

# **DETERMINANTS OF CUSTOMER SATISFACTION IN DEPARTMENTAL STORE 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

Bishna Paudel

Campus Roll No: 3438/075

Registration No: 7-2-538-15-2014

Exam Symbol No: 13251/19

Shanker Dev Campus

Kathmandu Nepal,

May, 2024

### **Certificate of Authorship**

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled“DETERMINANTS OF CUSTOMER SATISFACTION IN DEPARTMENTAL STORE OF KATHMANDU VALLEY”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented aspart 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 the dissertation.

.....Bishna Paudel

July, 2023

## Report of Research Committee

Miss. Bishna Paudel has defended research proposal entitled “**Determinants of Customer Satisfaction In Departmental Store of Kathmandu Valley**” successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Dr. Kapil Khanal and submit the thesis for evaluation and viva voce examination.

Dr. Kapil Khanal

Dissertation Supervisor

Signature: .....

**Dissertation Proposal Defended Date:**

.....

**Dissertation Submitted Date:**

.....

Asso. Prof. Dr. Sajeeb Kumar Shrestha

Chairperson, Research Committee

Signature: .....

**Dissertation Viva Voce Date:**

.....

## Approval Sheet

We have examined the dissertation entitled “**Determinants of Customer Satisfaction in Departmental Store of Kathmandu Valley**” presented by Bishna Paudel for the degree of Masters of Business studies. We hereby certify that the dissertation is acceptable for the award for degree.

Dr. Kapil Khanal

Dissertation Supervisor

Signature: .....

Internal Examiner

Signature: .....

External Examiner

Signature: .....

Asso. Prof. Dr. Sajeeb Kumar Shrestha

Chairperson, Research Committee

Signature: .....

Date:

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### Abbreviations

Adj. R <sup>2</sup>	Adjusted R <sup>2</sup>
$\beta_0$	Intercept of Dependent Variable
C	Convenience
CS	Customer Satisfaction
E <sub>it</sub>	Error Term
Et al.	And others
P	Price
PR	Product
SEE	Standard Error of Estimate
SPSS	Standard Package for Social Science

### **Abstract**

This research examined the determinants of customer's satisfaction in the departmental store of Kathmandu valley. To achieve the objectives of this study, data were collected through questionnaire from a sample of 200 customer of departmental store of Kathmandu valley. These respondents were selected using convenience sampling method. The data collected from the questionnaire were analyzed using Descriptive Statistical tools such as mean, and standard deviation as well inferential statistical tools correlation and regression. The results of this study indicates that quality, price, convenience and product have positive and significant effect on customer satisfaction.

*Keywords: convenience, customer satisfaction, product, price, quality*

## **CHAPTER I**

### **INTRODUCTION**

#### **1.1 Background of the Study**

A department store is a retail establishment that offers a diverse array of consumer goods, with each section ("department") specializing in a particular product category. Initially, department stores were strategically positioned to cater to customers by providing them with a wide selection of goods. Monitoring customer satisfaction with the various aspects of the department store environment is crucial for fostering customer relationships. In today's consumer landscape, purchasing is more than just the exchange of goods; it involves ensuring customer satisfaction. Measuring customer satisfaction is vital due to its profound effects on a firm's long-term performance and customer purchasing patterns.

Customer satisfaction is characterized as the percentage of total customers whose recorded experience with a company, its products, or services (rating) surpass stated satisfaction goals (Bhandari et al., 2021). Oliver and Swan (1989) defined customer satisfaction as an evaluative or emotional response to the service a customer perceived. Satisfaction of customers with products and services of a company is considered as most important factor leading toward competitiveness and success (Henning-Thurau & Klee, 1997). According to Anderson and Srinivasan (2003), Customer satisfaction denotes the degree of satisfaction felt by a customer stemming from their previous engagements with a specific service provider. It assesses whether a product, service aspect, or the entirety of the product/service provision meets or surpasses the customer's anticipations, offering a gratifying level of contentment in their consumption-related encounters.

Today, Customer satisfaction is critical and crucial for both service and industry survival in the marketplace such as Banks (Paudel & Devkota, 2022). Within departmental stores, various product lines are managed separately by specialist merchandisers. With the emergence of organized retail formats, understanding the quality aspects across these formats becomes crucial. Product quality directly influences market share and has a positive impact on customer satisfaction. Improved insights into the quality of goods contribute to enhancing customer satisfaction. (Cameran et al., 2010).

Service quality determines customer retention both directly and indirectly through customer satisfaction (Bennett & Higgins, 1988). Consistently providing high customer satisfaction is well acknowledged to be associated with higher customer loyalty and enhanced reputation (Wangnhein & Bayon, 2004). The benefits of customer satisfaction include increase in revenues, decrease in customer related transaction costs and reduction in price elasticity among repeat buyers (Lewin, 2009).

Wantara and Tambrin (2019) found that the price and product quality has a significant and positive impact on customer satisfaction, but the product quality has not significant and positive impact on loyalty. Rana et al., (2014) found that responsiveness and product quality were most important to customers followed by price and physical appearance. Location didn't have a significant effect on customer satisfaction.

Customer satisfaction is customer's judgment of satisfaction level (Kim et al., 2004). Customer satisfaction surveys are now increasingly administered by many service industries. Along with the increased research in customer satisfaction has been a corresponding increase in the diversity of measurement scales used in customer satisfaction surveys (Devlin et al., 1993). Ranaweera et al. (2003) found that the perceived "reasonableness of price" has a positive correlation to customer retention. Thoung (2016) found a positive relationship between convenience and satisfaction level of customers.

Nilasari et al. (2022) found that product quality and brand image directly has a positive and significant effect on customer satisfaction, price has a positive but not significant effect on customer satisfaction. Aaker (2021) found that the perceive quality of consumers has a great impact towards loyalty of the brand and company successes. The above discussion shows that the studies dealing with the factors affecting the customer satisfaction on the glossary and departmental store are of greater significance. However, there are these findings in the context of Nepal. Hence, this study focuses on examining customer satisfaction in departmental store in the Kathmandu valley.

## **1.2 Problem statement**

"Satisfying customers" has become the imperative mantra for businesses seeking success in today's competitive landscape. With heightened competition across various product lines, retaining customers for prolonged periods poses a significant challenge. Therefore, the key strategy for marketers to ensure customer retention lies in consistently satisfying their needs and expectations. Rust and Zahorik (1993) stated that financial implications of attracting new customer might be five times as costly as keeping existing customers. Most grocery store managers prefers to manage the products for customers according to their needs and expectations. It is the duty of grocery store manager to understand what the customer expects and deliver the results they require. Otherwise, the manager can expect to lose business quickly as customers are quick to switch to other grocery stores. Reinartz and Kumar (2003) found that replacing long-standing customer with new ones it is costly for an organization to operate smoothly. The study reveals that it is obvious that quickly and efficient level of service should be the organization's first priority if it is to operate

Successfully and profitability. In order to achieve customer satisfaction, organizations must be able to satisfy their customers' needs and wants.

Nilasari et al. (2022) found that product quality and brand image directly has a positive and significant effect on customer satisfaction, price has a positive but not significant effect on customer satisfaction. Product quality and price directly influence repurchase intention positively and significantly. Brand image also has a positive effect on repurchase intention, although it is not statistically significant. Additionally, customer satisfaction significantly affects repurchase intention. Therefore, product quality and brand image indirectly impact repurchase intention through customer satisfaction. While price has a positive effect on repurchase intention through customer satisfaction, it is not statistically significant. Wantara and Tambrin (2019) found that the price and product quality has a significant and positive impact on customer satisfaction, but the product quality has not significant and positive impact on loyalty.

Rana et al. (2014) found that responsiveness and product quality were most important to customers followed by price and physical appearance. Location didn't have a significant effect on customer satisfaction. The researchers believe that if the people engaged in this business truly want to gain a competitive edge, they must continually strive to increase the level of customer satisfaction by emphasizing the four significant factors discerned in this study. Khan and Khan (2018) concluded that service convenience has substantial effects on post-purchase behavior such as trust, customer satisfaction and loyalty intention. The indirect effect of service convenience on customer satisfaction and loyalty is not statistically significant. Customer satisfaction does not lead to the loyalty intention of customers

Gong (2018) showed that overall service quality has a positive influence on customer satisfaction, which in turn leads to customer loyalty and customer happiness and that the general pattern of structural paths is valid in the five countries. Moreover, the comparison of paths indicates that most of them are not significantly different across the five countries. The study's results unveil four primary findings. Firstly, customer happiness or wellbeing was influenced by service quality. Secondly, customer loyalty was driven by service quality across all five Asian countries, highlighting the universality of service quality's economic value across regions. Thirdly, customer satisfaction was positively influenced by service quality. Lastly, customer income enhanced the impact of service quality on customer happiness through customer satisfaction, particularly evident in China, Hong Kong, and South Korea.

