

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Pandemic Covid-19 first entered Indonesia in the early 2020. Ever since, even in the new normal era, business growth are hampered, not to mention but even to recover to the pre -pandemic business condition is not easy. To counter the economic slowdown during pandemic, Indonesian Government set up new policies and makes adjustment with business operational procedures. It is not easy for business owner as they have to obey government regulations as well as keep in pace to determining business strategy in order to survive and accelerate the “recovery” period.

The increasing level of challenge and competition requires each company to always pay attention on customer needs, provide products and services that exceeds customer expectation so that customer satisfaction can be reached. Cited from Isac and Badshah (2018) “Customer satisfaction is a marketing term that measures how products or services supplied by a company meet or surpass a customer’s expectation.”

Satisfied customers are goals of every company. As customers are satisfied, it will lead to customer revisit intention, loyalty and activate the word of mouth marketing strategy. Satisfied customers would be happy to share their experience with other prospective customers.

Measuring customer satisfaction is important because it provides marketers and business owners with a metric that can be used to manage and improve their businesses. By measuring customer satisfaction companies receive a lot of knowledge about which expectations of the customer are fulfilled and which others need to be satisfied. Acquiring this knowledge is the first step in order has customers satisfied with the service. The second step is to improve the aspects that the company lacks on based on these results.

Service quality is strongly and positively associated with satisfaction (Zaini et al., 2020). Quality is one of the most expected aspects by customers of almost all service products. Service quality can be defined as an assessment of customers from the overall excellence of services. Service quality is divided to five dimensions. These dimensions are tangibility, reliability, responsiveness, assurance and empathy. The tangibility refers to physical dimensions include the existence of facilities, equipment, personnel, and communication materials, the reliability refers to the ability to perform a service dependably and accurately, the responsiveness refers to the eagerness of service providers to provide customers quick service, the assurance refers to the employee's ability to convey trust and confidence with knowledge and courtesy, the empathy refers to individualized attention to customer with a provision of care (Bomediano & Cabaron, 2018).

Attention to service quality can make the company different form competitors and gain lasting competitive advantage. Literature has proven that providing quality service delivery to customers retains them, attracts new ones, enhances corporate image, lead to positive referral by word of mouth, and above

all guarantees survival and profitability.

In the current era of globalization, tourism has become a mainstay of the government industry to support government programs in terms of foreign exchange income and regional development. The contribution of tourism sector towards Indonesia national Gross Domestic Product (GDP) is approximately 10%. The sectors of tourism not only include accommodation and infrastructure sectors but also recreation sectors. Nowadays, recreation sector is becoming more popular as people need to spend their time to relax from their hectic daily activities. Theme park is one of recreation area that attracts most people because it usually provides a large outdoor area featured with mechanical amusement rides, food and other forms of entertainment.

In North Sumatera, there are several options for Medan citizen that are willing to spend their holiday not far from the city of Medan. Mikie Funland is one of the recreation areas that is located in Jl. Jamin Ginting, Sempajaya, Berastagi. Mikie Funland is the first theme park in North Sumatera that has 35 over different kinds of attractions. They provide rides for adults and children. Adults rides includes: Dolphin Bay, Sea Monster, Jurassic Tree, Tsunami, Volcano, Trex and many of more. As for children the rides include: Kiddy Ride, Happy Ocean, Bubble Cap and several more. Not only for youngster, this theme park is also designed as a good option for family recreation trip because it has a wide outdoor space also outlets that sell various food. This theme park offer free entry pass for person aged 55 or more.

