CHAPTER 1

1. INTRODUCTION

Good retail service quality and loyal customers play an important role in disseminating positive word of mouth. Perceptions about service quality and customer satisfaction play a vital role in getting to know the repurchase intentions and word of mouth communication of a customer. The repurchase intention is when a customer, based on his satisfying experience with the product or service repurchases from the same company. There has been increasing competition in retail and this is leading retailers to focus on service quality. The “disconfirmation paradigm” was based on comparing expected performance with the perception for the real performance. It can safely be said that perception of quality is a personal take on viewing the product/service as superior. (http://www.thesportjournal.org/article/impact-service-quality-and-satisfaction-customers-future-intentions-sport-spectators-context)

A number of scholars agree to the fact that the customers future behaviour towards the product or service will depend on service quality and satisfaction derived from that. Many researchers have concluded that satisfaction affects customers’ repurchase intention and word of mouth communication. Word of mouth is a process in which when a consumer has used the product or the service, they communicate the experience to other
people planning to buy the product or service. Positive word of mouth includes recommendation for the product or service and has more impact on customers’ attitude than any other promotional strategy. (http://www.thesportjournal.org/article/impact-service-quality-and-satisfaction-customers-future-intentions-sport-spectators-context)

1.1: Retailing

Business activities relating to selling of goods and services to consumers fall in the purview of retailing. Retailing is one of the fastest growing industries in India. The largest sector after agriculture in terms of turnover and employment is the retail sector. There is no doubt that India will grow as a retail hub, much on the same lines as Information Technology. (http://business.gov.in/Industry_services/retailing.php) The Indian retail sector appears fragmented due to a large number of retailers. There are almost 15 million retailers. Big industrial houses like Rahejas, Piramals, and Tatas entered the retail industry in 1990s. Many Indian and foreign companies have franchises and established exclusive outlets within the country and outside the country, an example is of Bharti Group entering into joint venture with Wal-Mart. (http://business.gov.in/Industry_services/retailing.php)

Modern formats such as department stores, discount stores, malls, supermarkets, convenience stores, fast food outlets, specialty stores, warehouse retailers, hypermarkets have taken over traditional kirana

This growth in modern retailing is linked to several factors, particularly, the increasing purchasing power; rapid global interaction and integration as well as the changing consumer needs, lifestyle and attitude. According to India Retail Report the Indian retail market stood at Rs.1, 330,000 crore in 2007 with an annual estimated growth of about 10.8 percent. of this, the share of organized retail in 2007 was estimated to be only 5.9 percent, which was Rs.78,300 crore. Nevertheless, this modern retail segment grew at the rate of 42.4 percent in 2007, and is expected to maintain a faster growth rate over the next three years, especially in view of the fact that major global players and Indian corporate houses are seen entering the fray in a big way. Even at the going rate, organised retail touched Rs. 2, 30, 000 crore (at constant prices) by 2010, constituting roughly 13 per cent of the total retail market. (http://www.merinews.com/article/overview-of-retail-sector-2009/15797768.shtml)

The retailers are meeting the needs of the customers better than the competition for sheer survival. The retail environment has undergone a sea change and with the result the customers have become very demanding. Each retailer is trying to differentiate to meet the needs of the customers. This is also giving an edge to the retailers.
1.2: Service Quality

Repeatedly, research has shown the importance of service quality in customer satisfaction, customer commitment and customer loyalty therefore, it becomes imperative for retailers to deliver high levels of service quality and hence, it is an area that is receiving major attention in this regard. Service quality is being increasingly perceived as a tool to increase value for the consumer; and as a means of positioning in a competitive environment to ensure consumer satisfaction and thereby, customer reference by way of word of mouth communication. Existing research indicates that consumers satisfied with the stores’ service quality are most likely to recommend the store to their peers. However, despite this very little work exists on whether customer reference or positive word of mouth communication will result due to enhanced service quality and customer commitment.

