

CHAPTER I

INTRODUCTION

1.1 Background of Study

Nowadays, in any business industry, service quality or is often shortened to servqual plays an important role in helping businesses to thrive, especially in the education sector, where the main thing that these institutions offer for their students and students' parents are service and education quality. Therefore, if a service company fails to give decent service quality towards its customers, it will be difficult for them to attract more customers in the future. A good service quality is needed in order to give satisfaction towards customers in terms of the education quality, the teaching method, facilities provided and many more. All of these aspects of service quality in a school are necessary to be examined and improved carefully in order to survive in the education sector.

In Indonesia, children other than going to school, usually have at least one or more additional lesson, be it music, sports or even tuitions to help understand more about what learnt at school. Especially in Medan, a lot of parents also send their children to have additional tuitions in order to learn more things apart from school lessons. Usually, children start learning music from a young age so that it can be optimal. According to Reina (2017), children by the age of 5 is the most suitable to learn music. At that time, children are already able to focus and listen to what the teachers say.

According to Ramya et. al (Ramya, Kowsalya, & Dharanipriya, 2019), service quality is explained as “the ability of a service firm to hang on to its customer” (p. 38).

Customer satisfaction also plays an important role for education sector, since the satisfaction of the students’ parents who decide to enroll their children at a certain education institution will help to boost the image and name of the institutions.

According to Elisabeth et. al (Elisabeth, Nasir, & Suyono, 2019), satisfaction has a connection between a certain expectation of a product performance and the real result of it. It could be either disappointment or excitement.

Avia Cantata is a school of music and art located at Jl. Dr. Setiabudi No. 43, Medan, and since January 2019 has opened one more branch at Jl. S. Parman No. 21, Medan. Avia Cantata also has one more branch at Binjai, however currently is still being closed due to the pandemic. Avia Cantata opens courses for not only piano lesson, but also guitar, cello, violin and even baby class. The research will be conducted at the main school at Jl. Setiabudi and also the branch at Jl. S. Parman. Avia Cantata has been operating since 2012 at Setiabudi, and at 2019, opening a new branch at Jl. S. Parman. Here is a table of the average age and differentiation of courses in Avia Cantata.

Table 1.1 Distribution of Courses and Average Age at Avia Cantata

No.	Courses	Average age	Number of students
1	Piano	9,89	140
2	Theory	9,51	124
3	Vocal	9,02	44
4	Guitar	12,42	25
5	Drum	10,42	17
6	Violin	11,33	15
7	Keyboard	8,33	6
8	Little Cantata	4,2	10

Source: Data is processed by Writer (2021)

Based on the table, the age group that studies musical lesson the most is 8-10 years. Most of the students of Avia Cantata are still young children. It can be seen from the table also, that the most popular courses are Piano and Theory class.

