

Paradoxes, challenges, and opportunities in the context of ethical customer experience management

Carlos Velasco¹  | Felipe Reinoso-Carvalho² | Francisco Barbosa Escobar^{3,4}  | Anders Gustafsson¹  | Olivia Petit⁵ 

¹Department of Marketing, BI Norwegian Business School, Oslo, Norway

²Universidad de los Andes School of Management, Bogotá, Colombia

³Department of Food Science, University of Copenhagen, Frederiksberg, Denmark

⁴Department of Marketing, Copenhagen Business School, Frederiksberg, Denmark

⁵KEDGE Business School, Marseille, France

Correspondence

Carlos Velasco, Department of Marketing, BI Norwegian Business School, Nydalsveien 37, 0484 Oslo, Norway.

Email: carlos.velasco@bi.no

Abstract

This article examines paradoxes, challenges, and opportunities in the context of ethical customer experience management. Central to this discussion are different stakeholders such as firms, customers, policymakers, regulators, and society at large, as well as key issues associated with them. Firms aim to design and manage compelling experiences using customer data but face challenges balancing cost, customization, ethical concerns, and fairness in customer experience management. Customers should be encouraged to reflect on whether to share personal information for customized experiences, as well as on how far their responsibility goes in ensuring critically informed decision-making. Policymakers and regulators must integrate the views of various stakeholders into policies and guidelines that promote a healthy society. Importantly, the digitization of customer experience has given rise to unprecedented ethical concerns related to the prospect of 'programming' these experiences. The shrinking temporal and spatial distance between stimuli, customer action, data footprint, and tracking poses significant reflections and dilemmas for both customers and firms. In this context, it is essential to determine ethical reflections and guidelines for customer experience design and management. We argue that firms should involve customers in assessing the implications of their experiences, while policymakers should facilitate the involvement of all stakeholders (including firms, customers, regulators, academics, and NGOs) to create an ongoing, healthy dialogue. This dialogue should guide a continuing debate aimed at evaluating the implications of specific actions in customer experience management.

KEYWORDS

customer experience management, digital transformations, Ethics, experience design, experience economy, paradoxes

This is an open access article under the terms of the [Creative Commons Attribution](https://creativecommons.org/licenses/by/4.0/) License, which permits use, distribution and reproduction in any medium, provided the original work is properly cited.

© 2024 The Author(s). *Psychology & Marketing* published by Wiley Periodicals LLC.

To live effectively is to live with adequate information. Thus, communication and control belong to the essence of man's inner life, even as they belong to his life in society. (Norbert Wiener, *The human use of human beings: Cybernetics and society*)

1 | INTRODUCTION

In recent years customer experience has emerged as a critical differentiator for firms, with almost half (44.5%) considering it a key factor in setting themselves apart in the highly competitive market (Statista, 2023). Customer experience, broadly speaking, "...is comprised of the cognitive, emotional, physical, sensorial, and social elements that mark the customer's direct or indirect interaction with a (set of) market actor(s)" (De Keyser et al., 2015, p. 16). Through customer experience management, firms aim to learn as much as possible about their customers and their experiences, which serves as a crucial prerequisite for arranging a successful customer experience (e.g., Holmlund et al., 2020). Following Homburg et al. (2017), customer experience management (where CE is the customer experience) thus "...refers to the cultural mindsets toward CEs, strategic directions for designing CEs, and firm capabilities for continually renewing CEs, with the goals of achieving and sustaining long-term customer loyalty." (pp. 384).

Several issues arise in customer experience management. Customers seek, and increasingly request, streamlined processes, tailored products and services, and relevant brand touchpoints to aid their decision-making process (e.g., Meyer & Schwager, 2007). As such, firms need to be tuned with their diverse and continuously changing customer needs. However, there are growing concerns about how firms handle customer data and the strategies derived from it (e.g., Song et al., 2021). This presents a paradoxical situation where customers desire relevance and convenience though not at all costs, while firms aim to capitalize on their knowledge to maximize sales and build long-term customer relationships.

The paradoxical nature of managing customer experiences gives rise to a myriad of ethical considerations regarding how to treat fairly and responsibly all parties involved. Adopting a paradox perspective in ethical customer experience management requires acknowledging the inherent contradictions that stakeholders encounter when balancing competing demands and interests. For instance, collecting detailed customer data for personalization can lead to enhanced satisfaction but simultaneously raise privacy concerns. Companies may perceive these strategies as paradoxical due to the conflict between profitability and ethics. In contrast, consumers may consider them paradoxical only when these strategies impact their experience and trust.

Here, we posit that ethical customer experience management is about creating and maintaining customer experiences that are built on honesty, transparency, and fairness, aiming to foster long-term customer loyalty. Companies must actively strive to optimize customer experiences without engaging in discriminatory practices,

ensuring transparency, safeguarding customer privacy, and refraining from manipulative behavior. By accomplishing this balance, we suggest that businesses can cultivate a positive reputation, promote trust among customers, and uphold principles of ethical business conduct.

Balance in customer experience management is not always straightforward, though. Imagine a busy professional at a high-tech hotel using the hotel's customer experience management system to order healthy meals and access fitness facilities via a mobile app. The system customizes meals and workouts based on the guest's fitness tracker data, delivering a seamless experience. However, privacy concerns arise as the hotel has access to health data, raising questions about data ownership and potential misuse. Balancing the benefits of a personalized and convenient customer experience with the need to protect personal information becomes a particularly crucial challenge in the digital age (see Weinberg et al., 2015, for similar dilemmas, in the context of IoTs). Today, customers generate vast amounts of data, directly and indirectly linked to businesses, empowering them to optimize their relevance and convenience (Holmlund et al., 2020).

Despite the mounting ethical challenges in customer experience management, to our knowledge, the extant literature has not examined this landscape from a holistic, multi-stakeholder, perspective. While pieces of literature such as Du and Xie (2021) discuss ethical issues related to specific technologies (e.g., artificial intelligence), we rely on paradox literature to examine the nuances of managing customer experience for key stakeholders, also providing a more general reflection on the digitalization of customer experience management as a whole. Moreover, we explore key practical ethical considerations associated with customer experience management and propose different ways to navigate them.

Notably, though, there are other articles at and near the border of the present research. For example, Bolton et al. (2018) focus on the evolution and management of customer experience through service organizations, technological advancements, and societal changes. They offer a framework for understanding and analyzing customer experiences across digital, physical, and social realms, identifying opportunities, challenges, and strategic dilemmas. Other articles focus on technology-specific ethics (e.g., Hermann, 2022), consumer ethics (e.g., Vitell, 2003), and marketing firm ethics (e.g., Lim et al., 2023). To our knowledge, this is the first article exclusively focusing on the practical ethics of managing customer experiences, offering a holistic approach on paradoxes that highlights a multi-faceted perspective involving firms, customers, policymakers, regulators, and society at large.

More specifically, the key difference between our research and previous research lies in the focus and scope, where we concentrate on ethical aspects of customer experience management, advocating for stakeholder engagement and ethical guidelines. Our main goal is to present some of the key paradoxes, challenges, and opportunities associated with ethical customer experience management. For that purpose, we build on the concept of paradox, which has been conceived as the persistent contradiction between elements that are

inherently interdependent, meaning they define and are ontologically inseparable from one another (e.g., Smith et al., 2011). This concept of paradox is characterized by three key features: the presence of a contradiction, the interdependence of contradictory elements, and the persistence of this contradiction over time (see De Keyser et al., 2019 for a review).

What is more, we build on stakeholder theory, which is a framework in business ethics and organizational management. It emphasizes recognizing and balancing the interests of all stakeholders to ensure success and sustainability of an organization (Mahajan et al., 2023), and perhaps most importantly, the long-term success of all the stakeholders (see also Maignan et al., 2005). As such, we also aim to provide insights for customers, organizations, policymakers and regulators, and society at large to achieve balance when paradoxes are present. Maintaining the highest ethical standards in accordance with, but also beyond, the law is possible while contributing to the long-term sustainability and success of companies, consumers, and the broader society.

By building on the aforesaid literature, in this research, we highlight some of the most pressing paradoxes, challenges, and opportunities in the current landscape of customer experience management. These include issues such as balancing profitability with ethical engagement, including the challenges of personalization, data usage, and avoiding manipulative practices. Additionally, safeguarding customer privacy in the age of artificial intelligence and big data requires a delicate balance between offering personalized services and protecting personal information. The involvement of diverse stakeholders—customers, businesses, policymakers, and society—is also critical in navigating these ethical complexities, particularly as businesses strive to maintain trust and loyalty. Regulatory challenges are also present, as policymakers must protect consumer rights without hindering innovation. Addressing these issues needs a collaborative, multi-stakeholder approach that weighs advancements in customer experience management against ethical standards.

When it comes to customer experiences, we suggest that different stakeholders will face situations that need to be judged as ethical or unethical; in other words, whether they are good or bad (see Ferrell & Gresham, 1985, for ethical decision-making in marketing). We present key reflections in this context that all the parties involved may face, accompanied by questions and guidelines that provide a path for decision-making.

2 | CUSTOMER EXPERIENCE MANAGEMENT, THE STAKEHOLDERS, AND THE IMPORTANCE OF PRACTICAL ETHICS

According to Becker and Jaakkola (2020), traditions in customer experience research can be dually classified based on their responses to either (1) managerial stimuli or (2) consumption processes. The first views customer experience as the responses to managerial stimuli or touchpoints (e.g., ads, packaging), and involves the primary aim of

investigating how firms can influence customer experiences through the management of different said stimuli, often focusing on those controlled by the firm (e.g., Brakus et al., 2009). The second views customer experience as responses to consumption processes, encompassing various stimuli throughout the entire customer journey, which includes a series of interactions, including, but not limited to, the pre-, during, and post-purchase stages of the journey (Lemon & Verhoef, 2016; Reitsamer & Becker, 2024). In practice, it would appear firms capitalize on both. For example, service design bridges both research traditions, merging managerial emphasis with an evolving awareness of systemic customer experience stimuli (Becker & Jaakkola, 2020).

The management of customer experiences involves the systematic collection, monitoring, and optimization of all interactions with managerial stimuli throughout the lifecycle to enhance satisfaction and cultivate loyalty (De Keyser et al., 2015). Here, several stakeholders play critical roles, each with their perspectives, aims and actions, and associated implications. These involve, at least, customers, firms, policymakers and regulators, academics, and society at large, given that all these actors can shape, in different ways, the landscape of customer experience management.

While legislation may provide a framework for good and bad practices associated with different stakeholders, the everchanging (technological) landscape of customer experience management requires ongoing discussion (just think of how deep scrutiny and legislation of social media came years after it started booming; Gosh, 2021). Therefore, constant ethical reflection plays a key role, serving as the compass that continuously guides all stakeholders in their interactions and decision-making processes. The following sections explore each stakeholder in ethical customer experience management, including their paradoxes, challenges, and opportunities.

3 | THE FIRM: DESIGN, MANAGEMENT, AND MEASUREMENT OF THE CUSTOMER EXPERIENCE

3.1 | Strategies for customer experience management: balancing profitability and ethical customer engagement

Some of the key goals of customer experience management for the firm are achieving and sustaining customer satisfaction and loyalty, to achieving competitive advantages and long-term firm growth (Homburg et al., 2017). The cognitive, sensorial, affective, relational, and behavioral responses to a given firm serve as indicators of success (Homburg et al., 2017). However, these indicators do not consider the strategies implemented by firms to obtain this satisfaction and loyalty and are not a guarantee that the customer experience created by the firm is the best for customers and society. Indeed, to stay in business, a firm will want to maximize long-term profit, which may or may not directly have negative consequences for

consumers and society (e.g., think, for instance of the tobacco industry or firms that offer products with high sugar content).