Marketing’s interest in Service Quality is obvious. Poor quality places a firm at a competitive disadvantage. If service quality in a retail store is unsatisfactory customers might start frequenting other stores. Mainly there are five perspectives on quality. The first is the transcendent view of quality, symbolizing excellence, high standards, and high achievements. People recognize quality through exposure is the basis of this assumption. According to the second approach namely product-based approach, quality is measurable. Since there are differences in tastes, needs, and preferences of individuals, this view does not account for individual preferences.
The third perspective on quality presupposes that quality lies in the eyes of the beholder. If the user is sensing quality then there is maximum satisfaction with the product. The fourth approach is the Manufacturing-based approach which applies to engineering and manufacturing practices. The fifth approach is in services and is operations driven. When a product is excellent and comes at an affordable price it signifies value. (Garvin, 1988)

In a competitive market, where consumers are knowledgeable and choose a service purposefully it is easy to compare performance to expectations. In markets where customers cannot exercise free choice as the switching costs are high or because of location constraints or time constraints there will be risks associated with defining service quality in terms of customer expectations. Alternatively, if the customers had been getting poor service and it gets marginally better then it cannot be said that service quality is good. Meeting the needs of the customers is not enough. The service provider needs to exceed the needs. Quality of service also varies from customer to customer, what is good for one may be inadequate for another.

A better definition, then, of customer service is given by Ron Kaufman, “customer service is a function of how well an organization is able to constantly and consistently exceed the needs of the customer”. There is emphasis on consistently delighting the customer. These are primarily related to the skills that the organization possess, to
constantly and consistently delight the consumer. The premise is that the customer is an individual with special needs and wants. And the responsibility of providing quality service lies with the organization.

The available definitions on customer service put the organization first, and the customer second. Since it is the organization that is doing all the work and not the customer this definition is logical. A customer defines good customer service as how she perceives that an organization has delighted her, by exceeding to meet her needs. The customers are only concerned about getting good service every time you serve them. (http://www.customerservicepoint.com/customer-service-definition.html)

1.2.1: Service Quality Dimensions

Ten dimensions of service quality were identified using focus group studies. These dimensions were tangibles, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding the customer and access. Eighteen service dimensions identified were: access, aesthetics, attentiveness, availability, care, cleanliness, comfort, commitment, communication, competence, courtesy, flexibility, friendliness, friendliness, functionality, integrity, reliability, responsiveness, security. The four features that influence quality of services were identified as: human resource, technology, planning, and organizational relationships. (http://www.waset.org/journals/waset/v30/v30-6.pdf)

1.2.2: Service Quality Gap Model
Service provider and receiver are joint producers in service marketing as the service is produced and consumed at the same time. If the service is to be assessed then customer types, their likes and dislikes, their moods have to be taken into account. Parasuraman, VA Zeitham and LL Berry (1985) identify five major gaps that face organizations seeking to meet customer's expectations of the customer experience. The organizations should measure, manage, and minimize these five gaps. The model is also known as the “5 gaps model”. This is also important from customer-satisfaction framework.
Fig. 1: Gap Model of Service Quality

There are five gaps that organizations should measure, manage and minimize. Survey research can narrow the gap 1. Gap 1 is the gap between what the customers expect and what managers feel that the customers expect. Gap 2 is related to customer experience. This is the difference between management's perceptions of the customer's expectations and then based on those perceptions, translating the same into service specifications and design of the service. Managers need to audit the customer experience. Gap 3 is the difference specifications of service quality and actual service delivered. The audit is to make sure that the standards are up to the specifications customer expectations are raised, by showing to the best to the customers. The Gap 4 occurs when a service provider exaggerates and raises the bar and is not able to match the expectations. Gap 5 represents the customer's perception of the service and the expectation of the service. The expectations are shaped by the word of mouth communication, the needs of the customer and any past experience the customer might have had of the service or the service provider. It is important to measure the customer perception of the service for the organization. This can be done by transactional surveys. (http://blog.vovici.com/blog/bid/18271/Service-Quality-Gap-Model)

Customer perception is all that matters in service quality. When customers think that they are getting better service than expected this is all that matters. Even when service delivered is better but customers think otherwise then that is all that matters. This is
referred to as perception gap. Perception gap may change with passage of time. The perception gap is difficult to measure as it is based on customers’ impressions. The challenge lies in measuring, testing, and controlling measurement of service quality. (Gronroos, 1984) and (Parasuraman, et. al., 1990).

