

# Why Build Sustainable Relationships with Customers?

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## Abstract

*Purpose:* To build relationships with customers, sustainable engagements are crucial. Ostensibly, firm profits are derived from customers' financial contributions; in addition, their non-financial contributions such as advocacy also increase long-term profitability. Today, the importance of such customer-to-customer communication has dramatically increased and it is derived from enhancing customers' brand experience. This paper explores how to incorporate C-to-C communication into brand experience with the goal of strengthening customer relationships, developing advocacy and encouraging sustainable interactions.

*Design/methodology/approach:* Two separate studies were employed. The objective of the first empirical study was to discover consumer touchpoints that would prove to be significant in enhancing the brand experience for the buyer. A national survey of Japanese customers was sampled. Individuals identified familiar brands from a pool of predetermined top business-to-customer brands. Categories included convenience goods, specialty goods, chain stores, and online (both retail and service) brands. In study 2, the focus switched to the low-involvement category and the case of the "NESCAFE Ambassador Program" which aims to build long-term collaboration was investigated.

*Findings:* This research proved that a customers' positive brand experience is significant for a long-term customer relationship. The effective touchpoints may differ in each category, but are effective approaches even in low involvement efforts such as the NESCAFE Ambassador Program. The sustainability of a customer's relationship is dependent on reinforcement of touchpoints and connections developed throughout the process.

*Originality/value:* This paper sheds light on customers' non-financial contributions and empirically demonstrates that positive brand experience can induce them. The C-to-C relationship is highlighted from a relationship marketing perspective.

## Introduction

The goal of this research is to discover the position and strength of customers' contributions in developing shopper relationships. To build relationships with customers, both online and offline touchpoints are important, however an insufficient number of empirical studies have occurred that demonstrate how firms should manage and incorporate such touchpoints.

Due to the expansion of online media, the importance of customer-to-customer (C-to-C) communication as a significant touchpoint has dramatically increased. In recent marketing literatures, "advocate" has been augured as an ultimate objective (Kotler *et al.*, 2016) or a goal of the customer decision journey (Batra and Keller, 2016). Moreover, during the customer decision journey, individuals are influenced by others' word of mouth (WOM). In other words, customers could be both information senders and receivers regarding a brand. Consequently, C-to-C communication plays a significant role in brand-customer relationships.

Relationship marketing has shed light on the importance of creating a long-term relationship with consumers. This focus accentuates customer satisfaction, customer loyalty and firm profits. Ostensibly, firm profits are derived from customers' financial contributions. Essentially, non-financial contributions such as brand/company advocacy has the potential to increase long-term profitability for the organization. The opportunity to acquire new customers through existing loyal customers is motivating. This research explores how to incorporate C-to-C communication into marketing activities with the goal of strengthening customer relationships that ultimately lead to increases in the firm's profitability.

Early relationship marketing studies investigated business-to-business (B-to-B) relationships in industrial marketing (Dwyer *et al.*, 1987). Next, the business-to-consumer (B-to-C) relationship garnered attention (e.g., Firdaus and Kanyan, 2014), and finally, customer-to-customer (C-to-C) relationships are beginning to hold center stage in relationship marketing. For instance, in Japan, major business organizations such as Nestle, Kentucky Fried Chicken, and Seven-Eleven have adopted the approach called "Ambassador Program," which is a long-term collaboration with customers. The NESCAFE Ambassador Program, the largest in Japan and the world, has created thousands of loyal consumers. The program highlights include:

- A person who wants to introduce the NESCAFE coffee system to his/her office applies as a NESCAFE Ambassador through the online application.
- After an investigation, the person is authorized as a NESCAFE Ambassador.
- After purchasing a coffee cartridge subscription, the Ambassador and his/her colleagues enjoy the coffee machine for free.

The NESCAFE program started in 2012, and by 2019, the number of Ambassadors had reached 400,000. The Ambassadors are required to market the Program through the investment of time and efforts in collecting money from colleagues to pay for the coffee cartridge, water, cups and

so on; however, they voluntarily introduce the system to their office without any monetary incentive.

Though the activities vary from company to company, each “Ambassador Program” commonly involves the brand’s customers to create a brand experience (Brakus *et al.*, 2009) and promote advocacy from the participants.

