

Service Quality and Share-of-Wallet as Predictors of Loyalty: Examining the Intermediating Impact of Satisfaction, Trust, and Commitment in the Retail Industry

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By segmenting the customer of different retail stores into low and high relational groups, this study investigates the effects of overall satisfaction, trust and commitment on both purchase intentions and willingness to pay a higher price for both low and high relational consumers. The results indicate that the impact of retail service quality on loyalty when mediated by satisfaction is significantly stronger for low share customers compared to high share customers; whereas the impact of retail service quality on loyalty when mediated by trust and commitment is significantly stronger for high share customers compared to low share customers.

INTRODUCTION

A massive disruption is occurring on retail because e-retailing like Amazon has completely changed our shopping behavior. More and more traditional retailers are struggling for their very survival in the midst of this mass disruption in retail. Many brands close stores or shut down completely. Some of them are big name brands such as Macy's, Toys R us, and Sears etc. Therefore, retailers have been seeking strategies to survive the retail apocalypse. Relationship marketing has long been considered as a key strategy for companies to gain competitive advantage and improve performance outcomes (Crosby, et.al., 1990; Morgan & Hunt, 1994; Palmatier, et.al., 2006; Beck, Chapman & Palmatier, 2015; Filipe, et.al., 2017).

Relationship marketing is an approach to marketing that focuses on the long-term relationship with customers as opposed to the transactional exchange (Gilannia, et.al., 2011). Although relationship marketing has been widely examined in the marketing literature, the pivotal role that share of wallet plays in the relationship marketing is largely unknown. This study aims to fill the gap in the literature by looking at share-of-wallet as a key moderator in the relationship marketing. In particular, we examine how share-of-wallet moderates the effect of retail service quality on loyalty through satisfaction, commitment and trust.

Share of Wallet hereafter SOW, is an important individual choice variable because most shoppers have a primary store within a category to which they choose to expend a major percentage of their

purchases, but the extent to which the purchases are allocated among various stores and the share assigned to the primary store vary across customers (East, et.al., 2000; Meyer-Waarden, 2007). In today's fiercely competitive landscape where traditional and well-established retailers like Macy's, Toys R us and Sears are closing shops with alarming regularity, it is of tremendous significance for retailers to understand the mechanisms influencing customers' purchase allocations across competing stores so that they may be able to maximize customer lifetime value and profits (Du, et.al., 2007).

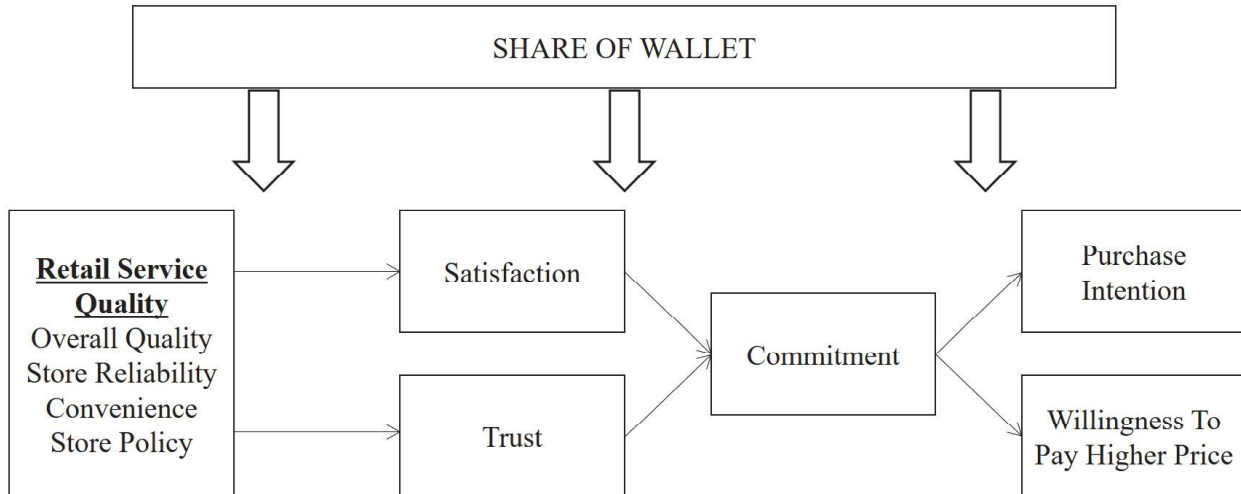
To facilitate a meaningful understanding of such mechanisms, we first group customers into high share and low share categories based on same store purchase allocation data. Between-group differences in attitudinal and behavioral outcomes are then assessed within the Retail Service Quality, hereafter RSQ, and satisfaction-trust-commitment framework. In that connection, we propose that for High Share Customers (HSCs), the impact of RSQ on loyalty when mediated by trust and commitment will be greater than for Low Share Customers (LSCs). This is because, over time, HSCs have come to rely on the store with confidence, and trust has often been defined as the "willingness to rely" on the part of the truster (Moorman, et.al., 1992). For HSCs, trust then surpasses the initial satisfaction associated with the in-store shopping experience as the basis for a long-term reciprocal relationship. Conversely, in the absence of high levels of trust, for LSCs, the impact of the in-store experience on loyalty when mediated by store-related satisfaction will be greater than for HSCs.

