

**RETAIL SERVICE QUALITY ON CUSTOMER SATISFACTION:  
STUDY OF DEPARTMENT STORES OF KATHMANDU VALLEY**

A Dissertation submitted to the Office of the Dean, Faculty of Management in  
partial fulfillment of the requirements for the Master's Degree

By

Sangita Rimal

Shanker Dev Campus

Campus Roll No.: 713/074

Regd. No.: 7-2-0752-0067-2013

Exam Roll No: 6178/18

Kathmandu Nepal,

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## **CERTIFICATION OF AUTHORSHIP**

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled **“Retail Service Quality on Customer Satisfaction: Study of Department Stores of Kathmandu Valley)** The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of this dissertation.

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Sangita Rimal

## REPORT OF RESEARCH COMMITTEE

Ms. Sangita Rimal has defended research proposal entitled " **Retail Service Quality on Customer Satisfaction: Study of Department Stores of Kathmandu Valley** " successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestion and guidelines of supervisor Srijana Khadka Submit the thesis for evaluation and viva-voce examination.

.....  
Srijana Khadka  
Dissertation Supervisor

Dissertation Proposal Defended Date:

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Dissertation Submitted Date:

.....

.....  
Asso. Prof. Dr. Sajeeb Kumar Shrestha  
Research Department

Dissertation Viva-voce Date:

.....

## APPROVAL SHEET

We, the undersigned, have examined the thesis entitled " **Retail Service Quality on Customer Satisfaction: Study of Department Stores of Kathmandu Valley** " Presented by Sangita Rimal Candidate for the degree of Master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

.....  
Srijana Khadka

Dissertation Supervisor

.....  
Internal Examiner

.....  
Internal Expert

.....  
External Expert

.....  
Asso. Prof. Dr. Sajeeb Kumar Shrestha  
Chairperson, Research Committee

.....  
Asso. Prof. Dr. Krishna Prasad Acharya  
Campus Chief

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## **ABBREVIATIONS**

BBSM	Bhatbhateni Supermarket
MBS	Master of Business Studies
SERVQUAL	Service Quality
SPSS	Statistical Package for Social Science
TU	Tribhuvan University

## ABSTRACT

This study investigates Retail Service Quality on Customer Satisfaction. Service quality is an important tool for success of service industry sector like banks. Quality is such an important issue that it is considered a really significant concept in our real life. It is regarded as a strategic organizational weapon. And, the pressing need of developing service organizations and upgrading their services necessitates the measuring of service quality. Service quality has a significant impact on a bank's success and performance. Service quality is particularly essential in the banking services context because it provides a high level of customer satisfaction, and hence it becomes a key to competitive advantage. The studies devoted to customer satisfaction and service quality, service quality is of greater significance for customers' satisfaction. Hence, this study focuses on examining customer satisfaction towards service quality of departmental stores of Kathmandu Valley. It was conducted to know the effects of service quality on customer satisfaction in departmental stores. This study was based on descriptive and causal comparative research designs. To analyze the impact on customer satisfaction from service quality dimensions, primary data were used and tested with correlation and regression analysis. For this Five-point Likert scale technique were used for the sample survey. A total of 226 samples were taken. From the correlation and regression analysis it was found that independent variables namely tangibility, reliability, assurance, responsiveness and empathy had positive significant relationship to the customer's satisfaction in departmental stores of Kathmandu Valley.

*Key Words: Customer Satisfaction, Tangibility, Responsiveness, Reliability, Assurance, Empath*

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Unlike wholesale, which is the sale of goods and services to institutional or company clients, retail is the sale of goods and services to consumers. A retailer buys goods in bulk from producers, either directly or through a wholesaler, and then sells the goods to consumers in smaller quantities to turn a profit. The last link in the supply chain between producers and customers is the retailer. Shops and retail markets have a long history that dates back to antiquity. Itinerant peddlers were among the first retailers.

Retail stores evolved over the ages from being little more than "rude booths" to the opulent modern shopping centers. A growing number of merchants in the digital age are trying to reach wider consumers by selling through a variety of channels, such as online and brick-and-mortar stores. The manner that customers pay for goods and services is also being impacted by digital technologies. Credit provision, delivery services, advising services, stylist services, and a host of other supporting services are examples of additional retailing support services (Hamal et al., 2023).

An act or performance that is provided to another person is called a service. Even though the process might be connected to a concrete product, the performance is usually ephemeral, intangible, and does not grant ownership of any production-related aspects. A service is also an economic activity that, by bringing about a desired change in, or on behalf of, the user of the services, creates value and benefits for customers at particular times and places (Gronroos, 2016). Good service quality increases client happiness, which boosts a company's ability to compete in the market. The attainment of elevated service quality can be realised through the identification of service-related issues and the establishment of metrics for service performances, results, and customer satisfaction. Businesses have long sought to figure out how to satisfy customers and guarantee their loyalty. In an effort to keep customers happy, it's important to not only attract repeat business but also save expenses internally and assess how best to use the resources at hand. When a business provides enough service quality—which is defined as the customer's assessment of the long-term performance of the service—customer satisfaction

frequently follows. The primary function of a retailer for customers is to ensure that a wide range of goods are consistently available for purchase at any time. Retailers typically maintain inventory from multiple manufacturers and product categories. This gives the customers the option to choose from a large range of products. Similarly, merchants should tell buyers about their products by setting up an efficient product display and by engaging in personal selling. In addition, they give demonstrations and post-purchase services. It can take the shape of customer service, spare component supply, or home delivery. Customers find it very convenient as they are located close to residential areas and are open for long hours.

Numerous elements affect an organization's long-term performance. Organizations in the service sector must aim to provide high-quality services. These businesses aim to please clients by offering the highest caliber of services. Customers' happiness with both production and service quality is thought to be primarily determined by quality. The retail industry's satisfied customers exhibit high levels of usage and repurchase intentions. The five elements of service excellence include tangibles, empathy, reliability, responsiveness, and assurance. Businesses in this industry that hope to establish and maintain an advantage over rivals ought to aim to provide higher-quality services. Any business wants to know how to give its clients the best possible experience in order to win their loyalty. The purpose of the study is to determine how the characteristics of service quality affect customer satisfaction (Radha, 2015). The contrast between customer expectations and service performance is the definition of service quality. Good service quality increases client happiness, which boosts a company's ability to compete in the market. How well a company's goods and services live up to the expectations of its clients is measured by customer satisfaction. It illustrates the health of the company by demonstrating how well the items are received by customers.

A company's overall product performance in accordance to a set of customer requirements is measured by customer satisfaction. The perceived performance of the product in comparison to the buyer's expectations determines customer happiness. The customer is not satisfied if the product does not live up to expectations. When performance meets or exceeds expectations, the client is happy. When a customer receives superior performance, they are extremely happy and satisfied (Armstrong, 2016).

Customer loyalty to services is influenced by a number of factors, including service quality and customer pleasure. Both must be met in order to win over customers' loyalty, which ultimately ensures the long-term viability of the business (Burhanuddin, 2021). Customer satisfaction and being customer-centric are the two main focuses of the corporate sector today. Significant emphasis was placed on customer happiness in the retail industry. Customers that are happy with an organization can help it grow in a variety of ways. Customer satisfaction is defined as the discrepancy between consumers' perceived preferences for a good or service and the actual outcomes. Loyal customers are willing to pay extra for scarcely changing products and sincere intents while making purchases.

Department stores are by definition larger establishments that provide customers a wide selection of foods and household goods. To put it another way, department stores can also be thought of as big, self-serve grocery stores that sell food, dairy products, and household goods. There are a few department store chains that control the majority of the local retail market in Kathmandu. The department store trading environment in Nepal is believed to be dominated by Bhat Bhateni Departmental Store, Bigmart Departmental Stores, Sales Berry Department Stores, and Central Mart Departmental Stores. Department shops have to focus on services as well as consumer demands since a service is an action done to satisfy the wants of others (consumers, customers, clients, patients, passengers, and so on). This isn't in line with the facts as they stand because it seems like the business doesn't know what its clients require. After all, department stores' services are still viewed by customers as inadequate and disappointing. One example of this is how they handle complaints from customers regarding product exchanges, which appears to be a long process. Customers will cease shopping at department stores if the corporation does not address this issue. (Adiwati, 2021)

Consequently, this study examines the impact of retail service quality on customer satisfaction in Kathmandu Valley department stores.

## **1.2 Problem Statement**

In recent years, there has been a lot of scholarly focus on the connection between customer happiness and service excellence. However, there is still much to learn about the precise nature of the relationship between customer happiness and service quality, particularly in light of how the two conceptions have been operationalized. other scholars

have employed single-item scales to operationalize consumer happiness, while others have employed multiple-item scales. This study takes a different tack and considers customer happiness to be a multidimensional construct, much like service quality. However, it contends that customer satisfaction ought to be operationalized along the same components (and related items) as are used to operationalize service quality. This method has been used to examine the relationship between customer satisfaction and service quality. According to Sureshchandar and Anantharaman's 2022 study, the findings suggest that while the two constructs are independent, they are tightly connected, meaning that a rise in one is likely to result in a rise in the other.

This study will analyze and determine the following questions:

- How are department shops in the Kathmandu Valley faring in terms of consumer satisfaction and retail service quality?
- Is there any relationship between the tangibility, reliability, responsiveness, assurance, empathy and customer satisfaction of department stores in Kathmandu Valley?
- How do tangibility, reliability, responsiveness, assurance and empathy impact on customer satisfaction in department stores of Kathmandu Valley?

### **1.3 Objectives of The study**

This study's primary goal is to investigate how customer happiness and service quality affect customer loyalty. The goals are to:

- Evaluate the state of consumer satisfaction and retail service quality in the Kathmandu Valley department stores.

- To evaluate the state of consumer satisfaction and retail service quality in the Kathmandu Valley department stores.
- To examine the relationship between tangibility, reliability, responsiveness, assurance, empathy and customer satisfaction of de the of department stores in Kathmandu Valley.
- To analyze the effect of tangibility, reliability, responsiveness, assurance and empathy on customer satisfaction in department stores of Kathmandu Valley.
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### **1.4 Hypotheses**

- H01: Reliability and customer satisfaction do not significantly correlate.

- H02: Tangibility and customer satisfaction do not significantly correlate.
- H03: There isn't a meaningful connection between client happiness and assurance.
- H04: Customer happiness and responsiveness do not significantly correlate.
- H05: There isn't a meaningful connection between customer satisfaction and empathy.

### **1.5 Rationale of the Study**

While it is widely acknowledged that outcomes like loyalty are positively impacted by quality and customer happiness, the specific nature of this link has been up for discussion. It is therefore believed that the investigation would clarify these matters. Customers in the services sector may be referred to as "loyal" since they frequently select particular services from businesses over others. Take note of how the word "choose" is used, though; when clients make their own decisions, their loyalty is obvious. In surveys, customers may indicate that they are very satisfied with a business, but satisfaction does not equate to loyalty. Customers' actions show their level of loyalty; they can be quite satisfied and still not be loyal. Based on this study's customer feedback data, it is possible to determine which customers are most likely to respond positively and stick around.

