

Enhancing Customer Engagement Through Consciousness

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Abstract

Firms and academics recognize the importance of creating an engaged customer base, though an in-depth understanding of how to achieve it is limited. This article proposes that firms that use consciousness as a foundational philosophy can create a more engaging and meaningful customer experience. A retailer or service provider with foundations in consciousness has a higher purpose and values that get espoused and fulfilled throughout the organization, working in a way to optimize benefits to its multiple stakeholders (investors, employees, customers, suppliers, the environment, the community). Building on these foundations, retailers can achieve deeper engagement with customers, deliver outstanding customer experiences, create emotional connections with customers, and establish a shared identity based on a clear purpose and values.

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Introduction

Firms and academics increasingly recognize the importance of creating a strong customer experience and engaged customer base, such that improving customer experience and engagement is a top goal for executives (Accenture 2015), and the Marketing Science Institute (2016) ranks it as one of the most important challenges for coming years. Academics also highlight the importance of understanding the customer experience (e.g., Grewal, Levy, and Kumar 2009; Lemon and Verhoef 2016; Puccinelli et al. 2009; Verhoef et al. 2009), defined in a variety of ways. In general, customer experience is a “multidimensional construct focusing on a customer’s cognitive, emotional, behavioral, sensorial, and social responses to a firm’s offerings during the customer’s entire purchase journey” (Lemon and Verhoef 2016, p. 3).

When it comes to popular retailers such as Whole Foods Market, Trader Joe’s, and Patagonia, which develop nearly cult-like followings among their customers, the retail experiences lead many customers to engage to the point that they even come to

share in the company’s purpose and values, which represents a unique, powerful customer experience. We propose that by building on the foundations of Conscious Capitalism (Mackey and Sisodia 2014), firms can enhance the customer experience by engaging with customers at three, hierarchical engagement levels: outstanding customer experience, emotional connection, and shared identity. Once a lower level is achieved, some customers ascend to the next level.

Our notion of consciousness in business is based in Conscious Capitalism (Mackey and Sisodia 2014), a business philosophy that encompasses four key tenets. First, every business should operate with a higher purpose, along with a deeply held set of core values. Second, the business should be managed to provide simultaneous benefits to all stakeholders—society, partners, investors, customers, employees, and the environment—instead of just focusing on maximizing returns to investors. Third, the business should be led by conscious leaders who mentor, motivate, develop, inspire, and serve people in accordance with and through the firm’s purpose and values. Fourth, the company fosters a culture of trust, authenticity, caring, transparency, integrity, learning, and empowerment. Unlike corporate social responsibility, the higher purpose pursued through Conscious Capitalism is not necessarily about “doing good” (Mackey 2011). It is about making a positive difference in a direction that a company chooses, so it might entail, for example, “furthering human knowledge, creating beauty, solving problems, and cre-

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ating various kinds of human value” (Mackey and Sisodia 2014, p. 86).

If they adopt similar foundations, retailers can move their customer experiences along a hierarchy of engagement. At a basic level, retailers strive to create outstanding experiences for customers. Beyond that point, because consciousness establishes a foundation to drive the business, it is possible to create positive emotional links with customers because of shared sense of purpose and values. At the highest level of engagement, the connection between the customer and retailer becomes so powerful and emotional that many customers come to identify with the retailer.

In addition, the framework for enhancing customer engagement through consciousness is grounded in extant theories, such as stakeholder theory (e.g., Bhattacharya 2010; Donaldson and Preston 1995; Dunham, Freeman, and Liedtak 2006; Freeman 1984), customer experience creation (e.g., Puccinelli et al. 2009; Verhoef et al. 2009), social identity theory (e.g., Ashforth and Mael 1989), and consumer–company identity (Bhattacharya and Sen 2003). We propose not only that companies can enhance their customer engagement by building on foundations of consciousness but also that this approach offers a new paradigm for how retailers and service providers may devise and define their business strategies.

Framework for Enhancing Customer Engagement Through Consciousness

The foundations of consciousness are based on the four pillars of Conscious Capitalism: higher purpose, stakeholder integration, conscious leadership, and conscious cultures. These foundations provide fodder for a powerful type of engagement between a retailer and its customers. Engagement can occur at three levels: an outstanding customer experience, an emotional connection, and a shared identity. Some customers reach an outstanding customer experience, and then others move beyond it and develop powerful emotional connections with the retailer.

