

ABSTRACT

PT Excelcomindo Pratama, Tbk (XL) is the third biggest telecommunication service provider in Indonesia. However, in 2008, XL has its customers churn rate as the highest, compared to its direct competitor. This is an apprehensive condition, concerning that this issue can be a threat for XL existence in Indonesian telecommunication business. Based on the issue mentioned before, this research is held to formulate a retention program as an effort to maintain XL customer, especially in Bandung.

In this research, data are collected by using survey method via questionnaire which is addressed to XL prepaid customer in Bandung. Questionnaire is conducted by using convenience sampling method, Rule of Thumb and Gervitz theory to determine the sample size needed. The questionnaire consists of two parts, namely the Customer Profile and Customer Loyalty which is intended to measure respondent perception toward corporate image, price, switching barriers, alternative attractiveness and customer satisfaction.

The research shows that from five variables, there are four which have a significant effect on customer loyalty, namely price, switching barriers, customer satisfaction and corporate image. Intention of a customer to remain loyal will increase, if the customer's perception is influenced by the low prices, and high switching barriers, high customer satisfaction and good corporate image.

Based on the variables that affect the Customer Loyalty, a retention program that aims to increase customer loyalty that can suppress the high levels of churn rate is compiled. This retention program proposes several ways to build interpersonal relationships, conducting product differentiation, enhancing value added service function, providing intensive financial and improving quality of service.

Keywords: Customer loyalty, retention programs