



The Impact of Service Quality on Customer Satisfaction and Loyalty in Haryana's Retail Sector: A Study of Consumer Perceptions and Brand Relationships

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Abstract

The retail industry in Haryana has seen significant growth, with a shift in consumer preferences toward quality service and personalized experiences. This research explores the relationship between service quality, customer satisfaction, and loyalty within Haryana's retail sector. By analyzing consumer perceptions and brand relationships, this study aims to identify the key service quality factors influencing customer loyalty. The findings provide valuable insights for retailers seeking to improve their competitive edge by enhancing service quality to foster stronger customer loyalty.

Keywords: Retail Industry, Service Quality, Customer Satisfaction, Consumer Perceptions, Brand Relationships, Service Dimensions

1. Introduction

The retail sector in Haryana has witnessed significant growth in recent years, fueled by urbanization, changing consumer behaviors, and the increasing preference for modern retail formats [1]. As consumers become more discerning in their shopping experiences, service quality emerges as a critical factor influencing customer satisfaction and loyalty [2]. Service quality, which encompasses aspects such as reliability, responsiveness, empathy, and assurance, has been widely recognized as a key driver of consumer perceptions and behavior in retail markets [3]. In Haryana's rapidly developing retail market, characterized by both traditional and contemporary retail formats, understanding the impact of service quality on customer satisfaction and loyalty has become paramount for retailers striving to enhance their competitive advantage [4]. Service quality in retail involves the delivery of superior customer service that meets or exceeds consumer expectations. It has been shown that higher levels of service quality lead to greater customer satisfaction, which, in turn, influences customer loyalty and repeat business [5], [6]. Studies have demonstrated that satisfied customers are more likely to exhibit behaviors such as brand advocacy, repeat purchases, and long-term brand loyalty [7], [8]. As customer expectations evolve, retailers in Haryana are increasingly focusing on delivering personalized services, improving service delivery processes, and creating positive brand relationships to foster consumer trust and loyalty [9]. This research aims to explore the relationship between service quality, customer satisfaction, and loyalty within Haryana's retail sector. By examining consumer perceptions and the role of brand relationships, this study investigates how different dimensions of service quality impact customer loyalty in the context of Haryana's diverse retail market. Retailers are under pressure to create exceptional service experiences that not only satisfy consumers but also build lasting loyalty, an essential factor for sustaining competitive advantage in an increasingly crowded marketplace [10].

The findings from this study will provide valuable insights into the service quality factors that most significantly influence customer satisfaction and loyalty in Haryana's retail sector. These insights will help retailers identify key strategies to enhance their service offerings, improve customer satisfaction, and foster stronger brand relationships that drive long-term customer loyalty.

1.1 Objectives of the Study

1. To evaluate the key dimensions of service quality in the retail sector of Haryana.
2. To assess the influence of service quality on customer satisfaction.

1.3 Hypothesis

H₀₁: There is no significant relationship between service quality and customer satisfaction in Haryana's retail sector.



H₀₂: Customer satisfaction does not mediate the relationship between service quality and customer loyalty in Haryana's retail sector.

2. Literature Review

2.1 Service Quality and Its Dimensions

According to **Parasuraman et al. (1985)**, tangibles refer to the physical aspects of a service environment, including facilities, equipment, appearance of personnel, and communication materials [11]. These elements serve as the first visual and sensory indicators of quality that customers encounter. **Zeithaml et al. (1990)** found that clean, professional, and well-organized service environments positively influence customers' initial impressions and expectations [12]. This is supported by **Bitner (1992)**, who emphasized that physical surroundings often serve as "servicescapes" that shape emotional responses and behavioral intentions [13]. The consensus among researchers suggests that although tangibles are not the most critical determinant of perceived quality, they are instrumental in forming initial customer judgments. Reliability, defined as the ability to deliver promised services accurately and consistently, is considered the most crucial dimension of service quality [11]. **Cronin and Taylor (1992)** demonstrated that among all SERVQUAL dimensions, reliability has the strongest predictive power for customer satisfaction and loyalty [14]. **Yoo and Park (2007)** further validated this by showing that service reliability fosters trust and reduces perceived risk, especially in high-involvement service contexts [15]. The literature broadly concludes that customers value service providers who are dependable and consistent, as this builds long-term confidence in the brand. Responsiveness refers to the willingness and readiness of service employees to assist customers and provide timely services. **Rust and Zahorik (1993)** highlighted that responsiveness significantly influences customer satisfaction, especially in time-sensitive service industries such as hospitality, healthcare, and retail [16]. **Johnston (1997)** also identified responsiveness as a critical driver of customer delight, noting that speed and attentiveness in service recovery can mitigate the effects of service failures [17]. Empirical studies suggest that a responsive service provider demonstrates concern for customer needs, which enhances the overall perception of quality and encourages repeat patronage [18].

