

CHAPTER I

INTRODUCTION

1.1 Background of Study

In this modern era, there are many industries and companies that we can find in Indonesia such as telecommunications industries. Telecommunications industry is an industry that works in internet service provider, telephone, and satellite company. In using internet connection, we must have technology such as phone, computer, laptop, etc. Technology communication is particularly important nowadays because everything we use for our daily use is from our mobile phone. With one mobile phone we can pay for our food, transportation, etc. But to pay for all of those we need an internet connection, therefore many companies build their companies in telecommunication sectors in Indonesia and continues to grow from time to time to follow the trends.

As we all know, there are several prominent telecommunication industries in the Indonesian market, including Telkomsel, XL, Indosat, 3, Smartfren and others. These telecommunication industries compete very competitively in the business market to create a good brand image and provide the best quality product for customers.

PT Telekomunikasi Selular (Telkomsel) is a company that focuses on telecommunications service operators. Telkomsel is a network provider that offers GSM and UMTS services and was the first company created by a joint venture of two SEOs (The State-Owned Enterprises) telecommunications, which are Indosat

and Telkomsel. The main company, PT Telekomunikasi Indonesia (Persero) Tbk, or Telkom, is highly depended on it as a source of earnings. PT Telkomsel was formally announced in mid-1995, with an authorized capital of Rp650 billion. It is expected that Jakarta citizens will be able to use Telkomsel's GSM services in 1995, and that the company would progressively take over the national territory in 1998. Telkomsel began operations in Medan with 6,000 SST (telephone line units) and plans to extend to all provincial capitals. Indosat and Telkom have decided not to continue their collaboration through Telkomsel. In 2001, they agreed to exchange shares with their respective subsidiaries. The exchange entailed the acquisition of 35% of PT Indosat's shares for \$945 million USD. The sale of 22.5 percent of PT Telkom's shares in PT Satelindo and 37.66 percent of its shares in PT Lintasarta was also included. In 2006, Telkomsel was the first in Indonesia to provide 3G services. As of in 2014, Telkomsel was also the first brand that provide 4G services in Indonesia.

Customer satisfaction can be described as a measurement that analyzes how satisfied consumers are with a company's products, services, and capabilities. Customer satisfaction data, such as surveys and ratings, may assist a company in determining how to enhance or adjust its products and services. To make customers satisfied, companies should not assume that they know what exactly the customer wants. Instead, it is essential to consider the consumer's point of view using techniques such as customer surveys, focus groups, and polling. Companies may acquire extensive insights into what their consumers desire by using these

techniques, allowing them to better adjust their services or goods to meet or exceed customer satisfaction.

Table 1.1 Customer of PT Telekomunikasi Selular (Telkomsel) in 2017-2020

Category	2017	2018	2019	2020
Postpaid subscribers	4.7 million	5.4 million	6.4 million	6.5 million
Prepaid subscribers	191.6 million	157.6 million	164.7 million	163.0 million
Mobile broadband customers	105.8 million	107 million	110.3 million	115.9 million
Total customer	196.3 million	163 million	171.1 million	169.5 million

Source: Telkomsel Annual Report (2017-2020)

Table 1.2 Data Traffic of PT Telekomunikasi Selular (Telkomsel) in 2017-2020

	2017	2018	2019	2020
Data traffic	2,168,245	4,373,077	6,715,227	9,654,742

Source: Telkomsel Annual Report (2017-2020)

Based on Table 1.1, Telkomsel customer is not stable in which it was decreasing of customer in 2018 as much as 33.3 million customers. Then in 2019, the customer was increase as much as 8.1 million customers. But this was not last long because in the year 2020 they experience in decreasing customer again. There are several reasons of Telkomsel decreasing of customer in which are concerning about the brand image and service quality. One of the reasons that Telkomsel decrease in customer is because of the data traffic in which due to the pandemic where people are using more internet for school and work. Another reason that Telkomsel decrease in customer is because of the internet quality at several areas have slow internet connection and often no signal, internet credit was deducted by itself, Telkomsel call center is not responsible with customer complaint where there is no solution given for the customer, do not get a satisfaction

answer from Telkomsel customer service and slow response in giving solution and the service time takes longer time.

Brand image is a customer's perception of the brand when they think of a product. It was an impression or belief that customers hold toward a brand. Building a consumer viewpoint toward a brand is no longer necessary to emerge from engagement and experience with a brand. But customers may construct a brand image in their minds by reading news or through a brand influencer's feedback. According to (Yulisetiari & Prahasta, 2019) A brand image is a brand that is easy to recall and has a favorable image in the minds of customers when thinking of a product which can result in an increase in the number of new customers. According to (Nopriani, 2017) A brand image is a combination of beliefs, ideas, and perceptions that a person has about a product. Brand image has a positive impact on customer satisfaction. According to (Iqbal & Indradewa, 2021) Brand image has a positive influence toward customer satisfaction. As a result, every company seeks to develop a strong brand image since it contributes to the achievement of the business objectives.

As we know PT Telekomunikasi Selular (Telkomsel) is the most popular wireless network provider in Indonesian market. Telkomsel has a strong brand image and leads in several aspects than other providers such as download, upload, etc. according to kompas.com. Telkomsel internet speed is one of the reasons why customers are interested with Telkomsel. In 2019, Telkomsel was awarded as The Best Corporate Image 2019 in Telecommunication category from Frontier. The

Corporate Image Award is honored to a company who has the best image in their relevant sector categories.

