

## **CHAPTER I**

### **INTRODUCTION**

#### **A. Research Background**

The number of motorized vehicles in Indonesia continues to surge every year. The intended motorized vehicle that mentioned before is car and motorcycle. The increase of motorized vehicles occurred in nationally and in regions especially in the big cities. The increasing number of motorized vehicles can be caused by several things. First, there is no strict regulation from the government regarding the maximum limit of the number of vehicles. In addition, the increase in the number of vehicles can be caused by customers behavior of the community. Customer behavior is excessive behavior in using a product to get its own satisfaction.

Table 1.1 shows the number of motorized vehicles for private and public vehicles in 2009-2017. In 2009 the number of motor vehicles was 67.336.644 up to 2017 as many as 138.556.669. In that period, it can be seen an increase occurs in every year. Thus, it can be concluded that the increase in the number of vehicles indicates the need for the use of motorized vehicles.

**Table 1.1**  
**Number of Motorized Vehicles in 2009-2017**

<b>Year</b>	<b>Number of Motorized Vehicles</b>
2009	67,336,644
2010	76,907,127
2011	85,601,351
2012	94,373,324
2013	104,118,969
2014	114,209,260
2015	121,394,185
2016	129,281,079
2017	138,556,669

Source: Central Bureau of Statistics 2017

The increasing in the number of vehicles has a positive impact on the development of businesses that offers the services in the automotive field. Nugraha et., al (2014) stated that entrepreneurs will make this phenomenon as an advantage for the entrepreneurs companies. Where the entrepreneurs will make business in the field of vehicle services both car and motorcycle.

The services offered are in the form of maintenance services for vehicles. Vehicle maintenance aims to make the vehicle function optimally and can be used for a long time. The rise of companies that is opening the services makes the competition among the companies has become tighter.

In accordance with the objective of the company engaged in the service sector, that is providing the best service in accordance with customer expectations. So, the entrepreneurs need to be oriented to

customer satisfaction. Oriented to customer satisfaction means that companies have to fulfil the needs and the desires of customers to achieve the customer satisfaction. As stated by Kotler and Keller (2009: 138) quoted by Nurhalimah et al. (2018), satisfaction is a feeling of pleasure or disappointment that felt by customer and arises because of comparing the performance that has been perceived by the product against the customer expectations. When customer expectations are in line with the service performance, the company has succeeded in achieving customer satisfaction.

In the concept of Islam which teaches to providing services, the workers must provide the best quality of services. As explained in the Al-Baqarah verse 267 that an entrepreneur should provide the best service to customers.

"O you who believe, spend (in the way of Allah) some of the results of your good efforts and some of what We spend on the earth for you. And do not choose the bad, then you spend it on it, even though you yourself do not want to take it but by squinting at it. And know that Allah is Rich, Most Praised. " (Surah Al-Baqarah: 276).

The buyer or customer is the king. That sentence means that the company must serve the customers as well as possible to satisfy the customers. It is possible that if the customer is satisfied, the customer will come back again to use the services at the same company. Therefore, satisfaction and dissatisfaction that felt by the customers can affect the existence and the benefits to be received by the company in the future.

In this study, the author conducted a study of one business that offers services in the automotive field. The business is located in the Daerah Istimewa Yogyakarta (DIY), where it can be said the number of vehicles in DIY is very much. Moreover, many migrants like students who come from outside Yogyakarta because Yogyakarta is one of the student cities in Indonesia which has many prestigious universities. The data in the number of vehicles in D.I. Yogyakarta in table 1.2 as follows:

**Table 1.2**  
**Number of Motorized Vehicles Registered**

Type of Motorized Vehicles	Total
Passenger car	206,658
Bus	11,558
Box car	61,143

Source: Central Bureau of Statistics Yogyakarta 2018

This research was conducted at Autocare Universitas Muhammadiyah Yogyakarta (UMY). Autocare UMY is one of the businesses owned by the Universitas Muhammadiyah Yogyakarta (UMY) in the automotive sector and is under the auspices of PT. UMB. The location of Autocare UMY is in the UMY campus environment. Autocare UMY automotive business is the representation of one of the visions and missions of Universitas Muhammadiyah Yogyakarta. The vision and mission that mentioned is "Organizing education, research and community development".

The implementation and development indicates a professional movement that carried out by the university. Moreover, the movement was

carried out by involving the community. This is poured through the creation of businesses in the form of business units and social units. The movement like this can lead to financial independence for UMY. On the other hand, the people who involved will get good benefit that is business management experience.