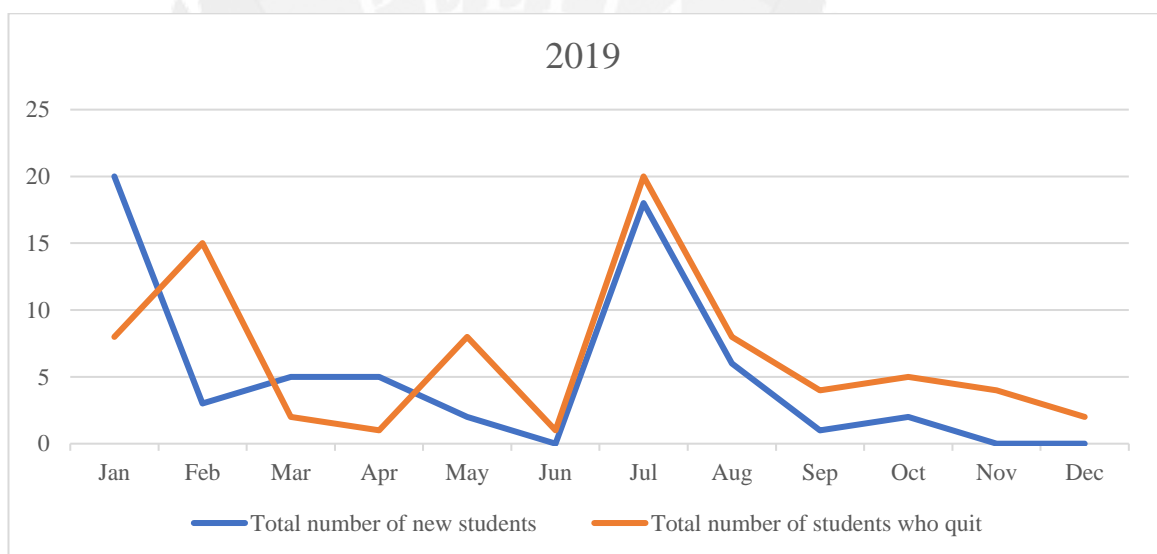
The main problem that Avia Cantata is facing now is the constant decreasing number of loyal students. Due to the pandemic, things have been quite inflexible, since music learning should be virtual. Also, it has not been a priority anymore, with all households in general have a declining financial condition, which means that they have to save on less important thing.

Here are the results of the research that Writer has conducted at Avia Cantata. The data is the number of students that left and registered from January 2019 to December 2020.

Table 1.2 Data number of students at Avia Cantata from January 2019 – December 2019

	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019
Total number of new students	20	3	5	5	2	0	18	6	1	2	0	0
Total number of students who quit	8	15	2	1	8	1	20	8	4	5	4	2

Source: Data is processed by Writer (2021)

**Fig 1.1 Number of students at Avia Cantata from Jan 2019 – Dec 2019**

Source: Data is processed by Writer (2021)

Table 1.3 Data number of students at Avia Cantata from January 2020 – December 2020

	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020
Total number of new students	11	4	3	0	0	0	0	2	0	0	1	0
Total number of students who quit	14	17	13	27	20	23	13	19	24	25	21	28

Source: Data is processed by Writer (2021)

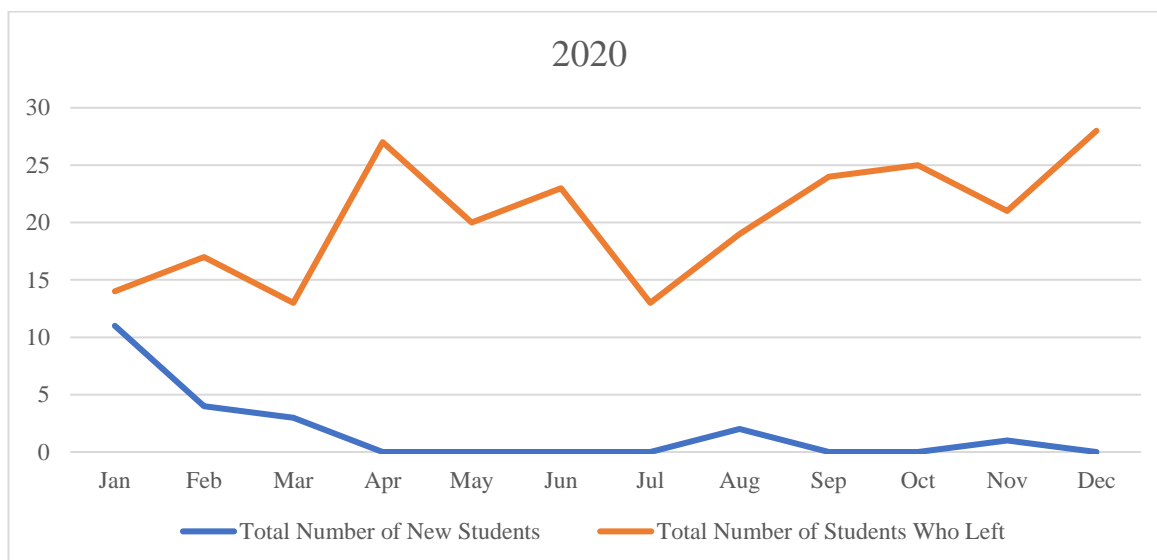


Fig 1.2 Number of students at Avia Cantata from Jan 2020 – Dec 2020

Source: Data is processed by Writer (2021)

