

The Influence of Service Quality on Consumer Loyalty with the Mediation of Customer Satisfaction on Dahirang Kapuas Antique Souvenirs

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ABSTRACT

This study aims to analyze the effect of service quality on consumer loyalty through customer satisfaction at Antique Souvenirs in Dahirang, Kapuas, Central Kalimantan. This topic is important because local souvenir retail businesses need to maintain competitiveness through reliable, responsive, informative, and customer-oriented service experiences. The study used a quantitative explanatory approach involving 100 consumers selected through purposive sampling. Data were collected using a structured questionnaire and analyzed using Smart Partial Least Squares. The results showed that service quality has a positive and significant effect on customer satisfaction and consumer loyalty. Customer satisfaction also has a positive and significant effect on consumer loyalty and partially mediates the relationship between service quality and loyalty. These findings confirm that loyalty is not only shaped by product uniqueness, but also by services that create trust, value, and satisfaction.

INTRODUCTION

The development of retail businesses in regional areas is inextricably linked to changes in consumer behavior, which increasingly demand convenience, friendliness, accurate information, and speed of service. Consumers no longer judge stores solely on the availability of products, but also on the overall experience of searching, selecting, purchasing, and receiving post-purchase support. In the context of local souvenir businesses, the service experience plays a strategic role because the products sold are often linked to cultural identity, local stories, and emotional values that need to be clearly explained to consumers (El-Adly, 2019; Balinado et al., 2021).

Service quality is a crucial tool for retaining customers in an increasingly competitive retail environment. The SERVQUAL concept explains that service quality can be measured through the dimensions of tangibles, reliability, responsiveness, assurance, and empathy.

These five dimensions shape consumer perceptions of the store's ability to provide good physical evidence, provide consistent service, respond to customer needs, provide a sense of security, and demonstrate personal attention (Parasuraman et al., 1988; Liu & Chen, 2022).

Service Dominant Logic positions service as the primary basis for value creation in economic exchange. This perspective emphasizes that value is not inherent in the product but emerges through the interaction between the provider and the consumer. Therefore, souvenirs are not simply understood as purchased goods, but as part of a consumption experience involving information, hospitality, trust, and a sense of appreciation (Vargo & Lusch, 2008; Tadjewski & Jones, 2021).

Customer satisfaction is an evaluation after consumers compare expectations with actual performance. If the service provided meets or exceeds expectations, consumers tend to be satisfied, consider the purchase a good decision, and are motivated to return. Satisfaction also serves as a psychological bridge that transforms service experiences into loyalty intentions, positive recommendations, and preferences for a particular store (Dam & Dam, 2021; Iglesias et al., 2020).

Consumer loyalty is a crucial goal for retail businesses because loyal customers tend to make repeat purchases, recommend the store to others, and are less likely to switch to competitors. Loyalty isn't formed instantly, but rather through a series of consistent positive experiences. In small and medium-sized businesses, loyalty is also related to the emotional closeness between consumers and store owners or employees (Oliver, 1999; Monferrer et al., 2019).

Antique Souvenirs in Dahirang, Kapuas City, Central Kalimantan, is a local retailer selling various crafts and souvenirs, such as bags, shoes, bracelets, traditional clothing, mats, hats, traditional medicines, and decorative items. These products have cultural and economic value because they represent the region's unique characteristics. However, initial observations indicate that customer service still needs improvement, particularly in terms of employee attention, clarity of product information, consistency of discounts, and speed of response to customer needs.

This phenomenon demonstrates a gap between the high potential of local products and a less-than-unique service experience. In retail practice, consumers may like a product but may not necessarily become loyal if the service process is unsatisfactory. Conversely, friendly, informative, and trustworthy service can enhance a product's value, making consumers more confident in returning (Khoo, 2022; Hidayat, 2024).

Previous research has shown that service quality influences satisfaction and loyalty in various sectors, such as banking, hospitality, transportation, e-commerce, and retail. However, studies in the context of traditional souvenir retail in regional areas are still relatively limited. In fact, businesses based on local products have distinct characteristics because consumers seek not only the product's utility but also the symbolic value and accompanying local experiences (Kristinae, 2021; Darung & Kristinae, 2021).

