LITERATURE REVIEW
CHAPTER 2

2. LITERATURE REVIEW

2.1: Service Quality

Companies have become convinced of the strategic benefits of quality (Philips et al., 1983), as a result many large companies have created quality measurement programs that attempt to relate product and service attributes to customer evaluations of quality (Hauser and Clausing 1988) and, (Ziethaml et al., 1991). Perceived service quality is defined as the customers' assessment of the overall excellence or superiority of the service (Ziethaml 1988). Parsuramen et. al., (1985, 1988) consider that a customer's assessment of overall service quality depends on the gap between expectations and perceptions of actual performance levels. They conclude that overall service quality is evaluated on five underlying dimensions: tangibles, reliability, responsiveness, assurance, and empathy. They also suggest that expectations should be influenced by personal needs, word-of-mouth communication, and past experiences.

Service quality is defined as customer assessment of the overall excellence or superiority of the service (Zeithaml, 1988). It involves a comparison of customer expectations with customer perceptions of actual service performance (Gronroos, 1982; Parasuraman et al., 1985, 1988). Since services are intangible, firms find it difficult to understand how consumers evaluate service quality. In most cases,
tangible cues are limited to the service firm’s facilities, equipment, and personnel. Heterogeneity hinders consistency of service delivery and, thus, evaluations of service quality across firms, employees, customers, and time periods (Zeithaml, 1988). The inseparability of production and consumption results in service quality evaluations by the consumer both during and after service delivery (Gronroos, 1982; Parasuraman et al., 1985). Since services cannot be inventoried, synchronization of supply and demand is particularly difficult.

In a paper titled, “The Service Quality Puzzle” by Berry, Parasuraman, and Zeithaml (1988) they state that service quality can often make a difference between a business’s success and failure. Quality is defined as conformance to specifications. It is the customer’s definition of quality that counts not managements. Customers assess service quality by comparing what they get or perceive they are getting. To earn a reputation for quality, an organization must meet or exceed customer expectations. Reliability emerged as the most important dimension of service quality. The study found that to ensure quality service provider needs to be responsive, be reassuring, be empathetic, and most of all be reliable, i.e., do what you say you are going to do.

In a study titled, “Multistage Model of Customers’ Assessments of Service Quality and Value”, by Ruth and James (1991) a model was developed as to how customers with prior experiences and expectations assess service performance levels, overall service quality and service value. The model was applied to residential
customers’ assessments of local telephone service. Results indicated that residential customers’ assessments of quality and value are primarily a function of disconfirmation arising from discrepancies between anticipated and perceived performance levels. However, perceived performance levels were also found to have an important direct effect on quality and valuable assessments. Bolten and Drew (1991) developed a multistage model of the determinants of perceived service quality and service value. The study described how customer’ expectations, perceptions of current performance, and disconfirmation experiences affects their assessment of service quality and value.
In a study titled, “Service Quality Attributes and Choice Behavior- An Empirical Investigation” by Richard et al., (1993). The study found that service quality is no longer the sole concern of service firms. Many firms realize that their offering may be partly a tangible product and partly intangible services. Domino’s produces a tangible product (pizza) as well as providing intangible services (e.g., free delivery in 30 minutes or less). Therefore, the consumer evaluates the outcome (e.g., was the pizza tasty?) and the process (e.g., did the delivery person provide the pizza quick enough?) of service delivery. As a result, providing superior service is critical for tangible good and service firms. It appears that no one dimension of service quality captures the complexity of choice; both process and outcome quality are important determinants of choice. The study suggests that consumers utilize multiple processes and outcome quality attributes in their choices.

