CHAPTER I

INTRODUCTION

1. Overview of Research Objects

1.1.1. ICON(+) Iconnet Company Profile

Figure 1.1 Iconnet's Logo

Source: https://iconnet.id

In 2000, PLN Icon Plus started its commercial activities by establishing a Network Operation Center (NOC) in Gandul, Cinere. As a subsidiary of PT PLN (Persero), PLN Icon Plus was initially formed to meet PT PLN (Persero's) internal needs for a reliable telecommunication network, in order to support smooth and safe electricity operations and distribution. The main focus at that time was to provide connectivity services for the electricity needs of PT PLN (Persero). However, with the increasing industry need for telecommunication networks that have a high level of availability and reliability, PLN Icon Plus has begun to expand its business. They take advantage of the excess fiber optic network capacity owned by PT PLN (Persero) in Java and Bali to serve public telecommunication needs. In its business development, PLN Icon Plus has established partnerships with various companies and government and private institutions that require a wide, fast, and reliable telecommunication

network. Thus, PLN Icon Plus not only focuses on PLN's internal needs, but also begins to serve external sectors that require solid network support to support their operations.

Since 2008, PLN Icon Plus has continued to innovate by expanding its telecommunication network connectivity to various regions, including remote areas in Indonesia. They take advantage of the right to the electricity network line owned by PT PLN (Persero), or known as the Right of Ways (RoW), which covers almost all of Indonesia. This step was taken to realize the company's vision, namely "Becoming the Leading Information and Communication Technology (ICT) Solution Provider in Indonesia Based on Networks Through the Utilization of Strategic Assets". With this vision, PLN Icon Plus is committed to providing high-quality services, utilizing the latest technology, and innovating products and services that can answer market needs. With the status as a subholding of PLN, PLN Icon Plus no longer plays a role as an information technology provider for PLN, but as part of the main strategy in diversifying PLN's business through the development of the Beyond kWh business line. This new role marks a different direction from PLN Icon Plus, which previously focused on the connectivity business. Now, PLN Icon Plus is tasked with consolidating all Beyond kWh initiatives within the PLN group, with the responsibility of managing three main business clusters: electricity, connectivity services, and PLN information technology services.

This transformation not only expands the scope of PLN Icon Plus' business, but also confirms the company's commitment to supporting PLN to achieve business targets outside the electricity sector. By continuing to prioritize innovation and network quality, PLN Icon Plus strives to become a key player in the ICT industry in Indonesia, serving the needs of customers from various sectors, and creating added value for all stakeholders. However, in 2021, PT Indonesia Comnets Plus changed the name of its retail internet service to ICONNET, which aligns its offerings with PT Indonesia Comnets Plus' broader strategic goals. With this name change, the focus is

strengthened on high-quality connectivity and cutting-edge solutions for residential and business clients. ICONNET offers five core products to meet diverse connectivity needs: ICONect (customized connectivity solutions), ICONWeb (web hosting services), ICONBase (infrastructure as a service), ICONApps (customized applications), and ICONNET (internet services for household customers). These services collectively reflect ICONNET's commitment to providing comprehensive digital infrastructure solutions and high-speed internet across various market segments.

ICONNET operates on a robust fiber optic network, using advanced technology that enables simultaneous delivery of high-speed internet and TV services over a single fiber optic cable without compromising speed or quality. This technological arrangement ensures that customers benefit from smooth internet access, even when using streaming services, which supports a high-quality user experience. Today, ICONNET's network has expanded to cover 11 provinces, including West Java, East Java, Sulawesi, Bali, Sumatra, and additional regions, underlining its growing footprint in Indonesia's telecommunications sector. To cater to its wide customer base, ICONNET offers flexible Internet Plans and Additional Packages, by adjusting prices based on three key regions to reflect economic variations across Indonesia. These regions are categorized as Java and Bali; Sumatra and Kalimantan; and Eastern Indonesia.

