

**THE ROLE OF CUSTOMER SERVICE IN SHAPING CONSUMER BEHAVIOR AND BRAND PERCEPTION OF DEPARTMENTAL STORES**

**Prof. (Dr.) Mona Mehta and Krushita Desai**  
Nagindas Khandwala Autonomous College, Mumbai  
krushita.desai@nkc.ac.in

**ABSTRACT**

*In a competitive market, being the customer's king is not just a slogan; it's a commitment. Sellers who prioritize delivering the best services understand that customer satisfaction is paramount, fostering loyalty and positive word-of-mouth, ultimately driving long-term success. It's not just a responsibility; it's a strategic imperative for thriving in today's business landscape. Evaluation extends beyond customer-facing aspects, identifying operational inefficiencies and areas for improvement. It plays a pivotal role in assessing and enhancing employee performance, contributing to the overall customer experience. Service quality significantly shapes a store's brand image and helps it adapt to changing consumer trends. Financially, satisfied customers tend to spend more, impacting the store's bottom line. Adherence to high service standards ensures regulatory compliance, contributing to the overall sustainability and success of the departmental store. The objective of the study is to evaluate determinants of customers satisfaction towards departmental store and its impact on Brand loyalty. The tool used for the research is SMART-PLS and the technique applied is Structural equation modeling. The Structured questionnaire has been designed using RSQS scale. It is seen that Convenience, Physical aspect and Reliability aspect significantly influences customer satisfaction and it is also seen that there is a significant positive impact of customer satisfaction on Brand loyalty. Whereas it is also seen that Personal interaction, Policy and Problem solving have Insignificant impact on customer satisfaction of departmental store.*

*Keywords: Customer, service, departmental store, customer satisfaction, Brand loyalty.*

**1. INTRODUCTION**

The rise in organised retailing and the introduction of new formats such as department stores, supermarkets, and hypermarkets have caused a significant shift in the Indian retail industry in the twenty-first century. The fact that it took organised retail a few decades to get merely 2% of the whole retail market in 2002 can be used to gauge the rate of organised retailing. However, because organised retailing grew so quickly after 2000, with the arrival of major multinational groups, the sector's market share quickly increased from 2% to 8% in just ten years, from 2002 to 2012. (India Retail Report, 2003–04; Shoppers Stop Annual Report, 2003–04; India Retail Report, 2019). It is becoming more difficult for physical store-based organised retailers to win over and keep customers over time due to the entry of major business groups like Tata, Birla, Reliance, Raheja, etc. and the emergence of multiple e-commerce players. This is because the country's organised retailing sector is becoming increasingly competitive. The assortment of goods, which are arranged into various departments, includes clothing and fashion accessories, cosmetics, home furnishings, and more.

The company has endeavoured to enhance the shopping experience by providing personalised communication messages and store updates, rewarding consumers for their loyalty through loyalty programmes, and maintaining a continuous connection with each individual customer. However, (Mujibur et al. 2020). A department store is a type of retail business that focuses on meeting a broad range of consumer demands for durable products for the home and office while also giving them a selection of item lines in a range of pricing points across all product categories. In addition to offering a variety of other product lines including paint, hardware, toiletries, cosmetics, photography equipment, jewellery, toys, and sports goods, department shops typically sell clothing, furniture, appliances, electronics, and other household items. Discount department stores are a subset of some department stores. Central client checkout facilities are a prominent feature of discount department shops; these are often located in the store's front section. Department stores are typically a part of a larger retail chain that has locations across one or more nations.

## *International Journal of Applied Engineering & Technology*

---

Structural Equation Modeling (SEM) is a tool used to explore intricate relationships within a theoretical framework. An instrument used to investigate complex interactions inside a theoretical framework is structural equation modeling or SEM. Both latent variables—unobserved and inferred from several observed variables—and observed variables—directly measured—are used in its operation. Measurement and the structural model, which test hypotheses and relationships between latent variables, are the two primary components of structural equation modeling (SEM). The measurement model evaluates how well-observed variables represent underlying structures. These connections are shown graphically in path diagrams. Ensuring the suggested model accurately captures data connections requires evaluating model fit. Applying SEM to evaluate theoretical models and analyze intricate relationships between variables, researchers in psychology, sociology, and marketing use software packages including AMOS, LISREL, Mplus, and SMART PLS.

