

CHAPTER I

INTRODUCTION

1.1 Research Object Description

1.1.1 Company Profile

Telkomsel was founded on May 26, 1995. Telkomsel consistently serves the country, providing telecommunication access for indonesians who are spread out from Sabang to Marauke. Currently Telkomsel is the largest cellular operator in Indonesia. To serve customer spread throughout indonesia, including in remote areas and outer islands as well as in border areas, Telkomsel has deployed more than 146 thousand BTS. Telkomsel consistently and is the first to commercially launch 4G LTE cellular service in indonesia.

Entering the digital area, Telkomsel continue to develop digital Advertising, Digital Lifestyle, Mobile Financial Services, and the Internet of Things. To serve customer needs, Telkomsel provides various service channels through the MyTelkomsel application, 24-hour Call Center services, and GraPARI offers throughout service to the public in enjoying a digital ecosystem in the country through various DNA (Device Network Application) development efforts that encourage young people to take advantage of the role of technology positively and bring indonesia forward in a community economy based on cellular technology.

Telkomsel will always be there to inspire the public by utilizing leading technology, competitive products and service, and innovative solutions. Love for the country is a motivation for Telkomsel to continue to innovate to bring the best technology and services to all indonesia. (Source <https://www.telkomsel.com/>)

1.1.2 Company Logo

Many telecommunication companies in indonesia are competing and have their respective advantages. One example is Telkomsel which is known as the first GSM provider in ASIA. Of course Telkomsel cannot be separated from History

and “Logo Symbol” which have their own meaning. In figure 1.1 this is the Telkomsel logo that is easy to remember.



Figure 1. 1

Telkomsel Logo

Source : www.telkomsel.com

The following is the meaning of the Telkomsel logo/symbol :

- a. Horizontal Ellipse Circle:
The circle dividing the heagon symbolizes the domestic telecommunications service provider (PT. Telkom)
- b. Vertical Elliptical Circle:
Symbolizes the operation of international telecommunications services in indonesia (PT. Indosat) as one of “The Founding Father”
- c. Red Hexagon
Symbolizing cellular, the red color itself means that Telkomsel is brave and ready to trim the future with all its possibilities.
- d. Blackish Gray Hexagon
Symbolizes that Telkomsel is always ready to protect and continue to meet customer needs, while the gray color is a metal color which means coolness, amusement and flexibility.
- e. The meeting of two white circles on the red hexagon
Symbolizes the letters ‘t’ as the initial form of Telkomsel. The white color on the letter ‘t’ means courage, openness, and transparency.

Source : <http://ardi-lamadi.blogspot.com/2013/09/logo-telkomsel.html>

1.1.3 Company History

In 1993 PT. Telkomsel started to explore GSM wireless technology. PT Telkomsel was then founded with indosat in 1995 and launched the Hallo Card on May 26, 1995 as a postpaid service. On November 1, 1997 Telkomsel became the first cellular operator in Indonesia to offer prepaid GSM services. Telkomsel is the largest cellular telecommunications operator in Indonesia with 139,3 million subscribers as of December 31, 2014 and a market reserve of 51% as of January 1, 2007. Telkomsel's network has covered 288 international roaming networks in 155 countries by the end of 2007.

Currently, Telkomsel Indonesia shares 65% and the rest is by Singapore telecommunication company SingTel. Telkom Indonesia is a state owned company whose majority shares are owned by the Indonesian government, while majority shares are owned by the Singapore government. Telkomsel became the seventh cellular operator in the world to have more than 100 million subscribers in one country as of May 2011. Telkomsel officially launched the first 4G LTE cellular commercial service in Indonesia. Telkomsel 4G LTE service has data access speeds of up to 36 Mbps.

1.1.4 Telkomsel Product

Telkomsel has several products that are marketed in Indonesia, namely :

- a. Postpaid Card : Kartu Hallo
- b. Prepaid Cards : simPati, Kartu As, and Loop
- c. Internet Package Starter Card : Card that already have internal data are ready to use

1.1.5 Vision and Mission

- **Vision**

To be a trusted world-class provider of digital mobile style service and solutions.

