CHAPTER 1- INTRODUCTION

This chapter gives an introduction to the retailing industry and an overview of the world retailing and the Indian retailing scenarios. It also introduces the Service Quality concept and its relevance to retailing and grocery retailing in particular.

INTRODUCTION TO THE RETAILING INDUSTRY

The word retailing is derived from the French word 'retailer', meaning 'to cut a piece off' or 'to break a bulk'. In simple terms, it implies a first-hand transaction with the customer. Retailing involves a direct interface with the customer and the coordination of business activities from end to end- right from the concept or design stage of a product or offering, to its delivery and post-delivery service to the customer. The retailing industry has contributed to the economic growth of many countries & is undoubtedly one of the fastest changing & dynamic industries in the world today.

1.1 WORLD RETAILING – AN OVERVIEW

The global retailing scenario has come a long way from a small beginning to an industry that has posted world wide retail sales of $7 trillion. However, the economic turbulence in the past year, the continuing recession and the troubled forecasts for the future make for a tougher operating environment. Transformation and change are the buzzwords for retailers as economic turbulence continued in 2009 and the future unpredictable.

Retailers in developed economies despite suffering setbacks in their own countries like the US and Europe had ventured into developing nations like India, China and Russia where GDP growth was projected to grow 5.2% in 2009.
AT Kearney’s Global Retail Development Index (GRDI) 2009 ranks the top 30 emerging countries on a 100 point scale for retail development. It analyses 25 macro-economic and retail-specific variables that will be useful to retailers worldwide to decide on their global strategy. The GRDI scores were based on four variables – country and business risk, market attractiveness, market saturation and time pressure for entry into the market. The index identifies India followed by Russia and China as having the most exciting opportunities for retail.

India has seen unparallel growth in the organised retail segment by 25% with the top five stores in the grocery category alone growing by more than 50%. Competition in Russia and China has increased with retailers moving into smaller, less competitive cities.

1.1.1 Asia

Huge domestic demand, moderate growth rates in GDP (Gross Domestic Product) that are better than any other region and trillions of dollars of sovereign reserves are pushing countries in Asia to the path of recovery much faster from the economic crisis.

India is back on the top with the first rank in the GRDI 2009 which it held in 2007 and lost to Vietnam in 2008. It is one of the fastest growing economies with a 67% GDP growth between 2003 and 2007. In addition to this, the other positives for India are the three fiscal stimulus packages to revive the economy along with the lowest inflation in a decade, the highest market potential among all the GRDI countries, a growing educated aspirational middle class and correction of real estate prices. In spite of organised retailing slowing down, India is still poised to continue its growth.
China ranks third in the GRDI and is still attractive for retailers with its large domestic consumption and the governments’ fiscal stimulus package along with measures to boost domestic consumption and cut reliance on exports. However, China’s big cities or the urban landscape has been saturated and retailers are moving to tier 2 and 3 cities looking for growth.

Vietnam has moved to the sixth place in the GRDI rankings from the first place in 2008. GDP slowed down to 3.1% in the first quarter of 2009 from 7.4% during the same period in 2008. Vietnam’s real estate bust and severe deflation have made it unattractive in the short term. However, its long term prospects are still positive with a young and growing population, increase in the rate of urbanisation and liberalisation of the economy allowing international investors to fully own local retail enterprises.

1.1.2 Eastern and Central Europe
Countries in this region have been affected badly by the recession but are still attractive to global retailers. Slovenia, Latvia, Lithuania and Croatia are countries with attractive markets and limited country risks and have moved up in the GRDI rankings.

Russia has moved into the second place in 2009 from the third place it occupied in the GRDI 2008. Though the Russian economy is projected to shrink in 2009, its long term prospects for retailing are positive. The government of Russia has introduced a fiscal stimulus package, asked banks to reduce interest rates to encourage borrowing to roll back the effects of a shrinking economy. The greatest positive for retailing in Russia is its highly fragmented market thus providing opportunities for leaders to grow, also paving the way for foreign entrants to enter the market.
1.1.3 Middle East and North Africa (MENA)

The United Arab Emirates (UAE) and Saudi Arabia have moved up the GRDI rankings with expanding retail opportunities whereas Egypt, Morocco and Turkey slipped by 10 ranks or more mainly due to poor economic conditions.

The UAE has moved up from 20th rank to 4th this year due to its relatively steady economy during the recession and its emergence as an international hub. Though its population is small, around 80% of it is urban and has the highest consumer spending per capita among all the countries in the index.