### **1.6 Limitations of the study**

There may be several limitations to the study, some of which could be as follows:

- Respondents may give false information; there are only a few department stores in the Kathmandu Valley (Bhatbhateni Department Stores, Big Mart Department stores, Sales Berry Department stores, and Central Mart Department stores), and only Bhatbhateni Department Stores and Big Mart Department stores are included in the study.
- The respondents' individual understanding is the source of the data, and only primary data is used in the study, along with only empirical statistical procedures.

## **CHAPTER II**

### **LITERATURE REVIEW**

The aim of this section is to present literatures relevant to this research and to provide a theoretical framework. The chapter begins with a review of definitions and some dimensions of service quality, customer satisfaction and customer loyalty and then follows by the relationship between customer satisfaction and customer loyalty with service quality.

#### **2.1 Theoretical Review**

##### **2.1.1 Retail, Service and Quality**

###### **Retail**

Retail is, by definition, the business-to-consumer selling of products or services for personal consumption. While wholesale deals with large-scale purchases of items, retail deals with smaller quantities of goods. Online and retail transactions are not the same; products must be sold directly to consumers for their final consumers from a single point of sale. The act of a retailer acquiring products or services and reselling them to consumers for usage is known as retailing. Retailers buy products directly from manufacturers or from wholesalers. They will then sell those products to final consumers in tiny amounts. Retailers continue to find that studying consumer behavior is crucial since it affects their marketing plans and day-to-day operations. Research indicates that social media interactions and online reviews are having a growing impact on consumers' decision-making processes (Smith, 2018). Retail operations have changed as a result of the introduction of digital technology, which have made omnichannel experiences and tailored marketing possible. Research indicates that merchants who implement AI-driven strategies and advanced analytics surpass their competitors in terms of operational efficiency and customer engagement (Jones & Brown, 2020). Furthermore, integrating Internet of Things (IoT) devices improves in-store experiences and inventory management in retail contexts (White et al., 2019).

## Service

The literature on business is where the idea of service originated. Numerous academics provided different meanings of service. In order to achieve a result that satisfies the customer, for instance, Ramaswamy (1996) defined service as "the business transactions that take place between a donor (service provider) and receiver (customer)." Service is described as "deeds, processes, and performances" by (Zeithaml V. A., 2006). In light of this, (Gronroos, 1982) made the following observation: "A service is an activity or sequence of activities of more or less intangible nature that are provided as solutions to customer problems and typically, but not always, take place in interactions between the customer and service employees and/or systems of the service provider."

Quality Quality has been the focus of a great deal of research in a number of fields, including organizational, service, and product quality.

Customer satisfaction and organizational performance are significantly influenced by the quality of the products offered (Crosby, 1979). Crosby (1979) defined quality as "conformance to requirements," emphasizing the significance of consistently adhering to specifications in order to achieve customer expectations. On the other hand, eight criteria for evaluating a product's quality were established by Garvin (1984). These criteria were appearance, durability, serviceability, performance, features, reliability, and perceived quality. His work emphasizes how quality is a complicated concept and how several factors influence how customers perceive products.

In service-oriented sectors, where customer experience is critical to competitive advantage, service quality has become more and more important (Parasuraman, Zeithaml, & Berry, 1985). Five elements of service quality are identified by the SERVQUAL model, which was put forth by Parasuraman et al. (1985): responsiveness, tangibles, assurance, empathy, and reliability. This framework has been widely used in many industries to evaluate and enhance the quality of services provided.

According to Deming (1986), organizational quality encompasses more than just goods and services; it also includes general excellence in management procedures and practices. Deming (1986) established the Total Quality Management (TQM) concepts, which place a

strong emphasis on employee involvement, customer focus, and continuous improvement as the main drivers of organizational quality.

## **2.1.2 Retail Service Quality and Customer Satisfaction**

### **2.1.2.1 Retail Service Quality**

A key component of this research is the quality of retail services. According to Christopher (1986), client interactions and interface are key components of service quality. Additionally, the customer's experience throughout the transaction process was the emphasis of service excellence. According to Lewis (1993), fulfilling the needs and expectations of the customer as well as ensuring that the service meets their expectations is what constitutes high-quality service. Retail service quality differs from that of other product or service firms, according to Kumar (2018). Both generally and specifically in the literature on marketing services, service quality is regarded as the most important organization performance measure. The service industry includes the retail sector. They provide products as well as services. Thus, both the quality of the products and the quality of the services are traits of the retail management. In a retail landscape that is changing quickly to keep up with the more smart and demanding consumer, retailers must set themselves apart from the competition in order to meet customer needs in a superior way. Providing excellent customer service is a top priority in order to boost productivity. Thus, shops would benefit from a precise method for calculating service quality that aids in performance measurement and appropriate action taking.

According to Waran (2021), suitable service quality metrics are required in order for retail stores to know about their performance on many dimensions of service quality. It is anticipated that shoppers' attitudes about retail establishments will be influenced by the intimate bond between them and their patrons. When customers form a link with a store, they perceive it as an extension of themselves and offer insightful opinions and suggestions. Appropriate service quality metrics are required in order for retail establishments to be aware of their performance on several service quality aspects. Since service quality is a measure of corporate performance, it is essential for service organizations to retain a dominant position in a competitive market. Smaller stores could compete with larger, more established stores based on better service because they couldn't compete on pricing. Furthermore, it is important to prioritize service quality in markets where product options are comparable, as they are in most supermarket retail outlets.

In 1988, Parasuraman and Zeithaml V. A. (2006) have created a tool called SERVQUAL to gauge how customers view and anticipate the level of service they will receive. The SERVQUAL model is a service quality model that is utilized to gauge both customer happiness and service quality. The three American marketing virtuosos that are A. In order to examine aspects of service quality as well as perceptions of it, Parasuraman proposed the SERVQUAL model in 1988. According to (Zeithaml L. B.), the SERVQUAL model describes the quality of services through five dimensions: tangibles, assurance, responsiveness, empathy, and reliability. These dimensions essentially reflect the standards that customers use to evaluate the quality of services. The following is a description of the service quality dimensions that were identified: responsiveness, tangibles, empathy, assurance, and reliability.

### **Reliability**

This refers to the company's capacity to carry out the service precisely and successfully. It assesses if the company fulfilled its commitments. The capacity of the shop to provide the service that customers have been promised precisely and error-free is measured by the dependability construct (Huang, 2009). This suggests that the store needs to have a mindset of always doing things correctly the first time. It must be able to honor commitments, adhere to schedules, and give clients accurate and timely information (Newman, 2001). Clear product price and accurate and precise product information are examples of accurate information (Vázquez, 2001). Moreover, the ability of the store to stock items when needed is another aspect of reliability. According to Dabholkar's (1996) interviews, customers believe that reliability entails both "doing it right" and maintaining your word.

Limited merchandise availability or lengthy lines at the pay register in a department store are indicators of the retailer's unreliability. Long lines at the register have been shown to have a detrimental impact on customers' perceptions and lower levels of customer satisfaction (Rigopoulou, 2008).

Zinn (2001) states that a stock outage may cause a customer to leave the business without making the purchase in order to look for the item elsewhere. Moreover, prolonged stock outages may harm future business, create unfavorable impressions, and generate bad press over time (Grant, 2008).

The SERVQUAL model's reliability construct measures the service provider's accuracy and dependability in delivering the provided service. This is accomplished by honoring commitments made, delivering quality service, reliability and consistency in performance, first-rate service rendered, accurate invoicing and record-keeping by the business, availability of goods, and error-free sales transactions and documentation. precise order fulfillment, precise documentation, exact quotations, accurate billing, accurate commission calculations, and keeping service commitments are further components of reliability. Customers' overall assessment of retail service quality is higher when they value reliability more (Ndubisi, 2007).

### **Assurance**

This dimension is contingent upon the firm's workforce. It is their ability to instill credibility and trust in the thoughts of the customer. It calls for the right information and commitment. The competence (having the necessary knowledge and abilities to complete the service), courtesy (considering the customer's property, tidy appearance of public contact personnel), security (the employees' reliability and dependability), and ability to inspire confidence are the components that make up the assurance construct. Sadek (2010) states that at British banks, assurance is defined as the following: courteous and kind staff; provision of financial advice; interior comfort; ease of access to account information; and a management team with experience and understanding. This entails staff members being knowledgeable enough to reply to inquiries, eliciting confidence from clients, offering fast service, being open to answering requests from clients, providing clients with individualized attention, consistently being kind to clients, and even treating clients well over the phone.

This dimension pertains to the level of expertise and courtesy that personnel possess in order to gain the confidence and trust of their clients. The degree of a customer's trust in a provider and their level of confidence in an organization's ability to deliver a service securely and professionally are important to the assurance qualities.

### **Tangibles**

place a premium on maintaining a clean store and organizing their inventory so that customers can easily find what they're looking for (Vàzquez, 2001).

According to Abu (2004), a shopper's search time will be shortened by a well-designed, user-friendly retail layout. Additionally, Fisher (2006) suggests that bad store layouts result in customers frequently not finding the things they want, even when those products are there within the store. This creates negative perceptions and drives the client to a rival for assistance.

According to Angur's (1999) research, businesses should have well-decorated spaces and a pleasant atmosphere in order to improve service quality and foster client loyalty. One significant tangible element that affects how people perceive the quality of a service is its physical location. The physical environment of the place of service, including not only visual aspects like color and texture but also noise, odors, and temperature, is of particular importance and capable of altering customer expectations and strongly influencing consumer responses and satisfaction. For example, (Bitner, 1994) focused on the elements under businesses' control at the point of interaction between customers and the firm, arguing that these controllable elements can affect perceptions of service quality and encourage repeat patronage. The service scape refers to the amalgamated visual and auditory components of the location of service (Bitner, 1994). Wakefield and Blodgett (1996) have discovered that the impact of seating, cleanliness, electronic displays, layout, and aesthetics on customers' opinions of the quality of the services has a fairly constant and significant effect on the retention of customers and their intentions to return.

The “aesthetic appeal of the facility architecture and decor” was shown to be the largest factor in the perception of service quality. They also noticed that customers’ initial impressions of the facilities have an impact on their evaluation of the services as a whole. (Bonn, 2007) also discovered strong evidence that the physical environment's layout and the sensory elements that surround it can have a big impact on consumer satisfaction and judgments about whether or not to return. One major way to concrete the intangible service items is through personnel look. Moreover, the physical attributes of personnel and other infrastructures can serve as actual representations of a service or service provider. Additionally, a uniform or dress code has been implemented for bank staff nationwide (Kim, 2002).

