CHAPTER 5

5. DISCUSSIONS

5.1: 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.

Data related to this objective was analyzed with the help of 3*3 factorial design ANOVA It was found that:

The F value of 3.035 for Retail service Quality is significant at 0.05 level with df equals to 2/991. It means there is a significant difference amongst poor, average, and good service quality in terms of Word of Mouth Communication.

i. Word of Mouth Communication score of Good Service Quality group was significantly higher than Average Service Quality Group and Poor Service Quality Group. Hence, it may be concluded that better the Service Quality better the Word of Mouth Communication.

ii. Word of Mouth Communication score of High Commitment group was significantly higher than Average Commitment Group and Low Commitment Group. Hence, it may be concluded that better the Customer Commitment better the Word of Mouth Communication.

iii. Retail Service Quality and Customer Commitment are independent from each other in terms of Word of Mouth Communication.

5.1.1. Retail Service Quality and Word of Mouth Communication
Communication

The results of the study revealed that there is a significant effect of retail service quality on word of mouth communication. This shows that WOM communication differs in case of good, average and poor retail service quality. As is to be expected good retail service quality generates better word of mouth. Or it can also be said that positive word of mouth is generated by good retail service quality in comparison with average or poor retail service quality. Modern looking equipments, physical features, cleanliness, convenience, quality of merchandise available, convenient parking, etc. were features responsible for positive word of mouth communication.

The importance of positive word of mouth communication cannot be undermined. The very fact that organizations lay a lot of stress on service quality to generate positive word of mouth is an indicator of the importance of word of mouth communication. Richins (1983) and Blodgett et al., (1993), have said that if grievances are not addressed properly customers tend to engage in negative word of mouth communication. Conversely, if high level of service quality is maintained it would lead to customer satisfaction generating positive word of mouth and a committed customer.

The study by Sam et al., (2007) talks about how direct and indirect word of mouth communication about service quality impacts new
customer acquisition and retention. The study described that negative word of mouth effect is twice as high as compared to positive word of mouth communication. The study also found that positive word of mouth leads to increased adoption behaviour. Good service quality leads to new customer acquisition and more customers are acquired by word of mouth than through advertising. Consumers adopt the new service or product on hearing a good word about the product/service. The study quantified that a 10 percent increase in service quality leads to a 7 percent increase in customer lifetime value.

A study on relationship between service quality and behavioural outcomes of hospital consumers established links between service quality and behavioural outcomes of consumers. The authors investigated dimensions of service quality affecting consumer satisfaction in a hospital, re-patronage and indulgence in positive word of mouth. People seeking hospital services are constrained by their lack of knowledge and dependence on professional expertise (Calnan, 1995). Hence, hospital consumers depend on positive word of mouth opinion while choosing a hospital service.

It has been found that consumer satisfaction stems from service quality which in turn affects word of mouth. Previous purchasing experiences determine consumer satisfaction or dissatisfaction and this in turn leads to positive or negative word of mouth communication (Blodgett et al., 1993; Brown and Beltramini, (1989);
Richins, 1983 and Wilson and Peterson, 1989). Solicited information or felt need for information by the consumer was the most important stimuli for word of mouth communication. The research indicated that a high level of satisfaction/dissatisfaction stimulated positive or negative word of mouth communication. The receiver felt a strong need to know about the service/product. It also helped if there was coincidental talk about the subject.

5.1.2. Customer Commitment and Word of Mouth Communication

The factors responsible for customer commitment were prompt service, error-free transactions, individual attention, and courteousness of the staff, handling customer complaints promptly and appropriately. The committed customers felt that this was the best service store and were proud to use the services/merchandise the store offered. The sense of commitment also stemmed from the fact that customers felt if they decided to stop doing business with that store they would give up a lot. According to Tsao, et. al., (2012) customer satisfaction affects positively customer commitment, customer satisfaction leads to customer trust leading to customer commitment, and customers will only spread positive word when their satisfaction or trust is converted to customer commitment.

