

CHAPTER 4

Leveraging Customer Experience Communication

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Learning Objectives

After studying this chapter, the reader should be able to:

1. Comprehend the variety of means and online and offline platforms that enable customers to express and share their service experiences.
2. Understand how the sharing of experiences affects the service experience.
3. Understand how customer experience communication affects service buying.
4. Learn how service providers and customers can benefit from customer experience communication.

Keywords

buying (of services)
communication
customer connectedness
customer experience communication
customer references
customer-to-customer interaction
marketing communication
electronic word of mouth
experience sharing
peer-to-peer communication

recommendations
referrals
reputation
service experience
social media
testimonials
value
web 2.0
word of mouth

Introduction

The face of marketing practice is undergoing dramatic changes, along with societal, attitudinal, and technological developments. Managers now recognize that their customers and prospects are more powerful and skeptical than ever before, with customer-to-customer (C-to-C) influence taking prominence over purchasing and related behaviors once shaped by business-to-customer (B-to-C) marketing tools. New technologies that enable people to connect with each other through social media and other emerging channels provide a range of unique and promising opportunities for marketing managers, who can utilize strategies to harness customer experiences to achieve profitable commercial outcomes.

Customer experiences can be viewed as internal and subjective interpretations of any contact with a company or its offering (cf. Meyer and Schwager, 2007). Creating positive customer experiences is pivotal for companies operating in any industry, as value is set in the experience of the customer rather than embedded in goods or services (Pralhad and Ramaswamy, 2004). However, firms in today's marketplace are progressively losing control over the experiences they can provide, as customers become actively involved in co-creating the firm's value proposition and shaping other customers' expectations and experiences of it (Pralhad and Ramaswamy, 2004). It is ironic that in an age where marketers can reach and interact with their audiences with greater facility than ever before, firms have less control of the customer experience they create. As consumers worldwide have become disillusioned by the relentless bombardment from traditionally mass-mediated marketing messages, they are turning to each other for insight into what can be expected from brands, products, and services, largely because of the perceived greater trustworthiness of the advice they receive from interpersonal relations (Bansal and Voyer, 2000). Service-intensive offerings in particular carry a high degree of risk that customers will attempt to mitigate by relying on the past experiences of others (Murray and Schlacter, 1990). Sharing experiences with other users may also shape, reinforce, and reconstruct customer experiences before and after the service encounter (Helkkula et al., 2012).

Customer experience communication is also increasingly relevant for business actors. Business increasingly revolves around service characterized by the application of specialized knowledge, skills, and information, which makes exchange more complex (Aarikka-Stenroos and Jaakkola, 2012; Jacob and Ulaga, 2008). As a result, organizational buyers and sellers face the challenge of how to communicate and evaluate the value potential of various offerings. Several studies suggest that word of mouth (WOM) and customer references are regarded as vital information sources in business-to-business (B-to-B) markets (Brashear-Alejandro et al., 2010; Aarikka-Stenroos and Makkonen, 2014).

Research has demonstrated that customers communicate experiences to others in various ways, including WOM, blogging, customer references, and testimonials (Hennig-Thurau et al., 2010). Social media and Web 2.0 have fundamentally changed how consumers engage with and consume media; as a result, electronic WOM (eWOM) influences a myriad of information search activities, decision-making, new product trials, and comparisons (Lindgreen et al., 2013). Customers can effectively and readily share their experiences of products, services, and providers with a vast audience, and seek out information about others' experiences (Libai et al., 2010).

The increased interpersonal influence provides opportunities and poses challenges for service providers, related to interacting and communicating with their customers and monitoring and reacting to C-to-C interactions. Customers sharing their experiences with others has the potential to change preferences and purchase behavior (Braverman, 2008), and to generate profitable and long-term customer relationships (Villanueva et al., 2008). Communication also increases customer value and loyalty (Gruen et al., 2006) and the success of new product introductions (Lopez and Sicilia, 2013). However, consumer targets may not embrace a firm's efforts to trigger and reward customer sharing of their experiences, thus hampering the effectiveness of such efforts (Tuk et al., 2009). Active engagement in relational dialogue with customers is needed, but many firms lack the resources and skills to achieve this. How customer experience communication affects customers and the service provider is often insufficiently understood.

In light of these developments, our objective in this chapter is to describe the various means by which consumers share their experiences, with a specific focus on service contexts, and consider the implications of experience communication for customers and service firms. Specifically, we describe the types of customer experience communication, highlight how experience communication affects service purchasing and consumption, and recommend means by which firms can react to, manage, and utilize this.

Types of customer experience communication

Research on how customers share their experiences has primarily been confined to the field of marketing communications. In this chapter, we use the term *customer experience communication* to aggregate the various ways *customers share their experiences with others*, including reputation, WOM, customer references and testimonials, blogs, social media, and virtual discussion forums.

Numerous platforms and means for sharing and communicating customer experiences exist; however, they differ in terms of who is sending and controlling the message, which is likely to affect the credibility of the message and its influence on customers. Accordingly, we assume that each type of communicating user and customer experience delivers information about an experience differently. Next, we provide an overview of the main types of customer experience communication:

- WOM and eWOM
- Referrals and recommendations
- Customer references
- Testimonials
- Reputational information

Each of these communication activities represents a means of conveying information one to another regarding a perceived service experience. We include both conventional means of sharing customer experiences (e.g., sharing a hotel experience with a work colleague during a coffee break) and novel, virtual practices (e.g., sharing a hotel experience with other travel-minded people via an online discussion forum or travel site). Some practices are more typical for consumer markets (e.g., writing and reading about experiences on online consumer review web pages), whereas others are more relevant to business markets (e.g., visiting reference sites); however, they all provide means of sharing customer experiences with current and potential customers and the service provider.