Hirschman (1982) came to a similar conclusion regarding the significance of ambient conditions. He discovered that sensory input related to a product arouses consumers'

emotions, causing them to remember the product, the circumstances surrounding their interaction with it, or to visualize a series of future events. In certain instances, buyers' memories of this sensory input were clearer than their memories of the product, and the feelings evoked by it had a bigger influence on their final product selection than the product's usefulness. Consumer moods and emotions are influenced by atmospheric cues, and this in turn influences their purchasing behavior and reaction to products (Jiang, 2006).

### **Empathy**

This dimension relates to how much consideration and importance the company accords to the requirements and demands of its clients. Empathy is the considerate and individualised service that the company offers to its clients. It is evident in how the service provider gives access, communicates with, and comprehends the client. The main components of the assessment of empathy were the staff members' understanding of the needs of the customers, their ability to provide individual attention, their ability to work during convenient hours, and their awareness of the staff when an issue arises.

This dimension includes elements of service quality including helpful customer service, easy parking, and operation hours that are directly impacted by the policies of the service provider (Ndubisi, 2006). The customer's decision to accept or reject the service interaction depends on how much they sense the empathy. The overall assessment of retail service quality is higher the more empathy there is. The ability of staff members to address the wants or desires of customers is one of the key components of empathy. The bank makes significant investments in employee training to provide them with the know-how and abilities needed to service clients. Regarding the employees' specific attention to their clients, research in the marketing domain shows that service providers that give their clients personalized attention regard their clients' levels of service quality as being higher. This is because the service is highly intangible and diverse, which draws more attention to the contact process. This implies that in order to raise the caliber of services provided, staff members must possess the necessary skills to identify clients' demands right away. Customers are more devoted to a store if they perceive it as welcoming, spontaneous, and warm, hence interactions between staff and patrons are crucial. (BELLENGER, 1976).

According to Dabholkar (1996), there are two subdimensions to human interaction: the store staff's ability to inspire customers' confidence and their politeness and helpfulness.

Having error-free sales transactions and records, being able to respond to inquiries from customers, the demeanor of the staff at this business, and making customers feel secure in their dealings with this store are all factors in building customer confidence. The following are included in the factor of courteousness/helpfulness: employees provide customers with timely service; they inform customers precisely when services will be rendered; they give each customer individual attention; they are consistently polite to customers; and they handle customers politely over the phone. (Darian, 2001) also made note of the significance of salespeople's expertise, emphasizing the need for knowledgeable staff members who are up to date on new items, technological advancements, prices, and other shop offerings; also, they should be courteous and only deliver necessary information while remaining responsive.

### **Responsiveness**

This dimension pertains to the firm's capacity and disposition to assist clients and deliver appropriate service in accordance with agreements. The factor that determines a person's readiness to assist clients and offer timely services is called responsiveness. It is the willingness and desire to help clients and provide timely service. It includes elements like the service provider's opening hours, staff courtesy, and the amount of time the client must wait to receive the service. Stated differently, it characterizes the speed and impact of the consumer response. In retail banking, a willingness to assist consumers is probably going to have a significant and favorable impact on how satisfied they are with the services they receive. Additionally, (Mengi, 2009) discovered a positive correlation between responsiveness and customer happiness as well as service quality. Along with comprehending the needs and desires of the clientele, it also entails accommodating their schedules, providing individualized care, attending to issues, and guaranteeing their safety during the transaction (Kumar, 2010).

These five factors assist a business in taking care of its clients and preserving a good rapport with them.

#### **2.1.2.2 Customer Satisfaction**

One of the key focuses of this study is customer satisfaction. It means meeting people's needs and ensuring their satisfaction. It is the satisfaction or dissatisfaction a person feels

after evaluating a product's perceived performance against their expectations. The customer is not satisfied if the performance does not live up to their expectations.

client satisfaction, according to (Zeithaml V. a., 2000), is the measure by which a client determines whether a product or service has fulfilled their wants and expectations. A happy consumer would talk well of the business, stay loyal, need service more frequently, and be less price sensitive.

Customer satisfaction, according to Joko et al. (2019), is the degree to which a person expresses satisfaction with the outcome of a comparison between the performance of a product or service and the expectations of the customer. Customer perceptions or assumptions about what they will obtain or use from products, goods, or services are, in general, what constitutes customer satisfaction. The quality of the service, the product, the industry, the customer's mood, the cost, and the time it takes to receive the service are all frequently linked to customer happiness. Within the hotel service sector, friendly surroundings and staff, uniform room service, delectable cuisines, and other measures can guarantee guest happiness. As a result, hotels need to make maintaining and increasing customer happiness a strategic goal in order to survive and expand in this fiercely competitive sector. This is due to the fact that customer satisfaction has the power to inspire, motivate, and set the course for hotels to remain competitive, creative, and operate at a high level. Researchers in a variety of relevant fields, such as marketing, economics, information systems, and management studies, have focused on customer satisfaction. This suggests that keeping consumers happy is crucial to retaining them as well as their loyalty and other positive traits.

A key element of success is customer satisfaction, which is greatly impacted by the behavior of front-line service providers. Given that every customer has unique needs, preferences, and spending patterns, it is critical to treat them like assets (Lee, 2016). In any industry, customer happiness is a vital indicator for firms. It indicates how well goods and services fulfill or surpass customers' expectations, which affects brand reputation, loyalty, and repeat business. This article examines the variables that affect customer satisfaction and offers tips for companies looking to improve this important indicator. Since it has a direct impact on customer loyalty and retention, customer satisfaction is essential to any business's success (Anderson & Mittal, 2000). Comprehending the elements that impact customer happiness has been the subject of in-depth investigation across many sectors.

Furthermore, it has been discovered that customer happiness is significantly impacted by customer care and assistance. Smith and Bolton's (1998) research revealed that customer support responsiveness and contacts with service agents have a big impact on overall satisfaction. Customer experiences are improved by prompt issue resolution and polite assistance. According to Fornell (1992), happy consumers are more inclined to use the brand again and to recommend it to others. In addition to guaranteeing a consistent flow of income, this loyalty lowers the marketing expenses related to bringing in new clients.

## **2.2 Empirical Review**

### **2.2.1 Review of International Articles and Journals**

This section's goal is to provide the research article's techniques and conclusions from an original study that the authors of the articles conducted.

In Salem District, Tamil Nadu, India, Kumar and Gurusamy (2023) performed research on the impact of customers' perception and satisfaction on customers' retention toward department stores. Analyzing Salem District customers' satisfaction with department stores was the primary goal of the study. The study's primary variables were client loyalty and customer satisfaction. In this study, a descriptive research design was adopted. The study's main conclusion was that client loyalty is significantly influenced by customer satisfaction. Therefore, it is imperative that any well-managed store focus on the unique wants and demands of its customer. A store needs to please its customers in order to grow, and giving them great value is the greatest way to do this.

In order to understand the elements that influence consumers' purchasing decisions, Ray et al. (2023) performed research on their intents to acquire the product. The purpose of the study is to determine the consumers' intentions to purchase the product and the factors that affect their choice to buy. The study employed a descriptive research design. The study employed brand loyalty and discount as factors. The study's key findings were that the majority of Pantaloons Fashion & Retail Ltd. patrons are female and that honey is their most popular brand. Although Pantaloons attracts customers with its promotions and discounts, some customers felt that these offerings fall short of their expectations and would benefit from further improvements.

An article on the idea of service quality and shop design in retail competitiveness was written by Faria and Carvalho in 2022. The study's goal is to examine how crucial shop design and service quality are in fostering distinctiveness, satisfying customer needs, and fostering brand loyalty in retail. In the study, a structured questionnaire was employed. Customer satisfaction, brand loyalty, and service quality were the study's variables. The study's main conclusion was that consumers' happiness and loyalty to retail businesses are positively impacted by the quality of the services they receive. Nonetheless, the relationship between commitment and consumer pleasure is moderated by store design.

The significance of customer happiness in the retail industry was the subject of an article written by Akter (2023). The study's goal was to ascertain the elements that influence consumers' purchasing decisions as well as their intents to acquire the goods. A structured questionnaire was employed as the research design in this study. Customer satisfaction and brand image were the study's variables. The study's findings demonstrate that there is a direct correlation between the corporate brand image and consumer pleasure, and that this relationship is substantial. The results validate the impact of departmental brand image on customer satisfaction.

The impact of store and retail service quality on patronage intentions toward the organized retail industry was the subject of an article written by Waran and Sundram (2021). Finding out how shop and retail service quality affects word-of-mouth and patronage intentions toward the organized retail sector is the primary goal of the study. A structured questionnaire was the research approach employed in this study. Customer satisfaction, retail service, and store service were the study's variables. The results show that consumer satisfaction is rising as a result of both store and retail service quality. The results demonstrated the strong influence of customer satisfaction, retail service quality, and store service quality on word-of-mouth and patronage intention.

An article on Divyadharshini's (2021) research on customer satisfaction with department stores, specifically focusing on Coimbatore, was written. The study's goal was to investigate the variables that influence consumers' decisions to buy household goods from department stores. The research employed product price, discount, and profit level as factors. In the study, a questionnaire technique was employed. The study's key finding was that most respondents anticipated price reductions for items branded under the Shri Kannan

Departmental Stores. Regular consumers also anticipated some reductions from MRP rates. Discounts and promotions should be given to clients in order to draw in and keep them. The selection of infant products was limited. The fruits and vegetable department needs to be given the necessary attention in order to boost profit levels. Respondents anticipated that there will be enough parking.

An essay on the subject of a study on Coimbatore city's customers' attitudes regarding locally themed department stores was written by Mahalakshmi (2021). The goal of the research is to examine current consumer purchasing behaviors at neighborhood department shops. Customer loyalty and product quality were the study's variables. The questionnaire approach was the research strategy employed in this study. The study's conclusion was that businesses can only succeed if they offer their customers' preferred products and services. Thus, regardless of the type of retail outlet, it is critical that these establishments always prioritize the needs of their customers in order to effectively promote their goods.

Kumar (2019) carried out research on the subject of consumer satisfaction with department stores, with a focus on the Saravanampatti neighborhood of Coimbatore. The study's goal was to investigate the factors that influence consumers' decisions to buy home goods from department stores. Customer happiness and business location were the study's variables. In the study, the questionnaire method was employed. The main conclusion was that department stores need to prioritize customer happiness. They should maintain order, appropriately display their merchandise, and draw in customers. Customers are happy with the department store and willing to suggest it to others, according to the report.

An essay about the impact of service quality on customer satisfaction, customer joy, and customer loyalty was written by Desiyanti (2018). The purpose of the study was to validate the relationship between customer happiness and joy and service quality. In the investigation, the random sampling method was applied. Customer happiness and service quality were the study's variables. In the investigation, the random sampling method was applied. The study's main conclusion was that customer satisfaction is positively and significantly impacted by service quality. In other words, higher service quality results in higher customer satisfaction, whereas lower service quality results in lower customer satisfaction.

