

CHAPTER I

INTRODUCTION

1.1. BACKGROUND OF THE STUDY

Due to the rapidity of technological advancement, the world has been transforming into a limitless entity. Technology has played a huge role in this transformation; it has enabled humanity to achieve their many aspirations. We humans wanted to fly and the Wright brothers invented airplanes. We wanted to connect with people from other sides of the world, and now we can do it in mere seconds. Technology is no longer made for certain elites, but it is a luxury accessible by almost everyone, with almost no cost at all. Even the baby boomers, with their traditional values, are exposed to this change and must adapt to it.

The effects and impacts of technology are also evident in the business sector. Technology – the Internet and the World Wide Web – has brought forth new platforms which are more efficient and far-reaching, enabling companies to connect with a wider, more universal market. Technology could help not just in the internal process such as producing or manufacturing products, but technology could help companies to develop the marketing and customer service sector. Lately, companies have realized the importance of technology and started using social media as an alternative tool to marketing. There are several reasons why. The first is, according to statista.com (2018), the number of social media users around the world in 2018 is 2.62 billion people and it is predicted that in 2021, the number will increase into 3.02 billion. The second reason is that social media can reach a wide range of people in just one click. The third and most important one is that social media is free.

The examples of social media platforms usually used by companies in doing business are Instagram, Line, Whatsapp, Weibo, Facebook, and many others. Khosrow-Pour (2017) stated in his book Handbook of

Research on Technology Adoption, Social Policy, and Global Integration that these social media platforms can affect firms' marketing strategy, branding, and interaction with its customers. By using social media as their marketing tool, companies can interact with the market far more effectively. Falls and Deckers (as cited in Faulds & Mangold, 2014) wrote in their book that social media marketing can increase customer satisfaction, reduce call center costs, and enhance brand loyalty.

Travel agencies are also known to become one of the business entity that uses social media in their marketing. Travel agencies help customers fulfill their travelling needs such as plane tickets, accommodations and transportations, tour packages, and admission tickets to attractions. Medan, one of the biggest city in Indonesia have a high competitive between travel agents which sometimes push away small agencies out of the competition. Due to the tight competition between travel agents, they always try to find innovation and they started to use social media marketing. It is believed by many travel agencies that social media marketing is very affective to use in promoting this traveling industry. A stated above, the advantages of using social media marketing are free, big number of users and widely reach. These 3 advantages really suit the travel agents which they can always introduce many unique places, update newest traveling product and even giving a news about promotion through social media.

PT Mega Wisata Indah, one of Medan's well-developing travel agencies in Medan. Located in one of the most crowded shopping center in Medan, which help this company to be more well-known by the customers. PT Mega Wisata Indah is famous for its quality of tour, in which they always deliver the best services to customers. Despite all the positives side, this company face some issues which is: due to the quality of the tour, sometimes the price is considered expensive, this company has also problem in their marketing sector (Kuan, 2019).

As you can see that PT Mega Wisata Indah is also implementing social media with the objective of maintaining customer satisfaction. However, from the writer's experience in working at the company, the writer has found that it still seems difficult for the company to put social media platforms to their best use. For example, they still get many complaints about their inability to provide customers with the latest, most updated news on products and promotions. This is the reason why the writer has decided to write about "The Impact of Implementing Social Media Marketing towards Customers Satisfaction at PT Mega Wisata Indah in Medan".

1.2. PROBLEM LIMITATION

Based on the information that is mentioned in the background of study, the author has decided to do the research by using PT. Mega Wisata Indah's customers as the population which later can be specified into sample. Due to the limitation of resources, the data collection of this research will be done within one month (including pre-test). To link the research with international business, the writer will only specify and target PT. Mega Wisata's domestic customers who have purchased tickets, accommodations, tour packages and admission tickets for international use and foreign customers who have purchased domestic products. For the first variable (social media marketing), the writer will take 4 out of 6 indicators as written in the journal *B2B Business and Social Media Marketing: use, measurement, and Key Performance Indicators* (Vera, Maria-Dolores, and Garcia, 2017), which are activity, reach, engagement, and loyalty. As for the second variable (customer satisfaction), the indicators are service quality, communication skills, product knowledge, and atmosphere Sigurðardóttir, I., & Helgadóttir, G. (2015).

1.3. PROBLEM FORMULATION

As the writer has described in the background of study above, PT Mega Wisata Indah is still facing difficulties despite already implementing social media in its marketing strategy. They receive frequent complaints, for example, on how slow they respond to customers' questions on social media. Some customers also complain that they have yet to provide the most up-to-date product descriptions effectively. Therefore, the writer would like to do a research to answer three questions that will solve PT Mega Wisata Indah's problem, which are:

1. How does social media marketing affect the customer satisfaction level at PT Mega Wisata Indah?
2. Why is PT Mega Wisata Indah's current implementation of social media marketing still not at its best?
3. How should PT Mega Wisata Indah maximize the utilization of social media as their marketing tool to increase customer satisfaction?

1.4. RESEARCH OBJECTIVES

Every research is conducted because a certain problem exists. In order to make sure that a research is effective, writers must first determine a clear set of objectives which they aim to complete. Below are the objectives the writer has set for this research:

1. To examine the role and importance of social media (as a marketing tool) in helping PT Mega Wisata Indah increase their customer satisfaction level.
2. To analyze and determine the obstacles faced by PT Mega Wisata Indah in their current implementation of social media marketing.
3. To recommend solutions on how this company can make the best use of social media platforms to connect with and retain their customers.

1.5. BENEFITS OF THE RESEARCH

This research will benefit not only the writer, but also several other parties.

1.5.1. Theoretical Benefits

Theoretical benefits refer to how a research can be beneficial to the way we can better understand a concept. The result of this research would contribute to the academic area at UPH Medan, especially on the studies of social media marketing and customer satisfaction. With the existence of globalization, businesses nowadays have to be ready to face any changes, or they will not be able to survive. Therefore, this study will be beneficial towards economy students, because it can give them insight to one of the examples of how technology and globalization have impacted the modern way of doing business.

1.5.2. Practical Benefits

Practical benefits are the benefits that a research bring in more tangible ways. While theoretical benefits are more about the “why” and the concepts, practical benefits are the “how”, or the tangible, concrete benefits that the research can bring to fix the problems.

a. For the author

This research will expand the author’s knowledge about social media marketing and customer satisfaction and help the author increase his working pace and efficiency at work.

b. For the company

This research will help solve the company’s problem in terms of how they can maximize their utilization of social media in their marketing. It will also compile data from the customers’ point of view, which will help the company better understand their customers.

c. For other researchers

This research will serve as a reference for other writers doing researches on a similar area.

1.6. SYSTEMS OF WRITING

- Chapter I Introduction
This chapter includes the background of the study, problem limitation, problem formulation, research objectives, research benefits, and systems of writing.
- Chapter II Literature Review and Hypothesis Development
This chapter includes the theoretical background, previous research, hypothesis development, research model, and framework of thinking.
- Chapter III Research Methodology
This chapter includes 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 includes the general view of PT Mega Wisata Indah Medan, data analysis, and descriptive statistics, results of data quality testing and hypothesis testing, and discussion.
- Chapter V Conclusion
This chapter includes the conclusion, implication, and recommendation.