

B2B Customer Experience: A Pragmatic Framework for Implementation

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Abstract

Customer Experience (CX) is one of the most novel concepts of marketing science. Its known genesis comes from applied publications in the late 1990s. Since then, researchers have been inspired and thus have developed studies mainly focused on the business-to-consumer (B2C) context. In business-to-business (B2B) research, however, there is no clear understanding of the term and its implications; only three publications actually include B2B data in an industrial setting. Since the world is turning to experiences, there is a need of conceptual and practical clarifications; therefore, we review the applied and academic literature of CX from the last twenty years. We introduce the three-layer B2B CX model in order to position a theoretical and pragmatic milestone. The interaction's layers involves: B2B experience lifecycle map, expectations, and customer service. Finally, we discuss how B2B CX can be managed by practitioners and how researchers can improve theory building.

Keywords: Customer experience, interaction, lifecycle map, decision making unit, customer service, expectations.

1. Introduction

According to Palmer (2010), the term *customer experience* (CX) has been so widely used and abused that a potentially important construct is in danger of being dismissed because of the ambiguous manner in which it has been applied. Numerous attempts have been made in the literature to describe the concept, formulating various models of CX depicting different approaches (e.g., Gentile et al. 2007; Grewal et al., 2009; Nasution et al., 2014; Payne et al., 2008; Verhoef et al., 2009; Voss et al., 2008). In addition, practitioner literature has established some applied understanding of CX (e.g., Berry et al., 2002; Duncan et al., 2013; Meyer and Schwager, 2007). Other academics have changed the focus to *customer experience quality* (CXQ) (e.g., Klaus and Maklan, 2013; Lemke et al., 2011; Maklan and Klaus, 2011) or to *customer experience management* (CXM) (e.g., Homburg et al., 2015; Palmer, 2010). CXQ has been defined as "a perceived judgment about the excellence or superiority of the customer

experience" and CXM "refers to the cultural mindsets toward customer experiences (CXs), strategic directions for designing CXs, and firm capabilities for continually renewing CXs, with the goals of achieving and sustaining long-term customer loyalty."

The most significant gap in the literature relates to the business-to-business (B2B) area. Just three articles (Biedenbach and Marell, 2010; Johnston and Kong, 2011; and Lemke et al., 2011) have defined a model, completely or partially, focused on B2B CX. Moreover, a limited number of papers have examined the concept through a case study review (e.g., MacGillavry and Wilson, 2014; Pillai, A., and George, B., 2015). Finally, it is possible to find only a few practitioner articles (e.g., Ulaga and Michel, 2014). Therefore, it can be established that there is a lack of comprehensive theory around B2B CX. The limited amount of formal research focusing on B2B CX, the lack of agreement among approaches, and the absence of previous efforts to integrate the disparate views of B2B CX can be seen as stimuli and the basis for a theory-based conceptual model.

The purpose of this paper is to define and integrate the drivers and foundations of B2B CX through a theoretical model, and give useful instructions for managerial issues. To date, researchers in B2B marketing have not separated from the *business to consumer* (B2C) characterization of the *customer experience* concept (e.g., Gentile et al., 2007; Grewal et al., 2009; Verhoef et al., 2009), which is based mainly on the early conceptualization of the experiential aspect of consumption (Holbrook and Hirschman, 1982). B2B CX is distinctly different from business to consumer (B2C) CX in several fundamental ways. First, as it is widely accepted in organizational buying literature (e.g., Bunn, 1994; Johnston and Bonoma, 1981; Ronchetto et al., 1989), B2B CX involves multiple-person decision; whereas in B2C the consumer decides (Lilien, 2016). Second, B2B entails a technical proposition and B2C a perceptual proposition (Lilien, 2016). Third, value in B2C decisions is usually a personal psychological phenomenon. However in B2B decisions there is a strong component of economic value-in-use (Lilien, 2016). This creates an additional dimension. Hence the rational bias in the organizational buying behavior could predispose the B2B CX. However, even the most *rational* of people use feelings to assist themselves in managerial situations (Monroe et al., 2015). Several authors (e.g., Sherlock, 1992) refute the fact that people always process information in a rational manner. Moreover, Addis and Holbrook (2001) stated that experiential consumption can be analyzed not only from a rational viewpoint, but also from contextual and symbolic viewpoints.

