

CHAPTER I

INTRODUCTION

1.1 Overview of Research Object

1.1.1 Company Profile

Agus Lio Ban is a modern and trusted automotive service provider that has been serving customers in Subang and surrounding areas for decades. The workshop specializes in a wide range of after-sales services, including wheel alignment (spooring and balancing), finish balance, engine tune-up, oil change, automatic transmission oil flushing, air conditioning service, and car wash. With its advanced technology and professional team, Agus Lio Ban is committed to delivering high-quality services that ensure optimal vehicle performance and customer satisfaction.

Established in 1988 by H. Agus Hamid as a traditional tire repair shop, Agus Lio Ban has evolved into a reliable automotive service provider in Subang, Indonesia. In the early 2000s, H. Agus Maulana, the second-generation leader, implemented modernization and expanded the business, turning the workshop into a full-service automotive center. Agus Lio Ban operates several branches, including Bridgestone TOMO outlets and Dunlop Shops throughout Subang, Indramayu, and Ponorogo.

With a strong commitment to excellence, Agus Lio Ban continues to innovate and expand its services, ensuring customers receive the best automotive care. Backed by decades of experience, a skilled workforce, and cutting-edge technology, the company remains a trusted vehicle maintenance and repair choice. As an authorized partner of Bridgestone, Agus Lio Ban is dedicated to delivering high-quality service at competitive prices with a customer-focused approach. The workshop places a premium on customer satisfaction, providing a comfortable waiting area and ensuring that every service adheres to rigorous standards of accuracy and efficiency. Upholding its vision of becoming a reliable and trusted automotive service network, Agus Lio Ban consistently prioritizes service quality while embracing technological advancements to enhance its offerings.

As a visual representation of the company's core values, the logo of Agus Lio Ban reflects its dedication to quality and expertise. The speedometer symbolizes precision and progress, while the red wrench represents technical proficiency and hands-on service. The bold red-and-black color scheme conveys strength, reliability, and professionalism, reinforcing Agus Lio Ban's commitment to providing top-tier automotive services.



Figure 1.1 Agus Lio Ban Logo

Source: <https://agusliobangroup.com/>

1.1.2 Company Location

The head office of Agus Lio Ban is located at Jl. Otto Iskandardinata No. 245, Subang, West Java. As the main operational center, this office serves as the hub for coordinating all branches and partners of Agus Lio Ban. It is responsible for administrative management, product procurement, and business strategy development to support its extensive automotive service network.

Currently, Agus Lio Ban Group operates several branches and partners in different regions, including Subang, Indramayu, and Ponorogo, as follows:

1. Tambakan Mekar Subang Branch (TOMO Bridgestone)

Address: Jl. Raya Tambakan Mekar No. 18, Subang, West Java

2. Kalijati Subang Branch (Dunlop Shop)

Address: Jl. Raya Kalijati No. 27, Subang, West Java

3. Pagaden Subang Branch (Dunlop Shop)

Address: Jl. Raya Pagaden No. 56, Subang, West Java

4. Gaharu Auto Service Haurgeulis, Indramayu (Partner)

Address: Jl. Gaharu No. 10, Haurgeulis, Indramayu, West Java

5. Gontor Auto Service Ponorogo (TOMO Bridgestone/Wakaf Management)

Address: Jl. Raya Gontor No. 8, Ponorogo, East Java

1.1.3 Vision and Mission

1. Vision

To become a reliable and trusted automotive service company network.

2. Mission

1. Develop a technological work system.
2. Expand the service network nationally.
3. Establish a strong and proven management system.
4. Cultivate human resources with qualified skills, commendable morals, and high spirituality.
5. Build a company character and work culture based on Islamic values.

The company's vision can be achieved through its determined missions, supported by a strong corporate culture. These values form a foundational framework of basic assumptions, including values, norms, and habits that shape the company's employees' daily thoughts, conversations, behaviours, and work methods. The Key Cultural Values consist of:

1. *Awali Hari Dengan Dhuha dan Do'a*: Start each day with Dhuha prayer and supplication, setting a spiritually grounded tone.
2. *Gunakan Potensi Terbaikmu*: Utilize your best potential to contribute effectively.
3. *Utamakan Kekompakan & Kerja Sama*: Prioritize teamwork and collaboration.
4. *Sambut Konsumen dengan Senyum, Salam & Sapa*: Greet customers with a smile, salutation, and friendly interaction.
5. *Loyalitas yang Tinggi dan Penuh Kekeluargaan*: Foster high loyalty and a familial atmosphere.
6. *Inovatif & Kreatif, Optimis & Semangat*: Be innovative, creative, optimistic, and enthusiastic.
7. *Optimis & Semangat*: Maintain optimism and enthusiasm in all endeavors.