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). In a study titled “Cultural Influences on Service Quality Expectations” by Donthu and Yoo (1998), service quality has been conceptualized as the difference between perceived service performance and expected service level. Effect of consumers’ service quality expectations on the basis of their cultural orientation was studied. This was done by using the Hofstede dimensions of culture operationalized at the individual level and the
dimensions of service quality from the SERVQUAL scale. Results show that consumers low on power distance have high overall service quality expectations and expect responsive and reliable service. Individualistic consumers have high overall service quality expectations and expect empathy and assurance from the service provider. Consumers high on uncertainty avoidance and short-term oriented consumers have high overall service quality expectations.
Rebeldó (2001) conducted a study titled, “Measuring and Managing Service Quality: Integrating Customer Expectations”. The study highlights the pressures driving successful organizations toward top quality services; it highlights the importance of measurement of service quality and its subsequent management. The study compares four different methods for measuring service quality within an airline setting. Six instruments were used to measure the service quality of three International Airline Companies. The validity and reliability of the six different models was examined: it was concluded that unweighted SERVPEX methods are superior to the others. The dimensionality of quality in airlines was explored and three factors appear as determinants: tangibility, reliability, and customer care. The author found that understanding customer expectations was a prerequisite for delivering superior service, since customers evaluate service quality by comparing their perceptions of the service with their expectations. As a result, a model to manage expectations was proposed.

2.2: Customer Commitment

Commitment is an essential ingredient for successful long-term relationships. Developing a customer’s commitment in business relationships do pay off in increased profits, customer retention, and willingness to refer and recommend. Customers and their suppliers tend to believe that long-term relationships are a decisive source for competitive advantages (Kalwani and Narayandas 1995, and Ganesan
Silvestro and Cross (2000) in their study found strong links between customer commitment, which leads to customer loyalty, and retail store profit margin, where customer loyalty was measured in terms of share of total grocery store, basket size or propensity to recommend the store to friends or relatives. Committed customers were found to be more profitable to the store than less committed customers, since, committed customers purchased items with higher purchase margins, higher total purchases resulting in economies of scale and cost reduction. This would suggest retail stores can increase their profitability by increasing customer commitment. Customer commitment leads to customer loyalty and this is not something that the customer has to build towards the enterprise; the company also has to maintain its loyalty to the customer.

A study titled “The Determinants of Consumer Satisfaction: the Moderating Role of Ambiguity” by Yi (1993) found that if the product is ambiguous it impacts customer commitment and customer satisfaction. Ambiguous products also have indirect effects through disconfirmation. On the other hand, when the product is unambiguous or easy to evaluate, product performance has direct effects on consumer satisfaction. In modern marketing practice consumer satisfaction (CS) is a central concept. Delivering satisfaction to consumers and getting profits in return is emphasized as this leads to customer commitment. The realization that consumer satisfaction is crucial to meeting needs of consumers, business and society, and improving overall quality of life has led to extensive research on
consumer satisfaction over past two decades. There have been numerous attempts to make contributions in the area. There have been a number of studies on consumer satisfaction/dissatisfaction and complaining behaviour. (Hunt and Day 1982, 1985; and Oliver 1980).

Customer commitment will follow if the product exceeds consumer expectations and customers are satisfied. If the performance of the product is below expectations then a decrease in satisfaction is expected. Disconfirmation is thus expected to affect consumer satisfaction. Oliver (1980) found that disconfirmation and consumer satisfaction are positively correlated. Positive disconfirmation (perceived performance above the expectation) increased consumer satisfaction, while negative disconfirmation (perceived performance below the expectation) decreased consumer satisfaction. Thus, consumer satisfaction is hypothesized primarily as a function of disconfirmation.

Cronin and Taylor (1992), investigated the conceptualization and measurement of service quality and relationships between service quality, consumer satisfaction, and purchase intentions in a study titled, “Measuring Service Quality: A Re-examination of Extension”. The results of the study suggested that a performance-based measure of service quality may be an improved means of measuring the service quality construct. Service quality is an antecedent of customer satisfaction, customer satisfaction has a significant effect on purchase intentions and service quality has less effect on purchase
intentions than customer satisfaction. Hence, customer satisfaction leads to customer commitment. In a study titled, “The Relationships of Customer Satisfaction, Customer Loyalty, and Profitability: An Empirical Study” (Hallowell, 1996), indicate relationship between customer satisfaction and customer commitment leading to customer loyalty which in turn translates to profitability. The study suggested that if satisfaction increased profitability would also increase.