This proposed framework is developed on the basis of the study conducted by Garbarino and Johnson (1999) within the context of theater patronage. Garbarino and Johnson (1999) argued that satisfaction, trust and commitment are distinct and separate constructs and that these effects are different for different types of customers depending on their relational bent with the organization. Their study represents the increasing attempts in the literature to adapt relationship marketing to a consumer setting other than services. Although most prior empirical work in relationship marketing aims to understand the relationship exchanges in business-to-business marketing, more and more recent studies examine the relationship exchange in business-to-consumer context (Adjei & Clark, 2010; Aurier & N'Goala, 2010; Meesala & Paul, 2018). The present study attempts to contribute to this growing stream of literature by examining the role of SOW in the relationship marketing in a retail context. Different from most studies in this stream of literature that focused on only one product or store (e.g. Aurier & N'Goala, 2010; Delgado-Ballester & Luis Munuera-Aleman, 2001), the present study uses data from different store types. Therefore, our results are generalizable across store types.

Additionally, we look at the effect of satisfaction, trust and commitment not only on purchase intent but also on willingness to pay a higher price in the study. Zeithaml et.al. (1996) refer to price premium as an important financial consequence of service quality and they state that when customers pay a price premium it indicates a "bonding" (or commitment in our case) with the firm. At an aggregate level, it has also been found that attitudinal loyalty (similar to commitment) is significantly related to relative price for brands (Chaudhuri & Holbrook, 2001). Since retail stores are also brands, we expect that the inclusion of this variable will aid in the understanding of the effects of relational variables, such as trust and commitment, in a retail setting. We study willingness to pay higher prices and repatronage intentions as two crucial indicators of loyalty. Although a body of literature examined each of these two outcome variables in the context of relationship marketing, very few studies have looked at both types of loyalty in the same study.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

**FIGURE 1
PROPOSED CONCEPTUAL MODEL**



The conceptual framework, shown in Figure 1, draws from research on service quality, price fairness and relationship marketing to explicate the bases for the hypotheses. Relationship marketing has been receiving widespread attention from both practitioners and academics alike. One key premise of relationship marketing is that buyers like to reduce choices and their associated risks by facilitating lasting relationships with sellers (Ray, 2015). It has been established in literature that customers need to experience a sense of closeness as well as fairness, over time, in order to believe in the dependability of the “total customer experience” delivered by the store (Berry & Carbone, 2007, p.26). Over the past decade, research in customer relationship management has begun to reflect the importance of marrying utilitarian value (practical value) with hedonic value (aesthetic value; Chitturi, et.al., 2007). Evidence shows that even the slightest increase in customer-retention rates (5%) promotes significant increases (25% -100%) in profitability (Watson & Spence, 2007). In addition, revenues generated by loyal customers continue to increase the longer the customers remain loyal and committed to the store (Ray, 2015).

In studies of relationship marketing, service quality, satisfaction, trust, and commitment are frequently cited as they are critical to achieving important firm outcomes (Chumpitaz Caceres & Paparoidamis, 2007). Service quality is acknowledged as a means by which firms can achieve key organizational outcomes including market share, financial performance, and corporate performance (Rust & Zahorik, 1993; Anderson & Sullivan, 1993; Easton & Jarrell, 1998). In addition, a consumer’s evaluation of service quality plays a key role in his/her behavioral intentions in a retail context. (Wong & Sohla, 2006; Baumann et.al., 2007).