The novelty of this research lies in its focus on local souvenir retail businesses in Kapuas, Central Kalimantan, by positioning customer satisfaction as a mediating variable between service quality and consumer loyalty. This model is important because it can explain whether service quality builds loyalty directly or first through the formation of satisfaction. Thus, the research results can provide more targeted practical recommendations for local business managers.

Based on the above description, this study aims to analyze the influence of service quality on customer satisfaction, the influence of service quality on customer loyalty, the influence of customer satisfaction on customer loyalty, and the influence of service quality on customer loyalty through customer satisfaction. Theoretically, this study enriches the study of Service Dominant Logic and the satisfaction-loyalty chain. Practically, this research can serve as a basis for service improvements for local souvenir businesses.

RESEARCH METHODS

This study employed a quantitative explanatory approach. This approach was chosen because the study aimed to explain the causal relationship between service quality, customer satisfaction, and consumer loyalty. Primary data were obtained through a structured questionnaire distributed to consumers of Antique Souvenirs in Dahirang, Kapuas City, Central Kalimantan.

The study population was all consumers who had purchased products from Souvenir Antik. The sample size was 100 respondents selected using purposive sampling. The criteria for respondents were having shopped at Souvenir Antik at least three times and having sufficient experience to assess the product, service, and satisfaction received. This criterion was used to enable respondents to provide relevant and real-life assessments.

The research instrument used a five-level Likert scale, ranging from strongly disagree to strongly agree. Service quality was measured through the dimensions of tangibles, reliability, responsiveness, assurance, and empathy. Customer satisfaction was measured through indicators of conformity to expectations, pleasant shopping experience, and perceived value. Consumer loyalty was measured through repeat purchases, recommendations, first choice, and resistance to competitive offers.

Data analysis was conducted using Smart Partial Least Squares. The analysis stages included evaluating the measurement model through outer loading, Average Variance Extracted, Cronbach's Alpha, Composite Reliability, and discriminant validity. Furthermore, the structural model was evaluated through R-square values, path coefficients, T-statistics, p-values, indirect effects, and interpretation of mediation roles. The PLS-SEM approach was chosen because it is suitable for predictive models with latent constructs and relatively moderate sample sizes (Hair et al., 2013; Wetzels et al., 2009).

Table 1. Operationalization of Variables

Variables	Key Dimensions/Indicators	Items	Conceptual Source
Quality of Service	Tangibles, reliability, responsiveness, assurance, empathy	X	Parasuraman et al. (1988); Liu & Chen (2022)
Customer satisfaction	Conformity to expectations, pleasant experience, perceived value	Z	El-Adly (2019); Dam & Dam (2021)
Consumer Loyalty	Repeat purchases, recommendations, first choice, resistance to competitors	Y	Oliver (1999); Iglesias et al. (2020)

Source: Data processed by researchers, 2024

RESULTS AND DISCUSSION

Respondent Characteristics

Based on the questionnaire distribution, 100 respondents were analyzed. The composition of the respondents showed that 70% were female, while 30% were male. This composition indicates that female consumers are more dominant in purchasing souvenirs and local crafts at Souvenir Antik. This condition is relevant to the characteristics of the store's products, which are mostly related to accessories, traditional clothing, bags, and decorative items.

The predominance of female respondents doesn't mean loyalty is limited to one consumer group. Instead, this finding demonstrates that service strategies need to address the needs of core consumers without neglecting other segments. Employees should provide product explanations, pricing options, and usage recommendations appropriately to ensure a positive shopping experience for all consumers.

Respondent characteristics also indicate that all respondents have made at least three purchases. This strengthens the validity of the responses, as respondents have repeated experience assessing store service. With this experience, assessments of service quality, satisfaction, and loyalty are not based solely on a single visit, but rather on a more consistent experience.

Table 2. Respondent Characteristics

No	Characteristics	Frequency	Percentage (%)
1	Man	30	30.0
2	Woman	70	70.0
	Total	100	100.0

Source: Data processed by researchers, 2024

Evaluation of Measurement Model (Outer Model)

Measurement model evaluation aims to ensure that the indicators used are capable of measuring the construct accurately and consistently. In PLS-SEM, convergent validity is assessed through the outer loading and Average Variance Extracted values. In general, indicators with outer loadings above 0.70 indicate that they have an adequate contribution to the latent construct being measured. The test results indicate that the indicators in all three variables have met these criteria, thus the research instrument can be declared convergently valid.

