

CHAPTER I

INTRODUCTION

1.1 Research Object Overview



Source: <https://www.telkomsel.com/internet-telkomsel> (2017)

Figure 1.1: Logo of 4G / LTE Internet Technology from Telkomsel

1. The development of Telkomsel Card Services and Application of Internet Technology

- a. Telkomsel issued by PT. Telekomunikasi Indonesia Tbk. (Telkom) in 1995 by launching postpaid services in the form of kartuHalo.
- b. In 1997 simPATI was launched as the first prepaid card in Asia serving 27 provinces throughout Indonesia.
- c. In 2001 it operated in dual band GSM service in 900 and 1800 Mhz frequencies in Indonesia.
- d. In 2002 it launched WAP services, web and data services via SMS to surf online via mobile phones.
- e. In 2004 launched Kartu As as its second prepaid card, and introduced EDGE technology with faster network speeds than GPRS.
- f. In 2006 Telkomsel introduced the first 3G network in Indonesia.

- g. In 2007 it launched Telkomsel Flash and the first High Speed Download Packet Service in Indonesia.
- h. In 2009 Telkomsel upgraded the network by improving network quality to HSPA with data access up to 21 Mbps.
- i. In 2010 it conducted the first LTE technology trials in Indonesia.
- j. In 2014 launched a prepaid card young children Loop, and commercial 4G/LTE in Indonesia.
- k. In 2017 it started to test the 5G technology.

2. Telkomsel Service Products with 4G / LTE Technology Facilities

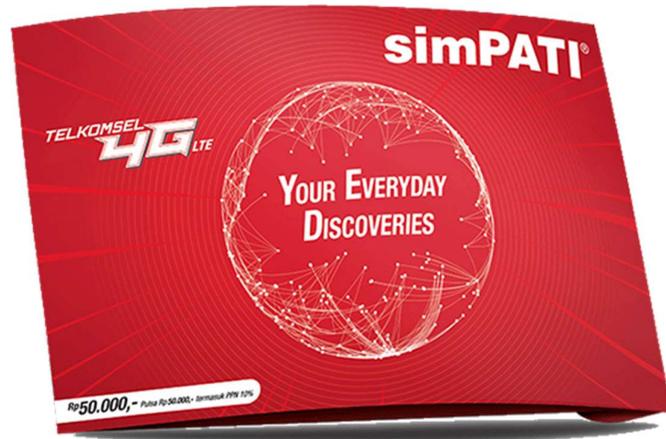
a. KartuHalo



Source: <https://www.telkomsel.com/internet-telkomsel> (2017)

Figure 1.2 KartuHalo

b. SimPATI



Source: <https://www.telkomsel.com/internet-telkomsel> (2017)

Figure 1.3 SimPATI

c. Kartu As



Source: <https://www.telkomsel.com/internet-telkomsel> (2017)

Figure 1.4 Kartu As

d. Loop



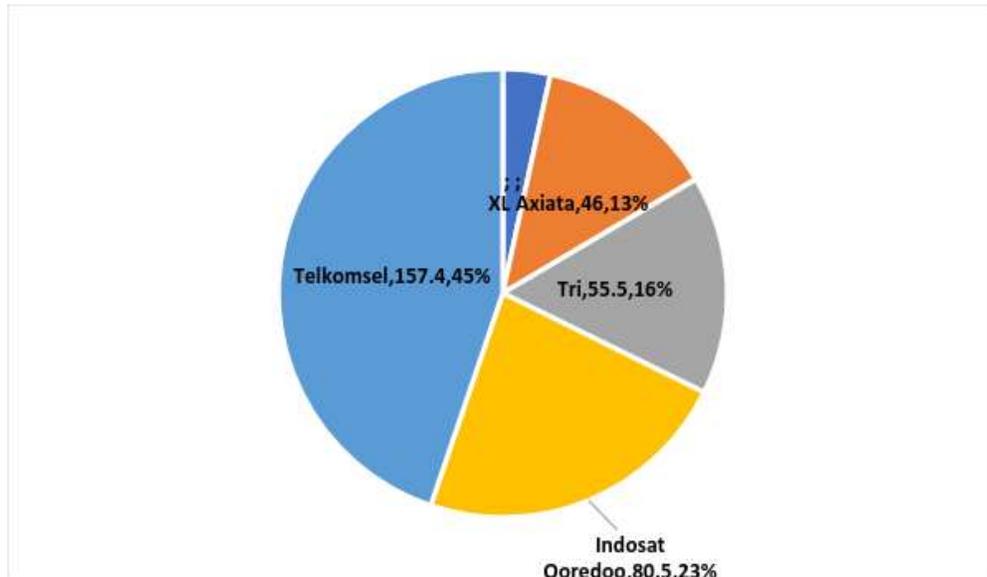
Source: <https://www.telkomsel.com/internet-telkomsel> (2017)

