

## **ABSTRACT**

*Semarang city has various kinds of MSMEs (Micro, Small and Medium Enterprises), one of them is Jamu Putri Ayu which is an MSME from Candisari sub-district. In the last few years, sales of Jamu Putri have decreased a lot. Adapting to technological advances and increasingly fierce market competition among herbal medicine producers in Semarang, MSME Jamu Putri Ayu innovates by providing delivery services, expanding payment facilities, joining GoFood partners, holding a conventional sales on Car Free Day and adding product variations.*

*This study aims to analyze the effect of service quality on customer satisfaction and loyalty with customer satisfaction as a mediator variable in the home industry of Jamu Putri Ayu. The sample used in this study was the people of Semarang City who had consumed the Jamu Putri Ayu product in the last one year. The sample used in this study were 158 respondents. The sample collection method is purposive sampling. The data collection method was the distribution of online questionnaires via google form. This research used Structural Equation Modeling (SEM) with AMOS 22 analysis tool.*

*The result of this study found that customer satisfaction has a positive and significant effect on customer loyalty. In addition, service quality has no influence on customer satisfaction and customer loyalty. Also, in this study, customer satisfaction cannot mediate service quality with customer loyalty.*

**Keywords:** *service quality, customer satisfaction, customer loyalty, UMKM Jamu Putri Ayu.*