To measure service quality, Parasuramen et.al. (1988) suggested five dimensions of service quality in the well-known SERVQUAL model: reliability, responsiveness, empathy, assurance, and tangibility. This SERVQUAL scale currently remains the most widely used model for measuring service quality in a variety of settings (Huang, 2011; Choudhury, 2013; Arcand et. al., 2017). However, this model has been subject to criticism in the service quality literature because scholars argue that the five SERVQUAL dimensions are not generic and they should be industry-specific (Carman, 1990; Schneider & White, 2004; Amin et.al., 2013). To examine the key attributes of service quality in retail industry, we adopt retail service quality scale (RSQS) proposed by Dabholkar et.al. (1996). RSQS consists of five dimensions: physical aspects, reliability, personal interaction, problem solving, and policy. Many studies

tested the applicability of RSQS (e.g. Das, et.al., 2010; Yeap & Ramayal, 2011). In addition, some studies adopted RSQS to examine the effect of relationship marketing on customer loyalty (e.g. Yuan & Chan, 2010; Ivanauskiene & Volungenaite, 2014).

Most prior research into relationship marketing focused on investigating the individual relationships between service quality, commitment, satisfaction, trust and customer loyalty. Researchers have consistently found that service quality is an antecedent of satisfaction and is positively associated with satisfaction (Oliver, 1999; Brady & Robertson, 2001; Unyathanakorn & Rompho, 2014). Moreover, some studies suggested that satisfaction mediates the effect of service quality on customer retention and loyalty (Sigit Parawansa, 2018; Orel & Kara, 2014; Ngo & Nguyen, 2016). Satisfaction has also long been considered as a strong predictor for behavioural outcome such as repurchase intention, loyalty, etc (Liljander & Strandvik, 1995; Ravald & Gronroos, 1996).

Commitment and trust are also key variables that mediate successful relationship marketing (Morgan & Hunt, 1994). Kumar et.al. (2013) suggested that the variance of loyalty explained by satisfaction is smaller than that explained by satisfaction, trust and commitment all together. Moreover, prior studies found that service quality has a positive impact on trust and thus relationship outcomes (Chenet, et.al., 2008; Gounaris, 2005; Hsieh & Hiang, 2004). Trust has been considered an antecedent of commitment because a relationship in which trust exists between the parties, sufficient value will be generated for both parties thereby allowing them to maintain their on going commitment to each other (Geyskens, et.al., 1996; Morgan & Hunt, 1994). Mandina (2014) proposed that trust and commitment are essential antecedents of customer loyalty.

Commitment enhances the buyer-seller relationship because customers with high levels of loyalty have reported higher expectations as a result of increased commitment towards the store. To reflect this strong attitudinal component of loyalty, we include willingness to pay higher prices as one of the key indicators of commitment in this study (Oliver, 1999). Bendapudi and Berry (1997) added that when customers wish an exchange pattern to continue as a “dedication-based” relationship, they favorably recommend the store to others, thereby reflecting a strong commitment toward the store. Thus, overall positive trust generated by the store’s superior service quality can be a key determinant of future buying behavior and, more importantly, of durable favorable attitudinal commitment toward the store. The stronger the trust, the more committed the customers will be and pay higher prices. Many other studies demonstrated that trust and commitment have a significantly positive impact on customer retention and loyalty (Beatty & Hahle, 1988; Evanschitzky & Wunderlich, 2006; Hetesi, 2014; Akintunde & Akaiqhe, 2016).

On the basis of the relationship among service quality, satisfaction, trust and commitment, more and more studies explored factors that may affect relationship outcome. For instance, Sanchez-Franco (2009) found that the customers involvement moderates the relationship between satisfaction, trust and commitment in e-Banking. Moreover, Dagger and O’Brien (2010) demonstrated significant differences between novice and experienced cohorts in relationship benefits, satisfaction, trust, commitment and loyalty. In addition, Davis-Sramek et.al. (2009) examined the moderator effect of share of wallet in a B2B context and proposed that the positive relationship of calculative to affective commitment creates an individual route by which calculative commitment affects behavioral loyalty. Their study represents one of few attempts in the literature to study the role of SOW in the relationship marketing.