Commitment means to agree to do something and willingness to give ones energy and time. Loyalty here means a promise to be faithful to a store. This means that loyalty follows commitment. Though loyalty and commitment are used separately the words have similar meanings. Store loyalty is the focus of study titled “Determinants of Store Loyalty: An Empirical Investigation in the Latvian Grocery Market” by Brown J. (2004). Retail business success is dependent on store loyalty. This has led to studies on store loyalty by academia in the last few decades (Anic, 2006 and Ray 2009). The economical recession threw a challenge in the form that when income decreases the ordinary customer re-evaluates his loyalty behaviour, here strengthening loyalty becomes more important. This new behaviour of the customers might carry on post-recession too. Retailers must recognize these trends in the recovery period (Miller, 2010 and Lodes 2009).

The role of emotional satisfaction in service encounters was studied by Wong (2004) in the study “The Role of Emotional Satisfaction in
Service Encounters”. The study investigated the relationship between emotional satisfaction and service quality, customer commitment, relationship quality. The results showed that service quality was positively associated with emotional satisfaction, which is positively associated with both customer commitment and relationship quality. An interesting highlight was that customers’ feelings of enjoyment predict customer commitment, and happiness serves as a predictor of relationship quality. The findings imply that if a firm wants customer retention in the long term it should strategically leverage on customer commitment and relationship quality.

The Relationship between Service Quality, Customer Satisfaction and Buying Intentions was studied in Private Hospital Industry by Boshoff and Gray (2004). They investigated whether superior service quality and superior transaction effect specific customer satisfaction and enhanced commitment (as measured by purchasing intentions) among patients in the private health care industry. The research design allowed an assessment of the relative impact of individual dimensions of service quality and transaction-specific customer satisfaction on two dependent variables, namely commitment (as measured by intentions to repurchase) and customer satisfaction, the latter measured as 'overall' or cumulative satisfaction. The results reveal that the service quality dimensions, empathy of nursing staff, assurance, impact positively on both commitment and cumulative satisfaction. The customer satisfaction dimensions, satisfaction with meals, satisfaction with the nursing staff, and satisfaction with fees,
all impact positively on both commitment and cumulative satisfaction.

In a study titled, “The Effect of Internet Service Quality: Mediating Role of Internet Store Satisfaction and Internet Store Image” by Lee and Lee (2005) it was found that the advent and continuous increases of online shopping and the unprecedented rate of growth in the number of Internet shops in Korea have created an extremely competitive marketplace. In the beginning many executives of e-retailing have believed that low price and attracting new customers rather than retaining customers are keys to success. They often neglect customer satisfaction and customer commitment. Unfortunately thousands of members they have recruited have not been converted into a profit. Many e-business managers try to find the solutions by improving the service quality performance. Empirical study of a sample of 380 Internet store consumers shows that the effect of service quality on Internet store commitment is fully mediated by factors such as Internet store image and Internet store satisfaction. So the managers should not only try to improve service quality performance but also carefully monitor the store image and the store satisfaction level.

According to a study titled, “A Model for Customer Loyalty for Retail Stores inside Shopping Malls—an Indian Perspective” by Majumdar (2005) India has witnessed a boom in organized retail trade in the last five years. More and more players are coming into the retail business in India to introduce new formats like malls, supermarkets, discount
stores and department stores. The retail format that has shown the maximum growth among all is the multipurpose shopping complexes or the shopping malls. Customer commitment is viewed as the strength of the relationship between an individual's relative attitude and repeat patronage. The relationship is mediated by social norms and situational factors.

In a study titled, “Effect of Gender on Customer Loyalty: A Relationship Marketing Approach” by Ndubisi, (2006), the role of gender in relationship marketing underpinnings such as trust, commitment, communication, conflict handling was investigated. The results reveal that all four underpinnings directly affect customer commitment. There exists a significant gender difference in the trust-commitment relationship. Women are more committed then men at higher levels of trust. The research focuses on banking services, further research may be necessary before generalization can be made in entire service industry. When the bank is highly trustworthy female customers are more committed. If banks want to retain female customers they should be committed to service quality, communicate effectively, and handle conflicts well, the study implies.