WORD OF MOUTH (ONLINE AND OFFLINE) is the driving force behind consumer sharing, and thus represents a relevant experience delivery mechanism. Defined by the Word of Mouth Marketing Association (WOMMA) as the act of a consumer creating and/or distributing marketing-relevant information to another consumer, WOM may occur online or offline (the former commonly referred to as electronic WOM, or eWOM). It may pertain to ownership, usage, or characteristics of particular goods and services (or their sellers), and can be positive (“you should try that B&B, the owners couldn’t do enough for us”), negative (“don’t go to that new pizzeria, the servers are arrogant and inept”), or neutral (“did you know that the supermarket near the station is now offering home delivery?”).

The WOM process has been part of human discourse for as long as people have engaged in conversation, and the power of WOM is widely understood as a given in the contemporary marketplace. There is evidence that WOM represents a primary source of information for consumer buying decisions (East et al., 2007; Mangold et al., 1999), and can shape consumer expectations (Anderson and Salisbury, 2003), pre-usage attitudes (Herr et al., 1991), and post-usage perceptions of a product or service (Bone, 1995). The power of WOM is based on the accessibility, credibility, and trustworthiness of the information source. The apparent objectivity (or lack of a vested interest) underpins the effectiveness of WOM communication; for example, information from an online discussion is considered more credible, relevant, emphatic, and interesting than marketer-generated information (see Bickart and Schindler, 2001).

Despite compelling evidence that the majority of WOM occurs offline, and largely among friends and family members (so-called “close ties”) (e.g., Keller, 2011), online social networking channels are providing an increasingly attractive means for the rapid and widespread dissemination of eWOM among people who, for the most part, never encounter one another in any offline context. Social media provide the means to disseminate WOM among persons whose only link might be a common interest or need (so-called “weak ties”). They can share experiences virtually through discussion forums, blogs, online opinion sites, online communities, sharing online product reviews, and comments written by consumers on web pages (Chan and Ngai, 2011). Experience communication also occurs within a particular firm’s online stores and booking systems, discussion forums, and theme sites (e.g., TripAdvisor, which focuses on travelling, at www.tripadvisor.com) where people share their experiences, user contexts, and evaluations.

Given the interpersonal contact involved in offline WOM episodes, such communications tend to be imbued with higher levels of trust and credibility than eWOM. However, in addition to its wider reach, eWOM is characterized by greater specialization; that is, it is likely we can find an apparent expert about virtually anything online, which is improbable within one’s close circle of intimates. There is also evidence that trust levels can be high among consumers not known to each other but engaged in eWOM on trusted websites (e.g., Brown et al., 2007). Where eWOM is public and involves multi-directional and asynchronous exchanges of information, offline WOM is exchanged during private conversations or dialogues (Toder Alon et al., 2014). Moreover, because eWOM is likely to be in written form, it is less transitory than offline WOM. Instances of eWOM possess unprecedented scalability and speed of diffusion, which means many individuals can receive the same message (e.g., Hennig-Thurau et al., 2004). Consequently, it is more accessible and persistent than offline WOM. In light of these points, it is easy to understand why marketers are increasingly interested in making use of eWOM as a new communication tool, and have in recent years become active participants in social media forums used to connect with consumers (Libai et al., 2010; Lopez and Sicilia, 2013). According to an August 2012 eMarketer report, 88% of US companies with at least 100 employees were using proprietary public-facing social network tools for marketing purposes, a figure projected to rise to 92% by 2014 (eMarketer, 2012).

REFERRALS AND RECOMMENDATIONS represent two varieties of WOM through which customers share their subjective positive evaluations and advice with others based on their satisfactory experiences with a firm (e.g., Helm, 2003). Some firms have developed incentivized WOM or referral programs to encourage customers to recommend products to their friends; if the referral is successful, the recommender receives a reward from the company (e.g., Ahrens et al., 2013;

Kimmel, 2010). The term “incentivized WOM” distinguishes a form of WOM more greed-oriented than that motivated by the spontaneous desire to spread useful information about a product or service (so-called “inspired WOM”). Different variations of this approach have been utilized in recent years, and research has highlighted the strategy’s potential effectiveness (Ryu and Feick, 2007; Ahrens et al., 2013). The classic referral program, sometimes described as a “tell-a-friend,” “member-get-member,” or “customer-get-customer” scheme, is exemplified by offers of monetary payments or other rewards for referring a brand to another person. Some referral programs offer an incentive to both the advocate and the recipient of the referral when the latter adopts the product, an approach utilized by the online marketplace eBay (www.ebay.com), which invited members to introduce the service to others by rewarding both parties with a US\$5 voucher.

There are clear differences between the organically motivated (inspired) WOM that spreads from consumer to consumer and the incentivized recommendations transmitted by referral (and related) programs (e.g., Lopez and Sicilia, 2013). In the natural WOM situation, people inform others about products and services on their own volition due to ego-enhancing motivations, an altruistic desire to help others, a conversation that provides the opportunity for a recommendation, and the like. By its very nature, the introduction of referral or finder fees is based on the creation of a quasi-sales situation, which is devoid of the more intimate links between consumers that are likely to add credibility and perceived legitimacy to the recommendation.

