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A Framework for Understanding and Managing the Customer Experience

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Report Summary

Customer experience (CX) has become a top concern of business executives worldwide, and is considered to be a key determinant of long-term corporate success. Although numerous books and research papers have been written on the topic, knowledge remains limited about the nature of CX and the appropriateness of current best practices. At the same time, CX represents one of the cornerstones of the marketing discipline and "Understanding Customers and the Customer Experience" is a top-tier priority in the Marketing Science Institute's 2014-16 Research Priorities.

In this report, Arne De Keyser, Katherine Lemon, Philipp Klaus, and Timothy Keiningham develop an integrative, yet parsimonious framework that captures the complexity of CX and builds upon interdisciplinary insights stemming from marketing, philosophy, psychology, and sociology.

Employing a three-step analytical procedure, they suggest the following definition: "Customer experience is comprised of the cognitive, emotional, physical, sensorial, and social elements that mark the customer's direct or indirect interaction with a (set of) market actor(s)." They also describe the fundamental embeddedness of CX within a multi-layered system that continuously and dynamically impacts the way customers experience their interactions with firms.

More importantly, they examine the relationship of CX with customer value and customer engagement, establishing a clear link between three of marketing's most-discussed concepts. The authors develop a three-stage cyclical model to describe this interrelationship, highlighting how all three actively co-shape consumer buying and consumption processes. CX is recognized as the vital nutritional element of this model, being the driving force of all customers' value reflections and engagement behaviors.

Managerial implications

Overall, this report provides academics and practitioners with a structured framework for guidance in researching and managing the customer experience. A better understanding of CX may lead to direct changes in daily practices, and may also induce significant change of long-term strategic thinking throughout the organization.

Specifically, the authors offer four guidelines to help businesses better manage CX.

First, a CX-driven practice should be centered on the individual customer applying a "jobs-to-be-done" mindset. In other words, companies must examine how their customers integrate products and services within their daily lives in order to improve their relevance to these customers. Only then will CX initiatives be truly successful.

Second, the scope of CX programs should extend beyond the dyadic customer-firm relationship and take a service ecosystem perspective. Marketers armed with knowledge of the multiple parties involved in creating the CX will be able to design better offerings.

Third, the long-term, dynamic nature of CX should become a key focus of marketers. Rather than solely focusing on specific moments-of-truth, management should take account of the entire journey that impacts CX (i.e., all consecutive touchpoints of the customer-firm relationship).

Fourth, accurate CX measurement requires a multi-method approach and cannot be centered around one single measure such as satisfaction or NPS. A combination of methods will enable an accurate understanding of the customer experience and will prove useful to guide managerial decision making.

Overall, this work establishes a specific CX mindset to assist top-level management in designing, executing and monitoring vital, dynamic and holistic CX strategies.

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Introduction

Much practitioner attention is devoted to the concept of customer experience (CX) (Verhoef et al. 2009). Forrester Research finds that CX is the current No. 1 priority of executives worldwide, and considered to be a key determinant of long-term success (McCarthy and Schadler 2014). Several international brands, including Apple, Audi, Hilton, and McDonald's explicitly aim to deliver a superior CX, incorporating this goal in their mission and value statements. The result is a hiring surge across the firm, with job titles wearing an explicit CX-label such as "Chief Experience Officer (CXO)", "VP Customer Experience", and "Customer Experience Manager" (Hagen 2011). Likewise, CX receives considerable attention from consulting, with prominent players such as Accenture, Gartner, IBM, and McKinsey building entire practices around it. Further, several professional societies such as the Customer Experience Professionals Association (CXPA) and a vast body of trade literature have been established to advance this new CX-industry.

Stimulated by this business interest, CX research has become a key focus of academic marketing literature (McColl-Kennedy et al. 2015). Although much impactful scholarly work has been published in recent years (e.g., Bolton et al. 2014; Brakus, Schmitt and Zarantonello 2009; Grewal, Levy and Kumar 2009), our knowledge on CX remains limited. Given the interest in the topic, one would presume CX to have a clear meaning that is supported by a well-developed theoretical foundation. On the contrary, to date there is considerable debate amongst academics and practitioners as to what exactly the definition, dimensions and foundations of the CX-construct are. Anyone looking into this evolving literature will find CX and CX-management to be interpreted and used in very different ways and supported with a diverse set of (oftentimes contradicting) arguments. Researchers and managers are left with almost no guidance as to the true meaning and nature of CX, or even the appropriateness of current best practices for CX management. This diversity and its consequences are rarely debated. This is a significant concern, as CX represents one of the cornerstones of the marketing discipline. Clearly the field is still in its conceptual infancy, lacking common ground to move forward and build better CX practices (Calder, Isaac and Malthouse 2013). This problem is deemed so important that the Marketing Science Institute (MSI) has labeled its highest research priority for 2014-2016 as "Understanding Customers and the Customer Experience" (Marketing Science Institute 2014). We seek to address this call by providing an integrative framework that offers a basis for future academic research and managerial practice on CX.

The purpose of this article, therefore, is to assist scholars and managers in understanding and managing the CX. By connecting and synthesizing interdisciplinary insights from marketing, philosophy, psychology and sociology, our work provides a holistic, yet parsimonious perspective of the CX that accommodates its complexity. We aim to develop a generalized theory-based framework that defines, conceptualizes and circumscribes the CX domain. We thereby advance marketing literature and practice as follows. First, we provide a multi-perspective review of the literature and distill the key dimensions that capture current CX understanding. Second, by defining and describing CX, we give clear meaning and 'action significance' to the construct (MacInnis 2011). Third, we describe several guidelines that can help managers strengthen CX-strategy development and execution. These might not only lead to direct changes in daily practice, but also induce significant change of long-term strategic thinking (Jaworski 2011). Fourth, we identify several opportunities for future research that can foster an impactful stream of CX research. Overall, we feel this paper brings structure where it is needed and serves as a basis to expedite the next generation of knowledge development on CX.

Methodological Considerations

We employ a three-step analytical procedure consistent with MacInnis's (2011) typology of conceptual contributions – summarizing, integrating, and delineating.

Step 1 – Summarizing: The goal of summarization is to take stock of existing knowledge and reduce it to a manageable set of key takeaways (MacInnis 2011). It helps to see the forest for the trees. This paper aims to provide an evolutionary perspective of the marketing literature discussing CX. This revision is not limited to academic inquiry, but also considers the parallel evolution in the practitioner discourse, thereby enriching our examination of CX. To assess the state of CX research, we seek out and analyze conceptual and empirical articles published between 1950 and 2015 in several scientific databases (e.g., Emerald, Science Direct, JSTOR, Google Scholar). We supplement our search with screenings of the major marketing journals, and draw on the reference lists of the selected articles. To identify relevant practitioner literature, we carefully screen the Internet for research reports and white papers stemming from major companies and consulting firms doing research on CX (e.g., Forrester Research, IBM, Temkin Group). Additionally, we scan the publication lists of major publishers to identify business books and writings that discuss CX.

Our literature review, however, is not restricted to marketing. While CX is often submitted as the 'new kid on the block' in marketing, human experience in general has been debated for many centuries and is deeply rooted across scientific disciplines (Carù and Cova 2003). A true understanding of CX, therefore, can only occur by evaluating and juxtaposing multiple relevant perspectives (Gioia and Pitre 1990). Hence, we follow the recommendation of Brown et al. (2005) and adopt an interdisciplinary stance to yield a more comprehensive view of the CX. Specifically, we look at writings on human experience across philosophy, psychology, sociology, and marketing. This meta-perspective allows for a multidimensional representation of the topic area and a deeper understanding of CX. It helps overcome the existing diversity of positions on CX and allows summarizing extant knowledge on the characteristics of CX.

Taken together, our review permits us to identify seven key dimensions that readily capture the CX concept and serve as input for the next analytical step.

Step 2 – Integrating: Integration aims to draw connections between what is previously known, finding a novel, higher-order means of perceiving connections between multiple themes and elements in the literature (Mele, Pels and Storbacka 2015). It involves synthesis, creating a bigger whole from the diverse parts available, leading to overarching ideas that accommodate previous findings and resolve existing contradictions. In doing so, integration addresses complexity, offering a simple, parsimonious perspective of a specific phenomenon (MacInnis 2011).

In this paper, we integrate the findings from the summarization step and develop an overall definition of CX, describe its three base tenets and establish four fundamental properties that mark the CX. As a result, we provide a holistic assessment of CX that accommodates its complexity and provides a basis for further discussion on CX.

Step 3 – Delineating: Delineation entails depicting a specific entity and showing how it relates to the broader conceptual world around it. The goal is to improve comprehension of a focal entity by understanding its relationship with other concepts, hence stipulating its boundaries, and identifying what should be considered in its study. Delineation results in the creation of a roadmap that permits a greater understanding of the processes that underlie an entity and details how it connects to other conceptual entities (MacInnis 2011).

With respect to our analysis, delineation allows discerning CX from two other, highly related concepts in the marketing literature: customer engagement and customer value (Chandler and Lusch 2015). While all three are often debated in the current theoretical discourse, no clear understanding of their interrelationship exists to date. We recognize CX as the vital nutritional element driving both customer engagement and customer value, and specify a three-stage cyclical process that captures the essence of this interrelationship.

In sum, this work details the specific grounds of CX, shows how it is continuously present in the customer environment, and argues why a clear understanding of CX is crucial to the marketing domain.

Summarizations: An Interdisciplinary Literature Review

Marketing literature

The growing body of research considering CX has been fragmented in marketing, with different viewpoints that lack harmony. Overall, we identify three main foci in the academic and practitioner discourse: content, context, and tools. Table 1 (following References) summarizes academic and practitioner thought on CX.