Iconnet provides several internet packages with bandwidth options ranging from 20 Mbps to 100 Mbps. Here are some of the internet packages offered by Iconnet:
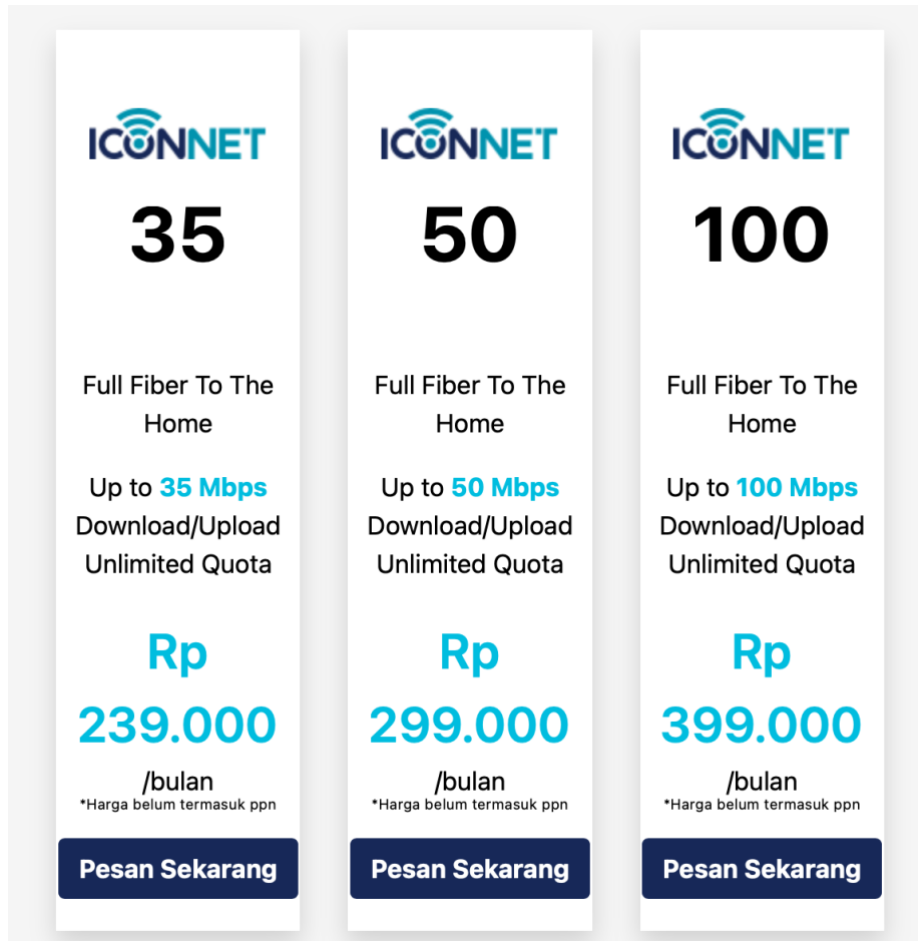
Figure 1.2 Iconnet's Pricelist

The price of Iconnet internet packages varies depending on the installation region. For example, in Greater Jakarta, the price of the Iconnet internet package is IDR 427,000 per month, while in Eastern Indonesia it is IDR 679,000 per month. This pricing strategy makes Iconnet's services competitive and accessible, with the aim of attracting a wide range of customers by offering high-speed and reliable internet at affordable prices. Iconnet's expansion and approach reflects its commitment to improving digital connectivity across Indonesia, driven by innovative technology solutions and customer-centric business models. With its high-speed fiber optic network and targeted pricing structure, Iconnet aims to position itself as a leader in Indonesia's internet services market, offering reliable and easily accessible

connectivity that supports Indonesia's rapidly evolving digital landscape.

1.1 Research Background

In a time when the internet plays a big role in daily life in human life, the internet is a fuel for all vehicles for modern humans where all work needs and personal needs all depend on the internet, with the internet as a primary need, the availability and speed of the internet will greatly affect the life of modern humans. In addition, this digitalization has opened up new professional opportunities that can only be accessed online. Professions such as freelancers, content creators, and social media managers are now increasingly in demand because of their flexibility that allows work to be done from anywhere with the capital of devices such as laptops or smartphones, which of course requires stable internet access. These jobs are even capable of creating a new economic ecosystem, where individuals can reach markets and clients globally without geographical restrictions.