Saudi Arabia has moved up the GRDI rank index mainly due to a lot of government initiatives like liberalisation and the plan to build economic cities. It escaped the worst of the economic crisis mainly due to its oil reserves and increased government spending on infrastructure and industrial diversification.

Egypt has been badly affected by the economic crisis and this has affected the government’s ability to spend. GDP is projected to slow down to 3.5% from 7.2% in 2008. However, long term prospects are positive for organised retailing especially for low end retailers.

1.1.4 Latin America

Latin American countries have been hard hit by the economic recession. However, Brazil, Chile, Mexico, Columbia and Peru have attractive opportunities for retailers. Argentina has however been struggling due to the economic crisis.
Chile is the most stable economy in Latin America. Strict fiscal and monetary measures along with the government’s fiscal stimulus package and low inflation levels has made Chile’s retail sector very active.

Brazil is the next best opportunity for retailing after Chile in Latin America. The weakening of its currency, the real, will boost exports; lower inflation and government’s economic stimulus package with lower interests and taxes will increase money supply leading to recovery from the economic crisis more quickly.

Mexico is seeing a migration towards more organised retailing and a shift to tier 2 and 3 cities and low income population. Long term prospects for retailing are good because of the government’s stimulus measures to increase household spending.

1.1.5 Concluding remarks
The year 2009 has been a very turbulent one for retailers with a world wide economic recession, a real estate downturn and a severe credit crunch. Nevertheless, developing economies fuelled by their huge populations and a growing affluent middle class offer a golden opportunity for retailing to expand and grow.

The next section on Indian Retailing will offer an insight into the retailing industry in general and grocery retailing in particular.

1.2 INDIAN RETAILING – AN OVERVIEW
Retail is India’s largest industry and the one with the most impact on the population. It is the country’s largest source of employment after agriculture, has the deepest penetration
into rural India, and generates more than 10% of India’s GDP. With the liberalisation of the Indian economy, rationalisation of business processes, rapid expansion of manufacturing and high-end service sectors, a lot of avenues for gainful employment are available to the young, educated and talented population. This results in high disposable incomes that drive consumption thus opening up opportunities for all verticals of retail to flourish.

1.2.1 Indian retail market

Images F& R Research’s India Retail Report 2009 talks of Private Final Consumption Expenditure (PFCE) growing, with the Indian economy expected to maintain growth rates of 8 to 9% and salaries being hiked around 15%. The Indian retail market (both organised and unorganised) was worth Rs. 1,330,000 crore in 2007 with an annual growth of 10.8% with organised retail a mere 5.9% at Rs. 78,300 crore. Organised retail grew by 42.4% in 2007 and is expected to touch Rs. 2,30,000 crore by 2010. Table 1 gives the share of the Indian retail market across various sectors.

The total Indian retail market for Food & Grocery stand first at Rs. 7,92,000 crore in 2007 followed by Clothing, Textiles & Fashion Accessories. However growth rates for Food & Grocery stands at the lowest at 6.5% as they are necessary goods and will neither grow or decline due to growth/decline in incomes, economy or change in lifestyles. What has to be noted is that the share of organised retailing in the Food & Grocery sector grew at an unprecedented 55.2% which is next only to Health & Beauty care services. This reflects a major shift in buying habits of consumers who are expecting more and more services from this sector. The heavy investments made during the boom period is going to give organised retail an additional edge over unorganised retail once this economy
recovers. The Food & Grocery sector is still highly unorganised in spite of it being the largest sector in terms of market size.

Table 1 Share of the Indian Retail Market (at prevailing market prices)

