THE MODEL OF CORPORATE CUSTOMER SATISFACTION: AN EMPIRICAL STUDY IN TELECOMMUNICATION COMPANIES AT INDONESIA

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ABSTRACT

Income and ebitda increased from the telecommunications industry in Indonesia, but net income decline, this could be said that the performance of relatively declining the Indonesian telecommunication industry. The decline in net income in 2012 the Indonesian telecommunication industry including experienced by PT Telkom Indonesia tending caused by the corporate customer loyalty is still relatively low, because the corporate customers provide a significant contribution, 25 percent on average increase in net income of the telecommunications industry in Indonesia. The purpose of this research was to find out in partial and simultaneously influence of the product performance, delivery system, and value proposition to customer satisfaction of corporate the telecommunications industry in Indonesia and its implication for customers loyalty. The method used in this research was descriptive and explanatory survey. The samples were 200 director and the data were analyzed with SEM (structural equation model). The Results in this research is product performance, delivery system, and value proposition had positive and significant influence simultaneously on customer satisfaction with contribution of 82%, 18% are influenced by other factors like promotion, distribution, service quality, but partially, the delivery system of dominant influence on customer satisfaction. Product performance, delivery system, value proposition, and customer satisfaction had positive and significant influence simultaneously on customer loyalty with contribution of 64%, 36% are influenced by other factors like promotion, distribution, service quality. Findings in this research are to increase corporate customer satisfaction dimensions of the corporate dominated by technical satisfaction, telecommunication services companies in Indonesia must be able to improve the delivery systems dominated by the dimensions of the process of service. To increase customer loyalty is dominated by dimension of action loyalty, the telecommunication services companies in Indonesia are required to increase customer satisfaction is dominated by the dimension of technical satisfaction, as well as to increase customer satisfaction, the company must be capable of repairing system delivery dominated by the dimensions of the process of service.

Keywords: Product Performance, Delivery System, Value Proposition, Customer Satisfaction, Customer Loyalty.
1. INTRODUCTION

Customer loyalty play an important role in a company, retain customers who are old and new especially in the era of free trade. It is because with customer loyalty would have an impact on the company performance and can retain the survival of companies. This being the main reason for the company to attract and retain customers. Effort to acquire customers loyal cannot be done at once, but through several phases starting from looking for potential customers to obtain partners. Loyal customers who want to do because the relationship with the company, customer loyalty is a measure of proximity of customers at company, including the possibility of renewing the contract will come in the future brand, how many customers change their support for the contract with the company financing, how the possibility of the desire of customers to increase a positive image of a company. If the company not able to satisfy customers, then consumers will react by means of exit (customers said cease to be the customer).

In general, research on customer loyalty that has been done before, was focused on efforts to analyze the factors that affect customer satisfaction (Bramlett and Bolton, 2000; Fornell and Wernerfelt, 2002). The research stated that the higher the level of customer satisfaction against the company, hence the level of loyalty will also be higher. Based on the results of research from Bolton and Bramlett (2000), Fornell and Wernerfelt (2002), and the lack of customer loyalty in the Indonesian telecommunication industry tends to caused by the lack of customer satisfaction.

But a number of studies also revealed that pleasure customers do not always have a relationship with customer loyalty. In other words that a level of satisfaction that high not always ensure customers to remain loyalty. Proven that 65 - 85 per cent of customers it will drift off, if they do have a level of satisfaction that high even the very high (highly satisfied) (Reichheld, 2001). Other facts also disclosed that discontent also not always make users into disloyal.

Despite there is dissatisfaction, a regular customer using from the company that became a source ketidakpuasannya (Hennig-Thurau & Alexander, 2002). Based on the facts, then comes word that explain the trend of the reason the occurrence of these things as opinion Dabholkar and Walls (1999) found that satisfaction factors alone is not enough for researched the aspects of customer loyalty. In relation to this, other studies tried to include other variables that become antecedent customer loyalty. For example, Zeithmal & Bitner, (2003) who examines about the perceptual effect the quality of the service for satisfaction and customer loyalty, perception of an increase in the quality of the service will be causing the customers loyal.

Is another opinion as delivered by the Hunt, 2001; Reichheld, 2001 examines how the perception of the quality of services delivered to customers by the company concerned. It means, the better the quality of relational relations between companies and customers, hence the level of satisfaction and loyalty of customers will be more high. Thus, the quality of relations relational good also affect satisfaction and loyalty of customers.