This phenomenon has also contributed to the birth of a remote work culture and work from home, which is increasingly prevalent, especially after the COVID-19 pandemic. Now, working from home with stable internet access has become an option for many companies and individuals to increase work flexibility and efficiency. In the world of education, the internet also plays a central role in supporting teaching and learning activities, where students and students can access information, take online classes, and interact with teaching staff from various locations.
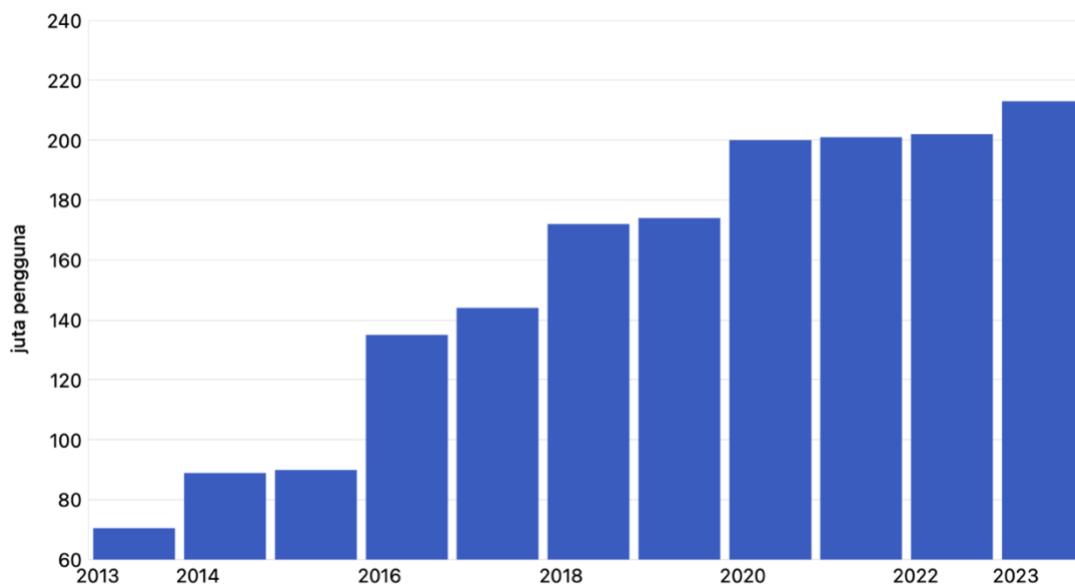
Figure 1.3 Diagram of Internet Users in Indonesia

Source: https://databoks.katadata.co.id/teknologi-telekomunikasi/statistik/d109a45f4409c34/pengguna-internet-di-indonesia-tembus-213-juta-orang-hingga-awal-2023

According to the We Are Social report, the number of internet users in Indonesia has reached 213 million people as of January 2023. This figure covers about 77% of Indonesia's total population, which was recorded at 276.4 million people at the beginning of 2024. Based on this data, it can be concluded that the majority of Indonesia's population has been digitized, making the internet one of the primary needs with increasingly high quality demands. Internet access is no longer just a means of communication, but has become the foundation for various aspects of modern society's life. The internet has now permeated almost all aspects of life, creating a "one tap away" phenomenon where almost every need can be fulfilled with just the touch of a finger on a smartphone. For example, food orders can be made quickly through a widely available delivery service app, allowing people to get a variety of food options from any location. The same goes for entertainment; Various forms of entertainment, from online gaming, movie and music streaming, to various

social media content, can be accessed easily, anytime and anywhere.

