

## ABSTRACT

Recently communication has become an important part of life and it is inseparable in every daily activities of everyone in this era of information. One of the tools of communication that people nowadays are using is mobile phone.

The competition in the telecommunication market is tight as the market has really saturated. XL Axiata, as one of the players in Indonesian cellular industry is troubled with low and fluctuating customer growth, high churn rate, and low ARPU. In the condition of such a market, XL needs to focus on retaining the existing customers. Therefore, it is necessary to consider the factors that can help XL retain their customers.

The objective of this research is to analyze switching barriers and also the influencing factors and their contributions toward customer loyalty. This research uses data from samples from 400 respondents who lives in Indonesia chosen by Purposive Non-Probability Sampling technique. The main data source of this study is from questionnaire, with 13 survey items from 4 constructs. This research has fulfilled the convergent and discriminant validity and has a good reliability as well. To test the hypotheses, this research uses Structural Equation Model (SEM) with SmartPLS 3.0 as the statistic tools.

The result revealed that there are two out of three factors of switching barrier that significantly influence customer loyalty, namely *Perceived Switching Cost* and *Attractiveness of Alternatives*. The model can predict the influence of switching barrier towards customer loyalty in Indonesia since the  $R^2$  is 62.4%.

This research has found that *Interpersonal Relationship* has no significant influence towards customer loyalty while the other *Perceived Switching Cost* and *Attractiveness of Alternatives* were found to be significant. So XL Axiata should not spend further effort in terms of time and money in managing the relationship, but focus on preventing customers from switching provider and fulfilling their promises of their advertisements. For further research, since the samples of this research may not represent all area of Indonesia, which can affect the generalizability of the findings; therefore, further research can use different approach of sampling such as quota sampling and include questions pertaining respondents' domicile to have samples that represent all area of Indonesia.

**Keywords:** *XL Axiata, switching barrier, customer loyalty, Indonesia*