CUSTOMER REFERENCES are used frequently in B-to-B marketing as sales tools based on the existence of a reference case or reference customer (Salminen and Möller, 2006; Jalkala and Salminen, 2009). In customer referencing, the seller employs lists of their customers’ names or displays a reference case description in the form of a story. The firm can present its reference customers and their experiences on their web pages, brochures, and sales presentations, or even visit the reference customer’s site with a potential customer to demonstrate its offering and the customer’s experience in a real-life context. References offer indirect evidence of the benefits of the delivered service or product and the seller’s value-generation capabilities, such as customer understanding and service process management skills (Aarikka-Stenroos and Makkonen, 2014).

TESTIMONIALS are written or audio-visual personal stories and descriptions of an individual’s successful customer experience, and typically directly or indirectly encourage the audience to follow the actor’s example (Braverman, 2008). Testimonials have been viewed in the literature as a form of WOM (Mason, 2008) and a type of reference (Salminen and Möller, 2006), in each

case typically conveying only positive customer experiences. Testimonials differ from WOM in that the firm selects, and therefore controls, the sharing of experiences. For example, Booking.com uses its customers' experiences and comments as testimonials on its sites. Testimonials are also used in B-to-B marketing; for example, an existing customer of a law agency might be asked to give a presentation to explain how the service provider has improved and facilitated their business.

REPUTATIONAL INFORMATION refers to different stakeholders' overall evaluation of a company over time, based on their "direct experiences with the company, any other form of communication and symbolism that provides information about the firm's actions and/or a comparison with the actions of other leading rivals" (Gotsi and Wilson, 2001, p. 29). Meanwhile, Fombrun and Shanley (1990, p. 234) view reputation as "the aggregation of information into collective judgments that crystallize into reputational orderings of firms in organizational fields." Reputation can form even when the experience is not direct if passed on directly through WOM or indirectly via the media or other public forms of discussion (Caruana, 1997). It is worth noting that reputation sharing is a community's controlling mechanism; that is, by using reputation as a "guide," individuals and firms can avoid opportunism, reward good actors by improving their reputation, and warn others about actors who behave poorly by spreading negative messages about them and advising against their use (Nunlee, 2005). Reputation systems enable the buyer to infer reputation in a social setting by observing and discussing others' positive, neutral, or negative ratings of a product; thus, eWOM can be used to convey the reputation of the product, of the brand, and of complementary goods (Amble and Bui, 2012).

Comparing different types of customer experience communication reveals certain key differences (Table 1). Communication may occur in one-to-one, one-to-many, or many-to-many interactions, depending on the platforms or channels in which it occurs (see Chan and Ngai, 2011). Some types have bidirectional communication capabilities (Dellarocas, 2003; Toder Alon et al., 2014) that enable conversation on experiences, whereas others are more one-directional and enable only informing about experiences. In some channels, the firm can control and deliver the customer experience communication; in others, it originates directly from the customers. Consequently, some practices enable the spread of only positive customer experiences, whereas other practices enable sharing both positive and negative service experiences. Table 1 summarizes these distinctions, particularly in terms of control, sidedness of information, and interactivity.

TABLE1. COMPARING TYPES OF CUSTOMER EXPERIENCE COMMUNICATION

Type	Definition and main features	Characteristics as a means for service experience communication
WOM, eWOM, online and offline reviews, recommendations, ratings, and referrals	Evaluation, statement, or opinion originating directly from a personal source	<p><i>Credibility:</i> Because an individual customer shares his or her experience directly, without explicit control by the service provider, service experiences are considered credible by information seekers.</p> <ul style="list-style-type: none"> • Heavy incentives for giving online and offline referrals/WOM may decrease credibility • In eWOM, lack of face-to-face contact substantially increases the need for cues to determine the credibility of the source compared to offline WOM <p><i>Type and sidedness of information:</i> As shared experiences can be positive, negative, or neutral, this type reveals the diversity of experiences and the contexts of positive and negative experiences. Because similarity between the information seeker and customer with experience is relevant, parties require options to express and compare similarities in demographic and use backgrounds.</p> <p><i>Interactivity:</i> Communication can be one-way or two-way; two-way experience-sharing practices are especially likely to enable customizing the information for the information-seeker's purposes and context.</p>
Customer references and testimonials	Customer reference: Existence (and evaluation) of satisfied customers and examples of previous work communicated and controlled by the seller	<p><i>Credibility:</i> As the firm chooses and conveys the customers' experiences it partly controls the message, which decreases its credibility.</p> <p><i>Type and sidedness of information:</i> Because experiences are mainly collected from satisfied customers, they tend only to be positive. This enables the service provider to display successful cases and choose those relevant to the customer seeking information on earlier experiences.</p>

Type	Definition and main features	Characteristics as a means for service experience communication
	Testimonial: Statement communicated by a satisfied customer but controlled by the seller	<i>Interactivity:</i> Communication is mostly one-way, which decreases the ability to customize information related to the experiences.
Reputational information	Collective judgment by the community consisting of customers and other stakeholders	<p><i>Credibility:</i> Together, the community shares and accumulates experiences; thus, an individual firm or customer cannot manipulate or dominate customer experience communication. Experiences originate from multiple sources over a long period and consequently reflect “the average experience.”</p> <p><i>Type and sidedness of information:</i> Both positive and negative experiences are shared.</p> <p><i>Interactivity:</i> Members share—send and receive—information collectively, and sharing occurs in many-to-many interactions that enable the comparison of different experiences in various situations and contexts.</p>

Implications of experience communication for service customers

Customer experience communication has been found to affect both the customers sharing their experiences and those receiving this information. Such communication influences the selection and purchasing of services (Aarikka-Stenroos and Jaakkola, 2013) and improves the quality of customer decision-making (Tsao, 2013). Customers also use their past experiences, and the experiences of others, to interpret and evaluate services they consume, while at the same time new experiences can affect how a customer makes sense of past encounters (e.g., Helkkula et al., 2012). The sharing of experiences therefore has implications for the purchasing, consumption, and experience of services.