Researchers suggested that SOW is one of the behaviors which motivate relationship maintenance and is very important in relational exchanges in terms of profitability and customer lifetime value (Rust, et.al., 2000; Sirdeshmukh, et.al., 2002). However, no study to date has looked at the moderating role of SOW on different types of loyalty outcomes in a retail context across industries. In this study we segment consumers into high and low relational consumers based on their level of “share-of-wallet” purchases associated with the store at which they were surveyed. We define share-of-wallet as the percentage of a customer’s total annual expenditure on a particular store type (say, bookstores) that is spent on a particular store (say, Barnes & Noble). Thus, in this study low relational consumers refer to consumers with a low share of wallet expenditure on a store and high relational consumers refer to consumers with a high share of wallet expenditure.

We develop the conceptual framework on the basis of the study of Garbarino and Johnson (1999). Garbarino and Johnson (1999) proposed a customer relationship framework to examine different roles of satisfaction, trust, and commitment in customer relationships for consumers with different relational bonds (high vs low). They identified four aspects of component attitudes as the antecedents of relational constructs in a theater context: actor satisfaction, preference for familiar actors, play satisfaction, and theater facility satisfaction. Satisfaction, commitment, and trust were identified as relational mediators. Outcome variables were future intentions of customers including future attendance, subscription and donation.

As in the original model, we identify satisfaction, commitment and trust as mediators. However, we replace the antecedents of relational constructs and outcome variables to suit the retail context. We replace component attitudes with retail service quality using RSQS. Also, we use purchase intention and willingness to pay a higher price as the outcome variables. Willingness to pay a higher price represents the attitudinal component of loyalty and it is an important financial outcome (Zeithaml, et.al., 1996; Evanschitzky, et.al., 2012). The objective in relationship marketing is to build, maintain, and enhance the buyer-seller relationship so that both parties benefit from it. In this connection, the decision to continue repurchase is of a different kind than the decision to enhance the relationship by paying premium prices. Thus, Dick and Basu (1994) posited that loyalty consists of two components –namely, favorable attitude (compared to alternatives) and repeat patronage (over time). Indeed, commitment has been defined as “an enduring desire to participate in a valued relationship” (Moorman, et.al., 1992, p. 316). Such strong favorable attitudes are well captured in one’s willingness to pay higher prices at the store even if some other stores offer a better deal.

By segmenting the customer of a theater company into low and high relational groups, Garbarino and Johnson (1999) found that overall satisfaction mediated the effect of component attitudes on future intentions for low relational customers; whereas trust and commitment mediated the effect of component attitudes on future intentions for high relational customers while overall satisfaction did not. Similarly, Delgado-Ballester and Luis Munuera-Aleman (2001) suggested that customer involvement (high vs low) moderates the relationship among relational constructs, making stronger the effect of brand trust on customer commitment in comparison with the effect that overall satisfaction has on the latter. Based on these previous findings, we propose that:

H1: The impact of retail service quality on loyalty when mediated by Satisfaction will be significantly stronger for low share customers (LSC).

H2: The impact of retail service quality on loyalty when mediated by Trust and Commitment will be significantly stronger for high share customers (HSC).

METHODOLOGY

Data Collection

Surveys comprising the various measures of interest in the study were conducted by 83 undergraduates from a senior level course at a private university in the Northeast. Each student volunteered to conduct 10 surveys (in place of alternative assignments) to fulfill course credit requirements. Surveys were not self-administered, thus allowing for greater control over the data collection process, and students were well trained for weeks in advance to conduct these one-on-one interviews. Each survey took approximately 10 minutes to complete. Surveys were conducted at six different types of retail stores in the Northeast. Retail store types included a music store (n = 140), grocery store (n = 150), wholesale club (n = 130), pharmacy (n = 140), department store (n = 140), and convenient store (n = 130). Written permission was obtained from the store managers of each of these stores to allow students to conduct the surveys at the store location, over a period of one week.

Student interviewers were instructed to approach individuals as they were entering the store, in order to avoid any biases resulting from the immediate shopping experience. All interviewers were asked to

carefully screen potential respondents by asking them if they had visited the store on previous occasion(s). First time shoppers were not included in the study. Individuals were assured of the confidential and anonymous nature of the surveys. Willing participants were then administered the survey. Each respondent was handed a note card with a seven-point Likert rating scale and asked to refer to it in answering each question. Following the completion of the survey, demographic information such as age, income, occupation and gender was recorded. Finally, student interviewers requested a contact number (without asking for any other form of identification including their names) so that random calls could be made by their professor to verify participation in the study. Since a phone number was required in order to count as a completed survey, every student was able to conduct at least 10 surveys with corresponding phone numbers included. In the weeks following, 38 random phone calls were made by the researchers and participation confirmed.