## Literature

### *Relationship marketing*

In 1979, seminal research by Arndt first proposed the idea that relationships in industrial, institutional and business markets provide benefits leading to loyalty among the principals (Arndt, 1979). Since Jerome McCarthy, in the early 1960s, first introduced the concept of a marketing mix and the Four Ps (product, price, place and promotion), these variables have dominated marketing activities by both practitioners and academic researchers for decades (McCarthy, 1964). Furthermore, the practice of marketing consumer-packaged goods with high budget advertising campaigns was not questioned for several more decades. Grönroos (1994) pointed out that the marketing mix had little to do with a true market orientation. His premise was that marketing needed to establish, maintain, and enhance relationships with customers and other partners at a profit to be successful. He proposed the solution of “relationship marketing”. Taken at face value, the marketing mix paradigm enables the seller to be active and the customer passive participants. Grönroos advocated that the theory was not realistic, especially in fields such as industrial marketing, service marketing, and so on (Grönroos, 1994).

Previous researchers demonstrated such important dimensions of relationship marketing like trust, commitment, and communication among others. It has been revealed that relationship marketing has a positive impact on customer satisfaction, customer loyalty (Oly Ndubisi, 2007; Firdaus and Kanyan, 2014) and firm profit (Bolton *et al.*, 2004). Such studies reveal that when a firm succeeds to build long-term relationships with their customers, they may gain profit from the customer’s sustainability.

Sustainability in relationship marketing is further heightened by co-creation of mutual value as a key strategy for firms (Paduraru *et al.*, 2016). Even still, the strength and popularity of online social networks (OSNs) in which customers want to expand their networks and deepen relationships bids well for building brands and sustaining relationships with customers (Jung *et al.*, 2013). Smith and Chen (2018) point out that consideration of the dimensions of brand experience can lead to positive word-of-mouth, which in turn directly benefits customers and brands via increased profitability. While prior research has focused on customers’ financial contributions, this paper sheds light on customers’ non-financial contributions.

### *Brand experience*

Schmitt (1999) pointed out the paradigm shift in marketing activities from 'functional features' to 'marketing experiences'. Specifically, he purported that excessive competition based on a products' functionality, between firms, brought little value to customers, thus, no profit for the company. He proposed five types of strategic experiential modules (SEMs) and argued how to get customers to sense, feel, think, act and relate to products' functional benefits. SEMs consist of five different types of experiences; those that stimulate customers' senses (SENSE), those with feelings (FEEL), those of the mind (THINK), those that induce behavioral changes (ACT), and those that bring about opportunities relating to other people (RELATE).

Brakus *et al.* (2009) defined brand experience as 'subjective, internal, consumer responses (sensations, feelings and cognitions) as well as behavioral responses evoked by brand-related stimuli that are part of a brand's design and identity, packaging, communications and environments. Heretofore, Schmitt (1999) distinguished four types of brand experiences: sensory, affective, intellectual and behavioral. Brakus *et al.* (2009) developed a brand experience scale that included these four dimensions, and ultimately revealed that brand experience affects consumer satisfaction and loyalty directly and indirectly through brand personality associations.

Following Brakus *et al.* (2009) and Zarantonello *et al.* (2007), Nysveen *et al.* (2013) validated the established four dimensions of the scale, and consequently, showed the relevance of a fifth dimension, *relational experience* in service brands settings. Thus, the brand experience dimensions are exactly in line with the SEMs proposed by Schmitt (1999). What's more, the brand experiences revealed significant influences on brand personality, brand satisfaction and brand loyalty. Specifically, the relational dimension was the most important dimension with a positive influence on brand personality and brand satisfaction. Schmitt *et al.* (2015) described this relational experience, in the form of brand-to-customer interactions and customer-to-customer interactions with the brand or brand communities. We project these relationships will become increasingly more important in the future with the expansion of digital social networks and sharing communities. Though qualitative in nature, the Jung *et al.* (2016) study provided a basis for the role and use of OSNs as a relationship marketing tool. The present study encompasses quantitative findings in a framework to inform customers and firms of the valuable contributions of these touchpoints.

Brand experience has a very significant role in developing brand loyalty. While customer satisfaction and trust are important to consumers, their actual experience with the brand leads to brand loyalty (Baser *et al.*, 2015). When a consumer experiences a significant, positive relationship with the brand, trust and loyalty to the brand will increase resulting in stronger bonds (Kim and Yu, 2016; Shieh and Lai, 2017; Kang *et al.*, 2017; Cleff *et al.*, 2018).