How does experience communication affect buying?

The process of buying includes the general phases of identifying, evaluating, and choosing among alternatives (Webster and Wind, 1972). Many consumer and organizational decisions are made in a social environment where other people can exert influence (Tanner et al., 2007). The buying activities require searching for information that is then processed into knowledge regarding the need and the solutions available (Webster and Wind, 1972). Customers search for information about the experiences of others, and use it to identify, evaluate, and select service providers and service offerings, and to develop expectations about the content and value of the service (Aarikka-Stenroos and Makkonen, 2014).

Acquiring high-quality information is especially critical when the buyer needs to make a novel, yet important, purchase decision when given alternative options to choose from (Brashear-Alejandro et al., 2010). Research has shown that when people are less aware or less knowledgeable about products, they are more likely to rely on the experiences of other customers (Godes and Mayzlin, 2009). Further, the greater the perceived risk of the service, the more actively customers seek WOM information (Bansal and Voyer, 2000). The past experiences of other customers offer indirect evidence regarding the provider and the value of the offering. For experience products, the number of customer reviews also serves as a proxy for product popularity (Cui et al., 2010; see De Mayer, 2012).

The product category and type can also affect the relevance of customer experience information for potential or current customers or the firm. Reliable and comprehensible information is particularly important in buying situations where the offering is intangible and knowledge intensive (Anderson and Wynstra, 2010; Aarikka-Stenroos and Makkonen, 2014). Mangold, Miller, and Brockway (1999) found that although WOM is as important to service companies as it is for product producers, the factors that serve to initiate WOM differ. In service contexts, the potential buyer's need for information takes precedence over existing customers' desire to talk about the service, with issues of quality and value central to recommendations offered in community-based, service-oriented conversations. For example, when consumers make health care choices, they rely on WOM endorsements and referrals more than any other information source (Bates and Gawande, 2000). Consumers have difficulty evaluating the quality of professional services, and find that information used for decision-making is complex; thus, they attempt to mitigate these risks by seeking WOM from experienced and trustworthy sources (Ferguson et al., 2010). Other customers' experiences offer an alternative source of information and perspective, meaning customers are no longer dependent on communications from the firm (Pralhad and Ramaswamy, 2004). This ultimately diminishes the information asymmetry between firms and customers.

Research indicates that not all experience communication affects buying, and its use depends on the buyers' perceptions of source credibility (Brashear-Alejandro et al., 2010). Source credibility of the communicator is based on

perceived expertise and trustworthiness, and “rapport” (i.e., shared preferences and lifestyles, shared attitudes, and similarity in demographic backgrounds) (e.g., Smith et al., 2005). Moreover, the reviewer’s credibility can be evaluated based on posting histories and recommendation ratings (Cheung et al., 2009). Smith et al. (2005) found that a “high-credibility peer recommender” reduced the effort invested in the overall search process.

Customers may make use of experience communication throughout the buying process, but it appears particularly important at the outset when the customer is exploring potential providers and alternative offerings. Hearing about others’ experiences evokes and specifies customer needs, and extends knowledge of what is available in the market. Recommendations and comments from others help customers quickly screen the most suitable alternatives. Experience communication also provides the customer with more latitude by reducing the risk involved in considering new, innovative, and unknown offerings or brands (Aarikka-Stenroos and Jaakkola, 2013).

During the evaluation phase, the experience-based information enables the customer to realistically assess the suitability of the provider or the service for their own needs and situation. For example, hotel booking sites display customer reviews categorized by the type of the traveler, as families with children and couples looking for a romantic getaway will employ vastly different criteria when choosing a hotel. Customers benefit from learning about the experiences of likeminded travelers, and shared preferences and lifestyles—and similarity in demographic backgrounds (see Smith et al., 2005)—increase the usefulness of information.

Experience sharing also provides customers with an understanding of the general price and service level in particular markets, which reduces the need to make thorough price comparisons and makes buying decisions easier and faster. It also provides insight into what is typically included in certain service offerings, what should be agreed upon, and what kind of potential drawbacks the customer should anticipate (Aarikka-Stenroos and Jaakkola, 2013).

How does experience communication affect service experiences and value?

Service marketing traditionally involves studying customer experiences that relate to the service encounter; that is, the direct interaction between the consumer and the company. However, many researchers have recently emphasized that the value of experiences should be understood as iterative sense-making processes that extend beyond the current context of service use to include past and future experiences and service customers’ broader life contexts (Helkkula et al., 2012).

Therefore, the value emerging from an experience is determined not only by the present service encounter but is also affected by experiences prior to, and subsequent to, the service consumption. Customers instinctively compare each new

experience, positive or otherwise, with previous ones, and judge it accordingly (Meyer and Schwager, 2007). For example, a visit to the dentist might generate a positive experience despite some discomfort because, based on previous experiences, the customer expected a certain amount of inconvenience that would have been unacceptable in most other contexts. The view of past experiences may also change based on new experiences that set new standards or provide insights that help the customer make sense of the experience in a new way.

The iterative nature of experiences makes experience communication a critical determinant of value perceptions. Past and future customer experiences are modified not only by the experiences of the individual, but also by experiences shared by others. For example, a customer on a first-time visit to Disneyland might have learned from friends that long queues and waiting times are to be expected, and being prepared diminishes the influence that such inconvenience might otherwise have on the experience. Many customers tend to prepare for new experiences in particular by seeking information about the experiences that others have had with the same provider or service. Others' experiences affect the customer's expectations, which has implications for the perceived quality and value (Grönroos, 1998).