We start by reviewing the general CX literature. Then we examine the previous B2B CX research in depth. Next, we introduce the decision making unit (DMU) of the industrial customer and the research gaps. Later we present the three layers of a B2B CX model, describing its application for services and products. We develop a case study of B2B CX in order to clarify the model. Finally, we discuss and summarize key propositions and provide suggestions for future research.

3. The Customer Experience (CX) Concept

The focus in CX has shifted from physical product to a greater total offering including services and relationships with the supplier. Increased academic attention has been paid to whether or not and how the *customer experience* (CX) concept might go beyond service (Lemke et al., 2011). The *commoditization* view of service has been present in diverse publications (e.g., Gilmore and Pine, 2002; Schmitt, 1999). The idea of an evolution in the dominant basis for marketing-based competitive advantage was developed by Christopher et al. (1991), who noted that, during the 1950s and 1960s, the competitive advantage of enterprises was focused initially on tangible product qualities, and changed gradually to services in the 1970s. In the 1980s, services started to become generic as well, and the quality of relationships was positioned as the new differentiation (Christopher et al., 1991). Recently, in this sense, Palmer (2010) argued that experience may be a differentiator in markets where relationships have ceased to be a point of competitive differential advantage; Nasution et al. (2014) stated that “practitioners evolved to provide differentiation through developing unique experiences in their offerings”; and Voss et al. (2008) explained that experience can be used proactively to create distinctive product and service offerings. Consistent with Johnston and Kong (2011), providing a positive experience is also relevant because it has implications over diverse marketing issues: it affects customer satisfaction (Lijander and Strandvik, 1997), delivers customer loyalty (e.g., Yu and Dean, 2001), influences expectations (e.g., Johnson and Mathews, 1997), instills confidence (Flanagan et al., 2005), supports the brand (e.g., Grace and O’Cass, 2004), enhances word-of-mouth (Klaus and Maklan, 2013), generates brand equity (Biedenbach and Marell, 2010), and creates emotional bonds with customers (Pullman and Gross, 2004).

Some of the first authors to publish and popularize the concept of CX were Carbone and Haeckel (1994) and Pine and Gilmore (1998). The former defined *customer experience* as “the takeaway impression formed by people’s encounters with products, services, and businesses.” The latter stated that a *customer experience* occurs “when a company intentionally uses services as the stage, and goods as props, to engage individual customers in a way that creates a memorable event.” These modern roots of CX have different meaning; the former are describing a ‘takeaway,’ whereas the latter are describing a complex conscious construction and a theatrical metaphor. One of earliest authors that discussed experience as a marketing issue was Abbott (1955) who stated that “... what people really desire aren’t products, but satisfying experiences.” Then the concept has been *present* for many years without formal structure.

Since Verhoef et al. (2009) listed studies that provided an overview of the CX concept (e.g., Berry et al., 2002; Gentile, et al., 2007; Meyer and Schwager, 2007), many newer studies have been released (e.g., Chahal and Dutta, 2014; Dumitrescu et al., 2012; Kim and Choi, 2013; Maklan and Klaus, 2011; Pozza, 2014), contributing to the enhancement of a rigorous analysis of CX. In addition, Brackus et al. (2009) defined the *brand experience* (BX) as a concept intrinsically attached to CX, “as sensations, feelings, cognitions, and behavioral responses

evoked by brand-related stimuli that are part of a brand's design and identity, packaging, communications, and environment. Components of Brackus et al.'s (2009) definition of BX are very similar to the dimensions of CX stated by Gentile et al., (2007): sensorial, emotional, cognitive, pragmatic, lifestyle, and relational; or those stated by Schmitt (1999): sense, feel, think, act and relate. Therefore, it can be assumed that there is still confusion as to what *customer experience* (CX) really is and how it is generated.