In summary, both relationship marketing and brand experience have significant influence on customer loyalty and customer satisfaction, and aim for sustainable value creation. Furthermore, brand experience also sheds light on brand-to-customer and customer-to-customer relationships. Thus, examining sustainable marketing relationships from the perspective of brand experience suggests the proliferation of meaningful bonds which might even strengthen over time.

### *Customer advocacy*

Current research accentuates the importance and growth of Word of Mouth (WOM). It has become one of the most influential brand-touchpoints for consumers when making a purchase decision (Kotler *et al.*, 2016). Thus, customers' WOM contributions are measured with both financial and non-financial indices. Kumar (2018) introduced the concept of a customer valuation theory into marketing based on economic principles. He evaluated each customer with a direct economic value contribution, customer lifetime value, and indirect economic value such as referral behavior, online influence on other customers' purchases, and review/feedback on the products and services.

Yet, still customer engagement (CE) is believed to be the key to the quality and strength of loyalty a brand generates (So *et al.*, 2016). In the decision journey a customer traverses a path that, "begins at 'awareness', goes through 'purchase' and ends with 'advocacy'" (Kotler *et al.*, 2016; Batra and Keller, 2016). Kotler's customer path consists of 5 As: Aware, Appeal, Ask, Act, and Advocate. Each of the A's is a stage the consumer navigates. In each step, firms need to create effective touchpoints for both online and offline locations. In addition, those touchpoints could be derived from C-to-C communication. For example, at the Ask stage of the customer's path (Kotler *et al.*, 2016), consumers collect the information about a brand before purchase decision through online searching, visiting stores, and asking their friends or family. The touchpoints vary in both online and offline, B-to-C communication and C-to-C communication. However, online touchpoints and C-to-C communication have been relatively less understood than offline touchpoints and B-to-C communication.

Customer loyalty in online business relationships is enhanced when transaction expectations are met before, during and after the process is concluded. Primarily, buyers require the performance of online companies to be responsive, informative, easy-to-use, trustworthy and reliable before they are willing to engage in a relationship (Giovanis and Melanthiou, 2017). The higher the transaction rate, the more satisfied and loyal the customer (Ashraf *et al.*, 2018).

Long-term relationships with customers is the desired outcome of these types of business engagements. To accomplish this, firms are required to provide sustainable brand experiences. Aoki *et al.* (2019) empirically revealed that brand experience increases customers' contributions. Customers with positive brand experience showed a significantly higher frequency to advocate for the brand, as well as a larger purchase value.

Thus, this research explores the key research questions: What is the effect of customer-to-customer relationship on brand experience? And in the long run, brand loyalty?

## Study 1: The Relationship Between Brand Experience And Touchpoints/ Customers' Contributions

This investigation explores how to shape relationships with customers which induce customers' contributions from the aspects of brand experience. In study 1, the focus was primarily on customers with positive brand experience, and to verify how they are connected to the brand and contribute to the brand. Aoki *et al.* (2019) indicates that brand experience can enhance customers' contributions to the brand, and customers with positive brand experience actively create the touchpoints by themselves using the data of NIKE's smartphone application users. The current study verifies those findings and broadens the categories which were previously studied.

### Sample

In study 1, the data were collected through a market research company. The distribution of the study panel samples ( $n = 1,000$ , aged 18 to 74 years) correlates with that of the Japanese population in age, gender, and residence. After excluding participants with lower reliability, 987 participants ( $M_{age} = 47.3$  years, 50.3% male) were included in the analysis.

### Data and methods

The data were collected through the following steps. First, participants were shown the top 60 B-to-C brands using the ranking data released by Nikkei BP Consulting, Inc. (2018). The ranking is based on the national online survey ( $n=41,506$ ; aged over 18 years). Then, participants chose the most familiar brand for themselves and completed the questionnaire about the brand. Two out of 60 brands had no respondents, thus 58 brands were included in the analysis and classified into five categories (see Appendix A): convenience goods ( $n=185$ ,  $M_{age} = 50.4$  years, 40.0% male), specialty goods ( $n=279$ ,  $M_{age} = 48.9$  years, 65.2% male), chain stores ( $n=242$ ,  $M_{age} = 46.1$  years, 36.0% male), online retail ( $n=144$ ,  $M_{age} = 46.5$  years, 49.3% male), and online service ( $n=137$ ,  $M_{age} = 42.8$  years, 60.6% male). According to Grönroos (1994), while traditional marketing had been developed based on consumer packaged goods, relationship marketing worked well in service marketing and industrial marketing. As touchpoints are different in each category, we conducted the analysis in each category.

