Analysis of Indihome Competitive Advantage Strategy PT Telkom Indonesia (Tbk) Witel Medan

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ABSTRACT

Reflecting on the conditions with very tight business competition in the telecommunications and internet industry in Indonesia, this directly requires Telkom to implement an appropriate competitive strategy in managing its business. PT Telkom Indonesia has an internet service product that is Indihome. Indihome service products are considered not to pay attention to network quality, service quality and price, so research on Indihome competitive advantage strategy is needed. The purpose of this study was to analyze product quality, service quality and price on the competitive advantage of Indihome PT Telkom Indonesia Witel Medan. This type of research uses a descriptive verification method with a quantitative approach and uses 100 samples. This research uses qualitative and quantitative data types. The results of this study are product quality, service quality and price have a positive and significant effect on competitive advantage and the higher the product quality, service quality and price provided, the more competitive ad-vantage of IndiHome.

Keywords: product quality, service quality, price and competitive advantage

BACKGROUND

The development of internet network technology in Indonesia is very rapid, based on the results of a survey conducted by the Association of Indonesian Internet Service Providers (APJII) in 2018, it was revealed that Indonesia's internet users had become 171.17 million people. This number covers 64.8 percent of the total population of Indonesia, which is recorded at 264.16 million people. When compared to the same period in 2017, this figure has increased by 10.12% or as many as 27,910,000 people. The increase in the number of internet users in Indonesia is in line with APJII's prediction in 2018, which predicted that around 60% of Indonesia's population would already use the internet in 2019 (www. Suara.com, March 2019).

Along with this increase, causing competition among companies engaged in telecommunications service providers. In other words, the company must be able to offer quality new products, good service and prices that are acceptable to the public so that they can excel compared to competitors. This makes PT Telkom release the latest product where PT Telkom is one of the state-owned companies that provides various communication facilities to meet the needs of the community in the telecommunications sector providing various services (multi service) for its customers, namely voice (telephone), data (internet) and image services. (IP-TV) in one access network or known as triple-play service. IndiHome is a Triple Play service from PT Telkom Indonesia Tbk which consists of Internet on Fiber or High Speed Internet, Phone (Home Phone), and IPTV (UseeTV Cable). PT Telekom believes that it can fulfill the needs of people throughout Indonesia in terms of telecommunications. PT Telkom has its first internet product called Speedy, which is now being rebranded as IndiHome. IndiHome is a triple play bundling service. Recently, PT

Telkom also launched IndiBox which is an OTT service using internet access for IndiHome customers, which is based on Android TV Box / Smart Box devices. Customers will get benefits in the form of interesting content from PT Telkom and Google. These contents include Streaming TV, Music, Games, applications and Video On Demand (VOD).

Marketing activities are directed at satisfying wants and needs through an exchange process. One way to measure the success rate of an IndiHome marketing activity is to see how much sales volume or the volume of new IndiHome users have been achieved. Based on IndiHome's new install customer data in 2019, it can be seen that IndiHome's new install customer every month during the 2019 period experienced an increase and decrease. The decline in new pairs of sales is still more frequent when compared to the increase in new pairs of IndiHome, because during the 2019 period there was a decrease in new pairs by 7 times and an increase in new pairs by 5 times. This situation can be caused by several things, such as a decrease in the speed of the IndiHome network, long handling of disturbances, a fairly expensive price or disappointing customer care services.

The results of the pre-survey conducted by respondents' assessment of 35 active IndiHome consumers stated that the speed of the IndiHome network and the handling of IndiHome disturbances were more negative. This proves that the speed of the IndiHome network and the handling of IndiHome interference is not good so that it can affect new IndiHome customers. Uncompetitive prices and disappointing customer care services can be evidenced by the many customer complaints stating "bad customer service provided by customers and tends to be thrown into another account that handles customer complaints" and there are also those who say "To report IndiHome disturbances is now getting worse, difficult, through the application it is only in the form of chatting and that too with machines not

with Customer Service" (MediaKonsumen.com, 2020). These are things that can affect the competitive advantage of IndiHome itself. In addition, the pre-survey proves that the prices offered by IndiHome currently tend to be uncompetitive and if this continues, customers will tend to switch to using competing products because they are considered more profitable.