Mehmood and Najmi (2017) shows that accessibility to service provider does not affect

customer satisfaction as they are considering online shopping as an efficient virtual store, where they can complete the purchasing process by themselves. Andreti et al. (2013) proves that the most of customers comes to convenience store because of the price offered, kind of promotion, and service quality provided. Hameed (2013) showed insignificant direct impact of advertising spending on perceived quality and brand loyalty where as significant direct impact on customer satisfaction and store image. However, store image and perceived quality are confirmed as mediators in the relationship between advertising spending and brand loyalty.

Sivadas and Baker-Prewitt (2000) showed that that service quality influences relative attitude and satisfaction with department stores. Satisfaction influences relative attitude, repurchase, and recommendation but has no direct effect on store loyalty. Fostering favorable relative attitude and getting customers to recommend the product or service holds key to fostering store loyalty. Kandampully and Suhartanto (2000) showed that the price has an absolute and remarkable influence on customer loyalty nut service quality has no remarkable influence on customer loyalty whereas customer satisfaction has a absolute and remarkable influence on loyalty.

Similarly, Hokanson (1995), revealed that friendly employees, courteous employees, knowledgeable employees, helpful employees, accuracy of billing, billing timeliness, competitive pricing, service quality, good value, quick service are positively correlated to customer satisfaction. The preceding discourse highlights the inconsistency of empirical evidence. Therefore, to provide conclusive support for either perspective, conducting this study is imperative. Departmental stores cater to the daily needs of consumers from all walks of life, who frequent these establishments regularly for their purchases. If the services provided by these stores fail to meet customer expectations, it could lead to dissatisfaction among customers and potential loss of business for the stores. Thus, there is a pressing need to evaluate the level of satisfaction experienced by customers and the quality of services offered by these stores.

The study seeks customers' different shopping factors, which has direct influence on customer satisfaction. The main problem to be dealt by the present research is the question of in terms of customer satisfaction. Hence, this study deals with the following issues in departmental store inside Kathmandu valley:

- i. What are the determinants of customer satisfaction in departmental store of Kathmandu valley?
- ii. What is the relationship between quality, product variety, price and Convenience with customer satisfaction?
- iii. What is the impact of quality, product variety, price and convenience on customer satisfaction?

### **1.3. Objectives of the study**

- i. The broad objective of this study is to examine the determinants of customer's satisfaction in the departmental store of Kathmandu valley.
- ii. To ascertain relationship between quality, product variety, price and convenience with customer satisfaction.
- iii. To determine the impact of quality, product variety, price and convenience on customer satisfaction.

### **1.4 Hypothesis**

H1: Product variety is positively related to customer satisfaction.

H2: Price has a positive relationship with customer satisfaction.

H3: Convenience is positively associated with customer satisfaction.

H4: Quality correlates positively with customer satisfaction.

### **1.5 Rationale of the study**

This study aims to investigate the relationship between various shopping factors and customer satisfaction within departmental stores. It seeks to contribute to the understanding of factors that can elevate the satisfaction levels of departmental stores catering to the daily needs of consumers from diverse backgrounds. In today's globalized economy, consumers have a multitude of choices for purchasing high-quality products.

Thus, this research endeavors to assess whether the services provided by departmental stores align with customer expectations and needs, and if there are any improvements that can be made to enhance their shopping experience. The findings of this study can be utilized by sales and marketing managers to evaluate the effectiveness of their market strategies and sales techniques. Additionally, it will augment existing knowledge about the factors influencing customer satisfaction in retail settings.

## **1.6 Limitations of the study**

The limitations of this study include:

- i. Relying primarily on primary data sources, the study's conclusions hinge on the accuracy of information provided by respondents, potentially impacting the reliability of the findings.
- ii. Additionally, the study's focus is confined to department stores within the Kathmandu Valley, limiting the generalizability of its results to broader contexts.
- iii. The study operates under the assumption of linear regression between dependent and explanatory variables, omitting consideration of non-linear regression assumptions, which may overlook alternative relationships between variables.

## **CHAPTER II**

### **LITERATURE REVIEW**

#### **2.1 Literature review**

##### **2.1.1. Theoretical review**

###### **Product**

It is anything that can be offered to a market to satisfy the desire or need of a customer. Lucoma (2011) concluded that product variety has positive relationship with customer satisfaction. Product is the part of customer relationship management (CRM) that how much your customer depends upon reliability of your core product. Product quality has direct link with positive effect on market share which improved insights of the quality of goods motivate customer satisfaction (Cameran et al., 2010).

###### **Price**

Price denotes the sum of money requested by a seller for goods or services, distinct from the final payment amount. It represents the payment or compensation provided by customers for the goods or services rendered. This requested sum is commonly referred to as the asking price or selling price, whereas the actual payment may be termed the transaction price or traded price. Ranaweera et al. (2003) found that the perceived “reasonableness of price” has a positive correlation to customer retention.

###### **Convenience**

Convenience refers to the ease with which one can engage in a particular activity without encountering obstacles. Factors such as parking facilities, storage location, mode of payment, return policy, and additional amenities contribute to the convenience experienced by customers. Convenient procedures, products, and services are designed to enhance accessibility, conserve resources (such as time, effort, and energy), and reduce frustration. Thoung (2016) found a positive relationship between convenience and satisfaction level of customers.

###### **Quality**

Johnson and Ettl (2001) defined quality as the result of the product performance which in turn can be labeled as the degree of customization and freedom from defects, or how reliably the product meets customers’ requirements. Aaker (1991) stated that the perceived quality of consumers has a great impact towards loyalty of the brand and company successes.

###### **Customer satisfaction**

Tse and Wilton (1988) stated customer satisfaction is defined as an evaluation of the perceived discrepancy between prior expectations and the actual performance of the product. The benefits of customer satisfaction include increases in revenues, decreases in customer related transaction costs and reductions in price elasticity among repeat buyers (Lewin, 2009). To cultivate strong customer relationships, businesses should prioritize listening to customers' desires, needs, concerns, and preferences. Implementing courteous responses, fulfilling commitments, and going above and beyond by, for example, assembling an effective customer service team, are effective strategies for retaining customers over the long term. Gratiated customers mean a long term profitable business since they stay loyal to the business (Gumesson, 2002).

### **2.1.2 Empirical review**

Nilasari et al. (2022) investigated on analysis of the Influence of Product Quality, Price, and Brand Image on Repurchase intention with Customer Satisfaction as Intervening Variables on Customers of Skincare MS Glow Products (Study of the Communities in North Labuhanbatu Regency). The aim of this study is to examine the impact of product quality, price, and brand image on repurchase intention, with customer satisfaction serving as an intervening variable, specifically focusing on MS Glow skincare products. Employing a quantitative approach, the research adopts an associative design utilizing both primary and secondary data sources obtained through documentation study and statement lists, utilizing Likert scale measurements. The sample comprises individuals in North Labuhanbatu Regency aged 18 years and above, who have purchased MS Glow skincare products at least once, with 170 respondents selected through accidental sampling. Data collection involves distributing questionnaires. Descriptive statistical analysis and path analysis using Smart PLS are employed for data analysis. The findings of the study reveal that product quality and brand image have a direct, positive, and significant influence on customer satisfaction, while price has a positive effect on customer satisfaction but is not statistically significant. Additionally, product quality and price directly impact repurchase intention positively and significantly, whereas brand image has a positive effect on repurchase intention but lacks statistical significance. Furthermore, customer satisfaction significantly affects repurchase intention, and indirectly, product quality and brand image positively influence repurchase intention through customer satisfaction. However, the effect of price on repurchase intention through customer satisfaction is positive but not statistically significant.

Tran and Le (2020) analyzed the impact of service quality and perceived value on customer satisfaction and behavioral intentions: Evidence from convenience stores in Vietnam. This study examines the interrelationships among product quality, service quality, perceived value, customer satisfaction, and behavioral intentions. Through a literature review, validated measurements were identified. A conceptual model depicting hypothesized relationships was constructed and evaluated using confirmatory factor analysis and structural equation modeling based on responses from 220 customers. The results of the testing indicate that product quality has a significant, positive impact on customer satisfaction and behavioral intentions directly. Similarly, perceived value directly influences customer satisfaction and behavioral intentions, with satisfaction acting as a precursor to behavioral intentions. Moreover, service quality significantly influences behavioral intentions through customer satisfaction as an intermediary factor. The key finding suggests that service quality is particularly effective in attracting more customers, especially among younger consumers.