- **Mission**

Providing digital mobile services and solutions that exceed user expectations, creating added value for shareholders and supporting national economic growth.

1.2 Research Background

In the information age, the development of information and communication technology has become the primary need of every family. One form of communication and information technology presence is a portable communication tool in the form of a cellular telephone or mobile phone. With easy access to information anyone can receive and send any information quickly for anyone and is not limited by age. With internet signals provided by several information service providers, it continues to grow in terms of speed and network. (Bekti, 2016) Currently, it has become an inseparable necessity of life due to the existence of an interconnected network or the so-called internet which is one of the more practical developments in information and communication technology and the internet, it makes it easier for people to obtain information. Interconnected Network (Internet) is a group or collection of millions of computers in that group that are connected to one another through the world. There are various definitions of the internet, one of which explains that the internet is a global communication network that is connected to all computers in the world even though there are different operating systems and machines. (Simarta, 2017:107).

The development of cellular telecommunications in Indonesia can be seen from the increasing number of cellular subscribers in Indonesia each year. Based on the latest We Are Social report, in 2020, there are 175.4 million internet users in Indonesia. Compared to the previous year, there was an increase of 17% or 25 million internet users in Indonesia. Based on Indonesia's population of 272.1 million, this means that 64% of Indonesia's population has experienced access to cyberspace. Percentage of internet users aged 16 to 64 who own each type of device, including mobile phones (96%), smartphones (94%), non-smartphone phones (21%), laptops or desktop computers (66%), tablets (23%), game consoles (16%), to virtual reality devices (5.1%). <https://inet.detik.com/cyberlife/>

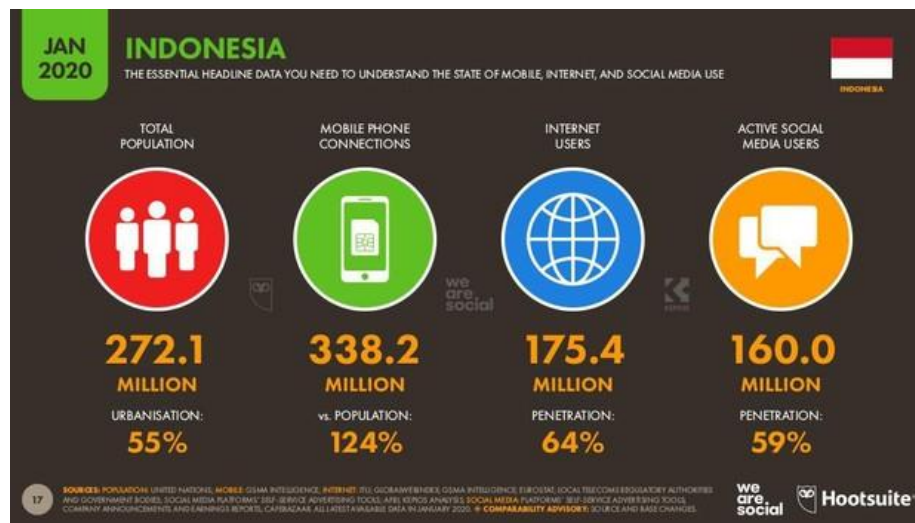


Figure 1. 2
Number of Internet User in Indonesia 2020

Source : <https://inet.detik.com>

In Figure 1.2 it is also known that the population of Indonesia is currently 338.2 million people. Likewise, the data is no less interesting, there are 160 million active users of social media. When compared to 2019, this year We Are Social found an increase of 10 million Indonesians who are active on social media. Internet users in Indonesia are always increasing every year, and it is possible that internet users will continue to increase along with the times. This also indicates that the Indonesian people already regard the internet as a necessity. Competition for cellular operators in capturing new service subscribers is getting healthier from year to year in line with the rational data prices offered by telecommunications service providers. Based on data from Deutsche Bank, since 2015-108 the average level of mobile data service operations has continued to decline. At its peak, in 2018, operators recorded relatively small average data revenue. The small income of cellular data operators is allegedly due to excessive data consumption at that time and the intense competition that made operators slam the price of services. In total, the telecommunications industry revenue in 2018 was recorded to have decreased by 7 percent. However, it is claimed that the condition of the telecommunications industry has begun to improve in 2019. Cellular operators have begun to fix a number of causes for the decline in revenue in 2018, especially in terms of data service prices. Chairman of

