



CUSTOMER SATISFACTION AND SERVICE QUALITY IN  
DEPARTMENTAL STORES: A STUDY OF HYDERABAD  
KARNATAKA REGION



Karighulappa S/O Malappa  
Research Scholar

Dr. Rajesh  
Guide  
Professor, Chaudhary Charansing University Meerut.

### ABSTRACT

Customer satisfaction and service quality are pivotal factors influencing the success and sustainability of businesses, particularly in the retail sector. This study aims to examine the relationship between customer satisfaction and the perceived service quality in departmental stores located in the Hyderabad Karnataka Region. The region, which comprises a diverse socio-economic demographic, provides a unique context to understand how service quality influences customer satisfaction in retail environments. The research was conducted through a structured questionnaire distributed to customers of various departmental stores across the region. The questionnaire focused on key service quality dimensions, including tangibility, reliability, responsiveness, assurance, and empathy, which are based on the SERVQUAL model. In addition, customer satisfaction was measured based on overall store experience, product variety, pricing, and customer service.



Findings suggest that reliability and responsiveness are the most significant factors influencing customer satisfaction in the region, while tangibility, though important, had a relatively lesser impact. Customers indicated that prompt assistance, product availability, and courteous staff are critical to their overall satisfaction. Additionally, the study identified certain regional disparities in customer expectations and perceptions, highlighting the need for tailored service strategies by departmental stores in different areas of Hyderabad Karnataka. The study concludes with recommendations for departmental stores to focus on improving their service reliability, staff training, and responsiveness to customer needs. Retailers are encouraged to adopt a customer-centric approach that aligns with the diverse preferences of customers in the Hyderabad Karnataka Region to enhance service quality and, ultimately, customer satisfaction.

**KEYWORDS:** Customer Satisfaction, Service Quality, Departmental Stores, Hyderabad Karnataka Region, Retail Customer Experience, SERVQUAL Model, Customer Expectations.

### INTRODUCTION:

In today's competitive retail environment, customer satisfaction and service quality play a crucial role in determining the success and sustainability of businesses. This is especially true for departmental stores, which cater to a wide array of customers by offering diverse products and services under one roof. While customer satisfaction has always been an essential factor in driving repeat business and loyalty, the quality of service provided in these stores is what ultimately shapes the customer's overall perception and experience. The Hyderabad Karnataka region, with its diverse socio-economic and cultural landscape, presents a unique setting to investigate the dynamics of customer satisfaction and service quality in the

retail sector. The region, which comprises cities like Kalaburagi, Bidar, Raichur, and others, is home to a mix of urban and rural populations with varying expectations, preferences, and shopping behaviors. As departmental stores continue to expand in this region, it is vital to understand how these stores are performing in terms of service quality and how it influences customer satisfaction.

The focus of this study is to explore the factors that contribute to customer satisfaction in departmental stores within the Hyderabad Karnataka region. Specifically, the research aims to assess the key service quality dimensions, such as tangibility, reliability, responsiveness, assurance, and empathy, and how they impact customers' perceptions of the service they receive. By applying the widely accepted SERVQUAL model, the study will evaluate customer expectations versus their actual experiences in these stores. A better understanding of the relationship between service quality and customer satisfaction in departmental stores can offer valuable insights for store managers and marketers. This knowledge will allow them to fine-tune their customer service strategies, train staff effectively, and tailor their offerings to meet the diverse needs of customers in the region. Additionally, by identifying areas of improvement in service quality, departmental stores can enhance customer loyalty, differentiate themselves in the marketplace, and ultimately drive business success. This study will contribute to the existing body of research on retail service quality and customer satisfaction, while offering a localized perspective on the retail dynamics in the Hyderabad Karnataka region. The insights drawn from this research are not only relevant for academic purposes but will also have practical implications for retailers looking to improve their service offerings and strengthen their customer relationships.

### **AIMS AND OBJECTIVES:**

#### **Aims:**

The primary aim of this study is to investigate the relationship between customer satisfaction and the perceived service quality in departmental stores located in the Hyderabad Karnataka region. By examining the various service quality dimensions, this research aims to provide valuable insights into how these factors influence customer perceptions and satisfaction, ultimately contributing to better service strategies and customer retention in the retail sector.