Reflecting on conditions with very tight business competition in the telecommunications and internet industries in Indonesia, this directly requires Telkom to implement appropriate competitive strategies in managing its business. Competitive strategy views the company as a series of interrelated processes and tries to explain how the company can develop and succeed in the face of today's environmental conditions. The concept of strategy will provide guidance for managers to deal with changes that occur both in the external environment and the internal environment of the company itself, thus the company is still able to control the direction of its journey towards the goals that have been determined by the company.

Product Quality

According to Simamora (2000) product is everything that is received by consumers when they make a purchase or consume a product. Tjiptono (1997) explains that a product is anything that a producer can offer to be noticed, requested, sought, purchased, consume by the market to meet the needs concerned. Conceptually, the product is a subjective understanding of the producer on something that can be offered to achieve company goals through fulfilling the needs and desires of consumers, in accordance with the company's capacity and purchasing power of the market, company and can be offered to consumers to satisfy a want or need.

Price

In order to be successful in marketing a product or service, every

company must set the right price. According to Kotler and Armstrong (2008), price is a number of values charged for a product or service provided by consumers to gain profits from using the product or service. Price is the only marketing mix that generates revenue. The price depends on the company's policy taking into account various things. Companies must always monitor the prices set by competitors so that the prices set by the company are not too high or too low.

Service Quality

According to Tjiptono (2008) in order to create customer satisfaction, the products offered by the organization must be of high quality. In simple terms, quality can be defined as a product that is free from defects. In other words, the condition of the product must comply with the standard. The standard can be interpreted as a target, target or requirement that can be defined, observed and measured.

Competitive Advantage

The current highly competitive business environment conditions encourage companies to be able to differentiate the products produced in the competition to gain a competitive advantage. The resulting product must have special characteristics in winning the hearts of consumers so that it becomes a special product in the hearts of consumers. Competitive advantage can only be achieved by developing products that are very special and more profitable than competitors (Sunyoto, 2015). According to Porter (1990) explains that competitive advantage is the heart of business performance to face competition. Meanwhile, according to Barney (2010) competitive advantage is a company experiencing competitive advantage when actions in an industry or market create economic value and when several competing companies engage in similar actions. Saiman (2014) stated that competitive advantage is expected to be able to achieve profit according to plan, increase market share, increase customer satisfaction, and continue the viability of a business.

Conceptual framework

In accordance with Kurniasari's research (2018), it states that product innovation, product creativity and product quality individually simultaneously have a positive effect on competitive advantage. From the results of Kaura's (2015) research, service quality has a positive effect on customer satisfaction and customer loyalty. This shows that by providing good service quality, it will increase success in achieving competitive advantage for an organization/company.
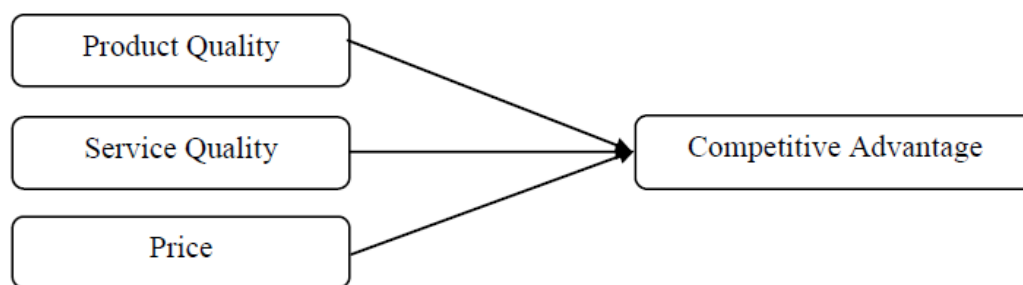

Fiugure 1. Competitive Advantage

Hypothesis
1. Product quality, Service Quality and Price together have no effect on competitive advantage.
2. Product quality has a positive and significant effect on competitive advantage.
3. Service quality has a positive and significant effect on competitive advantage.
4. Price has a positive and significant effect on competitive advantage.