In a study titled, “The Determinants of Customer Loyalty: an Analysis of Intangible Factors in Three Service Industries” by Ti and Chiao (2006), it was found that customer satisfaction results in customer commitment. The purpose of the study was to investigate customers’ perceptions of service quality, product quality, and price fairness and
its influence on customer commitment to a particular service provider. Customer commitment, which is also called continuously positive purchasing behavior of a customer towards a brand, does get affected by customer satisfaction. The concept of commitment includes both positive attitudes and behavior.

A study titled, “A Study of Service Quality, Customer Satisfaction, and Loyalty” in Taiwanese Leisure Industry by Chang and Huang (2006), explores relationship among service quality, customer satisfaction and loyalty of leisure industry to provide operators with a reference to improve their quality. Studies on the transformation of national enterprises into leisure or sightseeing enterprises are quite scarce. To achieve the goal of this study, questionnaire was administered on visitors to Yueh-Mei Sightseeing Sugar Mill in Taiwan to discuss the relationship among service quality, customer satisfaction and commitment. From analysis of the results, it was found that partial demographic statistics variable has significant relationship with service quality, customer satisfaction and commitment of leisure industry while significant differences show between importance and satisfaction of service quality of leisure industry. In addition, both satisfaction of leisure industry service quality and overall customer satisfaction have significant relationship with customer commitment.

In a study titled, “Service Quality, Relationship Satisfaction, Trust, Commitment, and Business to Business Loyalty” by Caceres and Nicholas (2007), it was found that service quality had an impact on
trust differentiation and relationship outcomes. Trust led to
differentiation which in turn led to commitment. Ultimately all this had
an impact on satisfaction and word of mouth communication.
Differentiation links firm’s distinctiveness to client perceived value,
competitive advantage, and a target market focus.

The purpose of the study titled, “Demographic Correlates of Loyalty in
a Service Context” by Patterson (2007), is to examine commitment
behavior and commitment motives for a range of service industries
varies with three demographic characteristics (age, sex and
occupation). According to results of the research, age and occupation
are associated with service loyalty (repurchase intention and loyalty
behavior), it was found that gender was not associated with service
loyalty. An interesting finding of the study was that mature age groups
(35-54 and over 55 years), were more committed and their motivation
to stay committed was getting social benefits, special treatment and
confidence. The younger counterparts, (18-24, and 25-34 years) were
not as committed. Reason for the above results were mentioned as
people reach a point in their lives where social contact becomes
limited, children leave home and face retirement from work. The void
so created seems to get fulfilled in older people’s lives through
engaging in interaction with service providers. This makes them feel
recognized and a sense of familiarity is more than welcome at this
stage as these social exchanges give a considerable amount of
psychological value.
In a study titled, “Strengthening the Quality-Loyalty Linkage; the Role of Customer Orientation and Interpersonal Relationship” by Chao et al., (2007), the authors suggest that if a firm has customer commitment then the firm has competitive advantage, and that service quality has an impact on customer commitment. The study focuses on customer orientation and interpersonal relationship to reinforce quality-commitment linkage, as grocery wholesalers, whose offerings are homogenous cannot differentiate on the basis of service quality in the eyes of retail customers. The three levels of commitment, high, medium, and low were influenced significantly by customer commitment, competitive advantage, and service quality. These three variables had the power of discriminating among the three levels of commitment. Other things that strengthened customer commitment were interpersonal relationships and customer orientation. In an era of fierce competition the findings could assist wholesale managers to allocate their resources more effectively in establishing customer commitment.