the Supervisory Board of the All Indonesian Telecommunications Association (ATSI) Danny Buldansyah said in 2019, cellular operators began to adjust the price of services provided to the public with operational costs and network expansion during 2019 (<https://teknologi.bisnis.com/read/20200109/101/1188420/persaingan-operator-seluler-gaet-pelanggan-baru-kian-sehat>).

Although Telkomsel has made a higher price adjustment, it can be seen from the customer side, Telkomsel still dominates the market share. According to Aldin Hasyim, General Manager of External Corporate Communication at Telkomsel, currently Telkomsel has reached 94% of the country's population. Compared to other providers, Telkomsel still controls the market share. Telkomsel is targeting opinion by adding around 170 million subscribers in line with consistency in maintaining product quality and service quality. (Sources form www.industri.kontan.co.id/). The following is a graph that states consumer satisfaction and dissatisfaction with the quality of Telkomsel services.

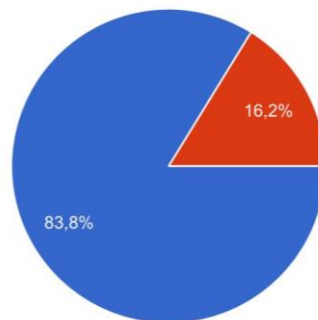


Figure 1. 3

Satisfaction and Dissatisfaction

Source : Processed by Researchers

Based on Figure 1.3, where 83,8% of customers are satisfied and 16,2% are not satisfied with the quality of services provided by Telkomsel. Customers also often complain about interruptions to cellular operator internet service, ranging from slow speeds to no connection at all (Accessed from www.kompas.com) Currently in indonesia there are several cellular operators as well as internet service providers with the number of

cellular subscribes in indonesia which continues to increase every year as well as the number of cellular operators, along with the data on the number of subscribes who became the market share of each cellular operator in early 2020 as shown in table 1.1

Table 1. 1 Number of Subscrubers in 2020

NO	MOBILE OPERATOR	NUMBER OF SUBSCRIBERS IN 2020
1	TELKOMSEL	Rp. 38,45 Billion Subscribes (Sources form teknologi.bisnis.com, 10 Agustus 2020)
2	INDOSAT OOREDOO	Rp. 57.2 Million Subscribes (Sources form infokomputer.grid.id, 31 Juli 2020)
3	XL	Rp. 55,6 Million Subscribes (Sources form m.bisnis.com, 27 Agustus 2020)
4	3 (TRI)	Rp. 40 Million Subscribes (Sources form m.bisnis.com , 18 Agustus 2020)
5	SMARTFREN	Rp. 26 Million Subscribes (Sources form m.bisnis.com , 14 Agustus 2020)

Source : Processed by Researchers

In 2020, the largest number of cellular operator subscribers in Indonesia is Telkomsel, amounting to 38.45 trillion subscribers. Indosat Ooredoo followed with as many as 57.2 million customers, in third place, namely XL wit 55,6 million customers and lastly there was Smartfren with 26 million customers. Each cellular operator certainly has several internet package options, including daily, weekly, and monthly packages. Based on a survey counducted by the Internet Service Providers Association (APJII), Internet users tend to buy monthly quotas compared to weekly and daily (www.beritagar.id, accessed on August 2, 2020). Telkomsel has a type of postpaid type called Hallo Card and prepaid Simpati, Kartu As, and Loop. The number of postpaod card subscribees in not as many as prepaid card subscribes. Interne quota proces/rates are of course different for each operator. To achieve its goals, Telkomsel needs a strategy to build customer satisfaction in line with increasingly fierce business competition in certain catagories. In maintaining its position as market leader, it is impotant fo Telkomsel to other markets. Therefore,

Telkomsel improves its performance as best as possible in order to make consumers feel satisfied.