### Brand experience

This research adopted a brand experience scale which consists of 15 questions (three items per brand experience domain: SENSE, FEEL, THINK, ACT), which Brakus *et al.* (2009) developed, and RELATE which Nysveen *et al.* (2013) developed (Table 1). Respondents described their chosen brand with a 7-point Likert scale.

### *Touchpoints*

Examination indicated 17 items which can be classified into four dimensions proposed by Duncan (2005);

1. Company-created touchpoints which can be highly controlled: TV advertisement, online advertisement, other advertisement, email, and direct mail/brochure
2. Intrinsic touchpoints which are interactions with a brand required during the process of buying or using the brand: brand store and employees
3. Unexpected touchpoints which are unanticipated references to a brand beyond the control of the company: publication (news or articles), face-to-face WOM, online WOM from friends, online WOM from celebrities, other online WOM, and online reviews
4. Customer-initiated touchpoints which occur whenever a customer contacts the company: website/ official page in social networking service (SNS), smartphone application, customer service, and events

This study sheds light on the C-to-C relationship, thus, we segmented WOM into five types: face-to-face WOM, online WOM (from friends, celebrities, anonymous people) and online reviews. Respondents described if they had encountered any of the brand's touchpoints within the past year. In addition to such a width of touchpoints, they were also asked the frequency of utilization as a depth of that item on a 5-point scale from (1) "never", "(2) not within the past year", (3) "seldom", (4) "sometimes", to (5) "usually".

### *Customers' contributions*

Customers' financial contributions were measured with purchase experience of the brand on a 4-point scale: from (1) "never", (2) "once", (3) "more than twice", to (4) "participate to subscription program". These categories correspond to: (1) a non-purchaser, (2) a trial user, (3) a repeat user, and (4) a loyal user. Participants also indicated their future purchase intention on a 7-point Likert scale.

Customers' non-financial contributions were measured as: (a) "the degree of fan" on a 7-point Likert scale and (b) the frequency of advocacy. To examine C-to-C communication in detail, respondents were queried about their face-to-face WOM, online WOM within a closed community, online WOM open to anyone else, and online reviews on a 4-point scale from (1) "never" to (4) "usually".

Moreover, to examine the customer-brand relationship, we asked respondents the period of utilization on a 5-point scale: from (1) "less than a year" to (5) "more than 10 years".

Using these data, the following analysis took place:

1. Cluster analysis by the level of brand experience

2. Multiple regression analysis to verify the relationship between brand experience and touchpoints (by each category).
3. Multiple regression analysis to verify the relationship between brand experience and the brand contribution levels (by each category).

## Results

### Clusters

Table 1 shows the results of the cluster analyses. Three distinct clusters emerged based on the level of brand experience. Cronbach's alpha among the 15 brand experience items was 0.90, thereby demonstrating that they are internally consistent and have satisfactory reliability values. Adopting the k-means method, and after applying the number of clusters from two to four, the participants were classified into three clusters (Table 1). The level of brand experience, which varies from 1 to 7 (Likert scale), was converted into a score which varies from -3 to +3; cluster 1 showed positive brand experience, cluster 2 was neither positive nor negative, and cluster 3 was negative. Thus, they were named (1) "Positive", (2) "Neutral" and (3) "Negative". These are in line with Aoki *et al.* (2019). Table 2 shows the distribution in each category. A chi-square test on the distribution revealed that the distribution of brand experience differs in categories ( $\chi^2 = 22.40$ ,  $df = 8$ ,  $p < .01$ ).

[Table 1. The result of cluster analysis by the level of brand experience]

[Table 2. The distribution of three clusters by category]

### Validation of brand experience as a variable in relationship marketing

This paper examines relationship marketing from the aspects of brand experience. Relationship marketing aims to build long-term relationships with customers, thus, the researchers examined the impact that brand experience has toward building this relationship. Data confirmed the current and future intention of using the brand (Table 3). A chi-square test on both period and future intention revealed that the "Positive" cluster significantly utilized the brand longer ( $\chi^2 = 15.69$ ,  $df = 8$ ,  $p < .05$ ) and significantly showed higher utilization intention in the future ( $\chi^2 = 122.85$ ,  $df = 12$ ,  $p < .001$ ). These results show that brand experience can and often does contribute to build long-term relationships with customers.

