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Customer Energy in Relationships

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CUSTOMER ENERGY IN RELATIONSHIPS

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ABSTRACT

All companies have a portfolio of customer relationships. From a managerial standpoint the value of these customer relationships is a key issue. The aim of the paper is to introduce a conceptual framework for customers' energy towards a service provider. Customer energy is defined as the cognitive, affective and behavioural effort a customer puts into the purchase of an offering. It is based on two dimensions: life theme involvement and relationship commitment.

Data from a survey study of 425 customers of an online gambling site was combined with data about their individual purchases and activity. Analysis showed that involvement and commitment influence both customer behaviour and attitudes. Customer involvement was found to be strongly related to overall spending within a consumption area, whereas relationship commitment is a better predictor of the amount of money spent at a particular company. Dividing the customers into four different involvement / commitment segments revealed differences in churn rates, word-of-mouth, brand attitude, switching propensity and the use of the service for socializing.

The framework provides a tool for customer management by revealing differences in fundamental drivers of customer behaviour resulting in completely new customer portfolios. Knowledge of customer energy allows companies to manage their communication and offering development better and provides insight into the risk of losing a customer.

Keywords – Involvement; commitment; customer energy; segmentation, customer portfolio, customer dominant logic

INTRODUCTION

All companies have a portfolio of customer relationships. From a managerial standpoint the value of each customer relationship as well as the relationship portfolio are key issues. In the relationship management literature, there are a number of concepts that express aspects of the value and nature of a relationship. These aspects include quality, value, satisfaction, commitment, bonds, relationship strength, relationship longevity, relationship profitability (Storbacka, Strandvik and Grönroos 1994). Others are relationship closeness, relationship atmosphere, and loyalty. However, many actively used measurement instruments, e.g. customer lifetime value, do not measure how underlying factors such as perceived value lead to repurchases (Bolton, Lemon, Verhoef 2004). Companies need to understand the reasons for customer choosing a specific company. From the seller's point of view, it is a strategically important task to be able to decide which features are important to consider and monitor. For managers it would be preferable to get measures that are based on observable customer behaviour combined with perceptions and opinions. Simple is beautiful – the less information that have to be collected in relation to what can be achieved, the better.

From a customer perspective, the situation is more complex than ever. Customers have more alternative service offerings, and as technology facilitates comparison customers can easily switch between service providers, even though they are satisfied. Customer involvement is one of the key factors influencing online buying and behaviour (Shwu-Ing Wu 2002). However, customers cannot be highly committed to every service provider and equally cannot be highly interested in every offering category even if that might be the assumption of each service provider. It is therefore probable that companies have a large number of customers that are only weakly interested in what they are buying and weakly interested in the relationship with the company. It would be essential to be able to diagnose the nature of the relationship portfolio in order to effectively handle different types of relationships.

The paper focuses on the underlying factors that can explain differences in customer relationships in service settings. The aim of the paper is to introduce a conceptual framework for customers' energy towards a service provider. Customer energy is introduced as a new concept to cover the customer's view of a relationship with the intention to capture how they allocate their finite energy. Customer energy is seen as an enduring personal characteristic that may change but is not highly volatile. Customer energy is defined as the cognitive, affective and behavioural effort a customer puts into the purchase of an offering. It has two dimensions that express different aspects of the total energy, i.e. life theme involvement and relationship commitment. The roots of the key concepts are based on a literature review and the model is evaluated based on empirical material, generated both in a qualitative study as well as in several quantitative studies.

In this paper a relationship management view is assumed to be related to the task of initiating, nurturing customer relationships as well as handling the dissolution of individual relationships but at the same time considering the value of the portfolio of relationships.

Current segmentation models are mostly concerned with segmenting customers according to demographics, such as age or gender groups, or customer profitability. We argue that these ways of segmenting customers have their merits, but are ultimately products of a past age, and should be combined with other ways of understanding customers. Many researchers mention segments of one as the goal for companies who wish to provide their customers with the best service. Customer portfolio models on the other hand often consider only purchase patterns and behaviour and try to group customers according to their calculated life time value. We argue that groupings based on the customer's commitment toward the service brand as well as involvement in the service category will provide practitioners with information that helps them in their offering development and communications with customers.

The purpose of this paper is to investigate how the customers' attitudes and behaviour vary according to their involvement / commitment profile, thus laying out the basis for an understanding of directed customer energy. Following a customer-dominant logic (Heinonen et al 2010) the emphasis is put on the customer and customer's life rather than on the service in order to inform managers responsible for marketing in strategic customer management.

CUSTOMER ENERGY AS BASIS FOR SEGMENTATION

Many concepts have been used in marketing settings to describe and monitor customers' mental dispositions and behaviour, such as perceived service quality, perceived service value, satisfaction, trust, commitment, involvement, loyalty, brand image. In practice, customer satisfaction measurement has become the most common measure used to monitor a company's status among customers. It has, however, been criticised for not being predictive of future behaviour (Richards 1996, Hofmeyr and Rice 2000).

Involvement

Customer involvement has been defined as "*a person's perceived relevance of the object based on inherent needs, values and interests"* (Zaichkowsky 1985, p. 342). The involvement construct has its roots in the object relation theories of psychological research in the 1940s (Sherif and Cantril 1947) and it was introduced as a framework for understanding the different positions that people take regarding social issues. The concept was later adopted by advertisement research to explain effects of advertisements (Krugman 1965), and was later on split up into enduring and situational involvement (Rothschild 1979). This split reflected the insight that people can be involved with something beyond a particular use- or purchase situation. This means that peoples' engagement with a service or product usually is explained either in terms of short-term involvement due to some imminent and necessary purchase (such as being in the market for a new car) or long term involvement due to personal interests or values (Rothschild 1979). A few different methods for operationalizing involvement have been suggested over the years, most notable among them the Zaichowski Personal Involvement Inventory (1985) and Kapferer and Laurent's Consumer Involvement Profile

(1985). Involvement has been shown to be positively related to amount of product and service usage (Mittal 1995) and negatively related to the age of a person.

In general, involvement is thought to moderate the effect of expectations and surface emotional cues. This is because a highly involved person is more likely than an uninvolved one to consciously process presented information (Heath and Douglas 1991, Gendolla et al. 2008). Thus, the level of involvement influences what type of criteria the consumer uses when evaluating quality (Charters and Pettigrew 2006).