Firms' objectives do not always match the goals of customers or society at large (e.g., Salazar et al., 2012). An example is Volkswagen's emissions scandal, where the firm's aim to boost sales and vehicle performance led to manipulating emissions tests, conflicting with customers' expectations for eco-friendly vehicles and society's goal for cleaner air (e.g., Hotten, 2015). Balancing profitability and ethical customer engagement in the modern business landscape is a multifaceted challenge. Many firms today rely heavily on collecting and leveraging customer data to enhance their product and service experiences, attempting to meet customer demands more effectively and gain a competitive advantage (e.g., Bueno et al., 2019; Martin et al., 2017). However, the ease with which these data can be misused raises ethical concerns. For example, the use of dark patterns (i.e., manipulative and deceptive strategies) by certain firms is a good example of this mismatch. In a recent European Commission (2023) study of 399 websites, 148 employed dark patterns. These included 42 sites with deceptive countdowns, 54 pushing higher-priced products or extra delivery options, and 70 concealing vital information from consumers. Firms can use dark patterns to dissuade customers from leaving them to increase the likelihood that they will re-engage with them in the future (Runge et al., 2023). Another example is a recent lawsuit where the Federal Trade Commission sued Amazon. They alleged the company used deceptive practices to enroll users in auto-renewing Prime subscriptions and made cancellation overly complicated, requiring a "four-page, six-click, 15-option" process (Palma & McGee, 2023).

On the other hand, customers, overwhelmed by many choices and information, can find it challenging to make well-informed decisions (Chernev et al., 2015). Customers want relevance and convenience in the experiences they are offered (Fennell & Fennell, 1978). Thus, there is a need to reach a balance. Companies must respect customer privacy while utilizing data for personalization and competitive advantage, all while proactively ensuring responsible data usage. In an era characterized by information and choice overload (Lee & Lee, 2004), striking this balance is both challenging and essential. It requires ongoing attention, ethical commitment, and adaptability, allowing companies to enhance profits and customer satisfaction, thereby facilitating trust, reputation, and competitive edge in a market that values ethics.

It is also crucial to emphasize the consideration of customer segments in ethical customer experience management. Understanding the diverse needs and preferences of different customer groups while avoiding biases is paramount (Peppers & Rogers, 2016; Verhoef et al., 2009), not to mention being mindful of customers with special needs (such as the elderly, e.g., Doets & Kremer, 2016). An example of this is a video that went viral from a Disneyland experience, where Disney characters naturally started speaking in sign language after immediately detecting a child's hearing impairment (ABC News, 2017).

Businesses can contribute to ethical customer engagement by embracing personalized approaches driven by data analytics, ensuring

the design of accessible touchpoints. This highlights the significance of upholding high ethical standards in customer experience management, as it not only promotes inclusivity and fairness but also strengthens the overall integrity and reputation of a business.

3.2 | New tools for measuring and managing the customer experience in digital environments

In customer experience management, firms face increasingly complex ethical challenges as technology advances, sometimes faster than the legislation. Technologies like artificial intelligence, extended reality and thus virtual reality, augmented reality, internet of things, and blockchain are seen as transformative tools that can reshape customer experiences (e.g., Gleim & Stevens, 2021; Hoyer et al., 2020; McColl-Kennedy et al., 2019; Puntoni et al., 2021). Both traditional digital touchpoints and new technologies enable organizations to gather and analyze extensive customer data, effectively matching touchpoints throughout the interaction journey, but raising concerns about privacy and influencing customer behavior.

The integration of said technologies into customer experience management highlights the growing need for ethical considerations and regulatory policies to balance the potential benefits of customization and personalization with these concerns. Take, for instance, the case of Meta's Oculus (their virtual reality brand), which has raised concerns associated with how Oculus collects detailed user data (e.g., interactions, physical information, forum posts, connections, IP addresses). The data could be utilized for customer understanding but also surveillance, while its privacy policy allows for data sharing with Facebook, raising concerns about future data usage and privacy protection (e.g., Robertson, 2018). An additional challenge related to new technologies comes with artificial intelligence. Using large amounts of data from individuals' increasing digital lives, machine learning algorithms can create cognitive profiles of single individuals that can lead to greater influence on decision-making processes and hypernudging (Faraoni, 2023).

Just to clarify, firms may genuinely believe that a customer wants and needs the experience they offer. Therefore, they facilitate an easy decision-making path, where technology enables the scaling of personalized sales efforts. In many cases, though, the digitalization of customer experiences has led to user frustration and a lack of confidence due to the absence of sensory inputs in online environments (Petit et al., 2019). Nevertheless, advancements in technologies such as augmented and virtual reality, as well as sensory-enabling technologies, can improve customer experiences by compensating for this deficiency, making them, in some cases, more informative, enjoyable, and meaningful than physical ones (Petit, Javornik, et al., 2022). These technologies can integrate tactile, auditory, and olfactory stimulations, resulting in positive impacts on product and brand evaluation (Cowan et al., 2023), enjoyment, approach behavior (Dad et al., 2018; Flavián et al., 2021), and willingness to pay (Ringler et al., 2021). Moreover, they can enhance customers' virtual ownership and awareness of their experiences

(Belk et al., 2022), which is crucial as the metaverse develops. For example, OVR Technology (<https://ovrtechnology.com/>) has innovatively addressed olfactory experiences in the virtual space. Designed for business applications, particularly in marketing fragrances and beauty products, this cutting-edge product integrates into virtual reality goggles, enabling users to encounter a range of scents, from the fragrance of roses to the aroma of a campfire-roasted marshmallow. OVR Technology has been aimed to offer customers immersive and relaxing digital experiences (see also <https://www.ow-smelldigital.com/>, for another related example). While the integration of sensory enabling technologies, and in this case the integration of smell into digital environments, comes with its own challenges and criticisms (such as the need to refill, among others, e.g., Spence et al., 2017), these and other initiatives are indicative of an interest in more sensorially engaging digital experiences.

Even so, embodying a virtual self can also result in a detachment from one's real self, potentially affecting consumers' well-being adversely (Petit, Velasco, et al., 2022). The synchronization of different senses in virtual environments has been shown to facilitate interoception (e.g., the process of sensing bodily signals) and thus generate a body transfer illusion (Ionta et al., 2011), which can be particularly helpful for managing customer experiences through avatars. However, the way in which firms can potentially synchronize the senses by aligning them/or not with the customer's physical and/or virtual surroundings may also induce sensory confusion, requiring further research to comprehend their impact on self-consciousness, mental health, and overall well-being (Petit, Velasco, et al., 2022). At the core of this is the question: What are the implications of customer experiences in a world where the boundaries between offline and online, the physically real and the virtual, may be blurring?

The exploration of self-extension in augmented/virtual reality prompts inquiries into its impact on social interactions (Paul et al., 2024). Several studies have demonstrated that customer social engagement in virtual reality stimulates virtual interactions (Kumar et al., 2019) and reinforces brand connections (Prentice & Loureiro, 2018). A promising trend in virtual reality is the use of virtual influencers, with numerous brands collaborating with virtual personalities like Yoox's Daisy, who has partnered with Polo Ralph Lauren, Persol, and New Balance. In the metaverse, artists like Justin Bieber have conducted interactive concerts, allowing audiences to engage with the singer controlling his digital avatar through motion capture technology. Anticipating the metaverse's development in the coming years, agencies like the Virtual Influencers Agency (<https://www.virtualinfluencer.agency/>) specialize in avatar influencer development. It becomes essential to better comprehend how these new forms of social interaction through virtual influencers can impact customer experience, specifically how avatar anthropomorphism (attributing human traits to nonhuman entities) enhances self-artificial intelligence integration and social interactions (Alabed et al., 2022; Paul et al., 2024). Beyond social dynamics, there is a critical need to enhance our understanding of the broader societal impact of augmented/virtual reality, investigating whether these technologies are blurring the lines between human and avatar

identity, and more importantly, between reality and virtuality, in a more immersive manner (e.g., Petit, Javornik. et al., 2022; Velasco et al., 2021).

As customers engage in the metaverse through their avatars, their behaviors and expressions generate extensive new types of data that can be gathered, retained, and analyzed in unprecedented manners. For instance, recent studies have shown that even a brief period of virtual reality tracking data can lead to highly accurate user identification (Miller et al., 2020). The research highlights that five min of virtual reality tracking data has the capability to yield information that accurately identifies a user from a group of 511 individuals with a precision of 95%. These data could potentially be exploited for profiling purposes. For example, analyzing the design preferences of avatars in virtual spaces could provide insights into real-world fashion choices and socio-cultural affiliations, facilitating more personalized experiences across online and offline domains (Dobrygowski & Treat, 2024).

To address the aforementioned new forms of customer embodiment, firms must develop tools to measure customer satisfaction in virtual environments, including tracking facial expressions and bodily movements using RGB and infrared cameras, as well as optical tracking systems. These technologies have already shown promise in predicting interpersonal attraction in avatar-mediated virtual environments (Kruzic et al., 2020) and appear to increasingly play a more significant role in assessing the overall customer experience. Leveraging body-based data such as pupil dilation, heart rate, and brainwaves captured via augmented/virtual reality devices could also enable artificial intelligence to infer emotional states during customer's interaction with digital products/services, thereby facilitating the creation of more customized experiences (e.g., Verhulst et al., 2019). However, the potential for more personalized experiences constructed from personal data needs to be balanced thoughtfully with the necessity to maintain privacy, personal autonomy, trust, and safety (Dobrygowski & Treat, 2024).

It is hard to argue that firms should not implement technologies that their customers like and appreciate and thus create a better customer experience. After all, most firms are in the business of selling experiences, and would not implement these digital solutions if they did not help them in creating value. However, ethical customer experience management requires companies to ensure that these technologies are used responsibly and in ways that prioritize user consent, privacy, and well-being as they increasingly shape the metaverse and virtual customer interactions.

Perhaps more broadly, amidst competition for customers' attention in the attention economy (where attention is seen as a scarce resource for which different entities compete, Bhargava & Velasquez, 2021; Castro & Pham, 2020), the current context of experience design presents two crucial social challenges. First, systematic competition for attention by both for-profit and not-for-profit organizations may affect individuals' ability to focus on their own life matters. Second, with the increasing digitization of experience journeys involving numerous digital touchpoints and transformations (Hoyer et al., 2020; Petit et al., 2019), the emergence

of the “experience programming loop” has been suggested (Velasco et al., 2023). This idea suggests a narrowing temporal and spatial gap between customer actions, data collection, tracking, and touchpoint mapping, potentially allowing for the digital programming of experiences, and thus raising ethical questions about the precision and control exerted over individual experiences over time.

TikTok, as well as other social media platforms, can be used as an example of the previously mentioned loop whereby users, upon beginning to interact with it, leave data footprints that programmatically lead to new audiovisual suggestions, which can improve through further interactions. Another example of this is the use of programmatic advertising, whereby ads are systematically created and delivered to different target groups that are segmented through real-time online data (e.g., Palos-Sanchez et al., 2019). While programmatic advertising has been criticized for its effectiveness, it nevertheless puts forward new concerns as to how experiences might be more accurately and programmatically created (see also Puntoni et al., 2021).

In addition to the aforementioned tools and implications, the integration of artificial intelligence in customer experience management introduces complex ethical considerations. While artificial intelligence offers unprecedented opportunities for personalization and efficiency, it also raises concerns about privacy, data security, and the potential for bias in automated decisions (Puntoni et al., 2021). These challenges extend beyond the mere collection and use of customer data to include the fairness of artificial intelligence-driven outcomes and the transparency of the algorithms that shape customer experiences (Cukier, 2021). As firms use artificial intelligence, they must balance the benefits of enhanced customer experience management with the need to protect customer rights and maintain trust (e.g., Ameen et al., 2021). However, as implied by Kozinets and Gretzel (2021), marketers and, in our particular case customer experience managers, are largely consumers of artificial intelligence technology, which may lead to an overstatement of their understanding and control over it. In this landscape, an ethical, possibly also multidisciplinary, approach to artificial intelligence in customer experience management is not just a regulatory requirement but a strategic imperative that can differentiate firms in a competitive marketplace.