[Table 3. The period and future intention of using the brand]

### The relationship between brand experience and touchpoints

Table 4 shows the contact rate of each touchpoint and the distribution of utilization frequency. To know the touchpoint which significantly relates to the level of brand experience, multiple regression was calculated to predict the level of brand experience (1 or "Positive" cluster; 0 or "Neutral"; -1 or "Negative";) on the basis of "touchpoint" variables which are showed in Table 4

and control variables such as age and gender (Table 5) <sup>1</sup>. Cronbach's alpha was lower than 0.7 in some categories, once we entered all variables into the analysis. Then, to eliminate any multicollinearity, we adopted the stepwise method and selected the variables to be used in the analysis.

[Table 4. The rate of contact of each touchpoint and the distribution of utilization frequency]

[Table 5. Regression analysis for touchpoint variables predicting the level of brand experience]

The results showed that the effective touchpoints on the level of brand experience differed by categories. In category 1 (convenience goods such as consumer packaged goods) and category 3 (chain stores such as convenience stores and food service chains), the respondents' frequency of utilization itself (category 1;  $\beta=0.16$ ,  $p<0.05$ ) (category 3;  $\beta=0.19$ ,  $p<0.01$ ) and other advertisements except TV and online, e.g., print (category 1;  $\beta=0.22$ ,  $p<0.001$ ) (category 3;  $\beta=0.13$ ,  $p<0.05$ ), were significant predictors of positive brand experience. In category 3, online review was also significant ( $\beta=0.17$ ,  $p<0.01$ ).

In category 2 (specialty goods), brand store ( $\beta=0.16$ ,  $p<0.01$ ), website/SNS ( $\beta=0.15$ ,  $p<0.05$ ), TV advertisement ( $\beta=0.13$ ,  $p<0.05$ ) and online WOM from friends ( $\beta=0.12$ ,  $p<0.05$ ) were significant predictors of positive brand experience.

In category 4 (online retail), publication ( $\beta=0.23$ ,  $p<0.01$ ) and direct mail (DM)/brochure ( $\beta=0.20$ ,  $p<0.05$ ) were significant predictors of positive brand experience. And in category 5 (online service), TV advertisements ( $\beta=0.19$ ,  $p<0.05$ ) were significant predictors of positive brand experience.

## The Relationship Between Brand Experience And Customers' Contributions

Table 6 shows the means and standard deviations of all customers' contribution variables in each category. Cronbach's alpha was lower than 0.7 in some categories, once all variables were incorporated into the analysis and the stepwise method was adopted to select the variables to be used. (Table 7).

[Table 6. The medians and standard deviations of all customers' contribution variables]

[Table 7. Regression analysis for customers' contribution variables predicting the level of brand experience]

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<sup>1</sup> Online retail category includes only two brands, thus, to remove the brand bias, we added one brand's dummy (1, 0) as a control variable.

The results showed that the degree of fan was the significant predictor of positive brand experience in all categories (category 1;  $\beta=0.39$ ,  $p<0.001$ ) (category 2;  $\beta=0.61$ ,  $p<0.001$ ) (category 3;  $\beta=0.51$ ,  $p<0.001$ ) (category 4;  $\beta=0.47$ ,  $p<0.001$ ) (category 5;  $\beta=0.50$ ,  $p<0.001$ ) (Table 7). The standard coefficients value ( $\beta$ ) in each category shows that it is the most important dimension (Table 7). In addition, online WOM was also a significant predictor of positive brand experience in four categories: category 1 ( $\beta=0.37$ ,  $p<0.001$ ), category 3 ( $\beta=0.16$ ,  $p<0.01$ ), category 4 ( $\beta=0.24$ ,  $p<0.01$ ), and category 5 ( $\beta=0.32$ ,  $p<0.001$ ), and face-to-face WOM in the specialty goods category ( $\beta=0.15$ ,  $p<0.01$ ) (Table 7).

## Discussion

Through the study, some important findings are suggested. First, we empirically showed that brand experience has a positive impact on long-term relationships with customers. We found that customers with positive brand experience already had a significantly longer relationship with the brand, and apparently a stronger intention to sustain this relationship in the future (Table 3).