Content – the concept of CX. Content includes literature concerned with describing CX and represents different theoretical views on CX. Generally, we can discern two major streams of interest looking into (i) the nature and (ii) the distinctiveness of CX.

First, initial research discussing the nature of CX traces back to the works of Adam Smith (2012/orig. 1776) and John Maynard Keynes (2010/orig. 1936), further developed in the 50's and 60's by Lawrence Abbott (1955) and Wroe Alderson (1957), and can be epitomized as "What people really desire are not products but satisfying experiences" (Abbott 1955, p. 40). Cognitive research of early behavioral theorists, nevertheless, insisted on explaining consumer actions as a dominantly rational process (Azjen and Fishbein 1977), initially restricting the role of CX in the marketplace. Challenging this view, experiential theorists advocated the critical role of emotions and re-introduced the significance of CX as a broad construct underlying consumer behavior (Holbrook and Hirschman 1982). While not rejecting the important role of cognition, the experiential view stressed the need to embrace an enlarged view of human behavior, recognizing the importance of the emotional aspects of CX. This movement inspired more recent academic and practitioner work to reflect upon the broad, holistic nature of CX (e.g., Brakus, Schmitt and Zarantonello 2009; Shaw 2007; Verhoef et al. 2009). Here, CX is believed to encompass customers' cognitive, emotional, social, and sensory responses to all interactions (i.e., pre-purchase, purchase, post-purchase) with a firm (e.g., Lemke, Clark and Wilson 2011; Meyer and Schwager 2007), implying CX to be process-oriented rather than solely the outcome of consumption (Bolton et al. 2014).

Second, research focused on the distinctiveness of CX largely evolved contrasting ordinary and extraordinary experiences (Schouten, McAlexander and Koenig 2007). Whereas the former involve experiences that are the result of mundane, everyday activities such as grocery shopping (Carù and Cova 2003), extraordinary experiences (including flow and peak experiences) mostly come by surprise and surpass customer expectations, resulting in situations of extreme enjoyment (Schouten, McAlexander and Koenig 2007). Consumer behavior research increasingly focuses on the effects of so-called experiential purchases (e.g., theatre, concerts, vacations) made with the primary intention of acquiring extraordinary life experiences (Van Boven and Gilovich 2003). Findings suggest these bring greater enduring happiness than positive material purchases, which stimulated business thinkers to initiate ‘experiences’ as a new economic offering next to and distinct from commodities, goods and services (Pine II and Gilmore 1998). A consumer then buys experiences to “spend time enjoying a series of memorable events that a company stages … to engage him in an inherently personal way” (Pine II and Gilmore 1998, p. 3). Schmitt, Brakus and Zarantonello (2014), however, criticized this view for adopting a too narrow focus. Rather than viewing experiences as the sole result of experiential purchases, every customer-company interaction is said to lead to a CX, independent of its nature (i.e., experiential vs material) and form (i.e., commodity, product or service).

Taken together, while earlier ‘content’-writings either adopted a rational or emotional stance to discuss CX, the marketing discourse is evolving towards a holistic perspective of CX. Here CX is multidimensional by nature, including both cognitive and emotional aspects that mark the customer-firm interaction. Further, a distinction has frequently been made between extraordinary and ordinary experiences, relating to the perceived uniqueness of a specific CX.

Context – the embeddedness of CX. Context includes a range of perspectives on how the CX arises from customer-firm interactions embedded within a larger environment. This literature emphasizes the role and degree of involvement of the provider and the customer in designing and influencing the CX. Here, we can discern a clear shift of research extending beyond the dyadic customer-firm relationship, towards considering the impact of broader networks of interrelated actors on CX.

Traditionally, CX studies adopted a unidirectional view of the customer-firm relationship. CX was assumed to be the result of a series of interactions with the firm, completely under control of, designed, and staged by the provider (Berry, Carbone and Haeckel 2002). This philosophy has been widely embraced by practice, developing step-by-step procedures that promise the delivery of sought-after experiences (e.g., Carbone 2004). Opposing this ‘makeable’ perspective, however, Prahalad and Ramaswamy (2004) and Vargo and Lusch (2004) introduced a co-creative view of CX. Here, customers are no longer considered as ‘passive’ observers, but as ‘active’ participants in the co-creation of their own personal experience (Vargo and Lusch 2004). Firms can merely create optimal ‘experience environments’ in which customers can participate in active dialogue and co-construct their own, personalized experiences (Prahalad and Ramaswamy 2004).

Building on this line of thought, academics and practice are increasingly considering the multiple actors and elements that are actively involved in the creation of CX. Consumer culture theorists, for instance, put emphasis on the broader customer sphere, investigating how customers integrate product/service providers in their daily lives and how this helps them create valuable experience beyond the customer-firm interaction (Arnould, Price and Malshe 2006; Heinonen et al. 2010). At the same time, others are exploring how contextual marketing techniques (e.g., location-based apps) can help researchers and managers understand why, how and when customers use products and services and how these are experienced (Lieb 2014).

Moreover, marketing thought in general is evolving towards a network-oriented view of the experience environment, emphasizing the importance of communities (Schouten, McAlexander and Koenig 2007), experience networks (Prahalad and Ramaswamy 2003), network constellations (van Riel et al. 2013), service delivery networks (Tax et al. 2013), service-dominant networks (Lobler 2013), service systems (Maglio and Spohrer 2008) and service ecosystems (Vargo and Lusch 2011). Emphasizing the larger constellations within which actors are related across varying levels, time and space (Chandler and Lusch 2015), these perspectives are put forward as more appropriate ways to study CX.

Overall, context-related CX-thought is increasingly shifting from a sole focus on the dyadic customer-firm relationship towards a broader, networked view that considers both the immediate personal environment of the customer (e.g., his/her lifeworld) and a broader market context that connects different (commercial and non-commercial) parties.

Tools – visualizing, prototyping and measuring the CX. Tools assess the CX practice and management literature; they include contributions of recent marketing research, developing ways to visualize, prototype and measure the CX to increase managerial insights. To date, practitioners and academics have developed an extensive toolbox containing multiple methods that help understand and manage CX (Klaus 2014; Stickdorn and Schneider 2012). The practice of CX management is often defined as “the collection of processes a company uses to track, oversee and organize every interaction between a customer and the organization throughout the customer lifecycle. The goal of CX management is to optimize interactions from the customer’s perspective and, as a result, foster customer loyalty” (Rouse 2010, p.1). Many of these efforts focus on the development of visualization techniques, the use of prototyping and the implementation of measurement tools that can help generate better insights into CX.

Customer journey mapping (Browne 2012; Rawson, Duncan and Jones 2013), service blueprinting (Bitner, Ostrom and Morgan 2008; Patricio, Fisk and Cunha 2008) and customer experience mapping (Teixeira et al. 2012) are amongst the most-popular visualization methods and are widely applied across the industrial landscape. These mappings help visualize and structure the process a customer goes through when interacting with the firm (Bitner, Ostrom and Morgan 2008). In practice, they are often developed for specific customer segments on the basis of personas that embody fictional profiles representing the archetype of particular customer groups (Manning and Bodine 2012). To optimize the CX of these personas, product and service prototypes are now common practice in new product and service development (Dalton and Sizemore 2013). These allow innovations to be tested in real-life and improved before launch, based upon an improved sense of how customers experience novel products and services (Polaine, Løvlie and Reason 2013).

To further enhance CX insights, significant efforts have been made to improve CX measurement. While several CX scales have been proposed to date (e.g., Brakus, Schmitt and Zarantonello 2009; Klaus and Maklan 2012; Verleye 2015), scholars recognize the need for further inquiry, expanding the focus of CX measurement to qualitative techniques (e.g., narrative data collection) that allow more detailed consumer insights (Helkkula, Kelleher and Pihlstrom 2012). Business practice, on its end, increasingly turns toward neuroscientific techniques that allow a more accurate measurement of CX (Plassmann et al. 2015). Techniques like biometrics, eye tracking, EEG and fMRI-scans can help marketing researchers to better understand CX formation and its behavioral outcomes (Venkatraman et al. 2012). Marketing research firms, therefore, are initiating neuroscientific divisions (e.g., Nielsen Neuro, Ipsos Neuroscience and Emotion, Millward Brown Neuroscience Practice) that complement their traditional research methods (Plassmann, Ramsoy and Milosavljevic 2012).

In sum, the quest for better insights into CX is becoming multi-method. While traditional CX tools are used to measure and map CX impressions at an aggregate level (e.g., survey research), the totality of CX insights is increasingly refined as novel techniques from other scientific disciplines such as neuroscience allow a much deeper investigation of CX.

Marketing – conclusion. While the above review shows that there has been a veritable rise of CX research in the last few years, many challenges remain. Marketing literature is fragmented, discussing bits and pieces of a larger CX understanding. More concretely, the field lacks an overarching framework that provides structure and guidance to the rapidly growing body of literature. Absent such a foundation, the CX concept could easily become marginalized due to its current ambiguous nature in academic and business literature. In an attempt to develop a truly comprehensive understanding of CX and integrate the different viewpoints in marketing literature, we turn to broader scientific thought on human experience. Such a pluralistic stance might improve our understanding of the diverse perspectives in marketing and highlight the key dimensions related to CX. The following sections summarize (albeit briefly) extant knowledge on experience across the literature, outlining contributions of philosophy, psychology and sociology over the last century.

