

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Service Quality performance is a major asset for companies with the fundamental of hospitality industry such as tourism or travel agencies, restaurants, bars, convention centers, and hotels managements. These companies concentrate on their levels of how to deliver services to customers and receive its revenue. The hospitality industries have wide diversity of companies which mainly dealt with delivering services and customer satisfaction. Therefore, the writer stated the opinion that service quality should meet customer's expectations according to what they paid and deserved.

One of the hospitality industry segments is travel agencies which are related to tourism organizing trips for those who would like to step out of their comfort zones. Travel agency is a private retailer which provides tourism services to their customers. Tourism services support flight tickets, hotels or resorts, cruises, attractions, transportations, insurance, visas, and tours.

This study will focus on one of the hospitality industry field of categories which is travel and tourism industry. Therefore, the research subject of this study is chosen to be conducted on PT. Angkasa Travel International. PT. Angkasa Travel International has registered under IATA (International Air Transport Association), an accreditation or approval seal of travel agent worldwide which supports every travel agent to be committed on tourism service delivery. PT. Angkasa Travel International has been growing in Medan since 2012 and is currently located at Jalan Gajah No.75. PT. Angkasa Travel International is a branch company with the main company

called PT. Angkasa Tour and Travel in Jalan Wahidin No. 65 A. PT. Angkasa Travel International has committed mainly on selling incentive or private tours, flight tickets, hotels, attractions, transportations, and handling visas.

Furthermore, the reason the writer has decided to make PT. Angkasa Travel International as the research object because out of all travel agencies in Medan, only ten travel agencies which have received IATA accreditation; and PT. Angkasa travel International is one of those who received it. The travel agencies which have already received IATA accreditation are those who may be invited to annual travel fair or promotion on various airlines partnership such as, Cathay Pacific Airlines, Silk Air, and Singapore Airlines. This partnership promotion is considered one of the biggest revenues for travel agencies.

Although the development of tourism online purchasing has been increasing, it did not affect PT. Angkasa Travel International to lose customers or earnings. The right service delivery and right way to lead employees conducting service delivery will be listed in this research. Although with the development of online travel agencies, this study will prove that the numbers of customers do not decrease as people will always seek for the trusted service tourism operator which could help customers organizing trips that will give memorable and unforgettable experiences. Majority of people are proven to do travelling during weekend, school holiday or high season.

As part of hospitality and tourism industry, service quality is definitely important for PT. Angkasa Travel International. In marketing this competitive business industry, it is crucial where one company could make customers choose their services by offering options to convince customers that their services are better. PT. Angkasa Travel International has been striving on improving its business to attract more potential customers. The purpose of their business's expansion besides to acquire new potential customers, it is

also to maintain loyal customers by doing more than usual services for their customers in order to keep the relationship.

Next, PT. Angkasa Travel International has been starting to commit on better service delivery with new objectives of organizing customer's entire trip starting from its itineraries, flight tickets, accommodations, and transportation. Therefore, the problem occurred in this study is some employees are lacking knowledge on conveying specific information regarding the services they delivered. In this research, the writer has realized that some employees' abilities have not been accustomed, or they are not able to convey good and precise information about the services purchased by customers. They are also not able to handle the problems arise from their services. Fulfilling every customer's needs and desires could not be committed with careless services. Conveying good and precise information will need a lot of knowledge and handling problems will need a lot of learning and experience. Handling and responding to customers' problems will also be time-consuming and require good communication skills to assure the customers.

According to Paturaman, et al., (1995) in Tjiptono and Chandra (2016), customer satisfaction is an important variable which is influenced by service quality. He also stated that customer satisfaction has affected its service experience to lead to an evaluation or the overall attitude towards service quality over time. Therefore, the writer has shown interest to conduct research regarding service quality towards customer satisfaction.

Based on the description above, the writer has determined to put the title for this *skripsi* as the following: **“The Influence of Service Quality towards Customer Satisfaction at PT. Angkasa Travel International Jalan Gajah Medan.”**

## **1.2 Problem Limitation**

Due to the time limitation, idea or perception, and knowledge, this *skripsi* will encounter imperfections while the writer was conducting research. The research will be focusing the influence of service quality towards customer satisfaction. Service quality acts as the independent variable with five indicators of tangibility, reliability, responsiveness, assurance, and empathy (Tjiptono and Chandra, 2016); while customer satisfaction as the dependent variable supported by three indicators which are confirmation of expectation, repurchase intention, and willingness to recommend (Hawkins and Lonney in Tjiptono, 2013).

## **1.3 Problem Formulation**

In this section, the writer will consider the service quality and the customer satisfaction as the focus of this research. Hence, according to above background of the study, the problem formulation of this *skripsi* will be:

Does service quality have an influence towards customer satisfaction at PT. Angkasa Travel International Jalan Gajah Medan?

## **1.4 Objective of the Research**

The objective of this research is as follows:

To find out if there is any influence of service quality towards customer satisfaction at PT. Angkasa Travel International Jalan Gajah Medan.

## **1.5 Benefit of the Research**

The benefit of this research will be divided into theoretical and practical benefit which each benefit will consist of the company, writer, readers, and future researchers.

### **1.5.1 Theoretical Benefit**

- a. For the company, the writer wishes the data of this research will be useful for future reference. Company can learn from this research on what they should evaluate in their service to accommodate customer needs and demands; and solve their problems.
- b. For the writer, to understand the company's operational procedures. Furthermore, the writer wishes to improve her skills in thinking and communication. Nevertheless, the writer could state her thoughts and suggestion freely in this research.
- c. For the readers, to obtain more information about the company's goals and insights. Furthermore, readers could also improve their skills in reading, thinking, expand findings, and enhance creativities.
- d. For the future researchers, to gain the concept of the research and implement it as the reference on their own research.

### **1.5.2 Practical Benefit**

- a. For the company, the writer wishes the data of this research could help them promoting their services and staying ahead of other companies' competition.
- b. For the writer, to gain experiences and knowledge then use it to practice into the real business world.
- c. For the readers, to have deeper understanding and implementation from the information collected from the company.
- d. For the future researchers, to build an interest in doing similar research in the future.

## 1.6 Systems of Writing

The systemic outline of writing in this *skripsi* will be as the following:

### **Chapter I: Introduction**

This chapter will consist of the background of study, problem limitation, problem formulation, objective of the research, theoretical and practical benefit of the research, and systems of writing.

### **Chapter II: Literature Review and Hypothesis Development**

This chapter will consist of theoretical background, previous research, hypothesis development, research model, and framework of thinking.

### **Chapter III: Research Methodology**

This chapter will consist of the research design, population and sample, data collection method, operational variable definition and variable measurement, and data analysis method.

### **Chapter IV: Data Analysis and Discussion**

This chapter will consist of general view of PT. Angkasa Travel International, data analysis; descriptive statistic divided into result of data quality testing, result of hypothesis testing, and lastly the discussion.

### **Chapter V: Conclusion**

This chapter will consist of conclusion, implication, and recommendation which can be useful for the company.