In a study titled, “Understanding the Antecedents to Customer Loyalty by Applying Structural Equation Modelling” by Yieh et al., (2007), they employed structural equation modelling to find linear structural relationships related to customer satisfaction. 495 car owners patronizing five automobile service and repair centres of Taiwan's major car companies, namely, Nissan, Toyota, and Mitsubishi were analyzed. It was found that customers’ perception of price fairness, the level of employee-customer interaction, and customers’
perceptions of product quality all have the direct, positive impact on customer satisfaction. Three dimensions identified were tangibility, employee-customer interaction, and employee empathy that led to positive impact on customer satisfaction. A study titled, “The Relationship among e-Service Quality, Value, Satisfaction and Online Shopping by Chang”, et. al., (2008) conducted in view of rapidly growing online market over the past several years, and since e-commerce activities have been drawing a lot of attention. The study attempted to develop a comprehensive research model to explain online shopping behaviour. It was found that e-service quality did not affect online shopping customer commitment but indirectly affected through perceived value and customer satisfaction.

In a study titled, “Exploring the Nature of the Relationship between Service Quality and Customer Loyalty; an Attribute Analysis”, Pei 2008, it was found that customer commitment was strategically imperative for firms. Overall it was found that to establish customer commitment, service quality was of paramount importance. The four important attributes identified for service quality were; personnel, operational, physical, and merchandise. The behavioural indicators identified for customer commitment were: visiting frequency and amount spent per visiting.

In a study titled, “Predicting Patient Loyalty and Service Quality Relationship: A Case Study of Civil Hospital, Ahmedabad, India Chahal”, the study found out the importance of sustaining patient
commitment through interpersonal experiences with the staff, the quality of hospital operations, and the quality of the healthcare services. The study attempted to identify factors in sustaining customer longevity. This was an attempt to understand the types of relationships that exist between patient-commitment and service quality. It was found that if patients are satisfied with the quality of interactions with the staff, they will take treatments for similar and different medical problems and would also recommend these to family and friends. In a study titled, “Effect of Switching Cost, Service Quality and Customer Satisfaction on Customer Loyalty of Cellular Service Providers in Indian Market” Chadha et. al., (2009), the authors state that the current marketplace is competitive and this has made the consumers demanding. The mobile telecommunication service sector in India has witnessed highest growth in terms of subscribers and revenues. The only way to maintain subscriber base is by ensuring customer commitment. The best predictor of customer commitment was found to be customer satisfaction.

2.3: Word of Mouth Communication

Word of mouth communication in the form of opinion leadership and opinion seeking has been studied frequently in marketing within a diffusion theory framework (Feick, et. al., 1987 and Reynolds and Darden 1971). According to Wikipedia Word of mouth is a reference to the passing of information from person to person. Originally the term referred specifically to oral communication, but now it includes any type of human communication, such as face-to-face, telephone, email, and text messaging.
In a study titled, “The Measurement of Word-of-Mouth Communication and an Investigation of Service Quality and Customer Commitment as Potential Antecedents” by Harrison-Walker (2001). The author systematically developed and empirically validated a scale to measure word-of-mouth communication and investigated two forms of customer commitment and service quality as potential antecedents. The findings supported the hypotheses that affective commitment is positively related to word-of-mouth communication but that high sacrifice commitment is not related to word-of-mouth communication. Interestingly, the effect of service quality on word-of-mouth communication appeared to be industry dependent. A distinction was made between word-of-mouth activity and word-of-mouth praise.
A widely accepted notion in consumer behavior is that word-of-mouth communication plays an important role in shaping consumers’ attitudes and behaviors (Brown and Reingen 1987). In 1955, Katz and Lazarsfeld found word of mouth seven times more effective than personal selling, and twice as effective as radio advertising in influencing consumers to switch brands. Recently, Day (1971) computed that WOM was nine times as effective as advertising at converting unfavorable or neutral predispositions into positive attitudes. Murray (1991) explained that personal sources are viewed as more trustworthy. Whereas, other studies showed that through multiple dyads and retransmission, one message can reach and potentially influence many receivers (Brown and Reingen, 1987 and Reingen and Kernan, 1986). Satisfied customers for consumer services are likely to tell five others (Heskett, et. al., 1997).