3.3 | Firm versus individual versus societal well-being in the context of optimization

Navigating the landscape of optimization is a difficult challenge in the context of customer experience management. Stakeholders, including customers, firms, and society, may have distinct objectives. For instance, customers prioritize convenience by means of enjoyable and effortless experiences, sometimes compromising their long-term health. Firms aim to maximize sales and utilization. Society, with a broader perspective, seeks to promote well-being, which may involve restricting certain items. Balancing these diverse optimization goals and ethical considerations presents a complex dilemma in customer experience management.

Applying a stakeholder theory approach (Parmar et al., 2010) to marketing, specifically through customer experience management, offers valuable insights into optimizing business strategies. The underlying idea is that stakeholders like firms, customers, and society have different goals, norms, and expectations, which in turn may be conflicting. Previous research comparing customer experience management practices has indicated that firms using it as a guiding framework for all initiatives and practices may perform better than those that use it as a disconnected tactic (Wetzels et al., 2023). Crucially, the research suggests that the higher-performing companies begin by identifying opportunities to enhance the customer experience with the pre-established belief that it will lead to improved performance (Wetzels et al., 2023). Integrating a stakeholder perspective and catering to all the stakeholders can create value for these stakeholders, ultimately benefiting the consumer, leading to higher firm performance, and social wellbeing.

Consider, for example, the rapidly growing field of wearable technologies, such as fitness trackers (e.g., Fitbit, Apple Watch, Samsung Galaxy Ring). These devices continuously collect various types of data from consumers (e.g., heart rate, menstruation) that were previously unavailable to companies, raising concerns among consumers regarding privacy and data use (Lowens et al., 2017). By adopting a multi-stakeholder approach to the customer experience of wearables, manufacturers can ensure the appropriate use of customer data, alleviate privacy concerns, and make users more receptive to engaging with the manufacturer and partner companies to provide an even better experience. Furthermore, manufacturers can take a more active role in communities and collaborate with local institutions to enhance green spaces for exercise, creating positive externalities for health systems, communities, and the environment.

Customer experience management can enhance customer wellbeing through improved product/service performance, convenience, and the brand-customer relationship, leading to greater satisfaction and joy (Xie et al., 2022). A holistic approach addressing stakeholder needs can further boost well-being. Firms can achieve this by engaging in activities that benefit various stakeholders, avoiding a sole focus on shareholder value at the expense of customers, society, and the environment. Marketing, with an ethical multi-stakeholder focus, can play a pivotal role. Strong relationships with stakeholders provide marketers with deeper insights, enabling the creation of holistic value for firms, individuals, and society (Parmar et al., 2010).

3.4 | Manipulation and persuasion

Balancing persuasion and manipulation is an ongoing challenge in customer experience management. As technologies such as artificial intelligence and brain analytics continue to advance (Verhulst et al., 2019), firms gain the ability to identify subtle, potentially predictive, unconscious signals emitted by customers, such as how poker players seek “tells” to assess their opponents’ cards (Keiningham et al., 2020). This technological progress opens opportunities for greater manipulation, especially in digital

experiences, where continuous customer data and behavioral monitoring can be used to influence them. For example, advertising can tailor content based on viewers' characteristics and monitor their reactions, swiftly replacing content if disinterest is detected. This practice, while potentially enhancing customer engagement, blurs the line between persuasion and manipulation (Karwatzki et al., 2017). One well-known example of a company that has used artificial intelligence in a questionable manner to target consumers is Cambridge Analytica, which utilized artificial intelligence algorithms to analyze and target individuals with tailored political advertisements during the 2016 US presidential election (e.g., Heikkilä, 2023).

Here, the importance of balance cannot be overstated. According to Noggle (2018), manipulation is widely regarded as morally dubious, involving tactics that intentionally mislead, deceive, or exploit individuals, often to their detriment. On the other hand, persuasion aims to influence decisions through rational and transparent means, respecting individuals' autonomy and rationality. The challenge sometimes lies in distinguishing between the two and ensuring that customer experience management's aims, strategies, and tactics do not tip the scales toward manipulation, regardless of the firm's situation and competitive landscape. The ethical implications of this dilemma become even more pronounced as firms offer incentives to consumers in exchange for their data, at times potentially creating perverse motivations that blur the line between persuasion and manipulation (Karwatzki et al., 2017). Therefore, achieving leaning toward persuasion that respects customer autonomy, instead of manipulation that exploits, is a critical challenge that requires ongoing inquiry.

4 | THE CUSTOMER: AGENCY, RIGHTS, AND RESPONSIBILITIES

4.1 | Agency in customer experiences

In the context of customer experience management, it is essential to recognize the agency of customers as active participants who shape and are shaped by the structures of their experiential context (Tronvoll & Edvardsson, 2022). This perspective aligns with Giddens' (1984) assertion that there's purpose within an individual's actions, and these actions are not necessarily passive but rather informed and engaged in creating the customer experience. This notion highlights the importance of understanding and acknowledging the role of customers in the co-creation of their experiences.

However, it is crucial to attain a balance between customer agency and the management of certain structures, such as marketplace rituals (e.g., repeated, symbolic consumption behaviors; Otnes et al., 2012) to ensure compliance and minimize potential negative consequences (Otnes et al., 2012). While recognizing customer agency, businesses may strategically design rituals that guide and enhance the customer experience without imposing undue constraints. In doing so, companies can harness customer agency to shape experiences positively while retaining a level of control for

seamless interactions. As technological advancements continue to shape the customer experience landscape, including the integration of smart devices and personal data pricing models (Bolton et al., 2018; Fehrenbach & Herrando, 2021; Skatova et al., 2023), understanding and respecting customer agency remains a fundamental principle in customer experience management to navigate the evolving dynamics of customer–business relationships ethically and effectively.

Starting from the personalization–privacy paradox, it is also important exploring the possibility and way of pricing personal data. This complex issue lies at the intersection of digital commerce and privacy concerns. As businesses increasingly use personal data to offer personalized experiences, a critical question arises: How should personal data be priced? Recent studies by Fehrenbach and Herrando (2021) and Skatova et al. (2023) recognize that personal data hold substantial value for both consumers and businesses. While personalized services enhance user experiences, individuals are rightly concerned about privacy implications. By exploring innovative pricing models, researchers and policymakers may balance privacy with fair compensation for data use. An example of this, using blockchain technology, is DTube (<https://d.tube/>), a decentralized video platform that rewards content creators and viewers with cryptocurrency based on the engagement and popularity of their videos.

4.2 | Customer rights and responsibilities

Consumer rights are a multifaceted concept shaped by various economic, social, cultural, and political factors that change over time. Larsen and Lawson (2013a) argued for a comprehensive justice framework, which incorporates multiple approaches to justice, to assess consumer rights and their connection to well-being. These approaches can be linked to 11 rights, encompassing privacy, quality, and service, from the UN and the International Organization of Consumers Union. Interactional justice, emphasized by Larsen and Lawson (2013b), is especially relevant in marketing for enhancing consumer well-being, focusing on fair service and privacy in company–customer interactions during the customer journey. In customer experience management, such rights may take the form of equitable, transparent service, and personalized data collection. Beyond fair treatment, consumer rights involve raising awareness and empowering consumers to advocate for themselves and protect their well-being.

Consumer rights awareness thus becomes a key concept in customer experience management. It encompasses consumers' understanding of their market rights, which can significantly impact both consumers and firms. Informed consumers, as evidenced by Bello et al. (2021), make better decisions, exerting pressure on companies to improve customer experiences, thus enhancing satisfaction. Consumer rights awareness also enhances the effect of perceived corporate social responsibility on service quality and repurchase intention. Hence, developing long-term relationships, satisfaction, and trust necessitates proactive consumer rights education.

Transparency, crucial in a digitalized world, mitigates negative effects related to customized experiences based on user-generated data (Lambillotte et al., 2022). In the realm of consumer policy and rights, consumer empowerment is also vital, denoting consumers' knowledge, skills, assertiveness, and awareness of their rights (European Commission, 2023). Empowered consumers can make informed choices and participate actively in shaping the market, emphasizing the importance of understanding decisions when purchasing, awareness of consumer rights, and access to redress mechanisms (Nardo et al., 2013).

Furthermore, education is an important pillar, as it helps consumers develop the knowledge and skills necessary to demand fair and just treatment more effectively (Larsen & Lawson, 2013b). From the perspective of firms, empowered consumers can trigger productivity, innovation, and competitive advantages, as they can demand better experiences and better ensure their rights (Batat, 2019). A potential method for firms and consumers to increase their empowerment may lie in the use of consumer feedback platforms. As Kozinets et al. (2021) found, consumer feedback platforms can enhance consumers' choices, voice, and mutual feedback with the company. Other potential tools to empower consumers can be based on self-service tools (e.g., account management, troubleshooting guidelines), promotion of community engagement, responsible usage guidelines (i.e., safety measures and precautions), responsive customer support channels, rewards and incentives, and the maintenance of ongoing communication and improvement. Airbnb (<https://www.airbnb.com/>) has presented examples of consumer empowerment by providing education, feedback platforms, self-service tools, community engagement, customer support channels, rewards, and ongoing communication to foster trust, transparency, and collaboration within its community.

Just like consumer rights, consumer responsibilities are also essential for the effective functioning of markets. As stated by then president of the International Organization of Consumers Union, Anwar Fazal, in 1962, consumers must use knowledge and skills to guard and seek their own protection, as they cannot assume others will always do so (Fazal, 1979; Larsen & Lawson, 2013b). On this line, they drafted five consumer responsibilities, namely solidarity, critical awareness, action and involvement, environmental awareness, and social concern. Broadly speaking, consumer responsibilities can take two forms, those related to society and those related to consumer rights (Emilien et al., 2017; Larsen & Lawson, 2013b). The former has been extensively studied in the marketing literature in the context of consumer behavior from a moral perspective as well as corporate social responsibility (Brinkmann, 2004; Nielsen & McGregor, 2013). The latter encompasses responsibilities tied to consumers' rights individually.

Despite the relatively vast literature on consumer rights, the literature exclusively on consumer responsibilities tied to their rights is limited (Larsen & Lawson, 2013b). However, they are an essential part of their rights and necessary for an effective policy framework. Once again, education is key to allow consumers to make conscious decisions as to their rights and responsibilities and can be especially

helpful for vulnerable consumers (Larsen & Lawson, 2013a). Consequently, transparent customer experience management initiatives with clear expectations and guidelines (e.g., firms' vision and vision, tutorials, terms and conditions, consent) can encourage consumers to take responsibility, which can result in better customer experiences, long-term business-consumer relationships, and ultimately improved societal well-being.

4.3 | The role of co-creating experiences with firms

Experience co-creation, as a strategy, can play a key role in resolving many of the paradoxes and challenges outlined in the discussion on consumer rights and responsibilities. Co-creating experiences with firms involves active collaboration between consumers and companies in designing, developing, and delivering customer experiences (e.g., Prahalad & Ramaswamy, 2004). This approach not only promotes a sense of empowerment among consumers but also ensures that their voices are heard throughout the entire customer journey. By involving consumers in the experience creation process, firms can gain insights into consumer preferences, needs, concerns, and expectations, ultimately leading to the development of more tailored and satisfactory experiences. Moreover, experience co-creation promotes transparency and trust between consumers and firms, as it encourages open communication and mutual understanding (e.g., Iglesias et al., 2020).

One example of co-creation is LEGO Ideas (<https://ideas.lego.com/>), where consumers actively collaborate with the company in designing and developing new LEGO sets, promoting a sense of empowerment, and making sure their inputs are considered throughout the entire product creation process, leading to tailored and satisfactory experiences while promoting transparency and trust. Overall, integrating experience co-creation into consumer rights initiatives can significantly enhance consumer well-being, strengthen relationships between consumers and firms, and contribute to the overall improvement of societal well-being.

