

Following my heart or my head? Managing customer retention through customer experience and lock-in

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## **Abstract**

This study investigates how customer experience with focal firm or its competitors impacts retention, how experience spills over from one category to another, and the moderating role of lock-in mechanisms. For this objective, building on experiential learning theory, we establish an integrated framework. Using panel data which combines perceptual and transactional information for a sample of 13,761 customers, covering all firms in the industry in one European country for two major telecommunication service categories (mobile and broadband), we test empirically the proposed framework. The results reveal the central role of customer experience with one category and its spillover effect to another category. It furthermore shows a strong competitive effect in shaping customers' choices across firms, and offers novel insights into the moderating role of lock-in mechanisms, through which might strengthen, weaken or neutralize the impact of customer experience within and between categories.