

# The Influence of Service Quality Toward Customer Satisfaction at CV. Indako Trading Co, Medan

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## ABSTRACT

The increasing demand of servicing make CV. Indako Trading Co have problem in serve the servicing. The supply of seats isn't enough for the customers who comes to get servicing. The service advisor is less knowledge, because when customer asked for advice about their motor problem, the service advisor only can reply "let's the mechanic check the problem". The next problem is their customer service, their customer service less responsive. The writer chooses the title : The Influence of Service Quality toward Customer Satisfaction at CV. Indako Trading Co, Medan. The writer will use the Parasuraman five service dimensions which are tangible, reliability, responsiveness, assurance, and empathy and Surachandar customer satisfaction dimensions which are core service, human element of service delivery, systematization of service delivery, tangibles of service, and social responsibility. The total population in CV. Indako Trading Co is 300 customers. The writer uses the Slovin sampling techniques with 5 % of error tolerate. The sample size is 171 customers. In analyzing data, the writer used some methods such as data descriptive, the validity test, the reliability test, the correlation test, the determination test, the linier regression, and the hypothesis test. From the result of coefficient correlation between variable x and variable y, resulted 0.75 which means the service quality has a strong relation (influence) toward the customer satisfaction at CV. Indako Trading Co, Medan. The percentage of service quality toward customer satisfaction is 56.25% and the remaining percentage of 43.75% were affected by other factor of product quality which was not discussed in this skripsi. From the calculation of hypothesis test, The zcount > z table, this means the Null hypothesis (Ho) is rejected and the alternative (Ha) is accepted. The Service quality influences customer satisfaction at CV. Indako Trading Co, Medan.

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## 1. INTRODUCTION

One of the big company that sell Honda motorcycle is CV. Indako Trading Co. CV. Indako Trading Co is the main dealer for Honda motorcycle in North Sumatera. CV. Indako Trading Co now already had 2 branch in Medan. CV. Indako Trading Co have many department. Sales Department, Servicing Department, Spareparts Department and other department. The Writer concern more to CV. Indako Trading Co Servicing Department. CV. Indako Trading Co have several problem in their service. The problem is the carrying capacity of visitors, servicing process take time too long, the seat facilities doesn't enough, the service

advisor skill and the front desk employees less friendly. Carrying capacity of visitors problem means the problem of how many visitors could CV. Indako Trading Co serve in a day. Nowadays, the users of Honda motor cycle is really too much and the demand for servicing also increased.

The increasing demand of servicing make CV. Indako Trading Co have problem in serve the servicing. The supply of seats isn't enough for the customers who comes to get problem, the service advisor only can reply "let's the mechanic check the problem". The next problem is their customer service, their customer service less responsive. For one company, Customer service position is very critical position because the face of the company depend on how well their customer service handle their customer. This some several problem can be weakness for CV. Indako Trading Co. All the information is gathered using observation at CV. Indako Trading Co and interview the workshop head Mr. Mohammad Khotip. According to Richard L.Oliver (2010, p:8) "Satisfaction is the consumer's fulfillment response. It is a judgement that a product/service feature, or the product or service itself, provided (or is providing) a pleasureable level of consumption-related fulfillment, including levels of under- or overfulfillment." servicing. The service advisor is less knowledge, because when customer asked for advice about their motor According to K. Rama MohanaRao (2011, p:374) "Service quality is antecedent to consumer satisfaction and consumer satisfaction is antecedent to purchase intentions, there is a strong link between quality and customer retention in the services sector." Reisig&Chandek (2001) discussed the fact that different customers have different expectations, based on their knowledge of a product or service. This can be implied that a customer may estimate what the service performance will be or may think what the performance ought to be. If the service performance meets or exceeds customers and expectation, the customers will be satisfied. In today's world of intense competition, it is generally believed that the key to sustainable competitive advantage lies in delivering high quality service that will in turn result in satisfied customers. Therefore, there is no doubt about the importance of service quality and customer satisfaction as the ultimate goals of service providers.

## 2. LITERATURE REVIEW

### 2.1. Service Quality

Various views on the dimensions of service quality can be identified. The process orientation of Gronroos views service quality from the perspective of what the customer receives. This orientation identifies other components to service quality, namely technical quality, functional quality and reputational quality (Buttle, 1996; Johnson et al.,1995). Technical quality is concerned with the outcome of the service received by the customer. Functional quality refers to the way in which the service is offered and the actions of the employees in this interaction. Reputational quality refers to the image of the organization in the marketplace with respect to the service quality offered (Buttle, 1996; Johnson et al., 1995). Parasuraman et al. (1988) identified five dimensions of servicequality (reliability, responsiveness, assurance, empathy, and tangibles) that link specific service characteristics to consumers' expectations.