Based on the statement above and the lack of customer loyalty in the Indonesian telecommunication industry in this telecom provider, traffic of Arta, of Indosat, XL, Biznet, Plus Icon, CBN) tending caused by low perception of quality of services (Perceive Service Index/PSI).

According to the Mai Ngoc Khuong and Hoang Thi Hoang (2013: 285) with her research stated “that in order to achieve a high customer satisfaction, stores PNJ should increase the level of service and product quality, improved physical representation of the service (tangibles), promote staff’s inspiration of
trust and confidence (assurance), provide more empathy to customers, and offer better price”. That to achieve the satisfaction of customers high, we must raise the level of service and product quality, increase physical representation of the service (tangibles), promoting the inspiration of the staff of trust and confidence assurance, provides more empathy to customers, and offers the price of better.

Then Afshar et al. (2011: 259) with the results of his research stated “that the quality of customer service and the performance of products in promotes customer satisfaction, and also there is a positive relationship between customer satisfaction and customer loyalty”. The results of research Stephen Sondoh et al. has shown that the importance of service quality and performance products to the satisfaction and loyalty. It is very important to understand the assessment of service quality and performance products from the point of view of customers, and whether that parallel to their perception, hope, needs and objectives .Based on both the statement and the level of perceived fluktuasinya service index pounds and the lack of customer satisfaction index csi) tending caused by the performance of products is still relatively low telecommunications industry in Indonesia.

Then other factors in quality a waiter is a system the delivery of services (service delivery) system .In the system the delivery of services with regard to decisions relating to the stage of the delivery of services, the level of the delegation, the company relationship with customers, the process of service, the allocation of capacity, the atmosphere and facilities services. This important role in helping customers understand and evaluate the services which are intangible .A system of the delivery of these services play important roles in plays the role of vital in the design and delivery of services, especially in telecommunications services industry more containing the values of service.

According to Kumar, Batista, and Maull (2010 : 158) in his research findings stated “that system of service delivery can positively affect customer satisfaction, further extending this verdict to point out system of service delivery the us of a direct determinant of customer loyalty”. That system of the delivery of services in a positive way can affect customer satisfaction, further extending the award this for shows that the system in the delivery of service as a determining direct customer loyalty. So based on the statement and the low level of customer satisfaction index (csi) and customer loyalty index (CLI) telecommunications industry in Indonesia tending to caused by the low level of customer satisfaction index (CSI) on aspects of still relatively low system in the delivery of services.

The perspective of other customers about the perception of quality of services is the value of customers who can be seen as more personal and a holistic view on the quality of which was formulated as a proposition capture the essence of the company. Where this subjective assessment of positive and negative consequences of the use of products or services. While companies from the point of view, motives buy to be caught in a proposition value customers, make it into the issue of strategic priorities in fields like segmentation, the development of services, marketing and communication.

According to Rintamaki, Kuusela and Mitronen (2007: 621) in their research findings “stated that the competitive advantage of successful service providers and retailers is as often as explained with a logic wherein service quality contributes to customer value proposition, resulting in increased satisfaction and behavioral intentions , eventually creating loyalty that manifests itself in enhanced profitability”. That competitive advantage from providers and retailers often explained with logic where the quality of services contribute to customer value proposition, so that the intention of satisfaction and improve behavior, finally creating loyalty which manifests itself in improving the profitability .So referring to the statement and the lack of customer satisfaction and customer loyalty in the telecommunications industry in Indonesia caused by tended to customer value proposition is still relatively low.
The low value proposition customers in the telecommunications industry in Indonesia indicated some problems customers value proposition in the perception of service quality telecommunications industry in Indonesia. Based on the problems in over, and if this condition went then will get worse again in the telecommunications industry in Indonesia. So that the writer interested to do research by taking the title “The antecedent and consequence analysis of the corporate customer satisfaction at the telecommunication companies in Indonesia”.

