

ABSTRACT

THE EFFECT OF SERVICE QUALITY AND SWITCHING BARRIERS ON FIXED BROADBAND CUSTOMER LOYALTY IN INDONESIA

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The use of internet has been growing rapidly over the last decade. One of the developments of internet technology is broadband which provides its users with higher speed than the dial-up technology. Previous research showed that broadband technology has positive effects on productivity and economic growth which makes it to become an important structure especially in developing countries such as Indonesia. Indonesia's fixed broadband industry has been facing slower penetration rate compared with mobile broadband and suffering from high customer churn rate. This condition causes companies struggling to maintain their customer loyalty. There have been a lot of research about broadband customer loyalty but only a few focused on fixed broadband industry and mostly only concerned about service quality as factors affecting customer loyalty. This area still needs a comprehensive study especially factors outside of service quality that affects its customer loyalty. This study is developed to fulfil those gaps and aims to evaluate factors affecting fixed broadband customer loyalty in Indonesia by using IndiHome as a case study. The originality of this study resides in switching barriers as an additional factor to the model proposed by previous studies. This study concludes four service quality factors which are marketing mix, customer relationship management, brand image and security and privacy along with switching barriers have positive effect on fixed broadband customer loyalty via customer value as an intervening factor.

Keywords: Customer Loyalty, Switching Barriers, Service Quality, Internet, Fixed Broadband