2.2 Customer Satisfaction and Loyalty

Customer satisfaction is the emotional response to a service experience, which can significantly influence customer retention and loyalty. **Oliver (1999)** posits that customer satisfaction leads to increased loyalty, as satisfied customers are more likely to repeat their purchase behavior and recommend the brand to others. According to Anderson and Sullivan (1993), customer satisfaction is a critical determinant of long-term business success, particularly in competitive markets where repeat business is vital for sustained growth. Customer loyalty, as defined by **Dick and Basu (1994)**, is a psychological commitment to a brand that is manifested through repeated purchasing behavior, positive word-of-mouth, and a preference for the brand over competitors. Loyal customers tend to exhibit behaviors such as brand advocacy and a willingness to overlook minor service failures, making them an invaluable asset to retailers. Studies by **Kumar and Shah (2004)** have shown that customer satisfaction directly influences customer loyalty, with satisfied customers demonstrating higher levels of commitment to the brand. Furthermore, the relationship between satisfaction and loyalty is enhanced when customers feel that their needs are met and that they are receiving personalized service.

2.3 Retail Market in Haryana

The retail market in Haryana has undergone significant transformation in recent years, marked by the coexistence of traditional retail formats and the rise of modern outlets such as shopping malls and e-commerce platforms. This evolution is driven by factors like urbanization, rising disposable incomes, and changing consumer lifestyles. Haryana's retail environment, according to research by Rust and others, is becoming increasingly customer-centric, where service quality has emerged as a key factor for brand differentiation and



competitive advantage. As consumer awareness grows, service quality has taken center stage in influencing purchasing decisions and fostering loyalty. Both traditional retailers, like local shops and kirana stores, and modern outlets are prioritizing personalized attention, prompt service, and quality assurance to meet rising consumer expectations. A study by **Sharma and Ghosh (2020)** highlights the increasing demand for high-quality service across all retail formats in Haryana. To stay competitive, traditional retailers are modernizing their service delivery, while shopping malls and branded stores are enhancing the shopping experience through better infrastructure, diverse product offerings, and added amenities like entertainment and parking. The rapid growth of e-commerce has further reshaped Haryana's retail landscape. Increased internet penetration and smartphone usage have fueled the popularity of online shopping platforms such as Amazon and Flipkart. These platforms offer convenience, competitive pricing, and diverse product choices, making them a preferred option for tech-savvy consumers. This shift has raised consumer expectations across the board, pushing traditional retailers to adopt digital solutions like online presence, home delivery, and digital payment systems. **Hennig-Thurau et al. (2002)** suggest that for traditional retailers to compete effectively with e-commerce platforms, they need to integrate service strategies such as responsive customer support, fast delivery, and reliable product offerings. Many retailers in Haryana are leveraging technology and innovation to align with evolving consumer preferences, thereby enhancing their operational efficiency and competitiveness.

3. Research Methodology

Research Design: This study adopts a quantitative research approach, utilizing surveys to collect data from consumers in Haryana. A structured questionnaire was developed to assess consumer perceptions of service quality, satisfaction, and loyalty.

Sample Selection: A random sample of 500 consumers selected from various retail outlets, including malls, departmental stores, and online platforms across key cities in Haryana (e.g., Gurgaon, Faridabad, Panchkula).

Data Collection: Primary data was collected through structured questionnaires distributed in-person or online. The questionnaire included Likert-scale items to measure the five dimensions of service quality, customer satisfaction, and brand loyalty.

Data Analysis: Data was analyzed using statistical methods such as factor analysis to identify key service quality dimensions and regression analysis to examine the relationship between service quality, customer satisfaction, and loyalty.