Wantara and Tambrin (2019) assessed the Effect of price and product quality towards customer satisfaction and customer loyalty on Madura batik. The objective of this research is to explore and elucidate the influence of price and product quality on satisfaction and loyalty. A survey methodology was employed, wherein respondents were interviewed and asked to complete a five-point Likert scale questionnaire. The study focused on customers who had made purchases of Madura Batik on at least two occasions. The sample size consisted of 200 respondents selected using purposive sampling. Structural Equation Modeling (SEM) was utilized as the analytical method. The findings of the study reveal several significant relationships: price has a positive and significant impact on customer satisfaction, as does product quality. Additionally, price has a positive and significant effect on customer loyalty, while customer satisfaction also significantly and positively influences loyalty. However, the study indicates that product quality does not have a significant positive impact on loyalty.

Cuong and Khoi (2019) investigated the effect of brand image and perceived value on satisfaction and loyalty at convenience stores in Vietnam. The primary aim of this study was to empirically investigate the impact of brand image and perceived value on customer satisfaction and loyalty within convenience stores in Vietnam. The relationships were assessed using a sample of 358 customers from convenience stores in Vietnam. Data analysis was conducted using partial least squares structural equation modeling (PLS-SEM) with Smart PLS software. The results of the study indicate that brand image exerts a significant positive influence on both customer satisfaction and loyalty. Similarly, perceived value also has a significant positive impact on both customer satisfaction and loyalty. Furthermore, the study findings demonstrate that customer satisfaction

significantly contributes to customer loyalty, reinforcing the importance of satisfying customer experiences in fostering long-term loyalty.

Olasanmi (2019) examined the Online shopping and customers' satisfaction in Lagos State, Nigeria. To examine the relationship between online shopping and customers' satisfaction, primary data was used for the study and a structured questionnaire was administered to obtain the data. The study focused on individuals across various occupations in Lagos, Nigeria, who had previous experience purchasing items online. Both purposive and convenience-sampling techniques were employed to select respondents, and data analysis involved frequency counts and regression analysis. Findings indicated that more than half of the respondents engaged in online shopping on a regular basis. Various reasons were cited for favoring specific online retailers, including convenience, access to comprehensive product information, a wide range of product choices, and competitive pricing. Moreover, the study revealed significant relationships between the utilization of online shopping (represented by factors such as costs, awareness, convenience, product quality, and perceived risks) and customer satisfaction. It was concluded that enhancing customer satisfaction could lead to increased patronage of online shopping outlets in the future.

Khan and Khan (2018) investigated on service Convenience and Post-Purchase Behavior of Online Buyers: An Empirical Study. The purpose of this study is to test the proposed research model for measuring the effects of service convenience on the post-purchase behavior of the Indian consumers in e-retailing. The study utilized constructs derived from existing literature, which were validated through confirmatory factor analysis. Structural equation modeling via AMOS 20.0 was then employed to examine the relationship between service convenience and post-purchase behaviors such as customer satisfaction, loyalty intention, and trust. The findings indicated that service convenience exerts significant influence on post-purchase behaviors, including trust, customer satisfaction, and loyalty intention. However, the indirect effect of service convenience on customer satisfaction and loyalty was found to be statistically insignificant. Additionally, it was observed that customer satisfaction does not necessarily translate into loyalty intentions among customers.

Rastgar and Shahriari (2018) investigated Case Study: Shopping Centers in Semnan. This study investigates the effect of the shopping center's image on the purchase intention by mediating the utilitarian and hedonic perceived value, customer satisfaction and customer preferences. The study employed a descriptive approach for data collection, targeting customers of shopping centers in Semnan. A total of 182 questionnaires were randomly collected from the statistical population. Reliability of the questionnaire was assessed using Cronbach's alpha and composite reliability, while validity was determined through

convergent and divergent validity tests. Hypotheses were tested using structural equation modeling. The findings of the study reveal that the image of the shopping center has a direct and significant impact on purchase intention, as well as on utilitarian and hedonic perceived values. Moreover, utilitarian and hedonic perceived values demonstrate a direct and significant influence on customer satisfaction and preference. Additionally, customer satisfaction and preference exhibit a direct and significant effect on purchase intention. The study underscores the importance of cultivating an optimal mental image of the shopping center in the minds of customers, as it plays a crucial role in attracting new customers and retaining existing ones. By enhancing customer satisfaction and preferences, this optimal image increases customers' willingness to make purchases.

Gong (2018) analyzed the effect of service quality on customer satisfaction, loyalty, and happiness in five Asian countries. This research investigates and validates the cross-national applicability of a service quality model in five Asian countries: China, Hong Kong, Japan, South Korea, and Singapore. The aims of this study are twofold: firstly, to ascertain whether a service quality model can be universally conceptualized across Asian countries, and secondly, to investigate the comparability of scores on the items among these countries. Data were gathered through surveys distributed to consumers in five Asian countries, comprising 175 respondents from China, 178 from Hong Kong, 172 from Japan, 180 from South Korea, and 174 from Singapore. The unit of analysis was individual shoppers who had made three purchases within three months at major department stores during the data collection period. Self-administered questionnaires were employed as the data collection method, with potential respondents approached upon exiting department stores and invited to participate in a brief survey by a study assistant. The findings indicate that overall service quality positively influences customer satisfaction, which subsequently impacts customer loyalty and happiness. Moreover, the structural paths observed remain consistent across the five countries. Additionally, comparisons of these paths reveal that they are mostly not significantly different among the countries. The study yields four significant findings: firstly, service quality drives customer well-being or happiness; secondly, service quality influences customer loyalty consistently across the five Asian countries, suggesting the applicability of economic values of service quality akin to North American and European countries; thirdly, service quality is a determinant of customer satisfaction; and fourthly, customer income enhances the effect of service quality on customer happiness through customer satisfaction in China, Hong Kong, and South Korea.

Kim et al. (2018) analyzed the effects of non-verbal communication of restaurant employees on customer emotion, customer satisfaction, and customer trust, and revisit intention. In order to examine the influence of non-verbal communication with customers on their satisfaction, trust, and intention to revisit, the study prepared questions for each variable and collected data through questionnaires. A total of 100 responses were utilized, and analysis was conducted using structural equation modeling with SmartPLS 3.0. The findings of the study indicate that non-verbal communication significantly affects customer emotions, which in turn have a significant impact on customer trust and satisfaction. Furthermore, customer satisfaction and trust were found to have a positive and significant influence on the intention to revisit.

.Bartaula (2018) investigated on customer satisfaction in Nepalese supermarket. The dependent variables are product, price, personal interaction, convenience, service and physical interaction where customer satisfaction was independent variable. The study employed a descriptive analytical approach, concentrating on primary data analysis through the distribution of questionnaires online. A sample of 191 respondents was drawn from the population for the study. Descriptive research design was utilized to explore various variables. The findings of the study indicate that price, product quality, and personal interaction positively influence customer satisfaction. Similarly, convenience, physical appearance, and service also exhibit a positive impact on customer satisfaction. Furthermore, the study reveals that service and convenience have a significant and positive influence on customer satisfaction.

Pradhan (2016) examined on study on impulsive buying behavior in supermarket in Kathmandu valley. The study based on the primary data as well as secondary data. Primary data was collected from a sample of 200 respondents using a structured questionnaire, while secondary data was gathered from various reports, previous research, published articles, and journals. The researcher employed convenience sampling to select respondents who visit supermarkets. SPSS software was utilized to analyze the research data, employing descriptive statistics such as central tendency, frequency tables, percentage analysis, and dispersion for descriptive analysis. Inferential analysis included correlation and one-sample t-tests. The study examined the influence of various independent variables—product category, financial independence, availability of money, consumer mood, POS terminal/ATM facility, price, store layout, product promotion, and referencing group—on impulsive buying behavior, the dependent variable. The findings suggest that all independent variables significantly impact impulsive buying behavior.

Hung et al. (2014) assessed an integrative approach to understanding customer satisfaction with e- service of online stores. To examine customer satisfaction with online services from multiple perspectives, this study conducted a survey with 377 customers of four online

stores. A regression analysis was conducted incorporating twelve key variables representing marketing and technical constructs to ascertain their impact on customer satisfaction, the dependent variable. The results of the analysis indicate that while these constructs collectively exert a significant influence on customer satisfaction, not all variables within each construct yield the same effect. Therefore, it is essential to adopt an integrative approach when evaluating online customer satisfaction. The research findings provide insights into enhancing online customer satisfaction by focusing on key marketing and technical factors.

Rana et al. (2014) Customer satisfaction of retail chain stores: Evidence from Bangladesh. To determine the factors constituting customer satisfaction of retail chain stores in Bangladesh, the total number of respondents for the study was 150, which was drawn from different areas of Dhaka City. The collected data underwent computation and analysis using SPSS. Descriptive analysis was conducted to gain insights into the characteristics of the respondents. A multiple regression model was employed to identify the factors that significantly influenced customer satisfaction. The results revealed that responsiveness and product quality were the most crucial factors for customers, followed by price and physical appearance. Interestingly, location did not have a significant impact on customer satisfaction. The researchers assert that to gain a competitive advantage, those involved in this business must continuously aim to enhance customer satisfaction by prioritizing the four significant factors identified in this study.