Still others may reach the peak of engagement with the conscious retailer and go through all three levels of engagement. The key is that each engagement level is based on the purpose and values that drive these retailers. The foundations and levels of engagement are represented in Fig. 1. In the next section, we discuss the foundations of consciousness, before we move on to describe how these foundations establish a powerful form of customer experience and engagement management.

Higher Purpose and Core Values

The role of a higher purpose and core values seemingly has taken a backseat to research efforts to understand institutional and leadership issues (Chandler 2014). Yet having a clearly defined purpose and core values, and understanding how they can serve as centering point for connecting with customers, employees, and the community, are critical issues. As Clark (1956) highlights, social values can be precarious to maintain if they are not well-defined within the goals of an organization, the organization lacks legitimacy or credibility, or the values come in conflict with wider communities or society. Thus, understanding how retailers develop and communicate their purpose and values is highly pertinent.

Bourne and Jenkins (2013) suggest that organizational values can be categorized as espoused, attributed, shared, and aspirational. Leaders of organizations espouse values that they intend their organization to achieve; attributed values are those that others view as fundamental to the organization. Aspirational values represent what employees strive to achieve, and shared values are those that they employ. Ideally, these values are aligned, but what happens if there is a gap? For example, if a gap exists between the values espoused by the organization’s leaders and the values that customers attribute, then customers will not connect with the espoused values. In this case, it would be difficult to move customers up the hierarchy of engagement to the point that they feel an emotional connection with the retailer. Similarly, if there is a gap between aspirational and shared values,



Fig. 1. Enhancing customer engagement through consciousness.

employees might not be delivering the experience necessary to achieve an emotional connection with customers.

Conscious Capitalism holds that businesses should have a higher purpose, along with a deeply held set of core values. These espoused and attributed values may entail doing good, as exemplified by Whole Foods, whose motto “Whole Foods, Whole People, Whole Planet” emphasizes its goals of supporting the health and well-being of people and the planet, as well as by Patagonia’s mission to “build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis.” The Container Store’s foundational principles include “Fill the other guy’s basket to the brim. Making money then becomes an easy proposition,” “Best selection, service and price,” and an “Air of excitement.” Zappo’s core values include “Deliver WOW through service,” “pursue growth and learning,” “create fun and a little weirdness,” and “be adventurous, creative, and open minded.” Regardless of the specific core values selected, they serve as foundational principles or guidelines for communicating the firm’s culture and values to the world, a focal point for orienting employees, and a centering point for defining the experience that the retailer hopes to deliver to customers, along with the kind of work environment it creates for employees.

Different purposes and values espoused by retailers likely resonate uniquely with customers and potentially moderate the effectiveness of the retailers’ offerings. For example, strong, clear congruity between the retailer’s mission and the products and services it offers should help customers sense a stronger engagement with that retailer. In addition to investigating these effects, we need further research to examine how these purposes and values can best be communicated to different stakeholders. How should consumers learn about a company’s purpose and values? Many conscious retailers spend less on advertising and instead promote their purpose and values through their activities, the ways their employees act, and their involvement with the community. Thus, more research is needed to understand how conscious retailers communicate their purpose and values in a way that is authentic and stimulates further engagement with the company, by moving stakeholders up the hierarchy of engagement.

Leadership and Corporate Culture

Conscious Capitalism highlights the importance of leaders having a deep commitment to the firm’s purpose and a genuine desire to serve rather than command others. Conscious leaders see themselves as the stewards of the lives and jobs entrusted to their responsibility. They mentor, motivate, develop, and inspire people, rather than using “carrots and sticks” or a command-and-control approach to get people to do what they want. For example, ICA, the leading grocery store in Sweden, has an extensive educational program for its store owners, potential owners, and employees. Nurturing these promising employees is a salient feature of the company culture.

These leaders seek to create and maintain a conscious corporate culture that is rooted in trust and caring and promotes a strong team orientation. At Whole Foods, employees in each

store are organized into self-managing teams, responsible for hiring and the allocation of work tasks. New employees are hired on a probationary basis; at the end of the probationary period, the team votes on whether to keep the employee on the team. The teams develop their own identities and form strong internal bonds (Cascio and Boudrea 2011).

At Patagonia, employees have opportunities to take weekend trips together, engaging in outdoor activities such as kayaking or climbing (Sheahan 2016). In a similar vein, REI decided to that to be consistent with its higher purpose of helping people enjoy outdoor adventures, it would close all its stores on Thanksgiving and Black Friday—that is, the day after Thanksgiving, known for its strong sales (Katersky and Kim 2015). Perhaps at the expense of lower sales, REI decided that its ability to live the ideal that people should enjoy the outdoors with their families was more valuable than the incremental sales that its stores might generate by forcing employees to work over the holiday.

