

The Role of Consumer Satisfaction in Mediating the Effect of Service Quality on Souvenir Antik Kapuas Consumer Loyalty in Central Kalimantan Province, Indonesia

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Abstract

This study was conducted in the field of marketing management with the objective of enhancing consumer loyalty by focusing on consumer satisfaction as a mediator. The research examines the direct and indirect effects of service quality on consumer loyalty, taking into account customer satisfaction as an intervening factor. A quantitative research approach was employed, and the target population and sample consisted of customers or individuals who had made purchases at Souvenir Antik in Dahirang Kapuas City, Central Borneo-Indonesia. The study included 100 respondents who were customers of Souvenir antik. The results indicate that service quality has a positive and significant impact on customer satisfaction. Furthermore, service quality also has a positive and significant influence on consumer loyalty. It was also found that consumer satisfaction has a positive and significant influence on consumer loyalty. The findings demonstrate that service quality positively and significantly affects customer loyalty through customer satisfaction. In future research, it would be beneficial to include market orientation as an additional variable to further expand the scope of the study.

Keywords: Service Quality, Consumer Satisfaction, Consumer Loyalty

1. Introduction

Retail has ingrained itself into daily life, and because to their cutting-edge amenities and extensive selection of premium goods, contemporary retail districts are becoming more and more well-liked. People are better able to support themselves thanks to these contemporary conveniences, which makes them more inclined to shop at these establishments. (Fatmawati & Nurhidayati, 2022). Consequently, product entrepreneurs, like Souvenir antik Shopping, are striving to attract and retain customers by enhancing services, convenience, product availability, and sophistication (Salmony & Kanbach, 2022). This is particularly crucial in the face of the intense competition driven by current economic developments in Indonesia.

To navigate this competitive landscape and sustain their business activities, companies and business owners must adopt strategic measures (Weinberger et al., 2018). Customer orientation plays a central role in these considerations, emphasizing the need for companies to satisfy their customers effectively (Aggrawal et al., 2022). When talking about customer happiness and service quality, the focus is always on the customer. Customers in this sense are those who come back to the same location time and time again to satisfy their needs by purchasing goods or using services.

As a result, sustaining and expanding a business depends critically on maintaining and increasing client happiness. In order to accomplish this, businesses must set clear, precise goals centered on quality. A product's ability to satisfy the requirements, desires, and expectations of its customers is what defines quality.

Customer satisfaction refers to the feedback and responses provided by customers after using or purchasing products or services, indicating whether their expectations and needs were met (Nuanmeesri, 2022). There are several definitions from experts, but generally speaking, it includes consumers' views and expectations about what they expect when purchasing or using a good or service. Conversely, customer loyalty is a sustained dedication to a business and its offerings that is shown in the conduct and attitudes of its patrons. Recurring business purchases and consumption support a company's sustainability. For businesses to remain in business, they must thus place a high priority on client orientation and understanding what has to be fulfilled to satisfy customer requirements (Ighomereho et al., 2022).

Souvenir Antik offers a variety of handicraft products such as bags, shoes, bracelets, traditional clothes, mats, hats, traditional medicines to wall and table decorations and many more. However, based on a survey conducted on a sample of antique souvenir customers, the service provided was considered mediocre without any superior features that could create a unique service experience. Customers sometimes feel that employees at Antique Souvenirs lack attention, resulting in an unpleasant shopping experience. In addition, the availability of discounts on antique souvenirs is only limited to certain periods, causing some customers to be reluctant to shop even though no discounts are offered. Therefore, the aim of this research is to increase customer loyalty to antique souvenirs by investigating the role of customer satisfaction as a mediating factor in influencing service quality.

2. Literature Review

This study utilized the Service Dominant Logic Theory (Vargo & Lusch, 2008), the theory, within the field of marketing, emphasizes the significance of services as a foundational element in economic transactions, with money, goods, and materials serving as the means of exchange. Service Dominant Logic proposes that service is the primary focus in economic and marketing activities. From this perspective (Tadajewski & Jones, 2021), services are exchanged for other services, with goods, money, organizations, and networks acting as additional intermediaries or institutions that facilitate the exchange of services.

