

CHAPTER 1

INTRODUCTION

1.1 BACKGROUND OF STUDY

Nowadays, the business world is facing increasingly competitive global market competition. The marketers are demanded not only to improve their products quality, but also their service quality. For the service company, in order to be the winner in this business world competition, providing a better service quality to its customers will be their competitive advantages.

Many companies have recognized that service quality and customer satisfaction are vital aspects in order to stay in business and win the competition. A company survival is not determined by the ability of the company itself in providing services to its customers. Even though customer satisfaction can be a reliable weapon to win a competition, but it could be the opposite weapon which can destroy the company's position in this complex business world.

Therefore, company management is required to always improve its service quality by paying attention to what the needs and expectations of its customers. How will they design their service to customers so that customers always feel satisfied with the products or services offered by the company? Everything needs to be managed by the company in order to achieve high profitability so that the company can continue to grow and develop in accordance with the demands of competition and can become a strong market leader.

According to Sugiyono (2011: 33), measuring the service quality, there are several indicators in determining service quality such as direct evidence, reliability, responsiveness, guarantee, and empathy. Service emphasizes on the aspect of customer satisfaction so as to create loyalty to companies that have provided good service quality.

PT. Citra Van TitipanKilat (TIKI) was originally known as CV. TitipanKilat was established on September 30, 1970 in Jakarta. TIKI has various service products for its customers namely SDS, HDS, TDS, ONS, REG, ECO and INTL, TIKI provides fast, precise and safe goods shipment to its customers.

The good economic growth in Indonesia has brought TIKI business to grow rapidly and gradually. TIKI starts to expand its business by establishing major branches in every provincial capital in Indonesia. Within one and a half years, TIKI has spread and reach and serve merit services to all region of Indonesia and Abroad.

PT. Citra Van TitipanKilat (TIKI) Medan Branch BrigjendKatamsois one of TIKI's branches. TIKI Medan Branch BrigjendKatamsohas provided maximum service to its customers. Although TIKI Medan Branch BrigjendKatamsohas its own competitive advantages, but to be leading of service delivery companiesin Medan is not an easy task. Customers always expect something better. Providing a faster speed and safe delivery of goods will always be the first priorities for TIKI Medan Branch BrigjendKatamso.

TIKI Medan Branch BrigjendKatamsowith a number of sub-branch offices have tried to meet all the factors or elements that are considered by the customers, but the company does not know the assessment of customers towards TIKI Medan Branch BrigjendKatamso. With this phenomenon, the author tries to know further about the responses of customers towards service quality of TIKI Medan Branch BrigjendKatamso. From these responses, the author could find out the advantages and disadvantages of TIKI Medan Branch BrigjendKatamsoin order to evaluate the appropriateness of their marketing strategyor the needs for changes so that expectedtargets are achieved.

There are still several problems within TIKI Medan Branch BrigjendKatamso. Theseweaknessare related to service quality such as the issues of the appearanceof

the outlet, transactions handling in TIKI, responsiveness in handling the queues which are not according to customer expectations. All these issues could affect the level of customer satisfaction. Therefore, TIKI Medan Branch BrigjendKatamso should do their best to cope with all this problems.

To know how far TIKI Medan Branch BrigjendKatamsoability to give satisfaction through its service, marketing research is needed. Information from the results of marketing research aims to determine the attitudes and behavior of customers that will influencetheir decisions makings.

To determine more extent about the ability of TIKI Medan Branch BrigjendKatamsoin providing satisfaction through services, marketing research is needed. Therefore, the writer has an interest to examine this issue further through this skripsi writing that titled as **“The Impact of Service Quality towards Customer Satisfaction at PT. Citra Van TitipanKilat Medan Branch BrigjendKatamso”**.

1.2 PROBLEM LIMITATION

Problem limitation is attempted to set limits on the research problem to be studied. The limitation of this problem aims to identify which factors are included in the scope of the problem formulation and which factors are not included in the scope of the problem formulation. For this research to be more focused and not widespread, authors need to limit the problem in order to narrow the discussion also due to the limitation of time and knowledge of the author the problem is variable service quality used as the basis of research, including direct evidence, reliability, responsiveness, assurance and empathy. There are four devices used to measure customer satisfaction, such as complain and suggestion system, customer satisfaction survey, ghost shopping, and customer loss rate analysis. The aim is to

find out the influence of service quality towards customer satisfaction at PT. Citra Van TitipanKilat Medan Branch BrigjendKatamso.

1.3 PROBLEM FORMULATION

Based on the observation that is done by the writer during the research at TIKI Medan Branch BrigjendKatamso, the writer finds several problems faced in such as: Does the service quality impact towards customer satisfaction at PT. Citra Van TitipanKilat Medan Branch BrigjendKatamso?

1.4 OBJECTIVE OF THE RESEARCH

The objectives of doing this research are to know how the impact of service quality which are tangibles, reliability, responsiveness, assurance and empathy towards customer satisfaction at PT. Citra Van TitipanKilat Medan Branch BrigjendKatamso.

1.5 BENEFIT OF THE RESEARCH

This research will provide benefits for related and the unrelated parties such as company, writer and readers.

1.5.1 THEORETICAL BENEFIT

Some of the most important theoretical benefits for writer is this research activity is expected to add knowledge, development and experience that is useful for the author as a provision for her future career while for the readers, the results of this study can be expected to be an additional reference to increase knowledge and understanding of the study and academic understands of service quality and customer satisfaction.

1.5.2 PRACTICAL BENEFIT

The company of this research is PT. Citra Van TitipanKilat Medan Branch BrigjendKatamso. Therefore, this study is expected to provide practical recommendation for TIKI Medan Branch BrigjendKatamso. Practically, the result can be used as evaluation materials of the efforts that have been taken by the company and considerations in formingfuture corporate strategies especially in customer satisfaction strategy.

1.6 SYSTEM OF WRITING

CHAPTER I : INTRODUCTION

This chapter contains background of the study, problem limitation, problem formulation, objective of the research, and benefit of the research

CHAPTER II : LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

This chapter contains a description of various theories and insights in marketing management that underlie the research done and support problem solving in analyzing it

CHAPTER III: RESEARCH METHODOLOGY

This chapter contains research design, population and sample, data collection method, operational variable definition, variable measurement, and data analysis method

CHAPTER IV: DATA ANALYSIS AND DISCUSSION

This chapter contains general view of “research object”, data analysis, descriptive statistic, result of data quality testing, result of hypothesis testing, and discussion

CHAPTER V : CONCLUSION

This chapter contains conclusion and implication