

CHAPTER 1

INTRODUCTION

1.1 Research Object

PT. Telekomunikasi Indonesia, Tbk. (Telkom Indonesia) is telecommunication company and network service provider in Indonesia. PT. Telekomunikasi Indonesia, Tbk. (Telkom Indonesia) serve millions customers in Indonesia with a complete range telecommunication service which cover fixed wireline, fixed wireless connection, mobile communication, network and interconnection service, and data communication. PT. Telekomunikasi Indonesia, Tbk. (Telkom Indonesia) also provide many services in information, media, and edutainment, included server-based service cloud-based, e-Payment service and enabler IT, and e-Commerce. (Source: <http://www.telkom.co.id> , 2014).



Figure 1.1 Logo of PT. Telekomunikasi Indonesia, Tbk.

(Source: <http://www.telkom.co.id> , 2015)

1.1.1 Vision and Mission

a. Vision

In running their business in telecommunication industry, PT. Telekomunikasi Indonesia, Tbk. (Telkom Indonesia) have a long-term vision to serve many customers in Indonesia and world. The vision of PT. Telkom Indonesia, Tbk. (Telkom Indonesia) is “To become a leading

Telecommunication, Information, Media, Edutainment and Services (“TIMES”) player in the region”.

b. Mission

To reach the vision that they selected PT. Telekomunikasi Indonesia, Tbk. (Telkom Indonesia) have mission that need to do namely with:

- 1) To provide “more for less” TIMES services.
- 2) To be the role model as the best managed corporation in Indonesia.

(Source: <http://www.telkom.co.id> , 2014).

1.1.2 Business Portfolio

In PT. Telekomunikasi Indonesia, Tbk. (Telkom Indonesia) vision and mission they mentioned “TIMES”, TIMES is Telecommunication, Information, Media, Edutainment, and Services. TIMES is used by PT. Telekomunikasi Indonesia, Tbk. (Telkom Indonesia) as they business portfolio. Their business portfolio are:

1) Telecommunication

Telecommunications is Telkom’s legacy business. As an icon of the company’s business, Telkom serves Plain Ordinary Telephone Service (“POTS”) wireline connections, fixed wireless, data communication services, broadband, satellite, network and interconnection rental, as well as cell phone services through its subsidiary, Telkomsel. Telkom’s telecommunications services reach all market segments ranging from individual customers to small and medium enterprises (“SME”) as well as corporations.

2) Information

Service information is the business model developed by Telkom in the New Economy Business (“NEB”). This service has characteristics of integrated services for facilitating business processes and transactions that include

Value Added Services (“VAS”) and Managed Application / IT Outsourcing (“ITO”), e-Payment and IT enabler Services (“ITES”).

3) Media

Media is one of Telkom’s business models, which were developed as a part of the NEB. The media service offers Free To Air (“FTA”) and Pay TV for the modern digital lifestyle.

4) Edutainment

Edutainment is one of the mainstays service in Telkom’s NEB business model and it is targeting the youth market segment. Telkom offers a variety of services including Ring Back Tone (“RBT”), SMS contents, portals and many more.

5) Services

Services are Telkom’s customers oriented business model. This is in line with Telkom’s Customer Portfolio for Personal, Consumer / Home, SME, Enterprise, Wholesale and International.

(Source: <http://www.telkom.co.id> , 2014).

1.1.3 IndiHome

IndiHome Fiber is new service from PT. Telekomunikasi Indonesia, Tbk. (Telkom), IndiHome services consist of fixed wireline telephone, internet fiber or high speed internet up to 100Mbps, and UseTV Cable(Interactive TV) all of the services named Triple Play. IndiHome fiber also provided extra features consist of wifi.id seamless, IndiHome telkomsel mania, IndiHome global call, MelOn, Trend Micro Antivirus, and IndiHome view.



Figure 1.2 Logo of IndiHome

(Source: <http://www.indihome.co.id> , 2014)

There are many packages from IndiHome internet fiber that only can use in the location which are available in Fiber To The Home (FTTH) Network.