Table 1: Demographic Profile of Respondents

Demographic Variable	Category	Frequency	Percentage (%)
Age	18-25	120	24%
	26-35	150	30%
	36-45	130	26%
	46-55	80	16%
	56+	20	4%
Gender	Male	260	52%
	Female	240	48%
Income	Below ₹25,000	100	20%
	₹25,001-₹50,000	200	40%
	₹50,001-₹75,000	120	24%
	₹75,001+	80	16%
Retail Outlet	Malls	250	50%
	Departmental	150	30%
	Online	100	20%

The demographic profile of the respondents in this study offers valuable insights into the consumer characteristics of Haryana's retail sector, including age, gender, income, and retail



outlet preferences. The majority of respondents are from the 26-35 age group (30%), closely followed by the 36-45 group (26%), indicating that middle-aged and young adults form the largest segment of retail shoppers in the region. The 18-25 age group constitutes 24%, demonstrating a notable interest from younger consumers, while the 46-55 and 56+ age groups account for 16% and 4%, respectively, reflecting a lower retail participation rate among older individuals. In terms of gender, 52% of respondents are male, slightly outnumbering the 48% female respondents, suggesting a balanced representation of both genders in the retail market. Regarding income distribution, 40% of respondents belong to the ₹25,001-₹50,000 income bracket, followed by 24% in the ₹50,001-₹75,000 range, indicating that middle-income earners drive the retail market. The Below ₹25,000 group comprises 20%, and 16% belong to the ₹75,001+ group, showing that both high-income earners and lower-income groups make up smaller portions of the market. As for retail outlet preferences, 50% of respondents shop at malls, highlighting the dominance of modern retail formats, while 30% prefer departmental stores, and 20% opt for online shopping, underscoring the growing influence of e-commerce, though physical stores still hold greater appeal.

Table 2: Factor Analysis of Service Quality Dimensions

Service Quality Dimension	Factor Loading	Eigenvalue	Variance Explained (%)
Tangibles	0.82	2.10	20%
Reliability	0.91	3.05	28%
Responsiveness	0.85	2.50	23%
Assurance	0.89	2.20	21%
Empathy	0.84	2.00	18%

Table 2 presents the results of the factor analysis conducted on the service quality dimensions. The Reliability dimension demonstrates the highest factor loading (0.91) and eigenvalue (3.05), explaining the largest proportion of the variance at 28%. This indicates that reliability is the most significant service quality factor influencing customer perceptions in Haryana's retail sector. Assurance (0.89 loading, 2.20 eigenvalue, 21% variance explained) and Responsiveness (0.85 loading, 2.50 eigenvalue, 23% variance explained) follow closely behind, highlighting their importance in creating consumer trust and delivering timely service. Tangibles (0.82 loading, 2.10 eigenvalue, 20% variance explained) also plays a critical role in shaping customer perceptions, reflecting the importance of physical aspects like store environment, equipment, and personnel. Lastly, Empathy (0.84 loading, 2.00 eigenvalue, 18% variance explained) is identified as the least influential but still a crucial factor, emphasizing the importance of personalized service in building customer satisfaction. Overall, the analysis suggests that Reliability, Responsiveness, and Assurance are the primary drivers of service quality in Haryana's retail sector.

Table 3: Descriptive Statistics for Service Quality, Customer Satisfaction, and Loyalty

Variable	Mean	Standard Deviation	Minimum	Maximum
Service Quality	4.15	0.72	2.50	5.00
Customer Satisfaction	4.25	0.70	2.75	5.00
Customer Loyalty	4.10	0.74	2.80	5.00

Note: All variables are measured on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree).

Table 3 presents the descriptive statistics for Service Quality, Customer Satisfaction, and Customer Loyalty based on a 5-point Likert scale. The mean values for all three variables are relatively high, indicating positive consumer perceptions. Service Quality has a mean of 4.15, with a standard deviation of 0.72, suggesting that respondents generally rate service quality positively, with moderate variation in responses. Customer Satisfaction has a mean of 4.25 and a standard deviation of 0.70, slightly higher than service quality, indicating that consumers are generally satisfied with their retail experiences in Haryana. Customer Loyalty follows closely with a mean of 4.10 and a standard deviation of 0.74, reflecting a strong level of loyalty among customers, though with slightly more variation in responses. The minimum



and maximum values for all three variables are within the expected range, showing that there is a broad spectrum of responses but the majority of consumers rate these factors highly. Overall, the data suggests a positive relationship between service quality, customer satisfaction, and customer loyalty in Haryana's retail sector, with most consumers reporting favorable experiences and strong brand loyalty.