Reliability, Responsiveness, Competence, Access, Courtesy, Communication, Credibility, Security, Knowing the customer, and Tangibility are the ten dimensions of service quality. When a service is performed with dependability and accuracy, it means that the service is high on reliability. When a service provider has readiness to provide prompt service it is referred to as responsiveness. Competence refers to the knowledge and skill the service provider possess. Access is the ease of contact service personnel and their approachability. The service personnel should be polite, friendly and courteous. One of the prime responsibilities of a service provider is to keep the customers informed and listen to them. It is having good communication skills. Credibility is being trustworthy, believable and honest. When there is no danger, risk or doubt it means that security dimension is taken care of and that there is no risk or doubt in using a particular service. Understanding the customer and customer needs is of paramount importance in a service industry. Tangibility in service industry refers to the physical evidence of the service. (http://wiki.answers.com/Q/What_are_the_five_dimensions_of_service_quality).

When service is provided to customers during and after a purchase it
is known as customer service. The principles on which customer service is based are: retaining existing customers costs lesser than attracting new customers; it is important to service high value customer carefully and customer service costs money; it is important to understand and meet customer needs and meet them; it is important to have good product and process design; there should be consistency in customer service; employees of the organization are internal customers; it is important to open all communication channels; with every customer contact the service provider gets a chance to shine; and, people always expect good customer service every time and everywhere. (http://www.mftrou.com/quality-customer-service.html).

A moment of truth is a customer interaction in which the customer finds service providers exceeding his expectations by providing outstanding service and creating a memorable event. Such memorable events have lasting value in customer minds and it creates loyalty and positive word of mouth (http://ezinearticles.com/?Service-Quality Measurement&id=3805476). If the experience exceeds prior expectations, customer satisfaction is likely to be high. Customer satisfaction can also be high even with mediocre performance quality if the customer's expectations are low. Overall customer satisfaction depends on prior expectation of overall quality compared to actual performance received.

The strength of the business relationship lies in the level of satisfaction with recent experience, overall perceptions of quality,
customer commitment to the relationship, and bonds between the parties. Customers are said to have a "zone of tolerance" corresponding to a range of service quality between "barely adequate" and "exceptional." A single disappointing experience may not significantly reduce the strength of the business relationship if the customer's overall perceptions of quality remains high, if switching costs are high, if there are few satisfactory alternatives, if they are committed to the relationship, and if there are bonds keeping them in the relationship. There are several types of bonds, including: legal bonds (contracts), technological bonds (shared technology), economic bonds (dependence), knowledge bonds, social bonds, cultural or ethnic bonds, ideological bonds, psychological bonds, geographical bonds, time bonds, and planning bonds.

If more suitable alternative service providers, products are available, if the customer has no need of company's products or services then, the customers in all likelihood will move away from the company. The relationship between customer and service provider also weakens if the service provider handles a critical issue poorly or when there is inexplicable change of price. According to Reichheld and Sasser (1990), customer retention by 5 percent can improve profitability by 25 percent to 85 percent in terms of net present value.

1.3: Customer Commitment
Customer commitment in business relationships can be applied in the consumer sector as well as in the business-to-business sector. The
customer can be negatively influenced if a distinctly positive attitude towards that supplier does not exist. All relationship is subject to conditions as market saturation, product maturity and information overload. Other things that influence are pressure of time and financial restrictions. Emotionally developed individuals share responsibilities in all areas of life. They have bigger roles in society. Their demand for products and services is based on personally structured business relationships. This value orientation can be understood as an expression of an overall trend for the realization of an individual lifestyle. The motivation and attitude towards customer commitment can be seen in lifestyle orientation, evident with regard to lifestyle in a society oriented to emotional benefits and, emotional benefit orientation, arranging business relationships according to their contribution in individual lifestyle. (Kroeber-Riel et al., 1996). The customer commitment therefore depends on the mutual behavior of both partners in the business relationship. It can be controlled and influenced by fitting social techniques. Social techniques can be learned. Thus, the decisive factor does not depend on the characteristics, needs and interests of the business partners, but rather on their know-how regarding social techniques especially. (Kroeber-Riel et al., 1996).

Customer commitment leads to loyalty. It enhances loyal behaviour to the business partner. This loyalty manifests itself in many ways. Prominent being accommodation and openness, exchange of confidential information, common interests. (Diller, 1996). Thus, behind
the process of intensive customer commitment lies trust and loyalty to the highest degree. This also leads to customers and business relationships standing by his/her partners, regarding them highly and declaring support for them, when the business relationship is subject to disturbances or changes. It is possible to gather information on customer loyalty through observations of customers, through polls either directly through the customers asking them about the strength of their commitment or indirectly taking a cue from the indicators.