Commitment

Commitment is in marketing generally seen as the attitude and intention of one party towards acting and maintaining an enduring relationship with another (Liljander and Strandvik 1996, Fullerton 2005). The construct is used to explain customers' tendencies to stick with one provider instead of switching, often described as a "psychological attachment" to an organization (Gruen et al. 2000, p. 37). Commitment has been measured with multi-item scales such as the one by Bansal, Irving and Taylor (2004), which divides commitment into normative, affective and continuance commitment. According to Bansal, Irving & Taylor (2004) commitment is negatively related to switching intention and has a positive relationship with service use.

Jackson (1985) argues that customers exhibit differences in their preferred relationship closeness. She proposes a continuum varying from very close relationships where a buyer is totally committed to a seller and dependent on this as the only vendor, to a more market-like relationship where switching is easy and the parallel use of multiple vendors is possible. The type of relationship is linked to type of product. For example, computers systems tend to lead to more commitment and closer relationships while mailing and shipping services can easily be shared among several suppliers.

Morgan and Hunt (1994) argue that a common theme emerges from the literature on commitment: parties consider commitment among exchange partners as key to achieving valuable outcomes for themselves and they want to preserve this state of the situation (p. 23). Morgan and Hunt define commitment as: "an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely" (p. 23). This definition resembles Moorman, Zaltman and Deshpande's view (1992, p. 316): "Commitment to the relationship is defined as an enduring desire to maintain a valued relationship". Morgan and Hunt postulate that trust is a major determinant of relationship commitment.

Geyskens et al. (1996) conclude that in the business-to-business literature (channel literature) two types of commitment are often proposed, affective commitment and calculative commitment. They, however, also observe that commitment usually influences customers' intentions to continue the relationship. "Both affective and calculative commitment are psychological states, i.e., relatively stable attitudes and beliefs about the relationship that arise, at least in part, out of interaction (Huston and Robins, 1982), but they clearly arise from different motivations for maintaining a relationship". Geyskens et. al argue that past channel research usually have focused solely on affectively motivated commitment where a committed channel member *desires* to continue its relationship and experiences a sense of loyalty and belongingness (Geyskens et al. 1996, p.304). "Calculative commitment, in contrast, is the extent to which channel members perceive the *need* to maintain a relationship given the significant anticipated termination or switching costs associated with leaving "(Geyskens et al. 1996, p.304-305). It is seen as an calculation of costs and benefits, including an assessment of the investments made in the relationship and the availability of alternatives to replace or make up for the forgone investments. Calculative commitment is based on thus based on constraints and reflects a negative motivation for continuing the relationship.

Involvement and Commitment combined

Traylor (1981) suggested combining involvement and commitment to get a deeper understanding of consumers. Traylor focused on product involvement and brand commitment in the context of branded goods. His approach was further developed by, among others, Cushing and Douglas-Tate (1985) who differentiated customers by their category involvement and individual and product-related factors including brand commitment. According to Beatty et al. (1988), enduring (or ego) involvement has a positively and direct relationship to purchase involvement, which in turn influences brand commitment. They suggested that all three are separate and valid constructs. Involvement has been described as a moderator for commitment (Iwasaki and Havitz 2004), meaning that highly involved customer is likely to be more committed to a particular service provider than a less involved one. This is a complex relationship, though, and its nature varies according to the object of involvement (Quester and Lim 2003). Research indicates that highly involved consumers are more likely than uninvolved ones to perceive relational benefits when using a high contact, customized service (Kinard and Capella 2006). A study by Baker et al. (2009) investigates the effect of involvement on perceived quality and satisfaction, and finds that it is a moderator for them. Said study uses the word "involvement" to mean "involvement with service provider", though, which essentially is the same as commitment. In fact, their "involvement" measures are very similar to the ones used by Bansal et al. (2004) to measure affective commitment, which means that commitment is a moderator for perceived quality and satisfaction.

Warrington and Shim (2000) managed to show that involvement and commitment are separate constructs, and used them, as suggested by Traylor (1981), as dimensions for dividing consumers into four distinct groups. Consistently with Traylor (1981), Warrington and Shim (2000) – although acknowledging the multiple characteristics of involvement in terms of product, situational, and enduring involvement – only used product involvement. Commitment was also used in accordance to Traylor's ideas of brand commitment.

The early studies of combining involvement and commitment have framed the situation as a choice of branded products, thus applying what now would be characterised as a goods-dominant logic (GDL) (Vargo and Lusch 2004, 2008) . This means that involvement has been understood from the point of view of the provider, and analyzed in terms of involvement with product or service categories. We take a different perspective, and want to examine the situation from the *customer's* point of view in line with Heinonen et al (2009, 2010). When recasting product involvement and product category involvement recast into the customer's perspective, we must start considering what *life themes* the customer is involved in, not what product groups. A life theme is rooted in customers' pattern of living and allocating time and money in an enduring way. Correspondingly brand commitment is converted to relationship commitment, incorporating the customer's relationship to a service provider, a company.

INVOLVEMENT AND COMMITMENT AS CUSTOMER ENERGY

Earlier studies have suggested customer involvement and commitment as a way of grouping customers. We propose that involvement and commitment should be seen as elements of customer energy. The customer can be seen as harbouring different energy levels towards different objects, such as brands, people, ideas, activities and life themes. Involvement and commitment are two different measures of this type of energy, showing how the customer directs energy on two interdependent levels. *Involvement* indicates how energized the customer is on a general level, showing the amount of engagement and effort that is lavished on a particular life theme or consumption area. *Commitment* shows how much of this energy is directed towards a particular provider. This means that involvement can be seen as a general driving force, while commitment indicates how it is being channelling. Customer energy is thus conceptualised with two dimensions, life theme involvement and relationship commitment (Figure 1).