The significance of this research is found in examining how "Brand Loyalty, Convenience, Personal Interaction, Physical Aspects, Policy, Problem-Solving, and Reliability Aspect—on Overall Customer Satisfaction." interact with one another. Businesses can benefit from practical insights gained from an understanding of how these factors affect customer happiness. The study attempts to identify the areas in which department shops succeed or fail in satisfying consumer expectations by evaluating these variables. This knowledge may help retailers improve customer experiences, encourage loyalty, and strengthen their competitive advantage in the retail market.

### **2. REVIEW OF LITERATURE**

- 1. Mayank Bhatia & Kedar Bhatt (2023).** The study aimed to confirm and validate the reliability of a five-dimensional retail service quality scale within the context of Indian organised clothes multi-brand retail stores. It sought to investigate how various service quality elements influence overall service quality and the connections between retail service quality, consumer happiness, and loyalty. The study's results validated the scale's reliability and validity for assessing the quality of retail services. The findings indicated that the quality of retail services significantly impacts customer satisfaction and loyalty. The study also demonstrated that customer satisfaction acted as a mediating factor in the relationship between retail service quality and customer loyalty to these businesses.
- 2. Raouf, Ahmad et al. (2022).** The relatively untapped the connection of customer brand engagement, experience, and identity was examined in this paper. The study sought to develop and evaluate a model investigating how consumers' perceptions of brand credibility, value congruence, and experience impact brand identification. The model was based on social identity theory and service-dominant logic. It also looked at how this identity will later affect brand attachment, advocacy, and loyalty. The study also looked into the possible moderating effect of customer involvement in these associations. The results showed that customers' brand identification is significantly enhanced by brand value congruence, credibility, and experience. It was discovered that this identification in turn had a major impact on brand attachment, loyalty, and advocacy. The study also emphasized how brand interaction shapes these relationships in a moderating way.
- 3. Thaya, et al. (2021).** The study underlined how operational level staff members' attitudes towards customers affect service quality and, in turn, customer happiness, emphasising the critical role these workers play in department stores. It underlined how important this component is to an organization's ability to succeed. The results showed a strong relationship between staff customer orientation and customer satisfaction levels. In the corporate world, this favourable connection was thought to have the ability to increase consumer loyalty and retention. The study's main finding was that when staff members take a customer-focused attitude, it generally has a good impact on customer satisfaction, which in turn encourages customer loyalty and dedication to the company.
- 4. Ramdani, Bayu, et al. (2020).** The study's purpose was to evaluate the link between employment happiness, brand image, service quality, and customer loyalty in the context of Holic Padang Shoe Store. It examined the relationship between work happiness and brand image and service quality's effects on customer loyalty. The main conclusions showed that customer happiness and service quality were significant determinants of client

loyalty inside the shop. Contrary to predictions, brand image did not appear to substantially impact consumer loyalty. The study also showed that while brand image had no discernible effect on customer happiness, service quality had a major impact. In terms of indirect impacts, the study found that while brand image did not significantly affect customer loyalty through customer satisfaction, service quality did influence customer loyalty through customer satisfaction.