2.1 Customer Satisfaction

Customer satisfaction, within the marketing field, can be defined as the feeling of pleasure or disappointment experienced by individuals when they compare their perceived product performance or outcomes with their expectations. The fulfillment of consumer desires is the key factor influencing customer satisfaction (Dam & Dam, 2021). According to Irawan, consumers feel satisfied when their expectations are met. There are five primary dimensions to consider when assessing customer satisfaction.

The first dimension is product or service quality (El-Adly, 2019). Customers experience satisfaction when the quality of the product or service they purchase and use is deemed good. The second dimension is price. For price-sensitive consumers, affordable prices are a crucial source of satisfaction, as they perceive value for the money they spend. The third dimension is service quality, which is greatly influenced by systems, technology, and the workforce involved in delivering the service.

The fourth dimension is the emotional factor. Consumer perception plays a vital role, as certain brands evoke emotional value that contributes to satisfaction. The fifth dimension is the ease of obtaining the product or service (Balinado et al., 2021). Customers find satisfaction when the process of acquiring the desired product or service is convenient and hassle-free.

Indicators of customer satisfaction can be measured through various factors, including satisfaction with meeting consumer expectations, providing a pleasant shopping experience, and instilling consumer confidence that shopping brings benefits or satisfaction.

2.2 Service Quality

Service quality refers to the anticipated level of excellence and the concerted efforts made to fulfill consumer desires (Abbasi-Moghaddam et al., 2019). It is a measure of how well the provided service aligns with customer expectations. In this study, the following indicators were utilized to assess service quality (Liu & Chen, 2022):

- a. **Tangibles:** This encompasses the physical evidence that demonstrates the existence of a company to external parties. It includes the appearance and condition of the company's physical facilities, the surrounding environment, and the tools and equipment used. These tangible aspects serve as clear evidence of the services provided, such as the quality of buildings, technological equipment, and the appearance of employees.
- b. **Reliability:** This represents the organization's ability to deliver services accurately and dependably, as promised. It involves factors like timeliness in service provision, consistency without errors, a friendly attitude, and a high level of accuracy.
- c. **Responsiveness:** This refers to the organization's ability to promptly and appropriately respond to customer needs, providing clear and helpful information. An unresponsive or indifferent attitude towards customers can generate discomfort and negatively impact the perceived service quality.
- d. **Assurance:** Assurance encompasses the guarantee and confidence given by the company to customers, achieved through the knowledge, courtesy, and competence of its employees. This aims to establish customer trust in the company. Components of assurance include effective communication, the credibility of the company, customers' perceived sense of security, employee competence, and courtesy.
- e. **Empathy:** Empathy involves the ability to genuinely and individually attend to customers' needs, making an effort to understand their desires. It entails understanding and empathizing with the unique needs and experiences of each customer on a personal level.

2.3 Consumer loyalty

Consumer loyalty refers to the commitment of customers to a particular brand, store, or supplier, developed through long-term positive experiences (Iglesias et al., 2020). It is earned through a combination of customer satisfaction and effective handling of complaints (Fauzi et al., 2023). To foster and enhance consumer loyalty, companies must pay attention to the factors that influence it. Indicators of consumer loyalty include repeat purchases, recommendations to others, consumer confidence in the superiority of Souvenir antik compared to similar products, and resistance to competitors (Zahra & Lutfie, 2017). Several factors influence consumer loyalty, including:

- Consumer satisfaction:** Consumer satisfaction is a significant predictor of consumer loyalty, as satisfied customers are more likely to provide positive recommendations and exhibit intentions to repurchase.
- Trust:** Trust is built over time through the establishment of mutual trust between the customer and the company. Once trust is established, efforts to maintain it become easier. The level of trust held by the customer reflects the relationship between the company and the customer.
- Service quality:** Service quality has a strong correlation with customer loyalty. A high level of service quality leads to increased sales, market share, and fosters customer loyalty.

The research flow diagram illustrates the logical sequence of the study, outlining the connections between the key variables and concepts under investigation. It serves as a visual representation of the research design and the direction of the study, providing a clear structure for data collection, analysis, and interpretation.