Samson-Alain (2006) proposed that services in high commitment sectors need to be more sensitive to word of mouth communication as
this may have effect on purchase decisions by potential consumers. More specifically negative word of mouth would be more predictive of the impact of word of mouth from both customer retention (loyalty) and acquisition perspective. A satisfied customer need not be more loyal (Matos et. al 2007; Reichfield 1994). Affective commitment is positively related to word of mouth communication, but high sacrifice commitment is not related to word of mouth communication (Walker-Harrison, 2001).

The present study has found that there is no impact of combined interaction of two variables namely service quality and customer commitment on word of mouth communication. Though both the variables customer commitment and retail service quality are important in generating word of mouth individually, in combination there is no significant contribution.

A study by Wang, et. al., (2013) titled Creating Positive Word-of-Mouth Promotion through Service Recovery Strategies shows how customer relations improve through service recovery strategies, improving service quality, leading to customer commitment and in turn generating positive word of mouth. The results in this study showed that if consumers perceive justice done to them, it leads to commitment which in turn leads to positive word of mouth. Another study by Lang, and Bodo, (2011) endorses that word of mouth communication; satisfaction and service quality are inextricably linked.
The results of study by Chenet, et. al, 2010 indicated that service quality had an impact on trust, differentiation, and relationship outcomes. Trust was found to drive service differentiation. Differentiation in turn drove commitment which ultimately had an impact on both satisfaction and word of mouth. The findings clearly show the importance of service differentiation in achieving high levels of relationship commitment and ultimately satisfaction and positive word of mouth.

5.2: 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.

Data related to study the effect of demographics (Income, Age, Gender), and their impact on Word of Mouth Communication was analyzed with the help of 3x2x2 Factorial Design ANOVA.

5.2.1: Income

The F value of 0.605 for income was not significant at 95 percent level of significance. It means Income did not produce significant effect on Word of Mouth Communication. Analysing the objective effect of income, age and gender on word of mouth communication, the study found that there was no significant effect of income on word of mouth communication. Any individual, irrespective of income group, can have and does give an opinion related to product/ service. This is because an individual would like to share information within his/her
social circle. Irrespective of income and age group these stem from the shopping experiences. Whether it was a joyful experience while shopping, whether there is satisfaction with the products/services purchased. The need for information sharing arises when an individual finds quality in his/her purchase decisions. Giving information to a social acquaintance and thereby, helping in the shopping experience of the acquaintance becomes a satisfying experience.

The findings of the present study were contrary to the work supported by Paridon et. al., (2006) that income level should influence word of mouth communication. The findings indicated that social self-confidence mediates the effects of pleasure while shopping on word of mouth communication. However, the findings involving the effects of confidence on word of mouth communication were inconclusive. According to US Adults word of mouth communication study (March 2006), low income households are less likely to convey positive word of mouth regarding business experiences.

5.2.2: Age

The F value of 9.96 for age is significant at 0.01 level with df equals to 1/998. It means Age produced significant impact on Word of Mouth Communication. Buying is a process that is not done in isolation. Family, friends, workmates, neighbours all help in making buying decisions. The older people need information about products and services more because they are at the innovator or early adopter stage. They are helped by ‘people spreading the word’. Mangold et. al.,
(1991) report that seeking information is the dominant stimulus for word of mouth communication.

Ruddle et. al., (2002) identified the information needs of older people as crucial. The authors contend that the older people ‘must possess information relating to what services are available to them so that they can make informed decisions and be directed to the service that is most appropriate to their needs. Older people need information to make decisions (Dunning 2005). Asla (2006) found that as people age they become selective in the type and sources of information that they seek. Older people prefer to receive information in person (Tinker et. al., 1993 and Barrett, 2000). Personal word of mouth from friends, family members, is the consistently cited source of information regarding service decisions or product decision is what the older people are seeking (Wicks, 2004; Tinker, 1993; Williamson, 1995; Williamson, 1998 and Barrett, 2005).

5.2.3: Gender

The F value of 0.110 for Gender is not significant. It means that gender did not produce significant effect on Word of Mouth Communication. According to US Adults word of mouth communication study (March 2006), women are more likely to convey positive word of mouth. Market mavens have a lot of information about different products and shopping venues. They are also likely to start discussion on market/shopping related information with other consumers. According to wom-study.blogspot studies have found that females are more likely to
be market mavens. Hence, a lot of attention is paid to females.