The internet has become an inseparable part of everyday life, and its role is becoming increasingly important as the need for online education and employment increases. In the context of education, the internet provides access to a variety of learning resources that were previously difficult to reach, such as learning videos, articles, academic journals, and e-learning platforms. When the COVID-19 pandemic forced many educational institutions to switch to a distance learning system, the internet became the primary means of connecting students and teachers. Using platforms like Zoom, Google Classroom, and Moodle, students can take classes from home, interact with teachers, and discuss with classmates without having to be in the same physical location. This not only addresses the issue of access to education in remote areas, but also expands opportunities for students to learn from a variety
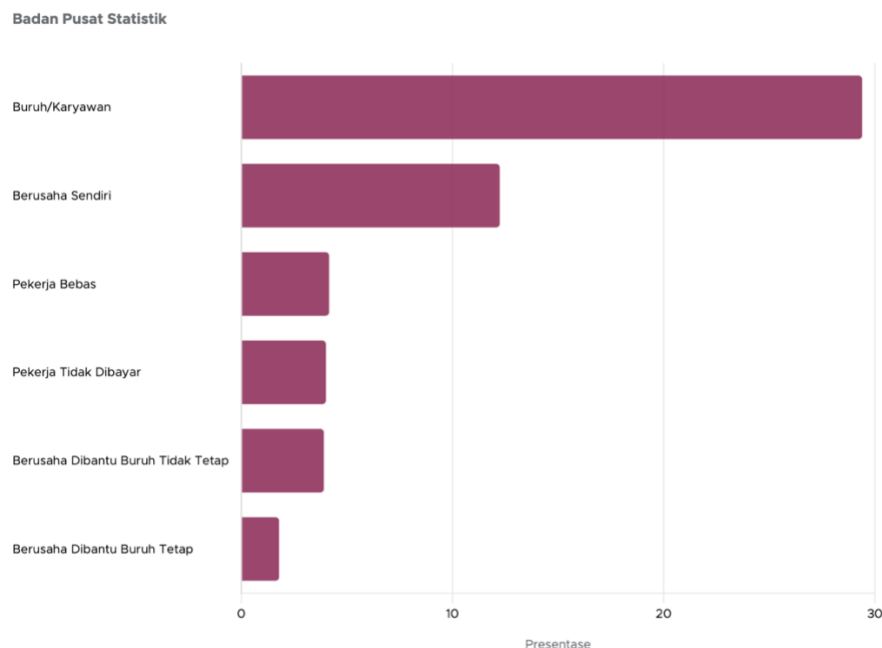
sources around the world.

Figure 1.4 Majority Users of Internet in Indonesia

Source: https://data.goodstats.id/statistic/mayoritas-pengakses-internet-indonesia-adalah-buruh-dan-karyawan-BWofU