A total of 830 individuals participated in this study. Of these 363 or 43.7% were male and 467 or 56.3% were female. Not all of the respondents were willing to provide their exact ages. Of the 440 individuals who did provide specific ages, the mean age was 39.5 years. Regarding the occupation of the respondents, there were 158 students, 61 teachers, 246 professionals (including corporate positions, lawyers, doctors etc.), 120 administrative positions, 79 homemakers, 47 retired individuals and 116 in an "other" category consisting of those in non-conventional jobs as well as those currently unemployed.

Measures

All measures, except the measure for customer share, were based on a seven point rating scale (1= very strongly disagree, 7 = very strongly agree). Respondents were given a card with this agree/disagree scale which they used for their responses. Customer share-of-wallet was used to measure the relational level of the respondents to the store they patronized. It was measured by asking customers what percentage of their purchases for the year came from that particular retail store. By necessity, this measure of the level of the relationship was different from the one used by Garbarino and Johnson (1999) since they used the subscription levels more suitable for the theatre patrons whom they surveyed. We conducted a median split (median = 35) on the share-of-wallet measure to segment all respondents into high and low relational consumers.

Our measures for store trust, store commitment, store satisfaction and purchase intention were, once again, by necessity, different from the measures used by Garbarino and Johnson (1999) who used measures which were particular to a theatrical context while our study was conducted among consumers of retail stores. Store trust and store commitment were measured by a four-item and three-item index respectively. The following statements measured store trust: "I trust this store", "I rely on this store", "This store is safe", and "This store looks out for its customers". Coefficient alpha for this four-item index was .73. Store commitment was measured by the following: "I am committed to this store", "I feel a bond with this store", and "I have a close relationship with this store". Coefficient alpha for this three-item index was .88. Store satisfaction was measured by "I am satisfied with my decision to shop at this store", "My choice to shop at this store was a wise one" and "Shopping at this store has been a good experience". These last items were adapted from the battery of satisfaction items suggested by Oliver (1997). Coefficient alpha for this three-item index was .83.

The purely endogenous variables, purchase intent and willingness to pay were measured as follows. Purchase intent was measured by the following two items: "I intend to return to shop at this store" and "I will use this store the next time I buy ___". Coefficient alpha for these two items was .63. Willingness to pay was measured by: "I would be willing to pay a higher price at this store over other similar stores" and "I prefer to shop at this store even if another store advertises some deal". Coefficient alpha for this two-item index was .75.

The measures for retail service quality were taken from Dabholkar, Thorpe and Rentz (1996). These authors used 28 items to identify five dimensions and eight different sub-dimensions dimensions of retail service quality (physical aspects dimension consisting of appearance and convenience sub-dimensions; reliability dimension consisting of promises and doing-it-right; personal interaction with employees dimension consisting of inspiring confidence and courteousness; problem solving dimension; policy

dimension). Since our questionnaire required items on constructs other than retail service quality, we used 19 of their items, making sure to have at least two items for each of the subdimensions. Appendix A provides these items. As discussed, respondents were given a card with a 7 point scale (with “very strongly agree” and “very strongly disagree” as the endpoints) to use for their answers.

Principal components analysis (varimax rotation) of the 19 items produced four factors with eigenvalues greater than 1.0, explaining 61.7% of the variance. Only one of the items (“insists on error free transactions...”) did not load higher than .50 on any of the factors and was dropped. All the other items loaded .50 or higher on one of the four factors only (i.e. none of the cross loadings was higher than .49). The two items dealing with the convenience dimension of retail service quality loaded on one factor and, thus, we labeled this factor as CONVENIENCE (CONV). The two items dealing with the promises dimension along with one of the items from the doing-it-right dimension (“performs the service right the first time”) and one of the items from the policy dimension (“has operating hours convenient...”) loaded on a second factor. Since Dabholkar, Thorpe and Rentz (1996) conceived of promises and doing-it-right to be sub-dimensions of a single reliability dimension, we labeled this factor RELIABILITY (REL). Two of the items from the policy dimension (“accepts most major credit cards” and “plenty of convenient parking”) and one of the items from the problem-solving dimension (“willingly handles returns and exchanges”) loaded on a third factor and we labeled this factor as POLICY. The other nine items all loaded on a single, major factor, explaining 41.1% of the variance. Since these items covered such varied aspects as appearance (both items), personal interaction with employees (all 5 items), policy (1 item, “offers high quality merchandise”) and problem solving (1 item), we labeled this factor to be OVERALL QUALITY (OVQUAL). Coefficient alphas were .91, .77, .74 and .43 for the four factors, OVQUAL, REL, CONV AND POLICY, respectively and the items were aggregated to form the four factors in the subsequent analysis reported in the next section.