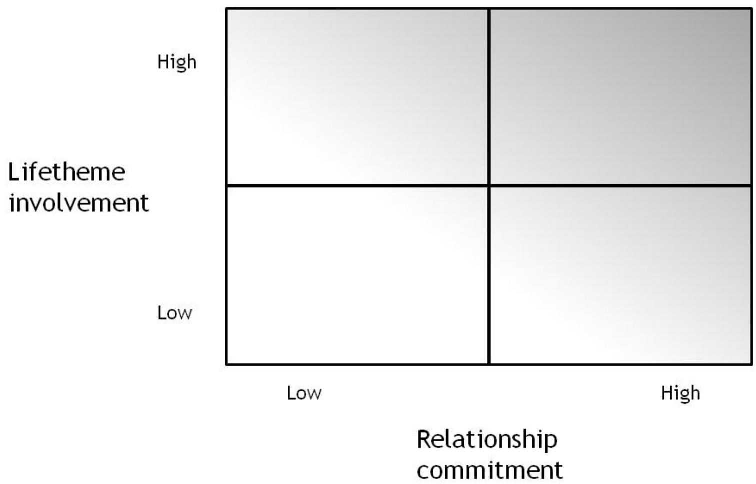

Figure 1. Conceptual model of customer energy

Life theme involvement expresses the customer's general interest in an area within his or her own life, and the knowledge, expertise, and motivation to learn about this area. A life theme can be described as the network of thoughts, feelings and activities that a consumer has built around some particular object, such as a hobby, long term goal or other activity (compare to Csikszentmihalyi and Beattie 1979). It is thus related to the customer's activity pattern and resource allocation pattern. The more mental and physical effort that is spent in general, the higher the life theme involvement. Life theme involvement is used instead of product category involvement, which would express the product and production oriented view of the same issue. A production oriented view focuses on understanding the customer's involvement with a particular product or service category. A customer oriented view, on the other hand, has to be grounded in the customer's own context: What is he or she trying to achieve, and how involved is the person in it? Life theme involvement represents a general level of customer energy, directed towards a whole field consisting of many providers and activities. Based on this, we define life-theme involvement as the cognitive, affective and behavioural effort a customer puts into a certain theme within his or her life, such as childcare, managing monetary affairs or a hobby such as gardening or cooking.

Relationship commitment refers to a customer’s focused interest in a particular company, brand or branded offering. It is here considered to be a mix of both affective and calculative commitment. Many researchers and consumers understand a ‘relationship’ as a connection with high affective commitment. (Note that in a business-to-business setting there is a still stronger assumption of mutual commitment between the partners). In the consumer market the consumer does not have the same intensive contact with a company. It is more distant. Thus, it has been common to talk about brand relationships, where the consumer has a perception and a “relationship” to the brand, rather than to many persons in the firm. There is also another aspect that needs to be addressed, which is not usually included in commitment. If a customer energy view is to be taken, we must go beyond looking at affective and calculative commitment, and add an element of *attention*. Customer attention towards a provider can be explained as a state where the customer voluntarily keeps this relationship at the front of his or her mind and is receptive to information regarding it (Davenport and Beck 2001, Hackney 2005, Jones and Ranchhod 2007). Thus, the relationship commitment represents the amount of customer energy that is directed towards a particular provider.

The consequences of customer energy

The customer energy categorisation may have an influence on customers’ communication behaviour and preferences, on their decision-making behaviour, on their loyalty and proneness to stay in a relationship, their reasons to switch. Customer energy is not assumed to be correlated with perceived service quality or customer satisfaction. Thus, this paper aims at investigating the effects of customer energy level on behaviour and attitudes. Research has shown that commitment is related to service use (Bansar, Irving & Taylor, 2004) Concerning behaviour, we make two predictions:

1) *Higher levels of life-theme involvement means that the customer maintains carries out more life-theme related activities*

2) *Higher levels of relationship commitment means that a larger share of these activities directed towards a single provider*

Applying this line of thought to practice, we can hypothesize of the effects of involvement and commitment on use of money. The magnitude and division of spending is one likely behavioural manifestation of the involvement / commitment divide. We hypothesize that the effects of the two are interdependent, but that involvement is more related to size of wallet, whereas commitment is more related to share of wallet. Because both involvement and commitment are aspects of customer energy, an increase in either should increase both types of spending. This means that an increase in involvement should increase both overall spending and spending at the focal company, but be chiefly related to *size of wallet*. Commitment, on the other hand, is assumed to be chiefly related to share of wallet but is probably also related to size of wallet. Based on this, we formulate three testable hypothesises:

> Hypothesis 1: Levels of involvement and commitment will both have a positive relationship with overall consumer spending.
>
> Hypothesis 2: The total amount of money spent on an area of interest by a particular consumer is influenced more by level of involvement than by level of commitment.
>
> Hypothesis 3: The amount of money spent at a particular provider is influenced more by level of commitment than by level of involvement.

The same logic should also apply for other activity, such as frequency of playing and number of logins into the service. We also investigate the effects of customer energy on attitudes. As mentioned in the literature review, level of involvement influences how consumers analyze information. We make the following predictions:

1) *Higher levels of life-theme involvement makes the customer more critical and discerning*

2) *High-and low involvement customers have different reasons for staying committed*

We will not make any formal hypothesises based on these predictions.

EMPIRICAL STUDY

A study of the customers of an online gambling site was carried out by means of a survey, where customers were asked to rate their involvement in gambling and their commitment to a particular gambling site. The respondents were registered customers with a formal relationship with the service provider. The survey was sent out to 3405 respondents, of which 439 answered, resulting in a response rate of 12.8 %. The respondents were randomly selected within two groups: Customers who had been active the last three months (2404 respondents) and customers who had not been active (1001 respondents).

In the survey the four items representing commitment and the five items representing involvement were adapted from various sources: The three first commitment items were intended to measure affective commitment (Gabarino and Johnson 1999, Bansar, Irving & Taylor 2004), while the fourth was intended to add a dimension of directed attention. Similarly, involvement contained three items that were related to ego closeness and two that were related to word-of mouth and search behaviour, both that can be seen as outward manifestations of attention and interest.