Acording to Goodstats Workers/Employees occupy the No. 1 position in the use of the internet in their work, which is a clear proof that the internet is slowly becoming a primary need of most people. The need for the internet in the world of work has increased rapidly, especially with the adoption of remote work systems becoming increasingly common. Many companies are allowing employees to work from home or other flexible locations, thanks to advances in digital technology. In today's modern work environment, communication and collaboration are essential, and the internet provides a variety of tools that support both aspects. Apps like Slack, Microsoft Teams, and Google Workspace allow teams to communicate in real-time, share documents, and manage projects efficiently. With these collaboration tools, employees can stay productive even when they are not in the same office, reducing physical limitations that previously hindered collaboration. Iconnet, as one of the fastest-growing internet service providers in Indonesia, has managed to reach 1 million PLN users. This achievement shows the high level of public trust in the services offered by Iconnet, but along with the increase in the number of users, the challenge in maintaining service quality is also increasing. One important aspect to consider is network stability.
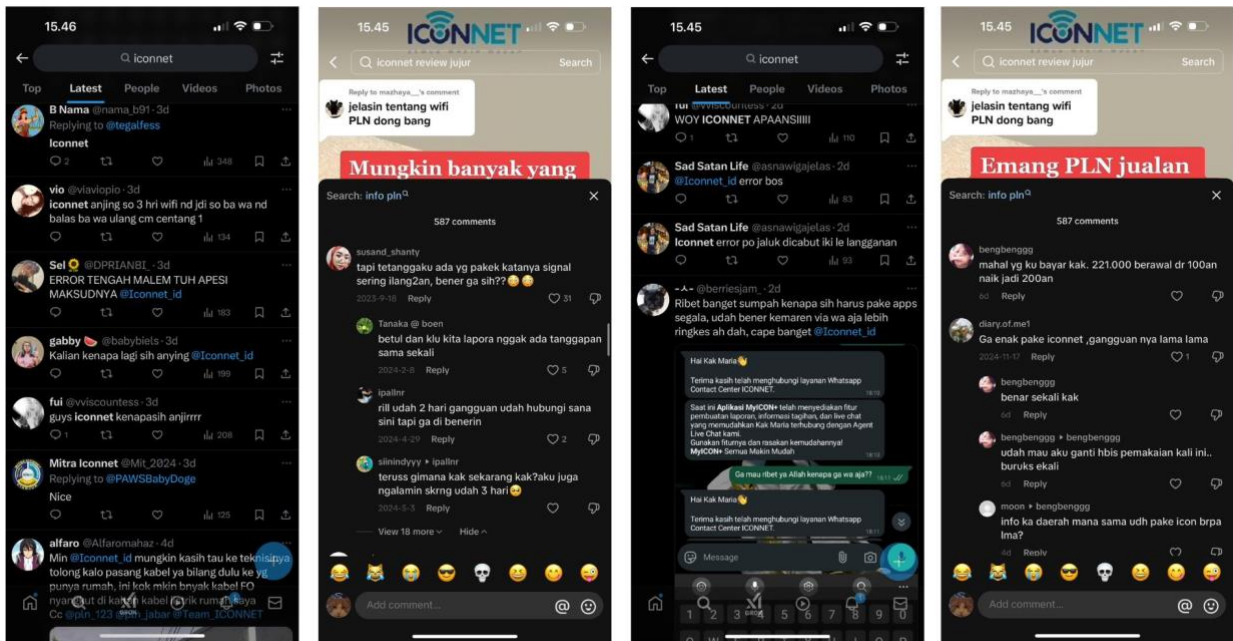
Figure 1.5 Public opinion towards iconnet services

Source = Tiktok and X

On the other hand, success in maintaining the number of subscribers depends not only on the stability of the network but also on the technical support provided to users. With such a large number of users, the demand for fast and effective technical support responses has become increasingly crucial. When downtime or other technical issues occur, customers expect prompt assistance to resolve their issues. The level of readiness and quality of the technical support team in handling customer complaints has the potential to affect customer perception of Iconnet's service quality. In addition, with so many customers relying on these services, customer retention is essential to maintain. Factors such as the frequency of downtime and the quality of technical support that customers receive are the main determinants of whether customers will stick with Iconnet's services or switch to another provider. In this context, Iconnet needs to pay attention to the relationship between service stability, technical support, and customer retention, as well as how these three factors affect each other in

maintaining customer trust and loyalty.

According to Oliver (1999), customer loyalty is a deep commitment to continue using or repurchasing a preferred product or service, despite offers from competitors or other situational conditions. For Iconnet, which competes with large companies such as Telkom, Indosat, and XL, this loyalty is the key to maintaining and strengthening its position in the Indonesian internet market. In the midst of fierce competition, Iconnet's ability to build customer loyalty depends on the quality of a consistent experience, such as network stability, internet speed, and effective technical support. When customers continue to feel satisfied and their needs are met, they are likely to stick with Iconnet, even when offered alternatives from big competitors. By creating a consistent positive experience, Iconnet can strengthen customer commitment, so they keep choosing Iconnet services repeatedly. This loyalty is invaluable because it can generate stable recurring purchases, support Iconnet's growth in the long run, and help the company deal with pressure from giant competitors. Ultimately, maintaining customer loyalty allows Iconnet to stay afloat and thrive in an increasingly competitive market.