**Table 1.1 Mikie Funland Visitors per Semester in year 2016-2020**

<b>Months</b>	<b>Total Visitors</b>
January – June 2016	218.050 visitors
July – December 2016	181.569 visitors
January – June 2017	192.905 visitors
July – December 2017	162.932 visitors
January – June 2018	259.656 visitors
July – December 2018	175.982 visitors
January – June 2019	287.193 visitors
July – December 2019	187.679 visitors
January – June 2020	80.199 visitors
July – December 2020	43.254 visitors

Source: Mikie Funland (2021)

The table above shows the number of Mikie Funland visitors per semester in year 2016 – 2020. According to the interviewee, the number of visitors usually increases during school holiday, public holiday and the month in which most large company hold gathering or outbond. Based on the data above, Mikie Funland had 399.619 visitors in 2016, 355.837 visitors in 2017, 435.638 visitors in 2018, 474.872 visitors in 2019 and 123.453 visitors in 2020. We can see that Mikie Funland numbers of visitors was decreased to 10.96% in 2017 and decreased to 74% in 2020 if compared to the previous year.

The total number of Mikie Funland visitors in 2020 decreased drastically because of the Pandemic Covid-19. The decrease of visitors in certain months in 2020 was also caused by government attempt to suppress the spread of virus by giving regulations – Large Scale Social Restrictions and operational hour adjustment. Mikie funland closed their operation for public during 20<sup>th</sup> March – 18<sup>th</sup> July 2020.

Tourism is one of the sectors most affected by the Covid-19 pandemic. In the new normal era, government starts to open public access in order to restore the

economy condition. Starting from the end of July, Mikie Funland started to operate normally. Just like before pandemic, Mikie Funland opens for publics in weekends (Saturday and Sunday) and national holidays. In this post-pandemic period, the writer hopes that the result of this research study would be helpful for Mikie Funland in determining business strategy in order to survive and accelerate the sales recovery.

Based on the writer observation towards visitors review on Mikie Funland google review and tripadvisor, Mikie Funland received several bad reviews and critics towards their quality of service. The screenshot of reviews are available in Appendix J. The writer classifies those reviews according to the five dimensions of service quality. Firstly, for the tangibility dimensions, visitors commented that toilets are dirty and restaurants are not clean enough as he/she found food waste scattered. Furthermore, some of the visitors also complained about Mikie Funland ATM facilities that are not provided inside of the themepark.

In reliability dimesions, to the writer found out that Mikie Funland rides that are not operating daily are one of the problems in this themepark. In Mikie Funland official website (<https://www.mikieholiday.com/funland>), there are list of Mikie Funland attractions. The fact that some of the rides are not operating daily and also no prior announcement form the funland party, have disappoint the visitors. Mikie Funland is considered not reliable because the rides available for visitors to enjoy are not in accordance with the information stated in the website. Not to make it worse, but the rides that are often not operating are the main attraction of Mikie Funland such as Tsunami and Dino VS Dino.

The third dimension of service quality is responsiveness. Visitors criticized about Mikie's security officer that are not aggressive and animated enough in managing traffic in Mikie Funland parking area. Another issue criticized by the visitors in the review section is that they had to wait for ages just for fries and there is a lot of food waste scattered in the restaurant area. These issues were caused by the restaurant worker that are not responsive enough in taking orders and manage time to clean up quickly.

The next dimension of service quality is assurance. In this dimension, Mikie Funland received bad reviews regarding one of their customer services officers that had blamed the visitors for stealing ticket. According to Mr. Rozi Pohan (Mikie Funland visitor), he received phone call from Mikie Funland customer service (Cindi), and this particular Mikie Funland representative had blamed him for stealing tickets and use harsh words during the call. Despite of the reality whether the visitor stole the ticket or not, using harsh words when communicating with customer cannot be justified.

Furthermore, visitors also complained that Mikie's staffs are unfriendly. One of the visitors received unpleasant reply from Mikie's staff when he is asking about the locket location to redeem tickets which he bought from Traveloka. Instead of pointing out the ticket redeem location, the staff rudely instructed the visitor to read the instruction board. This visitor also mentioned that this particular Mikie staff was being rude to all visitors.

Another issue regarding the assurance dimension is: Some of Mikie Funland staffs are not fluent in English. Some tourist find it hard to understand the

brief that operator give before the ride start. Based on the interview with Mikie Funland Sales & Promotion Manager, the amounts of foreign visitors are not many. Despite, they still strive their best to become the leading recreation area in Indonesia. For now, without neglecting the importance to pay attention to this issue, the writer can conclude that staffs that are not fluent in English is just a minor problem of Mikie Funland.