Figure 1. Conceptual Framework



The hypothesis is a temporary answer to the research problem formulation. Because it is still temporary, it needs to be verified through empirical data collected. The conceptual framework shows the relationship between variables and hypotheses which will be explained below:

H1: Positive and Significant Effect of Service Quality on Consumer Satisfaction

H2: Positive and Significant Effect of Service Quality on Consumer Loyalty

H3: Positive and Significant Effect of Consumer Satisfaction on Consumer Loyalty.

H4: Positive and Significant Effect of Service Quality on Consumer Loyalty
mediated Consumer Satisfaction

3. Research Method

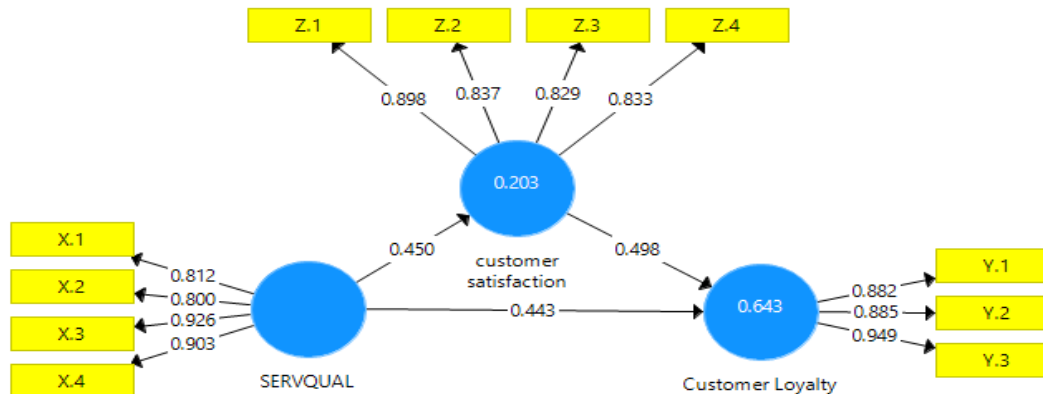
This study used a quantitative method with an explanatory research design. The goal of explanatory research is to explain how the variables under study relate to one another and how one variable affects another. Customers who had previously purchased at Souvenir antik Supermarket were given questionnaires to complete in order to gather primary data for this study. For data analysis, the Smart Partial Least Squares (PLS) method was used. PLS is a distribution-free approach that accepts a variety of data formats, including nominal, categorical, ordinal, interval, and ratio data. It does this by not assuming any particular sort of data distribution. The goal of this study's use of PLS is to develop and forecast correlations between constructs in order to make predictions (Monferrer et al., 2019). Furthermore, PLS aids researchers in obtaining values for latent variables to support predictive analysis in their research.

Samples and procedures. The population of this study are all consumers who have shopped at Souvenir antik, while the sample is male and female consumers of Souvenir antik. The number of samples used was 100 respondents using the purposive sampling technique, namely by limiting the characteristics of consumers, namely: a. Minimum shopping 3 times at Souvenir antik, and b. Know the types of products sold at Souvenir antik

4. Finding and Discussion

Based on the results of the descriptive analysis, it showed that the average number of respondents who answered the questionnaire was based on gender, namely female consumers who answered the questionnaire as many as 70 people or 82% and male consumers as many as 30 people or 18%. A measurement model that describes the relationship between indicator blocks and their latent variables. Outer model analysis is carried out to ensure that the measurement used is feasible to be used as a measurement (valid and reliable). The measurement model carried out using questionnaire data tabulation produces the following results:

Figure 2. Outer Model



If an indicator's outer loading value is 0.7, it is regarded as fairly valid. Thus, the outer loading results are less than 0.70 based on the outcomes of the outer model test mentioned above. The value derived from the Path coefficient will be used to explain the relationship between the variables in this study. The evaluation of the path coefficient is used to convey the degree of the independent variable's influence or effect on the dependent variable, as well as the degree of that influence or effect on the intervening variable and the degree to which the intervening variable influences the dependent variable. The greatest path coefficient value is described by the inner model depicted in Figure 2 above in the effect of service quality on customer satisfaction of 0.450 or 45% then the smallest effect is shown by the direct effect of customer satisfaction on customer loyalty of 0.443 or 44,3 %. Next is the r-square value.