Figure 1.5 Loop

1.2 Research Background

Telkomsel is the largest cellular operator in Indonesia to serve customers spread across Indonesia, including in remote areas and remote islands and border areas of the country by building over 146 thousand BTS. Telkomsel has consistently implemented the latest mobile technology and became the first to commercially launch 4G LTE mobile services in Indonesia (<https://www.telkomsel.com/about-we/about-telkomsel>, 2017).

In 2016, Telkomsel's market share dominated the mobile market in Indonesia, which reached 157.4 million users (Ministry of Information and Informatics, 2017), as shown in Figure 1.6 as follows.



Source: Ministry of Communications and Informatics, 2017

Figure 1.6: Market Share of Cellular Operators in 2016

Figure 1.6 shows that in 2016 Telkomsel had the largest market share of 44.8%, while it's main competitor, Indosat Ooredoo had 22.9% market share or 80.5 million users. Other operators like Tri had the share market of 15.8%, XL had 13.1% market share, and the last operator Smartfren had 3.4% of market share. To show more competition among mobile operators in Indonesia, the following table shows the growth of cellular subscribers in Indonesia in 2015 to 2016.

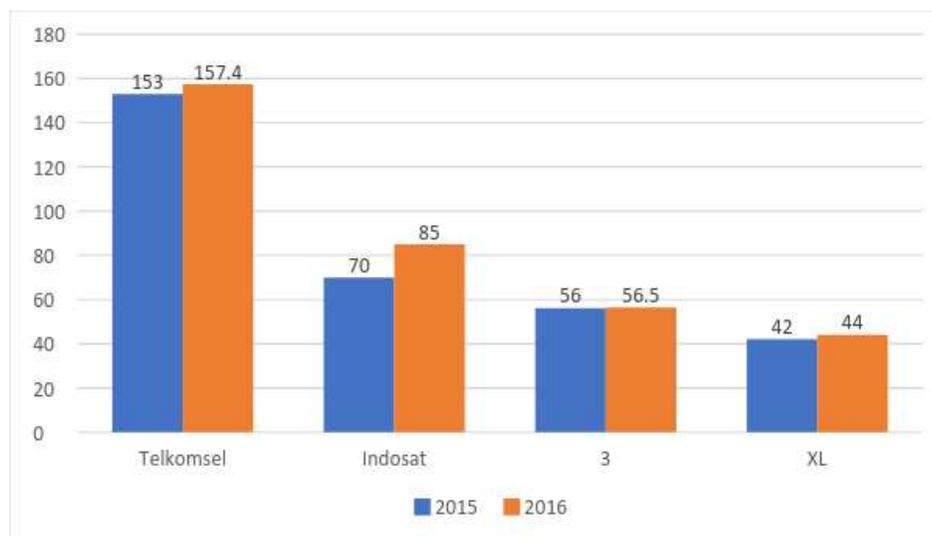
Table 1.1 Customer growth of Indonesia's Cellular Operators in period of 2015 - 2016

No.	Operator	Year		Growth (%)
		2015	2016	
1	Telkomsel	153	157,4	2,8
2	Indosat	70	85	17,6
3	Three	56	56,5	0,9
4	XL	42	44	4,5

Source: Ministry of Communications and Informatics, 2017

1.3 Problem Formulation

In the modern telecommunication industry, the market is growing every day and in order to overcome competition, it is important to be aware and create new ways to bring customers the best service satisfaction, and to develop their brand loyalty. With the development of mobile telecommunication industry significance phenomenon occurs. Telkomsel still dominates the market share of mobile operators in Indonesia. But the main problem is that in terms of growth of its subscribers from 2015-2016 it has only reached 2.8% of total subscribers. Which means from 153 million subscribers in 2015 it has only reached to 157.4 million in 2016. Compared to Telkomsel's main competitor, Indosat Ooredoo, the growth of its subscriber base reached to 17.6%. In other words, from 70 million subscribers in 2015 to it has reached to 85 million subscribers in 2016. The following graph shows the growth of cellular subscribers in Indonesia from 2015- 2016.