However, after several research, the writer finds that Telkomsel receives many complaints regarding their internet quality at several areas have slow internet connection and often no signal. According to (mediakonsumen.com, 2020) "*Buruknya Jaringan Telkomsel Sekarang (Banten)*" customer complaint that Telkomsel signal has been down for several months but there is no improvement from Telkomsel even though customer has reported it to their customer service. Some other complaint according to (kompas.com, 2021) "*Berharap Penjelasan Telkomsel untuk Gangguan Jaringan yang Merugikan Pelanggan*" is a customer complaint at her area which is at *Kecamatan Gambir, Jakarta Pusat*. Telkomsel also have a network interruption which is she cannot make any phone call and do not have any internet connection which is detrimental to her as a customer and she was not informed beforehand by Telkomsel and when she makes a report to their customer service, turns out that they do not know if there is a network interruption at her area. Regarding to this complaint, Telkomsel is still lack on Quality which is not in accordance with the award they received.

There is another complaint according to (mediakonsumen.com, 2021) "*Sistem Telkomsel Memotong Pulsa Pelanggan Meski Kuota Masih Tersedia (Medan)*" is regarding the internet credit deducted by Telkomsel happened when he wanted to use his midnight internet package when it already passes midnight even though before he used his internet package, he was still using WIFI and airplane mode his phone.

Service quality is an accomplishment in the attempt to meet all customer requirements. The company services provided to the customers are designed to win the customer's heart so they would eventually buy the product. If customers are satisfied with their service, it will improve the company image and there will be a positive impact for the company. According to (Yulisetiari & Prahasta, 2019) service quality is critical for the telecommunication industry since it was a reference for customers when selecting operators who provide excellent and good service. Good service quality has become one of the indicators for a company in attracting new customers or satisfying existing customers. According to (Adhi saputra & Usman, 2021) service quality is a significant indication in meeting the customer's needs. There are two elements that influence service quality which are the expected service and the service that is felt. Good service can keep existing clients and events attract new customers resulting that customer will become more familiar with the brands.

According to (mediakonsumen.com, 2021) "*Layanan Pegaduan Telkomsel Sangat Buruk (Medan)*" the writer gets that Telkomsel call center is not responsible with customer complaint where there is no solution given for the customer. When customer make a complaint at Telkomsel call center, the customer service mentioned that a customer report number would be generated and that the customer would be contacted again in 2x24 hours, but after waiting for it, the customer discovered that they did not receive a call from Telkomsel, so the customer had to call the Telkomsel call center by themselves. However, when the customer contacted, they were instructed to wait again and received an unacceptable response

from Telkomsel customer service, which continued urging consumers to wait and assuring the customer will be called by Telkomsel customer service.

According to (mediatelkomsel.com, 2020) “*Kecewa dengan Pelayanan Call Center Telkomsel (Medan)*” which is the customer want to non-activate package, but the customer does not get a satisfaction answer from the customer service. Whereas in this Telkomsel customer call center tell does not want to help customer to do the non-activation package and tell her to come to GraPari which is impossible due to the pandemic situation.

The other problem that the writers get according to (mediakonsumen.com, 2021) “*Respon Lambat Telkomsel atas Pembelian Paket yang Gagal (Banten)*” and (mediakonsumen.com, 2020) “*Kecewa akan Layanan Telkomsel (Bali)*” is that Telkomsel call center and virtual assistant receives complaints from customers due to the slow respond in giving solution and the service time takes longer time than the package customer buy. This situation make customer suffer a loss because the purchases package has reached the time limit when the issues was handled by Telkomsel customer service, and the customer did not receive an extension of time for the package purchased but the package is still calculated from the beginning when the customer made a purchase. As a result, the dimension of service quality in terms of reliability, responsiveness and assurance have not been reached optimally.

Based on the problem regarding the customer complaint about the internet quality network interruption, slow response service and irresponsible service that Telkomsel gives, the writer decided to do research to find out whether brand image

and service quality has influence on customer Satisfaction at Telkomsel Indonesia. Therefore, this research will be entitled **“The Influence of Brand Image and Service Quality Toward Customer Satisfaction at Telkomsel Indonesia.”**

1.2 Problem Limitation

Based on the writer research, the problem limitation in this paper is:

1. Due to the limited time and knowledge of the writer, this research will only focus on analyzing the brand image, service quality, and customer satisfaction of Telkomsel Indonesia. Brand image and service quality as the independent variable and customer satisfaction as the dependent variable.
2. Questionnaires will be limited to only customers in Medan that ever used Telkomsel as their mobile data network.

1.3 Problem Formulation

The problem formulation that the writer needs to discuss based on the background of the study is:

1. Does brand image have a positive influence toward customer satisfaction at Telkomsel Indonesia?
2. Does service quality have a positive influence toward customer satisfaction at Telkomsel Indonesia?
3. Do brand image and service quality have positive influence toward customer satisfaction at Telkomsel Indonesia?

1.4 Objective of The Research

The objective of this research is:

1. To examine if there is a positive influence between brand image toward customer satisfaction at Telkomsel Indonesia.
2. To examine if there is a positive influence between service quality toward customer satisfaction at Telkomsel Indonesia.
3. To understand if there is a positive influence between brand image and service quality toward customer satisfaction at Telkomsel Indonesia.

1.5 Benefit of The Research

1.5.1 Theoretical Benefit

The theoretical benefit of this research paper to deliver knowledge and understanding to readers about brand image, service quality, customer satisfaction and the relationship between brand image, service quality and customer satisfaction.

1.5.2 Practical Benefit

This research can be helpful for company, writer, and another researcher.

1. For Company

This research can be a suggestion for the company to develop further information in establishing their brand image and service quality which can help the company in increasing their brand image quality and service quality responsiveness and assurance in the future.

2. For Writer

This research can help the writer in gaining knowledge about brand image, service quality, customer satisfaction and the relationship between brand image, service quality, customer satisfaction and which variable have the most influence on customer satisfaction.

3. For Researcher

This research can be reference by other researchers who conduct similar variables on their study.