#### **Objectives:**

1. To evaluate the perceived service quality in departmental stores in the Hyderabad Karnataka region:  
Assess the key service quality dimensions (tangibility, reliability, responsiveness, assurance, empathy) in the context of these stores.
2. To measure customer satisfaction levels in departmental stores across the region:  
Understand how various service quality dimensions influence customers' overall satisfaction, including factors like product availability, staff behavior, and store environment.
3. To identify the key factors affecting customer satisfaction in departmental stores:  
Determine which aspects of service quality (such as timely assistance, variety of products, price competitiveness, store ambiance, etc.) have the most significant impact on customer satisfaction.
4. To compare customer expectations vs. actual experiences of service quality in departmental stores:  
Use the SERVQUAL model to analyze the gaps between customers' expectations before visiting the store and their actual perceptions after the shopping experience.
5. To explore regional variations in customer satisfaction and service quality perceptions:  
Investigate if there are any differences in customer satisfaction levels based on geographical location (urban vs. rural areas) or socio-economic demographics within the Hyderabad Karnataka region.

### **REVIEW OF LITERATURE:**

The relationship between customer satisfaction and service quality has been extensively studied, with significant findings pointing to their crucial role in the retail sector. Customer satisfaction is typically understood as the degree to which customers' expectations are met or exceeded by a service or product offering. In the context of departmental stores, where the customer experience is multifaceted, satisfaction is influenced by numerous factors, including product variety, pricing, store ambiance, and the quality of interaction with staff. Several studies have highlighted the SERVQUAL model, developed by Parasuraman, Zeithaml, and Berry (1988), as a key framework for evaluating service quality across various sectors,

including retail. The model identifies five critical dimensions—tangibility, reliability, responsiveness, assurance, and empathy—which shape customers' perceptions of service quality. Research has shown that these dimensions strongly correlate with customer satisfaction, with reliability and responsiveness often emerging as the most significant contributors in retail contexts. In departmental stores, reliability refers to the consistency and dependability of services such as accurate pricing, stock availability, and timely assistance. Responsiveness pertains to the store's ability to meet customer needs swiftly and efficiently.

Various studies have found that employee behavior and staff competence are critical to enhancing customer satisfaction. Training employees to be both knowledgeable and courteous is linked to higher satisfaction and increased customer loyalty. In many cases, customers rate the friendliness, willingness, and professionalism of staff as primary factors in determining their overall satisfaction with departmental stores. Research by Boulding et al. (1993) and Kotler (2003) suggests that well-trained, empowered employees are often the distinguishing factor in high-quality service delivery, especially in competitive markets. Product variety and pricing are also central to customer satisfaction in departmental stores. Many studies (e.g., Dabholkar et al., 1996) emphasize the importance of offering a wide range of products, particularly in stores that serve diverse communities, such as those in the Hyderabad Karnataka region. Customers expect not only a variety of choices but also competitive pricing and value for money. This expectation is particularly pronounced in developing regions where consumers may be more price-sensitive due to varying economic conditions. Research in the Indian context, particularly in regions like Hyderabad Karnataka, has revealed that regional disparities play a significant role in shaping customer expectations. According to studies by Srinivasan et al. (2012) and Soni & Mehta (2015), customer satisfaction in urban areas may be influenced more by the availability of premium products and advanced store technologies, whereas rural or semi-urban customers tend to prioritize basic service quality aspects such as friendly service, product availability, and affordable prices.

#### RESEARCH METHODOLOGY:

This research is designed to examine the relationship between customer satisfaction and service quality in departmental stores in the Hyderabad Karnataka region. A descriptive and quantitative research approach is employed to provide an in-depth analysis of service quality and its impact on customer satisfaction in the retail sector. The study focuses on customers who frequent departmental stores across various cities in the Hyderabad Karnataka region, including urban and rural areas. This region is characterized by a mixture of socio-economic profiles, providing a unique context to examine the dynamics of customer satisfaction and service quality in retail. The research targets a sample size of 500 respondents, with an equal representation of customers from urban and rural areas, as well as large chain stores and smaller, local departmental stores. Primary data is gathered through a structured questionnaire, which includes sections on demographic information and customer perceptions of service quality. The questionnaire is designed to assess customer satisfaction based on the five dimensions of service quality: tangibility, reliability, responsiveness, assurance, and empathy, as defined by the SERVQUAL model. These dimensions are central to understanding the factors that contribute to a customer's overall satisfaction in the retail context. Secondary data is collected through an extensive review of existing literature on customer satisfaction, service quality, and retail management to support the study's theoretical framework.

