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Factors influencing customer loyalty to internet service provider users of FirstMedia in Jakarta

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ABSTRACT

The purpose of this research is to find out what factors have a significant influence on customer loyalty in Internet Service Provider First Media users in Jakarta. For testing the validity from that hypothesis it's needed related data from Customer's opinion. Data explored based on one judgment and worker opinion from 185 respondents. The result of data analyze by Multiple Regression test shows that $\hat{Y}$ = -2,336 + 0,066X1 + 0,149X2+ 0,047X3+ 0,030X4+ 0,390X5, Service Quality variable (X1) t has calculated 3,516, Customer Satisfaction variable (X2) t calculate 2,480, Corporate Image variable (X3) t calculate 0.64, Price Perception variable (X4) t calculate 0.370, Switching Cost variable (X5) t calculate 5.449. By using a significant level of alpha (5%) hence all variables in this research are statistically significant. Coefficient of determination (adjusted R2) 0.563, this thing means that independent variables can explain about dependent variables equal to 56.3%. The F statistic test shows 48,486, it means that the independent variable influences customer loyalty in Internet Service Provider First Media users in Jakarta. Based on research by Multiple Regression test, it can be concluded that the variables of Service Quality, Customer Satisfaction, Corporate Image, Price Perception and Switching Cost influence both individually and simultaneously.

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1. INTRODUCTION

The telecommunications industry, especially the internet sector in Indonesia, has experienced very rapid growth in recent years. This is reflected in the continued increase in internet service users in Indonesia. In Indonesia, the internet was initially not very developed (Wanda & Sari, n.d.). The rapid development of the internet in Indonesia began in early 2006, which was triggered by the presence of a new technology called broadband internet or wide band internet. However, currently the growth of Internet users in Indonesia is increasing rapidly, making this industry even more attractive. As a result, many internet service provider companies or ISPs (Internet Service Providers) have started to stand up. ISP is a product in the form of services or services in the field of internet service providers (Setiawan, 2006).

This broadband internet has the ability to access data faster than previous technologies. With the presence of this broadband internet, internet access becomes faster, easier and cheaper than before. Since then, the internet has become increasingly accepted by society (Enterprise, 2013).

FastNet (formerly known as MyNet), is a subsidiary of First Media as a provider of internet services through broadband cable networks. FastNet has an advantage in terms of its low price compared to other internet service providers because it offers a fixed price for services that are always on for 1 month. FastNet does not use telephone lines to provide internet access, but uses broadband cables (Reinold, 2009). This causes the coverage area to be not as wide as ADSL which uses telephone lines, because broadband cable must be supported by the use of optical fiber which is rarely used in Indonesia. Entering 2010, First Media is very optimistic about its future (Hadiatama, 2012). To improve the quality of its service, First Media purchased a license to operate a wireless Internet connection service with the latest technology, WiMax, which First Media acquired in November 2009, will expand First Media's market reach not only geographically but also demographically. What WiMax offers, apart from wider coverage and economy compared to wired networks, is mobility (Suni & Krisnadi, 2012). Customer loyalty in a business context is the desire of consumers to continuously subscribe to the company, buy and use the company's products and services repeatedly and recommend the company's products to others. (Lovelock & Wirtz, 2007).There are many factors that can increase or make consumers loyal to a product, for example satisfying product quality, affordable prices, and so on (Amir, n.d.).

The problem formulated in this study is whether service quality from ISP Firstmedia has a positive effect on customer satisfaction using ISP First Media? Does service quality have a positive effect on corporate image at ISP First Media? Does service quality have a positive and significant effect on customer loyalty at ISP First Media? Does customer satisfaction have a positive and significant effect on customer loyalty at ISP First Media? Does price perception have a positive and significant effect on ISP First Media's customer loyalty? Does company image have a positive and significant effect on customer loyalty from ISP First Media? Does the switching cost have a positive and significant effect on customer loyalty at ISP First Media? whether service quality, corporate image, customer satisfaction, switching costs, price perceptions have a significant effect simultaneously on customer loyalty? Which factors have the most influence on ISP First Media's customer loyalty? (Hadiatama, 2012).

2. RESEARCH METHOD

This study uses a quantitative approach. The object of this research is First Media internet broadband cable subscribers domiciled in the Jakarta area. This research was conducted in April-May 2011. Primary data collection needed for this study were observation and questionnaires.

In this study, the respondents will be users of first media internet broadband cable who are domiciled in the Jakarta area. In taking samples, researchers used non-probability sampling method with convenience sampling technique.

Hypothesis:

*Ho1:*There is no significant influence between service quality on First Media's customer satisfaction.

Ha1: There is a significant influence between service quality on First Media's customer satisfaction.

*Ho2:*There is no significant influence between customer satisfaction and customer loyalty of First Media consumers.

Ha2: There is a significant influence between customer satisfaction and customer loyalty of First Media consumers.

*Ho3:*There is no significant effect of service quality on First Media's customer loyalty.

Ha3: There is a significant influence between service quality and customer loyalty of First Media consumers.

*Ho4:*There is no significant effect of switching costs on First Media's customer loyalty.

Ha4: There is a significant effect of switching costs on First Media's customer loyalty.

*Ho5:*There is no significant effect of corporate image on First Media's customer loyalty.

Ha5: There is a significant influence between corporate image and customer loyalty of First Media consumers.

