

Between Subscribers of Two Telecommunication Providers in Indonesia: Factors Involved in Customer Retention

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Abstract : The study objective was to compare influencing factors on customer retention of two brands - SimPATI and IM3 - of telecommunication services owned by Telkomsel and Indosat, two giant mobile telecommunication providers in Indonesia. The authors applied predictor variables including perceived tariff, perceived quality, switching barriers, and customer satisfaction. These variables were used after reviewing literature in quantitative studies on consumer behaviour relating to telecommunication services. This study used indicators adopted and adapted from literature. The quantitative data were gathered in Jakarta, involving 205 subscribers of SimPATI and 202 subscribers of IM3. The authors selected respondents purposively. Data were analysed using both exploratory and confirmatory factor analyses. Two fitted models were developed confirming factors that were involved in customer retention as stated on the proposed model: perceived tariff, perceived quality, switching barriers, and customer satisfaction. However, parts of the hypotheses were rejected.

Keywords : customer retention, switching barriers, telecommunication providers, structural equation model, SimPATI, IM3, Indonesia

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