Stakeholder Orientation

Like other conscious businesses (Mackey and Sisodia 2014), such above mentioned retailers take a broader stakeholder, rather than a narrow shareholder, perspective. This broader view takes multiple stakeholder interests and relationships into account when developing a marketing strategy (Bhattacharya 2010). They work to create value for all stakeholders, so that the well-being of each stakeholder is an end unto itself, not simply a means to the ultimate end of maximizing profits (Wicks, Freeman, and Harrison 2007).

Donaldson and Preston (1995, p. 85) point out that “it is the responsibility of managers, and the management function, to select activities and direct resources to obtain benefits for legitimate stakeholders. The question is, who are the legitimate stakeholders?” This central strategic decision is the responsibility of the leadership team. The influence of each of these stakeholders on the others cannot be separated (Hillebrand, Driessen, and Koll 2015). Accordingly, these retailers must explicitly consider the well-being of all stakeholders when they make decisions and strive to achieve win–win–win outcomes that enable all stakeholders to benefit simultaneously (Mackey 2011). They also seek to align the interests of their stakeholders, so that the well-being of each is linked to the well-being of all others, which creates a sense of shared purpose. By seeking to create value for each stakeholder, retailers can, in turn, create greater financial value for the company.

In considering the broader implications of their actions, retailers also can optimize the benefits to the largest number of stakeholders and minimize harm to any group (Grewal and Levy 2016). However, the goal of treating all stakeholders equitably is inherently challenging (O’Toole and Vogel 2011); for example, if a company decides to outsource production to reduce costs, it likely benefits customers and investors but not local employees. However, as Mackey (2011) explains, conscious businesses recognize that competitiveness and success require decisions that risk some negative impacts in the short term. The critical element that marks a business, including a retailer, as conscious is how it handles these difficult deci-

sions. If outsourcing becomes necessary, does the company handle the transition in a way that minimizes job losses and provides a path forward for current employees? By taking all stakeholders—including investors, employees, suppliers, customers, and the community—into account, retailers can exhibit their conscious traits, as we detail next.

Investors

There is growing evidence that a conscious approach can contribute to superior financial performance. However, this still requires further consideration. Existing research offers conflicting evidence. One study indicates that investors in conscious businesses outperform the market by a 14-to-1 ratio over a 15-year period (Sisodia, Sheth, and Wolfe 2014), but other research suggests a relatively weak correlation between corporate social performance (which admittedly is not the same as being a conscious business) and a firm's financial performance (meta-analysis of 167 studies; Margolis and Anger Elfenbein 2008). Thus, further research is needed to understand and explore the intricate relationship between a conscious approach to retailing and firm performance.

A potential explanation as to why greater consciousness might lead to enhanced firm performance is that the sense of satisfaction, empowerment, and fulfillment among employees of conscious companies might make them more engaged, such that they provide better service, which then creates more satisfied and loyal customers. Similarly, suppliers may be more willing to work with a conscious retailer to develop innovative, cost-effective solutions due to their mutually beneficial relationship (Sisodia 2014). By creating conditions that enable them to provide consistently superior service to customers, retailers also improve the chances of beneficial outcomes for investors (Berry, Carbone, and Haeckel 2002; Seiders et al. 2005).

Previous research has examined how other marketing mix elements—such as the store environment (e.g., Baker et al. 2002), pricing (Biswas et al. 2013), merchandise selection and presentation (Grewal et al. 1999; Roggeveen et al. 2015), and in-store displays (Roggeveen, Nordfält, and Grewal 2016)—affect firm performance, but little research considers social elements related to how a firm connects with its employees, customers, and suppliers. Understanding how these connections impact firm performance is important for future research.

Examining existing reviews of retailing research (e.g., Grewal and Levy 2007; Kumar, Anand, and Song 2017), we note a significant gap related to the role of firm values, in both retailing and broader marketing domains. Therefore, it is important for researchers to seek explicitly to understand how the level of consistency between the espoused values of the senior leadership team and the attributed values of the employees of the organization affect firm performance. The level of consistency between these two types of values in turn can be reflected in the retailer's marketing mix elements. For example, a retailer that espouses the value of taking care of the environment should carry more SKUs that are environmentally friendly (e.g., organic, no preservatives). In this vein, we need research that explores how individual facets, such as the role of organic versus non-organic merchandise, having consistent prices versus a high–low pricing

strategy, and reducing the carbon footprint in the store by using technology such as solar panels, may influence customer engagement and overall firm performance. We anticipate that the effects of these social values may have been substantially underestimated in prior work.