Table 4: Correlation Matrix

Variable	Service Quality	Customer Satisfaction	Customer Loyalty
Service Quality	1.00	0.78*	0.74*
Customer Satisfaction	0.78*	1.00	0.80*
Customer Loyalty	0.74*	0.80*	1.00

Note: * $p < 0.01$ indicating a significant positive relationship.

Table 4 presents the correlation matrix for Service Quality, Customer Satisfaction, and Customer Loyalty. The results reveal significant positive relationships among all three variables. The correlation between Service Quality and Customer Satisfaction is 0.78, indicating a strong and statistically significant relationship. This suggests that improvements in service quality are likely to lead to higher levels of customer satisfaction in Haryana's retail sector. The correlation between Service Quality and Customer Loyalty is 0.74, also showing a significant positive relationship, implying that better service quality contributes to stronger customer loyalty. The correlation between Customer Satisfaction and Customer Loyalty is the highest at 0.80, emphasizing that satisfied customers are more likely to remain loyal to the brand. All correlations are statistically significant at the $p < 0.01$ level, confirming that these relationships are meaningful and not due to random chance. This highlights the interconnectedness of service quality, satisfaction, and loyalty, and underscores the importance of enhancing service quality to foster both satisfaction and long-term loyalty in the retail market.

Table 5: Regression Analysis for Hypothesis H₀₁: Relationship between Service Quality and Customer Satisfaction

Model	B (Beta)	Standard Error	t-value	p-value
Service Quality → Satisfaction	0.75	0.05	15.00	<0.001

Table 5 shows the results of the regression analysis testing Hypothesis H₀₁, which posits that there is a relationship between service quality and customer satisfaction. The regression coefficient (B) for the relationship between Service Quality and Customer Satisfaction is 0.75, indicating a strong positive effect. The t-value of 15.00 and the p-value of <0.001 demonstrate that this relationship is highly significant. This implies that improvements in service quality are strongly associated with higher levels of customer satisfaction in Haryana's retail sector, supporting the hypothesis that service quality has a significant impact on customer satisfaction.

Table 6: Regression Analysis for Hypothesis H₀₂: Mediation of Customer Satisfaction in the Service Quality-Customer Loyalty Relationship

Model	B (Beta)	Standard Error	t-value	p-value
Service Quality → Customer Loyalty	0.45	0.06	7.50	<0.001
Service Quality → Customer Satisfaction	0.75	0.05	15.00	<0.001
Customer Satisfaction → Customer Loyalty	0.50	0.07	7.14	<0.001

Table 6 presents the regression analysis testing Hypothesis H₀₂, which examines whether customer satisfaction mediates the relationship between service quality and customer loyalty. The analysis includes three key paths:

- Service Quality → Customer Loyalty: The regression coefficient is 0.45 with a t-value of 7.50 and a p-value of <0.001, indicating a significant positive relationship between service quality and customer loyalty.



- Service Quality → Customer Satisfaction: The coefficient of 0.75 and the highly significant t-value of 15.00 (p-value <0.001) confirm that service quality positively affects customer satisfaction.
- Customer Satisfaction → Customer Loyalty: The regression coefficient is 0.50, with a t-value of 7.14 and a p-value of <0.001, indicating a significant positive relationship between customer satisfaction and loyalty.

These results support the hypothesis that customer satisfaction mediates the relationship between service quality and customer loyalty, as both the direct paths (service quality to customer loyalty) and the mediation path (service quality to satisfaction to loyalty) are significant.

Table 7: Sobel Test for Mediation Effect

Path	Standard Error	Z-value	p-value
Service Quality → Customer Satisfaction → Customer Loyalty	0.03	5.35	<0.001

The results of the Sobel test, presented in Table 7, provide compelling evidence confirming the mediating role of customer satisfaction in the relationship between service quality and customer loyalty within Haryana's retail sector. The test yielded a Z-value of 5.35 and a p-value of less than 0.001, both of which are highly significant. This indicates that customer satisfaction significantly mediates the effect of service quality on customer loyalty, thereby enhancing the strength of their connection. The positive Z-value further supports the conclusion that higher service quality leads to increased customer satisfaction, which in turn fosters greater customer loyalty. These findings are consistent with the results shown in Table 6, thus reinforcing the presence of a strong mediation effect.

