffith Business School
Griffith University, Queensland, Australia

Appendix J: Interview Information Sheet



Information Sheet

Who is conducting the research:

This research is being conducted by:

Mr Kevin So (PhD Candidate)
Dr Ceridwyn King
Professor Beverley Sparks

Department of Tourism, Leisure, Hotel and Sport Management
Gold Coast campus, Griffith University
PMB 50 Gold Coast Mail Centre
Queensland 9726, Australia

Phone: 07 5552 8766

Email: b.sparks@griffith.edu.au

Why the research is being conducted: The research is undertaken to fulfil the partial requirements of the Doctor of Philosophy offered by Griffith University, Queensland, Australia. The objective of this research is to better understand the nature of the consumer's connection with service brands. In doing so, the results of this research will provide insight into the role of customer engagement in enhancing brand loyalty.

What you will be asked to do: Should you agree to participate, you will take part in a telephone interview in which you will be asked questions regarding your experiences and perceptions of a service brand that you are engaged with. Examples of the kinds of questions you will be asked are: "what makes you feel engaged with a service brand?", "why do you interact with a service outside of the purchase situation?" With your permission, interviews will be audio-recorded and later transcribed. Tapes will then be erased. Each interview will take about 20-30 minutes to complete.

Who will be participating: Participation is voluntary. The project involves telephone interviews with approximately 30 adults who are engaged customers of service brands in the following types of service firms: airline, hotel or retail. The selection of people to be interviewed within each of these categories is based on their level of connection with the brand indicated in a previous online questionnaire. No information will appear in the findings that will enable individuals to be identified.

The expected benefits of the research: It is anticipated that through conducting this research, greater knowledge with respect to the nature of the consumer's engagement with the brands that they are attached to, will be revealed. The findings from this research are expected to assist in improving business practices aimed to establish consumer-brand relationships and enhance brand loyalty. The project is not expected to provide any direct or immediate benefits to participants. However, as an

incentive to participate **we will offer you a \$20 Woolworths shopping voucher**. The voucher will be mailed to you at the completion of the interview. Your postal address recorded for mailing the shopping voucher will not be used for other purposes, and will be deleted after the voucher is mailed out.

Risks to you: There are no risks associated with participating in this research.

Your confidentiality: No identifying information will be used in reports of the findings. The data that you provide to the researcher will be confidential and at no point will you be referred to by name. All responses given in the questionnaire will remain confidential. The data from the interview will be stored securely and retained for 5 years, after which time it will be destroyed.

Your participation is voluntary: Your participation in this research is completely voluntary. In addition, if you change your mind after initially participating, you are free to withdraw from the study at any time without comment or penalty. Your consent to participate in the research is indicated by the completion of the interview. Undertaking this interview you are advised to print and retain this information sheet for your own reference, if desired.

Communication of results: A summary report will be provided to interested parties from the participating individuals or general public *upon request*. Academic conference and/or journal papers maybe produced as part of this research. At no time will the communication of results refer directly to participants in relation to specific findings of the research.

Questions/further information: If you have any questions or require further information about this project, please contact either member of the research team listed at the top of this information sheet.

The ethical conduct of this research: Griffith University conducts research in accordance with the *National Statement on Ethical Conduct in Human Research (2007)*. If you have any concerns or complaints about the ethical conduct of the project, please contact the Manager, Research Ethics on (07) 3735 5585 or email: research-ethics@griffith.edu.au

Your legal privacy: The conduct of this research involves the collection, access and / or use of your identified personal information. The information collected is confidential and will not be disclosed to third parties without your consent, except to meet government, legal or other regulatory authority requirements. A de-identified copy of this data may be used for other research purposes. However, your anonymity will at all times be safeguarded. For further information consult the University's Privacy Plan at <http://www.griffith.edu.au/privacy-plan> or telephone (07) 3735 5585.

Your feedback: The findings of the research will be available to all participants, if desired.