Wiedmann, et. al., (2001) replicated the use of market maven scale, based on information such as, whether people ask them for information, whether they like introducing new products to friends, whether they are perceived as good source of information for new products or sales, concluded that market maven trait is equally relevant to both men and women. Word of mouth is an important source of information from credible sources, peers, reference groups (Murray, 1991 and Richins 1993). The question whether the biological sexes of the word of mouth communicator have any impact on the type of information generated and received was studied by a number of researchers. The study results by Deanna (2006), shows both sexes give equal weightage to information when forming product judgements. The present study also revealed that word of mouth communication is similar for both male and female.
5.2.4: Income and Age

The F value of 0.199 for Income and Age in the current study is not significant at 95 percent level of significance. It means that the interaction between income and age did not produce significant effect on Word of Mouth Communication.

5.2.5: Income and Gender

The F value of 0.229 for interaction between Income and Gender is not significant. It means that interaction between Income and Gender did not produce significant effect on Word of Mouth Communication.

5.2.6: Age and Gender

The F value of 3.70 for interaction between Age, Gender is not significant. It means that interaction between age and gender did not produce significant effect on Word of Mouth Communication.

5.2.7: Income, Age and Gender

The F value of 0.418 for interaction between Income, Age, and Gender is not significant at 95 percent level of significance. It means that interaction between Income, Age and Gender did not produce significant effect on Word of Mouth Communication. According to the current study findings income and age were independent from each other, income and gender were independent from each other and age and gender were independent from each other, and income, age and
gender were independent from each other in terms of word of mouth communication. Word of Mouth is an interpersonal interaction between two parties—a sender and a receiver, it is common in daily conversations, involuntary in nature, and it is not a commercial activity (Lampert and Rosenberg 1975).

5.3: Sub-objective 2-b1: To Study the Effect of Geographical Variable on Retail Service Quality among Retail Customers.

Data related to this was analyzed with the help of one way ANOVA. The F value of 14.21 for Retail Service Quality is significant at 0.01 level with df equals to 4/999. It means Retail Service Quality is significantly different across five cities.

i. Mumbai is significantly higher in Retail Service Quality than Kolkata, Hyderabad and Indore.

ii. New Delhi is significantly higher than Hyderabad and Indore and Kolkata is significantly higher than Hyderabad in terms of Retail Service Quality.

iii. There is no significant difference between Mumbai and New Delhi, and Hyderabad and Indore.

iv. Hence, it may be concluded that in terms of Retail Service Quality the cities may be ranked as: a) Mumbai, b) New Delhi, c) Kolkata, d) Indore, e) Hyderabad.
5.3.1: Retail Service Quality across Five Cities

Big cities have more and better goods and better shopping environment than smaller cities. The range of goods in bigger cities due to reach, purchasing power is better in bigger cities making the shopping experience better. The aspirations and expectations of the communities are more, hence, retailers have to improve their shopping environment. In word of mouth communication Mumbai ranked fifth, while in retail service quality it stood first. The study concluded that in terms of retail service quality the cities were ranked as follows:

1. Mumbai
2. New Delhi
3. Kolkata
4. Indore
5. Hyderabad

It means that the retail service quality was of more importance in tier 1 cities as compared to tier 2 cities. This could be assigned to hygiene factors that what is acceptable in tier 2 cities would not be acceptable in tier 1 cities. Customers have a lower tolerance for ineffective service. Service defects may lead to loss of customer patronage as service recovery efforts may not be enough to retain them. Customers in tier 2 cities tend to have higher tolerance levels and lower quality expectations. An emphasis on technology,
breakthrough service, timely response, a pursuit of continuous improvement, and a proactive effort could be crucial to establishing reliability and responsiveness in a tier 1 city. That is why service providers launch a six sigma service standard to virtually eliminate service defects. By contrast, a greater emphasis on merely good service, and periodic improvement when possible, with a strong recovery effort can work well as a development strategy for services in developing markets.