Srivastava and Kaul (2014) analyzed Social interaction, convenience and customer satisfaction: The mediating effect of customer experience. To explore the influence of convenience and social interaction on customer satisfaction, data were gathered using a structured questionnaire from department store shoppers aged 18 years and above in India (n=840) through systematic sampling. Multivariate data analysis methods including Exploratory Factor Analysis and Structural Equation Modeling were employed for data analysis. The findings indicate that both convenience and social interaction play a significant role in shaping customer experience and ultimately influencing customer satisfaction.

Atulkar and Kesari (2014) examined a review of customer preference towards organized retail stores. The paper tries to find out the preference of the customer towards organized retail sector and how customer behaves at the time of product purchase. Drawing from a review of existing literature, the researcher highlights several factors driving organized retail in India, including the availability of quality products, spacious retail environments, diverse product offerings, and effective brand communication. These factors directly or indirectly influence customer preferences. The study underscores the significance of specific elements such as product information, customer involvement, atmosphere, customer attributions, and

choices at various stages of the customer decision-making process. As a result, customers are increasingly favoring shopping malls, which offer a wide range of products under one roof along with an enhanced shopping experience characterized by ambiance and entertainment.

Kashem and Islam (2012) analyzed on customer Satisfaction of Super Stores in Bangladesh- An Explorative Study. To uncover the determinants of customer satisfaction, this study adopted an exploratory approach. Utilizing exclusively primary data, the research conducted interviews with 50 customers across five superstores. The aim was to investigate the variables influencing customer satisfaction in superstores in Bangladesh, employing advanced multivariate technique—Varimax Rotated Factor Analysis. The analysis identified three main factors shaping customer satisfaction in superstores: Product factors, Store service factor, and Customer facilities factor. The study recommends that entrepreneurs operating superstores take these factors into consideration when formulating policies for their establishments.

Gomathi et al. (2013) analyzed study on Customer Satisfaction towards Departmental Stores in Erode City. To assess consumer attitudes toward departmental stores, a form of organized retail outlet in Erode city, a survey was conducted among 500 departmental store consumers using a structured questionnaire. These consumers were selected from various locations across Erode city. Statistical analyses including descriptive analysis, Chi-square tests, and average percentage scores were performed. The survey findings reveal consumer preferences, emphasizing the significance of advertising in influencing their purchases, expectations for additional facilities, desired improvements in handling defective goods, and more.

Long et al. (2013) assessed the impact of customer relationship management (CRM) elements on customer satisfaction and loyalty. To examine the impact of customer relationship management (CRM) elements on customer satisfaction and loyalty, the study employed quantitative approach and base on 300 respondents. Multiple regression analysis is used to examine the relationship of the variables. The finding shows that behavior of the employees is significantly relate and contribute to customer satisfaction and loyalty.

Mohan (2013) investigated the factors impacting customer satisfaction in food retail supermarkets in Bangalore. The research design consists of a descriptive study involving a cross section study where in the food retail supermarket customers are surveyed at a point in time at the food retail supermarket stores using a structured questionnaire which was designed to capture the factors impacting customer satisfaction in food retail supermarkets. This research utilized both primary and secondary data sources. Primary data was collected through surveys, while secondary data was gathered from magazines, journals, and articles.

The study involved a sample size of 500 respondents over a period of three months, chosen to ensure data accuracy. Convenience sampling was employed, targeting customers at food retail supermarket stores for questionnaire administration and data collection. Statistical analysis was performed using SPSS, MS Excel, and ANOVA. Various analyses such as factor analysis, regression analysis, and correlation were conducted to understand the impact of identified factors (independent variables) on customer satisfaction (dependent variable). Additionally, ANOVA was utilized for hypothesis testing, with the null hypothesis rejected if the p-value from the F-test was less than .05 at a 95% confidence level. The study identified 17 independent variables, which were reduced to 5 main factors through factor analysis. These factors—customer service, store environment, brand variety, convenient location, and shopping convenience—were found to have a positive and significant correlation with customer satisfaction in food retail supermarkets.

Ahmad (2012) investigated attractiveness factors Influencing Shoppers; satisfaction, loyalty, and word of Mouth: An Empirical Investigation of Saudi Arabia shopping malls. The purpose of this research is to investigate the attractiveness factors influencing shoppers' satisfaction, loyalty, and word of mouth in Saudi shopping mall centers. A structured questionnaire was administered to 600 shopping mall customers, encompassing all shoppers from various malls in the city of Jeddah, Saudi Arabia. A purposive sampling technique was utilized for this study. Multiple regression analysis was conducted to assess the influence of shopping mall attractiveness factors on shopper satisfaction. The factors considered were aesthetics, convenience and accessibility, product variety, entertainment, and service quality, all of which demonstrated a positive impact on Saudi shopping mall shoppers' satisfaction. Notably, product variety emerged as the most significant factor influencing satisfaction.

Rani and Velayudhan (2008) assessed understanding consumer's attitude towards retail store in stock out situations. To understand consumer's attitude towards retail store in stock out situations, data were collected from a sample of 1,207 retail customers in India's unorganized retail sector across five product categories in Varanasi, India. The findings indicated that six independent variables, namely, the shopping attitude of the respondent, store loyalty (SL), perceived store prices, store distance, shopping frequency, and brand loyalty, in order of their impact, significantly affected consumers' attitudes towards retail stores in situations of out-of-stock.

Doris (2005) explained that the determinants of customer satisfaction in supermarket in Nairobi. This study sorted to determined how the customer were satisfied overall with the services offered by supermarkets. The sampling frame employed consisted of a comprehensive list of all estates in Nairobi, sourced from the Economic Survey of Kenya 2001. Within Nairobi, there are 82 estates

categorized into upper class, middle class, and lower class. Simple random sampling, facilitated by random tables, was utilized to select three estates from each category. From each selected estate, 15 households were chosen, resulting in a total of 135 respondents. Primary data was collected through a structured questionnaire. The collected data was summarized using the SPSS program and analyzed through tables, percentages, and factor analysis. A Likert scale was utilized to gauge respondent satisfaction with the services provided and their perceived importance. The study revealed that customers in Nairobi are generally content with the services offered by supermarkets, particularly with aspects such as store layout, facility cleanliness, convenient operating hours, and ease of finding items. However, consumers expressed dissatisfaction with the knowledge levels displayed by the staff.

Sivadas and Baker-Prewitt, (2000) assessed an examination of the relationship between service quality, customer satisfaction, and store loyalty. It aims to examine the relationship between service quality, customer satisfaction, and store loyalty within the retail department store context. Participants in the study came from a National Probability sample of 542 heads of household. Data were collected using a computer-assisted telephone interviewing (CATI) system. The results indicate that service quality influences relative attitude and satisfaction with department stores. Satisfaction influences relative attitude, repurchase, and recommendation but has no direct effect on store loyalty. Fostering favorable relative attitude and getting customers to recommend the product or service holds key to fostering store loyalty.

**Table 1***Summary of literature review*

<b>Authors</b>	<b>Article</b>	<b>Objectives</b>	<b>Methodology</b>	<b>Findings</b>
Abubakar and Mavondo (2001)	Customer Satisfaction with super market retail shopping.	To rank the factors and to relate the importance rankings to Customer satisfaction.	A sample of 800 people was taken to determine key variables that create customer satisfaction. All questions were on a 10-point Likert-type scale. Exploratory Factor Analysis was used to reduce the number of questions into a manageable set. The resulting factors were checked for meaning and reliabilities were calculated	The results suggested that since retail formats have become very standardized, corporate reputation is rated high and may be a source of sustainable competitive advantage. Accessibility was considered important, as was quality of service especially the friendliness and efficiency of checkout personnel
Deepika (2013)	A Study on Customer Satisfaction towards Departmental Stores in Erode City	To find out Consumer attitude towards departmental stores a form of organized retail outlet in Erode city.	A total of 500 Consumers of departmental stores were personally surveyed with a structured questionnaire. These consumers are spread out throughout Erode city. Statistical analysis such as descriptive analysis, Chi square and average percentage score were carried out	The preferences of the Consumers clearly indicate their importance of advertisement in influencing their purchase, the additional facilities expected, improvement expected in handling defective goods and many.
Rana, Osman and Islam (2014)	Customer satisfaction of retail	To determine the factors constituting customer	The study is a combination of qualitative and quantitative research. The total	It was determined that responsiveness and product quality were most important to customers followed by