Table 1.1 Indihome Packages

Package IndiHome Fiber	Use TV	Telephone	Price
10 Mbps	Interactive TV Channels (Various channel Option)	Free 1000 Minutes (Local and Long Distance call)	IDR 390,000/month
20 Mbps	Interactive TV Channels (Various channel Option)	Free 1000 Minutes (Local and Long Distance call)	IDR 640,000/month
50 Mbps	Interactive TV Channels (Various channel Option)	Free 1000 Minutes (Local and Long Distance call)	IDR 1,640,000/month
100 Mbps	Interactive TV Channels (Various channel Option)	Free 1000 Minutes (Local and Long Distance call)	IDR 2,890,000/month

(Source: <http://www.indihome.co.id> , 2014)

From Table 1.1 can be seen there are four packages of IndiHome internet fiber, the packages are 10 Mbps, 20 Mbps, 50 Mbps, and 100 Mbps. The second service of IndiHome is UseTV Cable (Interactive TV) which the first interactive TV in Indonesia. Pay TV services that give new experience with many features. UseTV features are pause and rewind TV, Video on Demand, Video Recorder, Karaoke, and Music. IndiHome user can choose 69 premium channels plus 16 selection channels in UseTV. The figure 1.3 can be seen there are many genre in interactive TV. There are nine genre consist of local, general entertainment, kids, movies, sports, news, knowledge, music, and lifestyle. Moreover, there are four add on genre consist of movie1, movie2, sports, and Fox movies premium.

Interactive TV Channels

LOCAL

TRANSTV, TR. NS 7, TVRI, METRO TV, tv 7 HD, SCTV, RCTI, antv, RCTI, MNC TV, rtv, BERITA SATU, Bloomberg TV INDONESIA, tic, NET., Insert, GlobalTV

GENERAL ENTERTAINMENT

FX, StarHub, FOX, FOX CRIME, KIX, The M, StarHub, Tahan Tigawa, DUNIALAN, ANIPLUS, KBS WORLD, arirang, Wacuu Wacuu SPANISH, HD, StarWorld

KIDS

Disney, Disney Junior, nickelodeon, Duni a anak, Disney HD

MOVIES

FOX MOVIES, AMC, tnt, 2, BISKOP INDONESIA, FOX MOVIES HD

SPORTS

bein SPORTS, bein SPORTS, bein SPORTS, ARENA, bein SPORTS HD

NEWS

ALJAZIRA, DWAYAT, 24, Bloomberg, DW, UCA

KNOWLEDGE

NATIONAL GEOGRAPHIC CHANNEL, NAT GEO WILD, Khazanah, NAT GEO WILD HD

MUSIC

V, music

LIFESTYLE

people, Jelita, Eat&Go

Add On Interactive TV

MOVIE 1 4 SD CHANNELS <p>Rp 50 Ribu /bulan</p>	SPORTS 4 SD CHANNELS <p>Rp 40 Ribu /bulan</p>
MOVIE 2 6 CH (4 SD dan 2 HD) <p>Rp 60 Ribu /bulan</p>	FOX MOVIES PREMIUM 2 CH (1 SD dan 1 HD) <p>Rp 40 Ribu /bulan</p>

Nikmati fitur - fitur handal Usetv Cable:

TV On Demand	Video On Demand	Pause & Rewind
Video Recorder	Karaoke	Music

*Channel dapat berubah sewaktu-waktu

Figure 1.3 Usetv Cable Channels

(Source: <http://www.indihome.co.id> , 2014)

The last packages of IndiHome triple play is fixed wireline telephone, fixed wireline telephone is telephone communication services with cheaper price and

clear sound quality. IndiHome telephone package offer free call 1000 minutes local or long-distance every month or equal to 17 hours per month.

1.2 Research Background

Internet in Indonesia has a significant growth from 2010 until 2014. The growth can be seen from widespread use of internet by society. Internet have a role to help society as communication media, information search, social media, and e-Commerce.

Table 1.2 Internet Users Growth in Indonesia

Year	Internet Users	Population	Penetration Rate
2010	42,000,000	238,500,000	17.6%
2011	55,000,000	242,000,000	22.7%
2012	63,000,000	245,500,000	25.7%
2013	71,200,000	248,900,000	28.6%
2014	88,100,000	252,400,000	34.9%

(Source: Asosiasi Penyelenggara Jasa Internet Indonesia (APJII), 2015)

Based on the Table 1.2 can be seen there is an increase of the amount of internet users in Indonesia from 2010 until 2014. Internet users in Indonesia in 2010 is 42,000,000 with penetration rate 17.6% and in 2011, there is an increase to 55,000,000 with penetration rate 22.7%. In 2012 internet users in Indonesia is 63,000,000 with penetration rate 25.7% and on the next year internet users in Indonesia increasing to 71,200,000 with penetration rate 28.6%. Internet users in 2014 has penetration rate 34.9% with 88,100,000 users.