According to the tables and figures attached above, the problem of constant decreasing number of students has existed for these two years 2019 and 2020, and got even worse after pandemic hits. This problem has existed for years, as it can be seen that the number of students keep on decreasing as those who quit are more than the new students who enrolled. In the early months before the pandemic COVID-19 happens in Indonesia, number of students who decided to leave are fluctuating, with the most on February. Then, on April, the beginning of social distancing, online learning and work from home, teachers and students are not allowed to come Avia Cantata to comply with government's regulations. Online learning through the platform Zoom becomes the substitute method to learn music. The peak of students quitting is on this month, April, as many parents disagreed to have lessons virtually, claiming that it was not as effective as direct learning. On December, the peak with a total number of 28 students left as it is the month with

the most holidays, in which with the same school fee paid but have less school time. This is why the number peaks up on December. All of this information was acquired with a phone call with the principal of Avia Cantata, Ms. Doreen Thomas. The number of new students also is generally none every month, since during the pandemic, learning music has not been a priority anymore.

Based on the interview with Ms. Doreen, it seems that the increasing number of students who quit happened because of a series of complaints from the students' parents who think that learning offline should be no problem by now, however the school is still complying with the government's decision. Therefore, they decided to quit first. Then, on July, Avia Cantata has opened the main building, the one in Jl. Setiabudi, but then only for a few students who have requested to learn offline. Then, afterwards, things beginning to be in a bad shape again since the only Avia Cantata being opened is the one at Jl. Setiabudi, while the one at Jl. S. Parman has not been opened yet. Most who usually studied at Jl. S. Parman refused to study online but also did not want to learn offline at Jl. Setiabudi which they claimed to be too far from town, resulting them to quit as well. Compiling the complaints received from parents from January to December 2020, a total of 156 complaints were received, in which will be shown in the figure below.

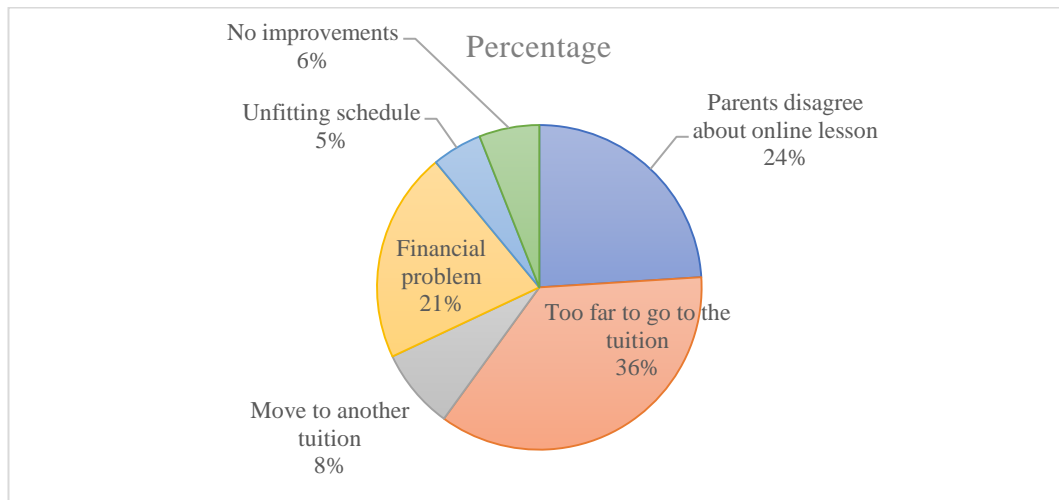


Fig 1.3 Percentage of complaints received

Source: Data is processed by Writer (2020)

Here, it can be seen that customer loyalty is one of the most basic and foremost objectives of every school, since customer loyalty shows how loyalty can help students' parents to keep their children at Avia Cantata despite the potential of switching behavior (Srivastava, 2015).

