

IndiHome Customer Loyalty in Bandung: Service Quality and Price

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ABSTRACT

This study aimed to determine the loyalty of IndiHome customers in the city of Bandung in terms of service quality and price. This research can be categorized as explanatory research using survey research designs. The data were collected by survey method on 400 IndiHome customers in Bandung. In measuring the items representing the constructs on a model, this study used multiple linear regression analysis with Cronbach's alpha for reliability and product-moment correlation for validity. The results showed that service quality and price significantly increased IndiHome customer loyalty in Bandung. This research implies that the company's quality of service and price are considered good. Still, management needs to be more disciplined and provide direction to employees to be faster and more responsive in serving and handling customer complaints better, especially regarding the timeliness of delivery. So, the company can deal with disruptions to compete and survive in the same industry.

Keywords: Customer Loyalty, Price, Service Quality.

1. INTRODUCTION

Indonesia is the fourth country with the most prominent active internet users globally, reaching 202 million people [1], with a penetration of 73.7% in 2019 or an increase of 8.9% from the previous year [2]. Of all regions of Indonesia, the Java region is the primary source of growth in the contribution of penetration and internet users to the contribution of penetration nationally.

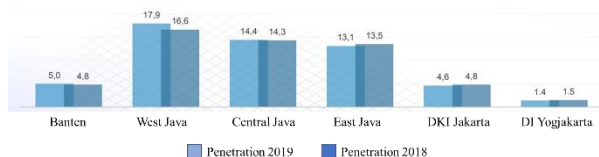


Figure 1. Internet Penetration Contribution per province in the Java region from Total Penetration 2019-2020 [2].

From Fig. 1, the penetration of internet users in West Java increased by 1.3%, Banten by 0.2%, and Central Java by 0.1%. In comparison with the results of the 2018 survey, West Java is still the primary source of

penetration growth in Java (APJII 2019-2020, 2021). Most internet usage in West Java is used to access social media [3]. The city of Bandung is the city with the most significant Facebook users in West Java [4].

PT Telekomunikasi Indonesia (PT Telkom) is the only State-Owned Enterprise engaged in Indonesia's largest telecommunications and network services, Bandung, West Java. It is a challenge for PT Telkom to foster loyalty to consumers and win the competition in the multi-service business. The fulfillment of the need for internet technology is answered by developing products based on meeting the need for internet access; one of the products is Indonesia Digital Home, called IndiHome.

IndiHome is a service from PT Telkom that provides a triple play service package covering communication services such as landline telephones, internet, and interactive television services with IPTV (UseeTV) technology. IndiHome triple play is one of the innovative products tailored to meet the needs of the Indonesian people, who currently cannot be separated from digital technology. This service provides high-speed internet

connections using fiber optic technology and interactive television services with various educational family entertainment content. IndiHome has won the TOP Brand award for the best-Fixed Internet Service Provider category since 2016-2021[5].

However, since its launch in 2015, IndiHome Triple Play has faced several problems: the failure to provide satisfactory service to consumers (service failure). Service failure occurs when the services received and perceived by customers are not as expected [6]. Based on an interview with the IndiHome Problem Order Handling Division Officer, since the launch of this service, the city of Bandung has had a high level of usage and complaints of the IndiHome Triple Play service. This increase in the number of complaints has decreased customer satisfaction for the IndiHome Triple Play service in Bandung [7].

However, the number of IndiHome subscribers continues to increase. Growth from 2020 to 2021 will increase to 60% in West Java or 872 thousand customers, of which the most extensive penetration is in the Greater Bandung Area [8]. Especially with working (WFH) or learning from home (LFH) related to the Covid-19 pandemic. IndiHome noted a spike in traffic to its internet service users. This increase also occurred in Indihome Interactive TV's daily viewership, which increased by 3 million people in 2020. Traffic increased 13% at night, while it increased 15% compared to average traffic [9].

According to previous research, the price also plays an essential role in creating customer satisfaction and loyalty. Price is the amount of value charged for a product or the amount of value that customers exchange for the benefits of owning or using the product [10], [11]. Therefore, the price should be followed by the service so that there is no imbalance between them.

