The Effect of Service Performance on Customer Loyalty Through Brand Equity as Intervening Variables on Products Indihome PT Telkom Witel Medan

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Abstract: *Information, Communication and Technology (ICT) industry trends have developed rapidly in various parts of the world, as well as in Indonesia. Referring to the formulation of the problem above, the purpose of this study is to determine and analyze the effect of service performance on customer loyalty to Indihome products at PT Telkom Witel Medan, to find out and analyze the effect of service performance on brand equity in Indihome products at PT Telkom Witel Medan, to find out and analyze the effect of customer loyalty on brand equity on Indihome products at PT Telkom Witel Medan, to find out and analyze the effect of service performance on customer loyalty through brand equity on Indihome products at PT Telkom Witel Medan. This study uses a type of quantitative research. The population in this study are consumers of Indihome PT Telkom Witel Medan with a sample of 100 consumers. The results of the study show that service performance has no effect on customer loyalty influencing Indihome products in PT Telkom Witel Medan, service performance has an effect on brand equity in Indihome products at PT Telkom Witel Medan, brand equity has an effect on customer loyalty to Indihome products in PT Telkom Witel Medan, service performance has an effect on customer loyalty through brand equity as an intervening variable on Indihome products at PT Telkom Witel Medan.*
Keywords: *Service Performance, Customer Loyalty, Brand Equity*

I. Introduction

Information, Communication and Technology (ICT) industry trends have developed rapidly in various parts of the world, as well as in Indonesia. Interconnected Network or more familiarly called the internet is one of the developments in information and communication technology that offers the side of sophistication, practicality, and convenience. Unlimited information and access that is increasingly easy to follow with the development of information technology makes every individual's curiosity answered and communication goes well. Starting from companies, governments, organizations and Indonesian people use computers, gadgets and the internet to access various sources of information and communicate with other people around the world.

The number of internet users in Indonesia has increased significantly each year. Where in 2017 there were 143.26 million people, and indicated an increase of 7.96 percent compared to the number of internet users in 2016, which was only 132.7 million users. This is inseparable from the role of internet service provider services or abbreviated ISP. There are several ISP brands that provide private wifi services, namely Indihome, First Media, Biznet, MNC Play Media, My Republic, and oxygen. By comparing the products of the six ISP companies. It shows that competition in the internet service provider industry remains very tight, because each company offers a similar service package. For them as a service provider, improving service quality is very important for the success of a service based business.

According to Hawkins and Mothersbaugh (2010) satisfaction is the level of one's feelings after comparing the product's performance or perceived results with expectations. This satisfaction can be felt by the customer if the service and trust in the goods purchased, the customer will feel comfortable and will not be easy to go if these factors are in accordance with customer needs. Customers who are satisfied with the first purchase and will make a repurchase of products at the same company and are willing to become regular customers can be interpreted as a loyal customer.

Customer loyalty has an important role in business survival and the development of a competitive environment (Morgan and Hunt, 1994). Basically customer loyalty is needed by the company to improve service quality. Tjiptono (2007) said customer loyalty has several advantages, namely where marketing costs

are reduced because the cost of retaining customers is cheaper than the cost of finding new customers. Therefore, the presence of customers who are loyal to the brand is needed so that the company can survive. The stronger the brand image and brand trust in the minds of customers, the stronger the customer's confidence to remain loyal or loyal to the product he bought so that it can lead a company to continue to benefit from time to time. This is proven that the importance of customer loyalty is to always provide benefits for companies Competition is increasing among brands operating in the market.

II. Literature Review

2.1 Brand Equity
Brand equity according to Assauri (2003) is the most valuable asset in the business in underlying the image, personality, identity, attitude, familiarity of the association and brand awareness. According to Keler (2013:71) states that brand knowledge is the key in building a strong brand equity because this can make a brand different from other brands. Brand knowledge has two core components: 1). Brand awareness. Brand awareness or brand awareness associated with identifying brands in different conditions. 2). Brand image. Is the customer's perception of the brand, which is shown and associated in the customer's memory.

2.2 Service Performance
Service Performance is the performance of the services received by the customers themselves and assess the quality of service that they really feel (Brady and Cronin, 2001).
Service Performance with dimensions (Brady and Cronin, 2001):
a.Interaction Quality, is a face to face service between employees and customers and key elements of the exchange of services between employees and customers.
b.Physical Physical Quality, related to the physical influence or condition of the building on customer service evaluation. This is something that can be seen by customers.
c.Outcome Quality, is a relevant feature that is evaluated by the customer after service delivery.

2.3 Customer Loyalty
In general, there are three different approaches to measuring loyalty (Suryani, 2008):
aBehavioral measurement: Behavioral measurement considers consistent and repetitive buying behavior as an indicator of loyalty.
b.Attitude measurement: Attitude measurement uses attitude data to reflect the emotional and psychological attachments inherent in loyalty. Attitude measurement is related to a sense of loyalty, involvement and loyalty.
c.Composite measurement. composite loyalty measurement, combines the first two dimensions and measures loyalty with customer product preferences, brand switching tendencies, purchase frequency, purchase return and total purchases.

III. Research Methods

3.1 Type of Research
This type of research is quantitative descriptive. Nasir (2013) states that descriptive research is a method of examining the status of a group of people, a system of thought, or a class of events in the present that aims to make a systematic, factual and accurate description, picture, or painting of facts, traits - traits, as well as the relationships between the phenomena investigated. This research is a survey research method which is a study that takes a sample from a population by relying on the questionnaire as an instrument of data collection.