Table 1. R-Square

Variable	R-Square	R-Square Adjusted
Customer Loyalty	0.643	0.627
Customer satisfaction	0.203	0.186

The variables of service quality and customer satisfaction that affect customer loyalty in the structural model have an R-Square value for the consumer loyalty variable of 0.456, the acquisition of this value explains that the percentage of consumer loyalty is 45.6%. The Goodness of Fit assessment is known from the average root of the Average Variance Extraced (AVE) multiplied by the root of the average R-Square value. The calculation results are as follows:

$$\begin{aligned}
 \text{GoF} &= \sqrt{\text{AVE} \times R^2} \\
 \text{GoF} &= \sqrt{0.722 \times 0.643} \\
 \text{GoF} &= \sqrt{0.371141} \\
 \text{GoF} &= 0.614
 \end{aligned}$$

Based on the above calculation results, the GoF value for the consumer satisfaction variable is 0.722 or 72.2% and the GoF value for the consumer loyalty variable is 0.614 or 61.4%, the results show that the GoF value is large. So the results of this study are included in the large GoF category and show that the magnitude of the influence of diversity from the results of research data on the loyalty variable can be explained by research of 61.4% while the remaining 38.6% is explained by other factors that are outside this research model. Based on the results of processed PLS data to test the influence between variables by looking at the direct and indirect effects, the results are as follows:

Table 2. results t-statistic and p-value

Hypothesis	Influence	Original Sample	T-Statistic	P-Values	Results
H1	Service Quality Towards Customer Satisfaction	0.450	4.317	0.000	Accepted
H2	Service Quality Towards Customer Loyalty	0.443	4.292	0.000	Accepted
H3	Customer Satisfaction with Customer Loyalty	0.498	3.785	0.000	Accepted
H4	Service Quality Towards Customer Loyalty Through Customer Satisfaction	0.224	2.781	0.011	Accepted

Based on these results, it is explained as follows:

1. Service Quality has a positive and significant effect on Souvenir antik Consumer Satisfaction in Kapuas City. That is, the better the quality of service, the higher the level of customer satisfaction. From the indicators of consumer comfort by providing good service starting from cleanliness, tidiness and comfort, tangibles always wear clean and tidy uniforms so that consumers feel comfortable shopping.
2. Service Quality has a positive and significant effect on Souvenir antik Consumer Loyalty in Kapuas City. That is, the better the quality of service, the higher the level of consumer loyalty. The indicators of consumer loyalty are as follows: Making repeat purchases, Providing recommendations to other consumers/other parties to shop, Consumers trust shopping at Souvenir antik, better than similar products, Demonstrates immunity to pull from competitors.
3. Consumer satisfaction has a positive and significant effect on Souvenir antik Consumer

Loyalty in Kapuas City. That is, the better the level of customer satisfaction will further increase consumer loyalty. With the following indicators of consumer satisfaction: Souvenir antik has fulfilled consumer expectations. Based on experience, consumers feel happy shopping, consumers believe shopping is profitable (satisfying).

4. Service Quality has a positive and significant effect on Consumer Loyalty through Souvenir antik Customer Satisfaction in Kapuas City. That is, the better the quality of service, the higher the level of customer satisfaction thereby strengthening the influence on consumer loyalty.

5. Conclusion

Customers believe that the Antique Souvenir Supermarket in Kapuas City prioritizes comfort by offering first-rate service, which includes upholding product cleanliness, neat product layout, and overall comfort throughout shopping, according to the research's findings. Buying in bulk and offering discounts on specific days are seen to be significant contributors to higher customer satisfaction.

The findings demonstrate that a key factor in creating customer loyalty is the degree of satisfaction as determined by the quality of service received. According to descriptive data, service quality that satisfies customers' expectations and gives them confidence to select antique souvenirs while buying handicraft items is the primary factor influencing their happiness with antique souvenirs. Good customer service combined with meeting expectations from customers can increase customer satisfaction and loyalty.

The implication of this research is that although antique souvenirs have had a positive impact on consumers, there is still room for improvement to further increase customer satisfaction. The results of this study can be a valuable reference in the field of marketing, and it is recommended that future research explore the inclusion of market orientation as an additional variable, thereby broadening the scope of investigation.

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