



AN EMPIRICAL STUDY ON CUSTOMER SATISFACTION TOWARDS SERVICE QUALITY OF DEPARTMENTAL STORES IN HYDERABAD KARNATAKA REGION

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ABSTRACT:

Customer satisfaction has become a critical factor for the success and sustainability of businesses in today's competitive retail environment. In the context of departmental stores, customer satisfaction is often determined by the quality of services provided, which encompasses various factors such as product availability, store environment, staff behavior, and overall shopping experience. This empirical study investigates the relationship between service quality and customer satisfaction in departmental stores within the Hyderabad Karnataka region, a region characterized by diverse socio-economic demographics and a blend of urban and rural customers. The study employs the SERVQUAL model to assess the five dimensions of service quality—tangibility, reliability, responsiveness, assurance, and empathy—and their impact on customer satisfaction. A structured questionnaire was administered to 500 customers across various departmental stores in both urban and rural areas of the Hyderabad Karnataka region. The questionnaire focused on capturing customer perceptions regarding service quality and overall satisfaction.

Findings from the study reveal that reliability and responsiveness are the most significant factors influencing customer satisfaction in both urban and rural areas. However, differences were noted between the two segments, with urban customers placing greater emphasis on the efficiency of services and technological integration, whereas rural customers valued personalized service and staff interactions. The study also identifies that tangibility and assurance are critical for urban customers, while empathy plays a dominant role in customer satisfaction in rural areas. The study concludes by offering practical recommendations for departmental stores in the region to enhance their service quality and customer satisfaction. These include focusing on consistent product availability, improving staff training, fostering personalized customer interactions, and adopting region-specific service strategies that align with the distinct expectations of urban and rural customers.

KEYWORDS : Customer Satisfaction, Service Quality, Departmental Stores, Hyderabad Karnataka Region, SERVQUAL Model, Retail Service Quality, Customer Perception, Retail Strategy.

INTRODUCTION:

In the modern retail landscape, customer satisfaction has emerged as a critical determinant of business success, particularly in the highly competitive environment of departmental stores. Customers

today have a variety of options available to them, and their loyalty is increasingly influenced by the quality of service they receive. Departmental stores, which offer a wide range of products under one roof, are expected not only to provide product variety and competitive pricing but also to deliver superior service that meets or exceeds customer expectations. Service quality plays a pivotal role in shaping the overall shopping experience. It encompasses multiple dimensions, including tangibility, reliability, responsiveness, assurance, and empathy, which collectively influence how customers perceive and evaluate the service they receive. The widely recognized SERVQUAL model, developed by Parasuraman, Zeithaml, and Berry, provides a structured framework to assess these dimensions and their impact on customer satisfaction.

The Hyderabad Karnataka region, comprising districts such as Kalaburagi, Bidar, Raichur, and Yadgir, presents a unique context for studying customer satisfaction in retail. The region has a diverse socio-economic composition, with both urban and rural populations exhibiting distinct shopping behaviors, expectations, and preferences. Urban customers in this region often seek efficiency, variety, and modern retail facilities, while rural customers prioritize personal attention, product accessibility, and value for money. This diversity makes it essential to understand the specific factors that drive customer satisfaction in departmental stores within this region. The primary objective of this study is to empirically examine how service quality influences customer satisfaction in departmental stores in the Hyderabad Karnataka region. By focusing on both urban and rural customers, the study aims to identify the service quality dimensions that are most significant in shaping customer perceptions, loyalty, and repeat business. Furthermore, it seeks to highlight regional variations in customer expectations and experiences, providing actionable insights for retailers to enhance their service delivery. Understanding these dynamics is crucial for departmental stores that wish to maintain a competitive edge in the region. Improving service quality not only fosters customer satisfaction and loyalty but also contributes to positive word-of-mouth and long-term profitability. The insights gained from this study are intended to guide retailers in tailoring their service strategies to meet the specific needs of customers in the Hyderabad Karnataka region, thereby improving overall retail performance.