Empirical studies have supported the idea that improvements need to be made in terms of understanding the CX. On the one hand, Coffman and Stotz (2007) cited a study that found only eight percent of the customers described their experience as superior, while 80% of the senior executives of the suppliers believed they were providing a superior CX. Arnold et al. (2005) connected terrible experiences with negative outcomes, such as voicing of complaints and unfavorable word-of-mouth. Kim and Choi (2013) showed in a B2C service context that the CX has a direct and positive impact on customer loyalty. On the other hand, Analysegruppen (2014) showed that the experience in a B2B environment is becoming more important in the market, comparing the relative weighting relevance among experience, products and price. The data collected for the year 2014 indicated 43%, 37%, and 20%, respectively, and for the year 2020, estimated 50%, 34%, and 16%, respectively. Theoretically, Berry et al. (2002) argue that companies with scarce sensitivity to CX that focus only on cost reductions can decrease the value of their offerings. Furthermore, transcendent CXs have the power to affect customers' attitudes and behaviors (Schouten et al., 2007). Then CX is an important aspect of marketing both in B2C and B2B context.

3.1. Current definitions and attributes of CX

Many contemporary definitions of CX have been developed in the last 20 years. For our purpose, taking into account the most relevant scientific contributions in CX; we have selected some key elements from the literature review to discuss, before applying them to a B2B context, specifically: holistic (total); involves phases; direct and indirect contacts; elements that can and cannot be controlled by the supplier; and impact future attitude and behavior. First, the CX phenomenon fundamentally has an existence other than as the mere sum of their parts. CX is a general summarized perception of what happened during the business interaction. Second, customer interplay with suppliers and their context entails an implicit process. Some authors (e.g., Verhoef et al., 2009) define this process regarding pre-purchase, purchase, consumption, and post-purchase phases; which offer an order but centralizing the analysis in the purchase. Third, not all contacts in the process are comparable; direct contacts are central to the business interaction (i.e., purchase, use, and service) while indirect contacts are unplanned encounters with physical and symbolic elements of the supplier such as word-of-mouth and advertising (Meyer and Schwager, 2007). Fourth, not all elements of the CX can be controlled by the supplier (e.g., competitors' visits to the customer), which enhance the power and necessity that customers have a positive experience. Fifth, CX not necessarily will impact future attitude and behavior, in some cases CX will just reinforce current beliefs. If maturity of

perceptions or beliefs is considered an impact, hence CX will always have an effect.

The evolution of the CX term began from the B2C perspective. Then researchers started to subdivide the application of the concept to areas such as retailing (e.g., Grewal et al, 2009), online (e.g., Novak et al., 2000) and service (e.g., Johnston and Kong, 2011). Recent seminal studies (e.g., Lemke et al., 2011; Homburg et al., 2015) have defined the CX concept as dual, discarding the differences between the B2C and B2B worlds. Thus, there is a call for defining CX in an industrial context. In Table 1 we provide a comprehensive general outlook of studies that define the CX term directly or indirectly.

As mentioned by Voss et al. (2008), any contact or moment of truth (Carlzon, 1987) is part of the CX. The six core characteristics of the CX include:

1. the temporal aspect, which is originated from the beginning of the *customer journey* (Duncan et al., 2013) until the end of it, between the customer and any element associated with the supplier or its offerings;
2. the personal level of analysis due to CX involves rational and emotional engagement (Gentile et al., 2007);
3. the fact that some researchers (e.g., Smith, 1993) have found that direct encounters with the supplier offering (e.g., product or service trial) are more relevant than indirect contacts (e.g., advertising), which is especially true in B2B interactions;
4. not all the contact points have an equivalent relevance (Meyer and Schwager, 2007);
5. customers do not consume features; they consume performance of the offering (Deighton, 1992); and, finally,
6. customers' goals determine the relative distinctness of the offering and supplier, so customers notice what is meaningful for them (Puccinelli et al., 2009; Woodruff and Flint, 2006; Lemke et al., 2011).