The mass media are generally effective in generating awareness of consumer products, but consumers tend to rely more heavily on WOM when making purchase decisions for services (Davis, Guiltman, and Jones 1979). Given the power that WOM has on the success of a company, the current research makes a substantial contribution to the WOM literature by developing and empirically validating scales to measure WOM using a systematic process (Anderson and Gerbing, 1988 and Churchill, 1979). The author provides a conceptualization of WOM that captures the domain of WOM communication (e.g., favourableness, enthusiasm, and detail). The research suggests that there are two distinct WOM constructs: WOM Activity and WOM Praise.
The two WOM constructs can be examined separately to make more precise predictions of conceptual relationships. Only three potential antecedents are investigated—affective commitment, high sacrifice commitment, and service quality. The findings support the hypotheses that affective commitment is positively related to both forms of WOM, whereas, high sacrifice commitment is not related to either form. Service quality has a positive impact on WOM Praise.

In a study titled, “Using Online Conversations to Study Word of Mouth Communication”, by David Godes and Dina Mayzlin, (2004), it was found that a new product’s success is related to the word of mouth that it generates. This is the reason for the interest of managers in word of mouth communication. The challenges associated with measuring word of mouth are gathering data, since most information related to word of mouth is exchanged in private conversations. In a study titled, “When Does Commitment Lead to Loyalty?” by Gordon Fullerton (2003) Customer commitment is now regarded as a key variable in marketing relationships. The article investigates the roles played by different forms of commitment in the relationship between customers and their service provider. It was found that when customer commitment is based on shared values and identification, it has a uniformly positive impact on customer loyalty. When customer commitment is based on switching costs and dependence, it has mixed effects on customer loyalty. In addition, it was found that there were significant interactions between these two forms of commitment on customer loyalty. If we are to understand the role of customer
commitment, we must have a solid understanding of the nature of commitment present in the relationship. These findings have important implications for the development and management of service relationships because it is not necessarily the case that more customer commitment is better for either the service provider or the customer.
In an article titled, “Word-of-Mouth Communications in Marketing: a Meta-analytic Review of the Antecedents and Moderators” in the Journal of Academy of Marketing Science; published by Springer Netherlands, (2008). Although word-of-mouth (WOM) activity has been studied as an outcome variable of other constructs such as satisfaction, less attention has been given to the antecedents and moderators of WOM when considering WOM as a central construct. Hence, the article has proposed a model of WOM antecedents and moderators using a meta-analytic review. The results show that all antecedents have significant effects on WOM activity, with customer commitment showing the strongest effect. The following hypotheses were also supported: (1) WOM valence is a significant moderator, (2) cross-sectional studies show a stronger influence of satisfaction and loyalty on WOM activity than longitudinal studies, and (3) studies of WOM behavior show a weaker link between loyalty and WOM activity than studies of WOM intentions. In addition, the study shows that satisfaction has a stronger relationship with positive WOM than loyalty, whereas (dis)loyalty has a stronger relationship with negative WOM than does (dis)satisfaction.

In a study titled, “Factors Influencing Word of Mouth Effectiveness: Receiver Perspectives” by Sweeney, et. Al., (2008), the authors state that Word of Mouth (WOM) is becoming increasingly recognized as an important form of promotion, particularly within professional services environments, where credence qualities play a critical role in consumers’ choices. The study explores the factors that are likely to
enhance the chances that receivers of positive word of mouth might be influenced by such information. The findings of the study suggest the potential for WOM to impact on perceptions depends on the nature of the sender-receiver relationship, the richness and strength of the message and its delivery, and various personal and situational factors.

In a study titled, “Exploring the Message Characteristics of Word-of-Mouth: A Study in a Services Context” Sweeney, et. al., (2008), the authors state that customers are becoming increasingly discerning and demanding and have more choice and are simultaneously becoming less attentive to traditional advertising. In this context, word-of-mouth (WOM) provides a new approach to marketing communication (First International Conference on Word-of-Mouth, 2005). Dichter (1966) discussed motivations for WOM ‘speakers’ and ‘listeners’ forty years ago. Despite a recent surge in interest in WOM, there has been very little empirical research into the message style itself.

