

CHAPTER I

INTRODUCTION

1.1 Background of The Study

The development and competition of technology that is rapidly increasing now requires every company to innovate for the sake of the existence of its company. telecommunications play a very important and strategic role in human life. Through communication technology, humans can exchange information from a distance with a relatively fast and efficient time. With the rapid development of technology and being aware of the importance of getting information, many people are interested in using the internet as an alternative to being able to access information to carry out communication activities using the internet. Along with the changing lifestyles of today's society, the community needs access to diverse, easy, fast and reliable information so that it is both an opportunity and a challenge for operators of telecommunications services to meet these community needs. The development of internet-based network access technology and technology makes it possible for service operators to be able to provide a variety of services (multi-service) for their customers, namely voice services (telephone), data (internet) and images (IP-TV) in one access network or known as triple-play service. Various providers of telecommunications service providers whose competition is getting tighter for current developments that make PT Telkom Tbk innovate to issue the latest products where PT Telkom Tbk is one of the state-owned companies that provide various communication facilities to meet the needs of the community in the telecommunications sector providing diverse services (multi service) for

customers, namely voice (telephone), data (internet) and image (IP-TV) services in one access network otherwise known as triple-play services.

PT Telekomunikasi Indonesia has several roles, namely where on the one hand is a business that must generate profits and on the other hand is to support its development, which requires PT Telkom to be more careful to choose performance to create customer satisfaction for its products. Therefore, a continuous increase is needed, because there are many complaints, complaints from customers about the services and products of PT Telkom in providing telecommunications services. According to Tjiptono (2014: 456), in the past few years more and more consumers have submitted their complaints openly in the mass media. Regardless of consumer motivation (want to be responded quickly, frustrated because they never get the solution as expected, 'revenge' and want to make the company kapok, want to remind other consumers so that similar experiences do not happen again), consumer complaints can be a 'second opportunity' in solving problems, improving relationships, and can satisfy consumers.

After the consumer complaints were responded to by PT Telkom and after that there were still the same complaints and time provisions to respond to various customer complaints. Telkom serves two types of products, including the Home Service called (indihome) and Personal Service called (wifi.id) is a new product launched by the company PT Telkom to improve the quality and satisfaction provided by PT Telekomunikasi to its customers to trying to be the best telecommunications company for its customers so as not to switch to other competing companies.

IndiHome is a Triple Play service from Telkom consisting of Internet on Fiber or High Speed Internet, Phone (Landline), and IPTV (UseeTV Cable). Indihome is a new product from PT Telkom which was issued in early 2015.

The launch of the Indihome product is related to the commencement of Telkom's network transition from copper cable to fiber optic cable. Indihome is a bundling product so the price offered to customers is also the package price according to the package needs used by the customer.

1. 2 Indihome Products:

1. Internet Fiber

The advantages of high-speed internet services using fiber optic technology:

- a. Fast



Fiber optic network can reach data up to 100 Mbps, much faster than coaxial cable or copper cable.

- b. Stable



Fiber optic network is much more stable than copper cable network when internet access is done simultaneously.

c. Reliable



Fiber optic cable has more resistance in any weather conditions such as rain, lightning attacks and electromagnetic interference compared to copper cables.

d. Sophisticated



Fiber optic technology is the latest and most advanced data delivery technology used in fixed broadband services.

2. Landline

Landline is a service provided by PT. Telkom as a communication medium that has advantages, namely IndiHome Fiber Package offers FREE calling up to 1000 minutes (according to the selected package) or equivalent to 17 hours per month which can be used for both Local and Intermediate. A very economical home phone. IndiHome Fiber has other additional telephone services, such as Global Call. Landline bills include subscription, local on-net calls - DLD.

3. Use TV

UseeTV is the first interactive TV service in Indonesia. UseeTV provides highly quality shows, UseeTV also provides various features not found on other services, such as Playback, Pause and Rewind, Video on Demand, Video

Recording, karaoke, opening youtube, and getting premium channels as much as you like.



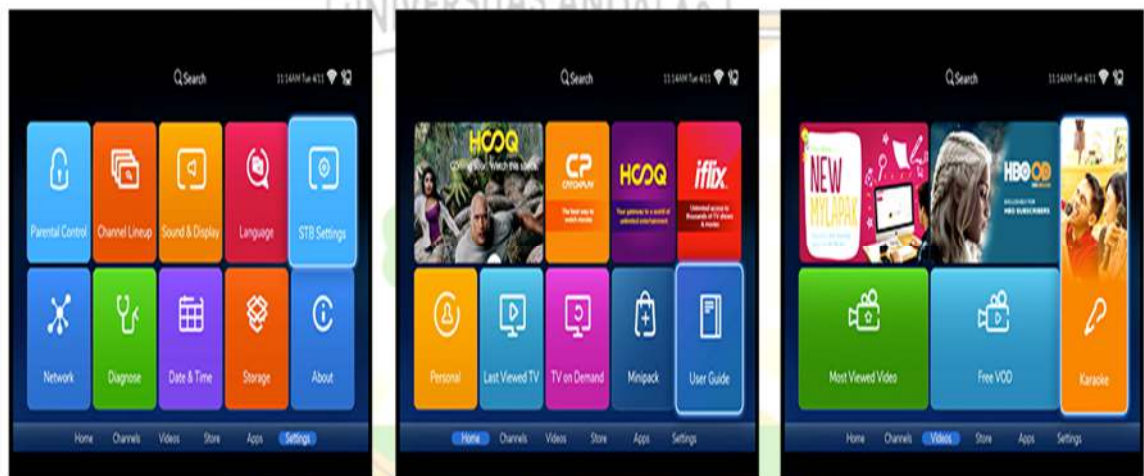
Hybrid Box IndiHome is a Set-Top-Box (STB) device that has the function to provide two types of services, namely IPTV services and OTT services that can access various UseeTV shows and OTT Streaming Video services and also browse the internet. This Android-based Hybrid Box IndiHome can also change ordinary TV planes into Smart TVs. With Hybrid Box IndiHome, you can also surf the internet directly using TV, so browsing, streaming video can be in HD and 4K

quality, it's easy to use. OTT Video Streaming services, namely CATCHPLAY, iflix, and HOOQ.