<table>
<thead>
<tr>
<th>Retail segments</th>
<th>TOTAL INDIAN RETAIL MARKET (Rs. Crore)</th>
<th>ORGANISED RETAIL (Rs. Crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clothing, Textiles &amp; Fashion Accessories</td>
<td>1,13,500</td>
<td>1,31,300</td>
</tr>
<tr>
<td>Jewellery</td>
<td>60,200</td>
<td>69,400</td>
</tr>
<tr>
<td>Watches</td>
<td>3,950</td>
<td>4,400</td>
</tr>
<tr>
<td>Footwear</td>
<td>13,750</td>
<td>16,000</td>
</tr>
<tr>
<td>Health &amp; Beauty Care</td>
<td>3,800</td>
<td>4,600</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>42,200</td>
<td>48,800</td>
</tr>
<tr>
<td>Consumer Durables, Home Appliances</td>
<td>48,100</td>
<td>57,500</td>
</tr>
<tr>
<td>Mobile handsets, accessories &amp; services</td>
<td>21,650</td>
<td>27,200</td>
</tr>
<tr>
<td>Furnishings, Utensils, furniture - home/office</td>
<td>40,650</td>
<td>45,500</td>
</tr>
<tr>
<td>Food &amp; Grocery</td>
<td>7,43,900</td>
<td>7,92,000</td>
</tr>
<tr>
<td>Out-of-home Food (catering) services</td>
<td>57,000</td>
<td>71,300</td>
</tr>
<tr>
<td>Books, Music &amp; gifts</td>
<td>13,300</td>
<td>16,400</td>
</tr>
<tr>
<td>Entertainment</td>
<td>38,000</td>
<td>45,600</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,200,000</td>
<td>1,330,000</td>
</tr>
</tbody>
</table>

Source: Adapted from India Retail Report 2009 by IMAGES F & R Research
1.2.2 Impact of slowdown in world economy on Indian Retailing

The current slowdown in the world economy which is being reflected in the Indian economy also has affected businesses worldwide. The Q3 growth for 2008-2009 for the organised retail sector was between 10-12% against 35% in the same quarter last year. Though the sector is registering decent growth rates, they are not anywhere near the expected figures and the projected growth of 16% for 2010 has now been revised to 10.4%. According to the Cartesian Economic Meltdown Survey, Dec. 2008, almost all key industries in India have been negatively affected by the meltdown. The Cartesian Economic Meltdown Survey has categorised the various industries based on the impact of the meltdown on these industries as shown in Table 2. Airlines and Auto industries have high impact scores of 67 and 50 respectively and have been badly affected by the economic meltdown. The Retail industry has a moderate impact score of 31 and along with other industries like Healthcare, Consumer Durables, Media and FMCG has been moderately affected by the economic crisis. Industries like Insurance and Consulting has a low impact score and has been least affected by the meltdown.

Table 2: Industry Wise Impact of the Economic Meltdown

<table>
<thead>
<tr>
<th>Industry</th>
<th>Impact Score</th>
<th>Impact score of 0-15 = Low Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airlines</td>
<td>67</td>
<td></td>
</tr>
<tr>
<td>Auto</td>
<td>50</td>
<td>16-50 = Moderate Impact</td>
</tr>
<tr>
<td>Oil and Gas</td>
<td>40</td>
<td>&gt; 50 = High Impact</td>
</tr>
<tr>
<td>Healthcare</td>
<td>34</td>
<td>Source: Adapted from Cartesian Economic Meltdown Survey, Dec. 2008</td>
</tr>
<tr>
<td>Consumer Durables</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>Media</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>FMCG</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Consultancy</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>
As a result of the moderate impact of the economic meltdown on the retail industry, key parameters of the retailing industry have been affected. Table 3 shows the impact of slowdown on key parameters of the Retailing Industry. Due to the economic meltdown, cost of real estate has come down with more land being available for retail activities, organised retailing moving from metros and large cities to tier 2 and 3 cities and retailers becoming more efficient by reducing production costs without compromising on quality by introducing technology, improving labour productivity thereby improving cost competitiveness. Key parameters of the retailing industry that were negatively impacted were the bottom line there by reducing profitability; cost of finance increased, availability of working capital reduced, store expansion plans put on hold, advertising budgets slashed, recruitment reduced or stopped and headcount reduced. There was no impact on attrition rates of employees, sales turnover were more or less the same, investments in Technology and IT continued in order to increase productivity and consumer promotions were continued to entice consumers into the store.

Table 3: Impact of slowdown on key parameters of the Retailing Industry

<table>
<thead>
<tr>
<th>Top Line/Sales Turnover</th>
<th>Bottom Line/Profitability</th>
<th>Cost of Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock Turns/Rotations</td>
<td>Working Capital Availability</td>
<td>Advertising Spends</td>
</tr>
<tr>
<td>Store Expansion</td>
<td>Footfalls</td>
<td>Investments in IT</td>
</tr>
<tr>
<td>Attrition</td>
<td>Headcount/Recruitment</td>
<td>Intensity of Consumer Promotions</td>
</tr>
</tbody>
</table>

- Positive Impact
- No Impact/Status Quo
- Adverse Impact

Source: Adapted from Indian Retail: Time to change lanes – A KPMG Indian Retail Report, March 2009
However, in spite of the negative impact of the economic crisis on the retailing industry, stakeholders in the retail industry recognise that retailing is the way ahead and are re-strategising to consolidate their holdings in retail. This is not necessarily because the industry has matured or there is a downturn in the industry. In spite of the fast track growth of retail, India is still in the initial development phase of modern retail.