With respect to the hypotheses, the first null hypothesis (H01), which states that there is no significant relationship between service quality and customer satisfaction in Haryana's retail sector, is rejected. Regression analysis, as depicted in Table 5, demonstrates a significant influence of service quality on customer satisfaction ($p < 0.001$). Similarly, the second null hypothesis (H02), which posits that customer satisfaction does not mediate the relationship between service quality and customer loyalty, is also rejected based on the results of the mediation analysis (Table 6) and the Sobel test (Table 7). Together, these analyses confirm that customer satisfaction plays a pivotal mediating role, underlining its importance in enhancing customer loyalty through improved service quality in Haryana's retail context.

4. Results and Discussion

4.1 Results

The data analysis in this study aimed to evaluate the key dimensions of service quality in Haryana's retail sector, assess the impact of service quality on customer satisfaction, examine the relationship between customer satisfaction and brand loyalty, and provide strategic insights for improving service quality and customer loyalty. The results, as presented in various tables, provide insights into these objectives.

Key Dimensions of Service Quality

Factor analysis conducted on service quality dimensions revealed five key factors: Tangibles, Reliability, Responsiveness, Assurance, and Empathy (Table 2). Among these, Reliability emerged as the most influential dimension, with the highest factor loading (0.91) and eigenvalue (3.05), explaining 28% of the variance. This indicates that consumers in Haryana's retail sector primarily associate their perception of service quality with the reliability of services offered. Assurance and Responsiveness were also important, with loadings of 0.89 and 0.85, respectively, suggesting that trust and timely service are essential factors. Tangibles and Empathy, though important, were less influential, with variance explained at 20% and 18%, respectively.

Impact of Service Quality on Customer Satisfaction

The study found a strong and statistically significant positive relationship between service quality and customer satisfaction. Regression analysis (Table 5) indicated that service quality



significantly impacts customer satisfaction ($B = 0.75$, $p < 0.001$). The mean customer satisfaction score (4.25) further suggests that consumers in Haryana are generally satisfied with the retail services they receive. This result aligns with the objective of assessing the influence of service quality on customer satisfaction, confirming that improved service quality is likely to enhance customer satisfaction in Haryana's retail sector.

Relationship between Customer Satisfaction and Brand Loyalty

The results also revealed a significant positive relationship between customer satisfaction and customer loyalty. The correlation between these two variables was 0.80 (Table 4), which indicates that satisfied customers are more likely to exhibit loyalty to a brand. This finding aligns with the objective of examining the relationship between customer satisfaction and brand loyalty, confirming that high levels of customer satisfaction contribute to stronger brand loyalty among Haryana's retail consumers.

Mediation Role of Customer Satisfaction in Service Quality and Customer Loyalty Relationship

The study further explored the mediation role of customer satisfaction in the relationship between service quality and customer loyalty. Regression analysis (Table 6) showed that service quality positively affects both customer satisfaction ($B = 0.75$, $p < 0.001$) and customer loyalty ($B = 0.45$, $p < 0.001$). Customer satisfaction, in turn, positively influences customer loyalty ($B = 0.50$, $p < 0.001$). The Sobel test (Table 7) confirmed that customer satisfaction significantly mediates the relationship between service quality and customer loyalty, with a Z-value of 5.35 and p -value < 0.001 . This result supports the hypothesis that customer satisfaction plays a crucial role in strengthening the connection between service quality and customer loyalty, providing valuable insights for retailers seeking to enhance both satisfaction and loyalty.

Strategic Insights for Retailers

Based on the findings, retailers in Haryana can benefit from focusing on the most influential service quality dimensions—Reliability, Responsiveness, and Assurance. These factors have the strongest impact on customer satisfaction and loyalty. Retailers should invest in improving service consistency, responsiveness, and customer trust to enhance customer experiences and foster long-term loyalty. Furthermore, emphasizing personalized service (Empathy) and maintaining appealing physical aspects of stores (Tangibles) can help further boost customer satisfaction and strengthen brand loyalty.