Employees

Providing clear goals and setting realistic expectations is important to ensure superior performance (Longenecker and Gioia 1991). Retailers with a foundation in consciousness start with a strong emphasis on their people and strive to ensure that employees feel connected to the company's purpose and core values. All employee-related policies are in harmony with these goals. They carefully develop and nurture their relationships with employees (Arnold et al. 2009), such as when Trader Joe's recognizes and rewards its employees for being knowledgeable about the food they sell and for providing great customer experiences.

Furthermore, they strive to create environments in which employees can thrive, recognizing that highly engaged and passionate employees lead to delighted and loyal customers (Heskett, Sasser, and Schlesinger 1997; Verhoef et al. 2009). Thus, they strive to pay above-market-average wages, provide generous benefits, and offer meaningful training programs. For example, Patagonia offers profit sharing to all employees down to the store level, not just to managers. It also provides generous family leave, on-site day care at its headquarters, comprehensive health care coverage, and environmental leaves of absence, such that employees are granted time to work on environmental projects while still being paid by the company. Trader Joe's strives to offer a living wage for its retail employees and invests in their growth.

Picking the best-suited employees for an organization is a critical decision. For such retailers, a key hiring criterion should be whether the employee has the ability to identify with the purpose and values of the organization and reach a higher level of engagement in her or his work. These employees—who often are customers first—personify the organization in a manner that best promotes engagement. It tends to be these employees who move the customer from the initial level of experiencing an outstanding service encounter to the higher level of feeling an emotional connection with the retailer. Further research thus should explore the most effective manner for orienting employees toward the purpose and values of the retailer.

Suppliers

Many retailers devote considerable time and energy to minimize the costs associated with their supply chain and negotiate vigorously to obtain the best terms (Levy and Grewal 2000). But retailers that take a longer-term view recognize the benefits of cultivating mutually rewarding relationships with their suppliers (Palmatier et al. 2006) and thus avoid adopting an opportunistic orientation that aims to squeeze the most out of the supplier. More retailers are realizing the need to develop trusting relationships, as detailed by Alawadi and Farris (2017). For example, with its individual store owner model, ICA helps fos-

ters trust and collaboration between each store and the local farms and manufacturers in its area.

Many conscious retailers and vendors also seek to expand their relationships, to engage in long-term, joint business planning that encompasses all aspects of the business. Building on these long-term plans, the partners can devise shorter-term plans together, including buying and replenishment choices. Their collaborative planning makes the shorter-term plans more effective, because both the vendor and the retailer understand their contributions to the bigger plan. Thus, we call for further research to clarify the optimal ways to encourage this synergistic dialog and planning between retailers and vendors. Can trust be enhanced through group bonding activities between conscious retailers and their vendors? At what level must trust be fostered—the senior leadership level, farther down in the organization, or at all levels—for the partnership to succeed?

Consumers

Most successful retailers already are fairly customer centric; the shopping experience is designed mainly with the customer in mind. Further details on customer centricity, managing experiences, and increasing engagement with customers are provided in a subsequent section devoted specifically to how such retailers move customers up the hierarchy of engagement.

Community

Dunham, Freeman, and Liedtka (2006) highlight the complexity associated with the community facet of stakeholder theory. They also specify four important subcategories of community: community of place (physical proximity of members), community of interest, virtual advocacy groups, and community of practice (professional work groups). In the past, some retailers have focused on communities based on place and interest. But with the advent of social media, virtual advocacy groups steadily increased, requiring dedicated service considerations as well. Such retailers actively seek to participate in ways that improve the community aspect across these different subcategories, because each community represents a natural extension of the business. Already, 95% of CEOs acknowledge that society expects companies to take on public responsibilities (Bielak, Bonini, and Oppenheim 2007). A conscious retailer, such as Patagonia, strives to become integral to its communities; its stores often reflect the character and unique essence of each setting, through décor, artwork, and displays featuring products developed by local suppliers. With another approach, the stores might be granted free rein to allocate donations to organizations within their communities that align with the purpose and values of the company. Employees also routinely participate in events and serve leadership roles in community organizations.

Additional research should explore the various ways retailers engage with their communities. Are some ways more effective and successful? For example, is it better to have a community room in which customers can gather, or is it preferable to reach out to the community by sponsoring a local road race? The answer may be a function of the purpose and values of the

organization and the ways in which those purposes and values align with its outreach efforts.