The Average Variance Extracted value for each construct is above 0.50. This indicates that more than half of the indicator's variation can be explained by its respective latent construct. Service quality, customer satisfaction, and consumer loyalty have strong representational capabilities. Thus, the indicators used not only meet statistical criteria but also conceptually align with the theory of service, satisfaction, and loyalty.

Instrument reliability was assessed using Cronbach's Alpha and Composite Reliability. All reliability values were above the recommended minimum limit of 0.70. This finding indicates that the questionnaire items have good internal consistency. Respondents responded to indicators within a single construct in a relatively stable manner, making the data suitable for use in structural relationship analysis.

Discriminant validity was also examined to ensure that each construct was distinct from the others. This examination is important because service quality, satisfaction, and loyalty have strong conceptual links. If discriminant validity is met, it can be concluded that each variable has a distinct meaning space despite being interrelated. The evaluation results indicate that the measurement model meets the requirements to proceed to the inner model stage.

Table 3. Summary of Construct Validity and Reliability

Construct	Outer Loading Range	AVE	Cronbach's Alpha	Composite Reliability
Quality of Service	0.720-0.889	0.721	0.923	0.939
Customer satisfaction	0.781-0.901	0.736	0.880	0.917
Consumer Loyalty	0.774-0.887	0.708	0.862	0.906

Source: Data processed by researchers, 2024

Structural Model Evaluation (Inner Model)

A structural model evaluation was conducted to determine the ability of exogenous variables to explain endogenous variables. The R-square value for consumer loyalty of 0.643 indicates that service quality and customer satisfaction together can explain 64.3% of the variation in consumer loyalty. The remaining 35.7% is explained by factors outside the model, such as price, product variety, location, store image, promotions, store atmosphere, or other emotional experiences.

The R-square value for customer satisfaction of 0.203 indicates that service quality explains 20.3% of the variation in customer satisfaction. This value is understandable because satisfaction in souvenir retail is determined not only by service but also by perceptions of price, product quality, design uniqueness, availability, cultural value, and the product's ability to be a meaningful gift or souvenir. Thus, service quality remains important, but it is not the sole determinant of satisfaction.

The Goodness of Fit value calculated from the average AVE and R-squared yielded a value of 0.681. This value exceeds the criteria for a large sample size, thus categorizing the research model as having a good fit. This means that the overall model has sufficient ability to explain the relationship between service quality, customer satisfaction, and consumer loyalty.

Table 4. R-Square Value

Endogenous Variables	R-Square	R-Square Adjusted
Consumer Loyalty	0.643	0.627
Customer satisfaction	0.203	0.186

Source: Data processed by researchers, 2024

Hypothesis Test Results

The results of the hypothesis testing indicate that service quality has a positive and significant effect on customer satisfaction with a coefficient of 0.450, a T-statistic of 4.317, and a p-value of 0.000. The T-statistic value is greater than 1.96 and the p-value is less than 0.05, so the first hypothesis is accepted. This finding indicates that the better the service received by consumers, the higher their perceived satisfaction.

The effect of service quality on consumer loyalty is also positive and significant, with a coefficient of 0.443, a t-statistic of 4.292, and a p-value of 0.000. Thus, the second hypothesis is accepted. These results indicate that service quality not only creates immediate satisfaction but also encourages loyal behavior such as repeat purchases and recommendations to others. In the context of a souvenir shop, consistent service strengthens consumers' confidence that the store is worthy of being their first choice.

Customer satisfaction has a positive and significant effect on consumer loyalty, with a coefficient of 0.498, a t-statistic of 3.785, and a p-value of 0.000. The third hypothesis is accepted. This coefficient value is the highest on the path to loyalty, so satisfaction can be viewed as a primary driver of loyalty. Satisfied consumers tend to have more memorable positive experiences and subsequently repeat purchases.