8. *Bekerja Keras & Berfikir Cerdas*: Work hard and think smart.
9. *Akhiri Aktivitasmu dengan Do'a dan Tawakal*: Conclude your activities with prayer and trust in Allah.
10. *Niatkan Semua Hanya untuk Ibadah Agar Hidup Berkah*: Intend all actions worship to ensure a blessed life.

By integrating these values into everyday practices, the company enhances its performance quality and ensures alignment with its vision. These values promote a cohesive, efficient, and positive work environment, ultimately contributing to achieving the company's goals and a fulfilling organizational culture.

1.2 Research Background

The global automotive industry has faced significant challenges in recent years due to geopolitical tensions, trade barriers, and supply chain disruptions, including a semiconductor crisis that has led to unprecedented operational complexity Financial Times (2025). As a result, many car manufacturers have been forced to adjust operations, slow production, and seek alternative suppliers, raising costs and intensifying competition globally.

In Indonesia, the automotive sector remains crucial to the national economy, contributing approximately 10.16% to the GDP of the non-oil and gas manufacturing sector. However, despite its economic significance, the industry faces structural challenges, such as reliance on foreign manufacturers and imported components, which leaves it vulnerable to global economic shifts and trade policy changes (Autoini, 2025).



Figure 1.2 Indonesia's economic growth rate

Source: <https://goodstats.id/article/resmi-inilah-laju-pertumbuhan-ekonomi-ri-tahun-2024-cctXr> (GoodStats 2025)

According to GoodStats (2025) data, Indonesia's economic growth slowed to 5.03 percent in 2024, a slight decrease from 5.05 percent in the previous year. While this change may appear marginal, it signals a broader deceleration in post-pandemic recovery momentum. Various economic sectors, including manufacturing, construction, and retail, have felt the impact of this slowed pace, as rising living costs and global economic pressures influence domestic spending patterns.

One of the industries most affected by this uncertainty is the automotive sector. Given the high investment in vehicle purchases, consumer confidence plays a crucial role in driving demand. In times of economic stability, car sales typically reflect growth due to increased purchasing power and easier access to credit. However, consumers tend to shift toward more cautious and cost-saving decisions when anticipating potential financial strain.



Figure 1.3 Car Sales 2018-2025

Source: <https://pusatdata.kontan.co.id/infografik/43/Penjualan-Mobil-Tahun-2018-2025> (Kontan Data Center, 2025)

This shifting consumer behavior is evident in recent national vehicle sales trends. Data from Kontan Data Center (2025) indicates that vehicle sales in Indonesia declined from approximately 1,048,000 units in 2023 to around 940,000 units in 2024, representing a 10.3% year-over-year decrease. This decline highlights a broader trend of reduced purchasing power and heightened financial prudence, particularly for high-value expenditures such as vehicle purchases. In response to these financial challenges, Indonesian consumers have increasingly shifted their behavior toward maintaining and preserving existing vehicles rather than purchasing new ones. Regular vehicle servicing has emerged as a preferred strategy, enabling consumers to extend the lifespan and performance of their cars while minimizing operational costs. A similar pattern was observed during the COVID-19 pandemic, when research by Sakapurnama & Safitri (2023) found that Indonesian consumers significantly reduced spending on non-essential items, including motor vehicles, due to heightened economic uncertainty and declining income stability. Consequently, the demand for after-sales services, including maintenance, repairs, and replacement parts, has become increasingly critical for sustaining vehicle functionality and customer mobility.

Routine vehicle maintenance, typically recommended every 10,000 kilometers or every six months, is crucial in preserving vehicle performance and longevity. In addition, Kridiawan & Wang (2023) highlighted that, beyond promoting operational efficiency, after-sales services contribute to customer loyalty by reinforcing consumer trust and satisfaction. In this context, the automotive service industry, particularly vehicle workshops, has become a vital supporting sector within Indonesia's automotive ecosystem.

