

CHAPTER I

INTRODUCTION

1.1. Background of The Study

Business development in the current era of globalization is growing rapidly, because of high competition level between company has increased. Every company has become motivated to provide the best service for their customers. Customer satisfaction can be said as feeling of pleasure or disappointment of someone from the comparison between the product purchased is suitable or not with their expectation. One of the factors that must be noticed by the company to improving customer satisfaction is their quality service.

In hospitality industry, customer satisfaction and services are bonding. Providing hospitality, it creates customers' experience of only carrying out a purchase. Hospitality is described as a form of interaction. It is the warm and welcoming provided guest, visitors, or strangers. A better experience will lead to business performance and great review . (Hamsiati, 2020)

It has become a goal of every company to be able provide hospitality and satisfaction to customers among with knowing their needs and desires. According to Zaenal (2018) in Hamsiati (2020), attention to service and customer satisfaction in the hospitality and tourism industry is regarded as an anticipated and normal part of daily operations. Without satisfaction of customers, hospitality and tourism firms cannot survive.

Service industries have been allocating considerable resources for employee and customer satisfaction, based on the premise that good service performance would produce happier and higher customer satisfaction and resulting higher revenue and therefore a high financial return. Customer satisfaction is the outcome of the customer's understanding or perception of the value obtained in a transaction or partnership where value correlates to the perceived quality of service relative to price and customer retention costs.

Quality of service has been one of the major business aspects especially in hospitality industry. Wholehearted service must be able to be applied by business as good service providers. With this condition, it is expected that customers will feel satisfied and love the product or services. A good service quality will increase the level of customer satisfaction. When customers are not satisfied, it is inferred that there is something wrong with the service or goods. Service quality and customer satisfaction are related to each other. Some of the studies have introduced customer satisfaction as an intervening variable with service quality.

Service quality or SERVQUAL according to Parasuraman et al. (1985) in Priyo et al., (2019) defined as comparison between expectation and performance. There are five indicator of service quality related to customer satisfaction which is: tangible, reliability, responsiveness, assurance, and empathy. The quality of service reflects the conditions and location of the delivery service. A customer often makes judgements

about the quality service based on evidence that appears during interaction with company. People can just remember the service they experienced and make them want to come back again. This also comes out with customer reviews or feedback and effect to company performance.

Customer satisfaction is something that should not be underestimate. Especially nowadays people can easily write good or bad review on social media that might affect other potential customers to purchase to the company. Customer satisfaction is a response of how a product or service provided by a brand whether it meets the expectations of its users or customers. Customer satisfaction is not only measured by how happy or satisfied the customer is with the transaction, but also the entire experience with the company.

Customer will be satisfied when the service received by the customer exceeds their expectations. This can be measured by using Customer Satisfaction Score (CSAT). CSAT is a measurement indicator for customer satisfaction using numbers. Usually, customer will be given a form with some questions and rate it between 0% - 100%. With knowing customer satisfaction, company can easily increase sales, build income, brand loyalty, and brand trust. (Pambudi, 2017).

Brides on 22 as the research object of this research is a local business in bridal and wedding sector that engages their customer to experience their service and hospitality. Providing both service and

goods, Brides on 22 has been in this industry since 2010. Until recently, based on the preliminary interview with the manager of Brides on 22 regarding their customer satisfaction, it found out that some customers did not satisfied with the service being delivered by Brides on 22 's employees. In addition, overall, the number of customers has decreased in the last period of six months. This data can be seen as below:

Table 1.1 Sales Volume (Pre-wedding package) of Brides on 22

Month	No. of Sales	Target sales
July	15	14
August	10	14
September	6	14
October	17	19
November	13	10
December	20	19

Source: Brides on 22, Medan Report (2021)

Based on the table above, it can be shown that there is declining in volume of sales and not reaching the target sales from August until October 2020. There is an extremely decreased sales volume in September 2020. Decreasing in sales volume might cause by the service quality and customers feel unsatisfied.