Lastly but not the least, for empathy dimensions, one of the visitors feel so mad because Frisbee workers do not even care when he talked to him and this particular worker also do not smile to customers. According to Arlen (2020), hypothetically even the service provider performed their job fully, customer will feel like they are not cared when the service provider do not smile, make eye contact and ask the customer if there is anything they can do for them. It is not necessarily the employee fault when they do not smile all the time at customer. However, they may not know how they are being judged.

Based on the writer experience, Mikie Funland has a very nice atmosphere in which the theme park design and music played are very mood arousing. Staffs are all wearing uniform. However, writers personally agree with some of the visitors' feedback on internet such as: some rides are not operating daily, restaurants are not clean enough, some staffs are not friendly. Based on the writer's experience and visitors' feedback on internet, the writer decides to conduct research with the title: **“The Influence of Service Quality Towards Customer Satisfaction at Mikie Funland, Berastagi”**

## **1.2 Problem Limitation**

Research is conducted at Mikkie Funland which located at Jl. Jamin Ginting, Sempajaya, Berastagi. The independent variable in this research is Service Quality that consists of Tangibility, Reliability, Responsiveness, Assurance, and Empathy. The dependent variable in this research is Customer Satisfaction. The data retrieval process is conducted using convenience and snowball sampling method. In doing the data analysis, the writer will be using multiple linear regression using Statistical Product and Service Solution (SPSS) version 21.

## **1.3 Problem Formulation**

Based on the background of study above, the main problems in this research are:

1. Do the tangibility, reliability, responsiveness, assurance and empathy dimensions in service quality simultaneously affect customer satisfaction at Mikie Funland, Berastagi?
2. Does the tangibility dimension in service quality partially affect customer satisfaction at Mikie Funland, Berastagi?
3. Does the reliability dimension in service quality partially affect customer satisfaction at Mikie Funland, Berastagi?
4. Does the responsiveness dimension in service quality partially affect customer satisfaction at Mikie Funland, Berastagi?
5. Does the assurance dimension in service quality partially affect customer



satisfaction at Mikie Funland, Berastagi?

6. Does the empathy dimension in service quality partially affect customer satisfaction at Mikie Funland, Berastagi?

#### **1.4 Objective of the Research**

The objectives of this study are:

1. To examine how tangibility, reliability, responsiveness, assurance and empathy dimensions in service quality simultaneously affect customer satisfaction at Mikie Funland, Berastagi.
2. To examine how tangibility dimension in service quality partially affect customer satisfaction at Mikie Funland, Berastagi.
3. To examine how reliability dimension in service quality partially affect customer satisfaction at Mikie Funland, Berastagi.
4. To examine how responsiveness dimension in service quality partially affect customer satisfaction at Mikie Funland, Berastagi.
5. To examine how assurance dimension in service quality partially affect customer satisfaction at Mikie Funland, Berastagi.
6. To examine how empathy dimension in service quality partially affect customer satisfaction at Mikie Funland, Berastagi.

#### **1.5 Benefit of the Research**

Benefit of the research is divided into two different sections as follow:

### **1.5.1 Theoretical Benefit**

Theoretical benefits aimed from this study are as follows:

1. This research is to support and benefit to develop the existing theory about service quality and customer satisfaction
2. This research can be a reference or subject for further studies that relate to service quality and customer satisfaction
3. To give reference to readers before visiting the theme park.

### **1.5.2 Practical Benefit**

Practical benefits of this research are:

1. For the company to strengthen its quality of service so that it can boost sales that will reflect on company's profit.
2. For the writer to gain knowledge of the influence of service quality towards customer satisfaction.
3. For the university, as an additional report of scientific research results in the library.
4. For other researchers, as reference and information in doing their further research that cover service quality and customer satisfaction topic.