5 | POLICYMAKERS AND REGULATORS: TRUST IN ETHICAL CUSTOMER EXPERIENCE MANAGEMENT GUIDELINES

5.1 | On the role of policymakers and regulators

Policymakers and regulators guide and govern how firms interact with companies, consumers, and society. Policymakers create rules, while regulators enforce them. However, the delineation between the two is more nuanced, as both entities design policy, so it is perhaps more useful to think of their roles in terms of macro- and micropolicymaking (Brown, 2003). Macropolicymaking is set by the government, and it constitutes basic policy, whereas micropolicymaking entails any policy that regulating bodies enact to carry out their duties to implement macropolicy, which tends to be detailed.

At the core of the role of policymakers lies the protection of consumers. However, a particularly difficult component of this role is balancing consumer protection with firm cooperation and competition (i.e., cooptation; Mariani, 2018), as the two sides may have disputing interests. This difficulty is exacerbated by the information asymmetry between firms and policymakers and the fast pace of innovations in the marketplace, which causes policymakers to sometimes lag behind technological and product innovations and their implications (Taeiagh et al., 2021). Even if idealist, a potential approach toward effective policymaking lies in a customer-centric, multi-stakeholder approach with trust at its core. Having real insights into the customer experience can help policymakers understand consumers and their challenges from a more granular perspective. This understanding is critical for policymakers to identify specific problematic areas and opportunities to develop effective consumer policy that not only protects but empowers consumers (Manganelli & Nicita, 2020). In this way, empowered consumers can also act as a sort of regulator since they can, to some extent, put pressure on firms, while also triggering competition (Coglianese, 2021). In addition, it allows policymakers to be able to respond to consumer needs more rapidly and effectively (KPMG, 2021). This approach can also help regulators keep pace with technology and innovation through close relationships with firms and understanding of the market. Going as far back as the 1990s, we can think of the Nike sweatshop controversy (Clancy, 2001). In the 1990s Nike faced severe criticism for unethical labor practices, prompting a significant overhaul. The company reacted and responded, setting a new standard for the industry, as well as for exploitative labor practices.

To have actionable insight into the customer experience, regulators need to engage in continuous discussion with firms and consumers, for which trust, together with reliable and transparent information, is imperative. Policies emerging from this customer-centric multistakeholder approach allow consumers to make informed and effective decisions (Coglianese, 2021; Manganelli & Nicita, 2020). In addition, it enables good customer experiences and consequently good relationships between customers and companies (Bolton et al., 2018). Especially relevant in today's increasingly digital customer experience and the large amounts of data companies extract from customers (see Velasco et al., 2023), trust and the ethical upholding of data are of paramount importance for consumer welfare (Miedema, 2018). This customer-centric approach can also help balance the interests of consumers with those of companies, as the presence of a policymaking agency in cooperative relationships among competing firms helps them maintain customer-orientation while reaping the benefits of cooptation (Mariani, 2018; Rindfleisch & Moorman, 2003).

In addition to the role of protecting and empowering consumers while promoting competition and cooperation in the markets, the role of policymakers has evolved, and stakeholders are demanding more from them. In the face of today's climate challenges, policymakers' responsibility to promote sustainable practices in the market is more important than ever. While companies might oppose regulation of their business practices based on sustainability on the grounds of

increased costs and narrower margins, policymakers can drive environmentally sustainable innovation. For instance, using financial performance data of more than 2000 Irish firms, Doran and Ryan (2012) found that existing and expected environmental regulations, grants, and voluntary agreements have a significant positive effect on firms' tendency to engage in eco-innovation (with the largest effect being voluntary agreements). This, in turn, led to favorable outcomes for firms' financial performance, notably reflected in higher revenue per employee levels. Firms that engage in these agreements were 47% more likely to eco-innovate than firms that did not engage in such agreements. The latter authors also found that firms respond strongly to consumers' demand to eco-innovate. However, not all types of eco-innovations benefit the firm, as some innovations are complementary to others and others act as substitutes (Doran & Ryan, 2014). Thus, policymakers need to balance the types of policies implemented to promote sustainability. Here, as with any policy targeting innovation, it is essential that policymakers include companies early and continuously in the innovation process (Soeteman-Hernández et al., 2019), while being cautious with competing interests.

5.2 | Balancing different stakeholders

Achieving ethical customer experience management practices requires a delicate balance between various stakeholders. But how to achieve this balance? We postulate that it is essential to create spaces for healthy debate where multiple stakeholders, or their representatives (e.g., social organizations), discuss together, and present their viewpoints, where all of these should be considered. What is more, regulators may also have their own consensual data sources associated with each stakeholder, from which they can derive insights that inform regulation. Using empirical data and thorough analysis, such as firm and consumer data, feedback, and insights, to address problems, is what evidence-based policy should imply (i.e., Goldman & Pabari, 2020). To further encourage openness and establish confidence, public relations are essential for conveying customer experience initiatives, successes, and improvements to stakeholders through a variety of media. The *liaison* between public relations and evidence-based policy highlights the significance of data-driven decision-making, clear communication, stakeholder engagement, and continual monitoring and evaluation (Sanderson, 2003). Like this, organizations can identify areas for improvement and deploy resources more wisely by studying client data.

6 | OTHER STAKEHOLDERS: PROMOTING HEALTHY DEBATE IN SOCIETY

As we have shown, ethical customer experience management relies on a multifaceted ecosystem involving various stakeholders and mechanisms to foster responsible practices and enhance consumer well-being. Aside from firms, customers, and regulators/policymakers, there are other key actors, namely academics and independent social organizations.

Academics play a central role in this landscape by engaging in rigorous research that not only identifies ethical issues but also contributes, through critical thinking, to the development of theoretical frameworks and best practices (Ahmed et al., 2003). They can serve as thought leaders who conceptualize ethical challenges and help practitioners recognize critical concepts like fairness and privacy. Through their critical analysis, academics shed light on biases and potential problems associated with current customer experience management tactics. Furthermore, they actively participate in shaping ethical norms and guidelines by collaborating with professionals from both private and public organizations. By promoting an environment that encourages critical thought and discussion, academics also contribute significantly to the education of the future generation. Academic organizations such as the European Marketing Academy, American Marketing Association, Japan Marketing Association, to mention a few, may facilitate discussions and guidelines in ethical customer experience management.

Independent social organizations, another integral component, act as important watchdogs, promoters, and drivers of ethical behavior within customer experience management. These organizations serve as autonomous observers, systematically evaluating how well companies adhere to moral principles when designing customer experience initiatives (Maignan & Ferrell, 2004). By conducting thorough assessments, audits, and reporting, they pinpoint areas where ethical procedures may be lacking or could be improved. Through their efforts, independent social groups increase awareness and accountability among institutions and the public alike. Additionally, they can actively engage in advocacy campaigns aimed at advancing ethical customer experiences. By collaborating with legislators and industry stakeholders, these organizations can actively contribute to the creation of rules and regulations that promote ethical decision-making in customer experience management (Freeman et al., 2010). By facilitating the exchange of information and experiences, they can drive ongoing advancements in ethical norms through research initiatives, conferences, and seminars (Carroll, 1999).

In addition to the roles described for academics and independent social organizations, they also share one common role: promoting healthy and impactful social debate on the ethics customer experience management. Such discussions should be open, transparent, and inclusive, accommodating diverse perspectives and offering a comprehensive view of the market and its intricacies (Goldsmith et al., 2010). Open ethical debates advance critical reflection and judgment, empowering individuals to become responsible actors in society (Granitz & Loewy, 2007).

To promote ethical debates, education is essential, focusing on critical thinking and empathy, motivating to prioritize cooperative, mutually beneficial outcomes over shareholder primacy (Cohen, 2012; Smith & Rönnegard, 2016). Live business case studies boost engagement and emotional involvement, fostering accountability and ethical thinking (McWilliams & Nahavandi, 2006). Collaboration with industry and stakeholders ensures diverse perspectives (Sigurjonsson et al., 2015). Ethical discussions should continue throughout individuals' professional careers, emphasizing ongoing

education and workplace dialogue (Hauser, 2020). This can be facilitated through workshops and online platforms (Collins et al., 2014; Remišová et al., 2019). Executive education programs and industry-specific courses can promote open debate (Sigurjonsson et al., 2015).

Active public participation, facilitated by the internet and social media, enables diverse stakeholders to engage in global discussions (De Bakker & Hellsten, 2013). Specialized platforms and social media facilitate structured debates on corporate social responsibility (Balasubramanian et al., 2021). In essence, comprehensive education and continuous ethical dialogue at all life stages, as well as in professions, are essential for nurturing ethical thinking and responsible decision-making. Additionally, the active participation of the public at large is essential to ensure inclusive social debate. The internet and social media platforms provide opportunities for diverse stakeholders to connect and engage in open debate, democratizing participation and enabling global discussions (De Bakker & Hellsten, 2013). Specialized platforms, developed by independent organizations, policymakers, or companies, can be used to facilitate structured debates. Furthermore, social media can serve as a platform for open discussions about ethical issues and corporate social responsibility initiatives (Balasubramanian et al., 2021). Social debate should be inclusive, involving the perspectives of society to promote a comprehensive understanding of ethical issues.

7 | CONCLUSIONS AND FUTURE RESEARCH

7.1 | General summary

This article has explored key paradoxes, challenges, and opportunities associated with customer experience management (see Figure 1, where key reflections associated with them, identified in the presented research, are presented). Figure 1 starts with a desire to customize a experiences, which adds a firm's need to know more about their consumer which in turn implies a greater need from policymakers to regulate what firms do with their acquired consumer knowledge.

In this research, we aimed to provide insights for customers, organizations, regulators/policymakers, and society at large, on key reflections needed to reach a balance between leveraging tools and new technologies for enhanced customer experiences while maintaining the highest ethical standards in accordance with, but also beyond, the law. This contribution sought to support the long-term sustainability and success of customers, companies, and the broader society. We present a summary of the challenges, opportunities, and paradoxes as a function of stakeholders in Table 1.

Customer experience management requires a complex balance within firms. While the primary goals include ensuring long-term customer satisfaction and loyalty, there is often a tension between profitability and ethical customer engagement. The ethical use of customer data, especially considering potentially manipulative practices like dark patterns, raises concerns. Companies must strive to balance

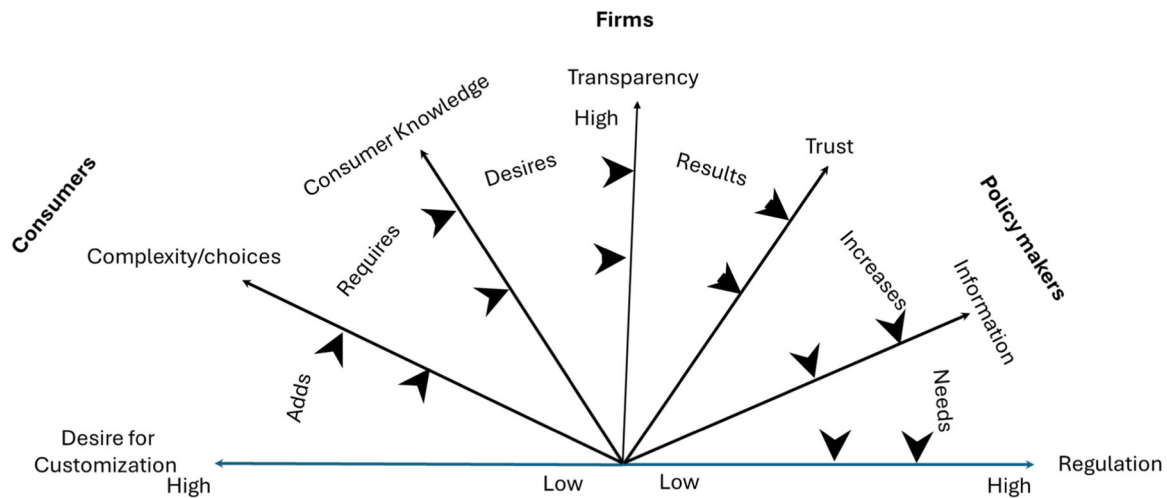


FIGURE 1 Paradoxes, challenges, and opportunities in the context of ethical customer experience management. This figure illustrates the dynamic balance needed between consumers' desire for customization and the complexity of choices they face, firms' efforts to understand and cater to consumer knowledge and desires, and the impact of policymakers' focus on transparency, trust, and regulation on the outcomes and interactions among these groups.

personalization with responsible data usage, seek customer feedback, and collaborate with external entities to develop ethical guidelines. New technologies such as artificial intelligence, extended reality, internet of things, and blockchain add further layers of complexity, demanding ethical considerations in data collection and usage. Achieving ethical customer experience management involves navigating these challenges while shifting towards stakeholder-oriented approaches.