Philosophy

Philosophy has made important contributions toward describing, defining and understanding the nature of human experience. Of particular interest is Husserl's (2012/orig. 1937) phenomenological discourse, set out to be an opportune 'lens' to explore human experience (Thompson, Locander and Pollio 1989). Husserl studies subjective experiences, adopting a first-person point of view that stresses the inherent individual nature of human experiences (Smith 2013). Any experience is said to always have reference and intentionality, meaning that experiences are 'of' or 'about' something (Pollio, Henley and Thompson 1997).

Building on Husserl, Heidegger (1962/orig. 1927) and Merleau-Ponty (1962/orig. 1945) initiated existential phenomenology as a superior way to describe human experience (Pollio, Henley and Thompson 1997). The result is a contextualist worldview, seeking to attain a first-person point of view considering the "totality of human-being-in-the-world (Heidegger 1962/orig. 1927)" (Thompson, Locander and Pollio 1989, p. 135). Human experience can only be understood taking into account an individual's context (i.e., a person's Lebenswelt, or Lifeworld (Merleau-Ponty 1962/orig. 1945)), acknowledging every experience is coherently related to the ongoing project of a specific lifeworld (Sartre 1962/orig. 1943).

Similarly, John Dewey (1922, 1925) considers human experience to be the result of organism-environment interactions taking place within broader social and contextual environments. In his view, an experience is to be approached as a multidimensional construct, comprised of intellectual, emotional, sensorial and behavioral components. Dewey argues that, although people are always 'experiencing', much of this happens without conscious perception of it (Calder and Malthouse 2008). To be able to talk about 'an' experience, a phase of closure needs to be reached (Dewey 1980/orig. 1934).

In short, philosophy highlights the idiosyncratic and subjective nature of human experience. Every human experience is always unique to the individual and can only be understood when considering the context in which it takes place (i.e., an individual's lifeworld). Moreover, human experience is not singular. Rather, it is composed of multiple elements, including intellectual, emotional, sensorial and behavioral components.

Psychology

Psychology literature provides us with a better notion of the nature, framing and dynamics of human experience. Herein, the study of basic hedonic pleasure/pain experiences has received most attention, residing in the classic motivational principle that people approach pleasant experiences and avoid painful ones (Higgins 2006). Judgements on the pleasure/pain experiences can involve both an immediate, in-the-moment evaluation, or encompass a retrospective evaluation of past experiences (Kahneman, Wakker and Sarin 1997). As a result, many psychologists have been interested in the longitudinal nature of human experience (e.g., Ariely and Carmon 2003; Loewenstein and Prelec 1993), examining 'patterns' of experiences over time (e.g., Ariely and Zauberman 2000). Numerous aspects have been found to influence both the retrospective evaluations of past experiences and the anticipation of future experiences, including the trend of past experiences (Loewenstein and Prelec 1993), their rate of change (Hsee and Abelson 1991), and the maximum and final intensities associated with momentary experiences (Verhoef, Antonindes and de Hoog 2004).

Educational psychologists, on their turn, accentuate the role of human experiences as a powerful learning source (DeRue and Wellman 2009). For instance, experiential learning theory holds that learning occurs when individuals engage in challenging experiences, followed by a reflection on the outcomes of these experiences (Kolb 1984). As a learner integrates these observations into existing knowledge schemes and formulates hypotheses on how the new experience can relate to previously developed knowledge and experiences, these updated schemes can be tested and serve as guides in the creation of new experiences (DeRue and Wellman 2009).

Lastly, psychology literature also devotes significant attention to the subject of extraordinary experiences, including Maslow's (1964) and Laski's (1962) peak experiences and Csikszentmihalyi's (1990) concept of flow. These involve transitory, yet powerful and often meaningful, experiences that have a significant impact on the one who undergoes them.

In short, psychology literature primarily focuses on the inherent dynamic nature of CX. Each CX is considered to build on other experiences over time. The importance and impact of every individual CX depends upon its intensity and perceived uniqueness (e.g., extraordinary vs ordinary) as opposed to other, related experiences.

Sociology

Sociology literature contributes to understanding how human experience is influenced and shaped by social environments. Again, the base view holds that interaction between an individual and his/her environment in critical for any experience to become (Bourdieu 1977). Social construction theories help us to understand this environment as it is inherently related to social situations and structures. The basic premise is that each person is inherently a social being, living in and taking up a specific set of roles and positions in a social system (Berger and Luckmann 1966; Bourdieu 1977; Giddens 1984). Social constructionism urges the need to consider individuals and their experiences as socially intersubjective, meaning that they are subject to a system of shared understandings and social consensus. Human experiences thus emanate from an ongoing set of interpretations of daily life, rooted in a stock of knowledge that accumulates based on associations with others (Schutz 1967).

Social intersubjectivity is largely driven by the human socialization process making people internalize ways of thinking, feeling and behaving that are customary and allow them to participate successfully within society (Hobbs and Blank 1975). This process implies conformity with a given culture, driving how people are supposed to experience specific situations, and largely realized through language practices (Schieffelin and Ochs 1986).

While radical constructionists decline any form of individual agency, most social construction theorists approach experience as personal and social at the same time, co-driven by the individual and environment he/she lives in (Richardson 2004). One’s experience is contingent upon one’s unique background; while at the same time one is influenced by the societal norms and values of the different groups one is involved with. However, as individuals continuously reproduce and sometimes modify these social structures (i.e., norms and values) through interaction with the world, experiences are formed and evolve within an inherent dynamic system of structures, systems and social interactions (Giddens 1984).

Thus, sociology helps us understand how experience is co-determined by the multiple social environments an individual is embedded in. Each experience is colored by an internal stock of knowledge established through social contact with other people. This shared knowledge continuously evolves over time, causing human experience to dynamically evolve as well.

Literature review: towards an integrated understanding

To better understand the customer and be able to develop relationships with customers through CX, it is important to have deeper insight into how such experiences are shaped and become. This requires us to understand what is at the ground of a CX. We do not argue in favor of any of the approaches reviewed above. Each distinct discipline offers a specific contribution to understanding CX, but none, individually, succeeds in capturing and describing the complexity of the experience construct. In a first step towards the development of a unified framework for the CX, we summarize the above extant literature into seven dimensions that readily capture the CX: (i) interactional basis, (ii) multidimensional nature, (iii) ordinary vs extraordinary character, (iv) individually intrasubjective ground, (v) socially intersubjective foundation, (vi) contextual nature, (vii) dynamic character. Taken together, these elements provide a terminology or language system for describing the CX (Mele, Pels and Storbacka 2015). In a next step, we attempt to integrate all seven dimensions by means of a formal conceptualization of the CX construct. More specifically, we define CX, describe its basic tenets and develop four basic properties that mark every CX.

Integration: Laying The Conceptual Foundations of CX

The above review highlights a number of universally shared beliefs on what exactly an experience is and what its properties are. Building on these multidisciplinary insights, the following sections of the paper aim to integrate and translate the identified dimensions back to the marketing discipline. The goal is to synthesize and develop an overarching framework that accommodates a complete view and understanding of the CX.

Defining the CX

First, we distinguish three base tenets that constitute the ground of every CX.

The first basic tenet of CX is its interactional nature, meaning that a CX always stems from an interaction between a customer and a (set of) market actor(s) through various interfaces, both human (e.g., frontline employees) and non-human (e.g., self-service technologies). We define a customer as a focal individual who engages in a commercial interaction; a market actor is defined in a generic way, covering the entire spectrum of commercial and non-commercial service/product providers. The interaction, or service exchange, is defined as the ‘application of specialized competences (knowledge and skills) through deeds, processes, and performance for the benefit of another entity or the entity itself’ (Vargo and Lusch 2004, p. 2). Without an interaction, there is simply nothing to experience

(Pollio, Henley and Thompson 1997); we cannot discuss the CX. This interaction can be lived or imaginary (Helkkula, Kelleher and Pihlstrom 2012) and relate to past, present and future events (Wirtz et al. 2003). A lived interaction stems from observable contact between the customer and (an)other actor(s), in the past (i.e., remembered, retrospective experience – "how it was") or present (i.e., real-time, immediate experience – "how it is"). It can be either direct, for example stemming from the actual purchase of a product/service or the use of it; or indirect, stemming from factors like word-of-mouth or reviews (Meyer and Schwager 2007). Imaginary interactions, on the other hand, are created in the mind of the customer and do not involve observable contact. These are the result of a simulation or mental construal process within the mind of the individual (Trope and Liberman 2010). Again, these stem from direct/indirect past ("how it could have been") and/or present ("how it can be") events, but might also be reflective of an anticipated future ("how it will be") (Gilbert and Wilson 2007).

The second basic tenet holds that a specific level of uniqueness marks every CX. Specifically, experiences vary on a continuum ranging from ordinary to extraordinary (Bhattacharjee and Mogilner 2014). Ordinary experiences correspond to routine activities that are common, frequent and occur in everyday life (Carù and Cova 2003). Extraordinary experiences, instead, are uncommon, infrequent and extend beyond everyday life (Bhattacharjee and Mogilner 2014). Often, these are more intense, marked by extreme enjoyment or even a transcendent nature (Schouten, McAlexander and Koenig 2007).

The third basic tenet of CX relates to its multidimensional nature, which goes beyond a purely rational, cognitive consideration of CX (Dewey 1925; Holbrook and Hirschman 1982). Acknowledging the richness of an experience, the literature proposes that cognitive, emotional, physical, sensorial, and social elements most readily encompass the broad spectrum of basic human experiences (Brakus, Schmitt and Zarantonello 2009; Gentile, Spiller and Noci 2007). These experience elements are interrelated, forming a unitary CX. The specific expressions of each of the five experience elements, however, might vary across contexts and situations. More specifically, specific elements of the CX might be more or less present depending on the context and situation the customer finds him/herself in.