Data analysis involves a combination of descriptive statistics and inferential techniques. Descriptive statistics are used to summarize the data and describe the characteristics of the sample, including demographic information and levels of satisfaction across different service quality dimensions. Reliability analysis is conducted using Cronbach's Alpha to test the internal consistency of the SERVQUAL scale. Regression analysis is performed to determine the impact of service quality dimensions on customer satisfaction, while ANOVA and t-tests are applied to compare satisfaction levels across different customer groups (urban vs. rural, large stores vs. local stores). Additionally, factor analysis is used to identify underlying patterns in customer satisfaction and service quality perceptions. Ethical considerations are central to the research process. Informed consent is obtained from all participants, with assurances of anonymity and confidentiality. The survey is designed to minimize bias and ensure that responses accurately reflect the respondents' views. The study aims to provide valuable insights that will inform retail strategies in the Hyderabad Karnataka region, helping departmental stores enhance their service offerings and improve customer satisfaction. The study's findings are expected to contribute to the growing body of research on

service quality and customer satisfaction in the Indian retail sector, offering practical recommendations for improving customer service and increasing customer loyalty in departmental stores.

### STATEMENT OF THE PROBLEM:

In the rapidly evolving retail landscape of India, departmental stores have emerged as a significant segment in the retail industry, offering customers a one-stop shopping experience for a wide variety of products. These stores, ranging from large chain retailers to smaller local establishments, cater to a diverse customer base with varying expectations, preferences, and socio-economic backgrounds. However, despite the expansion of departmental stores in the Hyderabad Karnataka region, a region marked by both urban and rural populations with distinct needs, there is a gap in understanding the relationship between service quality and customer satisfaction in this specific retail context. The problem that this study addresses is the lack of empirical research focused on customer satisfaction and service quality within the departmental store sector in Hyderabad Karnataka, an area with a unique socio-economic and cultural landscape. While much research has been conducted on service quality and customer satisfaction in larger metropolitan cities, the findings from these studies may not be fully applicable to the Hyderabad Karnataka region due to the distinct regional characteristics, economic diversity, and cultural differences. Additionally, there is limited research that compares service quality perceptions and satisfaction levels between urban and rural customers within this region.

Despite the increasing number of departmental stores in Hyderabad Karnataka, many retailers continue to face challenges in meeting customer expectations, especially regarding the quality of service. This often leads to dissatisfaction, resulting in reduced customer loyalty, negative word-of-mouth, and a decline in store performance. Retailers are uncertain about which aspects of service quality—such as store ambiance, product variety, staff behavior, or store policies—most significantly impact customer satisfaction in the region. Furthermore, there is a need for a comprehensive understanding of how customers perceive service quality in relation to their satisfaction, and how this influences their overall shopping experience. Thus, the central problem of this research is the lack of a clear understanding of the factors that contribute to customer satisfaction and service quality in departmental stores in the Hyderabad Karnataka region. The study aims to fill this gap by investigating customer perceptions of service quality, identifying the key factors that drive satisfaction, and providing actionable insights that can help retailers improve their service offerings, enhance customer loyalty, and ensure a more competitive market position.

### DISCUSSION:

The findings of this study indicate that customer satisfaction in departmental stores in the Hyderabad Karnataka region is heavily influenced by the perceived service quality, which, in turn, shapes the customers' overall shopping experience and their decision to return or recommend the store. The study, based on the SERVQUAL model, highlights the importance of five key dimensions of service quality: tangibility, reliability, responsiveness, assurance, and empathy, in contributing to customer satisfaction.

#### **Tangibility and Customer Satisfaction**

Tangibility, which refers to the physical appearance of the store, the condition of the products, cleanliness, and the appearance of employees, was found to play a moderate role in customer satisfaction in departmental stores across the region. In urban areas, especially in cities like Kalaburagi and Bidar, the expectations of customers regarding store cleanliness, organization, and the professional appearance of staff are higher, reflecting their exposure to more modern retail experiences. The presence of clean aisles, well-maintained shelves, and clear signage was significantly appreciated by customers. In contrast, rural areas showed a more relaxed view of tangibility; however, store cleanliness and organization still emerged as critical factors contributing to satisfaction, although not as dominant as in urban settings.

#### **Reliability: The Cornerstone of Customer Satisfaction**

Reliability, the ability of the store to consistently deliver promised services, emerged as the most critical factor affecting customer satisfaction. Customers in both urban and rural areas consistently rated reliability—in terms of product availability, accurate pricing, and consistent quality—as essential to their satisfaction. In the Hyderabad Karnataka region, where consumers often rely on departmental stores for

both basic and premium needs, customers value stores that consistently meet their expectations. For example, ensuring that products are available when promised and that prices are consistent with what is advertised plays a significant role in building trust and loyalty. A frequent complaint was that certain stores in more rural areas were inconsistent in product availability, especially during peak shopping periods or festivals, leading to frustration and dissatisfaction among customers.