A loyal customer is likely to come back if satisfied. Complaints if any and if managed properly will also make the customers satisfied and loyal. There are implications galore in customer commitment for the marketers. The psychic determinants are the starting points for marketing of customer commitment. Mutual solidarity is expressed when the customer develops the “we-feeling” with the business. This culminates in satisfaction of economic and personal desires. Hence, the paramount concern here is to address emotion, motives, and attitudes. All these influence psychic customer commitment.

The measures which determine customer commitment are pricing policies, policies regarding terms and conditions, policies regarding product range, satisfaction with business partners, personal customer care, sales promotion and service policies. Repeat purchases occur when service, management of complaints, and communication are addressed well. This also reinforces mutual, long-term business relationships, the core component being trust, loyal behaviour and
confidence. The key emotional stimuli need to be addressed. These include motive, attitude and the value system. Marketing here endeavours to reduce dissonance, and maintain customer satisfaction with the business. All the instruments of marketing communication like customer contacts via club, media, and events play a role. Continual maintenance is the key to maintain trust, loyalty, commitment, inner commitment in the field of marketing.

Hence, it can be said that customer bonding is understood as a psychic construct of the obligation and solidarity of one person to another person or business relationship. This, in short is the “we-feeling”, reinforcing mutual solidarity. The activating processes are emotions, motivations, and attitudes. When a society is oriented to emotional benefits then customer commitment follows if the business relationship has contributed to an individual’s quality of life. Loyalty, trust and supplier loyalty are the results of a successful and stable concept of customer commitment. A marketer does well to focus on loyalty, trust and supplier loyalty.

1.4: Word of Mouth Communication

WOM can be characterized as oral, person-to-person communication between a receiver and a communicator this communication regarding brand, product or service is perceived by the receiver to be non-commercial, regarding a brand (Arndt, 1967). WOM involves the
exchange of ephemeral oral or spoken messages between a contiguous source and a recipient who communicate directly in real life. Consumers are not assumed to create, revise and record pre-written conversational exchanges about products and services. Nor do they ordinarily use poetry or song to discuss consumption. Finally, WOM communication vanishes as soon as it is uttered, for it occurs in a spontaneous manner and then disappears. WOM might be brand, product, service or organization focused. In this electronic age it could be face-to-face, direct, oral, or ephemeral. Stern (1994) is of the opinion that WOM differs from advertising. The Word of Mouth Marketing Association (EoMMA) defines it as: Giving people a reason to talk about your products and services, and making it easier for that conversation to take place.

Word of Mouth is a reference to the passing of information from person to person. Originally the term referred specifically to oral communication. Today, consumers have more ways to wield their influence and opinion than ever before, but word-of-mouth is a double edged sword for marketers. To promote and manage word-of-mouth communications, marketers use publicity techniques as well as viral marketing methods to achieve desired behavioural response. The oldest form of word of communication is storytelling. In storytelling one person tells the other person something either a real event or something made-up. This form of word of mouth plays a very important role in folklore and mythology. Word of mouth communication is an important area in marketing. This relies on credibility of person-to-
person communication and personal recommendation.

These days the web has infiltrated every aspect of our lives and hence, it is a natural corollary of the same that retailers are looking for the opportunities to make use the power of this marketing channel to promote their products and services. The opportunities for word of mouth communication through electronic media, through online discussion forums, newsgroups, electronic bulletin board systems, blogs, and social networking sites are tremendous (Goldsmith, 2006). Through this medium the consumers obtain information from people they know as well as vast group geographically dispersed group of people.

It was found by the researchers that there are certain characteristics of retailers that are talked about more. Feick, et. at., (1987), found that the customers described as “market mavens” who have information about products and locations that enables them to have dialogues with the customers. These market mavens give more information about the retailers than other customers. Retailers use these “market mavens” to disseminate word of mouth by sending them something like free samples of products. Customers discuss features like product availability, staff friendliness as well as types of retailers like department stores, grocery stores etc. Retailers propagate information through these people.

The social impact of word of mouth communication is how word-of-mouth starts with the individual and impacts large groups as well. The
researchers study the role of word-of-mouth communication in the interpersonal process and discover how this is intertwined in the macro and micro word-of-mouth process. A population of sixty-seven students of piano teachers was examined and interviewed to find out the referral sources for piano teachers. It was found that it was important that the piano students had ties. It was also found that a strong tie between consumers plays an important role in forming consumer attitudes (Brown and Reingen, 1987).