5. **Wydyanto, et al. (2020).** The goal of the study was to develop a research model that would highlight how customer loyalty and satisfaction are impacted by service quality. The results of the built study model demonstrated how vitally important high-quality customer service is to travel agencies' long-term viability and prosperity. The study results showed that providing excellent customer service has a major beneficial impact on consumers' attitudes and behaviors. Fostering commitment and establishing a travel agency as the go-to option for travellers was significantly aided by meeting or exceeding customer expectations for service quality.
6. **Renil, Septiano., Laynita, Sari. (2020).** The study investigated how customer satisfaction at Rayhan Toko Muslim in Padang city functions as a mediating element in the relationship between “brand image, perceived value, and pricing perception and consumer loyalty.” The study found that, “brand image, perceived value, and customer satisfaction significantly influenced consumer loyalty.” But whereas customer happiness, perceived value, and brand image all had a beneficial impact on consumer loyalty, price perception did not show a statistically significant effect in the same direction. The study's findings indicated that Rayhan Toko Muslim's management should give priority to factors that have a good influence on customer satisfaction and, in turn, increase customer loyalty to preserve company continuity.
7. **K., Aparna., et al. (2020).** The study aimed to examine consumer behavior patterns, emphasizing how India's retail market is changing. It sought to investigate how merchants adjust to shifting customer tastes, highlighting how crucial it is to improve the shopping experience in order to remain competitive. The results demonstrated a notable shift in customer expectations in favour of better shopping experiences. Consumers nowadays look for a large selection of goods, interesting shop layouts, and strong visual marketing. A multitude of retail concepts that combine goods, entertainment, food, and services under one roof are emerging, signalling significant shifts in the Indian retail sector. Retailers must constantly innovate to suit changing customer wants as a result of these new business prospects brought about by this shift in consumer preferences.
8. **R., Chandrakala., M., Sudhahar. (2018).** The study's goal was to determine the factors that influence customer satisfaction in department shops, particularly in the Tirupur district. Given the enormous importance of happy customers to businesses, especially those serving end users, this study looked into the variables affecting customer satisfaction in this particular setting. Employee behaviour, leisure and refreshment, ambience, price and quality, location, and exclusive products were the six criteria that emerged as significant predictors of customer satisfaction, according to a subsequent study using ANOVA and f-tests. These characteristics were significant at the 1% or 5% level, indicating that they have a significant effect on customer satisfaction in Tirupur department shops. These six found factors significantly impacted customer satisfaction, as demonstrated by the thorough results of factor analysis, ANOVA, and f-tests.

### 3. OBJECTIVES OF THE STUDY

1. To evaluate Determinants of customer satisfaction towards Departmental Store
2. To give appropriate suggestions towards improving the customer services provide by departmental store.

### 4. HYPOTHESES

**Ha1:** There is a significant impact of the physical aspects of the departmental store on overall customer satisfaction

**Ha2:** There is a significant impact of the reliability aspect of the departmental store on overall customer satisfaction.

## *International Journal of Applied Engineering & Technology*

**Ha3:** There is a significant impact of the personal interaction of the departmental store on overall customer satisfaction.

**Ha4:** There is a significant impact of the problem-solving of the departmental store on overall customer satisfaction.

**Ha5:** There is a significant impact of the policy of the departmental stores on overall customer satisfaction.

**Ha6:** There is a significant impact of the convenience of the departmental store on overall customer satisfaction.

**Ha7:** There is a significant impact of overall customer satisfaction on brand loyalty of departmental store

### 5. RESEARCH METHODOLOGY

A standardized questionnaire was used to gather information from 225 customers of departmental stores (The minimum necessary sample size is 218 at an effect size of 0.3, statistical power of 0.9, number of latent variables = 8, number of observable variables = 35, and probability level = 0.05). For this investigation, non-probabilistic purposive sampling was employed. For this study, primary and secondary data-gathering methods were employed. The structural equation model method was employed for this investigation, and SMART PLS was the analytical instrument.