Source: Ministry of Communications and Informatics, 2017

Figure 1.7 Customer growth of Indonesia's Cellular Operators in period of 2015 - 2016 (numbers given in millions)

Today the growth in the number of cellular subscribers in Indonesia is very possible because of the trend among Indonesians related to the usage of more than one telecommunication operator. This is due to the convenience and relatively cheap effort in obtaining prepaid prime card. In addition, today almost all

smartphones in Indonesia have dual sim card facility which allows users to have 2 (two) sim cards.

Competition among cellular operators in issuing starter packs, puts mobile users more freely determine which operator choices are perceived to benefit users, both from the aspect of price, signal strength, breadth of coverage, internet technology used, the amount of internet quota bonus provided and another reasons. Decision-making in choosing this particular cellular card depends heavily on the needs and wants of the consumer.

The telecommunication industry is an industry with a very fast growth and an industry with a very high level of sales. The competition between mobile operators in the telecommunication industry market is high. Facing this increasingly competitive environment, Telkomsel is required to be able to create its own uniqueness accompanied by planting a positive image of the product issued to be superior among competitors. Considering the current trend of Indonesian people who are getting smarter in choosing product and who are willing to get good quality product with an affordable range, the marketing management of Telkomsel must be smarter in attracting new consumers and maintaining customer loyalty to maintain the market share of mobile operator, as well as increasing the growth of consumers number.

Customer loyalty is absolutely required by a company to be able to survive and be able to compete with other companies. To build consumer loyalty company is required to provide the best quality in every product or service that belongs to it, by forming a strong perception of quality in the minds of consumers. Satisfied and loyal consumers are an opportunity to gain new customers. Maintaining all existing customers will generally be more profitable than customer turnover as the cost to attract new customers can be five times the cost of maintaining an existing customer (Kotler & Keller, 2016).

The goal of this study is to define ways of reaching customer satisfaction and loyalty used in Telkomsel through brand, market analysis, then to give recommendations that may be valuable for this company and potential researchers in the future.

1.4 Research Questions

This study refers to the results of research conducted by Tarus and Rabach (2013) which shows that Corporate Image factors consist of: 1) Service Value, 2) Service Quality, 3) Customer Satisfaction, and 4) Social Pressure. Based on the results of these studies, the research questions on the research conducted is as follows:

1. What is a current Corporate Image of technology 4G/LTE from Telkomsel?
2. What is a current Consumer Loyalty of users of 4G/LTE from Telkomsel?
3. How does simultant and partial effect of Service Value, Service Quality, Customer Satisfaction, and Social Pressure affect Consumer Loyalty 4G/LTE technology users?

1.5 Research Purpose

Research Purpose based on the problem formulation above and the purpose of this research is to find out and analyze:

1. Coorporate Image technology 4G/LTE from Telkomsel.
2. Consumer Loyalty users 4G/LTE from Telkomsel.
3. Simultant and partial affect of Service Value, Service Quality, Customer Satisfaction, and Social Pressure to Consumer Loyalty 4G/LTE technology users.

1.6 Benefits of the research

Benefits derived from the results of this study are expected to be useful both from theoretical and practical aspects as follows.

1.6.1 Theoretical aspect

The benefits of the theoretical aspects are expected to be useful for:

1. As one of the reference for the development of business management science related to consumer loyalty influenced by corporate image.

2. In means of developing the insight and knowledge of the issues, related to the influence of corporate image in order to increase customer loyalty.
3. Can be a consideration for the parties who will conduct further research related to consumer loyalty influenced by corporate image.

1.6.2 Practical Aspect

The benefits of the theoretical aspects are expected to be useful for:

1. As an information material for Telkomsel management department in effort to increase customer loyalty.
2. As a decision-making material for Telkomsel marketing department of in an effort to increase consumer loyalty through improvement of corporate image consisting of Service Value, Service Quality, Customer Satisfaction, and Social Pressure.
3. As an informational material for the general public associated with corporate image that can determine the loyalty of consumers towards them.

1.7 Research Writing Systematics

CHAPTER 1: Preface

Contains research overview and background of the research.

CHAPTER 2: Literature Review

Contains theory, conceptual framework, and hypotheses.

CHAPTER 3: Research Methodology

Contains the description of research variables, sample determination, data size and sources, and data analyze methods.

CHAPTER 4: Results and Discussion

Contains result of the research in systematic and analyze with research methodology that already established and held for further discussion.

CHAPTER 5: Conclusion and Suggestion

Contains conclusion, research limitations and suggestions from research results.