An article on a study on consumer purchasing patterns and satisfaction with the Shrikannan department store in Coimbatore city was written by Balusamy (2017). The study's goal was to gauge how satisfied customers were with Shri Kannan Departmental Shop. Price and profit level were the study's factors. In the study, a purposeful sampling technique was employed. Price and profit level were the study's factors. The study's main conclusion was that most respondents anticipated price reductions for items branded under the Shri Kannan Departmental Stores brand. The fruits and vegetable department needed special attention in order to boost profit levels.

An essay on the subject of "A study on customer satisfaction towards department stores with special reference to the Cuddalore region" was written by Manjula (2017). The study's goal was to identify the variables that lead customers to favor the department stores in Cuddalore. The study's variables are customer loyalty and brand image. In the study, the questionnaire method was employed. The study's conclusion was that department stores in the Cuddalore region have been doing well recently, giving their patrons excellent service by utilizing ever-evolving advertising strategies. The current study has examined the respondents' basic characteristics, purchasing preferences, and opinions on the several factors that influence their level of satisfaction with the services received.

The study on buying behavior and customer satisfaction towards a certain department store in Coimbatore was the subject of an essay written by Kalimuthu (2017). Examining the respondents' degree of satisfaction was the study's main goal. Customer loyalty and brand image were the study's variables. In the study, the questionnaire method was employed. The study's conclusion was that while department stores are generally good, they must contend with competition from other department stores. Nonetheless, it has established a positive reputation with customers due to its long-standing services, and it has performed admirably in recent years.

In Dharmapuri Town, Venkatesh (2016) conducted research for an article on customer satisfaction with department stores. The goal of the research is to determine what factors lead consumers to buy household goods from department stores. The study's factors were the consumer's age and gender as well as the customer care service. In the study, a questionnaire technique was employed. The study's main conclusion was that 52.5 percent of respondents were men and 47.5 percent of respondents were women. Department stores

are where almost sixty-three percent of the respondents buy their merchandise. Over 30.5% of the respondents said they bought the products because they were convenient. Over 46.5 percent of the participants express satisfaction with the customer service provided.

An article on a study on how retail service quality affects customer behavior was conducted by Raghu (2015). The study's goal is to determine how consumer behavior is impacted by the quality of retail services. Age and staff appearance were the study's factors. In this study, a descriptive research design was employed. The study's conclusion was that the majority of responders were female. They much rather visit Cuppa than men do. The majority of Cuppa's clientele is in the 20–30 year old age range. The visual look of the service materials comes in second place as the most significant physical aspect, behind the appearance of the personnel. The most significant aspect affecting an employee's responsibility is their propensity for problem-solving.

Divyadharshini (2015) studied department stores in Mumbai for her research project. Using the customer happiness index, the study's main goal is to identify the variables influencing how satisfied customers are with the services offered by a few department stores in Mumbai. The quality of the products and services was one of the study's main variables. In the study, the questionnaire method was employed. Customers have a variety of reasons to choose any department store, according to the study's main conclusion. However, "value for money," "product quality," "variety of product," and "store service" are the main justifications.

The following metastable contains a review of the international articles mentioned above.

**Table 1:***Summary of International Articles*

<b>Topic of Articles</b>	<b>Authors (Date)</b>	<b>Objectives</b>	<b>Research Design</b>	<b>Findings</b>
Impact of Customers' Perception and Satisfaction on Customers' Retention towards Departmental Stores in Salem District, Tamil Nadu, India	Kumar and Gurusamy (2023)	To analyze the customer satisfaction towards departmental stores in Salem District.	Descriptive Research Design	According to the results of this study, customer happiness has a significant role in determining client loyalty. As a result, it is crucial for every well-run store to zero in on its clientele's specific demands and needs. If a store wants to prosper, it must satisfy its customers, and the best way to do so is to provide them with exceptional value.
A Study on Importance of Customer Satisfaction in Retail Industry	Ray et al (2023)	To know about the consumers' purchase intentions towards the product and to know which factors influences them to	Descriptive Research Design.	Most of the Customers visiting the Pantaloons Fashion & Retail Ltd. are females and the most preferred Brand by the Customers is Honey. Pantaloons is a point of attraction to Customers due to discounts offered and schemes provided by

		make their buying decisions.		the store but the Customers did not find it Promising or satisfactory and wanted enhancement in the Discounts.
Service quality and store design in retail competitiveness	Faria and Carvalho (2022)	This paper aims to analyze the importance of service quality and store design as critical variables to promote differentiation and make consumers feel satisfied and committed to a retail brand.	Structural Equation Modelling.	The results confirmed that customers' service quality positively impacts their satisfaction and commitment to the retail brands. However, store design moderates the relationship between customer satisfaction and commitment.
The Impact of Brand Image on Customer Satisfaction: An Empirical Study of	Akter (2022)	The purpose of this study is to examine the effect of brand image on the	Structured questionnaires	The results of this study show that the corporate brand image is a direct path and is a factor that significantly affects the customer

Departmental Store in Bangladesh		customer satisfaction.		satisfaction. The finding supports departmental brand image effects on customer satisfaction.
Impact of Retail Service Quality and Store Service Quality on Patronage Intention towards Organized Retail Industry	Waran and Sundram (2021)	The aim of this paper is to find out the impact of retail service quality and store service quality on patronage intention and word of mouth towards organized retail industry.	Structured Questionnai re.	Findings reveal that retail service quality and store service quality are increasing the customer satisfaction. The findings showed that retail service quality, store service quality, and customer satisfaction significantly impact patronage intention and word of mouth.
A Study on Customer Satisfaction towards Departmental Stores with Special Reference to Coimbatore City	Divyadharshini (2021)	To study the factors influencing the customer to purchase house hold articles from departmenta	Questionnai re Technique	Based upon the survey, most of the respondents were expecting reduction in price for Shri Kannan Departmental Stores branded item.Regular customers were expecting some

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	I store.		reduction from MRP rate. Customers should be provided with discount /offers to attract and retain thecustomers.Availab ility of baby products was limited in variety. In order to increase more profit level, necessary care should be taken for fruits and vegetable section. Respondents were expecting adequate space for parking
A study on Mahalakshmi customers' attitude towards localised departmental stores in Coimbatore city (2021)	To study the existing practices of customers regarding purchasing in the Localized Department al Stores.	Questionnai re method	It is imperative that only those stores which provide the goods and services at the choice of customers be successful in their business. Therefore, it is important that these retail stores should always be customer centric so that they able to market their products without any problem, being any format of retail stores.

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<p>A study on a customer satisfaciton towards departmental stores with special reference to Saravanampatti area in Coimbatore city</p>	<p>Kumar (2019)</p>	<p>To study the factor influencing the customer to purchase household articles from the departmenta l store.</p>	<p>Questionnai re method</p>	<p>Customer satisfaction plays an important role in departmental store. The departmental store should keep up neatness and arrange the items properly and attract the customers. The study reveals that customers are satisfied with the departmental store and ready to recommend to other customers.</p>
<p>Effect of Service Quality on Customer Satisfaction, Customer Delight and Customer Loyalty</p>	<p>Desiyanti (2018)</p>	<p>This research is conducted to confirm the relation of Service quality,to Customer Satisfaction , Customer Delight.</p>	<p>Random Sampling method</p>	<p>Service quality has a positive and significant impact on the satisfaction this means the better the service quality , Customer satisfaction will increase Likewise, the worse the Service quality then the customer satisfaction will decrease.</p>

<p>A study on Balusamy (2017) customer purchase pattern, satisfaction towards shrikannan departmental store in Coimbatore city</p>	<p>To measure the level of customer satisfaction towards Shri Kannan Departmental Store</p>	<p>Purposive sampling method.</p>	<p>Based upon the survey, most of the respondents were expecting reduction in price for Shri Kannan Departmental Stores branded item. In order to increase more profit level, necessary care should be taken for fruits and vegetable section</p>
<p>A study on Manjula customer satisfaction towards departmental store with special reference Cuddalore region</p>	<p>To know the factors influencing the consumer to prefer the departmental stores in cuddalore</p>	<p>structured questionnair e.</p>	<p>The departmental stores in Cuddalore region were found to be prospering in the recent years, providing quality service to the customers by employing newer and newer promotional tactics. The present research has covered the general profile and the shopping habits of the respondents, along with an enumeration of their opinion on the various dimensions that trigger satisfaction to the</p>

			service provided.
A study on purchase behaviour and customer satisfaction towards selected departmental store in Coimbatore	Kalimuthu (2017)	To study the level of the satisfaction of the respondents	Questionnaire method
			The department stores are good further they have to face competition from other department stores. However, in view of the long standing services of departmental are builds up a good image among the customer and it has done a remarkable business for past few years.
A Study on Customer Satisfaction towards Departmental Stores in Dharmapuri Town	Venkatesh (2016)	To study the factor influencing the customers to purchase house hold articles from departmental store.	Questionnaire Technique
			47.5 percent of the respondents are female and 52.5 percent of them are male. More than 63 percent of the respondents are purchasing the products from departmental stores. More than 30.5 percent of the respondent purchase the goods for convenient. More than 46.5 percent of the respondents are

				satisfied with the customer care service.
A Study on the Impact of Retail Service Quality on Consumer Behaviour	Raghu (2015)	To Study on the Impact of Retail Service Quality on Consumer Behaviour	Descriptive Research Design.	Most of the respondents belong to female category. They prefer coming to Cuppa more than males. The customers of Cuppa mostly belong to the age group of 20-30yrs. The appearance of the employee is the most important factor among the tangible factors following by the visual appearance of the service materials. The problem solving tendency of the employees is the most important among their liability factors
Study Of The Departmental Stores In Mumbai	Divyadharshini (2015)	The primary objective of the study is to know the factors which are affecting the customer	Questionnaire method	Customers have several reasons to choose any departmental store. But the primary reasons are 'value for money', 'quality of product', 'variety of product' and 'service

satisfaction of the store'.  
of service  
provided by  
some of the  
departmenta  
l stores in  
Mumbai  
using  
customer  
satisfaction  
index.

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### **2.2.2 Review of Articles in Nepalese Context**

Mahato (2023) conducted research on the satisfaction of customers who shop at Nepal's Bhatbhateni Supermarket. The study's goal is to examine how satisfied customers are with their purchases from BBSM. In order to examine consumer satisfaction with purchases, an exploratory research approach was chosen. Data was gathered at BBSM in the Kathmandu Valley using a structured questionnaire and the KOBO Toolbox. The study's conclusions showed that respondents viewed supermarkets as a single location where they could buy goods and services; the data also showed that BBSM customers are growing in terms of accessibility and product diversity, and they are happy with the products they buy there. Customer service, product presentation, and promotion are important, according to the SEM result. Convenient shopping, knowing what customers anticipate, and heightened rivalry are the main obstacles to raising customer satisfaction at BBSM.

Karn (2019) studied the subject of location selection by Big Mart, a retail chain. The main goal of the study is to determine which retail site would be best for Big Mart by analyzing a variety of factors and characteristics. The Analytical Hierarchy Process (AHP) has been applied to this study. The research's conclusion was that distribution channels are essential for product marketing performance and overall business growth.