Ethical customer experience management also involves considering customer agency, rights, and responsibilities. It emphasizes empowering customers to shape their own experiences aiming for a fair equilibrium between personalization and privacy. Furthermore, it explores the dynamic nature of consumer rights, highlighting the importance of comprehensive frameworks and fairness within customer experience management. Additionally, it underscores the role of consumer awareness and empowerment in nurturing ethical business–consumer relationships, along with the often-overlooked aspect of consumer responsibilities.

Here, it is important to consider that the ethical challenges, paradoxes, and opportunities in customer experience management are a reflection of the system in which firms and the other stakeholders operate. Over the past half-century, the corporate arena, financial markets, and legal systems have been influenced by Milton Friedman's doctrine of shareholder primacy. This doctrine posits that a company's primary societal purpose is profit maximization, relegating ethical concerns to individuals and governments (Friedman, 1970). Friedman's framework has significantly shaped corporate ethical perspectives, accountability structures, and societal responsibilities, albeit occasionally, potentially, incentivizing behaviors with unintended negative consequences. However, in recent decades, this doctrine has faced substantial criticism for its adverse direct impacts and negative externalities on society and the environment (Freeman et al., 2010; Warren, 2018). Both the general population and investors are

increasingly advocating for more comprehensive corporate paradigms that consider the interests of all stakeholders (Young et al., 2019). This shift is evident in various approaches to corporate governance and financial investment, such as corporate social responsibility, socially or sustainably responsible investing, and environmental, social, and governance, which have emerged in response.

When it comes to policymakers and regulators, their role is multifaceted. They create and enforce rules governing how organizations interact with customers and each other. The challenge is to balance consumer protection with fostering cooperation and competition among firms. A customer-centric approach, with trust and transparent information at its core, can empower consumers and enable policymakers to respond effectively. Moreover, policymakers play a crucial role in promoting environmental sustainability and eco-friendly innovation. Achieving ethical customer experience management involves a delicate balance among organizations, customers, and long-term consequences, with tools like evidence-based policy making, data-driven decisions, and transparent communication. In the digital age, they also grapple with data protection, intellectual property, and the evolving metaverse, requiring clear legal frameworks to ensure customer safety and fair practices.

7.2 | Applying stakeholder, paradox, and customer journey theory to ethical customer experience management challenges

To better understand the nuances of challenges, opportunities, and paradoxes in ethical customer experience management, it is possible to incorporate Donaldson and Preston's (1995) framework on stakeholder theory, recognizing three key aspects of said theory: descriptive, instrumental, and normative (see stakeholders and aspects in Figure 2). The descriptive aspect of stakeholder theory

TABLE 1 Challenges, opportunities, paradoxes, and dilemmas associated with different stakeholders in the context of customer experience management.

Stakeholder	Challenges	Opportunities	Paradoxes and dilemmas
Firms	Firms must balance profitability with ethical customer engagement	Collaborative alliances for cost and customer journey design	Ethical versus profitable engagement dilemma Data use, privacy, and customization
	The defining and using of dark patterns raises ethical dilemmas as firms balance customer satisfaction with potentially harmful tactics	Sensory technologies and neuroscience-based tools to enhance offline, mixed reality, and digital experiences	General stakeholder versus specific shareholder value focus and stakeholder-centricity
	Firms face the challenge of adopting a multi-stakeholder approach in customer experience management, considering various stakeholders' needs for overall well-being	Holistic well-being for enhanced performance	Defining and balancing manipulation and persuasion
Consumers	Balancing agency and structured experiences by business	Empowerment through knowledge of rights, responsibility, and consumer behavior	Personalization versus privacy Rights versus responsibilities
	Data pricing and data provisioning		Individual versus societal well-being
Regulators and policymakers	Balancing consumer protection and cooperation between firms	Effective communication Customer-centric and society-centric policy Alignment of stakeholder interests Sustainability promotion	Policy versus innovation
	Balancing data sharing, intellectual property, and ethical considerations	Recurrent updating of responsible business practices	
	Data manipulation and misrepresentation	Value and data-driven decision making	
	Data complexity		Transparency and trust
Academics and social organizations	Complexity of ethical dilemmas in customer experience management	Advancing ethical understanding through rigorous research	Academic independence versus practical relevance Ethical conduct assessment while collaborating
		Serving as thought leaders in ethics	Maintaining objectivity in ethical education and advocacy
		Promoting accountability in organizations' ethical conduct	Research rigor and practical impact
		Contributing to the development of ethical frameworks and standards	Independence and collaboration in assessments
	Ensuring academic research translates into practical insights	Providing educational resources and training for ethical decision-making	
	Maintaining independence and objectivity in assessing ethical conduct	Empowering the general public in ethical debates	Inclusivity and efficiency in social debate platforms
	Building collaborative partnerships with diverse stakeholders		
	Fostering ethical awareness among organizations and individuals	Instilling cooperative ethics in future leaders and professionals	

TABLE 1 (Continued)

Stakeholder	Challenges	Opportunities	Paradoxes and dilemmas
	Promoting inclusive social debate		
	Implementing ethical education programs		

Note: The proposition of using checklists and questions (see also Appendix A) in the context of customer experience management does not aim to oversimplify the complexities of ethical decision-making. Such tools, while valuable for establishing a baseline of ethical considerations, risk reducing complex ethical judgments to a mere box-ticking exercise. Indeed, there are a number of nuanced realities faced by stakeholders in customer experience management. These questions and guidelines must, therefore, evolve beyond this basic framework to address the multifaceted ethical dilemmas inherent in leveraging new technologies and tools for enhancing customer experiences. The challenge lies in balancing the drive for innovation with the highest ethical standards, safeguarding that actions are both legally compliant and morally sound. With this in mind, this table and Appendix A encourage deeper reflection and critical thinking. By adopting a culture of ethical mindfulness, organizations can better anticipate and mitigate potential ethical pitfalls, thereby supporting the long-term sustainability and success of customers, companies, and the broader society.

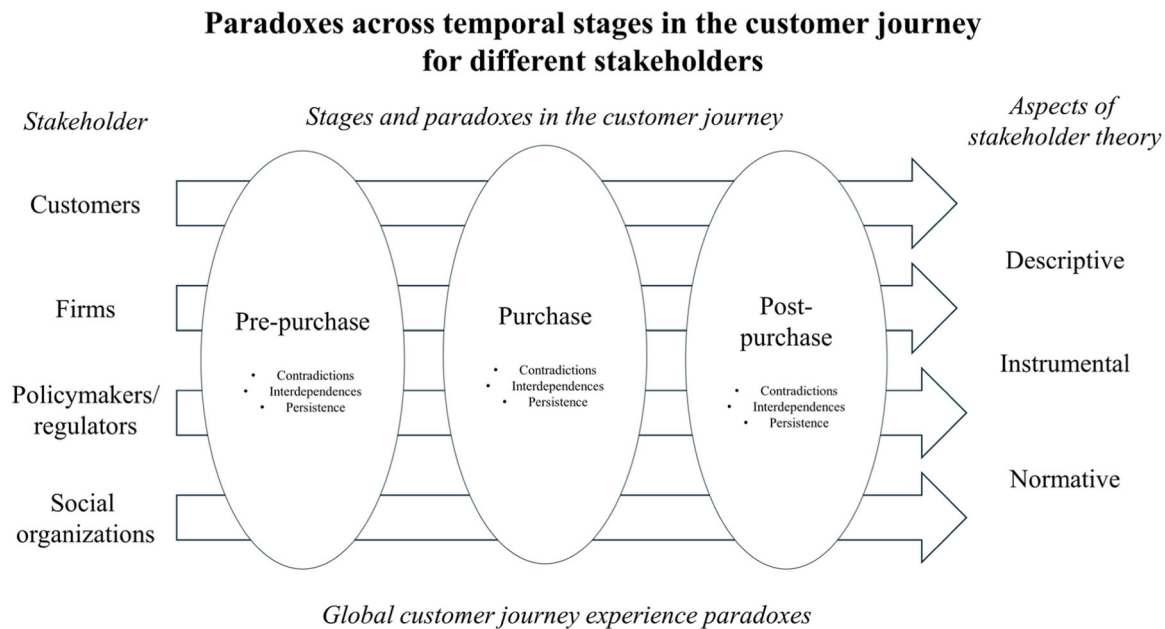


FIGURE 2 Paradoxes across temporal stages in the customer journey for different stakeholders and the aspects associated with them.

outlines how firms actually engage with stakeholders, providing a framework for understanding the inherent paradoxes in ethical customer experience management. For example, the descriptive aspect would reflect how firms balance the collection and use of customer data with privacy concerns, highlighting the real-world practices and challenges. The instrumental aspect examines the outcomes of these, focusing on the practical implications and benefits of managing stakeholder relationships ethically. In the context of customer experience management, this involves analyzing how ethical practices lead to, for instance, enhanced customer loyalty and overall better firm performance, and/or negative consequences. The instrumental aspect helps to consider that ethical customer experience management is not only a moral obligation but also a strategic advantage. The normative aspect emphasizes the ethical obligations of firms toward their stakeholders, advocating for fair and transparent practices that go beyond mere legal compliance. This aspect of stakeholder theory, in the present context, calls for firms to adopt ethical principles as intrinsic, instrumental, values guiding their

customer experience management strategies. It argues for the inherent worth of ethical treatment of stakeholders, including customers and society at large, irrespective of the direct financial benefits.

What is more, paradoxes in ethical customer experience management, as a function of stakeholders, can be characterized by the presence of contradiction, the interdependence of contradictory elements (Smith et al., 2011), and their persistence over time (De Keyser et al., 2019) (see stages and paradoxes in the customer journey in Figure 2). For instance, the need to balance personalization and privacy illustrates a contradiction where firms must respect customer data privacy while capitalize on it to enhance customer experience (e.g., Martin & Murphy, 2017). This contradiction is interdependent, as personalization efforts rely on data that must be ethically managed. The persistence of this paradox over time necessitates ongoing ethical reflection and adaptation. Different stakeholders experience these paradoxes uniquely. For customers, the contradiction between personalization and privacy affects their

trust and satisfaction. For employees, ethical dilemmas in customer experience management can impact job satisfaction and stress levels. Firms must navigate these contradictions to maintain ethical standards and long-term success. Policymakers and regulators play a crucial role in creating frameworks that balance these paradoxes, ensuring fair practices.

The approach presented here has implications for the customer journey theory as well, as it not only enables the scrutiny of the different ethical challenges and paradoxes at every stage of the customer journey, but is in line with the stakeholder journey (Hollebeek et al., 2023, see stages and paradoxes in the customer journey in Figure 2). It also incorporates the ramifications of these challenges for the different stakeholders involved (to further encourage such practices, present a checklist for companies, customers, regulators, and other stakeholders to address such ethical paradoxes see Appendix A). Indeed, the integration of ethical considerations throughout the customer journey, across pre-purchase, purchase, and post-purchase stages is key. In the pre-purchase phase, this involves ethical marketing and data collection practices that respect consumer privacy and autonomy. During the purchase phase, it calls for transparent transactions and the avoidance of manipulative practices, ensuring customers' rights are supported. Finally, in the post-purchase stage, it emphasizes the importance of ethical customer service and data management, advocating for responsible handling of customer feedback and data to facilitate trust, loyalty, and a positive, long-term relationship with the customer.