RESULTS

Our results are organized in this section in the following manner. First, we present the results of the test of the proposed model for high relational consumers. Next, we present the results of the test of the proposed model for low relational consumers. We used a path analytic technique, using LISREL 8.14, to test our models. All multiple indicators were summed together for each construct, and the resulting summated score was used to represent the construct. This is consistent with the procedures used by Garbarino and Johnson (1999). Table 1 provides all the structural path coefficients from the tests of the proposed model or the model for all consumers.

TABLE 1
STANDARDIZED PATH COEFFICIENTS

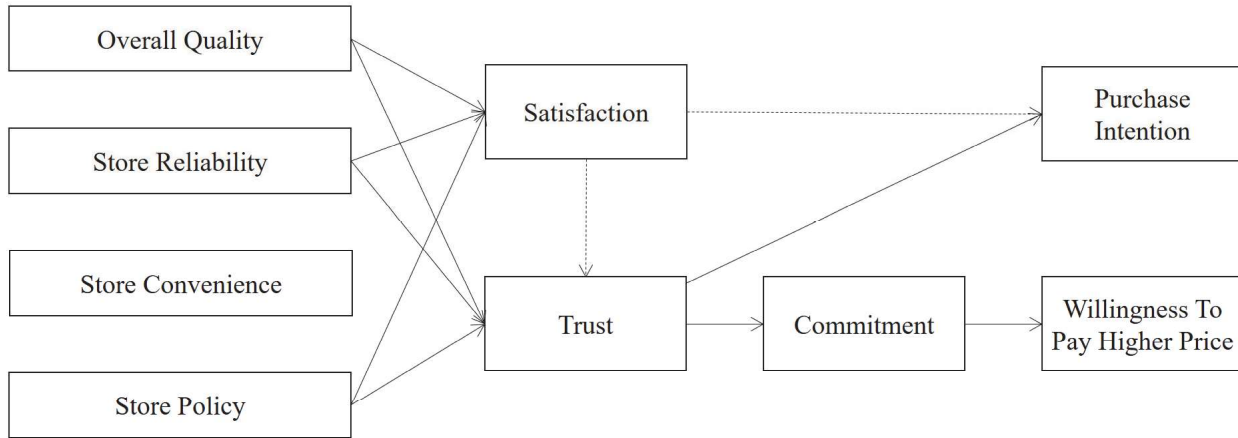
PATH	HI SHARE MODEL	LO SHARE MODEL	FINAL MODEL
Overall Quality → Satisfaction	.33	.33	.33
Reliability → Satisfaction	.38	.39	.37
Convenience → Satisfaction	Ns	Ns	--
Policy → Satisfaction	.24	.26	.26
Overall Quality → Trust	.38	--	.37
Reliability → Trust	.23	--	.16
Convenience → Trust	Ns	--	--
Policy → Trust	.12	--	.15
Overall Quality → Commitment	.14	--	.20
Reliability → Commitment	Ns	--	--
Convenience → Commitment	Ns	--	--
Policy → Commitment	Ns	--	--
Satisfaction → Trust	.23	.71	.30
Satisfaction → Commitment	Ns	Ns	--
Satisfaction → Purchase Intent	.47	.45	.46
Satisfaction → Willingness to Pay	--	--	ns
Trust → Commitment	.62	.65	.59
Trust → Purchase Intent	.16	.15	.18
Trust → Willingness to Pay	--	--	.12
Commitment → Purchase Intent	ns	.14	.15
Commitment → Willingness to Pay	.63	.70	.54

Note: -- indicates a path that was not tested. ns indicates a non-significant path (t value <2.00, p >.05).