2. PROBLEMS FORMULATION

Based on problems in over, hence the problems formulation are as follows:

- Is there the influence of product performance on customers satisfaction at telecommunication industry in Indonesia?
- Is there the influence of delivery system on customers satisfaction at telecommunication industry in Indonesia?
- Is there the influence of value proposition on customers satisfaction at telecommunication industry in Indonesia?
- Are there the influence of product performance, delivery system, and value proposition on customers satisfaction at telecommunication industry in Indonesia?
- Is there the influence of product performance on customers loyalty at telecommunication industry in Indonesia?
- Is there the influence of delivery system on customers loyalty at telecommunication industry in Indonesia?
- Is there the influence of value proposition on customers loyalty at telecommunication industry in Indonesia?
- Is there the influence of customer satisfaction on customers loyalty at telecommunication industry in Indonesia?
- Are there the influence of product performance, delivery system, value proposition, and customer satisfaction on customers loyalty at telecommunication industry in Indonesia?

The Purpose of Research

Based on the problems formulation, then the purpose of research done this a dissertation to understand and analyze how large:

- The influence of product performance on customers satisfaction at telecommunication industry in Indonesia.
- The influence of delivery system on customers satisfaction at telecommunication industry in Indonesia.
- The influence of value proposition on customers satisfaction at telecommunication industry in Indonesia.
- The influence of product performance, delivery system, and value proposition on customers satisfaction at telecommunication industry in Indonesia.
The influence of product performance on customers loyalty at telecommunication industry in Indonesia.

The influence of delivery system on customers loyalty at telecommunication industry in Indonesia.

The influence of value proposition on customers loyalty at telecommunication industry in Indonesia.

The influence of customer satisfaction on customers loyalty at telecommunication industry in Indonesia.

The influence of product performance, delivery system, value proposition, and customer satisfaction on customers loyalty at telecommunication industry in Indonesia.

3. THEORETICAL FRAMEWORKS

Afshar et al (2011) and Rita Alfin et.al (2013) explaining that good products performance can increase customer satisfaction. A direct revelation given above strengthened also by Jahanshahi, Gashti, Mirdamadi, Nawaser, and Khaksar (2011) that the performance of products can be increase customer satisfaction.

Similarly Asthma Saleem, Abdul Ghafar, Muhammad Ibrahim, Mohammad Yousuf, and Naveed Ahmed, Lien May (2015) and Li, Robert D. Green (2011) found that there is the influence of the performance of products on customer satisfaction. So good in performance products diversity, the quality, service, the warranty, and in return will increase the value and benefits in accordance with the hope of customers, so that alone will increase customer satisfaction. Because it was obvious that the performance of products alleged influence customer satisfaction.

The value of a product set by the buyer based on the benefits that they would receive from the product. The performance of the product is the performance of a product consisting of the diversity of products, the quality, service, the warranty, and in return. Customers have the perception of the company, about their experience to receive products and services from companies, whether in accordance with the hope of their customers or not. Then system delivery of services is a system which unite all the elements service was an element service intact, and delivered to customers to identify when, where, and how these services can be delivered to customers.

Dimensions delivery stage of the system includes the delivery of services, the level of the delegation, relationships with customers, the process of service, the allocation of a limited capacity. Is the design of the value proposition value is made by companies in the predicted value wanted by any customers who adapted to the election of the target of its consumer, competitor, and rival target resulting from the analysis of targeting marketing situation marketing. The dimensions of the cost of covering kepemimipinan value proposition and differentiation.

The customer satisfaction is evaluation process to buy back or the decision to make the purchases and experienced so far, not just on the subject. A customer satisfaction includes customer satisfaction on the product, customer satisfaction on the function, customer satisfaction teknikal in the process, and customer satisfaction emotionally. The customer loyalty is the customers of chances to continue to use
products/services that use the current and the time will come. A customer loyalty includes cognitive loyalty, affective loyalty, loyalty conative loyalty and action.

Kumar, Batista and Maull (2011) found that the performance of the product is positive and significant effect against customer loyalty. Afshar, et al. (2011) also mentioned that products have an effect on customer loyalty. Jahanshahi, Gashti, Mirdamadi, Nawaser, and Khaksar, (2011) tells us that customers will be loyal in produk earned in accordance with kebutuhan and wishes of the consumer. May the Lien Li, Robert d. Green (2011) found that the product can enhance customer loyalty. Kumar, Batista and Maull (2011) explained that when the products supported by good delivery system, then customers will be loyal. Suryaman (2007) found there is a positive influence and significant between system deliveri against customer loyalty.