If one was to summarize it can be said that word of mouth plays a very important role in evaluation of products as well as in society. Identification of “market mavens” and their contribution in dissemination of information was also identified. Word of mouth communication was also identified as a social process. It is useful to think of word of mouth communication as the most effective medium and companies and retailers are advised not to ignore this medium. Even if organizations and people are not aware of it, word of mouth communication has been affecting them for years. With its effectiveness more clearly understood, it needs to be managed more effectively (http://courses.wcupa.edu/foeman/ foeman1. htm). Even though there is no denying the fact that personal referral go a long way in impacting customer behavior, companies have done pretty little to harness the power of Word of Mouth. Word of Mouth can be characterized by valence, focus, timing, solicitation and degree of management intervention. It is common knowledge for many years
now that word of mouth (WOM) has a major influence on what people know, feel and do.

WOM can be negative or positive. While positive WOM are desired by the company, negative WOM from corporate viewpoint are positive from the consumers' angle. Management can influence the frequency and direction of WOM through management processes such as service recovery programs, complaints management and service guarantee. When a satisfied customer communicates with a prospect then with the help of a positive WOM there is likelihood of that customer being converted into a prospect, and subsequently of the prospect being converted into a customer. The role of WOM in the diffusion is well documented. The other markets where WOM operates are influence markets (investment decisions), recruitment market.

There are two types of referrals, customer referrals and non-customer referrals. The former originate from current or former satisfied/delighted customers, acting as unpaid advocates. The companies are trying to cash in on this source of WOM. Such referrals are given incentives to refer to their family and friends. Sometimes organizations cross-refer customers to each other. This is referred to as reciprocal referrals. Professional services such as marketing, law firms, estate agents, and building societies indulge in such practices. A doctor recommending a consultant or an architect specifying a contractor are examples of unidirectional referral. Other types of referrals are internal referrals, within an organization. Some
accounting firms cross refer clients between divisions e.g., audit customers might be targeted for consultancy services. Referrals play a major role in benefiting a company if they are from past or current employees.

Customer experiences determine the output of WOM. When the customer is satisfied or delighted there would be positive WOM, similarly if a product or service is underperformed there would be dissatisfaction (Oliver, 1997). In service sector even if the service has not been right the first time yet if there has been excellent recovery following service failure it results in delight. There exists an hierarchy of expectations which has been researched. Miller (1977) talked about four levels of expectations. These were referred to as ‘can be’, ‘will be’, ‘must be’, and ‘should be’.

There exists a zone of tolerance for consumers. For the customers the expectations within boundaries exist. These are the adequate and desired levels of tolerance Woodruff et. al., (1983) conceptualized another zone- the zone of indifference. This represents a band of reasonable expectations and is narrower. According to Strandvik (1994) an inference was drawn that positive word of mouth is generated when the performance is above that which was predicted, and negative word of mouth is generated when performance is below that which is wanted.

With the increase in customer satisfaction positive word of mouth also increases (Swan and Oliver 1989). Word of mouth, either positive or
negative is also driven by the purchasing process (Tanner, 1996). When a customer is delivered higher value and quality he is motivated to utter positive word of mouth (Hartline and Jones, 1996), wherein value is the stronger correlate. Social referrals would happen if the management develops these. If the service encounter offers a customer social support then also they will recommend the service (Adelman and Ahuvia, 1995). The customer feels social connection with others if there is no uncertainty (Adelman et al., 1993).

A customer who has behaviour to complain also generates negative word of mouth. These are the customers who often have unmet expectations. These customers either complain or end the relationship with the service provider (Hirschmen 1970). A dis-satisfied customer, when he exits a relationship, voices dissatisfaction and utters negative word of mouth causes a lot of damage. According to Watkins and Liu, 1996 a dis-satisfied customer express his displeasure more rather than exit.

High reliability and dependability will generate a positive word of mouth in health services. Also health services would fail to get a positive word of mouth if they fail on parameters such as appearance and presentation (Headley and Miller, 1993). Talking about post purchase behaviour if a product or service meets customer expectations then there would be positive WOM, but at the same time if there is cognitive dissonance then the result would be negative WOM. (Festinger, 1957). Imbalance in the cognitive system defines
cognitive dissonance.