Table 1.3 Indonesia Internet Users by Area

Area	Internet Users
Java and Bali	52,000,000
Sumatera	18,600,000
Sulawesi	7,300,000
Nusa Tenggara, Papua, and Maluku	5,900,000
Kalimantan	4,200,000

(Source: Asosiasi Penyelenggara Jasa Internet Indonesia (APJII), 2015)

From the Table 1.3 can be seen Java and Bali have the biggest amount of internet users in Indonesia, the amount of internet users of Java and Bali are 52,000,000 almost 75% of internet users in Indonesia. At second rank, there is Sumatera area with 18,600,000; third rank there is Sulawesi area with 7,300,000. At the last two rank, there is Nusa Tenggara, Papua, and Maluku area with 5,900,000 and Kalimantan area with 4,200,000.

Table 1.4 Internet Users in Java and Bali Area

Province	Internet Users
West Java	16,400,000
East Java	12,100,000
Central Java	10,700,000
DKI Jakarta	5,600,000
Banten	3,300,000
Bali	2,000,000
DI Yogyakarta	2,000,000

(Source: Asosiasi Penyelenggara Jasa Internet Indonesia (APJII), 2015)

From the Table 1.4 above, West Java has the biggest amount of internet users in Java and Bali area. The amount of internet users of West Java is 16,400,000 almost 31% of Java and Bali area and almost 18% of total Indonesia internet users. Bandung is capital city of west java and listed as the city with the largest population in West Java with 2,483,977 populations in 2014 <http://bandungkota.bps.go.id>, 2015.

IndiHome is one of PT. Telekomunikasi Indonesia, Tbk (Telkom Indonesia) product that serve internet access. With IndiHome the users can access internet 24 hours with high speed internet up to 100Mbps (<http://www.indihome.co.id> , 2014). The following Table 1.5 is a list of the number of IndiHome customer in Bandung 2015 from January until September.

Table 1.5 Number of IndiHome customers in Bandung 2015

Month	Customer	Growth
January	1,013	0%
February	2,080	105.3%
March	3,220	54.8%
April	3,705	15.1%
May	4,171	12.6%
June	5,480	31.4%
July	6,500	18.6%
August	7,935	22.1%
September	10,007	26.1%
Total	10,007	98.63%

(Source: PT. Telekomunikasi Indonesia, Tbk Divre III Jawa Barat, 2015)

From Table 1.5 above the amount of IndiHome customers increasing every month from January 2015 until September 2015. The percentage of increase of IndiHome customers from the January to February is 105.3%, percentage of increase February month to March is 54.8%, from March to April the percentage of increase is only 15.1%, and April to May is 12.6. In the next month, the percentage of increase from May to June is 31.4%, from June to July is 18.6%. The percentage of increase in July to August is 22.1% and from August to September is 26.1%. Total increase of IndiHome customers from January to September is 8,994 or 98.63%.

Table 1.6 Number of IndiHome Complaint in Bandung 2015

Month	Complaint	Growth
January	39	0%
February	36	-7.7%
March	39	8.3%
April	10	-74.3%
May	16	60%
June	34	112.5%
July	37	8.8%
August	47	27.1%
September	58	23.4%
Total	316 (3%)	78.92%

(Source: PT. Telekomunikasi Indonesia, Tbk Divre III Jawa Barat, 2015)

From Table 1.6 above can be seen the number of IndiHome complaint in Bandung from January 2015 until September 2015 is more than target. Complaint is for service that given from IndiHome customer service and IndiHome staff. “The number of IndiHome complaint is 3% from total customers’ number while the ideal number of complaint is less than 2%, with the number of complaint we need to increase our service quality and we have reach 95% level of customer satisfaction of IndiHome customers in Bandung”. (PT. Telekomunikasi Indonesia, Tbk Divre III Jawa Barat, 2015). The number of complaint increase and higher than the target are indicated the service quality is still need improvement but the satisfaction level of IndiHome in Bandung is 95% its mean the satisfaction level is good. “When service quality is high, then it will lead to increase in customer satisfaction.”(Parasuraman et al., 1985; in Agbor, 2011:12). Based on Kotler and Keller (2012:153) “Higher levels of quality result in higher levels of customer satisfaction.”