Next, we examined the relationship between brand experience and touchpoints, and found that the features of touchpoints differ in categories. For instance, in low-involvement categories such as convenience goods and chain stores, customers with positive brand experience showed higher frequency to use (Table 5). It suggests that positive brand experience entices customers to use the brand, and enhances customers' brand experience again. In other words, sustainable brand-customer relationships are established. In these categories, the distribution of the "Positive" cluster was relatively low (Table 2); however, this result suggests that even such low-involvement goods or service brands could enhance customer brand experience and build sustainable relationships. In the specialty goods category, customers with positive brand experience seem to actively collect the brand information themselves through multiple touchpoints: brand stores, websites, posts from friends (Table 5). In this category, the distribution of the "Positive" cluster was relatively high (Table 2), and brands could focus on sending strong messages through both online and offline touchpoints. In online categories, interestingly, offline touchpoints were significant predictors of positive brand experience, such as DM in the online retail category and TV advertisements in the online service category (Table 5). It indicates that even for online businesses, offline touchpoints are still important. It is a logical result considering that consumers' lives cannot be completed within an online world.

In addition, the results showed that the power of mass media is still impactful. The exposure rate to TV advertisements was the highest among all touchpoints in total. Online advertisement was succeeding to TV advertisement, implying that the Internet has become major. While this paper sheds light on C-to-C communication, the exposure rates to WOM about a specific brand were relatively low and the effect of brand experience has been limited. Compared to WOM, the exposure to publication, such as news or articles, and online reviews were higher, which

supports the idea that mass media has not been ignored, in considering a relationship with customers.

Finally, the examination of the relationship between brand experience and customers' contributions was analyzed. Results indicate that positive brand experience creates brand fans and advocacy from them in all categories (Table 7). Even in low-involvement categories, customers with positive brand experience recommend the brand through online posting. In the case of the specialty goods category, face-to-face WOM was a significant predictor of positive brand experience, in line with the analytics results on touchpoints. In other words, in this category, customers with positive brand experience prefer topics on the brand when engaging in conversation with their friends or family.

Referring to our research question, the study results reveal that the customer-to-customer relationship has only a limited impact on brand experience. However, it was shown that positive brand experience derives customers' advocacy, and thus, stimulates customer-to-customer relationships.

## Study 2: The Role Of “Ambassador Program” In Relationship Marketing

In study 1, in the low-involvement category, the distribution of the “Positive” cluster was relatively low; however, we suggest that even low-involvement goods or service brands can enhance customer brand experience. In study 2, we focus on the low-involvement category and explore how to build sustainable relationships with customers.

As introduced initially, in Japan, some major firms adopted an approach to build a long-term collaboration with customers called the “Ambassador Program”. In study 2, the effectiveness of this program with the case of NESCAFE was studied.

### *Sample*

The investigators recruited NESCAFE machine (NESCAFE Barista and NESCAFE Dolce Gust) users (n = 2,000) through a market research company. First, the screening questionnaire was carried out on 40,000 male and female workers, aged 20 years to 59 years in accordance with the features of the Ambassador program which is designed for the working place. Then, two thousand NESCAFE users were extracted for the study panel as follows:

- all respondents own NESCAFE machines at home
- 25% of the respondents are NESCAFE Ambassadors
- another 25% of the respondents are Ambassador program participants (not the Ambassador himself or herself, but Ambassador's colleagues)
- the remaining 50% of the study panel are non-program participants

To examine the effectiveness of the Ambassador program, the examiners secured the same size samples of program participants and non-participants. Finally, the respondents consisted of 492 NESCAFÉ Ambassadors, 508 Ambassador program participants, and 1,000 non-program participants. After excluding participants with lower reliability, 1,859 participants ( $M_{age} = 43.1$  years, 61.9% male) were included in the analysis.

### *Data and Methods*

Study 2 verified the effects of the Ambassador program, namely, to determine if brand experience and customers' contributions increased. Thus, the data of brand experience and customers' contributions was collected, following the study 1 procedures, with a few additional modifications. For instance, the researchers acquired purchase experience based on the respondents' actual expenditure per month for a year; from (1) less than JPY500 (approximately USD 5.00) to (5) more than JPY 2000 (approximately USD 20.00). The expenditure describes in-home use, excluding office-use. The investigation compared the expenditure of Ambassador Program participants and non-participants in the same condition. Adding, "sharing the brand's SNS post" as customers' contributions. The following analysis was performed.

1. Cluster analysis by the level of brand experience
2. Multiple regression analysis to predict program participants

### *Result*

First, the conduction of cluster analysis by the level of brand experience was performed. As in study 1, the analysis measured the brand experience with 15 items ( $\alpha=0.92$ ). The researchers adopted the k-means method, and the participants were classified into three clusters (Table 8). Then converting the level of brand experience which varies from 1 to 7 (Likert scale) into a score which varies from -3 to +3 as in study 1, cluster 1 showed negative brand experience, cluster 2 was positive, and cluster 3 was neither positive nor negative. Thus, we named them (2) "Positive", (3) "Neutral", and (1) "Negative". Table 9 shows the distribution by participation to the Ambassador program. A chi-square test on the distribution revealed that the distribution of brand experience differs in groups ( $\chi^2 = 63.65$ ,  $df = 6$ ,  $p < .001$ ).