Nevertheless, both tier 1 or tier 2, service firm marketers are aware that quality superiority provides significant strategic advantages such as customer loyalty, responsiveness to demand, market share growth, and greater productivity. Marketers of services realize that to successfully leverage service quality as a competitive edge, they first need to correctly identify the antecedents of what the consumer perceives as service "quality". Parasuraman et al. (1985, 1988) have developed a framework providing widely cited and applied dimensions of service quality. Subsequent studies have identified culture as a key variable influencing the significance of these antecedents and the magnitude of their effect on service quality (for example, Edvardsson et al., 1989; Stauss and Mang, 1999 and Winsted, 1997a, b). The link between these dimensions and Hofstede's characterization of cultures is examined by other studies such as Donthu and Yoo (1998), Malhotra et al (1994) and Kettinger et al., (1995). Because service encounters are first and foremost social encounters (McCallum and Harrison, 1985), rules and expectations
related to service encounters should vary considerably across culture. Due to cultural and environmental differences, consumers of services in different cities may have different perceptions of what service quality is. Service marketers need to be sensitive to the variation that consumers will bring into a service encounter in different cultures (Wener, 1985).

Therefore, recent research, for example, has focused on industries like hotels (Mattila, 1999), banking (Furrer et al, 2000; Witkowski and Wolfinbarger, 2000), and restaurants (Winsted, 1997a, b), and compared the different environments of Thailand and Japan (Witkowski and Wolfinbarger, 2000), and Mexico and the USA (Herbig and Genestre, 1996). Their results generally indicate that due to these environmental contrasts international service marketers who seek to develop international service standards may not succeed.

In addition to utilizing Hofstede’s cultural classifications, Malhotra et al. (1994) identify other influences on services quality dimensions such as the level of economic development, citing that economic and socio-cultural differences will affect customer perceptions of service quality. In their non-empirical work, Malhotra et al., (1994) develop a number of insightful hypotheses. Specifically, the authors note that service quality dimensions of courtesy, credibility, and communication are related to Hofstede's cultural dimensions of individualism/collectivism and power distance. The authors also suggest that service quality dimensions such as reliability, access and
the understanding of the customer are related to factors of economic development such as affluence, competition, education, infrastructure, and technology. Essentially, their hypotheses propose that environmental factors like culture, communication infrastructure, education, technology, and economic development significantly explain the differences between developed and developing countries in terms of the service quality dimensions.

Quality is a key business performance and strategic driver (Lai and Cheng, 2005) and is related to increased consumer loyalty and higher profits (Backman and Veldkamp, 1995; Dagger and Sweeney, 2006; Mittal and Kamakura, 2001; Rust et al., 2000; Verhoef, 2003 and Zeithaml and Bitner, 2000). Positive service quality perceptions lead to higher levels of satisfaction and value perceptions and subsequently attitudinal and behavioural loyalty with the organisation and its services (Burton et al., 2003; Dagger et al., 2007; Keillor et al., 2007; Lee et al., 2007; Olorunniwo et al., 2006; Spreng and Chiou, 2002). Delivering a high quality of service has, thus, become a strategic imperative for satisfying and retaining customers (Cronin and Taylor, 1992; Ennew and Binks, 1996; Lee et al., 2000; Ting, 2004; Venetis and Ghauri, 2004 and Akroush, 2008).

Though a large number of studies have been conducted into the dimensions of service quality, there are significant variations in the dimensionality of the service quality construct based on the research settings (Babakus and Boller, 1992 and Carman, 1990). The number of dimensions of the construct and their effect on behavioral
outcomes are context-dependent (Cronin et al., 2000), and most of the
research on service quality has been done in the developed countries
(Herbig and Genestra, 1996). Services are among the fastest growing
sectors in emerging countries (Malhotra et al., 1993), and research on
service quality in banks has been largely in the context of US and
European banking institutions, due to which there is a significant
gap in the service marketing literature on how consumers evaluate
service quality in contexts and cultures of developing countries.