High Relational Model

The test of the proposed model (Figure 1) for high share customers resulted in the following fit statistics: $\chi^2(13) = 94.84$, $p = .00$, $RMR = .06$, $GFI = .94$, $AGFI = .80$, $NFI = .94$, $NNFI = .85$, $CFI = .94$, $IFI = .95$. Sixteen structural coefficients and seven correlations were estimated for the model containing the nine constructs in the study. Three (OVQUAL, REL, and POLICY) of the four retail service quality dimensions which emerged from the factor analysis (reported earlier) were significantly ($p < .05$) related to both satisfaction and trust. CONV was not related to any of the mediational variables (satisfaction, trust, commitment) and only OVQUAL was related to commitment. The paths from trust to commitment and purchase intent were both significant ($p < .05$) while commitment was strongly related (.63) to willingness to pay but not to purchase intent.

FIGURE 2
HIGH RELATIONAL MODEL



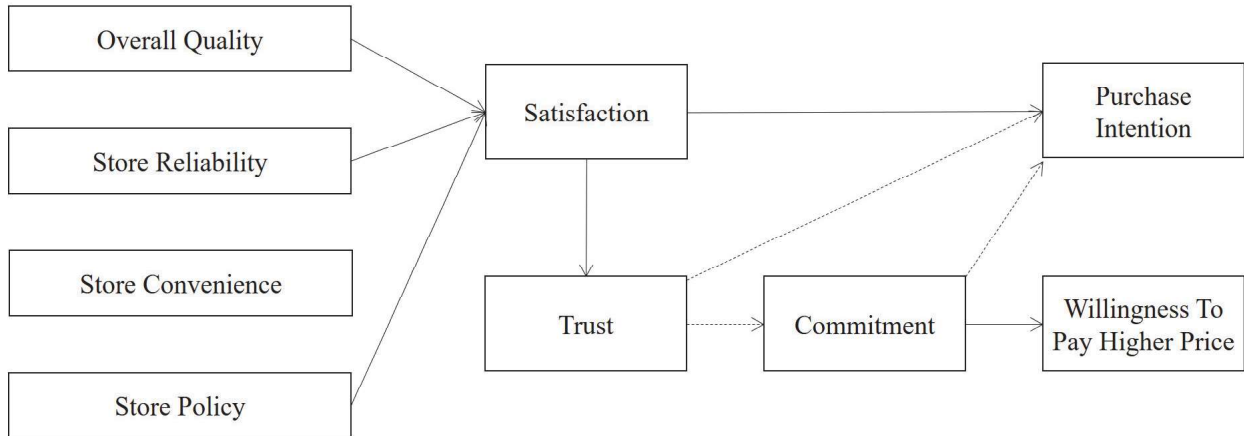
Note: only significant paths are shown (t value > 2.00, $p < .05$). Dashed lines indicate significant paths added to the proposed model.

Garbarino and Johnson (1999) also analyzed three alternative mediational paths in their study (the paths from satisfaction to commitment, trust and purchase intent) to see if this improved the fit of the model. Accordingly, we also tested these additional paths in this extended model and the fit statistics were as follows: $\chi^2(10) = 23.36$, $p = .00$, $RMR = .03$, $GFI = .98$, $AGFI = .92$, $NFI = .98$, $NNFI = .97$, $CFI = .99$, $IFI = .99$. This extended model (see Figure 2) showed a significantly better fit than the proposed model (Figure 1) as indicated in the chi-square difference test between the two models: $\chi^2(3) = 71.48$, $p < .01$. The chi-square difference is significant, showing that the addition of the three paths significantly improved the model fit. Note that *two* of the three additional paths were significant. The non-significant path was from satisfaction to commitment indicating that satisfaction was *only indirectly related to commitment via trust*. Note, also, that satisfaction was both directly and indirectly (through trust) related to purchase intent. The extended (final) model explained 61% of the variance in satisfaction, 64% in trust, 52% in commitment, 44% in purchase intent and 40% of the variance in willingness to pay. Figure 2 shows the final model that we derived for high share consumers and Table 1 provides all the structural coefficients. Overall, for high share consumers, we find that satisfaction, trust and commitment all mediate the effects of retail service quality on purchase intent and willingness to pay a higher price. This is different from the results in the study by Garbarino and Johnson (1999) who found that, for high relational consumers, only trust and commitment were mediators of purchase intent.