Reliability is defined as the ability to perform the promised service dependably and accurately. Companies need to deliver what it promises and it needs to be aware of customers' expectations of reliability, companies that do not provide core service that customers think that they are buying their customers in the most direct way, as this component has been found to be the one that most important to customers.

Companies must deliver what it promises to the customers, for instances: company promises the customers that they will deliver this kind of service so it must do as what they have promised. Company must also convince the customers that they are reliable, therefore customers will trust the company and will be loyal to the company. As attracting new customers will be more costly than maintaining old customers. The service provider must help the customers to solve problems and complaints. Customers must be assured that they can depend on that particular company.

This is refers to the extent to which the service provider (the dealership) delivers on the promises made to the customer (O'Neill and Palmer, 2003; Buttle,1996). Dealerships are known to contact the customer, promising that the vehicle will be ready for collection at a specific time. Upon arrival at the dealership, the customer is told that the vehicle is "nearly ready", much to their frustration. Reliability is regarded as the most important dimension of service quality (Chowdhary and Prakash,2007; Zeithaml et al., 2006).

### 2.2. Customer Satisfaction

Customer satisfaction is a well known and established concept in several areas like marketing, consumer research, economic psychology, welfare-economics, and economics. The most common interpretation obtained from various authors reflect the notion that satisfaction is a feeling which results from a process of evaluating what has been received against what was expected, including the purchase decision itself and the needs and wants associated with the purchase (Armstrong & Kotler, 1996). Bitner & Zeithaml (2003) stated that satisfaction is the customers' evaluation of a product or service in terms of whether that product or service has met their needs and expectations. According to Boselie, Hesselink, and Wiele (2002) satisfaction is a positive, affective state resulting from the appraisal of all aspect of a party's working

relationship with another. According to Peter Herson and Ellen Altman (2010, p:138) Satisfaction is subjective and deals with expectations, it is a sense of contentment that results from an actual experience or set of experience in relation to an expected experience. Similar to service quality, satisfaction addresses expectations in terms of the confirmation and disconfirmation process. It might also involve the same type of gap analysis used in service quality. Because satisfaction contains multiple facts and because there are many ways to judge it. The first is service encounter satisfaction - customer satisfaction or dissatisfaction with a specific service encounter and the second is overall service satisfaction – customer satisfaction or dissatisfaction with an organization based on multiple encounters or experiences.

### 3. METHODOLOGY

#### 3.1. Research Design

The purpose of research design is to present the master plan that will specify the methods and procedures for collecting and analysing the information. The plan is overall scheme or program of research. It includes an outline of what the investigator will do from writing hypothesis and their operational implications to the final analysis of data. A research design express both the structure of the research problem and the plan of investigation used to obtain empirical evidence on relations of the problem. In this study, writer will use descriptive research. Descriptive research is designed for the investigator to gather information about present existing conditions.

Descriptive research makes some type of comparison contrasts and correlation and sometimes, in carefully planned and orchestrated descriptive researches, cause-effect relationships may be established to some extent. Descriptive research involves collection of data in order to test the hypothesis or to answer questions concerning the current status of the subject of the study. The writer use causal research to determine the relationships between the variable X and variable Y. the concept of causality is actually rather complex, but we can at least understand the essential. Then we can the role of experiment in establishing the validity of statement of the form, “X causes Y” The scientific understanding of causality implies a probabilistic relationships, the scientific concepts implies that we can never prove that X is a causes of Y. We infer that relationship exist an inference typically based on data, perhaps acquired in a controlled experimental setting but the scientific approach recognizes the fallibility of any procedure.

#### 3.2. Research Object

Population is the whole research object as the source of the data with certain characteristics in the research. For population the writer use the customers at CV. Indako Trading Co, Medan, which are 300 peoples Sample is selection of fraction of total amount of units of interest to decisions makers, for the ultimate purpose of being able to draw general conclusions about the entire body units. By using sloving formula, the writer use 5% of error tolerance to find out how many people give the accurate data. The population the writer got after using sloving formula is 171 people.

### 4. RESULTS

To determine the relationship level between variable X (Service Quality) and variable Y (Customer Satisfaction), the writer uses the test of correlation as follows:

$$r_{xy} = \frac{N \cdot (\sum XY) - (\sum X) \cdot (\sum Y)}{\sqrt{[N \cdot (\sum X^2) - (\sum X)^2] \cdot [N \cdot (\sum Y^2) - (\sum Y)^2]}}$$

$$r_{xy} = \frac{171 \cdot 86,371 - (2820) (5037)}{\sqrt{171 \cdot (53070) - (2820)^2} \cdot [171 \cdot (151,341) - (5037)^2]}$$

$$r_{xy} = \frac{14,769,441 - 14,204,340}{\sqrt{(1,122,570) \cdot (507,942)}}$$

$$r_{xy} = \frac{565,101}{756,124}$$

$$r_{xy} = 0.75 \text{ (High or Strong)}$$

From the calculation of correlation coefficient between Variable X (Service Quality) and Variable Y (Customer Satisfaction), the writer got the result of 0.75. It means that the service quality has a strong relation (influence) toward the customer satisfaction at CV. Indako Trading Co Medan.