	chain stores: Evidence from Bangladesh.	satisfaction of retail chain stores in Bangladesh	number of respondents for the study was 150, which was drawn from different areas of Dhaka City. Collected data were computed and analyzed by using SPSS. Descriptive analysis was performed to understand the profile of the respondents. Multiple regression model was used to find out which factors significantly contributed to customer satisfaction	price and physical appearance. Location didn't have a significant effect on customer satisfaction. The researchers believe that if the people engaged in this business truly want to gain a competitive edge, they must continually strive to increase the level of customer satisfaction by emphasizing the four significant factors discerned in this study.
Rasid et al. (2013)	The impact of customer relationship management (CRM) elements on customer satisfaction and loyalty	To examine the impact of customer relationship management (CRM) elements on customer satisfaction and loyalty	The study employed quantitative approach and base on 300 respondents. Multiple regression analysis is used to examine the relationship of the variables.	The finding shows that behavior of the employees is significantly related and contribute to customer satisfaction and loyalty.
Sivadas and Baker-Prewitt (2000)	An examination of the relationship between service and store loyalty	To examine the relationship between service quality, customer satisfaction, and store loyalty	Participants in the study came from a National Probability sample of 542 heads of household. Data were collected using a computer assisted telephone interviewing	The results indicate that service quality influences relative attitude and satisfaction with department stores. Satisfaction influences relative attitude, repurchase, and

	quality, customer satisfaction, and store loyalty.	ality within the retail department store context.	(CATI) system.	recommendation but has no direct effect on store loyalty. Fostering favorable relative attitude and getting customers to recommend the product or service holds key to fostering store loyalty.
Ham eed (2013)	The effect of advertising spending on brand loyalty mediated by store image, perceived quality and customer satisfaction: A case of hypermarkets	To investigate the effect of advertising spending on brand loyalty mediated by store image, perceived quality and customer satisfaction	A quantitative approach was employed, using 15-item, 5-point Likert scale questionnaire administered to 360 participants. Confirmatory Factor Analysis and Structural Equation Modeling were carried out using Amos-18 to evaluate the results	The results showed insignificant direct impact of advertising spending on perceived quality and brand loyalty where as significant direct impact on customer satisfaction and store image. However, store image and perceived quality are confirmed as mediators in the relationship between advertising spending and brand loyalty.
Rani and Velayudhan (2008)	Understanding consumer's attitude towards retail store in stock out situations	To understand consumer's attitude towards retail store in stock out situations	Data were collected from a sample of 1,207 retail customers in India's unorganized retail sector across five product categories in Varanasi, India	Results showed that six of the independent variables considered, namely, shopping attitude of respondent, store loyalty (SL), perceived store prices, store distance, shopping frequency, and brand loyalty (in order of importance of impact) significantly influenced consumers' attitude towards retail store in

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Kashem and Islam (2012)	Customer Satisfaction of Super Stores in Bangladesh- An Explorative Study.	To identify the influencing factors of customer satisfaction.	The study has been an explorative study. The study has used only primary data and conducted interviews of 50 customers from 5 super stores. It has tried to explore the variables for customer satisfaction in the super stores in Bangladesh by employing sophisticated multivariate technique- Varimax Rotated Factor analysis.	out-of-stock . The study has identified factors influencing the customer satisfaction of superstores in Bangladesh: Product factors, Store service factor, and Customer facilities factor. The study has suggested entrepreneurs of Super stores to consider these factors while designing their policies for superstores.
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## **2.2 Research gap**

While numerous studies have examined customer satisfaction, the focus has primarily been on supermarkets, with limited attention given to departmental stores. Previous research has centered on topics such as impulsive buying behavior in Kathmandu Valley supermarkets, customer satisfaction in Nepalese supermarkets, and service quality. However, there is a dearth of studies specifically investigating customer satisfaction in departmental stores.

In the Nepalese context, few studies have explored factors influencing customer satisfaction in departmental stores. However, these studies often suffer from limitations such as small sample sizes and the exclusion of important variables, rendering the findings non-generalizable. Consequently, there is a lack of recent research addressing the determinants of customer satisfaction in departmental stores within Kathmandu Valley, which could be instrumental in enhancing the success of these establishments.

Hence, this research aims to examine the determinants of customer satisfaction in departmental stores within Kathmandu Valley from a micro perspective. The study focuses on four major variables identified as significant contributors to customer satisfaction based on relevant literature reviews.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

Research methodology serves as a structured approach to systematically address research problems. It encompasses a series of steps that a researcher follows in pursuit of specific objectives. Acting as a foundational framework, research methodology outlines the overall plan for conducting a study and elucidates the methods employed. It serves as a systematic means of addressing problems by methodically collecting, analyzing, and interpreting data.

The significance of research methodology lies in its recognition that various research methods are applicable in different contexts. Therefore, understanding which method is most appropriate for a particular hypothesis or question is crucial. By selecting the appropriate methodology, researchers can effectively navigate the research process and arrive at meaningful conclusions. This chapter has sections. The first section is research design, second section is population, sample and sampling design, third section is sources of data collection, fourth is conceptual framework and definition of terminology data, fifth is data analysis tools and technique and final one is reliability test of data.

#### **3.1 Research design**

This research study adopts descriptive, causal-comparative, Causal-comparative research design and correlational research designs. The correlational research design is utilized to explore the extent of the relationship between two variables. It aims to determine the direction, magnitude, and nature of the observed relationships, assessing whether the variables are closely, moderately, or unrelated as hypothesized. Specifically, the study seeks to establish the correlation between price, quality, convenience, product variety, and customer satisfaction in department stores within Kathmandu valley. This design aids in identifying the relationship between shopping factors and customer satisfaction.

Similarly, Causal-comparative research design is used to find out the cause and effect relationship between dependent and independent variables of the study. The study also uses descriptive research design for fact finding and searching adequate information about factor affecting customer satisfaction. The questionnaire is designed to assess the perception of customers of department store regarding their satisfaction level.

#### **3.2 Population and sample, sampling design**

The target population for this study comprises all customers of department stores in Kathmandu Valley. A sample size of 200 individuals has been selected from this population. The study aims to collect information from customers regarding the influence of price,

quality, convenience, and product variety on their satisfaction with department stores in Kathmandu Valley. Convenience sampling has been employed for its straightforwardness and simplicity in sampling, facilitating ease of research. Questionnaires are distributed randomly to individuals who are readily accessible for participation in the study.

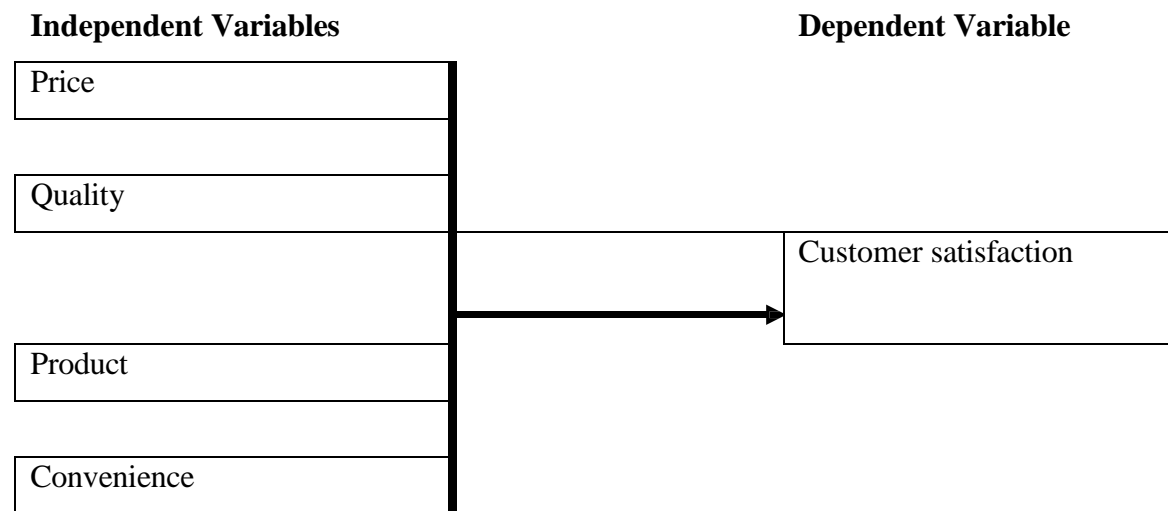
### **3.3 Nature and sources of data**

This research relies on primary data collected through a structured questionnaire survey. The questionnaire comprises three sections: "Section A" captures respondent demographics, "Section B" consists of Likert-type questions measuring variables pertinent to customer satisfaction, with response options ranging from 1 (Strongly agree) to 5 (Strongly disagree), and "Section C" includes yes/no questions. The questionnaire is administered via Google Forms and distributed to respondents through various social media platforms such as email, Messenger, WhatsApp, etc. Participants are requested to complete the questionnaire electronically.

### **3.4 Conceptual framework and definition of variables**

The conceptual framework serves as the cornerstone upon which the study is built, providing a theoretical foundation for the research. It is through this framework that the entire study progresses. The initial review of literature and information lays a solid groundwork for constructing the theoretical framework. As the overarching goal of the study is to develop theories pertaining to the identified problems and questions, it is imperative that the conceptual framework be meticulously formulated and presented.