**Anticipated effect size:**  ?

**Desired statistical power level:**  ?

**Number of latent variables:**  ?

**Number of observed variables:**  ?

**Probability level:**  ?

**Calculate!**

**Minimum sample size to detect effect: 218**

**Minimum sample size for model structure: 89**

**Recommended minimum sample size: 218**

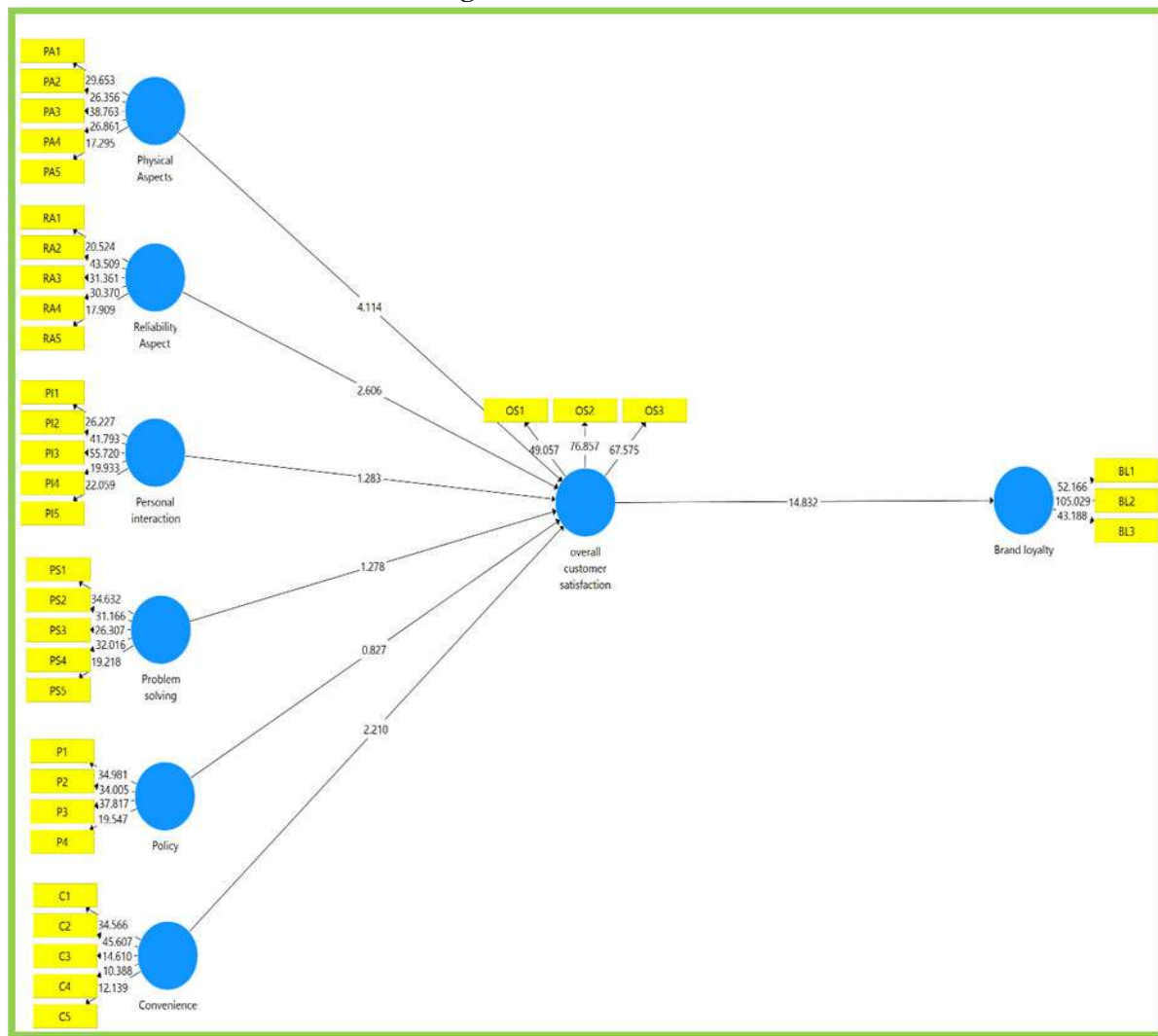
Variables	Category	Frequency	Percentage
Gender	Male	128	56.89
	Female	97	43.11
Age	Under 25	44	19.56
	25-34	38	16.89
	35-44	41	18.22
	45-54	59	26.22
	55-64	43	19.11
Educational Qualification	Up to SSC or Equivalent	27	12.00
	Up to HSC or Equivalent	41	18.22
	Graduate	56	24.89
	Post Graduate	47	20.89
	Professional	39	17.33

<b>Departmental Store for which you are filling the Information</b>	Other	<b>15</b>	<b>6.67</b>
	D- Mart	<b>75</b>	<b>33.33</b>
	Smart Bazaar	<b>75</b>	<b>33.33</b>
	Star Bazaar	<b>75</b>	<b>33.34</b>

The data collection offers a detailed picture of the sample under study across a number of criteria. In terms of gender, the data indicates a little predominance of men, who make up 128 persons and 56.89% of the sample, compared to women, who comprise 97 individuals and represent 43.11%. The demography is broad, as seen by the age distribution. The age group with the most participation, 45–54, included 59 respondents (26.22%), and was closely followed by 55–64, which included 43 respondents (19.11%). Educational qualification presents a diverse profile: graduates account for the largest share of participants (56, or 24.89%), followed by post-graduates (20,89%). Interestingly, preferences for department shops are evenly distributed among three large retailers: D-Mart, Smart Bazaar, and Star Bazaar, which account for around 33.33% to 33.34% of respondents, or 75 people for each.