According to Heskett et al., (1990) and Dawkins and Reichfield (1990),
it is all about consistently delivering high value at low prices and
delivering superior value to consumers at all times. This is also the
essence of running a successful business according to them. Zeithaml
(1998), talks about value as being more personal than quality and
hence, rates it as a higher concept than quality, which is measurable.
From a customer satisfaction perspective, it is important to receive
value for money. This is also dependent on perceived value (Heskett
et. al 1997). It is a researched fact that there is a link between
perceived service quality and business performance. Quality is critical
as it has impact on repurchase intentions of customers more so in B2B
marketing of services (Gounaris 2005). This link between service
quality and repurchase intentions has time and again been established
in marketing literature (Zeithaml et.al., 1996; Kordupleski et. al., 1993;
Spreng et. al., 1996; Cronin and Morris, 1989; Dawkins and Reichfield,
1990). To obtain loyalty, a firm needs to provide greater value than the
competitors. Terms like customer loyalty, satisfaction, switching
costs, customer value are significant in B2C marketing. (Lam et al., 2004), (Dubrovski 2001), (Schneider and Bowen 1995) and (Cronin and Morris 1989) established that quality is positively correlated to repurchase.

5.4: Sub-objective 2-b2: To Study the Effect of Geographical Variables on Word of Mouth Communication among Retail Customers.

Data related to this study was analyzed with the help of one way ANOVA. The following were the results:

The F value of 5.205 for Word of Mouth Communication is significant at 0.01 level with df equals to 4/999. It means that Word of Mouth Communication is significantly different across five cities.

i. New Delhi, Hyderabad and Indore are significantly higher in Word of Mouth Communication than Mumbai.

ii. There is no significant difference between Mumbai and Kolkata, Kolkata and New Delhi, Kolkata and Hyderabad, Kolkata and Indore, Delhi and Hyderabad, Delhi and Indore, and Hyderabad and Indore.

iii. Hence, it may be concluded that in terms of the Word of Mouth Communication the cities may be ranked as 1) Indore, 2) New Delhi, 3) Hyderabad, 4) Kolkata and 5) Mumbai.

5.4.1: Comparison of Word of Mouth Communication across Five Cities
According to the study in terms of word of mouth communication the cities were ranked as:

1. Indore
2. New Delhi
3. Hyderabad
4. Kolkata
5. Mumbai

The reasons that could be behind Indore ranking as number one could be that people in Indore are more social, have more time, have more opportunities to interact, are closer knit. In small town communities people share a close relation with each other. Word of mouth plays a crucial role and small town entrepreneurs benefit from this. Irrespective of the type of city, tier 1 or tier 2, brand consciousness is sweeping the country and is very high. Indian consumers are coming out of saving and indulging themselves in consumerist culture. People in small towns are getting brand conscious. Higher disposable income and higher aspirations of small town inhabitants have created a huge market for major brands. They are ready to experiment. The implication for retailer here is that a small town retailer can benefit from the word of mouth by maintaining close relation with the customer base.
People living in tier 2 cities mention the name of the service organization in great detail and talk about good things in the organization quite frequently vis-a-vis people living in tier 1 cities where the life is fast paced and people do not have opportunity and neither the inclination to talk about their service encounters.

Word-of-mouth can be defined as an informal communication by parents, friends, relatives or any third person about any product or services. People often rely on informal communication sources in making purchase decisions because unlike formal sources, the sender is perceived as having nothing to gain from the receiver's subsequent actions. For that reason, word-of-mouth communications tend to be highly persuasive (Schiffman and Kanuk, 2005).

Shopping ranks among the popular activities in Mumbai and is an integral part of their lifestyle. Though there are high end shopping malls offering diverse shopping experience, people refrain from talking about the same as they have no time and their social life is restricted due to hectic schedules.

Culture is often cited as the variable having the greatest impact on buyer behaviour. It is important for service organizations to understand how culture impacts the buying behaviour of the purchasers of services (Rao and Seshadri 1996, Nakata and Sivakumar 2001, and Verhage, et al., 1990). Researchers indicate that the
potential for cultural problems is greater for service marketers than it is for goods manufacturers (Samiee 1999; Javalgi and White 2002; Berthon, et al., 1999; Reardon, et al., 1996; Fugate and Zimmerman 1996; Stauss and Mang 1999; Swift 1999; Lovelock 1999; Lovelock 1996; Van Birgelen de Ruyter and Wetzels 2000). Reasons for services potentially having more culturally related problems than goods include the increased interaction between suppliers and buyers that are typically required with services due to their intangible nature, greater quality control issues with services, difficulties in evaluating service quality, and differences in services use patterns across cultures (Bolton and Myers 2003, Stauss and Mang 1999, and Lovelock 1996).