The conceptual framework functions as a map, offering coherence to empirical investigation. Depending on the research question or problem, conceptual frameworks may vary in their structure and composition. In this study, the focus is on investigating customer satisfaction as the dependent variable and service as the independent variable, aiming to measure the impact of these independent variables on customer satisfaction. The research framework adopted for this study is outlined as follows:

**Figure 1***Research Framework*

Source: (Atulkar and Kesari, 2014)

**3.4.1 Definitions****Independent variables****Product**

It is anything that can be offered to a market to satisfy the desire or need of a customer. Lucoma (2011) concluded that product variety has positive relationship with customer satisfaction. Product is the part of customer relationship management (CRM) that how much your customer depends upon reliability of your core product. Product quality has direct link with positive effect on market share which improved insights of the quality of goods motivate customer satisfaction (Cameran et al., 2010).

**Price**

Price denotes the sum of money requested by a seller for goods or services, distinct from the final payment amount. It represents the payment or compensation provided by customers for the goods or services rendered. This requested sum is commonly referred to as the asking price or selling price, whereas the actual payment may be termed the transaction price or traded price. Ranaweera et al. (2003) found that the perceived “reasonableness of price” has a positive correlation to customer retention.

**Convenience**

Convenience refers to the ease with which one can engage in a particular activity without encountering obstacles. Factors such as parking facilities, storage location, mode of payment, return policy, and additional amenities contribute to the convenience experienced by customers. Convenient procedures, products, and services are designed to enhance accessibility, conserve resources (such as time, effort, and energy), and reduce frustration. Thoung (2016) found a positive relationship between convenience and satisfaction level of customers.

### **Quality**

Johnson and Ettlie (2001) defined quality as the result of the product performance which in turn can be labeled as the degree of customization and freedom from defects, or how reliably the product meets customers' requirements. Aaker (1991) stated that the perceived quality of consumers has a great impact towards loyalty of the brand and company successes.

### **Customer satisfaction**

Tse and Wilton (1988) stated customer satisfaction is defined as an evaluation of the perceived discrepancy between prior expectations and the actual performance of the product. The benefits of customer satisfaction include increases in revenues, decreases in customer related transaction costs and reductions in price elasticity among repeat buyers (Lewin, 2009). To cultivate strong customer relationships, businesses should prioritize listening to customers' desires, needs, concerns, and preferences. Implementing courteous responses, fulfilling commitments, and going above and beyond by, for example, assembling an effective customer service team, are effective strategies for retaining customers over the long term. Gratiified customers mean a long term profitable business since they stay loyal to the business (Gumesson, 2002).

### **3.5 Methods of analysis**

Various statistical tools including frequencies, percentages, and means are employed for data analysis. Correlation between variables is calculated using SPSS, while Microsoft Excel is utilized for calculating average scores and organizing data collection procedures and tables as necessary. Both descriptive and inferential statistics are utilized in this study for comprehensive analysis.

### **3.6. Method of analysis**

In this model, dependent variable is the customer satisfaction. The independent variables are of price, quality, convenience, and product. The model is presented as:

Model 1

$$CS = \beta_0 + \beta_1 Q + \beta_2 P + \beta_3 C + \beta_4 PR + \text{eit}$$

Where,

CS= Customer satisfaction

P = Price

C= Convenience

PR = Product

eit = error term  $\beta_0$ = intercept of dependent variable  $\beta_0, \beta_1, \beta_2, \beta_3,$  and  $\beta_4$  are beta coefficients.

### 3.6 Reliability test of data

To ensure the reliability and consistency of the survey instruments in measuring the variables under study, a Cronbach's Alpha ( $\alpha$ ) analysis was conducted on a sample of 200 items. This assessment evaluated the quality and internal consistency of the survey.

Less than 0.6 Cronbach's Alpha is regarded "bad," more than 0.6 but less than 0.8 is deemed "acceptable," and more than 0.8 is considered "excellent," according to Sekaran (2000). All variables in this study exhibit Cronbach's Alpha values exceeding 0.6, indicating their acceptability and reliability. The tools utilized in this research are deemed trustworthy based on these findings.

Table 2 presents the Cronbach's Alpha values for the dependent variable, customer satisfaction, along with the independent variables: quality, price, convenience, and product. The overall Cronbach's Alpha exceeds 0.911, suggesting a reliability level of 91 percent for all variables. Specifically, the Cronbach's Alpha values for quality, price, convenience, product, and customer satisfaction are 0.701, 0.772, 0.712, 0.668, and 0.748, respectively.

**Table 2***Reliability Test*

<b>S.N.</b>	<b>Variables</b>	<b>Cronbach's Alpha</b>	<b>No of item (N)</b>
1	Quality	0.701	4
2	Price	0.772	4
3	Convenience	0.712	4
4	Product	0.668	3
5	Customer satisfaction	0.748	4
<b>Total</b>		<b>0.911</b>	<b>19</b>

## CHAPTER IV

### RESULTS AND DISCUSSION

#### 4.1 Respondent Profile

This chapter presents the analysis findings derived from the data collection process. It involves the examination and interpretation of primary data collected from 200 respondents through a questionnaire. The analysis is guided by the research objectives outlined in the preceding chapter. The primary aim of this chapter is to assess and comprehend the gathered information.

**Table 3**

*Profile of respondents*

Particular	Frequency	Percentage
<b>Gender</b>		
Female	115	57
Male	85	43
<b>Age</b>		
Below 20	23	11.5
20-30	145	72.5
30-40	27	13.5
40 and above	5	2.5
<b>Marital status</b>		
Single	66	33
Married	126	63
In a Relationship	8	4
<b>Education level</b>		
Below SEE	37	18.5

+2 level	103	51.5
Bachelor level	56	28
Master level	4	2
<b>Income level</b>		
No earning	70	35
Less than 20000	31	15.5
20000-40000	58	29
40000-60000	10	5
60000-80000	18	9
More than 80000	13	6.5
<b>Frequency of shopping</b>		
Sometimes	69	34
Once a week	78	39
Twice a week	28	14
Once a month	25	12
Twice a month	2	1
<b>Reasons behind choosing Sales berry</b>		
Quality	123	61.5
Price	21	11
Brand	48	24
Advertisement	6	3
<b>Total</b>	<b>200</b>	<b>100</b>

Source: Field survey, 2022

According to table 3, out of all respondents, 43 percent are male and 57 percent are Female.

Regarding the age of respondents, majority of respondents 72.5 % are between 20-30. Whereas, 11.5%, 13.5% and 2.5% are below 20 age, 30-40 and above 40 age simultaneously. Regarding the relationship of respondents the table show that majority of respondents 63 % are married. Whereas, 33% are single and remaining 4 % respondents and in a relationship. The data about educational level of respondent's shows that majority of respondents 51.5 % has completed master level. Whereas, 18.5%, 28% and 2% has completed below SEE, +2 level and Bachelor level simultaneously. Regarding income level the table shows that majority of the respondents (35 percent) have no earning and 15.5% earn less than 20000, whereas, 29%, 5%,9% and 6.5% has income level between 20000-40000, 40000-60000, 60000-80000 and more than 80000 simultaneously.

According to table above, majority of respondents i.e 39 % do shop once a week, whereas 34%, 14%, 12 % and 1% do shop sometimes, twice a week, once in a month and twice in a month simultaneously. Likewise, majority of respondent's i.e 61.5 % choose departmental store due to availability of good quality products, whereas 11%, 24%, and 11% chose departmental store due to price, brand and advertisement.

## 4.2 Descriptive Statistics

Descriptive statistics is used to analyze the data collected from the respondents. In this part we present frequency distribution for each quality service dimensions which they create our dependent variables and show other information such as mean and standard deviation for each of them.