The indirect effect test shows that service quality has a positive and significant effect on consumer loyalty through customer satisfaction with a coefficient of 0.224, a t-statistic of 2.781, and a p-value of 0.011. The fourth hypothesis is accepted. Because the direct effect of service quality on loyalty remains significant, customer satisfaction acts as a partial mediator. This means that service quality can directly increase loyalty, while strengthening loyalty through increased customer satisfaction.

Table 5. Hypothesis Test Results

Hypothesis	Connection	Original Sample	T-Statistic	P-Value	Decision
H1	Service Quality -> Customer Satisfaction	0.450	4,317	0.000	Accepted
H2	Service Quality -> Consumer Loyalty	0.443	4,292	0.000	Accepted
H3	Customer Satisfaction -> Consumer Loyalty	0.498	3,785	0.000	Accepted
H4	Service Quality -> Satisfaction -> Loyalty	0.224	2,781	0.011	Accepted

Source: Data processed by researchers, 2024

Discussion of the Influence of Service Quality on Customer Satisfaction

The finding that service quality has a positive effect on customer satisfaction demonstrates that service experience is an integral part of consumer evaluations of antique souvenirs. Consumers who are served in a friendly manner, receive clear product information, and feel assisted in the product selection process will more easily assess that their purchase provides benefits. In the context of souvenir products, information regarding the material, uniqueness of the design, and function of the product is very important because consumers often purchase not only for personal use, but also as gifts or symbols of regional identity.

The reliability dimension is crucial because consumers expect stores to deliver on their promises, including price accuracy, product availability, and accurate information. When the information provided by employees matches the product's condition, consumers perceive the store as trustworthy. This trust then builds satisfaction because consumers experience no disappointment after the transaction. These findings align with research that places reliability as a crucial dimension in shaping customer satisfaction (Balinado et al., 2021; Liu & Chen, 2022).

The responsiveness dimension also supports satisfaction because retail consumers generally want fast, uncomplicated assistance. In a gift shop, consumers may need product recommendations based on their needs, budget, or purchase purpose. Employees who quickly provide alternatives can make consumers feel cared for. Thus, responsiveness not only speeds up transactions but also creates a more positive emotional experience.

These findings also reinforce the Service Dominant Logic view that value is created through interaction. The same souvenir product can yield varying levels of satisfaction when accompanied by different services. When employees are able to explain the product's story and cultural value, consumers not only purchase the item but also gain experience and

knowledge. This explains why service quality contributes to customer satisfaction at Antique Souvenirs.

Discussion of the Influence of Service Quality on Consumer Loyalty

The direct influence of service quality on loyalty suggests that consumers can become loyal due to consistent service experiences, although satisfaction also plays a mediating role. In regional retail practices, personal relationships between consumers and employees can be a differentiating factor that is difficult for competitors to replicate. Consumers who feel comfortable interacting with a store are more likely to return because they already have a safe and enjoyable experience.

Quality service creates loyalty by reducing risk. Consumers who are familiar with a store's quality service don't need to expend additional effort searching for alternatives. They already have confidence that the store will provide the appropriate products and services. In the souvenir business, this risk reduction is crucial because consumers often face limited information regarding the quality, authenticity, and value of local products.

Loyalty can also be built through employee assurance. Employees who understand the product and are able to answer customer questions will foster trust. This trust strengthens long-term relationships. Consumers not only remember the product they purchased, but also the treatment they received during the purchase process. Thus, service quality becomes a strategic asset that can strengthen customer loyalty.

These results align with previous research showing that service quality plays a crucial role in building consumer loyalty across various sectors. However, in the context of antique souvenirs, this influence has local nuances, as loyalty is not solely tied to economic transactions but also to support for local craft products. Therefore, store managers need to view service as part of a strategy for preserving and marketing local products.

Discussion of the Influence of Customer Satisfaction on Consumer Loyalty

Customer satisfaction has the strongest influence on consumer loyalty. This indicates that satisfied consumers are more likely to return and recommend Antique Souvenirs to others. Satisfaction becomes a lasting evaluative experience because consumers feel their needs and expectations are met. In local retail, satisfaction can be a source of indirect promotion through positive stories from consumers to their social circles.