Another significant attribute of CX comes from behavioral science. The experience can involve not just utilitarian value, but hedonic elements of pleasure or pain (Matters et al., 2003). The prospect theory (Kahneman and Tversky, 1979) expresses that losses hurt more than gains feel good. Then companies need to be careful with the frequency and recency of negative issues during the interaction process.

Finally, regarding a new issue affecting CX in the recent years, Trainor (2012) stated that, in the current competitive marketplace, the use of social media tools can dramatically influence firm performance through customer engagement and the value created from customer interactions. In addition, social media empowers customers to learn from the experience of others (Meseguer-Artola and Rodríguez-Ardura, 2015). Social media usage is also extending beyond B2C settings (Rapp et al., 2013). Specifically, more than 93% of B2B marketers already use one or more forms of social media to interact with their customers (Holden-Bache, 2011). Thus, introducing this perspective strengthen the stream of CX not being completely controlled by the supplier.

Author(s)	Publication	Year	Context	CX Definition and/or Models	Study Type
Berry et al.	MIT Sloan Management Review	2002	General	The CX is made up through experience's clues (two categories). The first concern the actual functioning of the good or service. The second category concerns emotions and includes the smells, sounds, sights, tastes and textures of the good or service, as well as the environment in which it is offered.	Applied
Biedenbach & Marell	Journal of Brand Management	2010	B2B services	The CX construct in this study refers to the experience of different members of a decision making unit, who are directly involved in the choice of the service provider, and who had a direct experience with the company's employees providing the service.	Research
Brakus et al.	Journal of Marketing	2009	B2C	The CX arises in a variety of settings. Most experiences occur directly when the consumer shops, buys, and consumes products. Experiences can also occur indirectly—for example, when consumers are exposed to advertising and marketing communications, including websites.	Research
Chahal & Dutta	The Marketing Review	2014	B2C	The CX is conceptualized through five experiential dimensions (Schmitt, 1999). It includes four determinants (core, supportive, contextual, and socio-characteristics), adding the degree of customer involvement as moderator between the determinants and the customer experience dimensions. It proposes that CX has three possible outcomes: satisfaction, loyalty/word-of-mouth, and brand equity.	Research
Dumitrescu et al.	Studies in Business & Economics	2012	General	The CX comprises the total experience, starting from the search, continuing with the purchase and consumption, and finally with the after-sale experience, which may or may not involve cognitive dissonance.	Research
Gentile et al.	European Management Journal	2007	B2C	The CX originates from a set of interactions between a customer and a product, a company, or part of its organization, which provokes a reaction. This experience is strictly personal and implies the customer's involvement at different levels (rational, emotional, sensorial, physical and spiritual). Its evaluation depends on the comparison between a customer's expectations and the stimuli coming from the interaction with the company and its offering in correspondence of the different moments of contact.	Research
Ghose	Journal of Brand Management	2002	General (online)	The CX needs to be understood by the internal brand proprietor in terms of how the customer perceives the interactions with the website, taking into account the entire customer experience and not only the economic transaction.	Research
Grewal et al.	Journal of Retailing	2009	B2C (retail)	The CX is developed through firm-controlled factors or retail drivers (promotion, price, merchandise, supply chain, and location) and macro factors that affect retail drivers as well as customer experience. Their model also includes the assumption that marketing and financial metrics of the retailers affects the retail drivers.	Research
Holbrook & Hirschmann	Journal of Consumer Research	1982	B2C	The CX (consumption) has begun to be seen as involving a steady flow of fantasies, feelings, and fun.	Research
Homburg et al.	Journal of the Academy of Marketing Science	2015	General	CX is the evolvement of a person's sensorial, affective, cognitive, relational, and behavioral responses to a firm or brand by living through a journey of touchpoints along pre-purchase, purchase, and post-purchase situations and continually judging this journey against response thresholds of co-occurring experiences in a person's related environment	Research
Hutt & Speh	South-Western	2010	B2B	The CX represents the internal and subjective response a business customer has to any direct or indirect contact with a company	Applied
Johnston & Kong	Managing Service Quality	2011	General services	The CX is their personal interpretation of the service process and their interaction and involvement with it during their journey or flow through series of touch-points, and how those things make the customer feel.	Research
Klaus & Maklan	Journal of Market Research	2013	B2C	The CX is defined as the customer's cognitive and effective assessment of all direct and indirect encounters with the firm relating to their purchasing behavior.	Research
Lemke et al.	Journal of the Academy of Marketing Science	2011	General	The CX is defined as the customer's subjective response to the holistic direct and indirect encounter with the firm, including, but not necessarily limited to, the communication encounter, the service encounter and the consumption encounter.	Research