Low Relational Model

The test of the proposed model for low share consumers resulted in the following fit statistics: $\chi^2(21) = 284.53$, $p = .00$, $RMR = .13$, $GFI = .82$, $AGFI = .61$, $NFI = .80$, $NFI = .68$, $CFI = .81$, $IFI = .81$. Eight structural coefficients and seven correlations were estimated for the model containing the nine constructs in the study. Three (OVQUAL, REL, and POLICY) of the four retail service quality dimensions were significantly ($p < .05$) related to satisfaction. Only CONV was not related to satisfaction. The paths from satisfaction to trust, commitment and purchase intent were all significant ($p < .05$) as suggested by Garbarino and Johnson (1999). Commitment was strongly related (.63) to willingness to pay.

**FIGURE 3
LOW RELATIONAL MODEL**



Note: only significant paths are shown (t value > 2.00, p<.05). Dashed lines indicate significant paths added to the proposed model.

As in the high relational model, for the low relational model as well, Garbarino and Johnson (1999) analyzed three alternative mediational paths in their study (the paths from trust to commitment and purchase intent; and the path from commitment to purchase intent) to see if this improved the fit of the model. Accordingly, we also tested these additional paths in this extended model and the fit statistics were as follows: $\chi^2(18) = 162.54$, $p = .00$, $RMR = .11$, $GFI = .91$, $AGFI = .76$, $NFI = .89$, $NNFI = .79$, $CFI = .90$, $IFI = .90$. This extended model (Figure 3) showed a significantly better fit than the proposed model (Figure 1) as indicated in the chi-square difference test between the two models: $\chi^2(3) = 121.99$, $p < .01$. The chi-square difference is significant, showing that the addition of the three paths significantly improved the model fit. Note that *all* three additional paths were significant. Note also that the path from satisfaction to commitment became non-significant (path coefficient decreased from .53 to .07) when the additional paths were introduced in the extended model. This indicates that trust completely mediated the effect of satisfaction on commitment and that, once again, satisfaction was only indirectly related to commitment via trust. Note also that, as in the high relational model, satisfaction was both directly and indirectly (through trust and commitment) related to purchase intent. The extended (final) model explained 58% of the variance in satisfaction, 50% in trust, 49% in commitment, 44% in purchase intent and 49% of the variance in willingness to pay. Figure 3 shows the final model for low relational customers and Table 1 gives all the structural coefficients for the tested paths. Overall, for low share consumers, just as for high share consumers, we again find that satisfaction, trust and commitment *all* mediate the effects of retail service quality on purchase intent. This is, once again, different from the results in the study by Garbarino and Johnson (1999) who found that for low relational consumers, only satisfaction was a mediator of purchase intent.

DISCUSSION AND RECOMMENDATIONS

The present study examines the moderating role of SOW in relationship marketing in a retail context. Using data from different store types, we were able to find support for our main hypotheses and establish that the impact of RSQ on loyalty when mediated by satisfaction is significantly stronger for low share customers as compared to high share customers; whereas the impact of RSQ on loyalty when mediated by trust and commitment was significantly stronger for high share customers as compared to low share customers. Our findings suggest that retailers - in order to maintain an effective relationship with customers - should distinguish high share customers from low share customers for the allocation of their marketing efforts among satisfaction, trust and commitment.

We also find that most of the dimensions of retail service quality are related to satisfaction in the low relational model and to both satisfaction and trust in the high relational model: quality, reliability and policy. Only convenience is not uniquely related to any of the endogenous variables in either of the two models that we tested. By recognizing the role of these dimensions, retailers can develop better strategies to improve the effectiveness of relationship marketing.

In addition, for high and low relational consumers, we find that while commitment is directly related to willingness to pay, satisfaction must lead to trust and commitment before it can translate into a willingness on the part of the consumer to pay a premium price at one store over another. In other words, trust and commitment are particularly crucial in understanding the effects of retail service quality and satisfaction on obtaining a higher relative price over competitive offerings. Therefore, retailers should realize that establishing a relationship with consumers, in terms of trust and commitment, is essential for obtaining higher prices.

LIMITATION AND SUGGESTION FOR FUTURE RESEARCH

This study may have limited generalizability because of the regional sample used. All retail stores in the sample are located in Northeast. Our findings may vary in other geographical regions. A similar study may be conducted with broader geographical regions and a much bigger sample size in order to allow for generalization of results.

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