On occasion, experience communication itself modifies or reinforces the communicator's experience. By sharing their experiences with others, consumers express their consumption behavior and associate with the provider or brand (Blazevic et al., 2013). For example, a sender might consider describing a positive experience of a restaurant, or recommending that a friend should join a sports club, as a means of sharing enthusiasm for the service provider or offering, which strengthens the customer's engagement with it. For the most intangible purchases, such as vacations and visits to restaurants, memories of the use of the service are important as they reconstruct the experience (Héllen and Gummerus, 2013). Talking about a rock concert or a holiday with friends is a way of reliving the experience.

Customers may also share their experiences to make sense of them and to reduce the cognitive dissonance related to a purchase decision (Blazevic et al., 2013). According to Wangenheim and Bayo'n (2007), customers' level of involvement influences the likelihood of them sharing their experiences of a provider or service with others. When the purchase is important, it may cause stress or excitement that customers try to reduce by talking about their experience (Wangenheim and Bayo'n, 2007). Customers may also get feedback from others that modifies their experience; for example, a friend complimenting a new haircut might determine whether a visit to a new hairdresser is viewed positively or not. Sharing experiences to gain feedback is especially important when the service is difficult to evaluate and high in credence qualities. An inexperienced small business owner who might not be sure what to make of a meeting with a digital media consultant may judge the experience positively afterwards if a colleague says, "they are very competent; you are right to hire them."

Finally, experience communication helps the customer to adopt a service script more quickly, and it provides information about how to use a service. Accordingly, it may help the customer to generate more value through it. Gruen et al. (2006) consider the sharing of experiences as a C-to-C know-how exchange, an interaction between individuals that serves as an information source that enhances competency and knowledge. For example, customers may form internet discussion forums around a particular offering to share experiences and exchange ideas about how best to use it (Hennig-Thurau et al., 2004). Through experience sharing, users obtain information and develop relationships with others who share their interests, which is likely to lead to increased purchases and facilitate participation in community-related activities (Bickart and Schindler, 2001). Information sharing also encourages using the product/service in a greater variety of ways (Kawakami et al., 2013).

Customer experience communication: implications for service providers

Customer experience communication affects firms' value creation due to its influence on current and potential customers, and also provides invaluable real-time feedback to the firm. Listening to consumer conversations and engaging customers in dialogue about their experiences—good and bad—can provide managers with insights to use to develop services and improve future customer experiences.

Managers have access to many of the same communication networks as consumers, which enables them to gauge what consumers are saying about their experiences with the firm and their reactions to the firm's products and brands. Google and blog search engines such as Technorati (www.technorati.com), Google Blog Search (www.google.com/blogsearch), and BlogPulse (blog.pulse.me) are useful resources for monitoring and tracking online conversations, and other services, such as those offered by Quantcast (www.quantcast.com), provide an in-depth breakdown of the characteristics and numbers of people talking on social networking sites. By regularly searching for a company's name or relevant brands, it is possible to identify indicators of important trends and effectively monitor what customers are saying. Companies can then reinforce positive and supportive comments posted on social networks and online forums and address negative ones by explaining why the customer's unsatisfactory experience may have occurred and what the company is doing to improve future service. Such openness and willingness to acknowledge customers' complaints can prove effective in building a trusting relationship with a company's stakeholders (Kimmel, 2007).

Perhaps most importantly, listening to customers' experience communications enables a firm to take steps to improve its service. Among the most effective business actions that earn a customer's recommendation is delivering better products and services and providing a great customer experience (Sernovitz, 2007).

A company must be willing to identify and acknowledge customer-provided descriptions of their experiences and individual value perceptions as a means of assessing whether the company's determination of the value of its offering matches that of its customers.

Social media and customer connectedness

Our overview of customer experience communication would not be complete without considering recent technological developments and the corresponding greater connectedness of consumers. Technological developments have facilitated the means by which people connect with each other, highlighting the influence of social networks and rapidly expanding means for customers to share their experiences. These developments underscore the growing prominence of online channels in marketing communication plans, as practitioners strive to leverage consumer conversations to achieve marketing objectives. Opportunities for online WOM exchanges are increasing rapidly, as blogs, online forums, social networks (Twitter (www.twitter.com), Facebook (www.facebook.com), LinkedIn (www.linkedin.com)), and photo- and video-sharing sites (YouTube (www.youtube.com), Pinterest (www.pinterest.com)) continue to proliferate. These outlets provide numerous opportunities for marketers interested in stimulating and promoting positive consumer conversations about firms.

Although it may be true that most companies today are using social media to influence experience sharing and WOM, there is evidence that such efforts often are merely perfunctory, carried out with a minimum degree of acumen regarding methods for leveraging consumer conversations and without a clearly established social media strategy for integrating WOM into an overall marketing approach. For example, a survey of 2100 companies conducted by Harvard Business Review Analytic Services (2010) revealed that while two-thirds of the respondents claimed their firms were using social media channels and developing social media plans, their involvement was largely limited to experimenting with different channels to understand how best to use them, assess their effectiveness, and integrate their use into a broader marketing strategy. The survey also found that 75% of the companies did not know where their most valuable customers were talking about them online; 31% made no effort to measure social media effectiveness; only 23% claimed to be using social media analytic tools; and a mere 7% were able to integrate social media into their marketing activities. Similar results have emerged from other surveys (e.g., Catalogues 4 Business, 2013; "Social Media Marketing," 2008), with companies erroneously viewing social media activity as a one-way promotional channel and failing to exploit the potential to stimulate, listen to, and analyze consumer conversations to gain insights that could result in profitable outcomes.

