

ABSTRACT

The tighter competition of telecommunication sector in Indonesia, which is indicated by the high number of cellular customer's growth and the appearance of new cellular operator, make the cellular operators have to give more attention to the customer to keep the current customer basis. The appearance of new cellular operator make more alternative of choices accepted by costumer and it becomes new problem for cellular operator that is the high of customer churn. This problem also faced by PT Indosat, Tbk Kediri branch, at Matrix post-paid product. The high of Matrix customer churn each month can't be equalized by the activate customer, especially on 2007. This research aimed to give advice for Indosat in the form of customer retention program suggestion that can increase customer loyalty and lessen churn rate based on customer switching intention model.

In this research, data collecting is done with survey method by spreading the questionnaire to Indosat customer who use Matrix after-paid card. The spreading of questionnaire is done by random sampling method. Questions in the questionnaire consist of two parts. First part contains common information of respondent, while the second part contains the assessment of respondent perception to research variable covering *call quality*, *pricing structure*, *convenience in process*, *customer support*, *alternative attractiveness*, and *service usage*. Respondent state their perception of the questions written in the questionnaire by using 6 points of Likert scale.

The result of this research shows that pricing structure and alternative attractiveness affect significantly to customer switching intention. While call quality, convenience in process, customer support, and service usage, do not affect significantly to customer switching intention.

Suggestion concept of customer retention program made based on the influential research variable is by create high switching barrier develop value added service. Customer retention program suggested are making SMatrix-Card, develop community, Customer Reward Program, and loyal point bonus. With this retention program, both firm and customer will get many advantages and profits.

Key words: churn rate, customer switching intention, random sampling, loyalty program.