**DATA ANALYSIS AND INTERPRETATION**

**Figure No: 1 – SEM model**



## International Journal of Applied Engineering & Technology

**Table No: 1 Reliability and validity**

Path	Cronbach's Alpha	Composite Reliability	AVE
Brand Loyalty (BL)	0.933	0.934	0.825
Convenience (C)	0.861	0.863	0.561
Personal Interaction (PI)	0.928	0.928	0.723
Physical Aspects (PA)	0.913	0.912	0.677
Policy (P)	0.897	0.897	0.687
Problem-Solving (PS)	0.922	0.921	0.702
Reliability Aspect (RA)	0.914	0.914	0.681
Overall Customer Satisfaction (OCS)	0.933	0.933	0.822

All the values of cronchbach's alpha > 0.7 indicate reliability of response and it is seen that composite reliability > 0.7 and AVE > 0.5 indicating convergent validity.

**Table No: 2 Discriminant validity**

Path	BL	C	PI	PA	P	PS	RA	OCS
BL	0.908							
C	0.878	0.749						
PI	0.835	0.891	0.850					
PA	0.867	0.927	0.940	0.823				
P	0.862	0.871	0.922	0.875	0.829			
PS	0.845	0.936	0.980	0.903	0.960	0.838		
RA	0.878	0.876	0.906	0.887	0.928	0.918	0.825	
OCS	0.925	0.939	0.883	0.951	0.900	0.916	0.927	0.907

Square root of AVE > Correlation (r) thus it can be concluded that their exist an adequate discriminant validity.

**Table No: 3 Hypothesis testing**

Path	Beta coefficient	T-value	P-value
OCS → BL	0.211	2.210	0.028
C → OCS	-0.167	1.283	0.200
PI → OCS	0.406	4.114	0.000
PA → OCS	0.105	0.827	0.409
P → OCS	0.163	1.278	0.202
PS → OCS	0.276	2.606	0.009
RA → OCS	0.865	14.832	0.000

It can be concluded that p (value) < 0.05 indicates significant impact of personal interaction, problem-solving, and reliability aspect on overall customer satisfaction and significant impact of overall customer satisfaction on Brand Loyalty.

**Table No: 4 Summary of Hypothesis**

Alternative Hypothesis	Result
There is a significant impact of the physical aspects of the departmental store on <b>overall customer satisfaction</b> .	Not supported
There is a significant impact of the reliability aspect of the departmental store on <b>overall customer satisfaction</b> .	Supported
There is a significant impact of the personal interaction of the departmental store on <b>overall customer satisfaction</b> .	Supported
There is a significant impact of the problem-solving of the departmental store on <b>overall customer satisfaction</b> .	Supported

There is a significant impact of the policy of the departmental stores on <b>overall customer satisfaction.</b>	Not supported
There is a significant impact of the convenience of the departmental store on <b>overall customer satisfaction.</b>	Not supported
There is a significant impact of overall customer satisfaction on brand loyalty of departmental store	Supported

## 6. CONCLUSION

Important insights have been uncovered by the Departmental Store's investigation into the aspects influencing customer satisfaction. "Personal interaction, problem-solving, brand loyalty, and reliability aspect" have been identified as critical elements that significantly influence total consumer satisfaction. These components highlight how crucial it is to develop strong brand ties, improve interpersonal interactions, make sure that problems are solved effectively, and continue to be dependable to positively impact customer satisfaction. By contrast, the study indicates that "physical aspects, policy factors, and convenience" have little effect on total consumer satisfaction. Despite being seen as crucial in the past, these characteristics failed to demonstrate statistically significant impacts in this setting, suggesting that their importance in influencing consumer satisfaction in this particular retail environment needs to be re-evaluated.