Social media maturity stages

According to nascent models of social media maturity (e.g., Diaz, 2010; M&I/Partners, 2011), at the outset of their involvement online, companies are typically classified as operating at the “pre-social” or “ad hoc” stage, with online activity consisting of nothing more than establishing websites and e-mailing customers without any social media strategy or policy. At the pre-social stage, firms often operate under the assumption that these kinds of one-directional communication activities equate to active social media involvement, although nothing could be further from the truth as such approaches fail to enable dialogue with customers and do not provide any opportunities for consumers to share experiences with each other or with the firm.

Other companies are classified as being at a “connection” or “experimental” stage, going through the motions of setting up a Facebook page, Twitter accounts, blogs, and YouTube channels without a clearly thought-out social media strategy and with operational functions siloed within a corporate division, such as a public relations or human resources department. The extensive breadth of activity at this stage often is little more than an effort to convey that the firm is actively engaging with customers and encouraging sharing, but in fact tends to be rather superficial in terms of effectively connecting with and influencing consumers.

A truer form of social media involvement occurs at the “engagement” or “functional” stage, which typically involves participating in two-way communication with consumers (e.g., responding to comments posted on a firm’s blog or Facebook page or participating in C-to-C conversations), with social media utilized for well-defined purposes and integrated within marketing campaigns. At this functional level of social media maturity, borders between corporate divisions fade because of the use of social media throughout a firm, the development of a social media policy, and the establishment of a structure for responding to consumers and entering into consumer conversations. At the most advanced level of social media maturity, the “social advantage” or “transformation” stage, organizations take steps to make conversations actionable through co-creation and collaborative problem-solving (M&I/Partners, 2011). This approach to social media, exemplified by well-known crowdsourcing projects such as Dell’s Ideastorm (www.ideastorm.com), BMW’s Virtual Innovation Agency (www.bmwgroup.com/via), and Starbucks’ My Starbucks Idea (mystarbucksidea.force.com), involves the formulation and employment of a social media strategy that eliminates divisions between internal and external stakeholders, enabling the firm to establish a truly cooperative network (Kimmel, 2010).

Although these stages of social media maturity are more directly relevant to conversations between firms and consumers, it seems reasonable to assume that a firm’s efforts to stimulate or support consumer sharing of experiences are more likely to succeed at advanced maturity levels. For example, at the transformation stage, incorporating consumers’ feedback into service design can give rise to a

feeling among consumers that they have a vested interest in an offering's success and are willing to support and promote it among other consumers. Consumer experiences can be viewed as a form of storytelling about a company and its customers. These stories can then be "harvested" or shared in formal marketing communication to humanize the company, create kinship with consumers, and drive purchasing from new and existing customers (Baer, 2011).

Leveraging the customer experience communications

In addition to delivering better offerings and providing a great customer experience, companies can take various steps to reach customers through social media with the aim of influencing whether they share their experiences with others and what they have to say. According to Dichter (1966, p. 148), a consumer will not speak (favorably) about a product or service unless he or she "gets something out of it." It is now understood that both extrinsic and intrinsic motivations motivate people to share their customer experiences (Ryu and Feick, 2007; Hennig-Thurau et al., 2004); they also share feedback voluntarily (e.g., an altruistic desire to help the company due to consumer satisfaction and giving "something in return" for a good experience) or due to incentives (Dellarocas, 2003; Hennig-Thurau et al., 2004).

Researchers have identified divergent motivations for why people share, read, and trust eWOM messages (Hennig-Thurau et al., 2004). These include decision involvement (risk reduction, reduction of search time, dissonance reduction); product involvement (to learn to consume the product; to learn about the novelty products in the marketplace); economic involvement (remuneration); consumer empowerment (trusted product opinion, average/non-expert product opinion, unique product experience); self-involvement (self-improvement, i.e., curiosity and improving writing skills; self-indulgence, i.e., fun and enjoyment); social involvement (determination of social position, belonging to a community, being or following an advisor, understanding people, encouraging reciprocal reading); and site involvement (administrative motives). According to Ryu and Feick (2007), a reward increases the likelihood of referrals, but the size of the reward is not significant. However, Ahrens et al. (2013) found that providing larger incentives appears to motivate the sender to act more often. Dual incentives offered to senders and receivers have a greater impact, and providing a larger incentive for the sender maximizes results; however, if the incentive disparity between the two is too large, the effect will decrease (Ahrens et al., 2013). Service providers should carefully analyze what motivates their customers to share experiences, and consider suitable means to facilitate it. The provision of financial incentives in particular warrants careful consideration.

Service providers' efforts to influence customer experience communication vary according to breadth (the number of channels used, such as blogs, social networks, discussion forums, wikis, video, and photo-sharing sites) and depth (extent of participation, such as replying to comments made on blog posts). Companies

that have developed social media as a core part of their marketing strategies (e.g., Google, Starbucks, eBay) tend to excel in both dimensions, with company-wide awareness and participation. Evidence suggests firms that excel in only a few channels tend to outperform those that are only superficially active in many channels; thus, mere presence is not enough for companies to affect customer experience sharing positively (Wetpaint/Altimeter Group, 2009).