	Commitment	Involvement
Ego closeness	"I feel loyal to this provider" (Garbarino & Johnson 1999)	"Playing online monetary games is part of my daily life" (Adapted from O'Cass 2000)
	"I feel emotionally attached to this provider" (Bansar, Irving & Taylor 2004)	"I like to think about playing online monetary games" (O'Cass 2000)
	"I feel a strong sense of "belonging" to this provider" (Bansar, Irving & Taylor 2004)	"Online monetary gaming is important to me" (O'Cass 2000)
Attention	"I am interested in how this provider's services and games change and monitor it closely" (New item)	"I often talk with others about monetary gaming (online and offline)" (McColl-Kennedy & Fetter 2001)
		"I often read about online monetary gaming (websites, books, magazines, articles, message boards)" (McColl-Kennedy & Fetter 2001)

Table 1: Involvement / commitment items used in the study

The amount of money spent by respondents at the focal gaming company was taken from the company's customer database by means of calculating each individual respondent's three month turnover, i.e. the respondent's combined bets during the period. The rationale for this was that it measures how much money the customer is willing to use – it is the business of the gaming company to use gaming mechanics to ensure that they retain a certain percentage of the customer's bets. We also had access to data about how often the respondents had logged into the service, as well as data about whether the customer had actively used the service during the last 24, 12, 6, 3, 2 and 1 months.

The respondent's overall monthly spending on gaming per month (all providers) was measured by asking the respondents to estimate their spending on an eight-point ordinal scale. The respondents were then also asked to evaluate approximately how divided their playing time between the focal company and other sites. Items found in table 2. Two other activity items were included, one measuring the frequency of playing online monetary games, the other measuring frequency of playing offline games.

Items	**Alternatives**
Spending	
How much do you approximately spend on monetary gaming in total per month?	0 € 1-5€ 6-10€ 11-20€ 21-50€ 51-100€ 101-200€ 201-400€ Over 400€
How, approximately, is your playing time divided between the focal company's site and other sites?	100% at focal company, nothing on other sites 25% at focal company, 75% on other sites 50% at focal company, 50% on other sites 75% at focal company, 25% on other sites Nothing at focal company, 100% on other sites
"I usually play online monetary games (all sites)..."	Daily A few times a week Once a week A few times a month More rarely
"I often play monetary games offline (such as Lotto, table games, poker, sports betting, slots)"	1 – 7 (1 = strongly disagree, 7 = Strongly agree)
"Playing online monetary games gives me social pleasure from interacting with friends"	1 – 7 (1 = strongly disagree, 7 = Strongly agree)

Table 2: Activity items used in the study

The activity items also include one about using online monetary games as a venue for socializing with friends. Finally, we wanted to investigate how involvement / commitment relate to attitudes. The four items from table 3 were used to investigate attitudes. One was intended to measure brand attitude, one word-of-mouth and one switching intention. The fourth measured how actively the respondent compares providers to each other.

Items	**Alternatives**
Attitudes	
How do you feel about this provider?	I dislike it, would recommend not to use The provider feels worse than the competing providers Neutral, Provider is similar to many others The provider feels better than the competing providers Unique, no-one can compete
Have you ever talked to others about this provider?	I have recommended it to other people I have told other people negative things about it I haven’t mentioned it to others
Rate the probability that you would stop using this provider and switch to other online monetary gaming sites within the next two months.	1 – 7 (1 = Not at all probable, 7 = Extremely probable)
“I actively compare different online monetary gaming providers to each other”	1 – 7 (1 = strongly disagree, 7 = Strongly agree)

Table 3: Attitude items used in the study

ANALYSIS

A principal component analysis using Varimax rotation which converged in three iterations confirmed that commitment and involvement constituted different factors. Only the new item items loaded under 0.8 on its dimension. The scores for involvement and commitment used in this paper’s analysis were calculated as averages of all the measures in the dimension. Table 3 shows the means and loadings of the items.

Measure [a]	Mean	S.D.	Std. loading	Construct reliability
Involvement				.885
“Online monetary gaming is important to me”	3.22	1.758	.842	
“I like to think about playing online monetary games”	3.38	1.731	.831	
“I often talk with others about monetary gaming (online and offline)”	3.57	1.761	.811	
“I often read about online monetary gaming (websites, books, magazines, articles, message boards)”	3.44	1.833	.802	
“Playing online monetary games is part of my daily life”	3.15	1.893	.801	
Commitment				.869
“I feel a strong sense of "belonging" to this provider”	3.27	1.797	.918	
“I feel emotionally attached to this provider”	3.29	1.793	.905	
“I feel loyal to this provider”	4.28	1.893	.824	
“I am interested in how this provider’s services and games change and monitor it closely”	4.38	1.654	.686	

[a] All items were measured using 7-point Likert-type scales, where “1” represented the weakest possible (“strongly disagree”) and “7” the strongest possible (“strongly agree”)

Table 4: Scale items for involvement and commitment used in the study

The calculated Involvement and Commitment variables had a significant correlation with each other ($R = 0{,}298$, $p < 0{,}000$). To be able to include the ordinal overall spending variable into a multiple regression, the variable was treated as continuous, as suggested by Menard (2002). Each class was converted into a mean value of the range within that class, in order to include the spread of the variable. Menard suggests that having five or more classes will make regression analysis possible. This article only investigates the principle of the relationships between the variables, which means that exact Beta values, for example, are not required.

Behaviour

Our analysis showed that both involvement and commitment have a significant positive relationship with how much is spent at a particular company as well as with how much the consumer spends on the overall theme of the company. When conducting simple linear regressions, we found that involvement was a strong predictor of both overall spending ($R^2 = 0.22$, $p < 0.000$) and the combined bets made at the company during a 3 month period ($R^2 = 0.11$, $p = 0.034$). The relationship between commitment and spending was much weaker but also significant (see Table 4).

Simple correlation	Overall spending on monetary gaming	Bets at focal company
Involvement	R^2 = **0.22** p = 0.000	R^2 = **0.11** p = 0.034
Commitment	R^2 = **0.017** p = 0.010	R^2 = **0.014** p = 0.016

Table 4: The relationship between Involvement, commitment and spending

This fits with the notion that an increase either in involvement or commitment will lead to an increase in spending, be that at a particular company or within the overall area of interest. This supports our hypothesis 1, which was that both involvement and commitment have a positive relationship with both types of spending.

We hypothesized, though, that involvement would have a bigger influence on overall spending, whereas commitment would have a bigger influence on spending at a particular company. To investigate this, we examined if there were any cross-effects between involvement, commitment and the two types of spending. For this, two separate multiple regressions were carried out. In the first, involvement and commitment were used to predict overall spending. We found that the whole model was highly significant ($p < 0.000$), but that on the individual variable level only involvement was within the significant range, supporting our notion that involvement is the chief influence on overall spending (hypothesis 2). In the second case, involvement and commitment were used to predict betting at the focal company. Here the inverse was true. Commitment (although very narrowly insignificant, see Table 5) seemed to have a stronger influence than involvement. The whole model was significant on a general level, although much weaker than the first one, weakly supporting hypothesis 3.

