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WORKING PAPER

A Longitudinal Analysis of Customer Satisfaction, Relationship Commitment Dimensions, and Triggers on Share of Wallet

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Research Summary:

The overwhelming majority of research in marketing has treated commitment as a one or two dimensional construct and largely disregarded temporal effects when investigating the relationship between satisfaction, commitment and customer loyalty. This under-specification of the commitment construct and cross-sectional nature of studies has the potential to misrepresent these relationships. This research uses a three-component model of commitment (affective, calculative, normative) and situational triggers to examine their impact on customers' share of wallet (SOW). The data consists of 269 households whose banking relationships were tracked for two years. The results showed that changes in affective, calculative and normative commitment each have a significant positive association with change in share of wallet when one adjusts for the effects of customer characteristics such as age and tenure with company. The baseline level of calculative commitment, and changes in affective commitment provide the best explanations for changes in SOW, and when this information on commitment is used, contemporaneous changes in satisfaction has no significant incremental value as a predictor for changes in SOW. Finally the analysis reveals a two-segment customer model which demonstrates how managers can be misled if they assume that everyone will react to satisfaction and commitment improvement efforts similarly.

Keywords : Customer Satisfaction, Affective Commitment, Calculative Commitment, Normative Commitment, Share-of-Wallet