## 7. RECOMMENDATIONS

- **Boost Brand Engagement Strategies:** Provide individualized experiences, loyalty programmes, and special offers to bolster brand loyalty. Invest in marketing campaigns and narratives that allow consumers to connect emotionally to the company, which will increase their brand loyalty.
- **Improve Personalised Customer Interactions:** Put an emphasis on educating employees to provide outstanding, customised experiences. To strengthen bonds, emphasise sincere participation, attentive listening, and a customer-first mentality in every encounter.
- **Keep Dependability Consistent:** Prioritize dependability at all points of contact. To strengthen customer confidence in the shop, put quality control procedures into place, optimise workflows, and guarantee consistency in service delivery.
- **Re-evaluate the Physical and Convenience Aspects:** Even though they didn't prove to be significant, identify areas that might require improvement by doing targeted research or client feedback sessions. Improve accessibility, add conveniences that meet client demands, and optimise retail layout.

## 8. REFERENCES

1. Daivata, patil. (2013). Coloring consumer`s psychology using different shades the role of perception of colors by consumers in consumer decision making process: a micro study of select departmental stores in Mumbai city, India. 07(1)
2. India Retail Report. (2013). as mentioned in Deloitte report (2013). Indian Retail Market, Opening More Doors. Retrieved December 13, 2013 from [http://www.deloitte.com/assets/DcomIndia/Local%20Assets/Documents/Thoughtware/Indian\\_Retail\\_Report\\_Opening\\_moredoors.pdf](http://www.deloitte.com/assets/DcomIndia/Local%20Assets/Documents/Thoughtware/Indian_Retail_Report_Opening_moredoors.pdf) India Retail Report. (2019). IMAGES group publication.
3. K., Aparna., P., Murali, Krishna., V., Satish, Kumar. (2020). Consumer perceptions on store attributes: an insight into consumer behaviour. 6(4):44-49. doi: 10.29121/IJETMR.V6.I4.2019.369
4. Mayank Bhatia & Kedar Bhatt (2023). Assessing the mediating impact of satisfaction on the relationship between retail service quality and customer loyalty: a study of organised apparel multi-brand retail stores in India. *International Journal of Business and Emerging Markets*, 15(2):175-175. doi: 10.1504/ijbem.2023.130486

---

*International Journal of Applied Engineering & Technology*

---

5. Merrick, A., Trachtenberg, J.A., & Zimmerman, A. (2002). Department stores fight to save a model that may be outdated. *The Wall Street Journal*, March 12, 2002, 1.
6. Mujibur, Rahman., Md., Ch., Rashid., Jitender, Kumar., Ashish, Gupta. (2020). Does Consumer Demographics Effects Store Loyalty in Departmental Stores. *Academy of Marketing Studies Journal*, 24(4)
7. Pirani, S. (2024). Navigating Research Ethics: Strategies for preventing and Addressing Research Misconduct, *International Journal of Multidisciplinary Research & Reviews*, Vol 03, No. 02, PP.96-104.
8. R., Chandrakala., M., Sudhahar. (2018). A Study on Customer Satisfaction towards Departmental Stores in Tirupur District. *The International Journal of Management*, 102-. doi: 10.18843/IJMS/V5I3(8)/12
9. Ramdani, Bayu, Putra., Fitri, Yeni., Hasmaynelis, Fitri., Noftalia, Hutapea. (2020). The Role of Consumer Satisfaction in Mediating Service Quality and Brand Image on Consumer Loyalty. 9(2):108-119. doi: 10.33506/SL.V9I2.970
10. Raouf, Ahmad, Rather., Raouf, Ahmad, Rather. (2022). Shaping customer brand loyalty during the pandemic: The role of brand credibility, value congruence, experience, identification, and engagement. *Journal of Consumer Behaviour*, 21(5):1175-1189. doi: 10.1002/cb.2070
11. Renil, Septiano., Laynita, Sari. (2020). Determination of consumer loyalty through customer satisfaction. 1(5):865-878. doi: 10.38035/DIJEFA.V1I5.622