Priority criteria should be defined based on retail's unique qualities, aims, and objectives. AHP should be completed in groups using knowledge and experiences.

Pathak's (2017) study examined how patients in a few Kathmandu's private hospitals perceived the quality and satisfaction of their care. The goal of the research is to determine how the independent variables—tangibles, empathy, assurance, reliability, and responsiveness—can affect the dependent variable, which is patients' satisfaction with the caliber of care received in Kathmandu's private hospitals. In this work, descriptive analysis has been used. According to the study's findings, patients in Kathmandu's private hospital sector are content with the level of care they receive, but there is still room for improvement. It cautions managers to pay attention to what patients expect. They ought to learn more about the patient's mindset and make measures to strengthen their areas of weakness.

A research by Shrestha (2016) on customer satisfaction and service quality included evidence from Nepalese banks. This study's primary goal is to evaluate customer satisfaction levels based on the services offered by Nepal's commercial banks. The study employed a descriptive research design. Customer happiness and service quality were the study's variables. The study's key conclusion was that the target respondents were questioned twice to gauge their opinions on the reliability component. In terms of the bank's genuine interest in resolving issues of any kind, over 75% of clients think it demonstrates such an interest. When it comes to keeping their word, more than 70% of clients think the bank can complete the task at hand precisely and on schedule. Consequently, the disagreement part of the problem is lower for both questions. When it comes to keeping their word, more than 70% of clients think the bank can complete the task at hand precisely and on schedule. So, there is less disagreement on both questions.

Karki's (2014) study on Bhat Bhateni Supermarket customer satisfaction (with particular reference to the Kalanki branch of Bhat Bhateni). Her goals were to look into why customers chose BBSM, gauge their level of satisfaction with the company's prices, services, and variety of products, gauge how different age, gender, and occupation groups' levels of customer satisfaction differ from one another, and look into various factors that influence customer satisfaction at BBSM, Kalanki. The research design utilized was descriptive. A questionnaire was employed. Samples comprised 45

responders. She concluded that the product selection, accessibility, and recommendations from friends and family were the main reasons why female customers came in. Consumers had no opinion on the prices supermarkets charged or the services they provided.

### **2.3 Research Gap**

A research gap is the discrepancy between the results of previous studies and the current study. Numerous studies have been conducted on the subject of supermarkets and other sectors' service quality and consumer satisfaction. The primary goal of every study was to look at consumer satisfaction. However, in this study, department shops' service quality is compared in order to assess the degree of consumer satisfaction. The researcher's prior research on this subject included data from previous years. However, the primary data gathering approach is used in this research to include data from the current year. The majority of the researchers in this study employed the descriptive and questionnaire methods. However, both a descriptive and a causal comparative research strategy are employed in this study. Although there are 226 respondents in the study's sample, more respondents were employed for analysis by researchers who are interested in this subject.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

Research is an organized, methodical attempt to look into a certain issue that needs to be solved. In order to solve the problem, this investigative method entails a number of well considered steps, including data collection, recording, analysis, and interpretation. The research challenge can be methodically solved by the use of methodology. It can be viewed as a science that studies how science does research; we examine the several approaches that researchers typically take to analyze their research problems and the reasoning behind them (Kothari, 1990).

#### **3.1 Research Design**

A research design is a strategy for answering the research question using empirical data. Creating a research design means making decisions about overall research objectives and approach. A descriptive as well as causal comparative research design was carried out for the purpose of this research. Descriptive research design is a type of research methodology that aims to describe or document the characteristics, behaviors, attitudes, opinions, or perceptions of a group or population being studied. Causal-comparative research is a methodology used to identify cause-effect relationships between independent and dependent variables. Descriptive research design was used to examine the status of tangibility, reliability, responsiveness, assurance, empathy and customer satisfaction. Similarly, casual comparative research design is used to examine the relationship between use variables and analyze the impact of tangibility, reliability, responsiveness, assurance and empathy on customer satisfaction.

#### **3.2 Population and Sample and Sampling Design**

All the customers of department store of Kathmandu valley were considered as the total population for the study. The research studies the effect of retail service quality dimension on customer satisfaction and loyalty among department stores of Kathmandu valley. Therefore, the population of the study is all customers of the department stores of the Kathmandu valley.

The total sample size taken for the study was 226 respondents. The sample includes the customers of different age and income groups of Bhatbhateni Departmental Stores and Bigmart Departmental stores. For data collection, one of the non-probabilistic sampling techniques, i.e. convenience sampling has been used. Convenience sampling was appropriate for this research because this technique is best way to reach to the respondents; similarly, due to resource constraints- time and money. This sampling technique generally assumes a homogeneous population that means the members of the population poses similar characteristics. This sample of the study represents the whole population of the study.

The sample includes the customers of different age and income groups from Bhatbhateni Departmental Stores and Bigmart Departmental stores. For data collection, one of the non-probabilistic sampling techniques, i.e. convenience sampling has been used. Convenience sampling was appropriate for this research because this technique is best way to reach to the respondents. This sampling technique generally assumes a homogeneous population that means the members of the population poses similar characteristics. This sample of the study represents the whole population of the study.

### **3.3 Nature and Source of Data and Instrument of Data Collection**

In this research, there is use of primary data as a data collection method. Primary data refers to data that is first used to test the working hypothesis and then used as evidence to support a researcher's claim.

For this research, survey questionnaire method was used as it is the best suited for descriptive study. The questionnaires were handed out through delivery and collection method which belongs to the category of self-administered questionnaires. Delivery and collection questionnaires allow us to confirm that the questionnaires are filled up completely to reduce the occurrence of missing data, also able to explain to participants of research any queries they may have regarding the questionnaire, and this will increase the accuracy of the data that are collecting (Sekaran, 2003). The questionnaires were handed out to the consumers. The data collection phase spanned a total of one week. The respondents were asked to answer questions based on the 5-variables and the questionnaires were designed in closed-ended question form.

At the initial phase for the purpose for developing theoretical framework the data collection procedure was secondary. Basically, the secondary source of data was internet, books, journals, newspaper and articles. Similarly, in the later stage the primary source of data collection was used for the purpose of collecting data so as to analyze data for making findings. The primary source of data was structured questionnaires. Furthermore, the structure questionnaire contained single choice questions, multiple choice questions, rating questions and so on to meet our objective. To meet our objective and test, questions based on likert scale from 1 to 6 (1 being the least important and 6 being the most important) were designed and to test the significance difference between the two variables.

The questionnaires were distributed to the respondents through E-mails, and the printed sets if available. The printed sets distributed to some respondents were collected after it has been fulfilled. The purpose of the study was properly defined to every respondent on the questionnaire page so that the respondents would understand why this research was being done.

### **3.4 Method of Analysis**

Serval stastical methods are used in the investigation. The following sections describe the statistical instruments that are employed in this statistical study to evaluate the following data findings:

#### **Mean**

The mean, or arithmetic mean, is indeed a measure of central tendency that represents the average of a set of values. It's calculated by adding up all the values in the dataset and dividing the sum by the number of values. The mean is used widely in statistics and everyday life to describe the average value of a dataset, providing a single representative value that summarizes the distribution of the data. To find it tally all the population's data points, then divide the total by the number of point.

$$\text{Mean} = \frac{\sum X_i}{n} = \frac{X_1 + X_2 + X_3 + \dots + X_n}{n}$$

Where,

n = number of observations

### Standard Deviation

Standard deviation is a measure of the amount of variation or dispersion in a set of values. In statistics, it indicates how much individual data points differ from the mean (average) of the data set. Mathematically, the standard deviation  $\sigma$  of a set of  $n$  data points  $x_1, x_2, \dots, x_n$  is calculated using the following formula.

$$\text{Standard deviation } (\bar{\sigma}) = \sqrt{\frac{\sum x^2}{n} - \left(\frac{\sum x}{n}\right)^2}$$

### Correlation Coefficient (r)

The correlation coefficient describes the link between the dependent and independent variables. It is a method for determining the relationship between these two variables. When there is a strong association between the two variables, or when changes in the value of the independent variable also affect the value of the dependent variable, there is a correlation coefficient present. The Correlation coefficient,  $R$  shows the degree of relationship between two different types of variables. It ranges from -1 to +1, where -1 indicates a perfect negative relationship which means the decreasing linear relationship that is when one variable increases the another variable will decrease and 1 indicate a perfect positive correlation which means that increase in one variable will result from increase in another variable respectively (Devkota & Dahal 2016).

### Regression Analysis

In order to evaluate the hypotheses and investigate the relationship between customer happiness and service quality, regression analysis was done. A multiple regression model was constructed with customer satisfaction as the dependent variable and Tangible, Reliability, Responsiveness, Assurance, and Empathy as the independent variables (Minh, Ha, Anh, & Matsui, 2015).

The theoretical framework of the study as per the Regression equation model can be expressed as follow:

$$Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5X_5 + E$$

Where,

Y= Customer Satisfaction

X1= Tangibles

X2= Reliability

X3= Empathy

X4= Assurance

X5= Responsiveness

B0= Intercept (constant terms)

B1, B2, B3, B4, B5= Regression coefficient for respective variables (i.e. the slope which represents the degree with which customer satisfaction changes as the independent variable changes by one-unit variable)

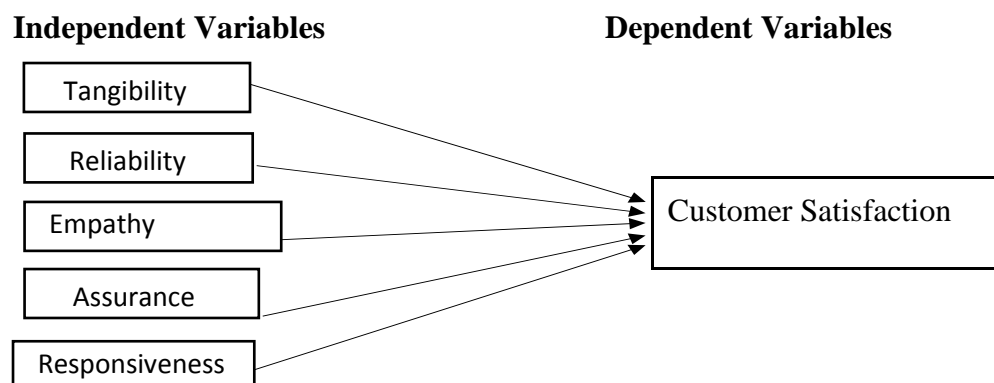
E= Error Terms

### 3.5 Research framework and Definition of variables

This study used SERVQUAL model to investigate the effect of the service quality factors on customer satisfaction in Nepalese banking industry. The five dimensions of service quality as per the SERVQUAL model i.e. tangibility, reliability, responsiveness, assurance and empathy were considered as independent variables and the customer satisfaction was taken as the dependent variable. Accordingly, the following conceptual framework was constructed.