Every company must set the right price in order to be successful in marketing its product or service [12], [13] because the price is one of the crucial attributes that consumers evaluate [14]. Consumers under certain conditions are susceptible to price. The price of a relatively higher product than competitors can eliminate the product because, for some people, the price level symbolizes the quality of the products offered [15]. Price affects customer satisfaction, which means that the price is according to customer expectations [16]. In addition to price, quality is a customer consideration in using the company's services. According to [17] & [18], service quality is the expected level of excellence and control over excellence to meet customer desires. Customers will choose to use these services if they are supported by the services provided by the company as expected, and this opinion is the same with [16]. The application of good quality will satisfy customers and, in the end, will make customers loyal. A company is said to be successful. It cannot be separated from the prices and services provided to satisfy consumers and generate loyalty [19].

Several studies have shown that loyalty is influenced by customer experience [21], [24], satisfaction [10], [17], [18], [21]–[24], customer relationship management [21], [25], [26], service quality [11], [17], [18], [22], customer orientation [22], customer social responsibility [27]–[29], switching cost [23], [24] and prices [10], [11], [30]. Thus, it can be said that the perception of service quality has a positive effect on satisfaction [18], [22] and attractive price offers can create customer satisfaction and loyalty [30] and ultimately increase the purchasing decision [31].

Based on the phenomena, theoretical studies, and relevant previous studies mentioned above, the purpose of this research is to determine the loyalty of IndiHome customers in the city of Bandung in terms of service quality and price, with the research model in Fig.2 as follows:

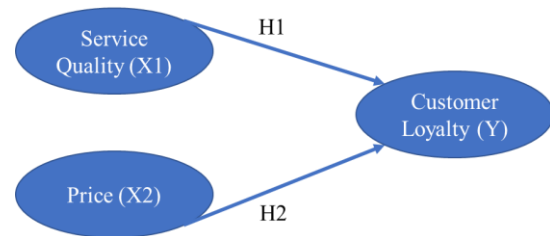


Figure 2. Research Model

2. METHODS

This research can be categorized as explanatory research using survey research designs. The objects of this research are service quality (SQ), price (P), and customer loyalty (CL). The data collection process was carried out in Bandung city with respondents who used IndiHome services. The questionnaire was distributed to respondents using a self-administered survey approach. Screening questionnaires are asked before the questionnaire is submitted to ensure compliance with the expected characteristics of the respondents, and we used a semantic differential scale with 5 points scale.

The sample for this study was 400 respondents who are IndiHome customers in Bandung. The data was collected through an online questionnaire. In measuring the items representing the constructs shown in the research model and table I. This study used multiple linear regression analysis with Cronbach's alpha for reliability and product-moment correlation for validity.

Table 1. Operationalization of Variables

Construct	Indicators
Service Quality (SQ) [32]–[35]	1. Employees provide the promised service immediately. 2. Employees provide services accurately. 3. Employees provide excellent service satisfactory. 4. Trust PT. Telkom Bandung by making a deposit payment.

Construct	Indicators
	5. Feel confident while using IndiHome services. 6. Employees provide billing costs correctly. 7. Employees are always ready to help if customers need help. 8. Employees are quick in submitting complaints of disturbances to the technician. 9. Employees provide their Greeted in a friendly manner when customers arrive. 10. Employees ask for complaints experienced by customers. 11. Employees do not interrupt when customers provide information about the complaint. 12. Explanation repeats to customers who do not understand the information described. 13. Employees listen carefully to customer complaints. 14. The equipment provided at the beginning of the subscription is in good condition. 15. Employees are neatly and cleanly dressed. 16. Feel comfortable while waiting in line because the room is neat and clean. 17. Social display of IndiHome package attractive.
Price (P) [32]	1. Prices offered are equivalent to the ability of customers to pay. 2. The price offered is equivalent to the benefits I received. 3. The price offered is by the quality provided compared to the company other.
Customer Loyalty (CL) [36]	1. Re-purchase the product. 2. Recommend company fish to others. 3. Stick with products. 4. Referring products to other people. 5. Interested in purchasing additional packages. 6. Recommend product fish to others.

3. RESULTS AND DISCUSSION

3.1. Table of Respondents

The following table shows the demographic information of the respondents in this study.