How Conscious Retailers Increase Customer Engagement Levels

Regardless of the higher purpose, core values, stakeholder orientation, or other tenets of a conscious retailer, various customers sense different levels of engagement with any retailer. Even if customers are not highly engaged, retailers can create connections by delivering outstanding customer experiences. As customers grow more engaged, retailers can create deeper emotional connections with some of them by leveraging their purposes and values. Then at the highest level of engagement, the customer may come to identify with the retailer. We describe each of these levels of engagement next.

Level 1: Delivering Outstanding Customer Experience

Creating a superior customer experience differentiates companies (Grewal, Levy, and Kumar 2009; Verhoef et al. 2009). Customer experience is a holistic concept that “involves the customer’s cognitive, affective, emotional, social and physical responses to the retailer. This experience is created not only by those elements which the retailer can control (e.g., service interface, retail atmosphere, assortment, price), but also by elements that are outside of the retailer’s control (e.g., influence of others, purpose of shopping)” (Verhoef et al. 2009, p. 32).

Conscious retailers strive to provide customers with an experience that is based in the companies’ higher purpose and core values, in a way that conveys the strength and authenticity of those values. Trader Joe’s mission is “to give our customers the best food and beverage values . . . and provide them the information required to make informed buying decisions.” To deliver a customer experience that resonates with its core values, Trader Joe’s refuses to accept any slotting allowances offered by manufacturers to place their products on its shelves—a common practice for most other food retailers. The focus at Trader Joe’s instead is on whether customers would love the product, not on the kind of margin it can earn from selling those products (Rauch 2016).

Trader Joe’s also prides itself on its “Fearless Flyer,” which provides information customers might need to make informed buying decisions. It is delivered to customers’ homes and available in stores. Described as a cross between *Consumer Reports* and *Mad Magazine*, the flyer tells stories about various products and how customers might use them to prepare meals. Thus, the cues that the retailer provides customers as they go through their buying process (Berry, Carbone, and Haeckel 2002) ensure a synergistic and consistent experience that matches the company’s values.

The experience Patagonia strives to create in its retail stores is one that encourages a dialogue between the employee and the customer about what product offers the best value to meet the customer’s needs, in line with its mission to “Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis.” Patagonia

strives to create a comfortable, helpful, and supportive exchange environment that ensures that the products sold meet customers' needs and will be used rather than thrown away (Sheahan 2016). Illustrating its deep commitment to its purpose and values, the company even ran a "Please don't buy this jacket" ad campaign during the 2012 Christmas season, to encourage consumers to repair rather than throw away their existing jackets.

Many conscious retailers provide great customer experiences without designating an executive as a Chief Experience Officer; they believe instead that a great customer experience is integral to their culture, so the responsibility for creating it is not relegated or limited to any particular individual or department. As Trader Joe's Former President Doug Rauch (2016) explains, "The experience needs to be authentic and congruent with your mission. A great experience comes from paying attention to the smallest of details and interactions. It is not about the big events; it is about how you operate day-to-day." These firms might monitor customers' experiences (Meyer and Schwager 2007) using a customer experience management system, designed to produce a win-win value exchange between the retailer and its customers (Grewal, Levy, and Kumar 2009). At ICA for example, customers' perceptions of their experiences are measured continuously at the local level. This information then is used as the basis for rewards, granted to stores that earn the highest scores on several customer experience categories. Thus, it reinforces the central importance of customer experience management.

The experiences created through customer interactions set retailers apart and leave strong memories in customers' minds. Because this memorable experience also is congruent with the conscious retailer's core purpose and values, it serves to establish a base level of engagement. Further research is needed to understand different customer experience management strategies, as highlighted by Grewal, Levy, and Kumar (2009) and Verhoef et al. (2009).

Level 2: Facilitating an Emotional Connection

Some consumers ascend the hierarchy of engagement and begin to feel an emotional connection with the retailer. At this level, customers not only experience and remember the retailer but also sense an emotional link, especially to its purpose and values. The customer may not necessarily share those values but recognizes them as worthy of support. For example, Toms Shoes provides shoes, as well as vision support, water safety, safe birth, and bullying prevention services to people in need. For every pair of shoes a consumer purchases, Toms increases its assistance to people in need, in accord with its "one-for-one" philosophy. When customers buy a pair of shoes, they thus know that they are helping someone less fortunate, which makes them feel good—creating an emotional connection to the company.