[Table 8. The result of cluster analysis by the level of brand experience]

[Table 9. The distribution of three clusters by the status in participation to the program]

The results indicate that not only Ambassadors themselves but also their colleagues include significantly higher rates of the "Positive" cluster (Table 9). Thus, converging the four groups shown in Table 9 into two groups, program participants (rows 1 and 2) and non-program participants (rows 3 and 4) allowed the comparison of respondents' contributions to the brand in these two groups. Using 10 items ( $\alpha=0.84$ ), including financial contributions such as purchase value and purchase intention in the future, and non-financial contributions such as the degree of fan and the frequency of online and offline WOM, a comparison was performed. Table 10

presents the means of all variables. The results of t-tests comparing the means between two groups suggested that the program participants showed significantly higher contributions to the brand than non-participants in all criteria (Table 10).

[Table 10. Customers' contributions by the status in participation to the program]

Though it was found that program participants contribute to the brand financially in purchase value ( $t = 5.83$ ,  $df = 1648.42$ ,  $p < 0.001$ ) and future intention ( $t = 4.49$ ,  $df = 1857$ ,  $p < 0.001$ ), and also non-financially in the degree of fan ( $t = 2.97$ ,  $df = 1857$ ,  $p < 0.01$ ) and the frequency of WOM, it was not clear which is the most significant variable. Thus, to specify the variable which significantly relates to being a program participant among 10 items, multiple regression was calculated to predict being program participants (dummy, 1, 0) on the basis of these contribution variables and control variables such as age and gender. All variables were added into the analysis, which then adopted the stepwise method and selected the variables to be used in the analysis as in study 1. As a result, sharing brand's SNS posts ( $\beta=0.27$ ,  $p<0.001$ ) and face-to-face WOM ( $\beta=0.19$ ,  $p<0.001$ ) were the significant predictors of being program participants ( $R^2 = 0.18$ ,  $F(4, 1659) = 88.90$ ,  $p < .001$ ) (Table 10).

### *Discussion*

Through the study, we found that the Ambassador program is effective in increasing customers' brand experience and customers' contributions. In the case of the NESCAFE Ambassador program, it is logical that Ambassadors themselves who introduce the NESCAFE system into their work place showed higher levels of contributions to the brand, and not only the Ambassadors, but their colleagues as well showed the same attitude towards the brand. It suggests that customers can create new customers (co-creation). The research empirically showed that even in such a low-involvement category as consumer-packaged goods, firms can build sustainable relationships with customers by adopting customer-to-customer relationships into their marketing strategies. According to the multiple regression analysis, sharing the brand's post and face-to-face WOM were the significant variables to predict being program participants. It implies that the participants would intentionally spread the brand's official message in addition to their own experience, which is quite a supportive attitude towards the brand. The results suggest that involving the customers in creating brand experiences brings many opportunities for firms.

## Conclusion And Implications

### *Managerial Implications*

#### *How To Create Effective Touchpoints With Customers*

This research shows how and why building relationships with customers can induce customers' contributions. The findings showed that customers' positive brand experience is significantly associated with long-term relationships with customers. To explore the effective touchpoints

which could increase brand experience, the researchers carried out a national survey on top B-to-C brands in five categories such as convenience goods, specialty goods, chain stores, online retail and online service, to demonstrate the following managerial implications:

1. Combining online and offline touchpoints could increase the brand experience; e.g., in online industries, offline touchpoints such as TV advertisements and DM are effective.
2. Mass media, including online media, have tremendous impact on brand experience due to the high contact rate. Not only advertisements, but also publications through mass media or online reviews showed a positive impact on brand experience.
3. In the low-involvement category, customers' own experiences may have a positive impact on brand experience. Programs, such as the Ambassador program which we examined in study 2, could be the best strategy for building relationships with customers in low-involvement categories.