According to Lovelock and Wirtz (2016;74) Satisfaction is an attitude that is decided based on the experience gained. Research is needed to prove whether or not previous expectations are the most important part of satisfaction customer satisfaction itself can be used as a tool for companies to encourage the emergence of repurchase interest in consumers.

On the other hand, the Telkomsel network is often reported having problems reported by Telkomsel users on social media, they express their complaints on the official Telkomsel Account. (www.detik.com), which expresses customer dissatisfaction with the price given by Telkomsel. Customer dissatisfaction is not good for a company resulting in customer dissatisfaction with the use of Telkomsel cellular service. In determining Telkomsel rates, the company taxes the network cost components, including the need for international bandwidth access. Apart from the price factor, another major factor is deciding the quality of internet service from a particular operator. (www.detik.com). The main key to winning the competition is to provide value and satisfaction to customers through price delivery, price is an important thing to be considered by customers. In the midst of this large number of Telkomsel subscribers, unfortunately, many complaints have occurred regarding the high tariff of internet packages being offered, Telkomsel were criticized by the severity of high internet rates, as it was known that Telkomsel main site on April 29, 2017 has been hacked by unknown hackers. What is suspected as a form of criticism against Telkomsel because they think their internet rates are too expensive and these hackers have not only managed to hack into Telkomsel official website but have replaced the search for Telkomsel name on the Google search engine. (www.merdeka.com)



Figure 1. 4

Criticism Regarding Internet Rates

Source : www.merdeka.com

In Order to increase customer satisfaction, companies can use various factors that are significant to consumer satisfaction, one of which is price. (Meida Ramita Sari dan Rahayu Lestari, 2019) This is based on the findings of Harjati and Venice (2015) and Resti and Soesanto (2016) which show that price can have a significant positive effect on consumer satisfaction. Which means, the better the higher the level of consumer satisfaction with the product. Conveesely, if the better the perception of the level of consumer decision on that product. According to Kotler and Armstrong (2016:324) said that price is the amount of money spent on a product or service, or an amount of value that is exchanged by consumers to obtain benefits or ownership or use of a product or service. The high level of community sensitivity to price causes competiotion among cellular operators in Indonesia. The following is a comoarason of internet package prices form cellular operators in Indonesia. The following is a comparison of internet package prices form several cellular operators in Indonesia which are in the price range of Rp. 60.000 per month. Can be seen form the following tabel 1.2 Telkomsel prices tend to be more expensive than other providers.

Table 1. 2 Monthly Internet Package Prices for Mobile Operators

Mobile Operator	Packade Name	Package Price	Amount of Quota	Market Share
Smartfren	Super 4G <i>unlimited</i>	Rp. 65.000	30 GB	0.03
Indosat Ooredoo	Indosat <i>unlimited</i>	Rp. 60.000	5 GB	0.13
XL Axiata	XL Xtra Combo	Rp. 59.000	5 GB	0,18
Telkomsel	Simpati Combo	Rp. 60.000	2 GB	0,59
3	AON and <i>Unlimited</i>	Rp. 60.000	6 GB	0.07

Source : Processed by Researcher

Based on tabel 1.2, it can be seen that in relation to the application of regular monthly internet package prices, the sympathy monthly internet package appears to be more expensive tah the given quota. Even though the price of Telkomsel packages is expensive, consumers still buy them, because for consumers the most important thing is quality, comfort, and ease of using internet access. However, there are also those who are forces to accept expensive services without being able to do anything about it. Telkomsel provides data packages that are not needed, such as HOOQ and VIU quota. And that is one of the complaints of Telkomsel users and there are still many Telkomsel complaints among. (www.tekno.compas.com). Price is a customer assesment of the size comparasio to that of product and services.