Customer loyalty, as defined by Oliver (2015) is a self-commitment from a customer to keep on repurchasing a certain product or service continuously from the same brand or store despite other factors, like marketing and also competitive advantage from other brands.

In terms of service quality, Avia Cantata especially during the pandemic, students have been given more privileges such as learning through online platform with longer duration (with the same fee), more frequent lesson (less holiday), video-sending activity in which the teacher will then give additional correction video for the feedback, opening the main school for those who request to learn offline with safe social distancing. However, even after all of these are done, there are still requests which cannot be fulfilled yet, such as full offline lessons at both branches,

or even those who want full online lessons until the pandemic passed. Now, Avia Cantata has reopened their two schools however with limited staffs, teachers and students in a day.

To discover more about how service quality and customer satisfaction influences customer loyalty at Avia Cantata, writer conducts a further study and research to investigate the impact of service quality and customer satisfaction towards the improvement of customer loyalty or in this case students' loyalty towards Avia Cantata. This is why Writer decides to go with the title "**The Influence of Service Quality and Customer Satisfaction towards Customer Loyalty at Avia Cantata School of Music and Art Medan**" *skripsi* title.

1.2 Problem Limitation

Due to the COVID-19 pandemic, time, and resources, this study is limited only on "Service Quality" and "Customer Satisfaction" towards "Customer loyalty" at Avia Cantata School of Music and Art Medan, where service quality and customer satisfaction acts as the independent variables and customer loyalty as the dependent variable. This study is also limited to two branches of Avia Cantata which is the one at Medan, at Jl. S. Parman No. 21 and Jl. Setiabudi No. 43, so the one in Binjai is not included as it is closed because of the pandemic. Any information and data required is obtained through interview with Ms. Doreen Thomas, the principal of Avia Cantata and also the staffs of Avia Cantata. The data will be obtained by giving an online questionnaire to the students' parents randomly.

1.3 Problem Formulation

Analyzing what is the influence of service quality and customer satisfaction towards customer loyalty at Avia Cantata is the intention of this research. Therefore, this study attempts to discover the answer to the following questions:

1. Does service quality have significant influence towards customer loyalty at Avia Cantata School of Music and Art Medan?
2. Does customer satisfaction have significant influence towards customer loyalty at Avia Cantata School of Music and Art Medan?
3. Do service quality and customer satisfaction simultaneously influence customer loyalty at Avia Cantata School of Music and Art Medan?

1.4 Objective of the Research

The purpose of this study is to unfold:

1. To know and analyze the influence of service quality towards customer loyalty at Avia Cantata School of Music and Art Medan
2. To know and analyze the influence of customer satisfaction towards customer loyalty at Avia Cantata School of Music and Art Medan
3. To investigate the influence of service quality and customer satisfaction towards customer loyalty at Avia Cantata School of Music and Art Medan

1.5 Benefit of the Research

The benefit of the research according the objective and problems found during the research can be separated into two kinds of benefit, which are:

1.5.1 Theoretical Benefit

The theoretical benefit expected from this study is to be a basis and reference to further studies related to service quality and customer loyalty and also become the subject for further studies.

1.5.2 Practical Benefit

The practical benefits of this research are:

1. For the writer, to gain knowledge of the influence of service quality and customer satisfaction towards customer loyalty
2. For the school, to improve and strengthen the service quality and customer satisfaction so that it could improve the customer loyalty
3. For other researchers, as reference and information for those who wants to do a research especially on the variables service quality, customer satisfaction and customer loyalty.