Several researchers indicate that cultural differences are associated with buying behavior differences (Rao and Seshadri 1996; Money, Gilley and Graham 1998; Hewett, and Money and Sharma 2006). Two of the most widely accepted cultural frameworks in marketing and international business research, are Hofstede’s (1980) cultural dimensions and Hall’s (1976) context paradigm (Laroche et al., 2004. Cultural context, which was introduced by Hall (1976), places countries along a continuum from low to high context cultures. Individuals in low context cultures tend to rely on explicit communication (spoken or written), whereas individuals from high context cultures rely both on explicit and implicit communication. Implicit information may include the roles of the sender and receiver and the setting of the communication. Since buyers in low context and high context cultures process communication differently cultural
context does impact an organization marketing strategy when approaching different cultures (Roth, 1992).

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

Data related to study the impact of Customer Commitment on Word of Mouth Communication among retail customers across five cities was analyzed with the help of one way ANOVA. The F value of 0.677 for Customer Commitment is not significant. It means that Commitment is not different across five cities.

i. Customer Commitment is not different across five cities.
ii. There is no significant effect of location on Customer Commitment

5.5.1: Customer Commitment

The results of the analysis reveal some expected and some unexpected findings. First, of the two forms of commitment, only Affective Commitment appears to be positively related to WOM. The relationship between Affective Commitment and WOM Praise may be explained by reason that both are attitudinal measures (Porter et al. 1974), involving "liking" or "disliking." It stands to reason that if an individual stays with an organization because he or she likes the organization, then any WOM communication that takes place should be favourable.

Alternatively, High Sacrifice Commitment is identified as a
behavioural measure (Becker, 1960) that involves staying with an organization because of the costs or difficulties associated with making a change (Becker 1960; McGee and Ford 1987; Meyer et. al., 1989). An individual high in High Sacrifice Commitment may or may not like the organization; therefore, no significant impact on the favourableness of the communication is expected.

The findings regarding the relationships between the two commitment constructs and WOM Activity were also as expected. An individual who is high on Affective Commitment is motivated to actively engage in behaviours that would help the employing organization achieve its goals (Mayer and Schoorman, 1992). The current research finds, as expected, that Affective Commitment is positively related to WOM Activity. On the other hand, an individual who is high on High Sacrifice Commitment is motivated to remain passively with an organization (Mayer and Schoorman 1992), doing little more than the minimum required (Mowday, et al., 1982). As predicted, High Sacrifice Commitment was not found to have a significant impact on WOM Activity. The findings regarding the relationships between the two forms of commitment and WOM Activity held true for both of the industries examined.

5.6: Sub-objective 2-c2: To Study the Impact of Retail Service Quality on Word of Mouth Communication among Retail Customers across Five Cities.
Data related to study the impact of Retail Service Quality on Word of Mouth Communication among retail customers was analyzed with the help of Multiple Regression. It was observed that R square is 0.402; it means that the joint contribution of Retail Service Quality and Customer Commitment is 40 percent in predicting Word of Mouth Communication. The F value is significant means that these two variables are contributing significantly. Further, the standardized Beta coefficients are 0.69 for Customer Commitment and 0.13 for Retail Service Quality. It indicates that Customer Commitment is a better contributor than Retail Service Quality.
5.6.1: Contribution of Customer Commitment and Retail Service Quality in Predicting Word of Mouth Communication.