**Figure1:**

#### Research Framework



*Source: Ragavan and Mageh (2013)*

Each variable taken under the study are defined below:

### **Tangibility**

The physical characteristics of buildings, machinery, employees, and communication mediums are referred to as tangibles. Customers, particularly new ones, utilize their physical displays or photographs of the service to gauge its quality (Hennayake, 2017). According to Mundie and Pirrie (2006), tangibility simply refers to the ability of being touched, material or substantial. The appearance of physical evidence associated with the service facilities, equipment, personnel and communication materials are said to be tangibles. Tangibility provides physical representations or images of the service that customer, especially new customers uses to evaluate quality. Tangibility of any organization is seen when customers are able to remember the organization through good experience, employees being well groomed and further better services. It further translates to example, in development banks distribution of booklet and brochure to customer's, visually appealing facilities, employees who have a neat, professional appearance, visually appealing materials associated with the service.

### **Reliability**

The capacity to deliver the promised service accurately and consistently is known as reliability. More broadly, it indicates that the business fulfils its commitments regarding pricing, problem solving, delivery, and service (Hennayake, 2017). Customers want to do businesses with companies that keep their promises, particularly their promises about the service out come and core service attributes (Hennayake, 2017). According to Mudie and Pirrie (2006), the ability to perform the promised service dependably and accurately. It is regarded as the most important determinant of perceptions of service quality.

### **Empathy**

Empathy is defined as the caring, individualized attention that the firm provide to its customers (Hennayake, 2017). The essence of empathy is conveying, though personalized or customized service, customers are unique and special and that their needs are understood (Hennayake, 2017). In short, it is about the caring, individualized attention the firm provides to its customers. Tamang (2016) stated that the essence of empathy is conveying through personalized or customized service that customers are unique and special and that their needs are understood. Customers want to feel understood by an important to firms that

provide service to them. The firm's readiness and ability to provide each customer with personal service empathy represented the extent to which respondents felt that their bank valued them individually, the convenience of opening hours and the provision of information on charges and interest rates.

### **Assurance**

An assurance is defined as employees' knowledge and courtesy and the ability of the firm and its employees to inspire trust and confidence (Hennayake, 2017). In other words, it is concerned with knowledge and courtesy of employees and their ability to convey trust and confidence. This dimension is likely to be important for services that customers perceive as high risk or for services of which they feel uncertain about their ability evaluate outcomes (Hennayake,2017).

### **Responsiveness**

Being responsive means being ready to assist customers and offer quick service. The focus is on being attentive and acting quickly when addressing customer inquiries, concerns, complaints, and issues; customers gauge responsiveness based on the time it takes to receive assistance, answers, or problem resolution, which also encompasses adaptability and tailoring services to meet customer preferences(Hennayake,2017). According to Mundie and Pirrie (2006), responsiveness is the willingness to help customers and to provide prompt service. This dimension is particularly prevalent where customers have requests, questions, complaints and problems. Responsiveness is the ability of any organization to react with the change and execute its customer's needs. It is the willingness to help customers and provide quick service to its customers and stay upto date with the new technologies.

### **Customer satisfaction**

Customer satisfaction is the extent to which a product's perceived performance matches a buyer's expectations (Kotler, 2006). It is the measure how product or services supplied by a company meet or surpass a customer's expectation. It further argues customer satisfaction depends on the product's perceived performance relative to a buyer's expectations. If the product's performance falls short of expectations, the customer is dissatisfied. If performance matches expectations, the customer is satisfied and if performance exceeds expectations, the customer is highly satisfied or delighted (Kotler, 2006).

## **CHAPTER IV**

### **RESULTS AND DISCUSSION**

The purpose of this chapter is to analyze and interpret the data collected during the study and present the results of the questionnaire survey. The main objective of this research study is expected to be fulfilled with the outcomes derived from the analysis of the data. This chapter covers the test of hypotheses, which were formulated in the previous chapter. This section is further sub-divided into two sub-sections. The first part deals with the respondents' profile. It gives demographic information about the respondents such as gender, marital status, age, academic qualification and job destination. The second part analyzes and interprets the collected data through correlation of dependent and independent variables. And the final part is the discussion of the results obtained through analysis.

#### **4.1 Results**

##### **4.1.1 Respondents' Profile**

This section deals with the demographic analysis and interpretation of primary data collected through questionnaires. This helps to get insight into the demographic characteristics of the respondents under study. The respondents' profile includes gender, marital status, age, academic qualification and job destination. About 100 questionnaires were sent to respondents through google drive, out of which only 61 respondents give their response to the questionnaire and remaining 89 questionnaires were distributed to the respondents in printed form. All the respondents were the students, service holder and business person of Bhatbhateni Departmental stores and Big mart departmental stores.

#### 4.1.1.1 Gender of Respondents

Table 2

*Gender of Respondents*

<b>Gender</b>	<b>No. of Respondent</b>	<b>Percentage</b>
Male	138	61.06
Female	85	37.61
Others	3	1.33
Total	226	100

*Source: Field Survey of 2024*

The demographic analysis and interpretation of primary data obtained via surveys are covered in this section. This makes it easier to understand the demographic traits of the study participants. The profile of the respondents comprises their age, gender, marital status, educational background, and intended career path. Approximately one hundred and ninety-nine respondents received printed copies of the approximately 100 surveys that were sent to them via Google Drive; only sixty-one responded to the questionnaire. All of the respondents were employees of Big Mart and Bhatbhateni department shops, as well as students and service providers.

#### 4.1.1.2 Age Group of Respondents

Table 3

##### *Age Group of Respondent*

<b>Age Group</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Below 25 years	125	55.31
25-35 years	81	35.84
35-45 years	16	7.08
Above 45 years	4	1.77
<b>Total</b>	<b>226</b>	<b>100</b>

*Source: Field Survey of 2024*

The respondents' gender breakdown is displayed in Table 2. It demonstrates that, out of the 226 respondents in the sample, more male respondents participated than female respondents or any other respondents. The proportion of respondents who identified as male, female, or other was 61.06%, 37.61%, and 1.33%, respectively. Even though the study's goal was to have an equal sample size, the number of male, female, and other responders varied due to independent selection.

#### 4.1.1.3 Marital Status of Respondents

Table 4

##### *Marital Status of Respondents*

<b>Marital Status</b>	<b>No. of Respondent</b>	<b>Percentage</b>
Unmarried	183	80.97
Married	43	19.02
<b>Total</b>	<b>226</b>	<b>100</b>

Source: 2024 Field Survey

The respondents' marital status is displayed in Table 4. It has been discovered that there were more single respondents than married respondents. There were 183 single respondents, or 80.97% of the total, and 19.02 married respondents, or 9% of the total, were respondents.s

## 4.1.1.4 Occupation of Respondents

Table 5

*Occupation of the Respondents*

<b>Occupation</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Student	147	65.04
Service Holder	56	24.78
Business Person	23	10.17
Total	226	100

*Source: Field Survey of 2024*

The respondents' occupations are displayed in Table 5. The majority of respondents—147, or 65.04% of the total—fall into the student category. Another 23 respondents, or 10.17%, belong to the business holder category, and 56 respondents, or 24.78%, belong to the service holder category.

## 4.1.1.5 Academic Qualification

Table 6

*Academic Qualification of Respondents*

<b>Academic Qualification</b>	<b>No. of Respondent</b>	<b>Percentage</b>
SLC	2	0.88
Intermediate	34	15.04
Bachelors	106	46.90
Masters	79	34.96
Doctorate	5	2.21
Total	226	100

*Source: Field Survey of 2024*

The respondents' educational backgrounds are displayed in Table 6. Out of 226 responses, 2 and 34 had SLC and intermediate, respectively. Respondents with bachelor's and master's degree backgrounds made up 106 and 75 percent of the sample as a whole, respectively. There are five doctorates among the responders. SLC, Intermediate, Bachelors, Masters, and Doctorate percentages are, in order, 0.88, 15.04, 46.90, 34.96, and 2.21.

#### 4.1.6 Monthly Income

Table 7

*Monthly Income of Respondents*

<b>Monthly Income</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Below 20,000	132	58.41
20,000-40,000	53	23.45
40,000-60,000	20	8.85
Above 60,000	21	9.29
<b>Total</b>	<b>226</b>	<b>100</b>

*Source: Field Survey of 2024*

The respondent's family's income is displayed in Table 7. The bulk of the 151 respondents come from income brackets below \$20,000. There are 132 out of 226 responders in this category. Of the entire sample size, 53 respondents fall into the 20,000–40,000 income range, which is the second highest category of respondents. The percentages of the overall sample size that are respondents in the income categories of 40,000–60,000 and over 60,000 are 8.85% and 9.29%, respectively.

#### 4.1.2 Descriptive Analysis

The descriptive analysis of the information gathered throughout the study process via the questionnaires is covered in this part. Calculating statistical metrics like mean, standard deviation, and maximum and minimum values is a part of descriptive analysis. These values aid in the analysis of the data by the researcher with regard to variables and

research questions, as well as frequency and aggregate analysis. Six-point Likert scales, ranging from 1 (strongly disagree), 2 (disagree), 3 (somewhat disagree), 4 (slightly agree), 5 (agree), and 6 (strongly agree), were used to collect data from the respondents. There were 226 responders to each question item.

Here, the conceptions of five dimensions—reliability, responsiveness, assurance, empathy, and tangibles—define services quality. In a similar vein, measurements were made of consumer loyalty and satisfaction levels. The following lists the questions pertaining to each variable along with their descriptive statistics.

#### 4.1.2.1 Descriptive Analysis of Tangible

Table 8

*Descriptive Study of Tangible*

S S.N.	Tangible	N	Mean	S.D.	Minimum	Maximum
Q1	I only go to clean department store for shopping.	226	4.48	1.412	1	6
Q2	A well designed store is important for me.	226	4.47	1.127	1	6
Q3	A layout of department store allows me to easily find the product I want to purchase.	226	5.11	1.050	1	6
Q4	It is important to have facilities such as toilets and relaxing area in department store.	266	5.22	1.069	1	6
Q5	I prefer convenient parking facility in a department store.	266	5.28	1.032	1	6

*Source: SPSS Output*

The respondents' opinions about tangibles as a component of service quality are displayed in Table 8. The mean value of every question in Table 8 is higher than the average of 3, indicating that tangibles are a significant factor in judging the caliber of the services. Q4 and Q5, which comprised the main set of questions, had the highest mean values (5.22 and 5.28, respectively).

It indicates that the respondents prioritized stores with greater amenities, such as convenient and secure parking. Similarly, Q3's mean score of 5.11 indicated that respondents gave this topic second importance among their priorities. With a mean value of 4.48, Q1 was assigned third priority, while Q2, with a mean value of 4.47, was assigned fourth priority.