Multiple regression		Predicting variables	
Dependent variable	Whole model	Involvement	Commitment
1) Overall spending	**$p < 0.000$** $R^2 = 0.22$	**$p < 0.000$**	$p = 0.434$
2) Bets at focal company	**$p = 0.018$** $R^2 = 0.02$	$p = 0.162$	**$p = 0.051$**

Table 5: Multiple regression of involvement and commitment as predictors for 1) overall spending and 2) spending at a focal company

This implies that involvement is a better predictor for overall spending within a particular area of interest, whereas commitment is a better predictor of spending at a focal company. One reason for this result can be found in how people divide their time between different providers. A linear regression analysis showed that commitment is positively related to the company's share of total playing time ($R^2 = 0.198$, $p < 0.000$), whereas involvement has a negative relationship to it ($R^2 = 0.034$, $p < 0.000$). Thus, the more involved consumers become the more will they spread out their time between many different providers, while higher commitment increases the focal company's share of total playing time. This is supported by a regression that showed a significant positive relationship between involvement and the amount of monetary gaming carried out offline by the respondent ($R^2 = 0.02$, $p = 0.003$)

We divided our sample into four groups, as suggested by Traylor (1981), using k-means clustering. We ended up with the division seen in table 6. An Anova analysis showed that the average involvement and commitment scores differed significantly between the clusters.

Cluster	**cases**	**Involvement score**	**Commitment score**
Low involvement / Low commitment	139	2,00	2,65
Low involvement / High commitment	128	3,13	4,87
High involvement / Low commitment	73	4,73	2,62
High involvement / High commitment	60	5,39	5,60

Table 6: Involvement / commitment clusters

The clusters were analyzed for differences in spending and division of the money spent. The respondents approximations of money spent on monetary gaming in total was used to estimate differences between the groups, while the approximations of division of time between sites was used to approximate how much of the money was used at the focal company. These approximations should not be taken as exact measures, but are used to illustrate what was already indicated by the multiple regressions earlier: Involvement is related to total spending, while commitment is related to the company's share of wallet.

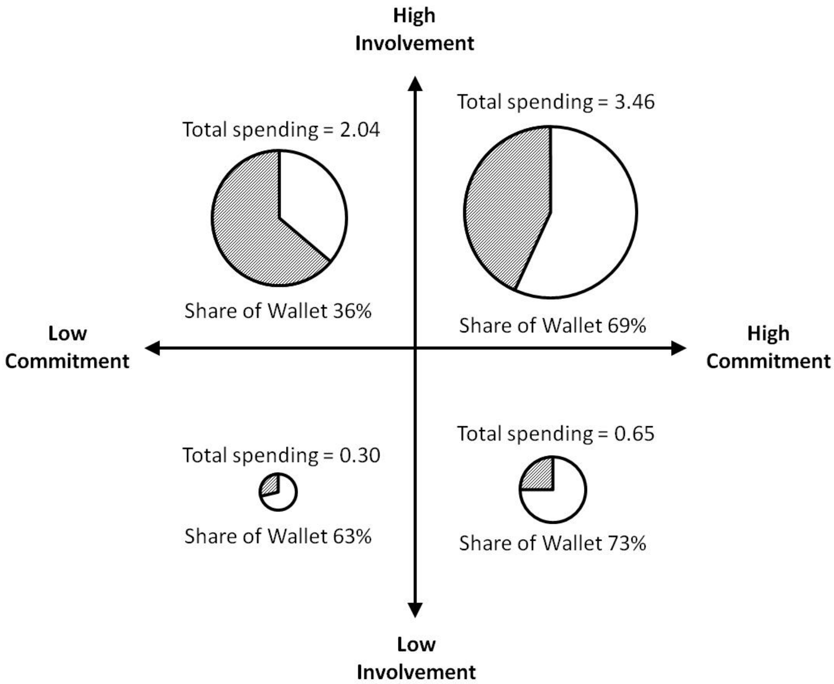

Figure 3: The mean of individual total spending within the groups, as well as the focal company's share of wallet.

Figure 3 shows the differences in average spending per person between the clusters. The values for total spending in figure 1 are presented in relation to the average of the total sample = 1. Thus, the total spending of a person in the high involvement / high commitment group is 3.46 times higher than the average. When comparing spending between groups, the low involvement / low commitment group has the lowest spending by far. That group contains many who do not play at all. The same thing is reflected when comparing the value of the customers (spending minus wins). The most valuable group is the low involvement / high commitment group. The difference in turnover (last three months) between the groups is summarised in table 7.

	Low inv. / Low comm..	Low inv. / High comm	High inv. / Low comm	High inv. / High comm
Low inv. / Low comm..		**.005**	.141	**.001**
Low inv. / High comm	**.005**		.576	.684
High inv. / Low comm	.141	.576		.841
High inv. / High comm	**.001**	.684	.841	

Table 7: Difference in turnover

The Low Involvement / Low Commitment group differs significantly in spending from Low Involvement / High Commitment (p = .005) and High Involvement / High Commitment (p = .001). No other differences were significant, again supporting the idea that commitment has a stronger relationship with internal spending than involvement has.

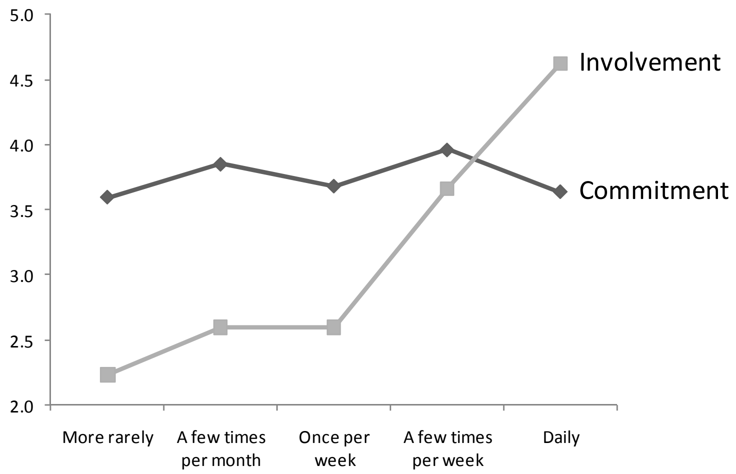

Figure 8: Involvement, commitment and frequency of playing (on all sites)

A regression analysis showed a significant relationship between involvement and the frequency of self-reported frequency of playing (at any site) per month ($R^2 = 0.232$, $p < 0.000$) (Figure 8). Commitment did not show any significantly relationship with frequency of playing. A similar conclusion could be drawn from doing two individual linear regressions of involvement and commitment against playing monetary games offline. Involvement had a significant relationship with playing monetary games offline ($R^2 = 0.022$, $p = 0.003$), while commitment did not.