Purpose and values are part of conscious retailers' fundamental principles, not a secret hidden from consumers or competitors. What sets them apart is how they live the principles they establish. They operate with an authentic, deeply felt sense of purpose that transcends profits (Bartlett and Ghoshal 1994), as is reflected in all their business strategies and practices. For example, consistent with its goals of avoiding harm to

the environment and repairing rather than buying new products, Patagonia tries to open stores in historic buildings, preserving the building style and reusing existing materials (Sheahan 2016). Similarly, its merchandising and point-of-sale displays focus on its environmental campaigns. Such consistency in executing their purpose and values in all their business practices earns conscious retailers a perception of authenticity that strengthens customers' emotional responses.

ICA retailers provide local assortments, support local sports clubs, and participate in school programs. It is also quite common for individual stores and owners to get involved in interactive projects with individuals or groups of people who live in geographic proximity to participating schools. In one such project, an ICA retailer helped children from a local school sell eggs from hens raised by the children. The profits from selling the eggs helped the kids go on a school trip. Participating in such local projects is part of the company culture, and it enhances the emotional connection of customers with their local store.

Authenticity also is conveyed by employees who are empowered to make decisions that are consistent with the purpose and values of the retailer. Therefore, it is important that employees internalize these purpose and values, especially those who span the boundaries between retailers and other stakeholders (customers, suppliers, the community; Alexander, Teller, and Roggeveen 2016). Accordingly, the purpose must be actionable and resonant with employees; it cannot just be words on a poster on the wall.

Trader Joe's former president Doug Rauch tells a story that illustrates this point: Just before a major snow storm was to hit, a customer with a full cart of groceries realized that she had left her wallet at home. On hearing the customer's story, the cashier offered to pay for the groceries, saying that the customer could pay him back the next time she was in the store. The customer was stunned; she returned soon after the storm to reimburse the cashier and offered a tip in gratitude; however, the cashier refused to accept the tip. The customer relayed the story to the store manager, who relayed it to the company president. Asked about the reason for his actions, the cashier explained that in his mind, Trader Joe's stands for integrity, so employees should treat people as they would want to be treated (Rauch 2016). Such actions are not spelled out in any employee handbook. They are the result of a culture that dynamically embraces the conscious retailer's values, such that employees feel empowered to act on those values, unencumbered by rules and bureaucracy.

As this anecdote shows, the values and purpose also must be evident and tangible to customers. When they are, customers go out of their way to communicate appreciation, as in the case of the shopper who praised the cashier to the store manager and at the same time promised that she would be a Trader Joe's customer for life. Even if customers have never heard a formal articulation of the retailer's purpose and values, they should be able to understand them, based on how the company operates and treats its stakeholders.

Through clear, consistent actions that are in line with the core purpose and values of the company, executed in all facets of their business strategy, conscious retailers come to represent something greater than simply making profits. Customers respond

and feel more emotionally connected to such retailers. Further research thus is needed to understand how customers develop emotional bonds with retailers and how these emotional bonds increase their engagement levels.

Level 3: Creating a Shared Identity

The highest level of engagement occurs when customers not only recognize, acknowledge, and sense some emotional connection with the core purpose and values of the company, as in Level 2, but also share those values when defining their own self-concept. That is, higher level engagement involves a match between the customer's self-concept or actual self (Chaplin and John 2005; Malar et al. 2011; Park et al. 2010) and the retailer's image or brand personality. This shared identity with the company demands great consumer experiences (Level 1) to start, along with creating emotional connections with the retailer (Level 2), which enable the consumer to begin to identify with and seek to share an identity with the retailer. At this highest level of engagement, customers feel particularly connected to the retailer and share its ideals and vision, as demonstrated by the loyal followers of Harley-Davidson products (Fournier 1988). Such customers act as virtual extensions of the company, serving as advocates, cheerleaders, and brand ambassadors.

As customers' engagement increases, they eventually may achieve consumer–company identification, such that “consumers enter into strong, committed, and meaningful relationships with certain companies, becoming champions of these companies” (Bhattacharya and Sen 2003, p. 76). Formal membership in the organization is not necessary for customers to identify with a firm (Pratt 1998; Scott and Lane 2000). Instead, they identify with the firm according to their perceptions of its core values, conveyed through its mission, operating principles, customer experience, and culture (Bhattacharya and Sen 2003).