#### 4.1.2.2 Descriptive Analysis of Reliability

Table 9

##### *Descriptive Study of Reliability*

S.N.	Reliability	N	Mean	S.D.	Minimum	Maximum
Q1	Correct information regarding the products should be available in department store.	226	5.42	0.911	1	6
Q2	I don't prefer long queues at the cash counter in department store.	226	5.27	0.924	1	6
Q3	I think department store should have adequate stock of all products.	226	5.31	0.811	1	6
Q4	I prefer product price tag to be clearly visible.	226	5.57	0.815	1	6
Q5	I prefer staffs to help me in my shopping.	226	4.85	1.142	1	6

*Source: SPSS Output*

The opinions of the respondents on dependability as a component of service quality are displayed in Table 9. The mean value of every question in Table 9 is higher than the average of 3, indicating that reliability is a significant factor in determining the caliber of the services. Out of all the questions in this set of criteria, Q4 had the highest mean score—5.57. It indicates that respondents value product price visibility more. With a mean score of 5.42 for Q1, respondents indicated that this subject was not the top concern.

In a similar vein, the mean values for Q2 and Q3 are 5.27 and 5.31, respectively, indicating that respondents assigned adequate items and long lines less emphasis. The respondents' mean response rate for Q5 was the lowest at 4.85.

#### 4.1.2.3 Descriptive Analysis of Empathy

Table 10

##### *Descriptive Study of Empathy*

S.N.	Empathy	N	Mean	S.D.	Minimum	Maximum
Q1	I like when staffs are available for help in department store.	226	5.05	1.01	1	6
				6		
Q2	I prefer staffs at the department store to be caring.	226	4.95	1.02	1	6
				1		
Q3	I prefer the tone of staffs to be polite.	226	5.44	.826	1	6
Q4	I prefer the store if staffs understand my need.	226	4.96	1.10	1	6
				5		
Q5	I wish to get personal attention from the staffs in department store.	226	4.05	1.54	1	6
				7		

*Source: SPSS output*

The respondents' opinions on empathy as a component of service excellence are displayed in Table 10. The mean value of every question in Table 10 is higher than the average of 3, indicating that empathy is a significant factor in assessing the caliber of the services. Out of all the questions in this set of criteria, Q3 had the highest mean score (5.44). It indicates that the respondents valued staff politeness more highly. Similarly, Q1's mean score of 5.05 indicated that respondents gave this topic second importance among their priorities. With a mean value of 4.96, Q4 is ranked third. However, Q5 had a mean score of 4.05, indicating that staff members who provide one-on-one attention are given the least emphasis.

#### 4.1.2.5 Descriptive Analysis of Assurance

Table 11

*Descriptive Study of Assurance*

S.N.	Assurance	N	Mean	S.D.	Minimum	Maximum
Q1	I prefer error free transaction of payment in department store.	226	5.32	0.913	1	6
Q2	I should feel safe during my transaction at department store.	226	5.46	0.849	1	6
Q3	I prefer staffs to be truthful with transaction at the department store.	226	5.48	0.812	1	6
Q4	I prefer knowledgeable staffs at store to answer any queries.	226	5.35	0.902	1	6
Q5	There should be well trained staffs to deal with customer in department store.	226	5.36	0.827	1	6

*Source: SPSS Output*

The opinions of the respondents about assurance as a component of service quality are displayed in Table 11. The average value of every question in Table 11 is higher than the average of 3, indicating that assurance is a significant factor in assessing the caliber of the services. Out of all the questions in this set of criteria, Q3 had the highest mean score (5.48). It indicates that the respondents valued honest transactions more. In a similar vein, the Q2 mean score of 5.46 indicated that respondents gave this subject secondary importance. With a mean value of 5.36, Q5 is ranked third. With a mean score of 5.35, Q4 was ranked fourth in terms of importance. Error-free transactions received the lowest priority in Q1, with a mean score of 5.32.

#### 4.1.2.3 Descriptive Analysis of Responsiveness

Table 12

*Descriptive Study of Responsiveness*

S.N.	Responsiveness	N	Mean	S.D.	Minimum	Maximum
Q1	I believe that the store deal with queries more professionally through social media and telephone.	226	4.67	1.131	1	6
Q2	I prefer department that are efficient in resolving my questions.	226	4.98	0.879	1	6
Q3	I wish there to be exchange policies in store.	226	5.07	1.104	1	6
Q4	I like department store that give prompt response for my enquiries.	226	5.27	0.838	1	6

*Source: SPSS Output*

The respondents' opinions on responsiveness as a component of service quality are displayed in Table 12. The mean value of every question in Table 12 is higher than the average of 3, indicating that empathy is a significant factor in assessing the caliber of the services. Out of all the questions in this set of criteria, Q4 had the highest mean score—5.27. It indicates that the respondents valued staff members' rapid attention to customers' questions more. Similarly, Q3's mean score of 5.07 indicated that respondents gave this topic second importance among their priorities. With a mean value of 4.98, Q2 is ranked third. Conversely, Q1's mean score of 4.67 indicates that phone and social media inquiries are accorded the least weight.

#### 4.1.2.6 Descriptive Analysis of Customer Satisfaction

**Table 13**

*Descriptive Study of Customer Satisfaction*

S.N.	Customer Satisfaction	N	Mean	S.D.	Minimum	Maximum
Q1	I am satisfied with the store whose price is competitive.	226	4.93	1.120	1	6
Q2	I am satisfied if products performance matches my expectations.	226	5.38	0.826	1	6
Q3	I get extremely happy when quality of shopping experience delivered is of a high standard.	226	5.38	0.819	1	6
Q4	I get disappointed when service quality is of poor grade.	226	5.27	1.013	1	6
Q5	Satisfied with the store whose service quality meets my expectation level.	226	5.44	0.729	1	6

*Source: SPSS output*

The opinions of the respondents on customer satisfaction are displayed in Table 13. Out of all the questions in this set of determinants, Q5 had the highest mean score (5.44). It indicates that stores that consistently satisfy customers' expectations were given more priority by the respondents. Comparably, Q2 and Q3 each received a mean score of 5.38, indicating that respondents gave these questions less importance. Third priority was assigned to Q4 with a mean value of 5.27, while Q1 received fourth priority with a mean value of 4.93, indicating that department stores' competitive prices receive the least attention.

#### 4.1.3 Correlation Analysis

According to the study, there is a positive correlation between customer satisfaction and service quality in Nepalese department stores. This suggests that the independent variable, or the aspects of retail service quality, has a favorable impact on customer satisfaction. All five service quality dimensions have a substantial association with customer satisfaction of Nepalese department shops, according to correlation analysis between the various service quality dimensions and the dependent variable, i.e., customer contentment. The only variable in the regression study with a significance value greater than 0.05 is tangible; all other variables have significance values less than 0.05, indicating that each variable contributes significantly to customer happiness.

**Table 14**

*Correlation Among Retail Service Quality Dimension and Customer Satisfaction*

		Tangib le	reliabili ty	empat hy	Assuran ce	Responsive ness	Custome r Satisfacti on
Tangible	Pearso n Correlati on	1					
Reliabilit y	Pearso n	.597 **	1				

	Correlation						
Empathy	Pearson Correlation	.438**	.550*	1			
Assurance	Pearson Correlation	.602**	.663*	.509**	1		
Responsiveness	Pearson Correlation	.507**	.550*	.524**	.589*	1	
Customer Satisfaction	Pearson Correlation	.489**	.640*	.550**	.683*	.611**	1

*Source: SPSS Output*

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Customer satisfaction and the variables tangibility, reliability, empathy, assurance, and responsiveness have a moderately positive correlation, as indicated by the correlation coefficients of 0.597, 0.438, 0.602, 0.507, and 0.489 for tangibility, reliability, empathy, assurance, and responsiveness, respectively. Furthermore, since the P value for each association is less than 0.01 at the 1% significance threshold, the relationship is significant.

Customer satisfaction and the variables reliability, empathy, assurance, and responsiveness exhibit a moderately positive correlation, as indicated by the correlation coefficients of 0.550, 0.663, 0.550, and 0.640 for reliability, empathy, assurance, and

responsiveness, respectively. Furthermore, since the P value for each association is less than 0.01 at the 1% significance threshold, the relationship is significant.

Customers' satisfaction and assurance, responsiveness, and empathy have moderately favorable correlations, as indicated by the correlation coefficients of 0.509, 0.524, and 0.550 for assurance, responsiveness, and empathy, respectively. Furthermore, since the P value for each association is less than 0.01 at the 1% significance threshold, the relationship is significant.

Customer satisfaction and assurance have a moderately favorable link, as indicated by the correlation coefficients of 0.589 and 0.683 for assurance and responsiveness and satisfaction, respectively. Furthermore, since the P value for each association is less than 0.01 at the 1% significance threshold, the relationship is significant.

Customer satisfaction and responsiveness have a moderately favorable link, as seen by the correlation coefficient of 0.611 between the two. Additionally, the association is significant at the 1% significance level. P value is thus  $0.000 < 0.01$ .

#### **4.1.4 Regression Analysis: Impact of Reliability, Tangibility, Responsiveness, Assurance and Empathy**

Regression analysis is a collection of statistical procedures used to determine the respective relationships between independent and dependent variables. It covers a wide range of modeling and multivariate analysis techniques. The precise nature of the link between the variables cannot be ascertained; a correlation study can only indicate whether or not there is a strong association between the variables. Regression analysis in this instance offers more details regarding the relationship's slope. It is employed to forecast and characterize the nature of a connection.

Regression analysis was employed in this study to evaluate the hypothesis. This section ascertains which independent variable accounts for variance in the result, the extent to which the independent variable accounts for variance in the dependent variable, and the variables that have a substantial impact on the dependent variable's variability. To find the association between the independent factors (Tangible, Reliability, Empathy,

Responsiveness, Assurance) and dependent variable (Customer Satisfaction), linear regression analysis was used. Because linear regression is widely available and easy to handle, it is a more appropriate option.

**Table 15**

*Regression Model Summary*

<b>R</b>	<b>R<sup>2</sup></b>	<b>Adjusted R<sup>2</sup></b>	<b>Std. Error of the estimate</b>
1	0.763	0.573	0.42962

*Source: SPSS output*

The percentage of variance in the dependent variable, customer satisfaction, that can be predicted from the independent variables, tangible, reliability, responsiveness, empathy, and assurance, is explained by the coefficient of determination (R<sup>2</sup>) value. According to the summary table 15 of the regression model, it is projected that the independent variables account for 76.3% of the variation in customer satisfaction.

**Table 16**

*Regression ANOVA*

<b>Model</b>	<b>Sum of Square</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	56.615	5	11.323	61.347	0.000
Residual	40.607	220	0.185		
Total	97.222	225			

*Source: SPSS output*

The significant value 0.000, which is less than 0.05, in the regression ANOVA Table 16 suggests that the independent factors are good predictors of the relationship with the dependent variable.