However, competition among automotive service providers is increasingly fierce, driven by increasing consumer awareness of the importance of regular maintenance to extend the life of vehicles. Authorized repair shops, which usually work with Brand Holder Agents (APM), provide standard services by certified technicians using genuine spare parts and brand-specific equipment. Despite these advantages, authorized service centers often face criticism for their relatively higher prices and limited accessibility, which poses a barrier for many consumers (Pricebook, 2023).

Table 1.1 Comparison APM and Agus Lio Ban

Aspect	Authorized APM Workshop	Agus Lio Ban Workshop
Services	Focuses on specific car brands with trained and certified technicians using tools from the car manufacturer.	Can handle many different car brands, offering services like wheel alignment, tune-ups, oil changes, AC repair, and more.
Price & Accessibility	More expensive because they use original parts and follow brand standards.	More affordable, with the many option good-quality parts. Easier for many people to access.
Tools & Technology	Uses the latest tools and technology directly from the car brand.	Uses modern equipment that helps give good service to all kinds of vehicles.
Warranty	Gives official warranty for services and parts, so customers feel more secure.	May not offer official warranty, but still focuses on giving good service and satisfying customers.
Customer Experience	Offers a professional, standard brand-specific service.	Offers friendly, more personal service and builds trust with customers.
Spare Parts	Always uses original parts from the car brand.	Offers both original and non-original parts, so customers can choose based on budget.

Source: <https://www.pricebook.co.id/article/head2head/10071/bengkel-resmi-vs-bengkel-umum> (Pricebook 2023)

A comparison between official APM workshops and Agus Lio Ban highlights several advantages for Agus Lio Ban, particularly in service flexibility, pricing, and customer experience. While APM workshops focus on specific car brands with certified technicians and brand-specific tools, Agus Lio Ban serves various vehicle brands with services like wheel alignment, tune-ups, and AC repairs using modern equipment. APM workshops generally charge higher prices due to their exclusive use of original parts. In contrast, Agus Lio Ban offers more affordable options, providing OEM and non-OEM spare parts to suit different budgets Pricebook (2023). Although APM workshops offer official warranties, Agus Lio Ban builds customer trust through consistent service quality and personalized customer experiences. This makes it a strong and accessible alternative in Indonesia's competitive automotive service industry.

The company's value proposition lies in delivering reliable, high-quality automotive services at accessible prices, making it an ideal choice for budget-conscious consumers who still prioritize vehicle performance and service dependability. Through the ALB Care Program, Agus Lio Ban Subang enhances its after-sales services by offering technical support, such as maintenance and emergency assistance, and non-technical services like customer consultations, comfortable waiting areas, and digital communication platforms. As both an official and general workshop, its hybrid model allows Agus Lio Ban to serve a broad range of vehicle brands while maintaining a strong commitment to service quality and customer satisfaction.

In addition to general automotive services, Agus Lio Ban is a trusted provider of after-sales support for Bridgestone tires. Services include tire maintenance, repairs, warranty claims, and replacements, supported by Bridgestone's national service network under the "Bridgestone One Stop Services" concept. Moreover, with advanced diagnostic tools and a team of skilled technicians, Agus Lio Ban positions itself as a modern car service center capable of handling various vehicle maintenance needs efficiently and precisely.

However, maintaining technical excellence alone is insufficient in a highly competitive environment. Service quality is critical in influencing customer satisfaction, particularly in the automotive services sector, where trust and customer experience are essential drivers of loyalty Fathulloh & Purnama (2024). To evaluate and enhance service quality, the SERVQUAL framework provides valuable insights into the gaps between customer expectations and actual service perceptions, allowing companies to refine their service strategies accordingly. This approach is further supported by findings from Balinado et al. (2021), who demonstrated that service quality is a key determinant of customer satisfaction in automotive after-sales services. The SERVQUAL method, when applied to the Customer Satisfaction Index (CSI) and Sales Satisfaction Index (SSI) data from Agus Lio Ban, will be interpreted and analyzed based on the chart presented in Figure 5 below:

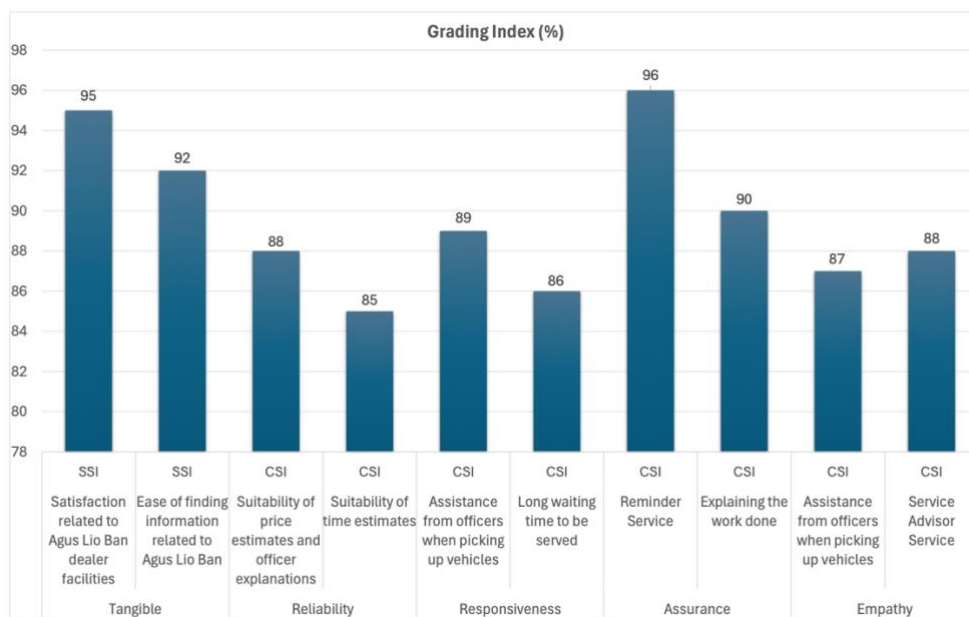


Figure 1.4 SERVQUAL from the CSI (Customer Satisfaction Index) and SSI (Sales Satisfaction Index) data in October-December 2024

Source: Processed by the author (Agus Lio Ban, 2024)

Based on the SERVQUAL measurement results presented on the graph, it is evident that the reliability dimension received the lowest score compared to the other dimensions, with 88% for Suitability of price estimates and officer

explanations and 85% for Suitability of time estimates. This indicates a gap between customer expectations and their actual experiences, particularly in the reliability aspects such as price and time estimation accuracy. Furthermore, the responsiveness dimension also recorded relatively low scores, with 89% for Assistance from officers when picking up vehicles and 86% for Long waiting time to be served. In addition, the empathy dimension, which reflects the level of personal attention given to customers, showed lower results, with 87% for Assistance from officers when picking up vehicles and 88% for Service Advisor Service.

These findings are supported by several customer reviews on Google Maps that highlight areas of dissatisfaction. For instance, Dadan Maulana Putra complained in October 2024 about the long duration of the vehicle washing and service completion process. Nova Andi also pointed out price discrepancies in June 2023. Moreover, Yuli Janu reported in February 2025 issues regarding the improper installation of the HBS cable and the poor response from customer service when attempting to file a complaint. Several customers expressed dissatisfaction regarding the long duration of certain services. One complaint noted that the car wash process took too long because it was handled by only one staff member, and even when two staff were available, the speed of work was still perceived as insufficient. Customers also commented on the need to improve service completion time, emphasizing that staff should appear more focused and efficient rather than being seen using mobile phones during service. Additionally, there was a complaint regarding the lack of clear communication about the manufacturing year of tires sold. One customer reported purchasing tires in 2024 but later discovered they were manufactured in 2018 and wore out quickly. This indicates the importance of informing customers about the tire manufacturing year at the time of purchase, especially since many customers may not have the technical knowledge to check it themselves. These complaints suggest that, although the overall level of customer satisfaction at Agus Lio Ban is relatively high, certain aspects of the service still require improvement to prevent them from negatively impacting the overall customer perception.

These customer complaints reflect specific service quality issues that, if not addressed, could gradually erode overall satisfaction and loyalty. Recognizing the critical role of service quality in shaping customer perceptions, it becomes essential to understand which service dimensions have the most significant impact on satisfaction. Service quality significantly influences customer satisfaction, especially in the automotive after-sales sector. A study by Balinado et al. (2021), utilizing the SERVQUAL model, found that dimensions such as reliability, responsiveness, and empathy substantially impact customer satisfaction in automotive services. Similarly, Shrestha (2021) emphasized that reliability is the strongest dimension of service quality that affects customer satisfaction, while empathy significantly influences customer loyalty.