5. Product quality, Service Quality and Price together have an effect on competitive advantage.

RESEARCH METHODS

This type of research uses a descriptive verification method with a quantitative approach, by using the research method a significant relationship will be known between the variables studied so that conclusions will clarify the description of the object under study. This research was conducted at the office of PT TelkomWitel Medan. The population in this study are customers who have recently subscribed to IndiHome and who are still subscribed to IndiHome for the last three years as many as 195,026 customers with a total sample of 110 respondents. Data was collected by conducting observations, interviews and distributing questionnaires. Data analysis using SPSS software.

RESULT AND DISCUSSION
Multiple Linear Regression Test

Multiple linear regression analysis was used to determine the effect of the independent variables (Product Quality, Service Quality and Price) on the dependent variable (Competitive Advantage).

Table 1. Multiple Linear Regression Test Results

Coefficientsa						
Model				Standardized Coefficients	t	Sig.
				Beta		
1	(Constant)	-0,011	0,810		-0,013	0,990
	totalX1	0,215	0,078	0,246	2,770	0,007
	totalX2	0,511	0,060	0,593	8,577	0,000
	totalX3	0,114	0,075	0,128	1,517	0,133

a. Dependent Variable: totalY

Product Quality (X1) against Competitive Advantage (Y)

The value of the Product Quality coefficient for the X1 variable is 0.215 and is positive, this indicates that the Product Quality variable has a direct relationship with Competitive Advantage. This means that for every one unit increase in Product Quality, the Beta (Competitive Advantage) variable will increase by 0.215 with the assumption that the other independent variables of the regression model are fixed.

Service Quality (X2) against Competitive Advantage (Y)

The value of the Service Quality coefficient for the X2 variable is 0.511 and is positive, this indicates that the Service Quality variable has a direct relationship with Competitive Advantage. This means that for every one unit increase in Service Quality, the Beta (Competitive Advantage) variable will increase by 0.511 with the assumption that the other independent variables of the regression model are fixed.

Price (X3) against Competitive Advantage (Y)

The price coefficient value for the X2 variable is 0.114 and is positive, this indicates that the Price variable has a direct relationship with Competitive Advantage. This means that for every one unit price increase, the Beta (Competitive Advantage) variable will increase by 0.114 with the assumption that the other independent variables of the regression model are fixed.

Hypothesis test

Tabel 2. Simultaneous Test (F Test)

ANOVAᵃ						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	557,395	3	185,798	129,858	.000ᵇ
	Residual	137,355	96	1,431		
	Total	694,750	99			

a Dependent Variable: totalY
b Predictors: (Constant), totalX3, totalX2, totalX1

Based on the test, there is a jointly significant effect of the independent variables Product Quality, Service Quality and Price on Competitive Advantage.

Table 3. Partial Test Results (t Test)

Coefficients[a]						
Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-0,011	0,810		-0,013	0,990
	totalX1	0,215	0,078	0,246	2,770	0,007
	totalX2	0,511	0,060	0,593	8,577	0,000
	totalX3	0,114	0,075	0,128	1,517	0,133

a. Dependent Variable: totalY

Product Quality Variable (X1)

The t_{count} value of the product quality variable is 2,770 and the t_{table} value is 1,984, so $t_{count} > t_{table}$ (2,770 > 1,984) and the significant level is 0.05. This means that the product quality variable has a significant effect on the competitive advantage variable.