Customer Commitment and Retail Service Quality are both contributors of Word of Mouth Communication. Retail service quality forms the basis of customer commitment since good retail service quality attracts customers and makes the customer committed. Therefore, consistency in retail service quality is must for retail outlets. Once consistent retail service quality becomes a culture in retail outlets then they have to focus on customer commitment part which is an external factor. Therefore, to convert a customer to a committed customer is difficult. The retail outlets that are able to achieve consistent retail service quality and on the basis of this if they are able to achieve customer commitment then certainly they will enjoy better word of mouth. Retail service quality is an internal element hence, controllable. Customer commitment is external hence, difficult to control. Organizations should make strategies to improve retail service quality and later concentrate on various strategies related to customer commitment. Importantly service differentiation is a managerially controlled variable that firms can use to influence relationship outcome (Chenet, et. al, 2010)
5.6.2: Customer Commitment and Retail Service Quality and its effect on Word of Mouth Communication.

Interestingly, the effect of service quality on word-of-mouth communication appears to be industry dependent. A distinction is made between word-of-mouth activity and word-of-mouth praise. A widely accepted notion in consumer behaviour is that word-of-mouth (WOM) communication plays an important role in shaping consumers' attitudes and behaviours (Brown and Reingen 1987). In fact, several studies suggest that favourable WOM is the ultimate product success factor (Day 1971; Katz and Lazarsfeld, 1955; also Katona and Mueller 1954; Kiel and Layton 1981; Murray 1991 and Price and Feick 1984). Murray (1991) explained that this is because personal sources are viewed as more trustworthy. Arndt reported that persons predisposed to purchase (who, in fact, purchased the new product) were more likely to receive favourable WOM from others. Service quality is positively related to WOM praise.

The findings regarding Service Quality as an antecedent of WOM Activity and WOM Praise were also as expected when tested using data from the veterinary industry. That is, the level of perceived service quality positively affects the favourableness of an individual's WOM communication. Also, when service quality is low, consumers are more likely to engage in WOM communication with more people, more often, and in greater
detail. In other words, consumers are more likely to actively engage in WOM communication when service quality is low, perhaps in an attempt to warn others and protect them from experiencing similar problems with the service provider.

In case of hair salon industry, Service Quality did not significantly affect either WOM activity or WOM Praise. However, in both cases, the effects are in the hypothesized direction. The effect of Service Quality is negative on WOM Activity and positive on WOM Praise. Why, then, would Service Quality play a significant role in stimulating word-of-mouth communication in the veterinary industry, but not in the hair salon industry. The reason may have to do with the qualities that characterize each service. Veterinary services are high in credence qualities (Lovelock 1991). When services are high in credence qualities, consumers often find it impossible to evaluate the outcome quality of a service, even after the service has been completed (Lovelock 1991). Few consumers possess the medical skills to evaluate whether veterinary services are necessary or have been performed properly. Difficulty in evaluation "forces consumers to rely on different cues and processes when evaluating services" (Lovelock 1991). Thus, a measure of the service process (e.g., SERVQUAL) becomes an important determinant of WOM communication and affects WOM Praise as well as WOM Activity.

Hair salon services are high in experience qualities (Lovelock 1991). When services are high in experience qualities, consumers are able to evaluate the service quality, either after or
during service consumption. For example, most consumers will be able to evaluate the quality of a haircut or a hair colour once the service is completed. Thus, the service quality evaluation is made based on the outcome of the service, rather than on the process of delivery. Service outcomes are not measured by the service quality scale used in the current research. Richard and Allaway (1993) empirically concluded that using process as well as outcome measures of service quality serve as better predictors than process or outcome alone.

5.6.3: Service Quality

The relationship between service quality and WOM activity is less clear. Although high service quality should lead an individual to engage in behaviours that are beneficial to the firm (Boulding et. al., 1993), WOM activity may actually be greater at lower levels of service quality. Previous research results suggest that sources connect with more receivers when consumers are dissatisfied than when consumers are satisfied. For example, the Technical Assistance Research Programs, Inc. (TARP, 1982) study of Coca Cola customers found that customers who found their complaints were not adequately resolved told a median of 9 to 10 people, whereas, those who felt satisfied told a median of 4 to 5 people. Richins (1984) argued that people are more likely to communicate negative attitudes to more people than positive attitudes (see also Farber and Wyckoff 1991). This implies greater activity when consumers are dissatisfied with
the service quality they receive.