Word-of-mouth (WOM) communication has a significant effect on consumer behaviour and both Bass (1969) and Moore (1995) suggested it was the most important factor influencing sales growth. Arndt (1967) described WOM as oral person to person communication between a receiver and a communicator whom the receiver perceives as non-commercial, regarding a brand, a product or a service, WOM, if positive, is effective for several reasons. First, it is customized, as the informer portrays the information in a relevant way to the recipient.
Second, it saves the recipient time and money in identifying appropriate information. Third, at least if offered through informal sources, it is seen as independent, as the informer has no vested interest in the sale of the service, which adds to its credibility. Indeed, given its non-commercial nature, WOM communication is viewed with less scepticism than firm-initiated promotional efforts (Herr et al., 1991). Despite the recognition of WOM as an important means of communication, very little research has examined the composition of WOM messages, although the salience of WOM message content for specific messages has been raised in recent research. Eliashberg et al., (2000), for example, noted its importance, but viewed it as unnecessary to address the range of effectiveness of WOM messages and argued this was reasonable for low involvement products, while Godes and Mayzlin (2004) noted the content of a WOM conversation was likely to be an important influence, but did not address this issue in their study due to the size of their data set and cost implications.

Focusing on the content more explicitly, Gremler (1994) suggested messages have more impact when delivered enthusiastically. Further, it seems that the power of message delivery may impact on people’s ability to recall WOM (Gremler, 1994 and Herr et al., 1991). Measures have typically focused on the extent or frequency of WOM behavior (Gremler and Brown, 1999; Hartline and Jones, 1996 and Westbrook, 1987) or the likelihood that people will engage in WOM, often measuring such an outcome through a single item (Parasuraman et al., 1988). Moreover, much research, especially in the services domain,
has used the WOM construct in an incidental way to test the behavioural outcomes of a consumer evaluation model of, for example, service quality (e.g., Hartline and Jones, 1996 and Parasuraman et al., 1988), rather than focusing on WOM per se.

Harrison-Walker (2001), recognizing weaknesses in previous WOM measures and consistent with the present discussion, developed a two-dimensional WOM measure (WOM activity, in line with previous research, and WOM praise that addressed the positive or negative valence of such messages and the extent of such a valence). This was a commendable step that enhanced understanding of how WOM operates. Harrison-Walker’s (2001) measure was developed as a general measure of WOM activity and a general measure of WOM praise that was designed to measure perceptions of cumulative WOM across time. While this gives an overall view of WOM giving, it is also important to address a particular incident in which WOM is given or received as such WOM incidents are the basic building blocks of WOM activity. That is, a series of incidents of WOM giving constitutes the general activity of WOM giving.

Another study concentrated on WOM from a giver’s perspective in a services context. A services context was chosen as services are intangible, difficult to evaluate before purchase, not covered by guarantee and non-standardized and, hence, are often perceived as high risk (Murray, 1991), which means WOM communication is likely to be more important as it acts as a risk reliever in such situations.
(Ennew, et. al., 2000 and File, et. al., 1994). It is also important to remember service quality and satisfaction are commonly suggested antecedents to WOM delivery (e.g., Westbrook 1987; Swan and Oliver 1989; Dabholkar et. al., 2000).

While WOM is regarded as of critical importance in product communication and promotion, and a stream of research has developed to tap into its potential, not much research has investigated the message characteristics of WOM. In this sense, prior research has implied that WOM is simply a statement and message details have been ignored. The nature of each individual message needs to be considered if WOM is to be understood as messages can be rich or flat, full of detail or summative and strongly or weakly delivered. The study identified a parsimonious 12-item scale of WOM message characteristics that described WOM messages in terms of cognitive content, richness of the message and strength of delivery. The scale was derived from systematic and detailed interviews and critical incident forms, and refined through a judging procedure and quantitative analysis, as suggested by DeVellis (2003).