The advantages of Hybrid Box include:

- 1) Has external storage that can be added with USB and micro SD corrections
- 2) The USB port can be used for other things such as the keyboard and mouse, as well as external IP cameras.

Display the menu on a TV screen that uses Hybrid Box IndiHome:



Sharp competition in the telecommunications business sector has made many telecommunications companies compete to provide the best service to customers. The success of service providers depends on whether the company has a high-quality relationship with customers (Panda, 2003) which then helps determine customer loyalty (Lymeropouloset al, 2006). Therefore, in other words, service quality is one of the main determinants of success in creating customer satisfaction which then affects customer loyalty (Hossain & Leo, 2009; Ilias & Panagiotis, 2010; Kuoet al ., 2011). In this case, Service Quality excellence will

make loyal customers, then meeting the needs and desires of service quality can build relationships with customers. CRM is the process of creating, maintaining, and enhancing strong customer relationships and other stakeholders. . Thus, CRM as a role in the influence of service quality on customer loyalty in Telkom Speedy must be continuously monitored and improved. They must be monitored to provide the best service. Then this research is part of the process of developing a conceptual framework that integrates customer relationships, service quality, customer satisfaction and customer loyalty.

1.3 Table Total of indihome Customer in Padang

Month	YEAR		
	2017	2018	2019
Jan	15,304	32,864	46,231
Feb	15,802	34,447	46,439
Mar	16,311	35,629	47,670
Apr	17,040	37,570	
May	17,546	39,529	
Jun	19,759	40,444	
Jul	20,849	41,699	
Aug	22,028	43,028	
Sep	22,902	44,395	
Oct	24,997	44,547	
Nov	27,017	45,096	
Dec	31,644	45,594	
total	251,199	484,842	140,340
average	20,933	40,404	46,780

Based on observation above, the author feels interested to analyze and discuss it further in the form of research entitled “The Effects of Service Quality and Customer Relationship Management (CRM) to Build Customer Loyalty Through Satisfaction (A Case Study on Indihome Customer at Andalas University)”

1.4 Problem Identification

Based on the description on the background, the problem can be formulated as follow:

1. How does customer relationship management affect satisfaction at Indihome customer in Andalas University?
2. How does service quality affect satisfaction at Indihome customer in Andalas University ?
3. How does customer satisfaction affect loyalty at Indihome customer in Andalas University ?

1.5 Objective of the research

Author thought that its important to identify what are the factors that influence service quality affect customer loyalty that mediated by CRM The research questions addressed in this study are :

1. To know customer relationship management affect satisfaction at Indihome customer at Andalas University
2. To know service quality affect satisfaction at Indihome customer in Andalas University
3. To know customer satisfaction affect loyalty at Indihome customer in Andalas University

1.6 Contribution of Research

The contribution of research on “The Effects of Customer Relationship Management and Service Quality to Build Customer Loyalty Through Satisfaction (A Case Study on Indihome Customer at Andalas University)” are:

1. For Researcher

This research is expected to add the knowledge and insight of researchers regarding the Marketing Management Strategy, especially the application of Customer Relationship Management, *Service Quality*, and *Customer Satisfaction* affect on *Customer Loyalty* in the product and service industry.

2. For Company

As a reference in implementing good *Service Quality* in companies, because considering many factors that can affect customer relationship management, customer satisfaction and customer loyalty.

3. For academics

This research can be a reference source and can provide contribute to the development of studies on strategic marketing and can used as a reference in future research on the same theme.

4. For other parties

This research can be used to apply the knowledge in assessing a problem in the field in accordance with the knowledge learned and increase knowledge, especially regarding marketing activities.

1.7 Scope of Research

The scope of the Research will focus on Customer Relationship Management, Service Quality, and Customer Satisfaction as the independent variable, and Customer Loyalty as the dependent variable. The object of this research are college

student of Andalas University who use Indihome service.

1.8 Outline of Research

In order to make it easier and make moderate the forwarding of content, this research is divided into six chapters, they are:

CHAPTER I : Introduction

Elaborating on the background of the problem, formulation of the problem, limiting the problem, research objectives, the benefits of research, and systematic thesis.

CHAPTER II : Review of the Literature

This chapter contains description of theoretical variables that include the theories that support and underline the variables used in the research and framework.

CHAPTER III : Research Methods

In this chapter, the author put forward about the object of study, population data and data sources, techniques data collection, operational definitions of variables, data presentation techniques, and data analysis techniques.

CHAPTER IV : Result and Analysis

This chapter contains the characteristic of the respondent, descriptive analysis, data collection and result of the discussion.

CHAPTER V : Conclusion

This chapter contains the conclusion of the research result, research implementation, limitedness of research and recommendation.