

Customer Engagement and the True Value of a Lost Customer

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Cite as:

Ruhnau Robin-Christopher, Harz Nathalie (2019), Customer Engagement and the True Value of a Lost Customer. *Proceedings of the European Marketing Academy*, 48th, (9446)

Paper presented at the 48th Annual EMAC Conference, Hamburg, May 24-27, 2019.



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Abstract

Customer engagement (CE) is an essential evolving theory to capture today's well-connected and empowered customers. CE acknowledges that customers can both create and destroy firm value through a variety of behaviors without even making any purchases, e.g., by word of mouth. Specifically, this setting also applies to lost customers. Therefore, the authors introduce CE valuation to reacquisition management, aiming to answer the research question: what is the true value of a lost customer, beyond purchases? Employing a combination of field and laboratory experiments, the authors identify the most valuable customers in terms of engagement value and their likelihood of reacquisition. Therefore, the research provides valuable insights to the research areas of customer reacquisition and CE. For firms, the research provides guidelines for managing lost customers, resulting in higher success rates in reacquisition, lower defection rates, and improved accountability.

Keywords: *customer engagement; customer reacquisition; engagement value*

Track: Relationship Marketing