Therefore, the pricing strategy will also affect customer buying activity for a product. To find out the opinion regarding the price, the authors conducted a pre-survey to strengthen this phenomenon to 37 respondents regarding the price of the Telkomsel Internet Package Starter Card as follows :

Table 1. 3The results of the pra-survey questionnaire respondents regarding

NO	Qusetion	Agree	Dissagree
1	The price of telkomsel “Intenet Package” is cheaper than its competitors.	29,7%	70,3%
2	The Price of Telkomsel “Internet Package” is in accordance with consumer desires	54,1%	45,9%
3	The price of Telkomsel “Internet Package” is more affordable when buying on MyTelkomsel than buying on *363#	78,4%	21,6%
4	The price of Telkomsel “Interne Package” is in accordance with the network quality	78,4%	21,6%

Source : Processed by Researcher

Based on the results of the pre-survey in table 1.4, it can be seen that there were respondents who stated that they did not agree with all statements related to price on the Telkomel Internet Package Starter Card, especially for statement number 1. Of 37 respondents, 26 respondents answered disagree that the Paket Perdana Paket Telkomel Internet is cheaper than its competitors' products. In this case, Telkomsel has strong competitors, namely XL, Indosat Ooredoo, Smartfren, and 3 which have internet package starter pack products that offer lower prices than Telkomsel products. And it can also be seen that in question 2 there were 17 respondents who answered disagree, and questions on numbers 3 and 4 there were 8 respondents who expressed disagreement. In addition to the high price of regular internet packages, Telkomsel has an internet package starter pack, which includes internet quota at an affordable price option. Simpati Flash offers internet package starter packs with a quota of up to 30GB at a price of Rp. 69,000. Of course, the price offered is cheaper than buying a Telkomsel internet package as shown in table 1.2. In the midst of the high cost of data package subscriptions, a number of smartphone owners decided to buy an internet package SIM card (www.seluler.id). However, since the government enacted regulations for registration of every starter pack, it would certainly have an impact on SIM card sales from Telkomsel. The following is a graph image 1.5 that showing the decrease in the number of Telkomsel subscribers.

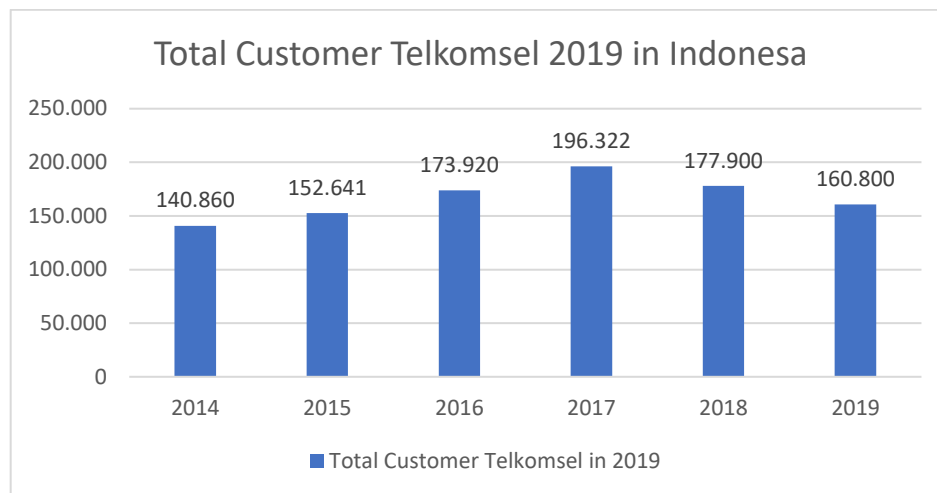


Figure 1. 5

Total Customer Telkomsel

Source : Processed by Researcher

Based on graph 1.3, it can be seen that the number of Telkomsel card subscribers from 2014 to 2017 has always increased. Since the enactment of card registration since October 2017, the number of Telkomsel subscribers has shrunk and decreased, starting from 196,322 million subscribers to 177,900 million subscribers until 2019, still experiencing a decline to 160,800 subscribers. The decline in subscribers affects the financial performance of these cellular operators. Telkomsel's revenue decreased 5.5% to Rp. 65.72 trillion and the profit fell 21.5% to 18.3% billion (www.selular.id) With the decrease in the number of subscribers, this has caused sales instability during mid-2019. Regarding registration, the provider has actually provided a solution to this problem. However, which resulted in a decreased level of customers because customers did not buy back. Even though there is a decline in Telkomsel subscribers, it is committed to continue to strive to build a good image by improving the quality of its services. According to Kotler and Keller (2016: 143) quality is the completeness of a figure for a product or service that has the ability to provide satisfaction to a need. Service quality can also affect customer satisfaction. This is based on the results of research by Harjati and Venice (2015) and Pastikarani and Astuti (2016) which show that quality has a positive and significant effect on consumer satisfaction.