Table 1.2 Sales number of Brides on 22

Month	Sales number
July	IDR 268,911,000
August	IDR 179,242,000
September	IDR 107,550,000
October	IDR 304,761,000
November	IDR 233,037,000
December	IDR 358,516,000

Source: Brides on 22, Medan Report (2021)

Based on the table of sales number, it also shown some decreasing in certain months. The total number of sales has decreased

sharply from July to September 2020 and also decreasing in November 2020. Decreasing in sales number or low number of transactions caused by decreasing in sales volume. In addition, the decreasing of sales volume also might affected by the pandemic covid-19 situation. In fact, not only bridal sector that faced the decreasing number of sales caused by pandemic but also other sector like restaurant, hotel, travel industry, and other also affected.

This research is supposed to provide more information on strength and weakness of the service quality in this bridal to satisfy what consumer need and want so that it can be used as strategy to compete with other bridal.

In order to figure out what is the main problem happened in Brides on 22, the writer also did preliminary interview towards two customers. The first customer with initial “S” mentioned that the services during the weekend was poor because of limited staff and some customers was not handled well. The second customer with initial “C” mentioned that the package that offered to customers are affordable but the items that offered in the package are too old and customer need to pay extra to upgrade for several things such as gown.

In addition, the manager admit it they have some bad reviews from customers arise from their service quality and as the writer found through Google Review as follow:



Figure 1.1 Brides on 22, Medan customer's review
Source: www.google.com

In this research, there are some problems arise from the customers regarding to service quality indicator. First, tangible, there was a customer complaining about the goods (gowns) that Brides on 22 offers are not good enough. For reliability, there are some customers stated that they are not handled well by the employee at Brides on 22 when they visit on the weekend. On the other side, there was also customer complaining that sometimes the employee not really show the willingness to assist them, regarding to responsiveness. In general, for assurance, there is no problem or complaint from the customer. Lastly, for empathy, there were complaints raised from the customer, mentioned that some employees denied that they have done mistake.

Based on the problem mentioned above, the writer has decided and interested to do a research with the topic of “**The Influence of Service Quality towards Customer Satisfaction at Brides on 22, Medan**”

1.2. Problem Limitation

In compiling this paper, the ability of the writer is very limited, so the writer limits the issues discussed are not too broad or distorted. The writer limits the problem only to service quality (variable X) and customer satisfaction (variable Y). SERVQUAL model will be used as service quality indicator which is tangible, reliability, responsiveness, assurance, and empathy. (Parasuraman et al. (1985) in Rasyid (2017)). For customer satisfaction as dependent variable measured by level of satisfaction, confirmation of expectation, interest in visiting again, and willingness to recommend (Kotler and Keller (2009) in Alaan (2016)). According to Pambudi (2017) in his research, proved that there is influence of the service quality to customer satisfaction. Priyo et al. (2019) also mentioned SERVQUAL affect positively on customer satisfaction and customer loyalty in his research. Discussion on this paper will also be limited to Brides on 22 Medan due to limited time and resources In this research, the writer will limit the duration from December 2020 to April 2021. This particular bridal was chosen due to the fact of the availability and permission granted to the writer to do the research.

1.3. Problem Formulation

Based on the title and background of study above, the research problems formulated as follows:

1. How does the service quality at Brides on 22, Medan?
2. How is the level customer satisfaction at Brides on 22, Medan?
3. Does service quality have an influence towards customer satisfaction at Brides on 22, Medan?

1.4. Objective of The Research

The objective of this research is to answer the problem formulation above which is:

1. To analyse the service quality at Brides on 22, Medan.
2. To find out the level customer satisfaction at Brides on 22, Medan.
3. To know whether there is an influence of service quality toward customer satisfaction at Brides on 22, Medan.

1.5. Benefit Of The Research

1.5.1. Theoretical Benefit

This research is expected to be able to contribute information for subsequent researchers. Also, to increase the understanding and knowledge of readers regarding the influence of service quality towards customer satisfaction in bridal industry as one of hospitality sector.

1.5.2. Practical Benefit

1. This study provide an overview and knowledge about management marketing especially about the influence of service quality toward customer satisfaction in hospitality industry.
2. For company, this research made to provide the information and to be used as suggestion to give more attention about SERVQUAL aspects in order to fulfil level of customer satisfaction.
3. For readers, the results obtained from a study can be used as a guide and reference and help in providing several references in developing this research.