ABSTRACT

MSMEs as a support for the national economy must be encouraged for their development so that they are more advanced and competitive. MSME actors in running a business must be faced with various challenges and problems. Poet Day Coffee & Resto is one of the MSMEs in Bogor Regency which is engaged in food and beverages. Poet Day Coffee & Resto experienced a decline in revenue and faced increasingly fierce competition. This study aims to examine the effect of service quality and physical ennvironment quality on customer loyalty with customer satisfaction as the intervening variable.

The population in this study is all consumers who buy and enjoy the products and services provided by Poet Day Coffee & Resto at least once. The number of samples used was 100 respondents. The data obtained from the questionnaire were then analyzed using Partial Least Square-Structural Equation Modeling (PLS- SEM).

The results of this study indicate that service quality has a positive and significant influence on customer satisfaction and customer loyalty. Customer satisfaction has a positive and significant influence on customer loyalty. Meanwhile, physical environment quality has no significant effect on customer satisfaction and customer loyalty.

Keywords: *Service Quality, Physical Environment Quality, Customer Satisfaction, Customer Loyalty, MSMEs, PLS-SEM*

SEMARANG

FEB UNDIP