This agrees with the research by Nurainun (2019) which states that product quality has a positive and significant effect on competitive advantage. The results of the calculation of the determinant coefficient (R2) indicate that the value of R square is 0.690, which means that product quality has an effect on competitive advantage of 69%, while the rest is influenced by other variables not examined in this study.

The quality of Indihome products offered by PT. Telkom Indonesia Witel Medan has advantages in performance by having high speed compared to other providers and stable network quality, conformance to specifications as evidenced by the network offered according to advertisements, and features equipped with unique features that make customers feel satisfied in using Indihome service. This is in accordance with what was conveyed by Lupiyoadi (2013) that there are eight indicators in product quality, namely: performance (performance), features of the product (features), reliability (reliability), conformance to specifications (conformance to specifications), resilience (durability), the ability of service (serviceability).

Service Quality Variable (X2)

The t_{count} value of the service quality variable is 8,577 and the t_{table} value is 1,984, so $t_{count} > t_{table}$ (8,577 > 1,984) and the significant level is 0.05. This means that the service quality variable has a significant effect on the competitive advantage variable.

The quality of service provided by Indihome employees is overall satisfactory for customers, which can be seen from the distribution of respondents' answers, the majority of whom gave agreeable answers. This is due to the quality of indihome services carried out by each employee who is tasked with providing friendly service, customer complaints can be handled properly and responded to quickly, employees on duty are professional and have good competence so as to provide solid solutions. The quality of indihome services is in line with the criteria proposed by Tjiptono (2005) which states that there are six criteria for service quality that are perceived as good, namely as follows: 1) Professionalism and Skills. Customers find that service providers, employees, operational systems, and physical resources have the knowledge and skills needed to solve their problems professionally (outcome-related criteria). 2) Attitudes and Behavior. Customers feel that service employees (customer contact personnel) pay great attention to them and try to help solve their problems in a spontaneous and friendly manner. 3) Accessibility and Flexibility. Customers feel that service providers, locations, hours of operation, employees and operating systems are designed and operated in such a way that customers can

access these services easily. In addition, it is also designed with the intention of being able to adapt to customer requests and desires flexibly. 4) Reliability and Trustworthiness. Customers understand that no matter what happens or has been agreed upon, they can rely on service providers and their employees and systems to make appointments and do everything with the interests of customers first. 5) Recovery. Customers realize that when something goes wrong or something unexpected and unpredictable, the service provider will immediately take action to control the situation and find the right solution. 5) Reputation and Credibility. Customers believe that the operations of service providers can be trusted and provide value/reward commensurate with the costs incurred.

The quality of service realized by employees also agrees with the statement of Tjiptono (2008) which states that service quality is realized through fulfilling customer needs and desires and the accuracy of delivery in balancing or exceeding customer expectations. First, will expectation, which is the level of performance that consumers anticipate or expect to receive, based on all the information they know. Second, should expectation, namely the level of performance that is considered appropriate for consumers to accept. Third, there are two ideal expectations, namely the optimum or main performance level that affects service quality: expected service and perceived service.

Price Variable (X3)

The t_{count} value of the price variable is 1.517 and the t_{table} value is 1.984, so $t_{count} > t_{table}$ (1.517 > 1.984) and the significant level is 0.05. This means that the price variable has a significant effect on the competitive advantage variable.

The prices offered by Indihome are overall affordable and in accordance with the quality obtained by customers, it can be seen from the distribution of respondents' answers, the majority of whom gave agreeable answers. This is because Indi-Home has a reasonable price, the quality provided is in accordance with the existing price and the price varies according to bandwidth so that customers can more freely choose the packages offered by Indihome.

This is in accordance with the indicators put forward by Widodo (2016) which mentions several price indicators, including: 1) Price affordability, namely the price setting made by the company in accordance with the purchasing power of consumers. Consumers can reach the prices set by the company. 2) Price compatibility with product quality, namely pricing by the company that is adjusted to the quality of the product that can be obtained by consumers. 3) Price competitiveness, namely price offers made by different companies and competing with those given by other companies on the same type of product. 4) Conformity of price with benefits, namely the determination of prices made by the company in accordance with the benefits that can be obtained by consumers from the products consumed.