Before the creation of these business units, university income was obtained only through tuition fees that paid by students for each semester. With the existence of business units, the university will get income from non-tuition fees. The non-tuition fees income is a form of the financial independence. As explained by Ikhwan (2016) in his research that "financial management of educational institutions is related to the process by which income and other sources received by schools are used for the administration of education in schools". So, the income from non-tuition fees can make the university to develop and improve the quality of Universitas Muhammadiyah Yogyakarta.

The creation of business units built by Universitas Muhammadiyah Yogyakarta, where one of them is the Autocare Universitas Muhammadiyah Yogyakarta which deals in the automotive field. This business unit can show that a university is not only able to develop the sciences. Moreover, a university is also able to develop a business that has the same quality as the professional automotive companies out there. So, in this case Universitas Muhammadiyah Yogyakarta can be used as an

example of one of universities that has succeeded in creating business units that have good quality.

In general, businesses engaged in services offered will offer a variety of service options. Autocare UMY also has a variety of vehicle maintenance services. The services such as car wash, motorcycle wash and carpet wash. For each service, Autocare has a special shuttle service for customers inside the UMY environment. The intended customers are students and UMY academic community. The data on the number of visitors of Autocare UMY in the period September 2017 to September 2019, among others:

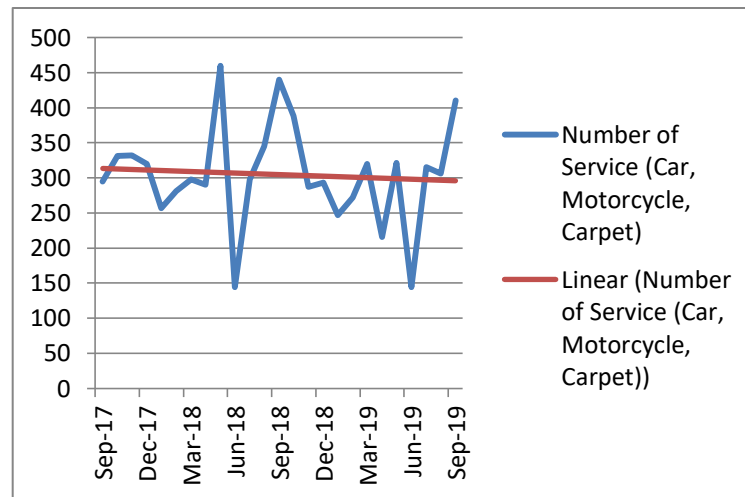
**Table 1.3**  
**The Average Number of Autocare Customers at Universitas Muhammadiyah Yogyakarta Period September 2017-September 2019**

Year	Type of Service		
	Car Wash	Motorcycle Wash	Carpet Wash
Sep-Dec 2017	229	85	6
Jan-Dec 2018	234	72	9
Jan-Sep 2019	221	55	8

Source: Autocare Universitas Muhammadiyah Yogyakarta 2019

Based on table 1.3, it can be seen that the number of customers using Autocare UMY services continues to decline. In 2017 September-December period, the number of customers reached 320 for cars, motorcycle and carpets. In 2018 January-December period, the number of

customers decreased by 1.59% from the previous year. Then, in 2019, January-September period, the number of customers also decreased to 11.30%. In figure 1.1, it shows the line trend of the number of customer in using Autocare UMY in September 2017 until September 2019.



**Figure 1.1**  
**Trend Graph of Number of Service Customers**

Source: Autocare Universitas Muhammadiyah Yogyakarta

Figure 1.1 shows the movement of the number of customers at Autocare UMY will decrease in the next period. It showed by the trend line in the red color in the Figure 1.1.

Based on fluctuations in the number of customers that occur at Autocare UMY, the Autocare party needs to pay attention to the factors that drive the increase and decrease in the number of customers who use the Autocare UMY service.

The factors in question can be factors of service quality, price, company image, and location. According to Tjiptono and Chandra in Puspita, R.M and Santoso, S. (2018) that service quality is an effort to

meet the needs and desires of customers and also the accuracy in delivery. Where it aims to fulfil customer expectations. The next factor is the price offered for a service, where price is one of the things that influences customers to use a service. As stated by Widodo, S. et., al (2019), that customers will choose products that are in accordance with the value of a product and the benefits derived from the product and according to their needs which will meet customer expectations.

The image factor of the company will also be a consideration for customers in using the services of a company. According to Ratih, I. A. B (2018) by having good image, the customer will be satisfied. Then, location is also one of the factors that can influence the customer's desire to come to a company to get services. Karomah et., al (2018) said that the easier the location of a company is reached, it will create customer satisfaction because of the ease of coming to the place.