The theory of mass communication stated that mass media impacts all audience members directly and this was believed till 1940. Lazarsfeld et. al., study (1948) stated that that mass media messages were distributed by strategically situated opinion leaders. The basic premise was that mass media messages had a direct impact on the audience. A study by Lazasfeld et. al., in 1940s showed that mass media messages were intercepted and distributed by strategically situated individuals called opinion leaders. This method suggested that marketer-controlled communication flows to opinion leaders and this in turn is communicated to peers through WOM thereby influencing attitudes and behaviors. Katz and Lazarsfeld in 1955 profiled different attributes for food, fashion, public affairs, and film-going opinion leaders.

Social participation, social status and cosmopolitanism were the three traits given by Rogers in 1962. Roberstson in 1971 observed that though there was no difference in terms of cosmopolitanism between people yet leaders were more gregarious, more knowledgeable and more innovative. According to Solomon (1992), people who have more knowledge tend to be more influential. The word influentials were coined for opinion leaders by Engel et. al., (1993). The demographic characteristics that defined influentials was gregarious, fashion conscious, independent, innovative, and active information search. According to the multistep theory of communication followers as well
as opinion leaders are targeted with differentiated messages. Motivated followers seek information, and these information seekers select people who they consider are more knowledgeable (Yale and Gilly, 1995).

In case of high risk/ intangible dominant products the word of mouth inputs are more relevant (File et al., 1994). When a customer buys a product the risks that he faces are related to product-physical, performance, financial, social, psychological, and time loss (Mitchell and Hogg, 1996). Role of word of mouth is more important while purchasing services rather than goods. Since there is difficulty in evaluating a service people seek word of mouth while purchasing services from family, friends and peer group rather than promotional material. In case of health services too this was more important, here people also seek information from doctors also (Gombeski et al., 1988, and Johnson and Meischke, 1991).

Another important link is that between word of mouth and price. If the service was priced high and it failed to satisfy the consumer then it was found that it generated negative word of mouth (Richins 1983, 1987). Other thing that effects word of mouth is the condition of business environment. When people find expressing dissatisfaction difficult, they find it easier to exit. At the same time if the supplier is receptive to complaints people will find it difficult to exit. Advertising increases word of mouth if other sources of information are not there. Repetitive advertising increases ‘conversational value’ and will
generate word of mouth (Bayus, 1985) as the consumers would like to reduce perceived risk.

With the increase in customer satisfaction positive word of mouth also increases. Word of mouth, either positive or negative is also driven by the purchasing process. When a customer is delivered higher value and quality he is motivated to utter positive word of mouth, wherein value is the stronger correlate. Social referrals would happen if the management develops these. If the service encounter offers a customer social support then also they will recommend the service. The customer feels social connection with others if there is no uncertainty.

According to Singh and Pandya (1991) a satisfied customer generates positive and an unsatisfied customer generates negative word of mouth. A customer who has behaviour to complain also generates negative word of mouth. These are the customers who often have unmet expectations. These customers either complain or end the relationship with the service provider (Hirschmen, 1970). A dissatisfied customer, when he exits a relationship, voices dissatisfaction and utters negative word of mouth causes a lot of damage. According to Watkins and Liu, (1996) a dissatisfied customer express his displeasure more rather than exit. Talking about post purchase behaviour if a product or service meets customer expectations then there would be positive WOM, but at the same time if there is cognitive dissonance then the result would be negative WOM. High reliability
and dependability will generate a positive word of mouth in health services. Also health services would fail to get a positive word of mouth if they fail on parameters such as appearance and presentation (Headley and Miller, 1993).

1.5: Rationale

Global trends have important implications for Indian retailers. Organized retail players who can aggressively scale up their operations could target Rs. 40 000 crore in retail business in India by 2015 (Gupta, 2006). Growing consumerism is a key driver for organized retail in India. Several demographic indicators show favourable trends for the growth of organized trade. The factors contributing to favourable trends for Indian retailers are a greater ability of the consumers to spend and a mindset to match; the philosophy of this group is to spend now save later; instant gratification vs. deferred gratification to the extent that the young are willing to borrow for present consumption.