Table 2. Respondents Demographic Information

Measure	Items	Frequency	Percent
Gender	Female	232	58%
Age	21-30	312	78%
Occupation	Entrepreneur	296	74%
Income	Rp2.000.000 – Rp5.000.000	256	64%
Education	High School	256	64%

Measure	Items	Frequency	Percent
Consumer Subscribe	>12 months	152	38%

Female respondents have a dominant contribution to the total population. Some psychological studies show that individual behavior can be differentiated by sex [31]. Besides, women are considered more cooperative than men [37] and related [2], which shows that most internet users in Indonesia are women. In another study, women spent more time on the internet than men, averaging 24.8 hours and 22.9 hours for men [38]. The data shows that most respondents are entrepreneurs aged 21-30 years, with the latest education being high school graduates and having used IndiHome for more than 12 months.

3.2. Service Quality (SQ)

SQ uses six dimensions: reliability, credibility, responsiveness, courtesy, communication, and tangibles [35]. Respondents assess the reliability dimension that PT Telkom employees have depth in providing the promised service immediately, accurately, and satisfactorily with an average rating of 80%. In terms of credibility, the average respondent's assessment is 81%. Respondents have a high level of trust in PT Telkom by using IndiHome and making deposit payments. In addition, PT Telkom employees have also succeeded in growing trust, confidence, and honesty in consumers. Respondents assessed that the responsiveness of PT Telkom employees in providing IndiHome services to consumers was considered very good, with an average of 79.7%. PT Telkom employees are always ready to help when needed, fast and responsive in handling complaints, information is conveyed clearly, and do not let consumers wait. When viewed from the dimensions of politeness and communication, PT Telkom employees welcome customers in a friendly manner, ask attentively and respond to complaints experienced by customers, do not interrupt when customers submit complaints, and re-explain if necessary. The quality of services provided by PT Telkom is also shown by tangible evidence, such as the equipment provided to customers in good condition, the waiting room is comfortable and clean, the appearance of the employees is clean and tidy, the respondents' ratings indicate this with an average score of 80%.

3.3. Price (P)

Prices (P) are built using the dimensions of fair price, reliable price, and relative price [32]. Based on the results of data analysis on the price variable, it is known that the price given by PT Telkom for IndiHome is by the services obtained by consumers (77%), equivalent to the ability of consumers to pay for services (76%) and competes with other companies 81%).

3.4. Customer Loyalty (CL)

CL is developed by customer attitude and customer behavior dimensions [36]. Overall, CL is considered reasonable by respondents (77%). It can be seen from the willingness of respondents to continue to use and make repeat purchases and recommend IndiHome to others, as well as the desire to buy additional IndiHome packages.

3.5. Multiple Regression Analysis

The multiple linear regression test aims to determine whether there is an influence between SQ and P on CL.

Table 3. Result of Multiple Regression

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	9.345	6.684		1.479	.000
SQ	.660	.338	.250	1.961	.004
P	1.218	.142	.732	8.552	.000

a. Dependent Variable: CL

Based on table II above, the regression equation can be determined: $Y = 9.345 + 0.660 X_1 + 1.218 X_2$. It means that the constant 9.345 indicates that if SQ and P do not change or the value is zero, then CL is worth 9.345; SQ (X1) was significantly affected by CL. The coefficient value is 0.660. It is assumed that if SQ increases and other variables remain constant, CL will increase; P (X2) significantly affects CL. The coefficient value of 1.218 is assumed that if P increases and other variables remain constant, CL also increases.

3.6. Hypothesis Analysis

H1: SQ plays a role in increasing CL IndiHome in Bandung

The results of empirical research prove that SQ has a significant effect on CL of 0.250 partially explained. The results of this study are supported by [11], [17], [18], [39]–[42], that if the company can improve SQ, it will be able to affect the high CL IndiHome in Bandung.

H2: P plays a role in increasing CL IndiHome in Bandung

The results of empirical research prove that P has a significant effect in increasing CL by 0.732. It means that the higher the price perceived by consumers, the higher the CL will be. This statement is supported by [10], [11], who stated that price has a somewhat important role in increasing IndiHome CL in Bandung.

4. CONCLUSIONS

Based on the results of the analysis that has been carried out, it can be found that there is a significant effect between SQ and P in increasing CL IndiHome in Bandung. This research implies that the company's quality of service and price are considered good. Still, management needs to be more disciplined and provide direction to employees to be faster and more responsive in serving and handling customer complaints better, especially regarding the timeliness of delivery. So, the company can deal with disruptions to compete and survive in the same industry.

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