One of the general assumptions underlying marketers' greater attention to social media is reflected in the so-called "social steroids" notion, which holds that if a face-to-face conversation signifies a potentially important WOM interaction, then a comment on a social media site represents that same quality interaction multiplied by the number of people participating in the network. However, tempering this promising argument is evidence suggesting that a great number of social media users do not actively engage with social media content, and that a vast majority of sharing occurs in spontaneous conversational WOM encounters. For example, data from brands with millions of Facebook fans reveal that a mere 0.45% are active fans (Keller, 2012), and that only 1% of fans ever engage with a brand once they click "like" on a Facebook fan page (Nelson-Field and Taylor, 2012). Such estimates highlight how mere presence on social media is not enough to get people talking; rather, the best way to have an online WOM impact is to create content that consumers will want to share or, in the popular vernacular, something that is "talkable" (Wetpaint/Altimeter Group, 2009). Reichelt, Sievert, and Jacob (2014) shed further light on the social steroids argument by demonstrating that people are more likely to consume personal information about products and services online than to contribute it, and that the trustworthiness of online content is key to whether it positively affects attitudes towards, and intentions to read, eWOM.

Companies can employ other tactics to stimulate customer experience sharing on popular social networks like Facebook and Twitter, and on corporate blogs. In addition to setting up, for example, a Facebook page for the firm that provides a wealth of regularly updated content using different media, such as photos, posts, videos, and surveys, customers can be encouraged to share their own content, such as their experiences with the firm and corresponding photos and videos. Providing the opportunity for satisfied customers to share personal content also serves to remind them of their past interactions with the firm, keeps the experiences fresh in their minds, and facilitates the sharing process with other visitors to the site (Kimmel, 2010). In addition to sharing content descriptive of specific customer experiences, visitors to a social media site can be invited to provide ideas about how the customer experience might be improved, and other site visitors can then vote on these. This approach is akin to that of crowdsourcing, whereby tasks typically performed by employees are outsourced to consumers via an open call or challenge, with other online consumers (the so-called "crowd") then voting on the responses.

From a customer experience-sharing perspective, one of the most important steps for a company to take in its social media efforts is encouraging fan-to-fan conversations (Patel, 2012). Unlike more traditional marketing approaches, which are designed to bring attention to one's products and brands, social media marketing efforts tend to succeed when they spotlight loyal customers. The cosmetics firm Bare Escentuals (www.bareescentuals.com) does this in part by highlighting a "Fan of the Week" post on its Facebook page to recognize top contributors to its online community, which consists of more than a half million people. Although the company's policy is not to ask directly for customer testimonials, its Facebook fans leave hundreds of them, which in turn drives traffic to the firm's resellers and shops. Bare Escentuals' fan conversations on Facebook have also resulted in numerous recommendations for improving the company's offerings.

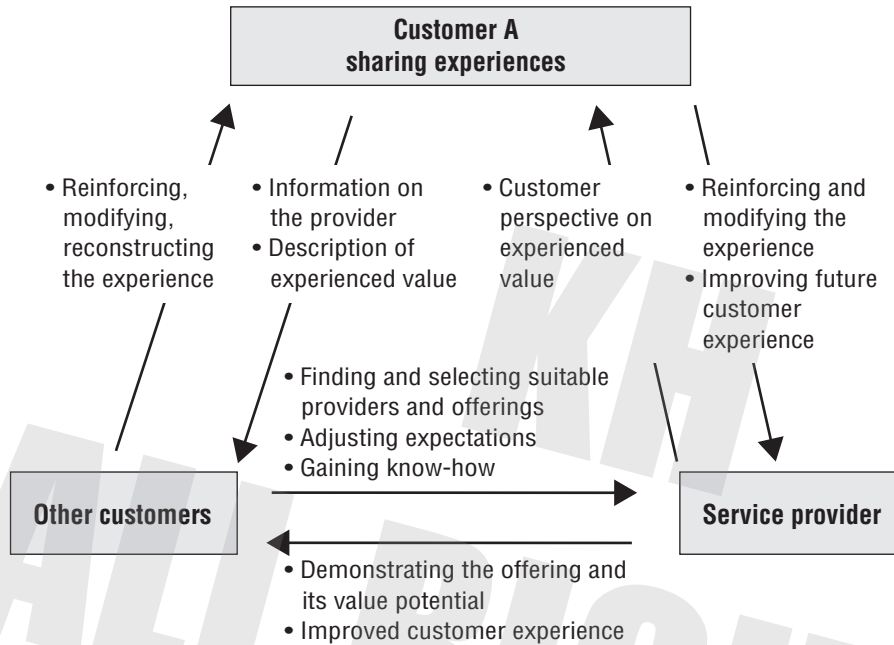
Service providers can also use customer experience communication in their traditional marketing and selling efforts, as experiences function as credible descriptions of the content and value of their service viewed from the customer perspective. Especially in B-to-B markets, firms could systematically capture customer experiences in reference cases and use these to highlight the potential value-in-use of their offering in a real-life context (Anderson and Wynstra, 2010).

Although companies can enjoy significant benefits from developing a presence on social media channels, it is important to bear in mind the extent to which social media have become integrated as a fundamental element of everyday life for many people. There is much conversational overlap between online and offline participants, and thus the time has come for marketers to stop treating online and offline WOM as separate and discrete entities (Kimmel and Kitchen, 2014). Some of the recommendations provided in this section for listening to and engaging with consumers (such as inviting ideas for improving customer service) can also be employed in more traditional offline settings where company representatives (in-store salespeople, telephone personnel) interact directly with customers.