India is a nation of shopkeepers. According to ASA & Associates, Chartered Accountants, a member firm of NIS Global, retailing accounts for 14-15 percent of India’s GDP. Indian retail is estimated at US$ 450 billion and is expected to reach US $ 804.66 billion by 2015. Organized retail constituted mere four percent till recent times grew at a faster pace, and was expected to quadruple to 16 percent in 2011-12, however, has been able to touch 10.4 percent. Indian retail market
is counted as top 5 retail markets in the world. (www.asa.in). The key findings of the Indian Retail Report 2013 indicate that India is a strategic business hub. Hence, it is proving to be a grand opportunity for global investors.

The private consumption is estimated to be growing at 16.2 percent from Rs. 4,441,155 crore ($800 billion) in 2011 to Rs. 5,126,131 ($930 billion) in 2012. The retail business at Rs. 28, 50, 055 crore ($516 billion) in 2012 achieved an impressive CAGR over the past two years. The rate is further expected to accelerate to 18.8 percent over the next few years to take retail to Rs. 47, 80, 318 crore ($866 billion) by 2015. Modern retail, which stood at Rs. 1, 38, 961 crore ($25 billion) in 2010 with a share of 6.6 percent in the total retail market, expended 26.8 percent CAGR to reach Rs. 2, 23, 572 crore ($40.5 billion) in 2012, thus increasing its share to 7.8 percent in the total retail market. Going further, modern retail is expected to expand by an impressive 29.7 percent CAGR to reach Rs. 4, 87, 423 crore ($88.3 billion) in 2015. (http://www.merinews.com/article/overview-of-retail-sector-2009/15797768.shtml)

The retail environment has undergone a sea change in the past few years. The customers have become demanding. This has fostered a spirit of competition among the retailers as they want to meet the needs of the customers better than the competition. To get an edge in the market the retailers want to focus on areas under their control for sheer survival. One such area is delivering and maintaining high level
of service quality. Service quality as a tool can help marketers in not only improving their competitive positioning in the market (Mehta et al., 2000) but also be used as a valuable tool for enhancing consumer satisfaction (Sivadas and Baker-Prewitt 2000), retention and patronage (Yavas et al., 1997), and creating customer loyalty (Wong and Sohal 2003). Given its apparent relationship to costs (Crosby 1979), profitability (Buzzell and Gale 1987, Rust and Zahorik 1993), customer retention (Reichheld and Sasser 1990), and positive word of mouth, it is in the interest of the retailers to improve their performance in the market by adopting service quality. A valid and accurate measure of service quality is of paramount importance to the retailers. This can help them take corrective action whenever required.

Communication plays an important role in a business relationship it contributes to customer satisfaction. If there is dissatisfaction, careless leadership, in a business relationship there is a likelihood of this impacting the successful business relationship negatively. Proper communication with the customers will also enhance loyalty. This will also ensure inner commitment which is an emotional component of loyalty. This inner commitment is a decisive factor of loyalty.

In the Indian context service quality is perceived as a tool for increasing value for the consumer; as a means of positioning in a competitive environment (Mehta, et. al., 2000) and for ensuring consumer satisfaction (Sivadas and Baker-Prewitt, 2000), retention, and patronage (Yavas, et. al., 1997). With greater choice and
increasing awareness, Indian consumers are increasingly demanding better quality of service (Angur, Nataraajan and Jahera, 1999) and players can no longer afford to neglect customer service issues (Firoz and Maghrabi, 1994; and Kassem, 1989). Inspite of retail contributing tremendously to GDP, not much work has been done in the area to understand the impact of retail service quality and customer commitment on word of mouth communication. Therefore, there exists a need to study and understand the impact of service quality and customer commitment on word of mouth communication.
1.6: Objectives of the Research

Objective 1: The first objective of the study was to study the effect of Retail Service Quality, Customer Commitment and their interaction on Word of Mouth Communication.

Objective 2: The second objective of the study was to study the impact of Service Quality and Customer Commitment on Word of Mouth Communication vis-a-vis different customer profile.

Sub-objective 2-b1: To study the effect of geographical variable on Retail Service Quality among retail customers.

Sub-objective 2-b2: To study the effect of geographical variables on Word of Mouth Communication among retail customers.

Sub-objective 2-c1: To study the impact of geographical variable among retail customers across five cities

Sub-objective 2-c2: To study the impact of Retail Service Quality on Word of Mouth Communication among retail customers across five cities