Conscious retailers stand for something unique in their purpose and values, so over time, many customers develop a sense of shared identity with them, which also enhances their own social identity (Ashforth and Mael 1989; Brewer 1991; Tajfel and Turner 1985). Even the logo of such a retailer might function like a badge that connects customers to the company's values and purpose; Patagonia's brand logo helps highly loyal customers function proudly as a tribe of cheerleaders for the brand. These strong advocates encourage others to connect with the brand as well. As Casey Sheahan (2016), former CEO of Patagonia, explains, “The brand is a cultural movement. It ties into things that connect with how they want to live their lives. They aspire to live in a certain way and share values with the company.” Customers want to feel part of this appealing tribe. The tribe also tends to include individual employees; conscious retailers encourage their employees to identify with the firm too, by referring to them as partners, team members, or associates.

Outcomes of Conscious Retailing

Building on the foundations of Conscious Capitalism, conscious retailers create increasing levels of customer engagement. That engagement may be at the level of an outstanding

experience, an emotional connection, or shared values and purpose. Several positive outcomes then result from moving up the hierarchy of engagement, as detailed next for various stakeholders.

Investors and Customers

As mentioned earlier, enhanced consciousness can lead to better financial performance. Providing an outstanding experience for customers is the hallmark that has ensured the success and strong margins of famous chains such as Nordstrom. Even companies that focus on providing value to customers with lower prices can provide outstanding customer experiences that differentiate them from competitors, as demonstrated by firms such as JetBlue, Costco, QuikTrip, Southwest Airlines, Zappos, and Wegmans. Such firms invest considerable efforts in understanding how to treat and interact with customers. In turn, the emotional connections and shared identity that customers perceive can reduce the firm's need to promote itself and its merchandise.

Conscious retailers usually allocate fewer resources to advertising and rely more on positive word of mouth to spread brand awareness. When they communicate directly with customers, these retailers tend to use informative, innovative, and humorous approaches, as exemplified by Trader Joe's periodic publication *Fearless Flyer*. The rarity of paid media advertising by such retailers in turn tends to make any campaigns they do run more notable. Having never advertised on television in its history, Whole Foods Market ran its first national campaign in 2014, featuring advertisements that focused exclusively on the company's values and purpose. Panera Bread took a similar approach for its first ad campaign. Both campaigns attracted significant attention on social media, augmenting their paid reach.

Creating an emotional connection and a sense of shared identity also reduces customers' price sensitivity and thus the retailer's need to offer frequent price promotions or discounts. Whole Foods Market rarely offers coupons or puts items on sale. Because customers already identify with their brands and actively advocate for them, these retailers also have less need to employ loyalty inducements such as frequent shopper programs. Customers are loyal already, because of their positive past experiences, emotional connection, and sense of shared values and identity. According to our interview with Doug Rauch (2016), Trader Joe's goal is to

Offer a fair price—the best everyday price for the product. . . . We had a commitment to our customers: Our prices will change only if our costs change. That meant that they could go up or down. If they found a great price for product today, they could often come back six months later and find the same price. This stability in pricing is very important to our customers and to us.

These retailers still may use price promotions, but they do so infrequently and meaningfully. For example, Patagonia has two sale events per year, to move excess inventory, but it believes that ongoing promotions would cheapen and devalue the brand, as

well as run contrary to its goal to get customers to buy products only if they truly need them.

Still, the question of how retailers anchored in consciousness (and levels of consciousness) perform relative to all other retailers remains something of an empirical question. Do such retailers have a higher potential for growth and overall firm performance? More research is needed to answer this question empirically.

Employees

Throughout this article, we have shared stories about how the employees of retailers have been empowered to serve customers, in accordance with the values and ideals of the retail chain. This emphasis reflects the critical realization that, in many retail businesses, the customer may be the king or queen, but the frontline employee is the ambassador. Employees are assets that require investment and care; they should not be treated as cost centers to be curtailed (Cascio and Boudreau 2011; Ton 2014).

Conscious retailers highlight values such as trust, authenticity, caring, transparency, integrity, learning, and empowerment. They devote considerable time and resources to train employees and empower them to address consumer concerns. Additionally, they strive to create fun, productive work environments in which people are highly engaged, listened to, and respected as capable contributors. The goal is to ensure that employees see their jobs as long-term career opportunities, rather than short-term stints. Doing so enhances employees' satisfaction with their organization, which, in turn, reduces turnover rates.

Better training and reducing the number of SKUs can help enhance store employees' knowledge further. Knowledgeable employees at Mercadona stores (a Spanish, family-owned supermarket chain that is committed to long-term careers for their employees) can educate their own customers about the products, which increases the sales stemming from these interactions (Ton 2012). Ton (2012) also highlights the importance of cross-training in convenience settings, such as QuikTrip, so that employees can serve customers better while also increasing their skills.