Summary and managerial implications

In this chapter, we discussed consumer experience communication and its implications for customers and service firms. Figure 1 summarizes how experience communication affects value creation for the customer sharing experiences, other customers, and the service provider. Our review described how customers share experiences through various channels and, as Figure 1 illustrates, prospective customers may learn about other customers' experiences directly or through the service provider. Experience communication helps prospective customers find and select service providers and offerings that suit their needs, and allows them to adjust their expectations and gain knowledge of the offerings and their use. The customers engaged in sharing their experiences reconstruct and relive the experience, and gain feedback that may modify the experience. Through monitoring and facilitating experience communication, providers gain valuable insight into

Figure 1



The iterative implications of customer experience communication (authors' creation)

customers' lived experiences, and they have the opportunity to manage and leverage such customer experience communication by developing better services and improving future interactions.

Our research into customer experience communication has important implications for managers of service firms. We offer the following advice:

1. *Identify the most important channels* used by your customers for sharing their experiences. Which virtual forums do your customers use and which industry events do they participate in to exchange information with their peers?
2. *Monitor and analyze* systematically what your customers reveal about their experience with you. Online conversations provide a rich source of real-life written descriptions of service failures and successes that are more relevant than traditional customer satisfaction surveys. Code and categorize the data as a basis for modifying your service development and marketing efforts.
3. *Assign written descriptions* of customer experiences for the development of marketing communications and the training of front-line employees. Real-life stories of customer experiences concretize how customers perceive your service.

4. *Create a testimonial or reference portfolio* that portrays the experiences of different types of customers. People want to know if others like themselves have found your service useful.
5. *Use descriptions of past customer experiences to give clues* to new customers on how to interpret their experience. Particularly in the case of knowledge-intensive and professional services, the inexperienced customer might not know how to evaluate the service encounter. Providing a realistic picture of the service offering can help ensure you meet expectations.
6. *Encourage and provide tools for customers* to relive and share their positive service experiences. Focus particular attention on loyal customers and fans, and keep in mind that the power of WOM resides in its independence from the provider. Thus, carefully consider whether and how to use incentives.

Discussion Questions

1. Why is customer experience communication important for the marketing of services?
2. How can service providers monitor customer experience sharing?
3. How should firms react to negative WOM?
4. How can firms induce positive WOM?
5. In which situations is customer experience communication particularly important for the service buyer? Why is this?
6. Give an example of a situation where you have described your service experience to others. How did the experience sharing affect a) you and b) your audience?

Vignettes

American Express: engaging customers and leveraging conversations

Research reveals that service companies, particularly those in the financial sector, fare poorly in customer engagement (Wetpaint/Altimeter Group, 2009). The Swiss portal group for investors Assetinum characterized the engagement of fifty leading banks as employing amateurish social media strategies, “hibernating” on Facebook, and holding tokenism attitudes towards Twitter and YouTube. So what is American Express doing right in a sector where other financial firms are failing?

The multinational financial services corporation American Express (AmEx) is consistently ranked among the world’s top twenty most-admired brands (Fortune, 2013), and is rated highest by consumers in customer satisfaction among US credit card companies (American Express, 2013). Much of this phenomenal success is

attributed to AmEx's efforts to enhance customer experiences and engage with consumers where those consumers are likely to be listening, such as on social media. The company operates at an advanced stage of social maturity on social media, listening to consumer conversations, engaging consumers in dialogue, making conversations actionable through service improvements, and providing added value. The company monitors their performance against what customers are saying about their experiences with the firm both online and when they telephone with questions or suggestions. AmEx then uses that information to train their customer care professionals in the best approaches to engage with, and build a trusting relationship with, consumers. Through active listening and engagement, AmEx develops ideas for enhancing customer experiences and leveraging positive WOM in online and offline communities. AmEx CMO John Hayes states: "Consumers are in the midst of a conversation that isn't ours. The race is on to grow ears to learn what they are saying. Engaging in a dialogue and being an effective listener is where the greatest innovations will come from" (PriceWaterhouseCoopers, 2008).

American Express. (2013, August 22). American Express ranks highest in customer Satisfaction for the seventh consecutive year. Retrieved from: <http://online.wsj.com/article/PR-CO-20130822-905364.html>

Fortune. (2013). World's most admired companies. Retrieved from: http://money.cnn.com/magazines/fortune/most-admired/2013/list/?iid=wma_sp_full

PriceWaterhouseCoopers. (2008, January). How consumer conversation will transform business. White paper. Retrieved from: <http://www.pwc.com/us/en/industry/entertainment-media/assets/consumertransformbusiness.pdf>

National Instruments and dell: facilitating customer experience communication in B-to-B markets

Employing and communicating customer experiences effectively is crucial for B-to-B companies. When National Instruments (www.ni.com) introduced LabView—a new software program for engineers—the launch campaign generated more than 2,000 customer tweets and 80 customer blog posts in just a month. The key was to build platforms and content around customer needs instead of focusing on their own new product. National Instruments had a large base of enthusiastic customers, but realized that these customers needed both the means and motivation to connect with each other. The firm organized conferences for leading engineers to provide opportunities for networking, employed training seminars to keep customers up-to-date with cutting-edge technologies, and set up social media platforms to enable customers to collaborate and promote their professional successes. National Instruments also bridged social media networks with real-world communities; keynote speakers

at conferences educated attendees on ways to stay connected online, and key online contributors received recognition at offline events.

As another example, Dell (www.dell.com) provides an online OEM Resource Library that stores its latest customer stories, case studies, videos, brochures, spec sheets, and whitepapers for OEM-specific topics, products, and services. Customer blogs on this site resemble updated customer references or testimonials; customers write about their business and business background, including what products and services they are using and how, and by doing so demonstrate how their business benefits from Dell's services, describe their experiences with Dell, and explain the key reasons for choosing Dell.

<http://blogs.hbr.org/2013/05/how-to-create-true-customer-ad/>

<http://www.dell.com/learn/us/en/555/oem-industry-solutions-resources>

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