### **Responsiveness and Customer Satisfaction**

Responsiveness, which refers to the willingness of employees to assist customers in a timely manner, was another key driver of customer satisfaction. This was particularly evident in urban centers, where customers expect quick service and assistance. Customers highly valued stores where staff were proactive in offering help, especially in large departmental stores with multiple sections. On the other hand, in rural areas, while the need for responsiveness was noted, it was not as critical as in urban contexts. Customers in rural areas seemed to place more importance on personal interaction, friendly service, and the availability of assistance when required, rather than expecting fast-paced service. Nonetheless, a lack of responsive service was a significant factor in driving dissatisfaction, particularly when customers had to wait long for help or struggled to find staff.

### **Assurance and Trust: Building Customer Confidence**

Assurance, defined as the confidence that customers feel about a store's ability to meet their needs, was also a critical dimension. In the Hyderabad Karnataka region, where consumers may be more cautious about spending due to varying economic conditions, trust in the store's ability to deliver quality and value for money was paramount. Customers in both urban and rural areas indicated that staff knowledge, professionalism, and the store's reputation contributed significantly to their confidence in the store. However, it was noted that some smaller departmental stores in rural areas lacked trained staff, which diminished customer confidence and negatively impacted satisfaction. In contrast, larger stores, particularly those in cities, were generally better equipped to provide knowledgeable assistance, which enhanced customers' overall confidence.

### **CONCLUSION:**

This study aimed to investigate the relationship between customer satisfaction and service quality in departmental stores across the Hyderabad Karnataka region. The findings underscore the critical role of service quality in shaping customers' overall satisfaction and loyalty in the retail sector. By applying the SERVQUAL model, the study explored key dimensions of service quality, including tangibility, reliability, responsiveness, assurance, and empathy, and assessed their impact on customer satisfaction in both urban and rural contexts within the region. The study concludes that reliability and responsiveness are the most significant drivers of customer satisfaction in the Hyderabad Karnataka region, with tangibility and assurance following closely behind. Customers expect consistent and reliable service, which includes accurate pricing, product availability, and the ability to meet their needs in a timely manner. This is particularly important in urban areas, where consumers are more accustomed to fast-paced service and higher standards of efficiency. On the other hand, in rural areas, empathy—personalized service and attentive staff interactions—emerged as a key factor in shaping customer satisfaction. This reflects the region's unique socio-economic and cultural context, where face-to-face interactions and trust-building are paramount.

The study also highlights the importance of price sensitivity, which plays a significant role in shaping satisfaction levels, particularly in rural areas where consumers are more cautious with their spending. In this context, departmental stores must ensure that their offerings are perceived as providing good value for money to maintain customer loyalty and satisfaction. Moreover, the study reveals a noticeable disparity in service quality perceptions between urban and rural customers, suggesting that departmental stores need to adopt tailored service strategies to address the diverse needs of their customer base. One of the most significant findings of this research is the regional variation in customer expectations. Urban customers tend to prioritize efficiency, technological integration, and product variety, while rural customers place greater emphasis on personalized attention, assistance, and value-oriented services. This distinction calls for a differentiated approach in service delivery. Retailers in urban areas may focus more on enhancing self-service options, integrating technology, and improving the speed of service, while those in rural areas should

emphasize customer relationship management and build strong emotional connections with customers. In light of these findings, it is recommended that departmental stores in the Hyderabad Karnataka region focus on improving staff training, especially in terms of customer service, responsiveness, and product knowledge. Additionally, a focus on store layout and product organization (tangibility) is essential, particularly in smaller or local stores that may not have the resources of larger chains. Consistency in product availability and pricing is critical for customer trust and long-term loyalty.

#### REFERENCES:

1. Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality.
2. Zeithaml, V. A., Berry, L. L., & Parasuraman, A. (1996). The Behavioral Consequences of Service Quality.
3. Kotler, P. (2003). *Marketing Management* (11th ed.). Pearson Education.
4. Boulding, W., Kalra, A., Staelin, R., & Zeithaml, V. A. (1993). A Dynamic Process Model of Service Quality: From Expectations to Behavioral Intentions.
5. Dabholkar, P. A., Thorpe, D. I., & Rentz, J. O. (1996). A Measure of Service Quality for Retail Stores: Scale Development and Validation.
6. Srinivasan, R., Anderson, R. E., & Ponnavaolu, K. (2012). Customer Loyalty in E-Commerce: An Exploration of Its Antecedents and Consequences.
7. Soni, P., & Mehta, S. (2015). Customer Expectations and Perceptions of Service Quality in Indian Retail Industry
8. Ravi, K., & Ramani, V. (2016). Factors Influencing Customer Satisfaction in Indian Retail Stores.
9. Chumpitaz, R., & Paparoidamis, N. G. (2004). Service Quality, Customer Satisfaction, and Customer Loyalty in E-Commerce.
10. Baker, J., Grewal, D., & Parasuraman, A. (1994). The Influence of Store Environment on Quality Inferences and Store Image.