Meyer & Schwager	Harvard Business Review	2007	General	CX is the internal and subjective response customers have to any direct or indirect contact with a company.	Applied
Nasution et al.	Social and Behavioral Sciences	2014	General services	The formulation of the CX starts with his/her values, needs and wants. The next step of the journey will see the customer and his/her characteristics interacting with the provider's marketing strategy, which results in the third layer of customers having experience with said provider. These experiences are divided into three categories of pre-, during and post-consumption of the service. The accumulation of these experiences will then coagulate, represented by the fourth layer, to ultimately impact the customer's future attitude and behavior towards the provider depicted in the fifth layer	Research
Palmer	Journal of Services Marketing	2010	General	The construct of CX begins with basic stimuli, converged into three higher order constructs (tangible & process quality, brand relationships, and interpersonal relationships) and leads to the development of an attitude, mediated by the sequencing of the stimuli and the emotional predisposition of the individual. The resulting attitude is being weighted towards selected elements of the overall experience.	Research
Payne et al.	Journal of the Academy of Marketing Science	2008	General	The CX of a supplier and its products is a culmination of the customer's cognitions, emotions and behavior during the relationship.	Research
Prahalad & Ramaswamy	MIT Sloan Management Review	2003	B2C	The CX space has the individual consumer as its central issue, and an event triggers a co-creation experience. The events have a context in space and time, and the involvement of the individual influences that experience. The personal meaning derived from the co-creation experience is what determines the value to the individual.	Applied
Pine II & Gilmore	Harvard Business Review	1998	General	The CX can be described in terms of the type of customer participation (active or passive) and the connection or environmental relationship that unites customers with the event or performance (absorption or immersion).	Applied
Pozza	Gestion 2000	2014	B2C	The CX is triggered by various elements of the marketing mix of an offer in the three stages of purchasing process (pre-purchase, purchase, and post-purchase) and ultimately is a driver of customer satisfaction.	Research
Puccinelli et al.	Journal of Retailing	2009	B2C (retail)	The CX in a retail environment is driven by seven topics: (1) goals, schema, and information processing; (2) memory; (3) involvement; (4) attitudes; (5) affect; (6) atmospherics; and (7) consumer attributions and choices.	Research
Pullman & Gross	Decision Science	2004	B2C services	The CX occurs when a customer has any sensation or knowledge acquisition resulting from some level of interaction with different elements of a context created by a service provider.	Research
Schmitt	Journal of Marketing Management	1999	B2C	The CX is generated through five strategic experiential modules (SEMs): sensory experiences (SENSE), affective experiences (FEEL), creative cognitive experiences (THINK), physical experiences, behaviors and lifestyles (ACT), and social-identity experiences that result from relating to a reference group or culture (RELATE).	Research
Verhoef et al.	Journal of Retailing	2009	B2C (retail)	The CX is defined as holistic in nature and involves the customer's cognitive, affective, emotional, social and physical responses to the retailer. It submits that CX encompasses the total experience, including search, purchase, consumption, and after-sale phases. It develops eight determinants: social environment, service interface, retail atmosphere, assortment, price, customer experiences in alternative channels, retail brand, and customer experience (t-1)	Research
Voss et al.	Production and Operation Management	2008	B2C services	The CX associated with experience-centric services is generated by four operations strategy choices (Stageware, Orgware, Customerware, and Linkware); then it creates the realized total experience that evoke customer emotions and responses, which, in turn, affects the customer-perceived value and purchase, loyalty, and engagement behaviors.	Research
Walter et al.	Managing Service Quality	2010	B2C services	The CX is defined as the customer's direct and indirect exposure to the service process, including the organization, its facilities, and interactions with the service firm's representatives and other customers.	Research

