

Abstract

Internet user penetration in Indonesia continued to grow and now over 88.10 million, or more than 34.90% of the total population in Indonesia. APJII's survey showed that the most favorite places to access the internet is from home.

Telkom exert all efforts in order to revive the fixed line business through the launch of Indihome Fiber which is product bundling packages connected by optical fiber consisting of a high-speed internet services, fixed phone and interactive TV. Indihome Fiber is a new product launched in early 2015. However, due to its fault report numbers tend to rise, customers were suspected have not been satisfied and have not felt a good service quality. This study aims to look at how Indihome product service quality perceived by customers and how the influence of the service quality on customer satisfaction.

Based on Grönroos's Service Quality Model, the service quality as perceived by customer have three dimensions : functional, technical and image. Functional was translated into five SERVQUAL instruments : reliability, responsiveness, assurance, empathy, tangibles.

The research data obtained directly from respondents by online questionnaires, were distributed via e-mail to customers in Balikpapan, the number of valid respondents who filled out a questionnaire, were 400. SEM (Structural Equation Modelling) were employed to analyze the data, with help of SmartPLS 2.0.

Results indicate that functional quality and technical quality have positive and significant influence on image. Functional quality, technical quality and image have positive influence on service quality. Service quality and image have positive and significant influence on customer satisfaction. Another result indicate Grönroos's service quality model could be used to predict the influence of functional quality, technical quality on image moderately; predict the influence of functional quality, technical quality and image on service quality substantially; and predict the influence of service quality and image on customer satisfaction substantially. This research is an empirical evidence in the use of Grönroos's models to explain the influence of service quality on customer satisfaction.

Keywords—service quality, customer satisfaction, SEM