According to mobile network research OpenSignal released the latest research results entitled "Mobile Network Experience Report 2019" for the Indonesian region. Telkomsel has emerged as the operator that records download and upload speeds nationwide based on the Open Signal test results. The average download speed of Telkomsel's network is 9.8 Mbps. Here's a report from Open Signal. Currently Telkomsel has more than 100,000 BTS that cover around 98% of the population in Indonesia. According to Alex Sinaga, in changing it, good service quality will certainly create satisfaction for customers and form loyalty to the products or services offered by the company. With satisfying service, there will be customers to cellular service providers, other than Telkomsel. (<https://inet.detik.com/telecommunication/d-2255759/direksi-telkomsel-terjun-layani-pelanggan-di-grapari>).

According to Kotler and Keller (2016; 55) "service is an action or activity offered by another party which is any activity or benefit that can be provided by a party to a party to another party which is in fact not physical (intangible) and not. leads to ownership of something. "The best service to customers and quality levels can be achieved consistently with special service improvements to performance standards both internal and external. According to (Jay & Barry, 2015)" quality is the total features and attributes of a product or service that rely on its capabilities. to meet the promised and implied needs. "Service quality is the level of excellence expected and the level of excellence is to meet customer desires." Tjitono, (2016: 59). Good service must always be oriented towards consumer needs in order to create customer satisfaction. Consumer satisfaction is determined by the quality of goods or services desired by consumers, so that service quality assurance is a top priority for each company, which is currently used as a measure of the company's competitive advantage.

Telkomsel continues to strive to provide added value for consumers who are trying to maximize services to provide satisfaction to consumers. Telkomsel with the slogan "**So Close So Real**" is expected to remain the main choice of cellular users in Indonesia. With the slogan "**So Close**", Telkomsel has set up GraPari and service outlets in the regions so that customers can easily get service, besides that customers can easily contact the Call Center service center for 24 hours for free. GraPari stands for Graha Pari Sraya, which is

the service center officially under Telkomsel (www.telkomsel.com). Total GraPari in Indonesia there are 469 famous GraPari in Indonesia. Telkomsel also provides various customer support by making it easier for customers to submit complaints that are being served via email, Facebook, Twitter, call centers and GraPari. Apart from being a customer service center that is focused on serving customers, GraPari also provides sales products itself. Telkomsel Customer Service or Telkomsel Care, this customer service serves as product information, services, customer questions and complaints so that there are questions about Telkomsel that cannot get answers generally from the Telkomsel website, so you can contact the Telkomsel Call Center.

Table 1. 4 List of Telkomsel Customer Service Access

Type	Information
Email	cs@telkomsel.co.id
Facebook	Telkomsel
Twitter	@telkomsel
Call Center	188
Grapari	Available in Indonesia

Source : Processed Researcher

To meet customer needs, Telkomsel takes a policy to improve services that maximize the services provided by Telkomsel in handling customer complaints. Telkomsel responds directly to customer complaints through Customer Service and provides answers to customers who ask questions via social media. Consumers can also come to the nearest Grapari to report complaints, then they will be served by Customer Service who provides fast service. For Telkomsel, the strength of telecommunication service quality must also be balanced with the strength in providing quality service. Improving service quality is an important factor that becomes the main consideration for customers in using Telkomsel to meet service quality. The author conducted a pre-survey

of 37 respondents to find out their opinion about the quality of Telkomel's Internet Package Prime Card service. Which can be seen in table 1.5 below:

Table 1. 5 Result of the Pra-Survey Service Quality

NO	Question	Agree	Dissagree
1	The features and services provided by Telkomsel products are in accordance with what consumers expect	78,4%	21,6%
2	The features and services provided by Telkomsel are satisfying	83,8%	16,2%
3	Telkomsel service process according to consumer desires	91,9%	8,1%
4	Telkomsel provides responsive services	78,4%	21,6%

Source : Processed by Researcher

Based on the survey results in table 1.5, the opinion comments from 37 respondents regarding the quality of service owned by Telkomsel. As many as 91.9% of respondents agree that the Telkomsel service process in accordance with consumer desires is good, the question is listed in point no 3. And as many as 83.3% of respondents agree that Telkomsel provides the features and services provided by Telkomel are satisfying, because when they use the product they feel comfortable listed in point no 2. And some questions on points no.1 and 4 Telkomsel have fulfilled the desires and standards for consumers based on quality, for that Telkomsel needs to maintain its quality to remain a customer choice.

Apart from price, product quality is also one of the factors that determine consumer satisfaction. (Chandra Widi Sudaryanto, Sri Rahayu Tri Astuti, 2017) Because to be able to compete, a company must also be able to create opportunities that have not been done by, to be more advanced in order to create a business that has more value in the midst of such competitive competition. With prices that are in accordance with customer

satisfaction and with good quality, consumers will feel satisfied in consuming these products. The results of research conducted by Putra et al (2017) and Ghassani and Suryoko (2017) prove that product quality has a positive and significant effect on consumer satisfaction, so that the higher the quality of a product, the higher the level of consumer satisfaction with the product. Likewise, the lower the quality of a food product, the lower the level of consumer satisfaction with the product.

Research conducted by Vania Fidela (2016) shows the second variable, namely service quality and price, has a positive and significant effect on satisfaction. In addition, research conducted by Handayani and Sholiha (2014) shows that price has a positive effect on customer satisfaction.

Based on the description above, the authors are interested in conducting research with the title "The Influence Of Price and Service Quality On Customer Satisfaction Using Telkomsel Card Internet Packages".

1.3 Problem Statement

Based on this background, the problems that can be formulated are as follows:

1. How is the Price on Telkomsel ?
2. How is the Quality of Service at Telkomsel ?
3. How is Consumer Satisfaction with Telkomsel ?
4. How is the effect of Price and Service Quality on Telkomsel customer satisfaction partially and simultaneously ?

1.4 Research Objectives

Based on the formulation of the problem stated above, the objectives of this study are to:

1. To know Telkomsel Price
2. To find out the Quality of Service at Telkomsel
3. To determine Customer Satisfaction with Telkomsel
4. To know the Price and Service Quality on Telkomsel customer satisfaction partially and simultaneously.

1.5 Research Benefits

In accordance with the objectives of the research, it is expected that this research can provide uses both theoretically and practically, as follows:

a. Theoretical Aspects

The result of this research is expected to help and complement scientific knowledge in marketing related to retail management, multichannel integration, trust, repurchase intention and offline-online customer loyalty.

b. Practical Aspects

This research is expected to be used for consideration and contribution of thought for Telkomsel in increasing repurchase interest, especially customers who use the Telkomsel SIM Card

1.6 Systematics Writing Research

To facilitate the direction and description of the material contained in writing this research, the author compiles a research report system as follows:

CHAPTER 1 INTRODUCTION

This chapter explains the general description of the research object, research background, problem statement, research objectives, research benefits, research writing.

CHAPTER 2 LITERATURE REVIEW

This chapter explains the review of research literature, previous research, conceptual frameworks, research hypotheses, and the scope of research.

CHAPTER 3 RESEARCH METHODS

This chapter explains the types of research and data sources, data collection and analysis methods.

CHAPTER 4 RESEARCH RESULTS AND DISCUSSION

This chapter explains the results of the data process which will be analyzed by the author to find the conclusions from this study.

CHAPTER 5 CONCLUSIONS AND RECOMMENDATIONS

This chapter explains the overall conclusions and recommendations of the research that has been done.