Throughout the analysis presented in the article, it becomes apparent that ethical customer experience management requires a holistic approach that goes beyond the actions of individual stakeholders. This approach must include a thorough examination of systemic elements within the customer experience management ecosystem, such as organizational policies, industry regulations, cultural norms, and the varying contexts in which customer interactions occur. This approach must also encompass individual aspects like past experiences, social factors influenced by relationships and societal norms, and broader market and environmental conditions such as competition and the state of the environment (e.g., De Keyser et al., 2020). Recognizing the importance of context, as De Keyser and describe this, highlights the complexity of customer experience management, as these aspects influence customer experiences in transient and situational ways. By incorporating a systemic lens, different stakeholders can identify and address the root causes of challenges in customer experience management, ensuring that our strategies are not only effective immediately but also sustainable and equitable over time. This comprehensive perspective facilitates the creation of a robust and ethically sound customer experience management framework that resonates with broader societal values and expectations, essential for fostering trust and loyalty among customers and stakeholders. Ultimately, such a strategy enhances the long-term sustainability and success of customers, companies, and the broader society by integrating structural elements with an acute understanding of context's role in shaping unique customer experiences.

7.3 | Future research

Future customer experience management research may focus on developing and testing strategies for balancing profitability with ethical customer engagement, evaluating the impact of ethical customer practices on loyalty, satisfaction, and a firm's reputation in an ethically conscious marketplace. It should explore tools for measuring customer experience in digital environments, especially with new technologies like augmented and virtual reality reshaping experiences while emphasizing responsible tool use (Velasco et al., 2023). Here, future research should also explore the paradoxes and ethical implications associated with upcoming human-computer integration technology (the merging of humans with computing systems to extend or augment human abilities or interactions, Mueller et al., 2020), which will pose new challenges.

Additionally, future research should consider the role of employees, as well as other potential stakeholders, in ethical customer experience management. Frontline employees are directly involved in delivering customer experiences, as they are the ones who embody the characteristics of the brand and whose behaviors ultimately shape the customer experience (Harris, 2007). They are significantly impacted by the ethical practices of their organizations (Hunt et al., 1989; Turker, 2009). Investigating how unethical customer experiences affect employee well-being and, consequently, firm performance is pivotal. This can provide valuable insights into creating supportive environments that promote both employee and customer satisfaction, thereby contributing to the long-term sustainability and success of firms. Examining the implications of a multi-stakeholder approach in customer experience management, where firms optimize customer experiences considering diverse objectives while maintaining high ethical standards, is vital (Freeman et al., 2010; Granitz & Loewy, 2007).

When it comes to customer agency, rights, and responsibilities in customer experience management, research may investigate different ways of empowering customers through knowledge and collaboration (Tronvoll & Edvardsson, 2022), managing structures like marketplace rituals (Otnes et al., 2012), and addressing the personalization-privacy paradox (Fehrenbach & Herrando, 2021; Skatova et al., 2023). Understanding how personal data should be priced to balance personalization and privacy is also crucial (Fehrenbach & Herrando, 2021), along with exploring consumer rights, awareness, and the role of feedback and discussion platforms (European Commission, 2023).

In the context of policymakers and regulators, research may focus on studying the role of customer-centric, multi-stakeholder approaches to understand customer needs, behavior, and sustainable practices (Brown, 2003; Manganelli & Nicita, 2020). Moreover, research should explore spaces for healthy debate and the impact of academic research, critical analysis, and independent organizations in shaping ethical guidelines (Ahmed et al., 2003; Maignan & Ferrell, 2004), along with the role of comprehensive education (Cohen, 2012; Smith & Rönnegard, 2016) and social media in ethical debates and decision-making (De Bakker & Hellsten, 2013).

Furthermore, given their extent, complexity, and variety, future research may conduct a series of literature reviews and meta-analyses on ethical challenges and paradoxes in customer experience with increasingly sharper focus. Such reviews can effectively identify different types of paradoxes and offer more insightful reflections and guidelines for various stakeholders.

7.4 | Conclusions

In conclusion, this article explored the complex ethical landscape of customer experience management, involving firms, customers, policymakers, and society. Firms seek a balance between successful customer experience management and ethical considerations, while customers should, to a certain degree, assume the responsibility of informed decision-making. Policymakers and regulators must harmonize diverse stakeholder perspectives. We emphasized the need for firms to involve customers in ethical evaluations and for policymakers and regulators to foster inclusive dialogues among all stakeholders. This ongoing conversation should evaluate the ethics of customer experience management actions, contributing to a more responsible and ethical landscape for customer experiences.

DATA AVAILABILITY STATEMENT

Data sharing is not applicable to this article as no datasets were generated or analyzed during the current study.

ORCID

Carlos Velasco  <http://orcid.org/0000-0002-4864-2315>

Francisco Barbosa Escobar  <http://orcid.org/0000-0003-1784-451X>

Anders Gustafsson  <http://orcid.org/0000-0001-8278-1442>

Olivia Petit  <http://orcid.org/0000-0001-9340-5370>

REFERENCES

- ABC News. (2017, June 20). *Mickey and Minnie Mouse sign 'I love you' to deaf boy at Disneyland*. ABC News. <https://abcnews.go.com/Lifestyle/mickey-minnie-mouse-sign-love-deaf-boy-disneyland/story?id=48154027>
- Ahmed, M. M., Chung, K. Y., & Eichenseher, J. W. (2003). Business students' perception of ethics and moral judgment: A cross-cultural study. *Journal of Business Ethics*, 43, 89–102.
- Alabed, A., Javornik, A., & Gregory-Smith, D. (2022). AI anthropomorphism and its effect on users' self-congruence and self-AI integration: A theoretical framework and research agenda. *Technological Forecasting and Social Change*, 182, 121786.
- Ameen, N., Tarhini, A., Reppel, A., & Anand, A. (2021). Customer experiences in the age of artificial intelligence. *Computers in Human Behavior*, 114, 106548.
- De Bakker, F. G. A., & Hellsten, I. (2013). Capturing online presence: Hyperlinks and semantic networks in activist group websites on corporate social responsibility. *Journal of Business Ethics*, 118(4), 807–823.
- Balasubramanian, S. K., Fang, Y., & Yang, Z. (2021). Twitter presence and experience improve corporate social responsibility outcomes. *Journal of Business Ethics*, 173(4), 737–757.
- Batat, W. (2019). *Experiential marketing: Consumer behavior, customer experience and the 7Es*. Routledge.
- Becker, L., & Jaakkola, E. (2020). Customer experience: Fundamental premises and implications for research. *Journal of the Academy of Marketing Science*, 48(4), 630–648.
- Belk, R., Humayun, M., & Brouard, M. (2022). Money, possessions, and ownership in the Metaverse: NFTs, cryptocurrencies, Web3 and Wild Markets. *Journal of Business Research*, 153, 198–205.
- Bello, K. B., Jusoh, A., & Md Nor, K. (2021). Relationships and impacts of perceived CSR, service quality, customer satisfaction and consumer rights awareness. *Social Responsibility Journal*, 17(8), 1116–1130.
- Bhargava, V. R., & Velasquez, M. (2021). Ethics of the attention economy: The problem of social media addiction. *Business Ethics Quarterly*, 31(3), 321–359.
- Bolton, R. N., McColl-Kennedy, J. R., Cheung, L., Gallan, A., Orsingher, C., Witell, L., & Zaki, M. (2018). Customer experience challenges: Bringing together digital, physical and social realms. *Journal of Service Management*, 29(5), 776–808.
- Brakus, J. J., Schmitt, B. H., & Zarantonello, L. (2009). Brand experience: What is it? How is it measured? Does it affect loyalty? *Journal of Marketing*, 73(3), 52–68.
- Brinkmann, J. (2004). Looking at consumer behavior in a moral perspective. *Journal of Business Ethics*, 51(2), 129–141.
- Brown, A. (2003). Regulators, policy-makers, and the making of policy: Who does what and when do they do it? *International Journal of Regulation and Governance*, 3(1), 1–11.
- Bueno, E. V., Weber, T. B. B., Bomfim, E. L., & Kato, H. T. (2019). Measuring customer experience in service: A systematic review. *The Service Industries Journal*, 39(11–12), 779–798.
- Carroll, A. B. (1999). Corporate social responsibility: Evolution of a definitional construct. *Business & Society*, 38(3), 268–295.
- Castro, C., & Pham, A. (2020). Is the attention economy noxious? *Philosophers*, 20(17), 1–13.
- Chernev, A., Böckenholt, U., & Goodman, J. (2015). Choice overload: A conceptual review and meta-analysis. *Journal of Consumer Psychology*, 25(2), 333–358.
- Clancy, M. (2001). *Sweating the swoosh: Nike, the globalization of sneakers, and the question on sweatshop labor*. Georgetown Institute for the Study of Diplomacy. <https://doi.org/10.4135/9781473968745>
- Coglianese, C. (2021). Regulating new tech: Problems, pathways, and people. Faculty Scholarship at Penn Carey Law, 2753. https://scholarship.law.upenn.edu/faculty_scholarship/2753
- Cohen, M. A. (2012). Empathy in business ethics education. *Journal of Business Ethics Education*, 9, 359–375.
- Collins, D., Weber, J., & Zambrano, R. (2014). Teaching business ethics online: Perspectives on course design, delivery, student engagement, and assessment. *Journal of Business Ethics*, 125(3), 513–529.
- Cowan, K., Ketron, S., Kostyk, A., & Kristofferson, K. (2023). Can you smell the (virtual) roses? The influence of olfactory cues in virtual reality on immersion and positive brand responses. *Journal of Retailing*, 99, 385–399.
- Cukier, K. (2021). Commentary: How AI shapes consumer experiences and expectations. *Journal of Marketing*, 85(1), 152–155.
- Dad, A. M., Rehman, A. A., Kear, A., & Davies, B. J. (2018). The effect of music on shoppers' shopping behaviour in virtual reality retail stores: Mediation analysis. *International Journal of Advanced Computer Science and Applications*, 9(1), 135–145.
- Dobrygowski, D., & Treat, D. (2024, March). *Metaverse identity: Defining the self in a blended reality*. Insight report. World Economic Forum, 48pp.
- Doets, E. L., & Kremer, S. (2016). The silver sensory experience—A review of senior consumers' food perception, liking and intake. *Food Quality and Preference*, 48, 316–332.
- Donaldson, T., & Preston, L. E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. *The Academy of Management Review*, 20(1), 65–91.

