

ABSTRACT

The industry of telecommunication service in Indonesia has been increasing for years. It can be seen in the number of cellular operator and cellular operator's customers that become larger and larger in amount. Since there is a lot of operators in Indonesia, every operator always make some innovation and strategy to get more customers and also to keep them as customers, by giving the best quality in service. For that reason, competing appeared as a new problem seen in this industry, all cellular operators try to win this competition by offering low price, and many more. From the data that is gotten from *Antara News* (2007), according to Khairul Ummah, a research team in "*Lembaga Riset Telematika Sharing Vision Bandung*", the act from operators in significantly decreasing the price and offering many kind of bonus make a switching behaviour from the customers. The operator switching was being a new trouble for cellular operators and also found in Bandung, Jawa Barat.

Kotler and Armstrong (1996) said that the best solution in keeping the customers is to give them the highest satisfaction and best value that will make them a loyal customer. Based on the theory, and based on the phenomena about customer switching, we can conclude that this research is really needed in order to try to fix the switching problem by analyzing variables that influence the customer loyalty in cellular operator, because the switching behaviour has a very close relation with customer loyalty and also satisfaction. After that, we can create a retention program to keep the cellular operators' customers, as a result of the analysis. This research makes the college students in Bandung as the sample, that is using the service from GSM pre-paid operators.

In this research, they would be four variables that will be tested about their influences to customer loyalty. They are *pricing*, *switching cost*, *alternative attractiveness* and *perceived quality*. After testing the hypothesis using SEM, we get the conclusion that from four variables, it is just three variables that shown have a significant influence to customer loyalty. According to this conclusion, a retention program was created. The programs was offered to increase the quality of customers' perception about pricing, switching cost and alternative attractiveness.

For the next research, there would be some development could be added. Next research can do more analysis to other variables, besides the variables used in this research. The next research can also expand the sample area (not just for college students in Bandung). And writer suggest that a testing would be better to try the program and in order to know how the program works effectively.

Key words : Customer Loyalty, retention program, pre-paid GSM