Taken together, we define customer experience as follows:

> *Customer Experience is comprised of the cognitive, emotional, physical, sensorial, and social elements that mark the customer's direct or indirect interaction with a (set of) market actor(s).*

In this way, we think of CX as constituting the "raw" data underlying and driving the specific processes that shape consumer behavior. Without CX there is simply nothing that follows. It is the primary result of direct or indirect interactions with a (set of) market actor(s), marked by different levels of uniqueness and composed of multiple elements whose exact manifestation varies across contexts and situations. Our interdisciplinary perspective reveals four more dimensions that can be considered as fundamental properties coloring every CX. The following sections discuss all four properties in detail. Figure 1 (following References) offers a complete visual representation of the holistic conceptualization of CX developed in this paper.

CX properties

P1: CX is individually intrasubjective and socially intersubjective

We posit every CX is intrasubjective in nature, meaning that CX is inherently personal and unique to the individual customer (Helkkula, Kelleher and Pihlstrom 2012; Vargo and Lusch 2008). The individual CX is contingent upon the unique set of resources available to the customer and the way he/she integrates them (Chandler and Vargo 2011). Since customers are at the very heart of their own experience, they bring in their own heterogeneous background (e.g., personality, past related experiences and associative patterns in memory). Hence, different customers may perceive the same service exchange otherwise. In essence, no two people can have the exact same CX (Gentile, Spiller and Noci 2007).

Despite the individual perception of the environment and the resulting intrasubjective nature of CX, several authors have discussed the social and shared nature of human experience (Helkkula, Kelleher and Pihlstrom 2012; Vargo and Lusch 2008). Given that an individual and his/her service exchange with other actors are always embedded within (multiple) social system(s), every CX has to be understood accordingly. Therefore, one must account for the specific societal norms and values that govern the interrelationships and the social system(s) in which an individual is embedded (Edvardsson, Tronvoll and Gruber 2011).

In particular, CX is found to be co-steered by cultural schemas and rules (Giddens 1979, p. 21). These can be defined as “generalized procedures applied in the enactment of social life”, including conventions, traditions, recipes and habits of speech (Arnould, Price and Malshe 2006). Institutional and social structures heavily influence the CX, providing ‘guidelines’ on how to consume a product or service and shaping individual actors’ activities and interactions (Arnould, Price and Malshe 2006).

Consequently, although people experience individually, it is clear they share several types of experiences with others by means of their collective lifeworlds (Schutz 1967). Hence, we assert that CX is at the same time individually intrasubjective and socially intersubjective.

P2: CX is grounded in the customer's own sphere

While CX is individually intrasubjective, the same individual will most likely experience a similar service exchange differently between occasions in a different context (Edvardsson, Tronvoll and Gruber 2011). Accordingly, an individual's experience is always to be considered as it is lived within the individual's life world and contingent upon the specific context in which the experience becomes (Heidegger 1962/orig. 1927). This conforms with S-D logic's tenth premise, implying that CX is unique and context-dependent (Vargo and Lusch 2008); and fits with customer-dominant logic's focus on the life situation of the customer (Heinonen et al. 2010). Therefore, we assert that CX is unique, not only to the individual, but also to the context in which it is embedded.

In this paper, we submit that context can either be approached from a customer-grounded view (Heinonen et al. 2010; i.e., the customer sphere) or from a market-grounded view (Chandler and Vargo 2011; i.e., the market sphere). The former focuses on the direct personal context (e.g., family and friends) of an individual outside the immediate control of the firm, whereas the latter discusses how unique sets of connections between multiple market actors determine the context and outcomes of service exchange. In the following paragraphs, we will focus on the individual's immediate personal context (P2: CX is grounded in the customer's own sphere). Subsequently, we will discuss the impact of the market sphere (P3: CX is embedded within a multi-layered market sphere surrounding the customer). Although it is impossible to list every contextual factor impacting CX, we aim to discuss some of the most imperative contextual elements previously touched in literature.

Adopting a customer-grounded view, the customer sphere can be discussed at three levels: individual, social and environmental. At the individual level, we can distinguish a myriad of factors that influence the personal context in which a CX takes place. First and foremost, customers are driven by goals that motivate them to engage in service exchange and influence their daily choices and actions (Bagozzi and Dholakia 1999). Specifically, goals drive the progression and perception of the service exchange, thereby influencing CX (Higgins and Scholer 2009). The same retail environment, for instance, may produce very different experiences, depending on the customer's goals. Just as one customer seeking entertainment might love crowded marketplaces, another customer might become frustrated as he/she seeks a specific product for immediate use (Puccinelli et al. 2009).

Not only do customers have specific consumption goals, their actions are often driven by larger life themes (e.g., environmentalism) and/or a set of life projects (e.g., adopting a toxin-free diet) that will impact and color their experiences (Arnould and Price 2000). The better a particular service exchange fits with other activities of the customer and his/her life themes and projects as a whole, the more positive and stronger the resulting CX might be. If, on the other hand, specific events do not coincide with other related activities in the customer sphere, this might lead to negatively perceived CX (Heinonen et al. 2010).

Another important individual-level factor is the ubiquitous presence of affect in everyday life. Affect is an internal feeling state that comprises a collection of moods and emotions that continuously color one's experience of a specific service exchange (Puccinelli et al. 2009). People in a good mood, for instance, are more open to new products/services (hence, a novel CX), whereas a bad mood often leads to sticking with familiar brands and being more receptive to negative clues within a retail environment (Puccinelli et al. 2009).

At a social level, we can again distinguish multiple factors that influence the CX. First, the presence of other customers in the context of a service exchange can steer and modify the individual CX (Grove and Fisk 1997). While others might enhance CX (e.g., by taking on an advisory role), sometimes others might lead to a disruption of the environment (e.g., making noise during a movie), diminishing CX (Verhoef et al. 2009). The mere presence of another can amplify one's experience as "people take into account the (inferred) inner states of others, especially significant others, to construct or verify their views" (Echterhoff, Higgins and Levine 2009, p. 496). By observing how others react to the outcome of a service exchange (i.e., vicarious learning (Bandura 1971)), the individual CX is informed and becomes more psychologically prominent (Boothby, Clark and Bargh 2014). This 'social' influence becomes even more important as it is increasingly facilitated and stimulated by the rapid growth of online environments and brand communities (Verhoef et al. 2009).

Second, as every individual is embedded within multiple social systems (e.g., family, organizations, brand communities), he/she will adopt a set of social positions and roles that come with defined appropriate expectations for behavior (Edvardsson, Tronvoll and Gruber 2011). As a CX happens, which contextual aspects stand out will be partly driven by these roles and positions. Depending on context, a customer will take on a specific role that consequently influences his/her experiences (Arnould, Price and Malshe 2006). As people often adopt multiple roles simultaneously (e.g., parent, customer, employee), role conflict and/or role ambiguity (Verleye 2015) might occur, resulting in equivocal experiences.

At the environmental level, multiple factors such as weather, temperature, time of day, and traffic conditions can enhance or undermine the CX. Although research on the effects of these environmental conditions on CX is limited (Gummerus and Pihlstrom 2011), it is reasonable to assume that these elements will have an impact. While sometimes unpredictable, a customer often chooses the environmental conditions in which to interact with other parties.

In sum, it becomes clear that contextual factors in the customer's own sphere significantly affect the CX. Therefore, one can only truly understand an individual's CX by taking account of specific contextual factors present the moment the CX becomes.

P3: CX is embedded within a multi-layered market sphere surrounding the customer

Adopting a market-grounded view of context, research has predominantly focused on dyadic exchanges whereby CX is formed in isolation, depending upon the interaction of a customer with a single firm (Layton 2011). However, research is moving toward a broader, networked view of service systems and ecosystems (Chandler and Lusch 2015); actors become interconnected through service within larger constellations and continually influence one another across varying contextual levels (Chandler and Vargo 2011). Accordingly, we posit that the CX is not formed in isolation; rather it is embedded within and co-shaped by three different contextual levels of a larger market sphere or service ecosystem: (1) the micro-level, (2) the meso-level and (3) the macro-level (Lusch and Vargo 2014).

The micro-level context involves the individual-level service exchange, focusing on the dyadic relationship between provider and customer. This level is highly deterministic; the provider has an extended toolbox at its disposal to shape the CX (Grewal, Levy and Kumar 2009). Although CX is individual and cannot be induced by the provider as such (Prahalad and Ramaswamy 2004), the latter can deploy a series of "experience facilitating factors" to create the circumstances that enable desired experiences to take place (Zomerdijk and Voss 2010). To do so, marketing practice relies on aspects of the marketing mix, under the firm's control, including the product mix (e.g., Mantrala et al. 2009), price setting (e.g., Grewal, Levy and Kumar 2009), promotions (e.g., Ailawadi et al. 2009), atmospherics and location (e.g., Dagger and Danaher 2014), organizational culture (e.g., Bowen and Schneider 2014) and the operational performance/organization of the supply chain (e.g., Ganesan et al. 2009).

Today, the nature of the service/product delivery is increasingly fragmenting due to technological advancement and outsourcing of non-core activities (Tax et al. 2013). This had led to specialized providers that depend upon complementary partners to fulfill customer goals (van Riel et al. 2013). Customers have multiple encounters with a complex network of related providers in pursuit of goals, giving shape to the meso-level context in which the CX is embedded. Often, customers will adopt a holistic view, seeing and evaluating these multiple providers as responsible for an overall, connected service central to their CX (Piccoli et al.