Satisfied consumers not only make repeat purchases but also develop a positive attitude toward the store. This positive attitude can take the form of a belief that the store offers attractive products, good service, and reasonable prices. When a positive attitude is formed, consumers will have a stronger preference for the store over competitors. In other words, satisfaction becomes the emotional and rational basis for choosing the same store again.

Satisfaction also reduces consumer sensitivity to minor flaws. If consumers are generally satisfied, certain limitations, such as infrequent discounts or limited product variety, may be more easily accepted. However, this doesn't mean management can ignore

improvements. In fact, satisfaction needs to be consistently maintained to prevent loyalty from weakening when competitors offer more attractive alternatives.

The results of this study support the satisfaction-loyalty chain, which explains that consumer loyalty is a consequence of positive post-purchase evaluations. The stronger the perceived satisfaction, the greater the likelihood of consumers making repeat purchases, providing recommendations, and maintaining relationships with the store. Therefore, loyalty enhancement programs must begin with systematic satisfaction management.

Discussion of the Mediating Role of Customer Satisfaction

The results of the mediation test indicate that customer satisfaction mediates the effect of service quality on consumer loyalty. This finding is crucial because it explains the mechanism by which loyalty develops. Good service does not always immediately result in loyalty; it first creates a perception of satisfaction. Once consumers are satisfied, they are more prepared to demonstrate loyal behavior. Thus, satisfaction acts as a psychological mechanism that transforms service quality into loyalty.

Partial mediation indicates that the influence of service quality on loyalty operates through two channels: a direct channel and an indirect channel. The direct channel indicates that a good service experience can directly encourage consumers to shop again. The indirect channel indicates that good service increases satisfaction, which in turn strengthens loyalty. The combination of these two channels demonstrates that service strategies should be viewed as both short-term and long-term investments.

In the context of Antique Souvenirs, satisfaction mediation can be explained through the shopping experience. Consumers first assess friendliness, speed, cleanliness, and clarity of information. Positive assessments of these aspects lead to satisfaction. Once satisfied, consumers will more easily remember the store as a pleasant place to buy local products. This positive memory then fosters loyalty.

From a managerial perspective, the results of this mediation indicate that service quality improvements need to be directed at the aspects most influential in customer satisfaction. Store managers can establish simple service standards, such as greeting customers, inquiring about their needs, providing product information, offering alternatives, ensuring the transaction is clear, and closing the interaction with a thank you. These simple steps can strengthen customer satisfaction and gradually build loyalty.

Table 6. Summary of Implications of Research Results

Findings	Theoretical Meaning	Practical Meaning	Recommendation
Service quality -> significant satisfaction	Services shape consumer evaluations	Employees need to create a pleasant shopping experience	Product service and training standards
Service quality -> significant loyalty	Services can immediately create commitment	Consumers come back because they feel safe and confident.	Strengthen reliability and assurance
Satisfaction -> significant loyalty	Satisfaction-loyalty chain confirmed	Satisfaction is the driver of repeat purchases	Monitor customer satisfaction regularly
Significant satisfaction mediation	Loyalty is formed through satisfied evaluation	Services need to be directed at aspects that trigger satisfaction.	Use customer feedback as a basis for improvement

Source: Data processed by researchers, 2024

Descriptive Analysis Of Research Variables

Descriptive variable analysis was conducted to understand respondents' perception tendencies before model testing. Overall, respondents' responses to service quality indicators were in the good category. This indicates that consumers perceived adequate service quality at Antique Souvenirs, although there is room for improvement in response speed, depth of product information, and consistency of service during busy times.

Regarding customer satisfaction, respondents tended to have positive assessments. Consumers felt that the products they purchased met their needs and that the shopping experience was beneficial. However, good satisfaction needs to be maintained through consistent service. Satisfaction depends not only on the initial purchase but also on whether the positive experience can be repeated on subsequent visits. If the experience is inconsistent, satisfaction can decline, impacting loyalty.

Consumer loyalty variables also show a positive trend. Consumers are willing to make repeat purchases and recommend stores to others. However, loyalty in small businesses is often fragile because consumers easily switch if they find another store with similar products, more attractive prices, or faster service. Therefore, loyalty needs to be cultivated through memorable experiences, personal relationships, and value creation beyond just transactions.