Both commitment and involvement were significantly related to the number of times the customer logged in to the focal service per day (Regression of logins against involvement: $R^2 = 0.074$, $p < 0.000$, and logins against commitment: $R^2 = 0.039$, $p < 0.000$). Figure 9 shows the differences in login activity between the groups, reflecting that both commitment and involvement have an effect on login activity (all group means differ significantly from each other, except the middle two).

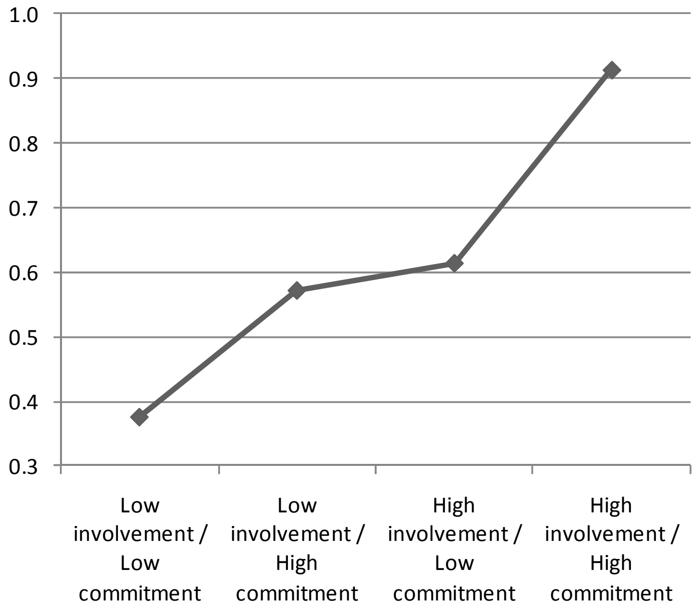

Figure 9: Average number of logins per day in the involvement / commitment groups

The findings from the activity data adds to the notion that involvement is related to overall customer activity, while commitment is related to the share of activity that is directed towards a particular provider.

A plot of the customer activity in each segment shows further differences in behaviour. Figure 5 shows the percentage of customers that were active (i.e. had used the service at least once) in each group during the time period. Due to the cumulative nature of the scale, the figure allows us to see approximate drop-off, or churn rates in each group.

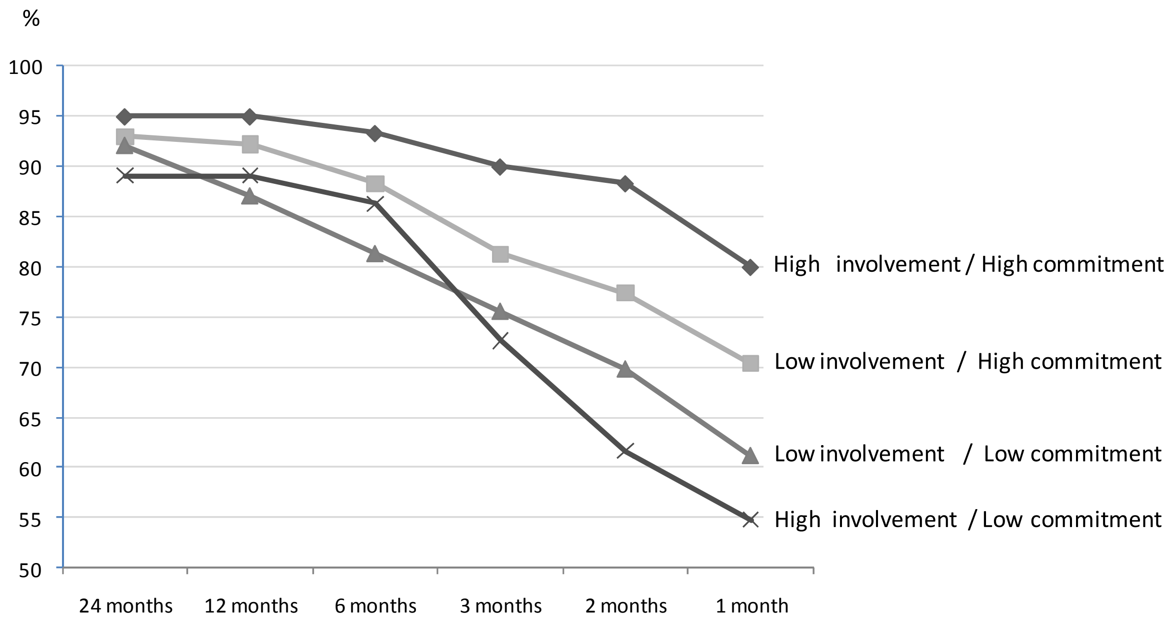

Figure 10: Customer activity over time

Thus, during the time between the last 24 months and the last 12 months, some 10% of the customers in the Low involvement / Low commitment segment stopped playing. As expected, the high involvement / high commitment group seems to contain the most enduringly active customers, while low involvement / low commitment shows a very steady, almost linear decline. The most interesting group was the high involvement / low commitment one, which started out with a drop-off rate comparable to the HI / HC one, but then experienced a dramatic fall after 6 months. The length of the customer relationships showed no significant differences between groups.

Attitudes and background

Involvement had no significant relationship with whether the respondent thought the focal company was better or worse than other providers. Commitment, on the other hand, had a strong positive relationship with how good the provider was perceived to be in comparison to others (r^2 = 0.257, p < 0.000). When looking at the clustered groups, another interesting observation could be made: As expected, both high-commitment groups had a mainly positive attitude towards the brand, but among the low-commitment respondents, high involvement was connected to a more frequently reported negative attitude towards the brand, while low involvement meant an indifferent attitude. This observation is explained by figure 11, which shows how levels of involvement and commitment corresponded with brand attitude. Those respondents that thought that the brand was worse than others were slightly more involved. The difference was not significant, though.