Referring to previous studies, service quality, location, and price have a positive and significant effect on customer satisfaction (Nurhalimah et al., 2018). In his research, Suratno et., al (2016) said that the higher the level of service quality and company image, the customer satisfaction and loyalty will increase. While for customer satisfaction, the higher the customer satisfaction, customer loyalty is increasing. In addition, brand image and price have positive and significant influence on purchasing decisions and purchasing decisions have a positive effect on customer satisfaction (Suryonaningsih et al., 2016).



Izogo and Ogba (2015) in their research have found the dimension of service quality is a significant predictor of customer satisfaction in the car repair industry in Nigeria. Similarly, Jahanshahi et al. (2011) who investigated the relationship between customer service, product quality, satisfaction, and loyalty in the automotive industry in India. In his research, Jahanshahi et., al. (2011) states that service quality and product quality can drive customer satisfaction.

Then, based on the explanation above the author is interested in knowing the factors that influence customer satisfaction. The research will be conducted on the object of research, namely Autocare UMY. Based on the background that the author has previously described, the author is interested in conducting research with the title "**THE INFLUENCE OF SERVICE QUALITY, PRICE, COMPANY IMAGE, AND LOCATION OF CUSTOMER SATISFACTION IN AUTOCARE UNIVERSITY OF MUHAMMADIYAH YOGYAKARTA**". The study was conducted by distributing questionnaires to students of Yogyakarta Muhammadiyah University. Students who can fill out the questionnaire are active students and experience in using the service of UMY's Autocare service.

## **B. Limitation of Study**

Limitation of research aims to avoid any deviation and widening of the main problem. With the limitations of research, the research will

become more directed. This can encourage the aims of the objectives of the study. The limitations of the problem in this study are as follows:

1. Dependent Variable (Y)

The dependent variable that use in this study is Customer Satisfaction (Y).

2. Independent Variable (X)

The independent variable that use in this research, among others:

- a. Service Quality ( $X_1$ )
- b. Price ( $X_2$ )
- c. Corporate Image ( $X_3$ )
- d. Location ( $X_4$ )

3. Research Object

- a. Name of research object : Autocare  
Universitas Muhammadiyah  
Yogyakarta (Autocare UMY).
- b. Research location : Universitas Muhammadiyah  
Yogyakarta, Geblagan, Tamantirto  
Bantul, Daerah Istimewa  
Yogyakarta, 55184

4. Research Subject

The subjects used in this study were the people of the University of Muhammadiyah Yogyakarta (UMY) and general public from the

outside of UMY. The criterion of the subject in this study was the subject had done vehicle maintenance at UMY Autocare.

#### 5. Research Time

The intended research time is the time when the research questionnaire is distributed to the respondents. The time of the study was conducted on 13 November - 30 November 2019.

### **C. Research Problem**

Based on the background of the research that the author has suggested, then the author formulates the research problem as follows:

1. How is the effect of service quality toward customer satisfaction at the Autocare Universitas Muhammadiyah Yogyakarta?
2. How is the effect of price toward customer satisfaction at the Autocare Universitas Muhammadiyah Yogyakarta?
3. How is the effect of corporate image toward customer satisfaction at the Autocare Universitas Muhammadiyah Yogyakarta?
4. How is the effect of location toward customer satisfaction at the Autocare Universitas Muhammadiyah Yogyakarta?

### **D. Research Objective**

In accordance with the formulation of the research problem that the author has suggested, this study has several objectives, namely:

1. To determine the effect of service quality on customer satisfaction on Autocare Universitas Muhammadiyah Yogyakarta.

2. To determine the effect of price on customer satisfaction on Autocare Universitas Muhammadiyah Yogyakarta.
3. To determine the effect of corporate image on customer satisfaction on Autocare Universitas Muhammadiyah Yogyakarta.
4. To determine the effect of location on customer satisfaction on Autocare Universitas Muhammadiyah Yogyakarta.

#### **E. Research Benefit**

This research is expected to provide benefits for all parties involved. The intended parties include:

1. Academics

The results of this study are expected to contribute well to the future studies. This research is also expected to develop knowledge especially on the variables concerned with this research.

2. Autocare Universitas Muhammadiyah Yogyakarta

The results of this study is expected can provide benefits to the Autocare Universitas Muhammadiyah Yogyakarta (UMY). Especially with reference to the variables contained in this study to develop the business of Autocare UMY in the future.