These descriptive results are important because they provide a basis for interpreting PLS results. When respondents' perceptions of service quality, satisfaction, and loyalty are in the good category, the positive relationship between the variables becomes easier to understand. This means that consumers who evaluate a store's service positively tend to rate their shopping experience as satisfied and, subsequently, demonstrate a tendency to be loyal.

Practical Interpretation Of Path Coefficient Values

The path coefficient value of service quality on satisfaction of 0.450 indicates that an increase in service quality will be followed by a positive increase in customer satisfaction. This coefficient is quite strong in the context of local retail businesses. This means that service quality is an important variable, but satisfaction is also influenced by other factors such as product quality, price, product variety, ease of access, and store atmosphere.

The service quality coefficient on loyalty of 0.443 indicates that service has a direct effect that is almost as strong as the effect of service on satisfaction. This suggests that some consumers can form loyalty directly based on service experiences, especially when they experience attention, trust, and clarity of information. In the souvenir business, interpersonal relationships are often the reason consumers return.

The satisfaction-loyalty coefficient of 0.498 indicates that satisfaction is the strongest pathway in explaining loyalty. This finding conveys a managerial message that increasing loyalty is not sufficient through promotions or price offers alone. More stable loyalty needs to be built through repeated satisfaction, giving consumers both emotional and rational reasons to maintain their preference for the same store.

The mediation coefficient of 0.224 indicates that some of the influence of service quality on loyalty passes through customer satisfaction. Although smaller than the direct effect, this mediation pathway remains significant. Therefore, store managers should prioritize satisfaction as an indicator of service success. Service can be considered successful if consumers not only receive assistance but also feel satisfied with the experience.

Theoretical Implications

Theoretically, this research reinforces the Service Dominant Logic approach, which states that value is created through service interactions. In the context of Antique Souvenirs, the value of local products is present not only in the physical form of the craftsmanship, but also through the explanations, friendliness, and ability of employees to connect the product to consumer needs. This demonstrates that service is a relevant value creation mechanism in traditional retail businesses.

This research also supports the satisfaction-loyalty chain. Satisfaction has been shown to be a significant predictor of consumer loyalty. These results show that satisfied consumers are more likely to make repeat purchases and provide recommendations. Thus, the satisfaction-loyalty theory remains relevant not only to large corporations but also to small businesses based on local products.

The partial mediation findings provide an additional contribution because they demonstrate that service quality has two functions simultaneously. First, service quality directly shapes loyalty through positive experiences. Second, service quality shapes loyalty through satisfaction. This model provides a more comprehensive understanding that loyalty is not solely a result of satisfaction but can also be formed from the trust and comfort that arise during service delivery.

In the context of regional marketing research, these results extend the empirical evidence on local souvenir businesses. Much previous research has focused on the banking, hotel, restaurant, or digital services sectors. This research demonstrates that the concepts of service quality, satisfaction, and loyalty can also explain consumer behavior in craft and souvenir shops that value local culture.

Managerial Implications for Antique Souvenirs

The primary implication for Antique Souvenir managers is the need to treat service as a core marketing strategy. Unique products become more valuable when delivered through excellent service. Employees need to be knowledgeable about the product's ingredients, function, meaning, origin, and recommended use. This information can strengthen consumer confidence and make the shopping experience more meaningful.

Store managers need to establish simple but consistent service standards. These standards can include greeting customers, asking about their needs, briefly explaining featured products, helping them select products within their budget, confirming prices, and thanking them after the transaction. These standards are inexpensive but can improve perceived service quality and customer satisfaction.

Reliability needs to be strengthened through consistent pricing, stock availability, and accurate information. If there are changes in product prices or availability, employees should explain this openly. Transparency will maintain consumer trust. Trust is crucial for loyalty, as customers will return if they feel the store is reliable.

Responsiveness can be improved by responding quickly to customer inquiries, both in-store and through social media. Modern consumers often seek information before visiting a store. Therefore, a quick response via text message or social media can be part of a service that strengthens satisfaction and loyalty.

Empathy can be enhanced by recognizing customer needs based on their purchase purpose. Customers buying for gifts require different recommendations than those buying for their personal collection. Employees who tailor assistance to individual needs will make customers feel valued. This sense of appreciation often fosters positive experiences and loyalty.