1.2.3 Indian Grocery Retailing

Retail is one of India’s least evolved industries. It suffers from a lack of management talent, poor access to capital, unfavourable regulation, and denial of access to best practices in spite of there being 12 million outlets with the largest retail outlet density in the world.

Most of these outlets are mom-and-pop or in the Indian context pop-and-sons stores or family stores, with very basic offerings, fixed prices, zero usage of technology and little or no ambience. These are highly competitive outlets, drawing on free land either due to they being unregistered or it being family property, unpaid cheap labour and zero taxes. Over the last few years, there have been a number of attempts to build retail businesses. Entrants have included Indian business houses, foreign retailers through joint ventures, new entrepreneurs and government bodies.

Indian retail is on the cusp of a transformation. The combination of increased consumer demand, improved sourcing options and increased availability of real estate are creating the foundation for significant growth in the organized retail sector. The confirmation of this can be found in Chennai, where 20 % of the branded foods market and 20 % of durables is already flowing through organized retailers.
Grocery will be the largest of these opportunities and the organized sector could be as large as $18 billion by 2010, split across a variety of formats. To capture this opportunity, a company would need to develop significant sourcing scale, build world class customer management capabilities and make significant investments to extract value.

There are estimated to be about 6.5 million grocery outlets in India, in various shapes and sizes. Almost all of these are unorganized and fragmented. Though the kirana is the dominant format, there are a plethora of sub-formats depending on the rural/urban and North/South location. Over 44% of sales in rural come from traditional outlets as against 48% in urban areas; 21% coming from street markets in rural as against 21% from street vendors and 18% from street markets in urban areas; the rest 13% comes from kiosks, PDS, co-operatives and supermarkets in urban areas while in rural areas 29% of sales come from nearby towns.

The pressures of consumer demand and range proliferation that have pushed every other developed country towards organized retail are also impacting the grocery trade in urban India today. A number of kirana stores are expanding to become super kiranas. Larger retail formats have also begun to emerge and South India has been the pioneer for these formats. A number of these retailers are implementing global best practices within the Indian situation.

The current environment with a slowdown in the Indian economy is when consumers will be looking for ‘value for money’. KPMG Executive Director, Mr. Narayanan Ramaswamy, says “We predict an increase in ‘value for money’ category and a decline in lifestyle category. Also we might see lesser aggression in stores expansion and focus on
store productivity, shrinkage and loss reduction”. Figure 1 shows a shift from lifestyle to ‘value for money’ products.

**Figure 1: Shift from lifestyle to ‘value for money’ products**

- **Value format**
  - Groceries/FM CG/Beverages
  - Home furnishings/Electronics (People are buying products which gives value long term)
  - Books/Music/Stationery/Travel (Retailers are giving discounts to increase sales)
  - Apparel/Fashion wear (Retailers are offering discounts)

NOT AFFECTED NOT AFFECTED ADVERSELY AFFECTED ADVERSELY AFFECTED

*Source: Indian Retail: Time to change lanes – A KPMG Indian Retail Report, March 2009.*

Retailing has been one of the industries that have been moderately affected by the downturn in economic conditions. The sector has entered a correction mode removing some of the flab acquired in the 5 years of rapid expansion. The groceries sector has not been affected essentially because it is necessary goods and people can’t stop using them. However, customers will move from high end brands to brands that offer ‘value for money’ even in the grocery sector. Private labels will gain popularity and will shift from an image of ‘cheapest product’ to ‘value for money’ product. Retailers need to cash in on this opportunity to induce trial for private labels by offering better or equal quality products at a lower price and build brand loyalty. They also need to offer quality service to their customers resulting in loyal customers who will not desert the retailer when the economy is on the upswing.
1.2.4 Concluding Remarks

The second quarter in the current financial year (2009-2010) has reported a GDP of 7.9% which has beaten all estimates. The Prime Minister had announced a growth rate of 6.5%, the Planning Commission 6.3% and the Reserve Bank of India (RBI) 6.1%. The first quarter had reported a GDP of 6.1%. This suggests that the worst of the economic slowdown is over for Asia’s third largest economy. A strong showing by the services and manufacturing sectors indicates that the economy has beaten all pessimistic estimates and will grow in a robust manner. A mere 7.9% against the 9% that India was doing prior to the global financial crisis is a growth rate that most countries would aspire to achieve in the current global scenario. All this augur well for the industry and for retailing in particular. A major challenge lies in retaining existing and loyal customers when the economy brightens and there is more disposable income with the consumers. The only route to tackle this challenge would be improving Service Quality.