2009). The overall CX is then based on the gestalt derived from the encounter with all involved parties (Ariely and Carmon 2000), while the customer interaction and experience with each separate entity is potentially influenced by the CX with the other involved parties (Tax et al. 2013). As such, from a meso-level standpoint, CX results from the broader alignment of multiple directly and indirectly engaged actors at different times and places within a service system (Chandler and Lusch 2015).

The macro-level comprises higher-level structures such as national economies, law systems, and political unions, and acts as a stabilizing layer above the other two (Chandler and Vargo 2011). According to Grewal, Levy and Kumar (2009), these macro-structures have a direct impact on the CX and percolate down to the meso- and micro-levels of the ecosystem. Ma et al. (2011), for instance, find that macroeconomic factors like gasoline prices, real estate value and GDP growth affect consumer willingness and ability to buy products and services, directly impacting the retail CX. Although the potential effects of these factors are not always clear-cut, the recent economic crisis undoubtedly demonstrated their severe and varied impact on the CX formed within the economic arena (Kumar et al. 2014).

P4: CX is event-specific, yet dynamic in nature

Although the world is presented to us as a continuous stream of information, the human brain perceives activity as a series of meaningful units or discrete events (Speer, Zacks and Reynolds 2007). Imagine buying a new book online. If asked to describe this activity, people most likely describe it in terms of the events that make it up: “I googled Amazon and clicked on the first search result. I browsed the site and found the book I wanted. I added it to my shopping cart, ordered and paid for it. I received the book the next day.” Every event can be described as “a segment of time at a given location that is conceived by an observer to have a beginning and an end” (Zacks and Tversky 2001, p. 17). It functions as a piece of information to anticipate events that follow. Every discrete event thus fosters an experience for the person involved (Speer, Zacks and Reynolds 2007), which subsequently feeds the experience of events that follow. Given the intrinsic change across sequential events, CX is subject to temporal modification (Vallacher, Read and Nowak 2002).

Therefore, we distinguish between event-specific CX, the CX that is linked to a particular customer-firm interaction, and dynamic CX, the overall CX that evolves over time and is reflective of multiple interactions during the customer-firm relationship. The latter continuously informs and is informed by discrete event-specific CX. The former is considered to be the result of an individual event (Zacks and Tversky 2001) stemming from a specific alignment of actors and resources at a given moment in time within a specific context (Vargo and Lusch 2008). Each event-specific CX is thus influenced by an iterative flow back and forth between past, current and future (imagined) experiences (Helkkula, Kelleher and Pihlstrom 2012), contingent upon the momentary context an individual finds him/herself in.

When debating event-specific CX, marketers frequently use the term ‘touchpoint’ to denote each individual interaction between a customer and the firm (Rawson, Duncan and Jones 2013). These occur whenever a customer directly or indirectly “touches” the firm, across multiple channels and at various points in time and result in specific CX’s that represent opportunities for the firm to leverage advantage (Zomerdijk and Voss 2010).

Despite CX’s ‘in-the-moment’ character and the importance of individual touchpoints (Bitner, Ostrom and Morgan 2008), several authors have underlined the importance of CX’s dynamic nature (e.g., Zomerdijk and Voss 2010). More precisely, an individual often accumulates experiences across consecutive touchpoints that are related to multiple service exchanges over time and together make up the so-called ‘customer journey’ (Patricio et al. 2011; Rawson, Duncan and Jones 2013). Building on experiential learning theory (Kolb 1984) and literature on intertemporal choice (Ariely and Zaubermann 2003), we argue that each event-specific CX helps shape an overall dynamic CX that is influenced by the specific pattern, rate of change, time between, and minimum and maximum intensities of the individual experiences (Ariely and Carmon 2003). Dynamic CX recursively informs future event-specific experiences that result from similar service exchanges with the same and/or different related actors. Each individual CX thus informs related experiences in the future as it is encoded and stored in memory (Puccinelli et al. 2009).

It is important to note that the different systems (i.e., the individual, social system(s), customer sphere, market sphere) within which the CX is embedded are inherently dynamic as well, as many of these environments behave as complex adaptive systems (Layton 2011). According to Giddens (1984), these systems are “constantly recreated and changed in coherent ways through actions and ‘enduring cycles of reproduced relations’” (Högström and Tronvoll 2012, p. 429). Social systems and the shared institutions (i.e. structures) that underlie them are not static; rather they influence and are influenced by one another, thereby co-developing over time (Vargo and Akaka 2012). As a result, the experiences formed within these adapting service systems are not stable, but inherently dynamic as well.

In essence, CX has a dynamic component to it that is composed of and informed by multiple event-specific experiences that happen over the course of the customer-firm relationship, taking place in a dynamic environment. Dynamic CX does not equal the sum of all individual event-specific CX’s, but accounts for specific peaks of intensity, time intervals and fluctuations between all individual event-specific experiences that feed it.

Delination: Mapping The CX Landscape

So far, we have summarized the literature, defined CX, described its three base tenets and designated its four fundamental properties. Doing so, this paper offers an overarching framework that captures the complexity of CX. To specify CX's boundaries and understand its underlying processes, we need to go one step further and establish how CX links to and influences "the broader conceptual world around it" (MacInnis 2011, p. 144). Therefore, we set out to explore how CX links to its two natural allies: customer engagement and customer value (Chandler and Lusch 2015).

The trinity of marketing: customer experience, engagement and value

Customer value (e.g., Leroi-Werelds et al. 2014; Zeithaml 1988) and customer engagement (e.g., Brodie et al. 2011; van Doorn et al. 2010) readily capture many of the core ideas of the marketing discourse. Both are generally acknowledged as fundamental concepts in marketing and are discussed extensively within the popular S-D logic dialogue (Chandler and Lusch 2015). Research examining and defining value and engagement stresses the essential position of CX and presumes CX feeds into both (Brodie et al. 2011; Vargo and Lusch 2008). In other words, CX is viewed as the root of both customer value and engagement. While this is commonly accepted, no previous study has deeply examined the intersection and the interrelationship between all three concepts. This paper sets out to describe and formalize the dynamic interplay of CX, value and engagement. We first define value and engagement. Then, we develop a three-stage cyclical model that governs and explicates the interaction between CX, value and engagement. This cycle is spurred by the customer's inherent need to satisfy specifics wants and needs through goal pursuit.

Customer Value. Customer value has long been recognized as a key marketing concept, subconsciously and consciously driving consumer behavior (e.g., Alderson 1957; Leroi-Werelds et al. 2014). Traditionally, value is thought of in mechanical terms as a trade-off between price and quality (Zeithaml 1988). However, in recent years value discussions have shifted towards a phenomenological perspective, considering value as inherently 'experiential' in nature (Vargo and Lusch 2008); value does not reside within a specific product or service, but rather in the experiences derived therefrom (Leroi-Werelds et al. 2014). Therefore, in line with Higgins and Scholer (2009), we adopt a psychological stance on customer value. More precisely, we define customer value as an evaluative motivational force that is the direct result of CX (Higgins 2006; Vargo and Lusch 2008). Customer value derives from a direct reflection upon CX where the customer answers the following question: “Do I get better in some respect, be it functional, economic, emotional, social, ethical or environmental?” (Gronroos and Voima 2013). If ‘yes’, the customer positively values a specific CX and feels attraction toward it; if ‘no’, the customer negatively values a specific CX and feels repulsion from it (Higgins and Scholer 2009). We argue that a positive value stems from the combination of experienced physical, cognitive, sensorial, emotional, and social benefits outweighing the corresponding costs of a service exchange; whereas negative value occurs when costs outweigh the benefits (Zeithaml 1988).

Just as CX is marked by an underlying dynamic nature, value accumulates over time through experiences as people get better or worse off over time (Gronroos and Voima 2013). Therefore, customer value always appears as a function of past, present and/or future experiences (Helkkula, Kelleher and Pihlstrom 2012). In other words, no value judgment can be made without any CX taking place. If there is no experience, be it imaginary or actual, there is simply nothing the customer can value (Helkkula, Kelleher and Pihlstrom 2012).

Customer Engagement. Customer engagement is an increasingly popular term that captures the ways in which customers directly and indirectly interact with the firm. It includes both purchase-related and non-purchase related activities (Kumar et al. 2010). While behavioral manifestations, such as word-of-mouth and purchase, most readily capture customer engagement, the concept entails a much broader psychological foundation. In line with Brodie et al. (2011), we define customer engagement as a psychological state marked by specific levels of cognitive, emotional and behavioral activity with a particular service exchange. Engagement occurs primarily by virtue of an individual’s experiences and resulting value judgments with a specific (set of) actor(s). Customer engagement is largely driven by past, present and/or future experiences and the extent to which these are valued positively or negatively. Positively valued experiences will generally lead to increased engagement levels, whereas negatively valued experiences will most likely lead to lowered engagement. Engagement levels reside on a continuum, ranging from non-engaged (where no interactions take place) to highly engaged (where active interactions result in a CX) (Brodie et al. 2011).

Goal pursuit as the impetus for a three-stage cyclical process

Human goal pursuit is critical for the creation of CX, value and engagement. People continuously strive to satisfy specific needs and wants thereby engaging in goal pursuit processes aimed at reaching a desired end state (Fishbach and Dhar 2005). For most consumption goals, however, an individual's own resources are not sufficient to reach a desired end state, forcing him/her to interact with other (often commercial) parties (Bagozzi and Dholakia 1999; Vargo and Lusch 2004). An individual consumer will generally have multiple options to reach a desired end-state, forcing the individual to choose amongst several alternative paths toward goal attainment (Huang and Zhang 2013).

As goals are set and choice imposes itself, CX, engagement and value start connecting. Although these forces are experienced holistically, conceptually they are distinct. How all three interrelate is detailed subsequently and described as a three stage cyclical process, consisting of an anticipation, realization and reflection phase (Morewedge 2015).