Table 1: General outlook of literature on CX definitions and frameworks

3.2. B2B CX studies

Only three articles used B2B empirical data in order to specify their models or research methods, at least partially but explicitly. First, Biedenbach and Marell (2010) investigated the impact of CX on brand equity in a service setting. The study, conducted in Sweden, focused on the direct interactions between the customer and the supplier. The authors followed the four dimensions of brand equity proposed by Aaker (1991). The results showed path coefficients statistically significant from the CX construct to Brand Awareness, Brand Associations, Perceived Quality, and Brand Loyalty. Therefore, the formation of brand equity is significantly leveraged by the B2B CX. The most important contribution of this article, to the best of our knowledge, is that the study is the only one involving data in a B2B context, recognizing the existence of a DMU (Bonoma, 1982). However, they stated the use of only one person per industrial customer.

Second, Johnston and Kong (2011), included data from a case study—an international courier and parcel company servicing business customers, among another three business cases in a B2C context. The purpose of this paper is to investigate how organizations actually design and improve their CXs. The unit of analysis was the organization and the focus was the supplier not the customer. The authors found that the four companies studied followed eight broad stages, even though the way they applied the stages was subtly different. The investigation’s main contribution was the proposed 10-stage road map for improving the CX: 1) Instigation and objective setting, 2) Create the business case, 3) Coordinate and oversee the changes, 4) Undertake customer research, 5) Define experience, 6) Prioritize areas for development, 7) Undertake action research, 8) Develop and pilot the changes, 9) Change the support systems, and 10) Assess the impact.

Finally, Lemke et al. (2011) interviewed 40 people in the UK, divided evenly between B2B (including products and services) and B2C contexts. The B2B respondents were qualified to ensure they had experience dealing with suppliers. The purpose of the study was to: (1) validate that customers construe experience quality and not just product and service quality, (2) develop a conceptual model of customer experience quality, and (3) explore whether there are differences in the construction of customer experience quality in B2B and B2C context. The authors found 119 constructs that were categorized into 17 experience subdivisions (Table 2), using multiple coders and inter-coder reliability checks.

Experience categories and setting of impact

1. Accessibility	2. Application of knowledge	3. Atmosphere	4. Caring/Attitude	5. Caring/Procedures and processes	6. Communication
7. Experience context	8. Networks	9. Outcomes	10. Personalization	11. Relationship with company	12. Relationship with other customers ^a
13. Reliability	14. Social impact ^a	15. Value for money	16. Value for time	17. Variety/Choice	

^aOnly apply to B2C context

Table 2: Seventeen experience categories based on Lemke et al. (2011)

The most important contribution of the study, in a B2B setting, is the identification of the seven key customer experience quality constructs: (1) Extent of personal contact, (2) flexibility, (3) implicit understanding of customer needs, (4) concern to elicit customer's objectives, (5) proactivity in checking that everything is OK, (6) promise fulfillment, and (7) knowledge. We provide Table 3 in order to succinctly review the three B2B studies analyzed. The studies present lack of convergence in what B2B CX is.

Author(s)	Year	Setting	Product/Service	Focus of investigation	CX Definition	Method(s)
Biedenbach & Marell	2010	B2B	Service	CX impact on brand equity	Yes	Survey, structural equation modeling
Johnston & Kong	2011	B2B & B2C	Service	Road map for CX improvement	Yes	Case studies, longitudinal study
Lemke et al.	2011	B2B & B2C	Product & Service	CXQ contrasting B2B v/s B2C	Yes	Structured interviews, repertory grid technique

Table 3: General review of B2B CX studies



Figure 1: B2B CX framework in a product-centric context

(References available upon request from authors)