AIMS AND OBJECTIVES:

Aims

The primary aim of this study is to empirically examine the relationship between service quality and customer satisfaction in departmental stores located in the Hyderabad Karnataka region. The study seeks to identify the key dimensions of service quality that significantly influence customer satisfaction and to understand how regional factors, including urban and rural differences, shape customer perceptions in the retail sector.

Objectives

1. To assess the level of customer satisfaction among shoppers in departmental stores across the Hyderabad Karnataka region.
2. To evaluate the perceived service quality in these stores using the SERVQUAL model, focusing on the five dimensions: tangibility, reliability, responsiveness, assurance, and empathy.
3. To identify the most significant service quality dimensions that influence customer satisfaction in both urban and rural areas of the Hyderabad Karnataka region.
4. To examine regional variations in customer expectations and satisfaction levels, highlighting differences between urban and rural customer perceptions.
5. To analyze the relationship between service quality and overall customer satisfaction, determining how each dimension contributes to the shopping experience.

REVIEW OF LITERATURE:

The SERVQUAL model, developed by Parasuraman, Zeithaml, and Berry (1988), is one of the most widely applied frameworks for measuring service quality across industries, including retail. The model identifies five key dimensions of service quality: tangibility, reliability, responsiveness, assurance, and empathy, which collectively shape customers' perceptions and satisfaction. Tangibility pertains to the physical appearance of the store, products, and staff; reliability refers to the ability of the store to deliver promised services consistently; responsiveness measures the willingness of staff to assist customers promptly; assurance reflects the competence, courtesy, and trustworthiness of employees; and empathy refers to the attention and personalized care provided to customers. Several studies have emphasized the strong relationship between service quality and customer satisfaction. Zeithaml, Berry, and Parasuraman (1996) highlighted that higher perceived service quality positively influences customer satisfaction, which in turn drives customer loyalty and repeat patronage. Similarly, Boulding et al. (1993) pointed out that service quality directly affects customer perceptions, expectations, and behavioral intentions. In the retail context, Dabholkar, Thorpe, and Rentz (1996) developed a scale specifically for departmental stores, demonstrating that service quality dimensions significantly affect customer satisfaction and overall shopping experience. Research conducted in the Indian retail sector indicates that customer expectations and perceptions differ across urban and rural areas. Soni and Mehta (2015) observed that urban customers often prioritize store efficiency, product variety, and technological integration, while rural customers place greater importance on personal attention, staff interaction, and product accessibility. Similarly, Ravi and Ramani (2016) found that price sensitivity and value-for-money perceptions are critical determinants of satisfaction in Indian departmental stores, particularly in semi-urban and rural regions.

Employee behavior and staff competence have also been identified as key drivers of satisfaction in retail stores. Well-trained, knowledgeable, and courteous employees enhance customers' confidence and create positive experiences, as highlighted by Kotler (2003). Empirical studies suggest that responsiveness and empathy from staff contribute to higher satisfaction levels, especially in smaller stores where personal interaction is more frequent. The physical environment of the store, including cleanliness, organization, layout, and aesthetics, also affects customer satisfaction. According to Bitner and Zeithaml (2003), tangibility influences customer perceptions of service quality and store image, and a well-maintained, organized store positively impacts satisfaction. In departmental stores, where customers browse multiple sections, the store environment can play a decisive role in shaping their overall shopping experience. Despite extensive research on service quality and customer satisfaction in metropolitan retail settings, there is limited empirical evidence focusing specifically on the Hyderabad Karnataka region. This region presents a mix of urban and rural demographics with unique socio-economic and cultural characteristics, making it necessary to investigate how customers perceive service quality and how it impacts their satisfaction in this specific context. Understanding these regional dynamics can help departmental stores tailor their services to meet local customer expectations, enhance satisfaction, and improve loyalty.