Phase 1: anticipation

The anticipation phase is marked by consumer choice for a specific path to goal attainment, driven by anticipated CX and its resulting value estimates. The individual makes up his/her mind and selects a (set of) service exchange partner(s) to engage with in order to reach a desired valuable end state (Chandler and Lusch 2015). Critical in this stage is the human ability to 'simulate' experiences and their resulting value outcomes. Every individual is at least to some extent able to 'pre-experience' future events and to 'prefeel' the resulting consequences (i.e., value) (Gilbert et al. 2002). This process involves the mental simulation of experiences that would be encountered along the goal-attainment process (e.g, searching, buying, unwrapping a book) and upon goal completion (e.g., reading a book) (Gilbert and Wilson 2007). Choice is then informed by the individual's reaction to the simulation (i.e., attraction or repulsion), which is a manifestation of the CX's anticipated value.

The anticipated CX is assessed based on the temporal and relational connections available to the individual, i.e., the available resources (Anderson, Håkansson and Johanson 1994) and the individual's disposition toward the past, present and future (Kolb 1984; Trope and Liberman 2010). If, for example, a previous CX was unsatisfactory, an individual may choose to renovate his/her connections by choosing a different partner for service exchange that promises a better CX in the future (Chandler and Lusch 2015). If on the other hand, previous CX was satisfactory, that individual may choose to reinforce a specific past experience by choosing the same partner for future service exchange that promises a similar CX as before (Wirtz et al. 2003). Once actual choice is made, customer engagement appears in the realization phase that follows (Chandler and Lusch 2015).

Two important remarks should be made when considering the anticipation phase. First, any individual's capacity to evaluate multiple alternatives is not infinite. Customers are constrained by a "bounded rationality' (Simon 1955) and restricted by factors such as limited working memory, imperfect computational capabilities, and lack of information on all existing choice options (Bettman, Luce and Payne 1998). Often, therefore, people will only compare a limited set of alternatives (Dar-Nimrod et al. 2009), use simple heuristics to make their choice (Bettman, Luce and Payne 1998) or be driven by a threshold of acceptability that results in satisficing behavior (Schwartz et al. 2002). In other cases, emotions rather than cognitive reasoning might determine consumer choice (Bagozzi, Gopinath and Nyer 1999).

Furthermore, in many circumstances the processes that mark the anticipation phase (i.e., CX forecasting) happen at an unconscious level (Rangel, Camerer and Montague 2008). Choice is often not the result of deliberate, conscious processing of multiple alternatives and their predicted value experiences. Rather, choice can involve automatic, implicit or habitual processing where behavior is driven by automatic goal pursuit rather than explicit goals (Aarts and Dijksterhuis 2000). Habitual behavior, for instance, involves “psychological dispositions to repeat past behavior” (Neal et al. 2012, p. 492) and relates to the cognitive hardwiring of one’s mind to repeat previously successful behavior in similar situations (Shah, Kumar and Kim 2014). When specific service exchanges are marked by a ‘proven’ CX and value, the level of conscious/deliberate thought by which the anticipatory processes take place is much lower as goal pursuit activates automatically (Aarts and Dijksterhuis 2000).

Second, the anticipatory phase can result in the immediate realization of value as people often derive utility from dreaming, fantasizing or savoring experiences that they could have or are about to happen. As a result, people can infer value from a future event before it even occurs (Kumar, Killingsworth and Gilovich 2014).

In sum, the anticipation phase is marked by choice of a specific (set of) partner(s) to engage with in order to accomplish a desired (set of) goal(s). Choice is based upon the anticipated CX and value that would result from the service exchange(s). The intensity, or level of conscious percept, by which this process takes place depends upon the prominence of the service exchange and is driven by the context in which the individual is immersed.

Phase 2: realization

The realization phase takes center stage as the actual experiencing unfolds and the ‘raw’ experience data gets shaped. Upon consumer choice, the process of goal pursuit commences and people actively engage in a sequence of one or more events that lead up to goal attainment and contribute to multiple interrelated event-specific experiences (Ariely and Carmon 2003). Every separate event or action is marked by a specific experience for the individual as he/she undergoes it. Here, the individual finds him/herself to be ‘within’ the CX as a result of the immediate encounter with the surrounding environment.

The realization phase is therefore characterized by immediate event-specific experiences taking place as a result of the customer's engagement in service exchange (Chandler and Lusch 2015). The specific expression of each CX can differ as the advent of all CX-elements, i.e., cognitive, emotional, physical, sensorial and social elements, heavily depends on the individual, the conditions in which the event takes place, and the dynamic flow by which it is linked to previous and future events. As such, the customer journey represents the path along which the realization phase happens. This journey occurs in single events or touchpoints that impact each other and contribute to an overall dynamic CX.

Importantly, customer engagement leading to the realization of CX can be affected by other sources than the anticipated CX and value estimates of a specific goal (Higgins 2006). These include, among others, interfering forces, personal resistance, likelihood of occurrence, regulatory fit and the use of proper means of goal pursuit (Higgins and Scholer 2009). Interfering forces, for instance, can include physical barriers (e.g., physical limitations), other people (e.g., authority figures) or environmental conditions (e.g., bad weather) that hinder customer engagement and cause disruption of goal pursuit (Higgins 2006). In some cases, customer engagement will therefore be absent, despite the anticipation of valuable experiences, and no real-time CX will be realized.

Customer engagement states appear in different intensities along the customer journey (Brodie et al. 2011). Depending on how strongly the individual is attracted toward a specific goal (Sansone and Thoman 2006), the hedonic profile of the customer journey (Ariely and Zauberman 2000), the occurrence of other factors, such as interfering forces (Higgins 2006), and the proximity of the goal's end state (Kivetz, Urminsky and Zheng 2006), engagement intensity might be higher or lower. Additionally, as people regularly pursue multiple goals simultaneously, they have to balance a limited set of personal resources (e.g., energy, time and attention) to ensure that all sought-after goals can be attained (Louro, Pieters and Zeelenberg 2007). Depending on the urgency and proximity of every distinct goal, engagement levels vary as resources get reallocated (Fishbach and Dhar 2005).

Taken together, the realization phase is characterized by actual experiencing of the customer. As choices are made, individuals engage in service exchange leading to event-specific experiences. Here, the CX comes into existence through customer engagement. Although the latter is largely driven by the anticipated CX and value estimates that stem from the anticipation phase, several other factors impact the intensity by which it occurs.

Phase 3: reflection

Every event that leads up to goal attainment is followed by individual reflection upon its actual value realization: “Am I better off?” Thus, the reflection phase is marked by customer judgment/sense-making of experienced events: do they convey positive or negative value? Customers make sense of value in an interactive way, making connections between past, present and future experiences (Helkkula, Kelleher and Pihlstrom 2012) and influenced by the comparison of the ‘true’ CX with its earlier anticipated counterpart (Oliver 2010).

We can make a distinction between two value sources: value from the process and value from the end state (Higgins and Scholer 2009). Value from the process reflects how the goal pursuit activity itself is experienced. People often perform a sequence of actions to reach a desired end state; every individual action leads to a specific experience. The meaning of each action can differ by individual and hence involves its own value judgment (Vargo and Lusch 2008). People can, for instance, derive value from doing things “the right way” or by following personal standards (Higgins 2006). How goals should be pursued often coincides with cultural maxims that highlight how one is supposed to act (Arnould, Price and Malshe 2006). Following such maxims can lead to immediate “ethical” value for the individual.

Value from the end state, on the other hand, reflects the nature and experience of the outcome (Higgins and Scholer 2009). Interestingly, every distinct event along goal attainment may not only lead to immediate process-value, but also affects the perceived value-of-the-outcome (Oliver 2010). Difficulties along the goal attainment, for example, might result in negative process-related value, but also reflect negatively on the value of the end goal (Louro, Pieters and Zeelenberg 2007). As goal attainability decreases, motivation to pursue the focal goal can decrease (Huang and Zhang 2013), directly impacting future CX and engagement.

The intensity or conscious percept of the value reflection depends on the customer, the situation, and the progress along the goal pursuit. Some events or actions will have a very low intensity and impact on both process-value and value-of-the-outcome, while others will result in significant reflection by the customer. Such moments are often referred to as moments-of-truth, representing critical interactions that can make or break a customer-firm relationship (Bitner, Ostrom and Morgan 2008). Taken together, the reflection phase is marked by customer judgment on the value of the experienced event(s). Value is derived from both the process by which the goal is pursued and from the end state itself. The level of reflection for each step differs; some events are more influential or important than others.

Cyclical pattern

If the desired goal is not reached after one event, the phases of anticipation, realization and reflection repeat again forming a cyclical pattern until one either quits goal pursuit or attains the goal. Whether or not to continue customer engagement after reflection is dependent upon the output of the anticipation phase that follows. Specifically, the value judgments from the reflection phase serve as input for a next anticipation phase and update the customer's ability to simulate future experiences and estimate their resulting value (Kolb 1984). Experienced value thus impacts future experiences through memory and encoding (i.e., explicit and implicit learning) (Plassmann, et al. 2012). As positive value is experienced, one can expect the customer to continue engagement. If, however, the goal pursuit results in negative value or a lowered attraction towards the end state, the customer might decide to cease goal pursuit and invest resources in the attainment of other goals (Louro, Pieters and Zeelenberg 2007). In some cases, a negative experience (negative process-value) might reinforce engagement (Festinger 1957) and even increase the attractiveness of the end state (Clee and Wicklund 1980). Alternatively, a negative experience might also reinforce engagement negatively, resulting in behaviors such as negative word-of-mouth and customer revenge (van Doorn et al. 2010).