Bolton, Kannan and Bramlett (2000) found in his research that the promise of value given the company can make the company loyalty, when in accordance with what is received by customers. Suryaman (2007) explained that customer loyalty can be formed by the value proposition. Tinik Sugiati, Armanu Thoyib, Djumilah Hadiwidjoyo, and Margono Setiawan (2013) found that value to customers have an increase customer loyalty. While Pooja Jain, Anil Kumar K, (2015) explained that the value given the customer can increase customer loyalty indirectly via customer satisfaction.

Inamullah (2012) found that there is a positive relationship between satisfaction and loyalty of customers. Wan A Cask, (2015) also menyebutuan in his research that affects the satisfaction of customer loyalty. Dib Hayan, Samaan Al-Msallam, (2015) mentioned that a customer loyalty because they are satisfied.

So the good performance in a variety of products, the quality, service, guarantees, and return. Then supported by system delivery in conveying well for customers, the service delivered by the same with service accepted by clients and its propositions can meet the needs of customers and good, good products and good image in characteristic manner characteristic of a distribution and of his promotion.

And supported is also the case with the high customer satisfaction, good customer satisfaction at a price of the product customer satisfaction on merit functional, customer satisfaction to the process tehnikal, and customer satisfaction emotionally then customer loyalty will increase, either in do purchases in online stores recurring; buy a product line the other from the firm, recommended to others and will show immunity to the pull competitors. Therefore the performance of the product system delivery, a proposition of value and customer satisfaction taken together could allegedly meningkakan customer loyalty.

Based on above can then be made schematic thinking of research that can be shown in figure 1 as follows:
Figure 1 Conceptual Framework
The Hypothesis

Based on the framework of the same can be arranged hypothesis research as follows:

- There is the influence of product performance on customer satisfaction at telecommunication industry in Indonesia.
- There is the influence of delivery system on customer satisfaction at telecommunication industry in Indonesia.
- There is the influence of value proposition on customer satisfaction at telecommunication industry in Indonesia.
- There are the influences of product performance, delivery system, and value proposition on customers satisfaction at telecommunication industry in Indonesia.
- There is the influence of product performance on customer loyalty at telecommunication industry in Indonesia.
- There is the influence of delivery system on customer loyalty at telecommunication industry in Indonesia.
- There is the influence of value proposition on customer loyalty at telecommunication industry in Indonesia.
- There is the influence of customer satisfaction on customer loyalty at telecommunication industry in Indonesia.
- There are the influences of product performance, delivery system, value proposition, and customer satisfaction on customer loyalty at telecommunication industry in Indonesia.

4. METHODS

The object of research being variable free in this research is the performance of products, system deliveri and value proposition. While the bound to be variable is customer satisfaction and loyalty of customers.

Of the nature of this research is descriptive in nature and verifikatif. Descriptive research is that research was aimed to obtain his description of the characteristics of variables. Of the nature of research verifikatif basically want testing the truth of a hypothesis implemented through data collection in the field. Where in this research is the performance of products will be tested, deliveri a proposition value system and of its effect on customers customer satisfaction and loyalty. Considering the nature of this research is descriptive and verifikatif implemented through data collection in the field, then research methodology that is used is descriptive method survey and a method of explanatory survey.

A unit of the analysis in this research is the customer corporate product data users and the internet from telecommunication companies in Indonesia by a unit observation is that the director or manager appointed by president director of. Time horizon in this research was cross sectional, where the research was done at the same of time at once.

The time of the survey will be conducted in April to June until 2015. The research conducted by the board of directors of the company or at a corporate customers segmentasi dives (telecommunication) the industry in Indonesia. The total population of dives (segmentation) industrial corporations in the
country’s telecommunications industry for 200 companies. So this is a research in the data, 200 director of the company.

To test hypotheses in this research was as follows: hypothesis 1 through 9 hypothesis tested with use the model equation structural or structural equation modeling (SEM), namely one technique multi variat who inspects a series of dependence relations between variables. Usually used if even one of the dependent variable for being an independent variable in dependency relations next.