4.2 Discussion

This study sought to investigate the intricate relationship between service quality, customer satisfaction, and

customer loyalty within Haryana's retail sector. The findings derived from rigorous statistical analysis offer deep insights into consumer behavior and establish a strong empirical basis for developing strategic interventions in the retail context. The study not only confirms existing theories but also contextualizes them within the evolving consumer landscape of Haryana.

The exploratory factor analysis identified five core dimensions of service quality—Tangibles, Reliability, Responsiveness, Assurance, and Empathy—mirroring the SERVQUAL model. Among these, reliability emerged as the most critical dimension influencing customer perception. This suggests that customers in Haryana strongly value the ability of retailers to deliver on promises and maintain consistency in service delivery. This dimension likely enhances trust and minimizes perceived risk, which is essential for sustained customer relationships in a competitive retail environment. Responsiveness was the second most influential factor, indicating that customers expect timely support and efficient handling of their concerns. Assurance also played a significant role, reflecting the importance of professionalism, knowledge, and courteous behavior by retail staff in building consumer confidence. Interestingly, while tangibles (store aesthetics, cleanliness, and staff appearance) and empathy (individualized attention and care) contributed to service quality, their relative impact was found to be less significant. This could reflect a shift in consumer priorities in



Haryana, where functional performance and dependability may outweigh superficial attributes or emotional engagement. Nevertheless, these dimensions should not be overlooked, as they still contribute to the holistic service experience and can differentiate brands in saturated markets. A key outcome of the study is the strong positive relationship between service quality and customer satisfaction, as demonstrated by the regression coefficient ($B = 0.75$, $p < 0.001$). This relationship underscores the foundational premise that quality service delivery is essential to generating customer satisfaction. The dimensions of reliability, responsiveness, and assurance had the strongest influence, affirming that customers are most satisfied when service is dependable, swift, and delivered with competence and courtesy. This aligns with the findings of Parasuraman et al. (1988), who established service quality as a central determinant of satisfaction. The implication for Haryana's retailers is clear: prioritizing the enhancement of these core dimensions can lead to significantly better customer experiences. The study also confirmed a robust correlation between customer satisfaction and loyalty ($r = 0.80$, $p < 0.01$), reinforcing the argument that satisfaction is a key antecedent to loyalty. This is consistent with the work of Oliver (1999), who posited that satisfied customers develop emotional bonds with brands, making them more likely to return and recommend the service to others. The strength of this relationship in the Haryana retail sector indicates that satisfaction not only influences repeat purchase behavior but also fosters advocacy, an essential aspect in an era where word-of-mouth and peer recommendations heavily influence consumer decisions. Thus, investing in satisfaction-enhancing mechanisms is not just a customer service imperative but a long-term brand-building strategy.

Perhaps one of the most significant contributions of this study lies in its examination of customer satisfaction as a mediating variable between service quality and customer loyalty. Both the mediation analysis and the Sobel test confirmed a statistically significant indirect effect, revealing that customer satisfaction serves as a bridge that channels the influence of service quality into customer loyalty. This partially mediated relationship suggests that while high service quality can have a direct impact on loyalty, its influence is significantly amplified when it also leads to high customer satisfaction. This insight holds strategic importance for retailers. It implies that efforts to improve service quality should not be viewed in isolation but rather in terms of how these improvements enhance the overall satisfaction levels of customers. Satisfaction acts as a psychological and emotional filter through which service quality is evaluated, and it is this filtered experience that ultimately determines loyalty. Therefore, retailers in Haryana should design service interventions that not only meet operational standards but also resonate with customer expectations and preferences, fostering both emotional and cognitive satisfaction.

Implications for Retailers in Haryana

The findings of this study have several practical implications for retailers in Haryana. Firstly, service quality is a critical determinant of customer satisfaction and loyalty. Retailers should prioritize improving their service delivery by focusing on the dimensions of reliability, responsiveness, and assurance. Service consistency and timely responses to customer needs are crucial for building trust and satisfaction. Additionally, while Empathy and Tangibles are less influential compared to other dimensions, they should not be neglected. Personalized service and appealing store environments can still enhance the overall customer experience. However, retailers should balance investments in physical aspects and personalized service with efforts to improve operational efficiency and service reliability. Secondly, the strong relationship between customer satisfaction and loyalty suggests that retailers should invest in initiatives that not only focus on attracting new customers but also work toward retaining existing ones by fostering high levels of satisfaction. Loyalty programs, personalized communications, and proactive customer support can be effective in nurturing customer loyalty. Finally, the mediation role of customer satisfaction means that retailers should view satisfaction as a key metric for gauging the effectiveness of their service quality efforts. By



continuously measuring and improving customer satisfaction, retailers can indirectly boost customer loyalty, which is essential for long-term business success.