Together, these stages, embedded within a larger ecosystem, move through time and are experienced holistically by the individual. Whenever a specific goal is reached, this dynamic interplay is paused. However, one might retake the same goal (e.g., buy another car), instigating the cycle anew and build upon the experiences and value gained from previous goal pursuit through explicit and implicit brand memory (Rangel, Camerer and Montague 2008). Interestingly, the experiences gained in one goal pursuit might transfer to other similar goal attempts or interactions with the same provider. For example, successful goal pursuit with a brand might push the customer to engage in buying other products/services of that same brand or involve in other activities such as positive word-of-mouth behaviors and brand advocacy. These strengthen the customer-firm relationship and potentially influence other customers to engage in service exchange with the brand (van Doorn et al. 2010).

Taken together, we have defined CX, value and engagement, explained their interrelationship and specified their dynamic nature. We now turn to the implications of this work for practice and show how managers can learn from it to improve current CX strategies.

Advancing CX Practice

Although the proposed framework is conceptual in nature, we feel it holds great value for practice. Our holistic conceptualization of the CX construct and its underlying processes offers guidance and insight to managers to develop better practices based upon a unified view and clear definition of CX. We offer a theoretical foundation that should help address current business challenges in developing CX strategies. Based upon our CX framework, we present four general guidelines that can aid executives in better managing CX (i.e., see Table 2, following References).

First, a CX-driven practice should be centered on the individual customer applying a 'jobs-to-be-done' perspective. Only then will companies become truly customer-centric, enhancing the CX and its resulting value judgment (Christensen et al. 2007). Rather than focusing on the question "How can we increase sales?" a truly CX-oriented firm prioritizes answering the following strategic questions: How does our firm integrate within the lives of our customer? What capabilities do we possess that the customer wants to use to his/her own advantage? How can we harness these capabilities to the highest benefit of our customer? Can we improve the way our customer gets a job done given the context he/she is embedded in? In other words, management should examine how their customers integrate products and services within their daily lives and how these help them achieve specific goals (Bettencourt, Lusch and Vargo 2014). Multiple tools can aid management in this endeavor, including qualitative research techniques such as shadowing, narratives and contextual interviews (Stickdorn and Schneider 2012), ethnography and netnography (Kozinets 2002), customer involvement in new product and service design through participatory design (Verleye 2015) and the use of prototyping to observe product/service usage in real-life settings (Edvardsson, Enquist and Johnston 2005).

Second, the scope of CX programs should extend beyond the dyadic customer-firm relationship and adopt a service ecosystem perspective (Lusch and Vargo 2014). Marketers need a greater understanding of the whole ecosystem that fosters action and causes multiple

CX's to take place across this larger system of interrelated actors (Mele, Pels and Storbacka 2015). Management should be aware of and account for the direct and indirect influence of multiple parties involved in the creation of CX and its resulting value judgment: complementary service/product providers, other customers, competitors, government, etc. Optimizing CX, therefore, requires balancing the (often interrelated) needs of multiple parties (Hillebrand, Driessen and Koll 2015). Several methods, such as multilevel service design (Patricio et al. 2011) and ecosystem mapping (Bodine 2013), can increase insight into this increasingly complex environment and help identify which parties are relevant to the creation of CX and how their needs relate. Also, social network analysis (SNA) is a promising methodology that can help quantify and visualize the impact of network structures on the delivery of CX.

Third, marketers should realize the long-term, dynamic nature of CX is of utmost importance. While significant attention is to be given to every individual touchpoint, adopting a customer journey perspective will foster insights into how successive touchpoints interrelate and how CX, value judgments and engagement evolve over the course of the customer-firm relationship. In practice, customer journey mapping and service blueprints are widely applied to visualize CX dynamics (Bitner, Ostrom and Morgan 2008; Browne 2012). While these tools require significant efforts, new technologies are increasingly automating this process. Smart technologies and real-time analytics, for instance, offer new promising avenues that allow tracking the CX across consecutive touch points spanning multiple channels and create opportunities for a better and more personalized service provision that deepens customer relationships and drives profitability (Rust and Huang 2014). Such tools will also better enable firms to determine how investments in CX impact profit and value.

Fourth, CX measurement requires a multi-method approach and cannot be centered around one single measure such as satisfaction or NPS. Rather, only a combination of methods will allow an accurate understanding of CX and proof useful to guide managerial decision-making. While managers can still use traditional methods like survey research and focus groups, new research methods that augment conventional approaches are gaining traction. Neuroscientific techniques, for instance, helps generate new insights into CX, enabling researchers to capture consumers' unconscious processes that take place at touchpoints (Plassmann et al. 2015). Further, social media tracking techniques help gather insights on customer perceptions and provide opportunities to reply and listen to customers in real-time (van Noort and Willemsen 2012).

Managers armed with the knowledge about the key role of CX will be able to design offerings in accord with experiences their customers desire, ultimately driving firm performance. Our framework provides a specific mindset to assist top-level management in thinking about and discussing CX. It gives 'action significance' to a previously ambiguous concept, helps reduce its complexity to a manageable set of key takeaways and provides a basis for the development of new tools that aid CX managers in designing, executing and monitoring vital, dynamic, and holistic CX strategies.

Conclusion And Research Agenda

CX has become a top priority for marketers. Our framework brings the necessary clarity to the CX domain by defining and describing the conceptual grounds of CX, and represents a first step toward theory development on CX as the 'raw' data of the customer's environment. Based upon an interdisciplinary review and literature integration, CX is defined as "the cognitive, emotional, physical, sensorial, and social elements that mark the customer's direct or indirect interaction with a (set of) market actor(s)". CX is multidimensional in nature and marked by different levels of uniqueness.

Further, this paper discusses the fundamental embeddedness of CX within a multi-layered system: an individual system representing the internal processes taking place within the customer (P1 – individually intrasubjective); a social system comprising social norms, institutions and practices that guide the CX (P1 – socially intrasubjective), a customer sphere describing the personal context of an individual that is outside the immediate control of the firm (P2), and a market sphere involving multiple interrelated (market) actors that influence CX (P3). This multi-layered system acts as a dynamic entity (P4), causing CX to be inherently dynamic as well. At the ground of most CX-creation is the process of goal pursuit (i.e., getting a job done), sparking CX and instigating a three-stage, cyclical process consisting of an anticipation, realization and reflection phase that connect CX, customer engagement and customer value.

Finally, we identify four guidelines that can enable firms to better manage and execute holistic CX strategies. Although this paper is the first to offer a unified view on CX, many challenges and research gaps remain across all levels of the CX-realm. To conclude, we outline multiple research questions (i.e., see Table 3, following References) with the aim of stimulating further CX-thought.

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Table 1: Marketing Thought on CX

Category	Literature Foci	Academic Literature	Business Practice Literature
Content – The concept of CX	Early Perspectives	e.g., Keynes (2010/orig. 1936); Abbott (1955); Alderson (1957)	N.A.
	'Rational' Cognitive Theories	e.g., Howard and Sheth (1973); Azjen and Fishbein (1977)	N.A.
	Experiential Theorists	e.g., Holbrook and Hirschman (1982); Hirschman and Holbrook (1982)	N.A.
	Extraordinary Experiences	e.g. Arnould and Price (1993); Schouten, McAlexander and Koenig (2007)	e.g., Lasalle and Britton (2002); Michelli (2007)
	Experiential Consumption	e.g., Nicolao, Irwin and Goodman (2009); Van Boven and Gilovich (2003)	e.g., Pine II and Gilmore (1998); Jensen (1999)
	Holistic Experiences	e.g., Brakus, Schmitt and Zarantonello (2009); Verhoef et al. (2009)	e.g., Meyer and Schwager (2007); Schmitt (1999, 2003); Shaw (2007)
Context– The embeddedness of CX	Unidirectional Perspectives of CX	e.g., Stuart and Tax (2004); Berry, Wall and Carbone (2006)	e.g., Carbone (2004); Carbone and Haeckel (1994); Shaw and Ivens (2002)
	Co-Created Experiences	e.g., Prahalad and Ramaswamy (2004); Vargo and Lusch (2004)	e.g., Kambil, Friesen and Sundaram (1999); Prahalad and Krishnan (2008)
	CX Context and Situationality	e.g., Heinonen et al. (2010); Vargo and Lusch (2008)	e.g., Lieb (2014); Manning and Bodine (2012)
	CX System Thinking	e.g., Tax, McCutcheon and Wilkinson (2013); Chandler and Lusch (2015)	e.g., Joachimsthaler (2007); Bodine (2013)
Tools –Mapping, measuring and prototyping the CX	Mapping CX	e.g., Bitner, Ostrom and Morgan (2008); Patricio et al. (2011)	e.g., Browne (2012); Tincher (2013)
	Prototyping CX	e.g., Edvardsson, Enquist and Johnston (2005, 2010)	e.g., Dalton and Sizemore (2013); Polaine, Løvlie and Reason (2013); Stickdorn and Schneider (2012)
	Measuring CX	e.g., Klaus and Maklan (2012); Verleye (2015); Plassmann et al. (2015)	e.g., Schmidt-Subramanian (2014); Temkin and Bliss (2011)