- Doran, J., & Ryan, G. (2012). Regulation and firm perception, eco-innovation and firm performance. *European Journal of Innovation Management*, 15(4), 421–441.
- Doran, J., & Ryan, G. (2014). Eco-innovation—Does additional engagement lead to additional rewards? *International Journal of Social Economics*, 41(11), 1110–1130.
- Du, S., & Xie, C. (2021). Paradoxes of artificial intelligence in consumer markets: Ethical challenges and opportunities. *Journal of Business Research*, 129, 961–974.
- Emilien, G., Weitkunat, R., & Lüdicke, F. (Eds.). (2017). *Consumer perception of product risks and benefits*. Springer International Publishing.
- European Commission. (2023). Consumer protection: Manipulative online practices found on 148 out of 399 online shops screened. https://ec.europa.eu/commission/presscorner/detail/en/ip_23_418
- Faraoni, S. (2023). Persuasive technology and computational manipulation: Hypernudging out of mental self-determination. *Frontiers in Artificial Intelligence*, 6, 1216340.
- Fazal, A. (1979). A charter for consumer action [Speech transcript]. Anwar Fazal speaking out. <https://www.anwarfazal.net/speech-Charter.php>
- Fehrenbach, D., & Herrando, C. (2021). The effect of customer-perceived value when paying for a product with personal data: A real-life experimental study. *Journal of Business Research*, 137, 222–232.
- Fennell, G., & Fennell, G. (1978). Consumers' Perceptions of the product—Use Situation: A conceptual framework for identifying consumer wants and formulating positioning options. *Journal of Marketing*, 42(2), 38–47.
- Ferrell, O. C., & Gresham, L. G. (1985). A contingency framework for understanding ethical decision making in marketing. *Journal of Marketing*, 49(3), 87–96.
- Flavián, C., Ibáñez-Sánchez, S., & Orús, C. (2021). The influence of scent on virtual reality experiences: The role of aroma-content congruence. *Journal of Business Research*, 123, 289–301.
- Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L., & De Colle, S. (2010). *Stakeholder theory: The state of the art*. <https://core.ac.uk/download/pdf/346447581.pdf>
- Friedman, M. (1970, September 13). The social responsibility of business is to increase its profits. *The New York Times Magazine*, 17.
- Giddens, A. (1984). *The constitution of society: Outline of the theory of structuration*. Polity Press.
- Gleim, M. R., & Stevens, J. L. (2021). Blockchain: A game changer for marketers? *Marketing Letters*, 32(1), 123–128.
- Goldman, I., & Pabari, M. (2020). *Using evidence in policy and practice: Lessons from Africa* (p. 280). Taylor & Francis.
- Goldsmith, S., Georges, G., & Burke, T. G. (2010). *The power of social innovation: How civic entrepreneurs ignite community networks for good*. Wiley.
- Gosh, D. (2021, January 14). Are we entering a new era of social media regulation? Retrieved from <https://hbr.org/2021/01/are-we-entering-a-new-era-of-social-media-regulation>
- Granitz, N., & Loewy, D. (2007). Applying ethical theories: Interpreting and responding to student plagiarism. *Journal of Business Ethics*, 72(3), 293–306.
- Harris, P. (2007). We the people: The importance of employees in the process of building customer experience. *Journal of Brand Management*, 15(2), 102–114.
- Hauser, C. (2020). From preaching to behavioral change: Fostering ethics and compliance learning in the workplace. *Journal of Business Ethics*, 162(4), 835–855.
- Heikkilä, M. (2023, April 25). A Cambridge analytica-style scandal for AI is coming. <https://www.technologyreview.com/2023/04/25/1072177/a-cambridge-analytica-style-scandal-for-ai-is-coming/>
- Hermann, E. (2022). Leveraging artificial intelligence in marketing for social good—An ethical perspective. *Journal of Business Ethics*, 179(1), 43–61.
- Hollebeek, L. D., Kumar, V., Srivastava, R. K., & Clark, M. K. (2023). Moving the stakeholder journey forward. *Journal of the Academy of Marketing Science*, 51(1), 23–49.
- Holmlund, M., Van Vaerenbergh, Y., Ciuchita, R., Ravald, A., Sarantopoulos, P., Ordenes, F. V., & Zaki, M. (2020). Customer experience management in the age of big data analytics: A strategic framework. *Journal of Business Research*, 116, 356–365.
- Homburg, C., Jozić, D., & Kuehnl, C. (2017). Customer experience management: Toward implementing an evolving marketing concept. *Journal of the Academy of Marketing Science*, 45, 377–401.
- Hotten, R. (2015, December 10). Volkswagen: The scandal explained. <https://www.bbc.com/news/business-34324772>
- Hoyer, W. D., Kroschke, M., Schmitt, B., Kraume, K., & Shankar, V. (2020). Transforming the customer experience through new technologies. *Journal of Interactive Marketing*, 51(1), 57–71.
- Hunt, S. D., Wood, V. R., & Chonko, L. B. (1989). Corporate ethical values and organizational commitment in marketing. *Journal of Marketing*, 53(3), 79–90.
- Iglesias, O., Markovic, S., Bagherzadeh, M., & Singh, J. J. (2020). Co-creation: A key link between corporate social responsibility, customer trust, and customer loyalty. *Journal of Business Ethics*, 163, 151–166.
- Ionta, S., Gassert, R., & Blanke, O. (2011). Multi-sensory and sensorimotor foundation of bodily self-consciousness—An interdisciplinary approach. *Frontiers in Psychology*, 2, 383.
- Karwatzki, S., Dytynko, O., Trenz, M., & Veit, D. (2017). Beyond the personalization—Privacy paradox: Privacy valuation, transparency features, and service personalization. *Journal of Management Information Systems*, 34(2), 369–400.
- Keiningham, T., Aksoy, L., Bruce, H. L., Cadet, F., Clennell, N., Hodgkinson, I. R., & Kearney, T. (2020). Customer experience driven business model innovation. *Journal of Business Research*, 116, 431–440.
- De Keyser, A., Lemon, K. N., Klaus, P., & Keiningham, T. L. (2015). *A framework for understanding and managing the customer experience*. Marketing Science Institute Working Paper Series 2015 (Issue Report No. 15-121).
- De Keyser, A., Verleye, K., Lemon, K. N., Keiningham, T. L., & Klaus, P. (2020). Moving the customer experience field forward: Introducing the touchpoints, context, qualities (TCQ) nomenclature. *Journal of Service Research*, 23(4), 433–455.
- De Keyser, B., Guette, A., & Vandembemt, K. (2019). On the use of paradox for generating theoretical contributions in management and organization research. *International Journal of Management Reviews*, 21(2), 143–161.
- Kozinets, R. V., Ferreira, D. A., & Chimenti, P. (2021). How do platforms empower consumers? Insights from the affordances and constraints of reclame aqui. *Journal of Consumer Research*, 48(3), 428–455.
- Kozinets, R. V., & Gretzel, U. (2021). Commentary: Artificial intelligence: The marketer's dilemma. *Journal of Marketing*, 85(1), 156–159.
- KPMG. (2021). *The future is customer centered*. <https://kpmg.com/xx/en/home/insights/2021/04/the-future-is-customer-centered.html>
- Kumar, V., Rajan, B., Gupta, S., & Pozza, I. D. (2019). Customer engagement in service. *Journal of the Academy of Marketing Science*, 47, 138–160.
- Lambillotte, L., Bart, Y., & Poncin, I. (2022). When does information transparency reduce downside of personalization? Role of need for cognition and perceived control. *Journal of Interactive Marketing*, 57(3), 393–420.
- Larsen, G., & Lawson, R. (2013a). Consumer rights: A co-optation of the contemporary consumer movement. *Journal of Historical Research in Marketing*, 5(1), 97–114.
- Larsen, G., & Lawson, R. (2013b). Consumer rights: An assessment of justice. *Journal of Business Ethics*, 112(3), 515–528.

- Lee, B. K., & Lee, W. N. (2004). The effect of information overload on consumer choice quality in an on-line environment. *Psychology & Marketing*, 21(3), 159–183.
- Lemon, K. N., & Verhoef, P. C. (2016). Understanding customer experience throughout the customer journey. *Journal of Marketing*, 80(6), 69–96.
- Lim, W. M., O'Connor, P., Nair, S., Soleimani, S., & Rasul, T. (2023). A foundational theory of ethical decision-making: The case of marketing professionals. *Journal of Business Research*, 158, 113579.
- Lowens, B., Motti, V. G., & Caine, K., (2017). *Wearable privacy: Skeletons in the data closet*. 2017 IEEE International Conference on Healthcare Informatics (ICHI) (pp. 295–304).
- Mahajan, R., Lim, W. M., Sareen, M., Kumar, S., & Panwar, R. (2023). Stakeholder theory. *Journal of Business Research*, 166, 114104.
- Maignan, I., & Ferrell, O. C. (2004). Corporate social responsibility and marketing: An integrative framework. *Journal of the Academy of Marketing Science*, 32, 3–19.
- Maignan, I., Ferrell, O. C., & Ferrell, L. (2005). A stakeholder model for implementing social responsibility in marketing. *European Journal of Marketing*, 39(9/10), 956–977.
- Manganelli, A., & Nicita, A. (2020). Evolution of consumer policy and consumer behaviour. In A. Manganelli, & A. Nicita (Eds.), *The governance of telecom markets: Economics, law and institutions in Europe* (pp. 73–86). Springer.
- Mariani, M. (2018). The role of policy makers and regulators in competition. In A.-S. Fernandez, P. Chiambaretto, F. Le Roy, & W. Czakon (Eds.), *The Routledge companion to competition strategies* (1st ed., pp. 105–116). Routledge.
- Martin, K. D., Borah, A., & Palmatier, R. W. (2017). Data privacy: Effects on customer and firm performance. *Journal of Marketing*, 81(1), 36–58.
- Martin, K. D., & Murphy, P. E. (2017). The role of data privacy in marketing. *Journal of the Academy of Marketing Science*, 45(2), 135–155.
- McCull-Kennedy, J. R., Zaki, M., Lemon, K. N., Urmetzer, F., & Neely, A. (2019). Gaining customer experience insights that matter. *Journal of Service Research*, 22(1), 8–26.
- McWilliams, V., & Nahavandi, A. (2006). Using live cases to teach ethics. *Journal of Business Ethics*, 67(4), 421–433.
- Meyer, C., & Schwager, A. (2007). Understanding customer experience. *Harvard Business Review*, 85(2), 116–126.
- Miedema, T. E. (2018). Consumer protection in cyber space and the ethics of stewardship. *Journal of Consumer Policy*, 41(1), 55–75.
- Milbourn, T. T. (2003). CEO reputation and stock-based compensation. *Journal of Financial Economics*, 68(2), 233–262.
- Miller, M. R., Herrera, F., Jun, H., Landay, J. A., & Bailenson, J. N. (2020). Personal identifiability of user tracking data during observation of 360-degree VR video. *Scientific Reports*, 10(1), 17404.
- Mueller, F. F., Lopes, P., Strohmeier, P., Ju, W., Seim, C., Weigel, M., & Maes, P. (2020, April). Next steps for human-computer integration. In *Proceedings of the 2020 CHI Conference on human factors in computing systems* (pp. 1–15).
- Nardo, M., D'Hombres, B., Loi, M., & Pappalardo, L. (2013). Consumer empowerment in Europe: Its determinants and the challenges met in measuring it. In M. Nardo, B. D'Hombres, M. Loi, & L. Pappalardo (Eds.), *Making sense of consumption. Selections from the 2nd Nordic conference on consumer research 2012* (pp. 267–284). Centre for Consumer Science, University of Gothenburg.
- Nielsen, L., & McGregor, S. L. T. (2013). Consumer morality and moral norms. *International Journal of Consumer Studies*, 37(5), 473–480.
- Noggle, R. (2018, August 1). How to tell the difference between persuasion and manipulation. <https://aeon.co/ideas/how-to-tell-the-difference-between-persuasion-and-manipulation>
- Oh Kruzic, C., Kruzic, D., Herrera, F., & Bailenson, J. (2020). Facial expressions contribute more than body movements to conversational outcomes in avatar-mediated virtual environments. *Scientific Reports*, 10(1), 20626.
- Otnes, C. C., Ilhan, B. E., & Kulkarni, A. (2012). The language of marketplace rituals: Implications for customer experience management. *Journal of Retailing*, 88(3), 367–383.
- Palma, S., & McGee, P. (2023, June 21). Amazon 'tricked and trapped' customers with Prime service, FTC claims. *Financial Times*. <https://www.ft.com/content/a0a3791d-71d6-42f8-9da2-49c7c2dde78f>
- Palos-Sanchez, P., Saura, J. R., & Martin-Velicia, F. (2019). A study of the effects of programmatic advertising on users' concerns about privacy overtime. *Journal of Business Research*, 96, 61–72.
- Panmar, B. L., Freeman, R. E., Harrison, J. S., Wicks, A. C., Purnell, L., & de Colle, S. (2010). Stakeholder theory: The state of the art. *Academy of Management Annals*, 4(1), 403–445.
- Paul, J., Ueno, A., Dennis, C., Alamanos, E., Curtis, L., Foroudi, P., Kacprzak, A., Kunz, W. H., Liu, J., Marvi, R., Nair, S. L. S., Ozdemir, O., Pantano, E., Papadopoulos, T., Petit, O., Tyagi, S., & Wirtz, J. (2024). Digital transformation: A multidisciplinary perspective and future research agenda. *International Journal of Consumer Studies*, 48(2), e13015.
- Peppers, D., & Rogers, M. (2016). *Managing customer experience and relationships: A strategic framework*. John Wiley & Sons.
- Petit, O., Javornik, A., & Velasco, C. (2022). We eat first with our (digital) eyes: Enhancing mental simulation of eating experiences via visual-enabling technologies. *Journal of Retailing*, 98(2), 277–293.
- Petit, O., Velasco, C., & Spence, C. (2019). Digital sensory marketing: Integrating new technologies into multisensory online experience. *Journal of Interactive Marketing*, 45, 42–61.
- Petit, O., Velasco, C., Wang, Q. J., & Spence, C. (2022). Consumer consciousness in multisensory extended reality. *Frontiers in Psychology*, 13, 851753.
- Prahalad, C. K., & Ramaswamy, V. (2004). Co-creation experiences: The next practice in value creation. *Journal of Interactive Marketing*, 18(3), 5–14.
- Prentice, C., & Loureiro, S. M. C. (2018). Consumer-based approach to customer engagement—The case of luxury brands. *Journal of Retailing and Consumer Services*, 43, 325–332.
- Puntoni, S., Reczek, R. W., Giesler, M., & Botti, S. (2021). Consumers and artificial intelligence: An experiential perspective. *Journal of Marketing*, 85(1), 131–151.
- Reitsamer, B. F., & Becker, L. (2024). Customer journey partitioning: A customer-centric conceptualization beyond stages and touchpoints. *Journal of Business Research*, 181, 114745.
- Remišová, A., Lašáková, A., & Kirchmayer, Z. (2019). Influence of formal ethics program components on managerial ethical behavior. *Journal of Business Ethics*, 160(1), 151–166.
- Rindfleisch, A., & Moorman, C. (2003). Interfirm cooperation and customer orientation. *Journal of Marketing Research*, 40(4), 421–436.
- Ringler, C., Sirianni, N. J., & Christenson, B. (2021). The power of consequential product sounds. *Journal of Retailing*, 97(2), 288–300.
- Robertson, A. (2018, April 9). How much VR user data is Oculus giving to Facebook? <https://www.theverge.com/2018/4/9/17206650/oculus-facebook-vr-user-data-mining-privacy-policy-advertising>
- Runge, J., Wentzel, D., Huh, J. Y., & Chaney, A. (2023). "Dark patterns" in online services: A motivating study and agenda for future research. *Marketing Letters*, 34(1), 155–160.
- Salazar, J., Husted, B. W., & Biehl, M. (2012). Thoughts on the evaluation of corporate social performance through projects. *Journal of Business Ethics*, 105, 175–186.
- Sanderson, I. (2003). Is it 'what works' that matters? Evaluation and evidence-based policy-making. *Research Papers in Education*, 18(4), 331–345.
- Sigurjonsson, T. O., Arnardottir, A. A., Vaiman, V., & Rikhardsson, P. (2015). Managers' views on ethics education in business schools: An empirical study. *Journal of Business Ethics*, 130(1), 1–13.
- Skatova, A., McDonald, R., Ma, S., & Maple, C. (2023). Unpacking privacy: Valuation of personal data protection. *PLoS One*, 18(5), e0284581.