In a study titled, “An Examination of the Factors Affecting the Development of Relational Trust Within Pseudonymous Cyberspace Communities’ by Lyons and Elizabeth (2004), the authors state that for the past 50 years researchers have found that informal, unmediated word-of-mouth communication (WOM) between individuals is the single most powerful influence shaping consumer behavior and accelerating the adoption of innovations. Until recently traditional
WOM channels have been limited primarily to friends, neighbours and colleagues. However, the emergence of the Internet enables information interchange to transcend physical, geographical and temporal boundaries thereby, exponentially expanding the reach and power of online personal communication networks.

According to a study titled, “Managing Word of Mouth Communication: Empirical Evidence from India” Ennew et. al., (2004) the financial service providers have considerable faith in a positive word of mouth communication as a means of attracting new customers and a variety of studies of customer choice of bank highlight the significance of personal recommendation. Given that financial services tend to be characterized by a predominance of experience and credence qualities, word of mouth communication is particularly valuable, providing the potential consumer with vicarious experience of the service under consideration. The impact of word of mouth is probably at its strongest when it originates from social contacts because of their greater perceived reliability. By its very nature, this form of communication is outside the formal control of an organization and yet its impact is such that the ability to influence or encourage word of mouth could be a powerful marketing tool.

Mitchell and Greatorex (1993) find that asking the advice of family and friends is important for most services and evidence furnished by Murray (1991) confirms that service consumers prefer the opinions and experiences of other comparable individuals in making service purchase decisions. Bharadwaj et al., (1993) argue that when buyers
cannot easily evaluate the qualities and value of the service or capabilities of the service provider, then reputation, stimulated predominantly through positive word of mouth, may serve as an important proxy for more detailed evaluation. They continue by stating that those services which are highly intangible, and therefore, high in experience and credence qualities, will find reputation an important potential competitive advantage. Katz and Lazarfeld (1995) highlight the role of opinion leaders as sources of WOM suggesting that proactive marketing targeted at such groups is one way of encouraging WOM. Customer referral campaigns (CRCs) are one of the most direct forms of managing WOM and promoting customer acquisition. These are campaigns based on providing an incentive to actual customers for referring and attracting new customers to the organization.

In a study titled, “Twitter power: Tweets as Electronic Word of Mouth” by J Jansen et. al., (2009) investigated micro blogging as a form of electronic word-of-mouth for sharing consumer opinions concerning brands. More than 150,000 micro blog postings containing branding comments, sentiments, and opinions were analyzed. The overall structure of these micro blog postings, the types of expressions, and the movement in positive or negative sentiment were investigated. The automated methods of classifying sentiment in these micro blogs with manual coding were compared. The range, frequency, timing, and content of tweets in a corporate account were analyzed using a case study approach. The research findings show that 19 percent of micro
blogs contain mention of a brand. Of the branding micro blogs, nearly 20 percent contained some expression of brand sentiments. Of these, more than 50 percent were positive and 33 percent were critical of the company or product. The comparison of automated and manual coding showed no significant differences between the two approaches. In analyzing micro blogs for structure and composition, the linguistic structure of tweets approximate the linguistic patterns of natural language expressions. It was found that micro blogging is an online tool for customer word of mouth communications and has implications for corporations using micro blogging as part of their overall marketing strategy.

In a study titled, “Early-Entrant Advantage, Word-of-Mouth Communication, Brand Similarity, and the Consumer Decision-Making Process” by Grewal et. al., (2003) the authors to better understand the competitive dynamics between an early and a later entrant, examined the extent to which word of mouth (WOM) regarding the later entrant and the later entrant’s similarity to the early entrant influences the consumer decision process. It was hypothesized that the influence of WOM and similarity depends on the nature of the decision-making task, which is theorized as either a stimuli-based or memory-based task. A 3-stage, sequential-logit model with 2 focal brands (the early and later entrants) was developed to test the influence of independent measures on the likelihood of (a) retrieval; (b) consideration, given retrieval; and (c) choice, given consideration for both the early entrant and the focal follower. Data from two experiments provides support for
the multistage conceptualization of the consumer decision process and demonstrated that the effects of WOM communication and similarity depend on the nature of the decision-making task.