**Table 4**

### *Descriptive Statistics*

Code	Opinion statement	N	Mean	Std. Deviation
Q1	I always found durable products in Sales berry.	200	2.13	0.69
Q2	Availability of high quality of products encourages me to shop in Sales berry.	200	2.17	0.68
Q3	Well performance of products determines my shopping frequency at Sales berry.	200	1.93	0.73
Q4	Reliability of Saulsberry's			

	Products encourages me to buy more products.	200	2.06	0.65
<b>Overall</b>		<b>200</b>	<b>2.07</b>	<b>0.50</b>
P1	Affordable price motivates me to purchase frequently in the Sales berry.	200	2.18	0.78
P 2	I feel price of the products at Sales berry are competitive.	200	2.18	0.76
P 3	Special discounts and schemes inspire me to purchase regularly.	200	2.27	0.88
P 4	Coupons and membership cards enables me to purchase more products.	200	2.16	0.85
<b>Overall</b>		<b>200</b>	<b>2.20</b>	<b>0.63</b>
C1	Easy parking place encourage me to buy in Sales berry.	200	1.99	0.74
C 2	Card payment system makes me easier to shop in Sales berry.	200	1.97	0.76
C 3	Easy good exchange policy motivates me to become regular customer.	200	2.11	0.81
C 4	Extra facility such as washroom is easily accessible within the premise.	200	2.10	0.72
<b>Overall</b>		<b>200</b>	<b>2.04</b>	<b>0.55</b>
PR1	I always find branded products in Sales berry.	200	2.04	0.70
PR 2	I find clear label and origin in Sales berry.	200	2.14	0.79
PR 3	I find varieties of products at Sales berry.	200	1.98	0.76
<b>Overall</b>		<b>200</b>	<b>2.05</b>	<b>0.58</b>
CS1	I feel Customer service of Sales berry is better than other mart.	200	1.99	0.73
CS 2	I feel price and quality of the product are trade off in the Sales berry.	200	2.15	0.76
CS 3	I often recommend my friends and family to shop from Sales berry.	200	2.14	0.85
CS	I am satisfied with variety of products offered by Sales berry.	200	1.98	0.82

<b>Overall</b>	<b>200</b>	<b>2.06</b>	<b>0.59</b>
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Sources: SPSS result

In the above table, to measure quality there are four different opinion statements were used to describe the quality factors that affects customer satisfaction. The mean of each question are less than 3 (<3). The highest mean is 2.17 with the standard deviation of 0.68 for the statement “Availability of high quality of products encourages me to shop in Sales berry”. Similarly, the lowest mean of the variable is 1.93 with the standard deviation of 0.73 for the statement “Well performance of products determines my shopping frequency at Sales berry”

The overall mean value for quality is 2.07 with standard deviation of 0.50, which indicates that majority of the customers agree on the statements that the quality affects the customer satisfaction.

In other words, the result indicates that quality affects the customer satisfaction level. Similarly, Regarding price, we have four different opinion statements were used to describe the price that affects customer satisfaction. The highest mean is 2.27 with the standard deviation of 0.88 for the statement “Special discounts and schemes inspire me to purchase regularly”. Similarly, the lowest mean of the variable is 2.16 with the standard deviation of 0.85 for the statement “Coupons and membership cards enables me to purchase more products”. The overall mean value for price is 2.20 with standard deviation of 0.63, which indicates that majority of the customer agree that the customer satisfaction is affected by price.

In other words, the result indicates that price affects the customer satisfaction level Likewise in case of convenience, here we have four different opinion statements were used to describe the convenience that affect customer satisfaction. The mean of each question are less than 3 (<3). The highest mean is 2.11 with the standard deviation of 0.81 for the statement “Easy good exchange policy motivates me to become regular customer”. Similarly, the lowest mean of the variable is 1.97 with the standard deviation of 0.76 for the statement “Card payment system makes me easier to shop in Sales berry”. The overall mean value for convenience is 2.04 with standard deviation of 0.55, which indicates that majority of the customer agree that the customer satisfaction is affected by convenience.

In case of product, here we have three different opinion statements were used to describe the product that affect customer satisfaction. The mean of each question are less than 3 (<3). The highest mean is 2.14 with the standard deviation of 0.70 for the statement “I find clear label and origin in Sales berry”. Similarly, the lowest mean of the variable is 1.98 with the standard deviation of 0.76 for the statement “I find varieties of product at Sales

berry”.

The overall mean value for products is 2.05 with standard deviation of 0.528, which indicates that majority of the customer agree that the customer satisfaction is affected by product. Whereas, in case of dependent variable customer satisfaction, we do have four different opinion statements were used to describe the product that affect customer satisfaction. The highest mean is 2.15 with the standard deviation of 0.76 for the statement “I feel price and quality of the product are trade off in the Sales berry”. Similarly, the lowest mean of the variable is 1.98 with the standard deviation of 0.82 for the statement “I am satisfied with variety of products offered by Sales berry”. The overall mean value for customer satisfaction is 2.06 with standard deviation of 0.59, which indicates that majority of the customer of Sales berry departmental store are satisfied.

**Table 5**

*Descriptive analysis of dependent and independent variables*

This table shows the mean, range, minimum, maximum, sum, variance and standard deviation of the quality, price, product, convenience and customer satisfaction.

	Q	P	C	PR	CS
N	200	200	200	200	200
Range	2.5	3	2.5	3	3
Minimum	1	1	1	1	1
Maximum	3.5	4	3.5	4	4
Sum	414.50	440.50	409	411	413.5
Mean	2.07	2.20	2.04	2.05	2.06
S.D	0.5	0.63	0.55	0.50	0.59
Variance	0.252	0.404	0.312	0.343	0.358

Source: SPSS result

Above table shows the descriptive statistics of dependent and independent variables of the study. Here, quality has a range of 2.5, a minimum value of 1, a maximum of 3.5, an average value of 2.07 and standard deviation is 0.5. Similarly, price has tabular range of 3, a minimum and maximum value of 1 and 4 respectively, mean value of 2.20 and 0.63 is standard deviation. Likewise, convenience has a range of 2.5, a minimum value of 1, a maximum of 3.5, an average value of 2.04 and standard deviation is 0.55. In the similar way, product has tabular range of 3, a minimum and maximum value of 1 and 4 respectively, mean value of 2.05 and 0.5 is standard deviation. Likewise, customer

satisfaction has a range of 3, a minimum value of 1, a maximum of 4, mean value of 2.06 and standard deviation is 0.59.

### 4.3 Test of Association

Correlation is used to analyze the relationship between dependent and independent variables for responses regarding the customer satisfaction. Kendall's tau correlation coefficient is often used as a test statistic in a statistical hypothesis test to establish whether two variables may be regarded as statistically dependent. Correlation measures the strength and the direction of a linear relationship between dependent and independent variables. The study has used correlation analysis to show the correlation between the dependent variables: Customer satisfaction (CS) and the independent variables product (PR), price (P), convenience (CO), Quality (Q). Kendall's tau correlation coefficients have been computed and the results are presents in the Table 6.

**Table 6**

*Correlation coefficients matrix for the dependent and independent variables*

<b>Variables</b>	<b>Q</b>	<b>P</b>	<b>CO</b>	<b>PR</b>	<b>CS</b>
Q	1				
P	0.604**	1			
CO	0.595**	0.566**	1		
PR	0.597**	0.459**	0.672**	1	
CS	0.575**	0.589**	0.673**	0.727**	1

Source: SPSS result

The table shows the Kendall's correlation coefficients between dependent variables and independent variable. Dependent variable is CS (customer satisfaction is defined as a feeling of fulfillment or enjoyment that customer derives from the department store) and independent variables are PR (product define as anything that can be offered to a market that might satisfy a want or need ), Q (how reliably the product meets customers' requirements), P (price defineas given in payment for the products) and CO (convenience define as a factor that state of being able to proceed with something without difficulty).

Note: The asterisk signs (\*\*) and (\*) indicate that the results are significant at 0.01 And 0.05 levels respectively The result shows that quality is positively correlated to customer satisfaction. It indicates that increase in quality increases the customer satisfaction level. Similarly, result shows that there is positive relationship of product with customer satisfaction. This means that better product leads to increase in customer satisfaction. The correlation matrix also shows a positive relationship of convenience with customer satisfaction which indicates that higher the convenience higher the customer satisfaction. Likewise, there is a positive relationship of price with customer satisfaction which indicate that fair price of the product in the departmental store leads to increase in the customer satisfaction.

### **4.3 Regression analysis**

Regression analysis is a statistical tool for the investigation of relationships between variables. It is one of the most commonly used statistical techniques in social and behavioral sciences. Its main objective is to explore the relationship between dependent variable and one or more independent variables.

The regression model examine the estimated relationship of customer satisfaction with product, price, quality and convenience within their departmental store. The estimated regression results of a model are shown in table 7.

The results are based on 200 observations from different department of Kathmandu valley by using linear regression model. The model is  $CS = \beta_0 + \beta_1 Q + \beta_2 P + \beta_3 CO + \beta_4 PR + e_i$  where CS (customer satisfaction is defined as a feeling of fulfillment or enjoyment that customer derives from the department store) and independent variables are PR (product define as anything that can be offered to a market that might satisfy a want or need ), Q (how reliably the product meets customers' requirements), P (price define as given in payment for the products) and CO (convenience) define as a factor that state of being able to proceed with something without difficulty).

**Table 7**

Regression result

Model	Regression coefficient of						Adj. R	SEE	F-value
	Intercept	Q	P	CO	PR				
1	0.684 (4.568)**	0.668 (9.515) **					0.310	0.497	90.536
2	0.859 (6.888)**		0.549 (10.091) **				0.336	0.487	101.822
3	0.577 (4.872)**			0.729 (13.055) **			0.460	0.440	170.430
4	0.537 (5.047)**				0.745 (14.935) **		0.527	0.411	223.061
5	0.459 (3.162)**	0.391 (4.774) **	0.363 (5.602)**				0.402	0.462	67.910
6	0.211 (1.579)	0.171 (2.167)*	0.222 (3.641)**	0.495 (7.201) **			0.525	0.412	74.248
7	0.082 (0.689)	0.006 (0.077)	0.226 (4.198)**	0.249 (3.588) **	0.470 (7.422) **		0.628	0.365	84.836

Source: SPSS result

## Notes

- i. Figures in parenthesis are t-values.
- ii. The asterisk signs (\*\*) and (\*) indicate that the results are significant at 1 percent and 5 percent level respectively.
- iii. Customer satisfaction is dependent variable.