#### *Enhancing Brand Experience: The Role Of The Ambassador Program*

The findings indicate that brand experience works in relationship marketing. Specifically, to:

1. Be a part of customers' lifestyles
2. Stimulate C-to-C communication

First of all, firms have to make efforts to increase frequency of use. In the case of the NESCAFE Ambassador program, NESCAFE is present in the participants' office, and then the use of which, can easily become a part of the participants' habits. In other words, it influences customers' actions, and consequently, enhances brand experience. In current business situations, expanding subscription programs have a similar effect, and smartphone or wearable device applications are also helpful in entering into customers' lifestyles. Continuous stimulations and seamless availability enhance the brand's presence in customers' lives. Furthermore, if firms stimulate C-to-C communication, the brand experience would be amplified. In the case of the NESCAFE Ambassador program, the participants were connected face-to-face. In addition to such offline communication, enticing online communication such as sharing photos or experiences can be effective in amplifying brand experience. Though the researchers regarded C-to-C communication as a new powerful touchpoint, the effects were still limited. It is mainly because the contact rate among customers was relatively low, however, if firms make more effort in stimulating C-to-C communication, it would be a powerful touchpoint.

#### *Theoretical Implications*

Earlier studies have shown that when a firm succeeds in building long-term relationships with their customers, the firms can gain profit from the customers sustainably (e.g., Bolton *et al.*, 2004). While prior research has focused on customers' financial contributions, this paper sheds

light on customers' non-financial contributions and empirically demonstrates that positive brand experience can induce customers' contributions, especially non-financial contributions. Thus, the C-to-C relationship is highlighted and manifested as a positive impact from a relationship marketing perspective.

The research results show that positive brand experience is significantly related to customers' degree of fan and the frequency of advocacy. Furthermore, Aoki *et al.* (2019) empirically revealed that brand experience increases customers' contributions with specific brand data. The results of this research additionally verify that positive brand experience induces customers' contributions broadly in B-to-C brands.

### *Limitation*

Through these studies, findings indicated advanced ideas, however, it is also preliminary. First, the respondents in study 1 described their most familiar brands among 60 brands, thus the data could be biased toward highly engaged customers. In study 2, data of NESCAFE machine owners was used. Half of them participate in the Ambassador program in addition to using the machine at home. So the data in study 2 also could be from highly engaged customers. Finally, this paper focused on B-to-C brands, however, C-to-C relationships could also be as high a priority among B-to-B brands, and further research would be expected.

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Table 1. The result of cluster analysis by the level of brand experience

Brand experience scale		M (n=987)	SD	F-value		Center value			
						1 (n=171)	2 (n=626)	3 (n=190)	
1	Sense1	This brand makes a strong impression on my visual sense or other senses.	4.21	1.29	#####	***	5.77	4.21	2.79
2	Sense2	I find this brand interesting in a sensory way.	4.45	1.20	#####	***	5.88	4.37	3.41
3	Sense3	This brand does not appeal to my senses.	4.46	1.24	39.51	***	5.14	4.24	4.58
4	Feel1	This brand induces feelings and sentiments.	4.17	1.28	#####	***	5.75	4.19	2.68
5	Feel2	I do not have strong emotions for this brand.	4.35	1.38	#####	***	5.72	4.18	3.68
6	Feel3	This brand is an emotional brand.	4.18	1.28	#####	***	5.67	4.22	2.68
7	Act1	I engage in physical actions and behaviors when I use this brand.	3.57	1.30	#####	***	4.59	3.76	2.06
8	Act2	This brand results in bodily experiences.	3.76	1.29	#####	***	5.11	3.89	2.12
9	Act3	This brand is not action oriented.	4.26	1.20	49.98	***	5.04	4.06	4.20
10	Think1	I engage in a lot of thinking when I encounter this brand.	4.00	1.25	#####	***	5.38	4.04	2.61

11	Think2	This brand does not make me think.	4.31	1.21	73.72	***	5.26	4.10	4.12
12	Think3	This brand stimulates my curiosity and problem solving.	4.24	1.24	#####	***	5.68	4.23	2.99
13	Relate1	As a customer of this brand I feel like I am a part of a community.	3.85	1.31	#####	***	5.23	3.96	2.24
14	Relate2	I feel like I am part of this brand family.	3.78	1.32	#####	***	5.17	3.88	2.23
15	Relate3	When I use this brand I do not feel left alone.	4.05	1.25	#####	***	5.28	4.07	2.88

Note. \*\*\*  $p < .001$

Rows 3, 5, 9 and 11 are negatively phrased and reverse coded.

## Appendix

[Appendix A. Brands list used in study 1]

*Keywords:* Brand, C-to-C communication, Ambassador Program, WOM, Advocacy, Sustainability

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