Based on description above, then the author interest to do a research of this problem with the title **“THE IMPACT OF SERVICE QUALITY TOWARDS CUSTOMER SATISFACTION: A STUDY ON INDIHOME BANDUNG 2015.”**

1.3 Problem Statement

Internet users in Indonesia has increasing every year and West Java has the most number of internet users in Indonesia. As the capital city of West Java, Bandung is third metropolitan city in Indonesia and Bandung has the largest number of population in West Java. Bandung has population and economic increase very fast and good, the needs of internet access that increasing (<http://firmsmedia.com>, 2014). Bandung city in Indonesia will quadruple the budget for its smart city programmed next year, from IDR25 billion (US\$1.8 million) to IDR 100 billion (US\$7.3 million) to provide more online services to citizens (Ridwan Kamil on <https://govinsider.asia>, 2015). As smart city candidate internet connection is mandatory in Bandung. Quality is generally regarded as being a key factor in the creation of worth and in influencing customer satisfaction (Loke et al, 2011). As a service company, IndiHome Telkom need to provide good service quality.

To provide improved quality service, telecommunication companies need to investigate degree of customers' sensitivity and expectations toward service quality (Loke et al, 2011). Based on (Parasuman et al.,1985) there are ten dimensions of service quality consists of tangibility, reliability, responsiveness, communication, security, credibility, courtesy, access, competence and understanding the customers. Further (Parasuman et al 1988) reduce these ten dimensions into five dimensions; they are tangible, reliability, responsiveness, assurance, and empathy. IndiHome in Bandung has increasing number customers every month. The number of complaint is 3% from total number of customers. Telkom set the target for good service quality is the number of complaint lower than 2% of total number of customers and the level of satisfaction of IndiHome customers is 95%. This fact is contradictive with Kotler and Keller (2012:153) “Higher levels of quality result in higher levels of customer satisfaction”, because the level of complaint is high it is

mean the service quality of IndiHome still need improvement. In the other hand, the level of customer satisfaction is high it is mean IndiHome customers satisfied with the service.

1.4 Research Question

1. What is the customer perception on the variables of service quality of IndiHome?
2. What is the customer perception on customer satisfaction of IndiHome?
3. Do variables of service quality influence customer satisfaction of IndiHome simultaneously and partially?

1.5 Research Objective

1. To determine the customer perception on the variables of service quality of IndiHome in Bandung.
2. To determine the customer perception on customer satisfaction of IndiHome in Bandung.
3. To determine the influence of variables of service quality on customer satisfaction of IndiHome in Bandung.

1.6 Significant of Study

1.6.1 Theoretical Aspect

This results of this research are hopefully can give useful information regarding developing more knowledge in the service quality to customer satisfaction. This study is the way to investigate the relation between Zeithamal models with customer satisfaction.

1.6.2 Pratical Aspect

The results of this research are will be used by telecommunication business especially in Indonesia as well as the media to explore additional knowledge in the field that relating to marketing management, especially in service quality and customer satisfaction. This research hopefully can be used as a reference for the company that has to do research about service quality and customer satisfaction. This research can be used to improve company knowledge.

1.7 Scope of Study

This research is about the influence of service quality toward customer satisfaction IndiHome customer in Bandung. In this research use sample from IndiHome customers in Bandung. From this research PT. Telekomunikasi Indonesia,Tbk (Telkom) will know the level of service quality of IndiHome from customer perspective and the level of IndiHome customer satisfaction in Bandung.

1.8 Report Systematic

To give a clear picture or a description of the research conducted, it drafted a systematic way of writing that contains information about the material or concept and issues discussed in each chapter. The writing systematic of this research is as follows:

CHAPTER II : LITERATURE REVIEW

In this chapter is clearly the result of literature review related to the problem to be inspected. This chapter includes framework and hypothesis.

CHAPTER III : RESEARCH METHODOLOGY

This chapter describes research variables, sample determination, data size and sources, and also data analyze methods.

CHAPTER IV : RESULT AND DISCUSSION

This chapter analyze result and data processing with research methodology that has been established and held for further discussion.

CHAPTER V : CONCLUSIONS AND RECOMMENDATIONS

In this chapter contains the conclusions of the research performed as well as suggestions and recommendations had given to companies and others with needs.