Coefficient of Determination Test (R2)

Table 4. Results of the Coefficient of Determination (R₂)

Model Summary[b]				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.896[a]	0,802	0,796	1,196

a. Predictors: (Constant), totalX3, totalX2, totalX1
b. Dependent Variable: totalY

The correlation coefficient value is 0.796 which indicates that the correlation between the dependent variable (Y) and the independent variables (X1, X2 and X3) is high. If R > 0.05 then the correlation is high.

Adjusted coefficient value (R Square) is 0.796. This means that 79.6%

Competitive Advantage is influenced by the variables of Product Quality, Service Quality and Price in this study. Based on the Adjusted R Square value of 79.6%, the remainder of the Adjusted R Square value of 20.4% is influenced by other variables outside of the independent variables used in the study.

Variable Descriptive Statistics Results
Product Quality

Based on descriptive analysis with 5 statements given to respondents on product quality variables, it can be concluded that Indihome products have good product quality for Indihome customers, where product quality has the highest average value of 3.85 which states that the majority respondents agreed "IndiHome products are equipped with unique features that are not offered by other products", and the lowest average score is 3.52 which states that "There are no problems in operating IndiHome products during the subscription period.". The average result of the average product quality variable is 3.71. Based on Table 4.7, respondents' perceptions of product quality variables are in good categories. This means that the quality of the products owned by PT Telkom Indonesia Witel Medan according to customers is quite good with the various features that have been offered and has a stable network.

Service Quality

Based on a descriptive analysis with 5 statements given to respondents on the service quality variable, it can be concluded that Indihome products already have good service quality for Indihome customers, where the service quality has the highest average value of 4.1 which states that the majority respondents agreed "Every complaint is responded to quickly", and the lowest average score is 3.3 which states that "Every IndiHome employee on duty always serves friendly". The average result of the average service quality variable is 3.782. Based on Table 4.8, respondents'

perceptions of service quality variables are in the good category. This means that the quality of service provided by PT Telkom Indonesia Witel Medan according to customers is quite good with every IndiHome employee on duty having good competence so that they are able to provide the right solution and provide good quality service to IndiHome customers.

Price

Based on descriptive analysis with 4 statements given to respondents on the price variable, it can be concluded that Indihome products have competitive prices from other providers and the prices offered by Indihome are quite affordable, where the price variable has the highest average value of 4,1 which states that the majority of respondents agree "The price offered by Indihome is in accordance with the quality I get", and the lowest average value is 3.52 which states that "IndiHome packages are offered at a reasonable price". The average result of the average price variable is 3.71. Based on Table 4.9, the respondent's perception of the price variable is in the good category. This means that the price owned by PT Telkom Indonesia Witel Medan according to customers is quite good with competitive prices and quite affordable according to the bandwidth that is in line with IndiHome prices.

Competitive Advantage

Based on descriptive analysis with 4 statements given to respondents on the competitive advantage variable, it can be concluded that Indihome products already have a good competitive advantage, where the competitive advantage variable has the highest average value of 4.09 which states that the majority of respondents agreed that "IndiHome's troubleshooting is quickly resolved by IndiHome employees", and the lowest average score is 3.68 which states that "IndiHome product content choices are more complete than other providers". The average result of the average price variable is 3.83. Based on Table 4.10, the

respondent's perception of the competitive advantage variable is in the good category. This means that the competitive advantage that PT Telkom Indonesia Witel Medan has according to customers is quite good with the fast handling of Indihome disturbances and a more complete selection of content from other providers.

CONCLUSION

Product quality has a positive and significant impact on competitive advantage and the higher the quality of the product provided, the more competitive advantage IndiHome will be.

There is a direct positive and significant effect of service quality on competitive advantage.

There is a direct positive and significant effect of price on competitive advantage.

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