5. RESEARCH RESULT

Full model equations SEM with using program lisrel 8.70 obtained two models trajectory, diagram namely standardized model and the model t-values, as each model shown in figure follows:

![Figure 1. Model Hybrid SEM (Standardized Coefficient)](image1.png)

![Figure 2. Model Hybrid SEM (t-value Model)](image2.png)
Based on figure 1 and picture 2, above these calculations will be presented next testing parameters and the coefficients (loading factor on the model of an exogenous) structural dimension and endogenous. Testing is intended to find causal relationships or the influence of one variable latent to other latent variables, an indicator of each variable of latent (construct).

Of the results obtained by the use of the program lisrel 8.70 to model structure, equation in accordance with hypothesis advanced by can be seen as an equation structural below.

\[
CS = 0.21*KP + 0.55*SD + 0.54*PN, \text{ Error var.}= 0.18, R^2 = 0.82
\]

\[
LO = 0.76*CS + 0.25*KP + 0.59*SD + 0.09*PN, \text{ Error var.}= 0.36, R^2 = 0.64
\]

Indirect effect between the performance of the product against the corporate customer loyalty through customer satisfaction as variable mediation is 0.21 x 0.76 = 0.16 or 16 %, but the direct effect the performance of the product against the corporate customer loyalty is as much as 0.0625 or 6.25 %, so that the performance of products can be increase customer loyalty if, through the corporate customer satisfaction by 16 %, (full mediating).

Indirect effect on corporate for delivery system, customer loyalty by customer satisfaction as variable mediation about 0.76 = x is 0.55 0.418 or indirectly affect delivery system, customer loyalty corporate via customer satisfaction have contributed about 41.8 %, while the direct effect on corporate delivery system for customer loyalty about 0.35 or have contribution about 35 % are smaller than its operational, no influence to say that the delivery indirectly is the dominant corporate increase customer loyalty (partial mediating).

Value proposition not directly influence on the corporate customer loyalty as customer satisfaction through mediation is variable about 0.54 x 0.76 = 0.41 or 41 percent, while a direct influence on the value proposition of 0.0081 the corporate customer loyalty, so can increase the value proposition for 41 percent of the corporate customer loyalty through customer satisfaction (full mediating).

6. CONCLUSION

- There is positive and significant influence of product performance on customers satisfaction in telecommunication industries in Indonesia.
- There is positive and significant influence of delivery system on customers satisfaction in telecommunication industries in Indonesia.
- There is positive and significant influence of value proposition on customers satisfaction in telecommunication industries in Indonesia.
- There are positive and significant influence of product performance, delivery system, and value proposition on customers satisfaction in telecommunication industries in Indonesia.
- There is positive and significant influence of product performance on customer loyalty at telecommunication industries in Indonesia.
- There is positive and significant influence of delivery system on customer loyalty in telecommunication industries in Indonesia.
There is positive but no significant influence of value proposition on customers loyalty in telecommunication industries in Indonesia.

There is positive and significant influence of customer satisfaction on customers loyalty in telecommunication industries in Indonesia.

There are positive and significant influence of product performance, delivery system, value proposition, and customer satisfaction on customers loyalty in telecommunication industries in Indonesia.

**Managerial Implication**

The performance of products which is dominated by the dimensions of warranty, supported by delivery system dominated by the dimensions of the process of service, as well as strengthened with a proposition the value of which is dominated by the dimensions of differentiation could increase customer satisfaction business telecommunications industry in Indonesia which is dominated by the dimensions of the technical satisfaction.

Likewise the performance of products which is dominated by the dimensions of warranty, supported by delivery system dominated by the dimensions of the process of service, value proposition which is dominated by the dimensions of differentiation, and customer satisfaction is dominated by technical satisfaction dimension can improve customer loyalty business telecommunications industry in Indonesia, but if viewed as partial, then customer satisfaction the dominant in improving the customer loyalty that is dominated by action loyalty.

**Suggestion**

**Managerial Suggestion**

To increase customer satisfaction that dominated by a technical dimension satisfaction, publicly listed telecommunications services in Indonesia should be able to increase the dimensions of delivery system dominated by the ministry.

To improve customer loyalty dominated by dimension action loyalty, and telecommunications services companies in Indonesia is expected to increase customer satisfaction that dominated by a technical dimension satisfaction, and to menimngkatkan customer satisfaction, the companies have to fix the system dominated by delivery of the service.
REFERENCES