The concept of quality is very important to marketers because quality drives the development of all marketing strategies and is a major differentiator when there is little or no perceived difference among brands. Another reason why Service Quality is important is that it provides long term sustainable competitive advantage for firms.

The next section introduces the concept of service quality and looks at its relevance to retailing and grocery retailing in particular.
1.3 INTRODUCTION TO THE SERVICE QUALITY CONCEPT

Service quality represents an important and particularly relevant construct in virtually all service firms, especially those offering what Chase (1978) referred to as 'high customer contact' services.

Customers are more likely to generate favourable evaluations of service encounters, experience higher satisfaction, and increase their purchases and the frequency of their future visits when high quality service is delivered (Borucki & Burke, 1999).

As services expand globally, understanding the way that service quality affects customer satisfaction in different countries is increasingly important. Research by Voss et al (2004) shows significant cultural differences even between the US and UK, despite language similarities.

Service Quality has become essential for the survival of service companies in the emerging world without borders (Kundu & Vora, 2004). Quality in India has become an issue of concern to most organizations in the post liberalization period due to increasing competition (Shanker, 2003).

1.3.1 Service Quality concept - Definitions

Service Quality has been defined by various researchers in many different ways. The following paragraphs highlight the various definitions.

Service Quality was conceptualized by Gronroos (1984) as the discrepancy between expectations and perceptions as the primary determinant of customers’ service quality
assessment and identified ‘expected service’ and ‘perceived service’ as the two variables of service quality. He described service quality as having two forms: Technical service quality and Functional service quality.

Parasuraman, Zeithaml and Berry (1985) identified 4 ‘gaps’ that cause quality problems which in turn cause a fifth ‘gap’ that is the difference between customer expectations of service and perceptions of service actually received. This fifth gap was defined as service quality gap. Parasuraman, Berry and Zeithaml (1988) developed a multiple item scale ‘SERVQUAL’ to measure this fifth gap - service quality as perceived by the customer.

Zeithaml (1988) says that a client’s assessment of the quality of service comprises the person’s evaluation of the ‘overall excellence or superiority of the service’.

Garvin (1988) proposed one of the most comprehensive definition of quality with eight attributes: performance, features, conformance, reliability, durability, serviceability, aesthetics and customer perceived quality.

Service quality was defined as the extent to which a service meets customers’ needs or expectations (Lewis & Mitchell, 1990).

Providing the customer with what he wants, when he wants it and at acceptable cost, within the operating constraints of the business was another definition (Lewis, 1991).

Service quality was defined as three dimensional by Lehtinen and Lehtinen (1991) comprising of physical, interactive and corporate quality.
Aaker (1991) defined service quality as having two dimensions – product quality and service quality.

Service quality was conceptualized as consistently meeting or exceeding consumer expectations. (Bojanic, 1991)

Storbacka, Strandvik and Gronroos (1994) brought in a broader dynamic perspective by adding the need for enduring customer relationships as a context of perceived service quality.

Cronin and Taylor (1992) investigated the conceptualization and measurement of service quality and the relationships between service quality, consumer satisfaction and purchase intention and suggested an alternative method of operationalizing perceived service quality on a performance based measure called SERVPERF. McAlexander, Kaldenberg and Koenig (1994) and Chiu (2002) also supported this view that service quality is based on the evaluation of performance on specific service attributes. Brady and Cronin (2001) said that overall service quality perceptions are formed by combining evaluation of performances at multiple levels.