Table 7 shows that the beta coefficients for price are positive with customer satisfaction. It indicates that the fair price has positive impact on customer satisfaction. This finding is consistent with the findings of Ranaweera et al. (2003). Likewise, the beta coefficients for product are positive with customer satisfaction. It indicates that having variety of product has a positive impact on customer satisfaction. This finding is consistent with the findings of Lucoma (2011).

The result also reveals that the beta coefficients for convenience are positive with customer satisfaction. It indicates that convenience has a positive impact on customer satisfaction. This finding is similar to the findings of Throng (2016). Similar, the beta coefficients for quality are positive with customer satisfaction. It indicates that quality has a positive impact on customer satisfaction. This finding is consistent with the findings of Aaker (1991).

## **CHAPTER V**

### **SUMMARY AND CONCLUSION**

This chapter presents the brief summary of the entire study and highlights major findings of the study. Besides, the major conclusions of this study are also discussed in separate section of this chapter. The conclusion is followed by the implications regarding the customer satisfaction on departmental store.

#### **5.1 Summary**

Customer satisfaction serves as the foundation for a company's operations and profitability, with customers holding a paramount position in the business realm. Recognizing the importance of service quality, departmental stores are increasingly prioritizing this aspect to enhance their competitive edge. Customer service emerges as a crucial element in gaining a competitive advantage. Satisfaction levels are influenced by a variety of psychological and physical factors, which in turn affect behaviors such as repeat patronage and word-of-mouth recommendations.

The major objective of this study is to investigate the factors influencing customer satisfaction within departmental stores in the Kathmandu Valley. Specific objectives include exploring the relationships between quality, product variety, price, and convenience with customer satisfaction, and identifying which variables exert the greatest influence on satisfaction levels.

In this study, customer satisfaction is considered the dependent variable, while quality, price, convenience, and product variety are regarded as independent variables. The study's participants consist of customers from departmental stores in the Kathmandu Valley, with the opinions of 200 respondents analyzed to assess satisfaction levels. Quantitative research methods utilizing primary data collection were employed for this purpose.

Data analysis involved descriptive statistics to compute overall means and standard deviations, as well as correlation and regression analyses. The collected data underwent processing using the SPSS statistical package, supplemented by Microsoft Excel for data collection and average score calculations.

The correlational matrix indicates positive correlations between quality, price, convenience, product variety, and customer satisfaction. Regression analysis reveals that product variety, convenience, price, and quality positively impact customer satisfaction.

## **5.2 Conclusion**

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. The study concluded that most of respondent prefer purchasing from departmental store, due to find all necessary product at one root. Most of respondent are satisfied with the quality of products, reasonable price and product range of the goods provided by departmental store outlets. The result shows that quality is positively correlated to customer satisfaction. It indicates that increase in quality increases the customer satisfaction level. Similarly, result shows that there is positive relationship of product with customer satisfaction. This means that better product leads to increase in customer satisfaction. The correlation matrix also shows a positive relationship of convenience with customer satisfaction which indicates that higher the convenience higher the customer satisfaction. Likewise, there is a positive relationship of price with customer satisfaction which indicate that fair price of the product in the departmental store leads to increase in the customer satisfaction.

Similarly, the regression analysis shows that the product is the most influencing factor for customer satisfaction in departmental store of Kathmandu valley followed by convenience, price and quality. The major conclusion of this study is that quality, price, convenience and product are positively correlated with customer satisfaction.

## **5.3. Implications**

Based on the findings of the study, the study has following implications for different stakeholders.

### **5.3.1 General implications**

- i. This research endeavor offers valuable insights for entrepreneurs seeking to formulate and implement policies aimed at enhancing customer satisfaction levels, thereby fostering the sustainability of their businesses.
- ii. Additionally, it contributes to the existing body of knowledge by shedding light on factors conducive to customer satisfaction, thus benefiting researchers exploring similar topics in various contexts.

iii. The research identifies a positive correlation between product variety and customer satisfaction. Therefore, supermarkets aspiring to elevate satisfaction levels should prioritize expanding their product offerings to cater to diverse consumer preferences.

iv. Furthermore, the study indicates a positive relationship between fair pricing strategies and customer satisfaction. Consequently, department stores aiming to bolster customer satisfaction should adopt fair pricing practices, considering market dynamics and consumer expectations regarding price.

v. Moreover, the study underscores the positive association between convenience and customer satisfaction. However, there remains room for improvement in enhancing convenience to further elevate customer satisfaction levels. For instance, departmental stores should strategically locate themselves in easily accessible areas with minimal traffic congestion to accommodate a wide range of customers.

### **5.3.2 Implications for future studies**

This study has tried to cover the issues related to the customer satisfaction of departmental store. Therefore, further studies can be carried out based on the findings of this study. Some of the future scopes of this study are listed as below:

i. While this study focused solely on departmental store customers as sample respondents, future research could broaden its scope to include other markets such as grocery shops, malls, plazas, and local shops to gain a more comprehensive understanding of internal marketing and customer satisfaction dynamics.

ii. The current research was limited to the Kathmandu Valley. Future studies could extend their geographical scope to encompass all of Nepal, providing insights into regional variations in customer satisfaction.

iii. Given the scarcity of research on customer satisfaction and departmental store features, this study can serve as a valuable resource for other researchers conducting similar investigations. It offers insights and methodologies that can inform future research endeavors in this area.

iv. The findings of this research present numerous potential topics for further exploration. Future studies could delve deeper into specific aspects identified in this research to uncover additional insights and implications.

v. The sample size utilized in this research was relatively small. Future researchers may consider expanding the sample size to obtain more robust and reliable results, thus enhancing the validity and generalizability of their findings.

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## Appendix

### Section A: Demographical Factor

1. Gender:
  - i. Male
  - ii. Female
  - iii. Other
2. Age:
  - i. Below 20
  - ii. 20-30
  - iii. 30-40
  - iv. 40 and Above
3. Marital status:
  - i. Married
  - ii. Unmarried
  - iii. In a Relationship
4. Education:
  - i. SLC level
  - ii. +2 level
  - iii. Bachelor level
  - iv. Master level
5. Income level:

- i. No earning
- ii. Less than 20000
- iii. 20000-40000
- iv. 40000-60000
- v. 60000-80000

- vi. More than 80000

### Section B: Introductory General question

6. How frequently do you shop?
- i. Once a week
  - ii. Twice a week
  - iii. Once a month
  - iv. Twice a month
  - v. Sometimes
7. What is the reason behind choosing Sales berry?
- i. Price
  - ii. Brand
  - iii. Quality
  - iv. Advertisement

### Section C: 5-Point Likert scale question

Respondents are asked to indicate the extent to which they satisfied or not satisfied with each statement using 5 Likert scale [(1) = Strongly Agree; (2) = Agree; (3) = Neutral; 4) = Disagree and (5) = strongly Disagree] response framework.

*Please TICK [✓] one number per line to indicate the extent to which you are satisfied or not satisfied with the following statements.*

	SD	D	N	A	SA
<b>1. Quality</b>					

1	I always found durable products in Sales berry.					
2	Availability of high quality of products encourages me to shop in Sales berry.					
3	Well performance of products determines my shopping frequency at Sales berry.					
4	Reliability of Saulsberry's Products encourages me to buy more products.					
<b>2. Price</b>						

1	Affordable price motivates me to purchase frequently in the Sales berry.					
2	I feel price of the products at Sales berry are competitive.					
3	Special discounts and schemes inspire me to purchase regularly.					
4	Coupons and membership cards enables me to purchase more products.					
<b>3. Convenience</b>						
1	Easy parking place encourage me to buy in Sales berry.					
2	Card payment system makes me easier to shop in Sales berry.					
3	Easy good exchange policy motivates me to become regular customer.					
4	Extra facility such as washroom is easily accessible within the premise.					
<b>4. Product</b>						
1	I always find branded products in Sales berry.					
2	I find clear label and origin in Sales berry.					
3	I find varieties of product at Sales berry.					
<b>5. Customer satisfaction (Dependent Variable)</b>						
1	I feel Customer service of Sales berry is better than other mart.					
2	I feel price and quality of the product are trade off in the Sales berry.					
3	I often recommend my friends and family to shop from Sales berry.					
4	I am satisfied with variety of products offered by Sales berry.					

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