- Smith, N. C., & Rönnegard, D. (2016). Shareholder primacy, corporate social responsibility, and the role of business schools. *Journal of Business Ethics*, 134(3), 463–478.
- Smith, W. K., Lewis, M. W., Smith, W. K., & Lewis, M. W. (2011). Toward a theory of paradox: A dynamic equilibrium model of organizing. *Academy of Management Review*, 36, 381–403.
- Soeteman-Hernández, L. G., Bekker, C., Groenewold, M., Jantunen, P., Mech, A., Rasmussen, K., Sintes, J. R., Sips, A. J. A. M., & Noorlander, C. W. (2019). Perspective on how regulators can keep pace with innovation: Outcomes of a European Regulatory Preparedness Workshop on nanomaterials and nano-enabled products. *NanoImpact*, 14, 100166.
- Song, Y. W., Lim, H. S., & Oh, J. (2021). "We think you may like this": An investigation of electronic commerce personalization for privacy-conscious consumers. *Psychology & Marketing*, 38(10), 1723–1740.
- Spence, C., Obrist, M., Velasco, C., & Ranasinghe, N. (2017). Digitizing the chemical senses: Possibilities & pitfalls. *International Journal of Human-Computer Studies*, 107, 62–74.
- Statista. (2023, January 11). Share of professionals perceiving customer experience as a competitive differentiator for their organization worldwide in 2021. <https://www.statista.com/statistics/1076074/organizations-customer-experience-competitive-differentiator-worldwide/>
- Taeihagh, A., Ramesh, M., & Howlett, M. (2021). Assessing the regulatory challenges of emerging disruptive technologies. *Regulation & Governance*, 15(4), 1009–1019.
- Tronvoll, B., & Edvardsson, B. (2022). Customer experiences in crisis situations: An agency-structure perspective. *Marketing Theory*, 22(4), 539–562.
- Turker, D. (2009). How corporate social responsibility influences organizational commitment. *Journal of Business Ethics*, 89, 189–204.
- Velasco, C., Barbosa Escobar, F., & Petit, O. (2023). Ethics of experience design and management in the context of digital transformations. *Morals & Machines*, 2(2), 8–21.
- Velasco, C., Barbosa Escobar, F., Petit, O., & Wang, Q. J. (2021). Impossible (food) experiences in extended reality. *Frontiers in Computer Science*, 3, 716846.
- Verhoef, P. C., Lemon, K. N., Parasuraman, A., Roggeveen, A., Tsiros, M., & Schlesinger, L. A. (2009). Customer experience creation: Determinants, dynamics and management strategies. *Journal of Retailing*, 85(1), 31–41.
- Verhulst, N., De Keyser, A., Gustafsson, A., Shams, P., & Van Vaerenbergh, Y. (2019). Neuroscience in service research: An overview and discussion of its possibilities. *Journal of Service Management*, 30(5), 621–649.
- Vitell, S. J. (2003). Consumer ethics research: Review, synthesis and suggestions for the future. *Journal of Business Ethics*, 43, 33–47.
- Wang, X., Tajvidi, M., Lin, X., & Hajli, N. (2020). Towards an ethical and trustworthy social commerce community for brand value co-creation: A trust-commitment perspective. *Journal of Business Ethics*, 167, 137–152.
- Warren, E. (2018, August 14). Companies shouldn't be accountable only to shareholders. *Wall Street Journal*. <https://www.wsj.com/articles/companies-shouldnt-be-accountable-only-to-shareholders-1534287687>
- Weinberg, B. D., Milne, G. R., Andonova, Y. G., & Hajjat, F. M. (2015). Internet of Things: Convenience vs. privacy and secrecy. *Business Horizons*, 58(6), 615–624.
- Wetzels, R. W. H., Klaus, P., & Wetzels, M. (2023). There is a secret to success: Linking customer experience management practices to profitability. *Journal of Retailing and Consumer Services*, 73, 103338.
- Xie, C., Jin, J., & Guo, X. (2022). Impact of the critical factors of customer experience on well-being: Joy and customer satisfaction as mediators. *Frontiers in Psychology*, 13, 955130.
- Young, D., Woods, W., & Reeves, M. (2019). *Optimize for both social and business value: Building resilient businesses, industries, and societies*. BCG. <https://www.bcg.com/publications/2019/optimize-social-business-value>

How to cite this article: Velasco, C., Reinoso-Carvalho, F., Barbosa Escobar, F., Gustafsson, A., & Petit, O. (2024). Paradoxes, challenges, and opportunities in the context of ethical customer experience management. *Psychology & Marketing*, 1–19. <https://doi.org/10.1002/mar.22069>

APPENDIX A

Question list/checklist for companies, customers, regulators, and other stakeholders to address ethical paradoxes.

Stakeholder	Challenges	Opportunities	Paradoxes and dilemmas
Firms	<p>Have we identified and assessed the ethical challenges in our customer experience management practices?</p> <p>Are there any areas where our practices may be conflicting with ethical norms?</p> <p>Are we collecting and using customer data in an ethical and transparent manner?</p> <p>Do we have a clear data privacy policy in place?</p> <p>Are we providing accurate and transparent information about our products and services to customers?</p> <p>Is our pricing transparent and fair given the data provided by consumers?</p>	<p>Can we position ourselves as ethical leaders in our industry by adopting and promoting ethical customer experience management practices?</p> <p>How can we leverage our commitment to ethics for competitive advantage?</p> <p>How can we build trust with customers by demonstrating our commitment to ethical practices?</p> <p>Are there opportunities to enhance our reputation through ethical conduct?</p> <p>Are there opportunities to collaborate with independent social organizations and academics to develop ethical guidelines and frameworks?</p>	<p>How can we strike a balance between maximizing profits and adhering to ethical customer experience management practices?</p> <p>Are there areas where profit motives may conflict with ethical considerations?</p> <p>How do we navigate the dilemma of using customer data for personalization while respecting their privacy?</p> <p>What steps can we take to ensure responsible data usage?</p>

Stakeholder	Challenges	Opportunities	Paradoxes and dilemmas
	<p>Are our customer experience strategies genuinely focused on meeting customer needs and expectations?</p> <p>How are we actively gathering feedback from customers to improve their experiences?</p>	<p>Can these partnerships strengthen our ethical posture?</p>	
Consumers	<p>Are you aware of how companies collect, store, and use your personal data?</p> <p>Do you understand the potential privacy risks associated with your interactions with companies?</p> <p>Have you defined your ethical expectations from companies you engage with?</p> <p>Are you informed about the ethical practices of the companies you support?</p> <p>Are you familiar with your rights and responsibilities as a consumer?</p>	<p>Are you making conscious choices to support companies with ethical customer experience management practices?</p> <p>How can your purchasing decisions promote ethical conduct?</p> <p>Do you actively provide feedback to companies about their products and services?</p> <p>How can your feedback contribute to improved ethical practices?</p> <p>Have you invested time thinking about your rights, responsibilities, and overall position about the experiences that companies offer to you?</p>	<p>How do you balance the convenience of personalized services with ethical concerns related to data privacy?</p> <p>Are there instances where you compromise ethics for convenience?</p> <p>How comfortable are you with sharing personal data for improved customer experiences?</p> <p>What boundaries do you set to protect your privacy while enjoying personalized services?</p>
Regulators and policymakers	<p>Are you effectively managing the balance between consumer protection and fostering innovation in customer experience management?</p> <p>Do you have mechanisms in place to adapt to rapidly evolving technologies and business practices?</p> <p>How well are you equipped to oversee and regulate the collection, storage, and use of personal data by companies?</p> <p>Are your regulations keeping pace with advancements in technology and data-driven customer experiences?</p>	<p>Are you adopting a customer-centric approach to policymaking that empowers consumers and builds trust?</p> <p>How can you harness customer insights to shape policies that enhance experiences while protecting rights?</p>	<p>How do you manage the paradox of encouraging cooperation among businesses while fostering healthy competition?</p> <p>Are there policies in place to address the complexities of competition in customer experience management?</p> <p>How can you establish ethical guidelines that guide customer experience management without stifling innovation?</p> <p>What strategies do you use to enforce ethical practices effectively in the market?</p>
Academics and social organizations	<p>Are you conducting research or adopting a position that critically examines ethical issues in customer experience management?</p> <p>How effectively are you advocating for ethical practices in both academia and the business world?</p> <p>Are you ensuring transparency in your own operations while holding organizations accountable for ethical customer experiences?</p> <p>How do you navigate the challenges of maintaining impartiality while addressing ethical concerns?</p>	<p>How can you expand educational programs that promote ethical decision-making in customer experience management?</p> <p>Are there opportunities to collaborate with businesses and institutions for ethical education and training?</p> <p>How are you collaborating with various stakeholders to develop and promote ethical standards for customer experience management?</p> <p>Are there opportunities to influence industry norms and regulations through partnerships?</p>	<p>How do you manage the paradox of advocating for ethical practices while collaborating with businesses and regulators?</p> <p>Are there challenges in striking the right balance between advocacy and cooperation?</p> <p>How do you maintain independence while working closely with organizations and policymakers to advance ethics?</p> <p>What strategies do you employ to ensure your influence is ethical and impartial?</p>