Figure 1.5 Customer Satisfaction Index October-December 2024

Source: Processed by the author (Agus Lio Ban, 2024)

The Customer Satisfaction Index (CSI) for October–December 2024 indicates that although overall customer perceptions are positive, several service aspects still do not fully meet customer expectations. As shown in the chart below, areas such as Waiting Time to be Served (86%), Suitability of Time Estimate (85%), Service Advisor Service (87%), and Reasonability of Service Price (87%) received comparatively lower scores, highlighting key opportunities for improvement. These results indicate that gaps remain, particularly in responsiveness and reliability, highlighting critical areas that need improvement. Not all services have fully met customer expectations and hopes. Therefore,

continuous evaluation and improvements must be conducted. If customer expectations and hopes are not fulfilled, it is essential to conduct systematic research to identify and address these gaps effectively.

Furthermore, this case illustrates that although Agus Lio Ban has tried to deliver its best service to customers, the potential for negative feedback still exists due to the various factors influencing customer satisfaction. Up to this point, Agus Lio Ban has not thoroughly examined or conducted in-depth research into these influencing factors. Several customer complaints reveal the need for a more systematic evaluative approach to identify which service aspects still require improvement. Therefore, additional data and research are necessary to gain a more comprehensive understanding of the elements that affect customer perception and satisfaction. The findings from such studies are expected to serve as a foundation for management in formulating sustainable strategies to enhance service quality. Based on the data and current conditions previously explained, the author is interested in further researching the effect of service quality on customer satisfaction in after-sales service at Agus Lio Ban Bridgestone Subang. This study will use five dimensions of SERVQUAL (tangibles, reliability, responsiveness, assurance, and empathy) as independent variables, and customer satisfaction as the dependent variable. This research is motivated by a gap showing that not all service quality dimensions significantly affect customer satisfaction. Some dimensions, like responsiveness and assurance, are often assumed to affect satisfaction directly. In contrast, customers may not perceive others like tangibles and empathy equally, especially in regional automotive workshops like those in Subang.

In the context of automotive repair shop services, the five dimensions of SERVQUAL have an important contribution to customer satisfaction, although there are still empirical gaps in each dimension. The tangible dimension, which includes physical facilities and personnel appearance, is considered capable of improving service perceptions if well organized, as found by (Fathulloh & Purnama, 2024). This statement is supported by previous research conducted by Hapidullah et al. (2022), which found that service quality has an impact on customer satisfaction. However, in areas such as Subang, the direct influence of this factor

on customer satisfaction is still rarely studied. The reliability dimension, which relates to the ability to provide services accurately and consistently, has been shown to significantly influence customer satisfaction according to Shrestha and Acharya (2023). However, specific aspects such as the accuracy of cost estimates and processing time in hybrid repair shops have not been widely explored. Meanwhile, responsiveness shows a complex relationship with satisfaction, because although customers value the speed of service, they prioritize the accuracy of the results, as stated by Balinado et al. (2021). In the assurance dimension, technical competence and staff communication are considered important in fostering trust, but explicit evaluation of this dimension is still minimal in automotive repair shop practices (Rini et al., 2024). Finally, empathy or personal attention to customers has a significant influence on satisfaction, as shown by Fathulloh and Purnama (2024), although in practice it is often limited by the pressure of efficiency and scalability of services, especially in B2C industries such as regional workshops. This indicates the need for a more balanced approach between operational efficiency and the quality of interpersonal relationships to achieve optimal customer satisfaction.

Therefore, based on this background and the phenomenon that occurred, the purpose of this research is to conduct further exploration related to this matter through a study entitled **"The Effect of Service Quality on Customer Satisfaction: A Case Study of Agus Lio Ban Bridgestone Subang After-Sales Service."** This research will provide valuable insights and practical recommendations to help Agus Lio Ban improve its service quality, enhance customer satisfaction, and strengthen customer loyalty in the long term.

1.3 The Problem Formulation

In the face of global economic challenges and declining consumer purchasing power, Indonesian consumers increasingly prioritize vehicle maintenance over new car purchases. This shift has heightened competition among automotive service providers, emphasizing the importance of after-sales service quality. Agus Lio Ban Bridgestone Subang, a hybrid workshop offering both authorized and general services, aims to meet this demand. However, despite

positive overall customer satisfaction, gaps persist in key service dimensions, particularly in reliability, responsiveness, and empathy, as evidenced by CSI/SSI data and customer complaints. These discrepancies highlight the need for a deeper investigation into how each service quality dimension affects customer satisfaction.