To build a shared identity with their employees, retailers thus should undertake cross-training activities: employees might help set up displays one day, then cover the customer service area another day. More variety in day-to-day work increases employee morale (Ton 2014) while also improving the retailer's bottom-line, because employees who have experience in various departments can pick up slack as needed. Retailers that embrace the service profit chain (Heskett, Sasser, and Schlesinger 1997) also recognize that the equitable treatment of suppliers and employees translates into greater customer patronage, which in turn results in greater profitability.

Suppliers and Community

Conscious retailers develop healthy relationships with all members of their supply chain, including producers of locally sourced products and services when possible. Whole Foods and Wegmans maintain active programs to obtain fruits, vegetables,

dairy, and bakery items from local farmers and bakeries, such that they become active members of their communities. Such conscious sourcing and community involvement spurs intensified emotional connections for customers, as well as a greater sense of shared identity. For example, the Whole Foods store in Columbus Circle, New York City, obtains pies from local bakeries and reveals this source to customers, using signage and employee interactions. In turn, customers feel good about supporting local businesses by making purchases at Whole Foods. These retailers also engage in community-building activities beyond the supply chain, such as providing meeting spaces for community groups (e.g., Patagonia and Whole Foods Market in inner-city Detroit).

Conclusion

We have proposed a hierarchy of customer engagement building from a foundation of consciousness. The notion of consciousness is based on Conscious Capitalism (Mackey and Sisodia 2014). The foundations are purpose and values, leadership and corporate culture, and stakeholder integration. The higher purpose and core values should be espoused and fulfilled throughout the organization. This higher purpose and values are not necessarily about doing good for the world, as corporate social responsibility is, but rather represent a unifying vision for the company and its stakeholders. The leadership of the organization should mentor, monitor, develop, and inspire people and lead in creating a culture that fulfills the purposes and values of the company. In addition, conscious retailers recognize their multiple stakeholders—investors, employees, customers, suppliers, and the community—and work to optimize the benefits to all of them. This is not to suggest that all stakeholders can benefit simultaneously all the time; rather, the interests of all stakeholders are kept in mind when making decisions, with an effort to prioritize actions that enhance the benefits and minimize the drawbacks for all actors.

These principles are the foundations for customer engagement. We have delineated the different levels of engagement that a retailer with foundations in consciousness may achieve with its customers: delivering outstanding customer experience, creating an emotional connection with customers through shared purpose and values, and establishing a shared identity based on the firm's purpose and values. Finally, this article outlines some likely, expected outcomes of conscious retailing for the different stakeholders. Throughout, we have suggested avenues for further research, such that we hope perspectives on enhanced engagement through consciousness continue to grow and expand, offering a new paradigm for how retailers and service providers may devise and focus their business strategies.

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Executive Summary

Firms and academics recognize the importance of creating an engaged customer base, though an in-depth understanding of how to achieve it is limited. This article proposes that firms that use consciousness as a foundational philosophy can create a more engaging and meaningful customer experience. We propose a hierarchy of customer engagement building from a foundation of consciousness. The notion of consciousness is based on Conscious Capitalism (Mackey and Sisodia 2014). The four tenets are purpose and values, leadership and corporate culture, and stakeholder integration.

The higher purpose and core values should be espoused and fulfilled throughout the organization. This higher purpose and

values are not necessarily about "doing good" for the world, as corporate social responsibility is, but rather represent a unifying vision for the company and its stakeholders. The leadership of the organization should mentor, monitor, develop, and inspire people and lead in creating a culture that fulfills the purposes and values of the company. In addition, conscious retailers recognize their multiple stakeholders—investors, employees, customers, suppliers, and the community—and work to optimize the benefits to all of them. This is not to suggest that all stakeholders can benefit simultaneously all the time; rather, the interests of all stakeholders are kept in mind when making decisions, with an effort to prioritize actions that enhance the benefits and minimize the drawbacks for all actors.

These principles are the foundations for customer engagement. We delineate three levels of engagement that a retailer with foundations in consciousness may achieve with its customers: delivering outstanding customer experience, creating an emotional connection with customers through shared purpose and values, and establishing a shared identity based on the firm's purpose and values. Finally, this article outlines some likely, expected outcomes of conscious retailing for the different stakeholders. Throughout, we suggest avenues for further research.