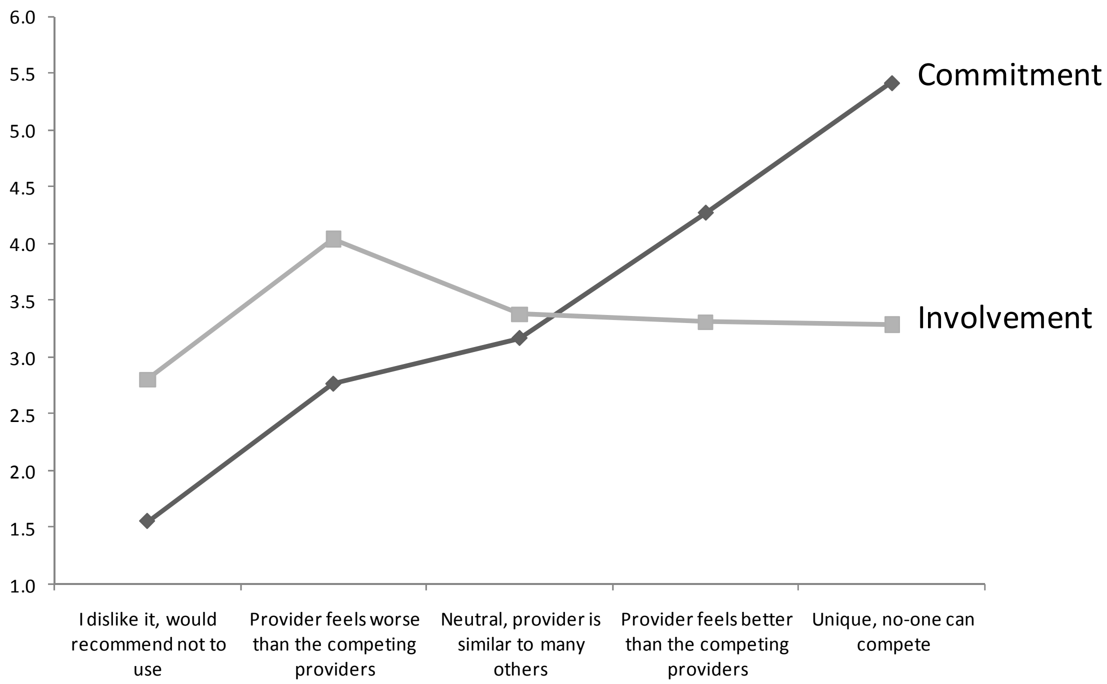

Figure 11: Involvement, commitment and brand attitudes

More conclusive evidence was given by an Anova-analysis, which showed that the levels of involvement and commitment differed significantly between respondents who had communicated positively, negatively or not at all about the provider. Figure 12 shows this.

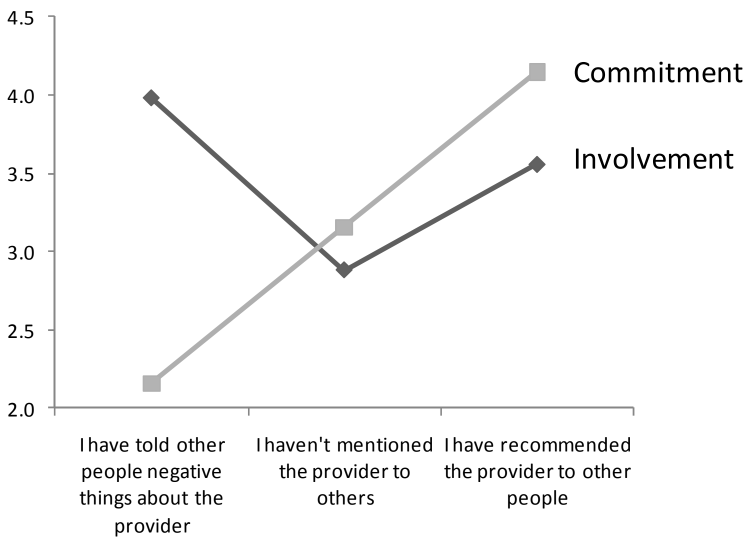

Figure 12: Involvement, commitment and word-of-mouth

The most positive towards the provider were the customers in the high involvement / high commitment group: 88 % of the respondents in this group reported that they had recommended the provider to someone, whereas 81 % of the Low Involvement / High Commitment reported to have recommended the provider. Again we can see that involvement seems connected to the general level of activity, while commitment directs this activity in a certain direction.

This notion was supported by a multiple regression analysis which showed that customers' rating of their switching propensity was negatively related to commitment and positively related to involvement (Whole model's $R^2 = 0.191$ and $p < 0.000$, individual variable's $p < 0.000$) In a multiple regression, involvement was positively related to comparing providers, while commitment was negatively related.

"I actively compare different online monetary gaming providers to each other"				
Model significance	Model R^2	Variable	Beta-coefficients	Variable significance
p < 0,000	0,406	Commitment	-0,104	p = 0,039
		Involvement	0,821	p < 0.000

Table 8: Involvement, commitment and comparing providers to each other

There was a significant relationship between the level of involvement and age of the customer. The greater the age, the less involved the customer. Commitment was not related to age. Involvement also had a significant positive relationship with using the service as a venue for socializing with friends ($p < 0.000$). The findings are summarized in figure 13.