RESEARCH METHODOLOGY:

This study aims to assess the impact of service quality on customer satisfaction in departmental stores across the Hyderabad Karnataka region. The research methodology adopted for this study is descriptive and quantitative in nature, focusing on collecting data that is objective, measurable, and representative of customer experiences in retail settings. The methodology follows a structured approach to ensure reliable and valid results. The study employs the SERVQUAL model as a framework to evaluate the dimensions of service quality—tangibility, reliability, responsiveness, assurance, and

empathy—and their relationship with customer satisfaction in departmental stores. To gather relevant data, a survey-based approach was chosen, using a structured questionnaire designed to capture both customer perceptions of service quality and their overall satisfaction with the shopping experience. Data is collected from customers visiting departmental stores located in both urban and rural areas within the Hyderabad Karnataka region. A sample size of 500 respondents is selected, ensuring representation from a diverse demographic, including variations in age, gender, income levels, and shopping frequency. The sample is split evenly between urban and rural customers to account for regional differences in expectations and experiences.

A stratified random sampling technique is used to ensure that the sample is representative of different store types, customer demographics, and geographical areas. Respondents are asked to rate their experiences across various service quality dimensions, using a Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The questionnaire includes both closed-ended and open-ended questions to capture quantitative data as well as qualitative insights from participants. The data collected is analyzed using statistical techniques such as descriptive statistics, reliability analysis, and regression analysis. Descriptive statistics are used to summarize the demographic profile of respondents and the levels of customer satisfaction. Reliability analysis is conducted using Cronbach's Alpha to assess the consistency and internal reliability of the SERVQUAL dimensions in the context of departmental stores in the Hyderabad Karnataka region. To evaluate the relationship between service quality and customer satisfaction, regression analysis is employed to determine the strength and significance of the association between the five dimensions of service quality and overall customer satisfaction. ANOVA (Analysis of Variance) and t-tests are applied to compare customer satisfaction levels between urban and rural respondents, as well as between large departmental stores and smaller local retail outlets.

STATEMENT OF THE PROBLEM:

In the contemporary retail landscape, customer satisfaction has become a critical determinant of success and sustainability for departmental stores. As competition intensifies, retailers are increasingly focusing on improving service quality as a strategy to meet or exceed customer expectations. However, despite the growth of departmental stores in the Hyderabad Karnataka region, there is a noticeable gap in understanding the specific factors that influence customer satisfaction and service quality in this particular context. The Hyderabad Karnataka region, encompassing cities such as Kalaburagi, Bidar, Raichur, and surrounding areas, is characterized by a diverse population with distinct socio-economic and cultural backgrounds. This diversity contributes to varying customer expectations, shopping behaviors, and service quality perceptions. While urban consumers tend to seek efficiency, variety, and modern retail experiences, rural consumers place a higher value on personalized service, product availability, and value for money. Despite these regional differences, there is limited empirical research that explores how service quality dimensions, such as reliability, tangibility, responsiveness, assurance, and empathy, shape customer satisfaction in departmental stores across both urban and rural areas of the Hyderabad Karnataka region.

Additionally, although departmental stores are expanding rapidly, many retailers still face challenges in delivering consistent and high-quality service that aligns with customer expectations. There is a lack of understanding about which specific dimensions of service quality are most influential in driving customer satisfaction and loyalty in this region. Without this knowledge, retailers may fail to meet the unique demands of their customer base, potentially leading to dissatisfaction, low retention rates, and lost business opportunities. Thus, the central problem of this study is the lack of comprehensive understanding regarding the relationship between service quality and customer satisfaction in departmental stores in the Hyderabad Karnataka region. The study seeks to identify the

critical service quality factors that impact customer satisfaction and to examine any regional differences between urban and rural customers in terms of their perceptions of service quality. By addressing this gap, the study aims to provide actionable insights that can help departmental stores enhance their service offerings, improve customer satisfaction, and gain a competitive advantage in the retail market.

DISCUSSION:

The findings of this study provide significant insights into how service quality influences customer satisfaction in departmental stores within the Hyderabad Karnataka region, a region characterized by both urban and rural demographics with distinct socio-economic characteristics. The study's analysis, based on the SERVQUAL model, examined the five key dimensions of service quality—tangibility, reliability, responsiveness, assurance, and empathy—and their relationship with customer satisfaction. The results highlight important trends, challenges, and implications for departmental stores operating in this region.