Therefore, this research seeks to analyze the impact of the five SERVQUAL dimensions (tangibles, reliability, responsiveness, assurance, and empathy) on customer satisfaction in Agus Lio Ban's after-sales service, to identify which factors most significantly influence customer perceptions and provide recommendations for targeted service improvements.

1. Does the tangibles dimension have a significant direct effect on customer satisfaction?
2. Does the reliability dimension have a significant direct effect on customer satisfaction?
3. Does the responsiveness dimension have a significant direct effect on customer satisfaction?
4. Does the assurance dimension have a significant direct effect on customer satisfaction?
5. Does the empathy dimension have a significant direct effect on customer satisfaction?
6. Does service quality, which includes tangibles, reliability, responsiveness, assurance, and empathy, significantly direct affect customer satisfaction?

1.4 Research Objective

The objectives of this research are as follows:

1. To determine whether tangibles have a significant direct effect on customer satisfaction.
2. To determine whether reliability has a significant direct effect on customer satisfaction.
3. To determine whether responsiveness has a significant direct effect on customer satisfaction.

4. To determine whether assurance has a significant direct effect on customer satisfaction.
5. To determine whether empathy has a significant direct effect on customer satisfaction.
6. To determine whether service quality, which includes tangibles, reliability, responsiveness, assurance, and empathy, significantly affects customer satisfaction.

1.5 Research Purpose

This research is expected to be beneficial for the theoretical aspect and the practical aspects for all parties that read this research, as follows:

1.5.1 Theoretical Aspect

This study aims to contribute to understanding service quality and customer satisfaction in the automotive after-sales service industry. It serves as a reference for developing concepts related to reliability, responsiveness, assurance, empathy, and tangibles in improving customer experience. The findings can support further studies on customer loyalty and service management, providing valuable insights for researchers and academics interested in automotive service quality.

1.5.2 Practical Aspect

The results of this research are expected to benefit all parties that read it, including Agus Lio Ban Bridgestone Subang. This research helps identify which aspects of service quality have the most impact on customer satisfaction. The results can be used to improve service strategies, enhance customer experience, and increase loyalty. Additionally, this study provides valuable insights for other automotive service providers in improving their after-sales service quality. Future researchers can also use this study as a reference for similar research in customer service and business performance.

1.6 Systematic Writing of Mini-Thesis

The following outlines the structure and brief explanation of the research report, comprising Chapters I to V:

a. CHAPTER I: INTRODUCTION

This chapter provides a concise and comprehensive overview of the research. It introduces the company profile of Agus Lio Ban Subang, followed by a detailed description of the research background, the formulation of research problems, research objectives, research benefits, and the systematic structure of the mini-thesis writing.

b. CHAPTER II: LITERATURE REVIEW

This chapter explores theories, concepts, and prior research findings on service quality, customer satisfaction, and the automotive after-sales service industry. It emphasizes scientifically validated theories and frameworks relevant to the research topic. Logical reasoning and theoretical foundations are developed to build the conceptual framework for the study. The research hypothesis serves as a provisional answer to the research problem, which must be empirically tested to confirm its validity.

c. CHAPTER III: RESEARCH METHODOLOGY

This chapter outlines the research approach, methods, and data collection and analysis techniques to solve the research problem. It details the research type, operational definitions of variables, the research population and sampling technique, data collection methods, validity and reliability tests, and the data analysis methods to ensure robust and accurate results.

d. CHAPTER IV: RESULTS AND DISCUSSION

This chapter systematically presents the research findings and their corresponding discussion based on the problem formulation and research objectives. Divided into two sections, it describes the research results and then provides an analysis or discussion. The discussion begins with the interpretation of data analysis results, followed by conclusions. Linking the discussion with previous studies or relevant theoretical frameworks is encouraged.

e. CHAPTER V: CONCLUSION AND RECOMMENDATIONS

This chapter summarizes the research findings by answering the research problems formulated earlier. It also presents conclusions from the data analysis and offers practical recommendations for Agus Lio Ban Subang to enhance service quality and customer satisfaction. The recommendations align with the research objectives and support continuous improvement in after-sales service operations.