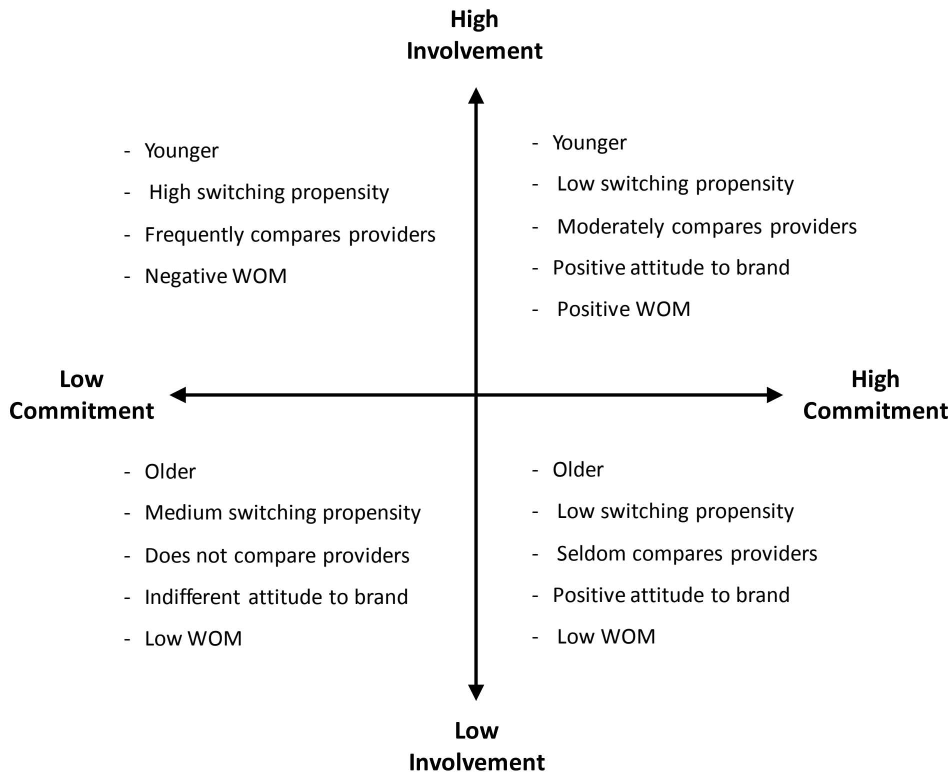

Figure 13: Relationship between attitudes, background and involvement / commitment

DISCUSSION

In the empirical study a key issue was to investigate whether a customer energy-based categorisation of customers having a formal relationship with the service provider provides the marketer with important insights about customer profitability. Based on earlier studies differences in spending behaviour was expected. The findings showed that both involvement and commitment affects spending behaviour and customer profitability. Furthermore, the combination of these elements, labelled customer energy, showed to provide a diagnostically valuable way of forming customer portfolios. The model has earlier been used in a broad qualitative study (Mattinen, Strandvik and Raulas 2001) and has proved to differentiate between consumers' attitudes and behaviour for several different services. Additionally, the authors have used the model in small scale quantitative pilot studies where results also have indicated that model has potential. The empirical study reported here is, however, a first attempt to relate customer energy to customers' use of a service in monetary terms.

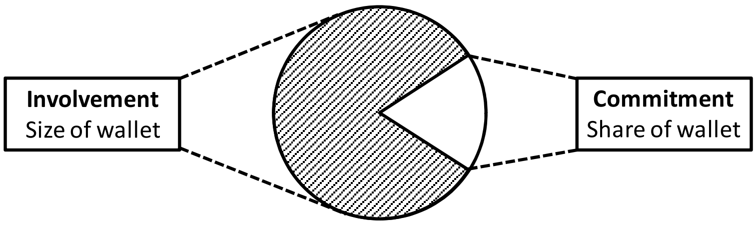

Figure 14: Customer spending within a certain life area or theme

Figure 2 indicates how the influence of involvement and commitment on a customer's spending is divided. The shaded area represents maximum potential revenue for a particular service provider and the white are actual revenue. This model was supported by the data of our study. Life theme involvement is the overall level of energy and effort a consumer uses within a particular area of his life, and is reflected in for example the overall spending at all providers within this area, while relationship commitment is related to the share of this activity which is directed towards a particular service provider.

Considering attitudes, involvement broadens the scopes of the consumer, and raises the awareness of alternatives. This means that high- and low involvement consumers have different reasons for being committed to a particular provider. Figure 15 shows the main characteristics of the four groups: Low involvement / low commitment customers are indifferent, and can easily be tempted over by a competitor. The high involvement / low commitment group is actively looking for the best deal, and juggles relationships according to their own needs. High involvement / high commitment customers are aware of the alternatives, and have settled for a particular provider, which they know to be the best. Low involvement / high commitment customers, on the other hand, have simply decided on a particular provider, and are not interested in learning about the competition.

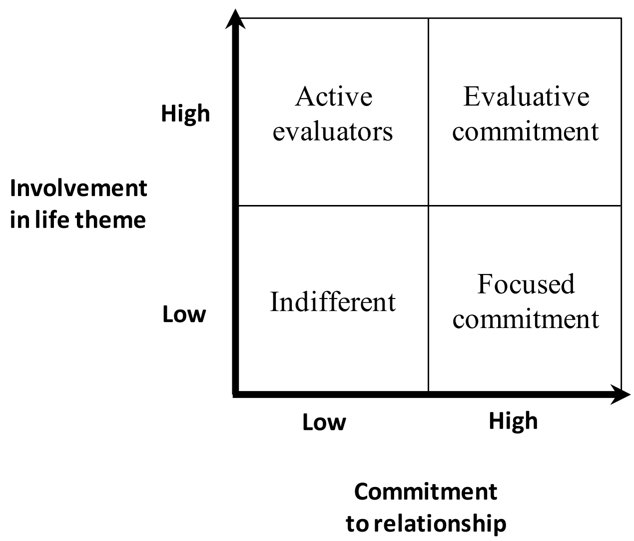

Figure 15: Characteristics of the involvement / commitment groups

The key advantage with the model and the elements of the model, life theme involvement and relationship commitment is that they can be considered to capture a customer's relatively stable mental predisposition and behavioural pattern and has thus predictive power beyond for example customer satisfaction measurements. As commitment has shown to be a useful in diagnosing customer relationship dynamics (the Conversion model in Richards 1996, Hofmeyr and Rice 2000) it seems reasonable to expect that the customer energy model also would have such characteristics. This represents one area for further research. Another is to look more closely into whether customer profitability portfolios can be formed based on customer energy data.

Implications for practice

For practitioners the model represents a rather straight-forward approach that complements customer satisfaction measurements, and has a stronger emphasis on customers' enduring patterns of communicating, searching for information, relating to the company's relationship development initiatives, considering switching service provider, and spending money. As the model is easy to operationalize and administer quantitatively, it should provide an opportunity to collect information about customers that has not been used in the company earlier.

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