Parasuraman, Zeithaml and Berry (1988, 1991, 1994, 1996); Bolton and Drew (1991); Cronin and Taylor (1992, 1994); Taylor and Baker (1994) and Shepherd (1999) defined service quality and customer satisfaction as two different constructs – Service quality was defined as an attitude and customer satisfaction as a transaction specific measure. Perceived service quality was conceptualized as an attitude based upon past experiences with a service supplier; it was multi-dimensional and varied across industries. It was a
function of multiple service encounters and therefore more holistic, not necessarily requiring contact with the service company (Oliver, 1997). However, some other studies did not distinguish between service quality and customer satisfaction. (Boulding et al, 1993; Zeithaml et al, 1996)

Teas (1993; 1994) defined perceived service quality based on evaluated performance and norm quality.

Dabholkar, Shepherd and Thorpe (2000) have said that consumers evaluate different attributes related to service and also form a separate overall evaluation of service quality which is not a sum of the evaluations of the different attributes.

Service quality has been defined as a function of customers’ perceptions about the services by Cummingham and Young (2002).

Service quality was defined as a measure of how well the service delivered matches customer’s expectations (Gani & Bhat, 2003, Shainesh & Sharma, 2003).

Bamert and Wehrli (2005) equates customer service with ‘functional quality’ as defined by Gronroos and defines it as part of perceived service quality.

A detailed study of the various definitions shows many similarities. Service Quality has been mostly defined as a function of customers’ perceptions; and expectations of the customer about the service he is going to receive will affect his perceptions of the service received, which in turn will affect further expectations. Service Quality is also defined in
The next section traces the origin and evolution of service marketing in general and service quality in particular by listing the various research studies undertaken and published in research journals between the years 1953 to 2009 in a nutshell.

1.3.2 Origin and evolution of the Service Quality concept

The growth of the service sector and the decline of the manufacturing sector in economic importance in the 1980's in the US led to the emergence of a new academic discipline – service quality (Deming, 1986). As competition increased the need to remain competitive and be commercially viable forced organizations to provide high quality services and became a key management issue (Parasuraman et al, 1985, 1988; Cronin & Taylor, 1992). Soon the public sector in the UK caught on to this service quality revolution (Cohen et al, 1996; Hart, 1996). The Citizen’s Charter was launched in the UK in 1991 which increased pressure on public utility services to provide services that were responsive to customers needs (Speller & Ghobadian, 1993).

Evolution of Service Marketing literature


Period from 1953 to 1979

The crawling out stage (1953 – 1979) with 120 publications mostly conceptual in nature,
were replete with studies that debated over 'whether services marketing is different'. The major outcome of this stage was the delineation of the characteristics of services – intangibility, inseparability, heterogeneity and perishability.

**Period from 1980 to 1985**

The scurrying about stage (1980 – 85) saw the genesis of two new journals and the dying out of the goods Vs. services debate. Service quality and service encounters were two new areas that attracted a lot of research interest. Lovelock’s classification scheme for services in 1983 and Parasuraman, Zeithaml & Berry’s conceptual framework for the unique characteristics of services and a conceptual model of service quality in 1985 were the hallmarks of this period. Solomon et al presented the critical components of a service encounter, Berry on relationship marketing, Booms & Bitner on expanded marketing mix for services, Gronroos on internal marketing, Zeithaml on the unique consumer evaluation processes for services, Levitt on marketing intangibles, Taqkeuchi & Quelch on service quality, Canton on the service economy, Shostack on services design, Berry on the time-buying consumer, Kelly & George on strategic issues for retailing of services and Bateson on the self-service consumer (Fisk, Brown & Bitner, 1993). A number of books were also published during this period between 1980-85.

**Period from 1986 to 1993**

The walking erect stage (1986 – 93) was characterised by an explosive growth in terms of publications and increased rigor in terms of theoretical and empirical content. A number of books were written and many a dissertation were done in services marketing during this period. Research in services became more cross disciplinary and international in nature. Research articles became more empirical and theory driven rather than
conceptual. The major area of research during this period was in service quality. The earliest works were conceptual from Europe with contributions from Gronroos, Lehtinen & Lehtinen, and Oliver. Other pioneering contributors of this period were Parasuraman, Berry and Zeithaml who produced the Gaps Model and the SERVQUAL – a measurement instrument for assessing service quality. The SERVQUAL conceived during the earlier stage drew a lot of attention in the walking erect stage with a lot of debate on its applicability to various type of industries and the precise wording of the SERVQUAL items. The various contributors to this debate were Babakus & Boller, Bolton & Drew, Brown & Swartz, Carman, Cronin & Taylor, and Parasuraman, Berry & Zeithaml. (Fisk, Brown & Bitner, 1993).