3.2 Population and Samples
The population in this study are customers of Indihome products of PT Telkom Witel Medan.
In this research researchers used 100 samples as mentioned above. In mutivariate studies (including multiple regression analysis), the sample size should be 10x larger than the number of variables in the study. In this study there are 10 variables. So the minimum number of samples is: 10 x 10 = 100 respondents.

3.3 Data Analysis Method
This study uses descriptive qualitative analysis method to determine the existence of relationships between dependent variables and independent using inductive statistics correlation with multiple regression analysis. The qualitative descriptive objective in this study is to provide a systematic, factual and accurate description of certain facts.

Multiple Linear Regression Analysis
The data analysis method used in this study is multiple regression analysis (Sugiyono, 2007). Therefore the research formulation in the path analysis framework only revolves around the independent

variable (X_1, X_2, ..., X_k) influencing the dependent variable Y, or how much direct, indirect, and total influence or simultaneous set of independent variables (X_1, X_2, ..., X_k) to the dependent variable Y. Hypothesis testing using t test, F test, r squared test.

IV. Results

Determination Coefficient Model I

Table 1 Determination Coefficient Model I

Model	R	R Square	Adjusted R Square
1	.796ª	.633	.630

Source: Research Results

Table 1 provides information about the predictive ability of the research model in the Research Model. The R-square value in the Research Model indicates that the service performance variable is able to explain 63.3% of the data variance on the brand equity dependent variable (Z). The rest, as much as 26.7% of the variance of data on brand equity is explained by other variables not examined in this model.

Simultaneous Test (F) Model I

Table 2 ANOVA Model I

ANOVAª

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1777.766	1	1777.766	169.340	.000ᵇ
	Residual	1028.824	98	10.498		
	Total	2806.590	99			

a. Dependent Variable: Ekuitas_Merek

b. Predictors: (Constant), Service_Performace

Source: Research Results

Table 2 provides information that together service performance variables can significantly influence brand equity. This decision was obtained based on an F-calculated value greater than the F-Table, or through a F-test significance value smaller than 0.05 (Sig F = 0,000). Thus, the service performance variable is true as a predictor for brand equity.

Hypothesis and Test t Model I

Table 3 Model Path Coefficients 1

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.406	1.669		2.640	.010
	Service_Performace	.834	.064	.796	13.013	.000

Source: Research Results

Based on Table 3 it is known that the significance value of service performance = 0.0000 is smaller than 0.05. This shows that the regression model I, namely service performance has an effect on brand equity.

Determination Coefficient Model II

Table 4 Determination Coefficient Model II

Model	R	R Square	Adjusted R Square
1	.361ᵃ	.130	.112

Source: Research Results

Table 4 provides information about the predictive ability of the research model in the Research Model. R-square in the Research Model indicates that the service performance and brand equity variables are able to explain 13% of the data variance on the dependent variable of loyalty (Y). The rest, as much as 77% of the variance of data on loyalty is explained by other variables not examined in this model.

Simultaneous Test (F) Model II

Table 5 ANOVA Model II

ANOVAᵃ

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	255.559	2	127.779	7.246	.001ᵇ
	Residual	1710.631	97	17.635		
	Total	1966.190	99			

a. Dependent Variable: Loyalitas

b. Predictors: (Constant), Ekuitas_Merek, Service_Performace

Source: Research Results

Table 5 provides information that together service performance variables and brand equity can significantly influence individual loyalty to PT Telkom Witel Medan. This decision was obtained based on an F-calculated value greater than the F-Table, or through a F-test significance value smaller than 0.05 (Sig F = 0.001). As such, service performance and brand equity variables are true predictors of loyalty.

Hypothesis and Test t Model II

Table 6 Model Path Coefficients 1I

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.406	1.669		2.640	.010
	Service_Performace	.834	.064	.796	13.013	.000

Source: Research Results

Based on Table 6 it is known that the significance value of the two variables namely service performance = 0.672 (greater than 0.05) and brand equity = 0.010 (less than 0.05). This shows that the regression model II, namely service performance has no effect on brand loyalty and equity has an effect on customer loyalty at PT Telkom Witel Medan.

V. Conclusion and Suggestion

5.1 Conclusion

The conclusions in this study are as follows:

1. Service performance has no effect on loyalty to Indihome products at PT Telkom Witel Medan.
2. Service performance influences brand equity in Indihome products at PT Telkom Witel Medan.
3. Brand equity affects the loyalty of Indihome products at PT Telkom Witel Medan.
4. Service performance influences loyalty through brand equity as an intervening variable on Indihome products at PT Telkom Witel Medan.

5.2 Suggestion

The suggestions in this study are as follows:

1.To improve service performance that can be done by PT Telkom Witel Medan, employees in the company need to apply good habits to serve customers consistently in accordance with the standards set by the company. Like welcoming customers "smile, greetings, greetings" and remembering birthdays for privillage customers. Sending greeting cards and gifts is one way to perform good service performance.

2.To increase brand equity that can be done by PT Telkom Witel Medan such as providing a suggestion box or asking the customer's opinion via email about indihome products and services. In addition, gathering activities with customers can also be done. To increase brand equity that PT Telkom Witel Medan can do, so that brand equity becomes stronger, companies must ensure that the brand goes in the right direction, still doing product innovation that suits the needs and desires of customers. Any marketing action taken by the company has the potential to change customer knowledge about the brand.

3.To increase customer loyalty that can be done by PT Telkom Witel Medan, such as holding monthly promotional events that can convince customers to continue using Indihome. In addition Indihome call centers can periodically ask customers about customer opinions about Indihome products and the needs and desires of customers towards Indihome products.

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