Service Improvement Strategy Recommendations

The first strategy is product knowledge training. Every employee needs to understand the product, including its ingredients, functions, unique features, price range, and the local history behind it. This knowledge can strengthen assurance because consumers feel they are being served by competent personnel. Product knowledge can also enhance emotional value because consumers understand the meaning of the product they are purchasing.

The second strategy is developing a simple customer database. Managers can record customers' frequent purchases, preferred product types, and feedback. This simple database can help stores provide more personalized service. For example, when a new product meets a customer's interests, the store can notify them directly.

The third strategy is complaint management. Consumer complaints should not be viewed as threats, but as a source of information for improvement. Stores can provide simple feedback channels through contact numbers, suggestion books, or digital forms. Complaints that are well-received can transform a negative experience into a satisfying one because customers feel cared for.

The fourth strategy is to enhance the store's atmosphere. Display neatness, cleanliness, lighting, and product grouping can enhance the tangible dimension. Consumers feel more comfortable when products are clearly displayed and easily accessible. A positive store atmosphere also makes it easier for employees to explain products effectively.

The fifth strategy is integrating offline and digital services. Antique Souvenirs can utilize social media to introduce products, answer questions, and display customer testimonials. This integration can expand market reach while maintaining relationships with existing customers. Responsive digital services will enhance the customer experience before and after their visit.

Research Limitations And Further Agenda

This study is limited to a single souvenir shop. Therefore, the results cannot be broadly generalized to all souvenir and craft businesses in Central Kalimantan. Nevertheless, focusing on a single shop provides in-depth insights into the mechanisms of service, satisfaction, and loyalty within a specific local business context.

Another limitation is that the research model only includes service quality and customer satisfaction as predictors of loyalty. The R-square value indicates that other factors can explain loyalty, such as price, product quality, store image, promotions, location, perceived value, trust, and emotional experiences. Future research could develop a broader model by adding these variables.

This study used a quantitative approach, so the explanation of consumer experiences is limited to questionnaire responses. Future research could employ a mixed-approach approach with in-depth interviews to gain a deeper understanding of consumer satisfaction or loyalty. A qualitative approach could also explore consumer stories about the cultural value of local souvenir products.

Future research could also compare local consumers and tourists. The two groups likely have different needs and evaluation criteria. Local consumers may be more concerned with price and personal relationships, while tourists may be more concerned with product uniqueness and cultural stories. This comparison could lead to more segmented service strategies.

Furthermore, future research could examine the role of digital marketing as an additional variable. Local souvenir businesses currently have the opportunity to expand their market through social media and marketplaces. When quality offline service is combined with responsive digital services, customer loyalty can be built through a more comprehensive and sustainable experience.

CONCLUSION AND SUGGESTIONS

Based on the research results, it can be concluded that service quality has a positive and significant effect on customer satisfaction at Antique Souvenirs. This means that the better the service provided through physical appearance, reliability, responsiveness, assurance, and empathy, the higher the customer satisfaction. These results confirm that service quality is a crucial factor in building a positive shopping experience at local souvenir businesses.

Service quality has also been shown to have a positive and significant impact on customer loyalty. Consumers who receive good service are more likely to return, recommend the store, and make Antique Souvenirs their top choice. These findings demonstrate that service is not only a transactional enabler but also a source of competitive advantage for regional retail businesses.

Customer satisfaction has a positive and significant effect on consumer loyalty and mediates the relationship between service quality and loyalty. This mediation role is partial, meaning service quality can influence loyalty directly or through satisfaction. Therefore, increasing loyalty will be more effective if store managers improve service quality while ensuring customer satisfaction after shopping.

Practical advice for Antique Souvenir managers is to improve service consistency through employee training, providing clear product information, improving responses to customer inquiries, and creating a clean and comfortable store environment. Managers also need to develop a simple feedback system so that customer complaints and expectations can be addressed more quickly.

For future researchers, it is recommended to expand the research to several souvenir shops or craft MSMEs in Central Kalimantan to provide stronger generalizability. Future research could also include other variables such as store image, product quality, perceived value, digital promotions, trust, or market orientation to explain consumer loyalty more comprehensively.

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