Another area that attracted a lot of work was service satisfaction which is closely related and difficult to distinguish from service quality. Bitner, 1990; Bitner, Booms & Tetreault, 1990; Crosby, Evans & cowles, 1990; Oliver, Oliver & MacMillan, 1992 were some of the contributors.

Service encounters/experiences, service design, customer retention and relationship marketing and internal marketing were some of the other areas that saw a lot of research activity during the walking erect period between 1986-93. (Fisk, Brown & Bitner, 1993).

**Period from 1994 to 2009**

The service quality literature after 1993 witnessed efforts to standardise and conceptualise the measurement technique that could be used in the framework of services and with customers of any type. Most researchers looked at the nature of service quality –
a perception of performance or disconfirmation. (Storbacka, Strandvik & Gronroos, 1994; McAlexander, Kaldenberg, Koenig, 1994; Teas, 1994; Chiu, 2002).

Others looked at if service quality is a single construct or an aggregation of several dimensions (Storbacka, Strandvik & Gronroos, 1994; Gronroos, 2000; Dabholkar, Shepherd & Thorpe, 2000; Brady & Cronin, 2001).

Alternative service quality assessment scale based on the performance-only measure SERVPERF was empirically compared against the dis-confirmation based SERVQUAL (Boulding, Kalra, 1993; McAlexander et al, 1994; Caruana, Ewing & Ramaseshan, 2000; Brady, Cronin, Brand, 2002; Cronin & Brand, 2002).

Service Quality studies in the past decade (1999 to 2009) have progressed from empirical testing of the SERVQUAL scale to validating new scales that fit particular industries to looking at relationships between Service Quality and other variables.

**Service Quality measurement studies**

Perceptions of service quality of special events (Getz, O’Neill & Carlsen, 2001); health spas (Snoj & Mumel, 2002); a library (Sahu, 2006); service quality in hotels (Choi & Chu, 1999; Fowdar, 2007; Su & Sun, 2007); tourism (Chang, 2009); multi-country cross-cultural comparisons of service quality (Kim & Jin, 2002; Malhotra et al, 2005); comparison of service quality between US and UK airlines (Waguespack, Rhoades & Tiernan, 2007); comparison of service quality between US and UK airlines (Waguespack, Rhoades & Tiernan, 2007); service quality perceptions of novice and long term customers (Dagger & Sweeney, 2007); review of service quality measurement (Ekinci,
2002); comparison of service quality measurement (Hudson, Hudson & Miller, 2004); electronic service quality (Parasuraman, Zeithaml & Malhotra, 2005); E-retailing service quality (Collier & Bienstock, 2006); multichannel service quality (Sousa & Voss, 2006) and health service quality scale (Dagger, Sweeney & Johnson, 2007).

**Studies on Relationship between Service Quality and other variables; Service quality outcomes**

Service quality impact of perceived justice and attributions regarding service failure (McCollough, 2000); Relationship between service quality and customer’s experience (Schembri & Sandberg, 2002); employee performance (Babakus, Yavas, Karatepe & Avci, 2003); customer satisfaction in the US and UK (Voss, Roth, Rosenzweig, Blackmon & Chase, 2004); culture (Raajpoot, 2004; Tan and Simpson, 2008); customer loyalty (Bell, Auh & Smalley, 2005); job satisfaction (Lee, 2006); corporate culture (Hauser & Paul, 2006); quality of life and behavioural intentions (Dagger & Sweeney, 2006); role of satisfaction in the relationship between service quality and behavioural intentions (Cole & Illum, 2006); relationship quality (Chakrabarty, Whitten & Green, 2007-2008); repurchase intention (Lin, Lee & Jen, 2008); customer behavior (Rafaeli, Ziklik & Doucet, 2008); customer trust (Eisingerich & Bell, 2008); company reputation and publicity (Heung, 2008); moderating role of culture (Reimann, Lünemann & Chase, 2008) on the relationship between service quality and customer satisfaction; customer, front line personnel and manager perspectives (Oubre & Brown, 2009);
1.3.3 Concluding Remarks

The preceding section gives a bird’s eye view of the type of research that has been done in services marketing. A majority of studies has been on service quality or related to the outcomes of service quality. However, no study has been reported on service quality in the grocery retail sector.

The next chapter on the review of services literature looks at various published research studies on the topic of this research – Service Quality, its dimensions, measurement tools and methodologies.