Customer loyalty plays a crucial role in a company. Retaining loyal customers means improving financial performance and ensuring the survival of the company. The advantages of customer loyalty include reduced influence from similar competitor attacks, both in product competition and opinion. Apart from that, loyal consumers can create the growth and development of the company by creating ideas or ideas in improving the character of the product (Lovelock & Wirtz, 2011: 338), Downtime on internet services is a critical issue in today's digital age, where connectivity is an integral part of business operations. These issues often arise due to a variety of technical factors, including failures of the hardware, software, network, or infrastructure used to support the system. When any of these components are disrupted, the system can become inoperable, leading to disruption to business activities. It can last from a few minutes to a few hours, and in some cases, it can last

longer. As a result, organizations not only lose productivity, but can also reduce work efficiency and customer dissatisfaction. The development of downtime can be very significant, both in terms of finances and reputation. Financial losses can arise from several sources, including lost revenue due to service interruptions, additional costs to fix problems, and the potential loss of customers switching to other, more stable service providers.

According to Tabikh (2014), production efficiency and effectiveness are one of the top priorities of business. As such, production equipment is an attractive main focus because it is the backbone of the production process and a key performance indicator of productivity. The exceptional performance requirements force companies to consider substantially reducing the frequency of engine downtime and its consequential costs. Not only used by individuals, companies also rely heavily on the presence of the internet in their daily operations. Almost every aspect of a company, from internal communications to supply chain management, requires the internet to improve efficiency and effectiveness. In this digital age, the internet allows companies to operate at higher speeds and transcriptions, thus making them more competitive in the global market. For example, communication between teams and departments can now be done in real-time through email, instant messaging apps, and collaboration platforms, reducing the time it takes to complete projects and improving overall productivity.

In addition, the internet also plays an important role in marketing and sales strategies. By utilizing social media, websites, and e-commerce platforms, companies can reach customers more widely and more effectively. They can collect data on customer behavior and preferences, which allows them to tailor products and services according to market needs. The analysis of data generated from online activity also helps companies in making better decisions, as well as in planning long-term strategies. By utilizing analytics and SEO (Search Engine Optimization) tools, companies can increase their visibility online and attract more potential customers.

When it comes to supply management, the internet facilitates efficient communication between suppliers, distributors, and customers. The cloud-based system allows companies to track inventory in real-time, predict demand, and better manage shipments. This not only reduces operational costs but also increases customer satisfaction by ensuring products are available on time. Additionally, the use of IoT (Internet of Things) devices in industry allows companies to collect and analyze data from machines and equipment in real-time, providing useful insights to improve efficiency and reduce downtime.

Furthermore, the presence of the internet also allows companies to innovate and adapt to market changes more quickly. With new technologies and digital solutions, companies can develop products and services that are more relevant to today's consumer needs. For example, many companies are now adopting remote or hybrid work systems, leveraging the internet to support employees working from different locations. This not only increases hard work but also helps companies attract and retain top talent, regardless of geographical boundaries. Overall, the internet is not just a supporting tool, but it has become the foundation for the operations and growth of companies around the world. The increasing reliance on digital technology demonstrates the importance of stable and reliable connectivity in ensuring business success. Therefore, companies need to invest in a resilient internet infrastructure and implement the right strategies to harness the full potential of the internet presence in every aspect of its operations.

1.2 Problem Identification

The internet has a significant impact on many areas of life in the modern world, including employment, education, and entertainment. The demand for fast and reliable internet has increased to previously unheard-of heights, particularly as a result of the growth of remote work, freelancing, and online education. As of January 2023, 213 million Indonesians, or 77% of the country's population, were internet users. The

way people live and work has changed as a result of the growing adoption of digital technology. The internet has evolved from a simple means of communication to the foundation of contemporary civilization, facilitating everything from distant work and education to online commerce. The internet has been especially helpful to education, as tools like Zoom, Google Classroom, and Moodle enable virtual interactions between students and instructors. Even in rural locations, education is now more accessible thanks to the COVID-19 pandemic's acceleration of the shift to online learning. In a similar vein, the popularity of remote work has increased need for dependable internet access in order to facilitate collaboration platforms such as Google Workspace, Microsoft Teams, and Slack. By allowing workers to operate efficiently from any location, these platforms lessen the limitations of conventional office settings.