**Table 17***Regression Coefficients*

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.938	.254		3.686	.000		
	tangible	-.028	.051	-.032	-.543	.588	.551	1.816
	reliability	.225	.064	.227	3.492	.001	.450	2.221
	empathy	.120	.045	.147	2.643	.009	.615	1.626
	Assurance	.319	.060	.346	5.303	.000	.446	2.243
	responsiveness	.198	.052	.222	3.801	.000	.556	1.800
<i>Source: SPSS output</i>								
a. Dependent Variable: Customer Satisfaction								

*Source: SPSS output*

The VIF value of less than 5 indicates that there is no multi-collinearity between the independent variables, which is supported by Table 17's regression coefficients.

Greater dominant influence of independent variables on the dependent variable is indicated by higher beta values. Based on the standardized beta coefficient, it can be concluded that assurance has the largest dominant influence (beta = 0.346), followed by

reliability (beta = 0.227), empathy (beta = 0.147), assurance (beta = 0.052), and tangibles (beta = -0.032).

There is a significant link between the independent and dependent variables when the significance value is less than 0.05. Given that their values are less than 0.05, it can be assumed that the dependent variable, customer satisfaction, has a significant relationship with responsiveness and assurance (significant value = 0.000), reliability (significant value = 0.001), and empathy (significant value = 0.009); tangible (significant value = 0.588) does not have a significant relationship with customer satisfaction (value > 0.05). The following can be deduced from the regression equation based on the coefficients of variables:

$$\text{Customer satisfaction} = 0.938 + (0.028 * \text{tangible}) + (0.225 * \text{reliability}) + (0.120 * \text{empathy}) + (0.319 * \text{assurance}) + (0.198 * \text{responsiveness})$$

## 4.2 Discussion

The purpose of this study is to look into the history of customer satisfaction in the department store industry and how it ultimately affects sales. In this regard, the research attempts to determine the factors that influence consumer satisfaction in Nepalese department stores by taking into account aspects of retail service quality and the subsequent impact on store loyalty. It looked at the connections between a number of independent variables, such as assurance, tangibility, responsiveness, empathy, and reliability. The results show that customer satisfaction and independent factors have a substantial positive association. This implies that these elements are quite important in determining how satisfied retail shoppers are at department shops.

The study's findings show that there is a positive association between reliability and customer satisfaction, as indicated by the correlation coefficient between the two. The associated p-value is 0.000, indicating that there is a significant link between dependability and customer satisfaction at a 99 percent confidence level, which is less than the level of significance ( $\alpha$ ) = 0.01. Thus, there is a clear correlation between

dependability and client pleasure. This result is in line with the conclusions of Parasuraman et al. (1988).

In a similar vein, the responsiveness and customer satisfaction correlation coefficient shows a positive association between the two variables. According to the associated p-value of 0.000, there is a significant link between responsiveness and customer satisfaction, which is less than the level of significance ( $\alpha$ ) = 0.01 at 99 percent confidence level. Customer happiness and responsiveness therefore follow the same path. The results are in line with those of Bitner et al. (1990) and Zeithaml et al. (1996).

Furthermore, a positive association between assurance and customer happiness is indicated by the correlation coefficient between the two variables. With a 99 percent confidence level, the corresponding p-value of 0.000 is less than the significance level ( $\alpha$ ) = 0.01, indicating a significant relationship between assurance and customer happiness. As a result, assurance and customer pleasure follow the same path. The results are consistent with those of Zeithaml et al. (1996) and Coulter & Coulter (2002).

Similar to customer satisfaction, tangibles and customer satisfaction have a positive connection coefficient. At a 99 percent confidence level, the associated p-value of 0.000 indicates that there is no significant link between tangibles and customer happiness, which is less than the level of significance ( $\alpha$ ) = 0.01. Customer happiness and tangibles so follow the same path. The results are similar to those of Bitner (1992): Zeithaml et al. (2000).

In the end, a positive correlation coefficient between empathy and customer satisfaction suggests that the two variables are positively correlated. The associated p-value is 0.000, indicating that there is a significant association between empathy and customer satisfaction at a 99 percent confidence level, which is less than the level of significance ( $\alpha$ ) = 0.01. Therefore, there is a clear correlation between empathy and client pleasure. The results are similar to those of Parasuraman et al. (1988).

This study's conclusion—which is supported by other studies as well—is that these elements taken together produce a favorable service atmosphere that improves the general customer experience in department shops. By focusing on these characteristics, retailers

can raise customer happiness and service quality. This also paves the way for further study into the relative significance of these dimensions and how technology can be used to improve these service features.

## **CHAPTER V**

### **SUMMARY AND CONCLUSION**

The data analysis and hypothesis testing in the preceding chapter were carried out in accordance with the study's goals. An overview of the study's findings and conclusion is provided in this chapter. There are three sections in this chapter. A overview of the results is presented in the first section, the study's conclusion is drawn from the results in the second section, and recommendations for more research are included in the third section.

#### **5.1 Summary**

226 respondents who were customers of Big Mart and Bhatbhateni department shops participated in the study, which was titled Retail Service Quality on Customer Satisfaction: Study of Departmental shops in Kathmandu Valeri. The study's primary goal is to investigate the connections between department stores in the Kathmandu Valley's tangibility, certainty, responsiveness, empathy, and customer satisfaction. The respondent's unique comprehension provides the source of the data for the analysis. For these businesses, keeping customers happy is essential since they operate in a very competitive market. Numerous research on customer satisfaction have found, among other variables that are included in this study, that there is a substantial association between customer satisfaction and service quality.

This study's primary goal is to examine the connection between customer happiness and service quality. Big Mart and Bhatbhateni department stores were the primary subjects of the study. There are 226 responders in the study's sample. Male responses outnumbered female respondents and other respondents. There were 138 male respondents, 85 female respondents, and 3 other respondents. 43 respondents were married and 183 respondents were single when it came to their marital status. When it came to age, the majority of respondents (125 out of all respondents) were under 25, with the next largest age group being 25 to 35, which accounted for 81 of all respondents. Very few respondents who were 45 years of age or older and 35 to 45 years of age or older, however, took part in this study. The majority of responders (106) had bachelor's degrees, followed by master's (79) and intermediate (16) levels of education. Nevertheless, just 2 and 5 of the total respondents were SLC and PhD responders, respectively. Of the 226 responders, 147

were university students, 23 were businesspeople, and 56 were employees. Similarly, the majority of respondents (132) reported monthly family incomes of less than Rs. 20,000, with respondents with monthly incomes between Rs. 20,000 and Rs. 40,000 coming in second (53). The two income groups with the fewest replies were those earning over 60,000 (\$21) and between 40,000 and 60,000 (\$20).

According to the study, there is a positive correlation between customer satisfaction and service quality in Nepalese department stores. This suggests that the independent variable, or the aspects of retail service quality, has a favorable impact on customer satisfaction. All five service quality dimensions have a substantial association with customer satisfaction of Nepalese department shops, according to correlation analysis between the various service quality dimensions and the dependent variable, i.e., customer contentment. The only variable in the regression study with a significance value greater than 0.05 is tangible; all other variables have significance values less than 0.05, indicating that each variable contributes significantly to customer happiness.

A questionnaire was utilized to investigate the variables, namely the dimensions of customer satisfaction and service quality. 226 respondents in total were used for the analysis, and SPSS was utilized to determine the analysis's findings.

## **5.2 Conclusion**

Due to customers' constant expectations that shops will meet or beyond their standards, the contemporary industry has grown increasingly competitive. As product choices become more similar, department shops are relying more and more on providing excellent customer service to stay competitive. For these businesses, keeping customers happy is essential since they operate in a very competitive market. Numerous research on customer satisfaction have found a strong correlation between customer satisfaction and the caliber of the services provided. The research focus shifted to examining the relationships between service quality and customer satisfaction after consistent findings that service quality and satisfaction are distinct constructs and that service quality contributes to customer satisfaction. The analysis showed that there was a significant correlation between customer satisfaction and service quality. This was not shocking in the slightest because earlier research had clearly shown this association.

The study looks into the level of customer happiness and service at Kathmandu Valley department stores. A modified SERVQUAL model was used to measure customer satisfaction. We concentrated on five aspects of client satisfaction. Tangibility, responsiveness, empathy, dependability, and assurance are a few of these. Both expectations and perceptions were discussed in relation to these variables. It can be inferred that, out of the five factors influencing the quality of retail services, customers placed a higher value on assurance. While there is a favorable correlation between customer satisfaction and all five retail service quality dimensions.

When assessing the correlation between tangibility and customer satisfaction, customers placed greater value on store designs that offer secure and convenient parking. To make parking more convenient and safe, department stores ought to invest more money in it. When reliability and customer happiness were compared, it was discovered that respondents prioritized product price visibility more than accurate and up-to-date information and lengthy lines. While determining the association between customer satisfaction and empathy, responsiveness, and assurance, respectively, staff willingness to assist customers, staff's rapid reaction to customers' inquiries, and error-free translation were given more priority. While evaluating the relationship between customer satisfaction and service quality, respondents assigned higher significance to stores that consistently meet the needs of their customers and to sharing negative experiences with supermarkets with others.

### **5.3 Implications**

This study solely included customers from the Kathmandu Valley. In order to determine the relationship between retail service quality and consumer happiness, more study might be conducted in other regions of the nation. Additionally, the study can be expanded to include all age groups in the nation. To ascertain how service quality affected customer happiness, only five variables of service quality were identified. In addition to service quality, additional elements that affect customer satisfaction include location, product quality, and value for money.

There aren't many studies on retail service quality and customer satisfaction. When undertaking similar kind of research, this study can help other researchers. Similar to this

study, a number of potential topics need further investigation based on the research work's conclusions.

The sample size used in this study was extremely small, allowing future researchers to choose from a wider range of sample sizes and provide better, more consistent results. Given that this research is strictly academic in nature. Thus, in the future, more expert research must to be carried out in order to obtain more precise data that will aid employers in understanding the elements that contribute to consumer pleasure.

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ABSTRACT

**The impact of** retail **service quality on customer satisfaction** is examined in **this study** . For the **service**

industry sector, which includes banks, to succeed, service quality is a critical instrument. Because quality is such a big deal, it's seen as a very vital idea in our everyday lives. It is thought of as an organizational strategy weapon. Furthermore, monitoring service quality is necessary due to the urgent requirement to create service companies and upgrade their offerings. A bank's performance and success are significantly influenced by the quality of its services. Because it offers a high degree of client satisfaction, service quality is especially important in the context of financial services and so becomes a crucial component of competitive advantage. According to research on customer satisfaction and service quality, customers' happiness is more directly correlated with service quality.

Therefore,

**the purpose of this** study is **to** evaluate **how satisfied customers** are **with the**

department shops in the Kathmandu Valley in terms of service quality. The purpose of the study was to determine how customer happiness in department shops is impacted by

**service quality. The research designs used in this study were causal comparative and descriptive. With the use of correlation and regression analysis, primary data were examined to determine the** influence **of service** quality factors **on customer satisfaction. For this sample survey, a five-point Likert scale approach was employed** . There **were** 226 samples **taken in**