

CHAPTER I

INTRODUCTION

1.1 Background Of The Study

Nowadays, upgrading the quality of service and product quality to satisfy customers is one of the things that become the real goal for every company especially industrial companies. Many products are produced with variety types, quality, and forms, where by the whole is intended to attract the customers, so customers are likely to do activity of buying the product.

Consequently every company is trying to be able to create products with the best specification to comfort customers. It involves companies to reformulate the strategies to improve the ability in serving the customers. The company also tries to make customers the top priority for the company. The right strategy can drag customers curiosity and it must be managed carefully by the company. Company tries to make the customers really wants to buy the products that are produced by the company. More than that, with all the tips that are given to the company, the company must also make efforts to make customers loyal to the product.

Service Quality is by giving satisfaction to customers to make a strong relationships with the company. According to Zeithaml and Bitner, et al. (in Essays, UK. 2018) Service quality is a focused evaluation that really reflects the customer's perception about the specific dimensions of service is reliability, responsiveness, assurance, empathy, tangibles.' Based on the statement, service quality is especially provided to the customers. Business operators are able to know the problem quickly and also able to improve their service and get better access to client expectation.

In the long term , the mission of this company is to understand more about what customers want and their special needs. With this, the

company can increase customer satisfaction and at the same time the company also can tries to maximize the quality of the company's services to make a good impression to the customers and minimize the mistakes made by the company. According to Sophia Bernazzani (2018), Customer loyalty is a customer's willingness to buy from the company or work with a brand again, and it's the result of a positive customers experience, customer satisfaction, and the value of the product or service that the customer will get is from the transaction value.

Generally , customers are divided into two.The first one is internal customers and the second one is external customers. Internal customers are part of the company or it can be said as employees. External customers are the activities that are not part of the company but are really related to customer satisfaction, quality and sometimes related falls below the dimension of lies, depends on the context. In product quality, there are six main dimensions that are usually used, such as performance, reliability, features, durability, consistency, and design.

The quality of the product that is received by the customer will determine which effect that will affect customer satisfaction. The functions are the focus on customer attention, increase the customer needs based on the higher critical levels, and also tend to be requested by the company. It will not switch to substitution products.

CV Mari Rasa has a brand and the name is MR bakery. Itis a company that will be the object of this research. CV.Mari Rasa or MR Bakery is a company located in Medan. CV.Mari Rasa with the brand named MR Bakery is a flour-based food processing company or commonly called bakery. CV Mari rasa is a family business which was founded in 2008 by Mr. Wui san, and now is managed by Mr. Wui san, his siblings and his son. This business is managed together with his siblings and his son from the beginning until now. The

location of the company is on Jalan Aksara No 135 Medan. CV.Mari Rasa or MR Bakery company is a small business and will continue to grow. MR bakery is one of the companies that produces bread with various types of flavors that are round and square. This company only produces bread with flavors such as chocolate, coconut, srikaya, and etc,

Bakery business is now very booming in Indonesia, especially in Medan. We can see there are so many new bakeries in Medan and we can easily find and buy bread now at every corner in Medan and they always come with new innovations. MR bakery is not a newcomer to this industry since he has been in this business for almost 10 years.

One of the challenges in this business is the quality of their services because there are so many new bakeries outside as challenges so that services play an important role. By having excellent service quality MR bakeries can provide good service quality to the customers and the customers can become their loyal customers. That's why the author's title is "**The Impact of Service Quality on Customers Loyalty at CV. Mari Rasa in Medan**"

1.2 Problem Limitation

Due to the limitation and knowledge, the writer limits the subject of this final research paper with the purpose to make the writer easier to do this final research paper. In this research paper, the writer will focus on 80 customers which are loyal resellers customers from February 2019 until April 2019. The writer will focus on service quality and customers loyalty at CV Mari Rasa. The writer will only focus on service quality as the independent variable (X) which is service quality. The writer will focus on the dimensions of the service quality which are reliability, responsiveness, assurance, empathy, and tangibles. Due to the time and limitation of knowledge from the

writer, for the dependent variable (Y) which is customer loyalty the writer will focus on the customers satisfaction from the customers.

1.3 Problem Formulation

The problem formulation has research problems to solve. The solutions formulated in research are very useful to overcome our confusion of various things or phenomenon, to overcome difficulties or difficulties between activities and phenomenon. Therefore, the researcher must be able to choose a problem for his research, and formulate it to obtain answers to the problem. Problem formulation is the most important thing from a research.

Based on the background of study, therefore the problem formulation in this research paperis:

Does service quality has an impact on customers loyalty at CV Mari Rasa ?

1.4 Objective of the Research

The objective of the research is the formulation of sentences that indicate the existence of results. Something that is obtained after the study is completed, and something that will be achieved or addressed in a study. The formulation of objectives reveals the desire of researchers to obtain answers to the research problems posed.

The objective of study in this research is to find out if there is any impact of service quality on customer's loyalty at CV. Mari rasa.

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

The result of this research can be used to expand knowledge; it can be used as a reference to make an essay, and to contribute to the academic area, especially regarding service quality and

customers loyalty, and to help the reader to understand more about service quality and customers loyalty

1.5.2 Practical Benefit

a. For the writer, it helps the writer to understand how to make an essay, and also understand the problem research and got the solution, and the writer can improve knowledge about service quality and customers loyalty

b. For the company, the company will more understand the customers, because from the research itself, it tells what company should do to make the customers stay loyal to the company. Company know better about its performance to the customers is already good or still needs improvement or not. Company knows better what customers want, what it should do to improve its service to make them loyal.

c. For others researchers,

For other researchers, it will help the researchers increase his insight about service quality and loyalty, and as references for future research on similar areas.

1.6 Systems of the Writing

The final paper will consist of five chapters with systems of writing as follows:

Chapter I : INTRODUCTION

This chapter explains about the background of study, problem limitation, problem formulation, objective of research, and system of writing.

Chapter II : LITERATURE REVIEW AND HYPOTESIS DEVELOPMENT

This chapter elaborates the theories of entrepreneurship, family business, Service Quality, Customers loyalty, Relationship Between service Quality and Customers loyalty, pervious research.

Chapter III

: RESEARCH METHODOLOGY

This chapter contains of description of research design applied, population and sample, data collection method to be used, operational variable definition and variable measurement, and data analysis method to be applied.

Chapter IV

: DATA ANALYSIS AND DISCUSSION

This chapter is explaining about general view of “research object”, data analyzing of the result that has been conducted in the research, and discussion of the data analyzing from the research.

Chapter V

: CONCLUSION

This chapter contains the conclusion of the research paper, implication of the research paper, and giving recommendation to the company