Technical support is a crucial component of high-quality services, as it ensures smooth operation, enhances user experience, and fosters customer satisfaction. Effective technical support involves providing timely assistance, troubleshooting technical issues, and offering guidance on product usage. It plays a pivotal role in reducing downtime, which is essential for businesses and individuals relying on technology for their daily operations. The need for prompt and effective customer service increases as the number of consumers rises. Customers anticipate prompt resolutions to problems, and the caliber of technical assistance has a big influence on how they see the service as a whole. Thus, preserving network stability and providing top-notch technical support are crucial for guaranteeing client retention and pleasure. This entails Iconnet concentrating on reducing downtime and offering efficient technical support in order to foster client loyalty and confidence. Iconnet will need to comprehend the connections between service quality, downtime frequency, and technical support in order to preserve client loyalty and lower attrition in a market that is becoming more and more competitive.

Based on the above background, the problem identification in this study is as follows:

a. What is the relationship between the quality of technical support and customer retention in the context of Iconnet's services?

b. How does the quality of technical support influence customer perceptions of Iconnet's overall service quality?

1.3 Research Objective

Based on the formulation of the problem that has been explained previously, the purpose of the research can be formulated to answer the questions in the formulation of the problem, Which is to provide the findings of an in-depth examination of the relationship between service quality and customer loyalty, By comprehending these elements, the study aims to determine how Service Quality directly affects consumers' loyalty to stick with a particular product of the company. It is anticipated that these insights will assist companies in creating and putting into practice strategies that will create enduring relationships with clients, which will ultimately promote sustainable growth and a competitive edge in the marketplace.

1.4 Research Benefits

Based on the previous research objectives, the benefits that the author expects from this study for those in need and the problems to be solved are:

a. This study aims to assist Iconnet in developing a more efficient and data-driven marketing strategy by identifying key factors that influence customer engagement, brand perception, and purchasing behavior. By analyzing customer insights, social media interactions, and market trends, the study will help optimize marketing efforts, ensuring that Telkom reaches the right audience with the right message at the right time. and service strategies by identifying the elements that affect customer retention. In order to help the business lower churn rates and increase customer loyalty, this study will

investigate how downtime and technical support experiences affect customers' decisions to keep subscribing.

b. This study also provides important data and analysis as a basis for developing managerial decisions at Iconnet. The information gathered from this study will assist management in determining more accurate and strategic policies related to customer service as well as in setting priorities for system and service improvement.

c. With an emphasis on addressing downtime issues and improving technical environment quality, this study can make a significant contribution to the growth of Iconnet's customer base and society. This positive image is very important in a competitive industry since it will attract more customers and increase public trust in the services offered.

d. Furthermore, it is anticipated that the findings of this study will serve as a guide for future research in the same area in both academic and real-world settings. The findings and recommendations of this study can be used by academics and practitioners in developing further studies on customer service management and retention strategies in the telecommunications industry. Customers, on the other hand, would directly benefit from higher service quality, which will increase their contentment and commitment to Telkom and motivate them to refer others to the service.

1.5 Research Time and Period

This research took from September 2, 2024 to Januari 31 or 151 days.

1.6 Systematics of Writing

To make it easier to provide direction and description of the material contained in the writing of this thesis, the author compiles the following systematics.

CHAPTER I. INTRODUCTION

This chapter describes the research object, the background of the problem, the formulation of the problem, purpose and usefulness as well as systematics of writing.

CHAPTER II. LITERATURE REVIEW

This chapter outlines the theoretical foundations used as the basis of analysis research, previous research, and theoretical research frameworks.

CHAPTER III. RESEARCH METHODOLOGY

This chapter outlines the types of research and data sources, data collection methods, and analysis methods.

CHAPTER IV. RESEARCH RESULTS AND DISCUSSION

This chapter describes the results of the research and the influence of service quality on customer loyalty at PLN Icon Plus: Iconnet.

CHAPTER V. CONCLUSIONS AND SUGGESTIONS

This chapter outlines the conclusions from the research results and suggestions that can be to be considered for the company.