Table 2: Key Managerial Guidelines

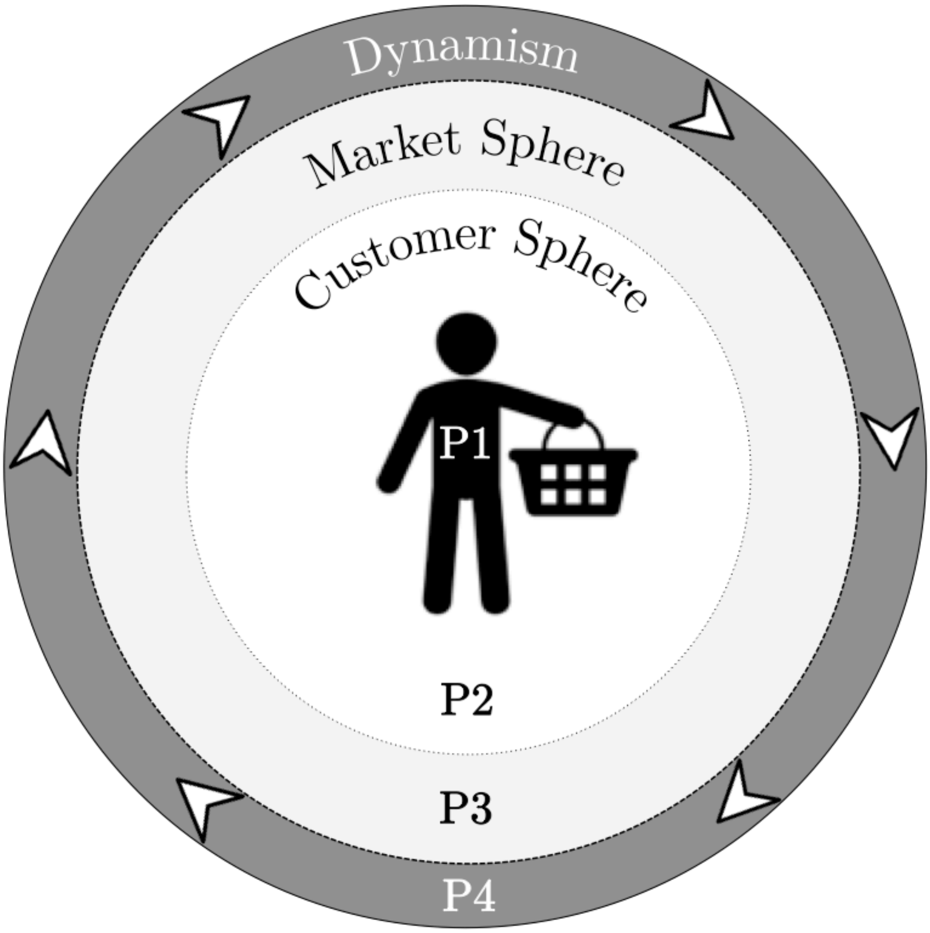
Managerial Focus	**Goals**	**Exemplary Tools Available**
Take a customer 'Jobs-To-Be-Done' Perspective	• Determine how the firm's offerings and capabilities can integrate into its customers' lives • Identify how the firm can enable customers to get a job done in a better way	Shadowing Narratives and Contextual Interviews Ethnography Netnography Participatory Design Prototyping
Consider the service ecosystem beyond the dyadic customer-firm relationship	• Identify all stakeholders involved in the service ecosystem • Understand how they impact the CX, and the extent to which the firm can exert control or influence	Multilevel Service Design Ecosystem Mapping Social Network Analysis (SNA)
Focus on the long-term, dynamic nature of CX	• Understand how the CX evolves across the customer journey • Identify how this CX trajectory may change across segments • Understanding the impact of CX investments on the bottom-line	Real-time Analytics Smart Technologies Customer Journey Mapping Service Blueprinting
Use multiple methodologies to measure CX	• Determine the breath of CX • Identify what needs to be measured • Only then begin to identify methods and key metrics	Survey Research Focus Groups Neuroscience Techniques Social Media Tracking

Table 3: Summary of Important Future Research Questions

Property		Research Area	Research Questions
P1		CX-understanding	• Do customer expectations of the experience from one domain (e.g., industry or context) spill over to other domains? • How do the multiple elements of CX link? How and at what point do specific elements (e.g., emotion rather cognition) affect consumer decision making? • What triggers the appearance and strength of intensity of the different CX elements? How does this impact value judgment and engagement? • To what extent is CX driven by unconscious processes taking place within an invididual, rather than it being subject to conscious perception? • How can management measure the multiple facets of the CX and determine their relative importance? • What is the ideal mix of quantitative and qualitative methods to measure CX? How can new research methods (e.g., brain imaging) advance CX measurement? • What metrics allow to measure return on CX investments/initiatives?
		Societial Norms and Institutions	• How can the influence of context and culture on CX be measured and estimated? • What is the role of institutions and cultural values? To what extent are CX, engagement and value driven by norms and institutions? When is their influence stronger? • To what extent do foreign norms and institutions influence CX? Are there differences across ethnicity, age, gender? • How can organizations monitor and measure the impact of institutions? How can they influence or change these? • To what extent do cultural, political and legal dynamics and change over time and space influence CX? • How do norms and practices percolate through the different levels of the service ecosystem? When and how do they influence one level more than the other?
P2		Customer Lifeworld	• To what extent does customer context affect CX? When and why is this influence bigger? • How can techniques like (n)et(h)nography, shadowing, contextual interviews, narrative methods help companies to improve their CX? What method is best in what situation? How do these techniques complement objective research methods? • What is the effect of contextual marketing on CX? • How can companies adapt their offerings to achieve a better fit with their customer's context? How far should these efforts go (i.e., segment-level, individual-level, …)? • How can management manage customer heterogeneity in product/service usage goal and integration in their personal context? • How do we measure the realized experience within a specific context and its derived value-in-context?
P3	MICRO	Service Design and Innovation	• What strategies allow the design of a coherent touchpoint architecture? • How do the elements the firm cannot control influence customer experience? And how can firms try to manage these? • How does service modularity impact the CX? How does the CX vary along the stages in customer-involved new service development (NSD)? • How can design-tools help innovate the CX? What (combination of) design techniques allow optimal CX design? • How far does "experience staging" reach? What is the role and advantage of prototypes to 'manufacture' the CX? • How can management involve customers in participatory design and co-design to enhance the CX? • What is the value of alternative sources of insight generation (e.g., crowdsourcing) to drive innovation and improve the CX? • How can firms use other customers' assistance to foster CX?
		Multichannel Environments and New Technologies	• What is the optimal channel mix for the CX? When should/could a channel be added or removed to enhance CX? • What is ideal mix of "high-tech" and "high-touch"? How does self-service, remote service or self-help relate to CX? • To what extent does an omni-channel strategy improve the CX? • How has CX evolved/changed in a multi-media, multi-screen and multichannel environment? • How do smart services impact CX? How does technology-integration (e.g., location-based services) and mobile technolgoy enable and enrich CX? • How does self-quantification through wearables (e.g., smartwatch) augment the CX? • What are the downsides and dangers of new technologies? How can these deteriorate the CX? • How can management use big data and customer analytics to (dynamically) manage CX over time? • To what extent does social media create a different CX? Does social media change the CX journey? • Should firms monitor and intervene in social media? How do different intervention strategies impact the CX?

Property		Research Area	Research Questions
P3	MICRO	CX-governance	• How does the coordination between employee roles and customer roles impact CX? • How does increased employee engagement improve CX? • How should the different functional areas of the firm (e.g., marketing, operation, finance, R&D) be organized and connected to improve CX? • How does a quality vs productivity orientiation impact CX? • Do service-oriented practices, capabilities and service climate lead to better CX? • Do experience-based strategies enhance firm performance?
	MESO	Service Delivery Networks and Service Ecosystems	• What are the boundaries of the experience network? How far does the impact of all network-actors reach? • How can management foster collaboration across the network to deliver a better CX? • When does a customer consider different firms to be linked and co-deliver his/her CX? When not? • Does the network position of the customer impact CX? What is the influence of network density and centralilty on the CX? • To what extent is CX with a focal firm influenced by the customer's CX with other firms within the service delivery network? • How do different forms of collaborative networks influence the CX? How can ideal service platforms be developed to respond to dynamic environments? • How can management build adaptive/flexible systems that allow rapid changes that safeguard CX? How does network evolution impact CX? • Can complex adaptive systems-thinking help management to improve their collaborative networks?
	MACRO	Globalization	• How can management improve and customize service offerings for different cultural contexts? • Do cross-cultural and cross-national differences in service ecosystems impact cooperation, design and delivery of service? What is their impact on CX? • How are service design and innovations different in emerging markets? How do factors such as affordability, accessibility and availability impact their success? • How can we foster service innovation and design at the bottom of the pyramid? • To what extent can firms transfer customer-insights from developed countries to developing countries?
		Macro-Economic and Governmental Factors	• How do economic climate and economic foresights influence CX and value (predictions)? • What is the role of global forces such as global warming, terrorism concerns, natural resource shortages, ageing population and income equality in shaping CX? • How does country-of-origin impact CX? • Can governments play a role in and support firms in the delivery of better CX? How big can their impact be? • Are there huge differences across industries as to what elements help shape a good CX? Is there such a thing as industry-rules that have to be followed?
P4		CX Dynamics	• How can CX dynamics be measured optimally? • How can we model and measure the CX journey? What is the best way to determine the role and importance of every touchpoint along the CX journey? • Can management collect real-time CX measures? If so, how can it do this in a cheap, low-effort way? • Does the influence of CX-drivers change over time? • How strongly is momentary, immediate CX driven by past and future experiences? How far does the influence of one specific CX reach in the future?

Figure 1: CX Conceptualization


Dynamism
Market Sphere
Customer Sphere
P1
P2
P3
P4

P1: CX is individually intrasubjective and socially intersubjective

P2: CX is grounded in the customer's own sphere

P3: CX is embedded within a multi-layered market sphere surrounding the customer

P4: CX is event-specific, yet dynamic in nature