Tangibility and Customer Satisfaction

The study reveals that tangibility, which encompasses the physical environment of the store, such as cleanliness, store layout, product display, and staff appearance, plays a crucial role in influencing customer satisfaction, particularly in urban areas. Customers in cities like Kalaburagi, Bidar, and Raichur expect departmental stores to maintain a clean, well-organized, and aesthetically pleasing environment. Store ambiance, including lighting, organization of products, and the appearance of employees, was found to significantly impact how customers perceive the store and, consequently, their level of satisfaction. However, in rural areas, while tangibility was still important, customers were generally more forgiving of minor imperfections in store appearance, suggesting a lower sensitivity to this dimension compared to urban customers.

Reliability: A Core Determinant of Customer Satisfaction

The dimension of reliability emerged as the most influential factor in customer satisfaction in both urban and rural settings. Customers consistently rated departmental stores highly when they were able to deliver on promises—whether regarding product availability, pricing accuracy, or consistent quality of service. In the Hyderabad Karnataka region, where consumers often rely on departmental stores for both basic goods and specialty items, consistent service delivery was paramount. Many respondents indicated frustration when stores did not fulfill product promises, especially during peak seasons like festivals, when stockouts were more frequent. This finding underscores the importance of inventory management and product availability as key components of service quality in retail. For both urban and rural customers, reliable stores built customer trust and loyalty.

Responsiveness: Key in Urban Settings

Responsiveness, which refers to the willingness of staff to help customers in a timely and effective manner, was found to have a stronger impact on customer satisfaction in urban areas. Urban customers tend to expect quicker service and immediate attention to their needs. In large departmental stores in cities, customers frequently expressed satisfaction when staff members were proactive in offering assistance, whether by guiding them through aisles, helping locate products, or addressing inquiries swiftly. In contrast, rural customers were more lenient in terms of responsiveness, often valuing personal interaction over speed. In rural areas, customers appreciated friendly, courteous interactions with staff, even if responses were slightly delayed, indicating a preference for personalized service over efficiency.

Assurance: Building Trust and Confidence

Assurance emerged as another critical factor in shaping customer satisfaction, especially in departmental stores with a strong reputation for providing quality service and trustworthy staff. This dimension was particularly valued by customers in both urban and rural areas who sought competence, professionalism, and knowledge from store employees. The study found that customer confidence in store staff played a vital role in influencing overall satisfaction levels. Stores that ensured staff were well-trained, knowledgeable about products, and able to handle customer inquiries effectively were highly rated. Conversely, stores with untrained or unprofessional staff were seen as less trustworthy, leading to lower satisfaction and a reluctance to return.

CONCLUSION:

This study explored the relationship between service quality and customer satisfaction in departmental stores across the Hyderabad Karnataka region, focusing on both urban and rural customers. By applying the SERVQUAL model, the study assessed five critical dimensions of service quality: tangibility, reliability, responsiveness, assurance, and empathy, and examined their impact on overall customer satisfaction. The findings reveal that reliability and responsiveness are the most influential determinants of customer satisfaction across the region. Customers expect stores to consistently deliver promised services, maintain product availability, and provide timely assistance. Urban customers placed greater emphasis on efficiency, store organization, and technological integration, reflecting their exposure to modern retail environments. In contrast, rural customers valued personalized attention, empathy, and staff interactions, highlighting the importance of human connection and trust in less urbanized areas. Tangibility and assurance were also important, particularly in urban areas, where store cleanliness, layout, and employee professionalism significantly influenced customer perceptions. Price sensitivity emerged as a notable factor in shaping satisfaction, especially in rural areas, where customers expected value for money along with friendly and attentive service.

The study concludes that departmental stores in the Hyderabad Karnataka region need to adopt region-specific strategies to enhance service quality and customer satisfaction. For urban stores, this includes improving efficiency, staff training, and technological support, while for rural stores, a focus on empathy, personalized service, and consistent product availability is essential. Ensuring reliability, responsiveness, and value for money across all stores is critical to building customer trust, loyalty, and long-term profitability. Overall, this study contributes valuable empirical insights into customer behavior and service quality in the Hyderabad Karnataka region, filling a research gap in understanding regional differences in retail expectations. The findings provide actionable recommendations for departmental stores to improve customer experiences, strengthen relationships, and maintain a competitive edge in the local retail market.

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