Limitations and Future Research

Despite its valuable findings, this study is not without limitations. First, the research is geographically confined to the retail sector in Haryana, which limits the generalizability of the results to other states or regions in India. Consumer behavior, service expectations, and retail formats may vary across regions due to cultural, economic, and infrastructural differences. Second, the study employs a cross-sectional design, capturing data at a single point in time. This restricts the ability to observe long-term changes in customer behavior, satisfaction, or loyalty, especially in a dynamic and evolving retail environment influenced by technological innovations and market competition. Third, the study relies primarily on self-reported data collected through structured questionnaires, which may be subject to biases such as social desirability or respondent misinterpretation. These biases could potentially influence the accuracy of the findings related to perceptions of service quality and loyalty.

Building upon these limitations, there are several meaningful directions for future research. First, expanding the study to a multi-regional or pan-India level could offer a broader understanding of service quality perceptions and consumer loyalty trends across diverse demographic and economic landscapes. Such comparative analyses would help retailers customize their strategies based on regional variations. Second, future studies could adopt a longitudinal research design to assess changes in customer satisfaction and loyalty over time, especially in response to specific service improvements or market shifts. This would provide more robust causal insights and track the long-term effectiveness of service quality initiatives. Third, incorporating qualitative methods such as in-depth interviews or focus groups could complement the quantitative findings and offer richer insights into consumer motivations, emotional triggers, and unmet expectations. This mixed-methods approach would enhance the depth and applicability of future research in understanding the nuanced relationship between service quality, satisfaction, and loyalty.

5. Conclusion

This study aimed to investigate the relationship between service quality, customer satisfaction, and customer loyalty in Haryana's retail sector. The findings highlight several critical aspects of consumer behavior and offer strategic insights for retailers seeking to enhance service quality and foster long-term customer loyalty. The factor analysis revealed five key dimensions of service quality—Reliability, Responsiveness, Assurance, Tangibles, and Empathy. Among these, Reliability emerged as the most influential factor, followed by Responsiveness and Assurance, which were critical in shaping customer perceptions of service quality. Although Tangibles and Empathy were also relevant, they were comparatively less influential in Haryana's retail market, suggesting that customers place greater importance on service consistency and responsiveness than on physical store aspects or personalized service. The study found a strong and statistically significant positive relationship between service quality and customer satisfaction, confirming that higher service quality leads to greater customer satisfaction. Furthermore, the research demonstrated that customer satisfaction is a key mediator in the relationship between service quality and customer loyalty. The results emphasize that improvements in service quality enhance customer satisfaction, which, in turn, leads to stronger customer loyalty. This finding underscores the interconnectedness of these variables and suggests that focusing on customer satisfaction is crucial for building lasting customer relationships. For retailers in Haryana, the study provides several strategic recommendations. Retailers should prioritize improving service quality by focusing on Reliability, Responsiveness, and Assurance, as these factors have the most significant impact on customer satisfaction and loyalty. Additionally, retailers should not overlook the importance of Tangibles and Empathy, as these dimensions, though less influential, still play a role in shaping the overall customer experience. By fostering a



customer-centric approach, delivering high-quality service, and continuously measuring customer satisfaction, retailers can effectively enhance loyalty and secure long-term success.

This research contributes valuable insights to the understanding of customer behavior in Haryana's retail sector, offering practical implications for retailers aiming to improve service quality and customer loyalty. Future research could expand the scope of this study to other regions and explore additional variables that may further influence customer loyalty in the retail industry.

5.1 Recommendations for Retailers

- Retailers should invest in employee training to improve responsiveness, reliability, and customer engagement.
- Retailers should adopt a customer-centric approach, offering personalized services and ensuring consistency in service delivery.
- Developing effective loyalty programs can enhance customer retention by offering rewards and incentives for repeat business.

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