#### 4.1. The Determination Test

Next, in order to find out the influence of service quality toward the customer satisfaction, the writer can calculate it by the determination of correlative coefficient. The determination calculation is as follows:

$$D = r_{xy}^2 \times 100\%$$

$$D = (0.75)^2 \times 100\%$$

$$D = 0.5625 \times 100\%$$

$$D = 56.25\%$$

The impact percentage of service quality toward the customer satisfaction is 56.25% and the remaining percentage of 43.75% were affected by other factor of product quality.

#### 4.2. The Linear Regression Equation

$$N = 171$$

$$\sum X = 2820$$

$$\sum Y = 5037$$

$$\sum X^2 = 53070$$

$$\sum Y^2 = 151341$$

$$\sum XY = 86371$$

$$b = \frac{N \cdot \sum XY - (\sum X \cdot \sum Y)}{N \cdot \sum X^2 - (\sum X)^2}$$

$$b = \frac{171 \cdot 86,371 - (2820 \cdot 5037)}{171 \cdot 53,070 - (2820)^2}$$

$$= \frac{565,101}{1,122,570}$$

$$= 0.50$$

$$b = 0.50$$

$$b = 0.50$$

$$a = \frac{\sum Y - (b \sum X)}{N}$$

$$N$$

$$a = \frac{5037 - (0.50)(2820)}{171} =$$

$$Y = a + b x$$

$$Y = 21.21 + 0.50X$$

$$X = 0 \longrightarrow Y = 21.21 + 0.50(0) = 21.21$$

$$X = 1 \longrightarrow Y = 21.21 + 0.50(1) = 21.71$$

$$X = 2 \longrightarrow Y = 21.21 + 0.50(2) = 22.21$$

$$X = 3 \longrightarrow Y = 21.21 + 0.50(3) = 22.71$$

#### 4.3. Test of Hypothesis

Here, the writer used the z test to test the hypothesis, whether to be accepted or to be rejected. The calculation is as follows:

$$\begin{aligned}
 z &= \frac{r}{\frac{1/\sqrt{n-1}}{0.75}} \\
 &= \frac{1/\sqrt{171-1}}{0.75} \\
 &= 9.74
 \end{aligned}$$

$z_{count} > z_{table}$  : Alternative Hypothesis ( $H_a$ ) is accepted  $z_{count} < z_{table}$  : Null Hypothesis ( $H_0$ ) is accepted From the calculation above, the writer got that  $z=9.74$ . The  $z_{count} > z_{table}$ , which  $z_{table}$  is 1.96, this means the Null hypothesis ( $H_0$ ) is rejected and the alternative ( $H_a$ ) is accepted. The writer can conclude that The Service quality influences customer satisfaction at CV. Indako Trading Co Medan.

#### 5. DISCUSSION

The writer analyzed the results as follows:

From the calculation of Validity test, the score from question number 1 until number 16 is all between 0.8 - 1, which means all of the questions are valid.

From the calculation of Reliability test, the result is 1.01 which is greater than 0.9. Thus the data are reliable.

From the calculation of correlation coefficient, the writer gets the result of 0.75. It means the relationship between variable X (Training) and variable Y (Performance) is strong.

From the calculation of determination, the result is 0.5625 or 56.25%. It means that there is 56.25% influence of Variable X (Training) towards Variable Y (Performance) and the other 43.75% is influenced by other factors.

The regression data is  $Y = 21.21 + 0.50X$ , which means that with every 1 unit added to X, value of Y will increase as much as 0.50 or it can be said that it has positive relationship (when X increase, Y also increase).

From the calculation of hypothesis, the result of  $z_{count}$  is 9.74 which is greater than  $z_{table}$  which is 1.96 with the significance of error 5%. Therefore due to  $z_{count}$  higher than  $z_{table}$  then the Hypothesis Null ( $H_0$ ) will be rejected and Hypothesis Alternative ( $H_a$ ) will be accepted

#### 5. CONCLUSION

From the calculation of correlation coefficient between Variable X (Service Quality) and Variable Y (Customer Satisfaction), the writer got the result of 0.75 (Positive and Strong). It means that the service quality has a strong influence toward customer satisfaction at CV. Indako Trading, Co Medan.

From the result of determination test, the impact of service quality toward customer satisfaction is 56.25% which is a high percentage scale. The service quality has a high percentage influence toward customer satisfaction at CV. Indako Trading, Co Medan.

From the result of hypothesis test, the  $z_{count} > z_{test}$ , which  $z_{table}$  is 1.96. this means, that the Null Hypothesis ( $H_0$ ) is rejected and Alternative Hypothesis is accepted. The service quality has influence toward customer satisfaction.

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