*Ho6:*There is no significant influence between service quality and company image for First Media consumers.
ha6: There is a significant influence between the quality of service on the corporate image of First Media consumers.
*ho7:*There is no significant effect between price perceptions on First Media's customer loyalty.
ha7: There is a significant influence between price perceptions on First Media's customer loyalty.

3. RESULTS AND DISCUSSIONS

Validity test

Table 1. Validity of Pre-Test Research Instruments

Variable	Statement	KMO	*Components Matrix*	Information
	1		.484	Valid
	2		.890	Valid
X1	**3**	.804	.802	Valid
	4		.921	Valid
	5		.781	Valid
	6		.826	Valid
X2	7	.713	.706	Valid
	8		.817	Valid
	9		.874	Valid
	10		.891	Valid
X3	11	.794	.880	Valid
	12		.920	Valid
	13		.816	Valid
	14		.811	Valid
	15		.831	Valid
X4	16	.816	.892	Valid
	17		.926	Valid
	18		.869	Valid
	19		.832	Valid
X5	20	.804	.846	Valid
	21		.815	Valid
	22		.908	Valid
	23		.870	Valid
X6	24	.712	.890	Valid
	25		.837	Valid
	26		.856	Valid
X7	27	.716	.874	Valid
	28		.845	Valid
	29		.883	Valid
X8	30	.712	.831	Valid
	31		.874	Valid
	32		.915	Valid
X9	33	.743	.908	Valid
	34		.888	Valid
	35		.820	Valid
Y1	36	.682	.909	Valid
	37		.858	Valid

Source: Data processed by researchers

Based on the table above, it can be seen that the KMO value for each variable tested is > 0.5 and for each statement instrument tested it has a component matrix value that is > 0.5. Thus it can be concluded that all research instruments at the pre-test stage are valid.

Reliability test

Table 2 Reliability of pre-test research instruments

Variable	*Cronbach Alpha*	N of Items
X1	.888	4
X2	.860	5
X3	.897	4
X4	.887	4
X4	.907	5
X5	.833	3
X6	.821	3
X7	.828	3
X8	.887	3
Y1	.828	3

Source: Primary data processed by researchers

Based on the results of data processing using SPSS version 15, it can be seen that the Cronbach Alpha for each variable is > 0.6, so it can be concluded that each statement used as a measuring tool is reliable, and can be used for further research.

Classic assumption test.

Normality test.

The test used is the kurtosis & skewness statistical test, where if the ratio of kurtosis and skewness is between -2 to +2 then the data distribution is normal (Santoso, 2000: 53).

Tabel 3. Descriptive Statistics

	N	Skewness		kurtosis	
	Statistics	Statistics	std. Error	Statistics	std. Error
Unstandardized Residual Valid	30	-.074	.427	-.950	.833
N (listwise)	30				

Source: Primary data processed by researchers

Table 4 Results of normality test calculations

Skewness ratio	Kurtosis Ratio
- 0.173	- 1,140

Source: Primary data processed by researchers

Based on the table above, it can be concluded that the skewness ratio and kurtosis ratio are between -2 to +2. This indicates that the data distribution is said to be normal.

Multicollinearity test

Table 5 Multicollinearity Test

Model		Unstandardized Coefficients		St andardized Coefficients			Collinearity Statistics	
		B	std. Error	Betas	t	Sig.	tolerance	VIF
1	(Const ants)	-2. 336	1.133		-2. 062	041		
	Service Quality	.066	.019	.251	3,516	001	.465	2.152
	Custom er S atis fact	.149	.060	.172	2,480	014	.495	2020
	Corporate Image	047	072	044	.647	.519	.509	1966
	Price Perc eption	.030	080	.026	.370	.712	.485	2062
	Switching Cost	.390	072	.397	5,449	.000	.448	2,235

Source: Primary data processed by researchers

Based on the table above, it can be seen that the inflation factor (VIF) value in the regression model is not above 5 (≤ 5). This shows that among these variables there is no multicollinearity problem.

Heteroscedasticity test.
The results of the Heteroscedasticity test can be shown in the following table:

Table 6 Heteroscedasticity-Coefficients-Glacier Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Be as		
1	(Constant)	.023	.029	.273	.782	.445
	work capital efficiency	008	006		1.205	.244

a. Dependent Variable: AbsUt
Source: processed research data, 2009

Heteroscedasticity Test

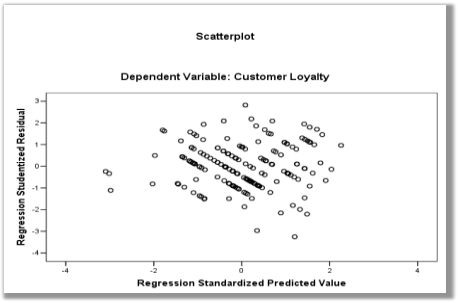

Figure 2 Heteroscedasticity test
Source: processed research data, 2009

From the scatter plot graph on Customer Loyalty it can be seen that the dots do not form a certain pattern. The scatter diagram above does not form a particular pattern. Thus it can be said that the regression does not experience heteroscedasticity disorders so that the regression model is feasible to use to predict Customer Loyalty based on independent variable input.

Autocorrelation test
The test method used is the Durbin-Watson test.

Table 7 Auto correlation test

Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.758a	.575	.563	1,503	1,596

a. Predictors: (Constant), Switching Cost , Customer Satisfaction, Corporate Image, Price Perception, Service Quality
b. Dependent Variable: Customer Loyalty
Source: primary data processed by researchers

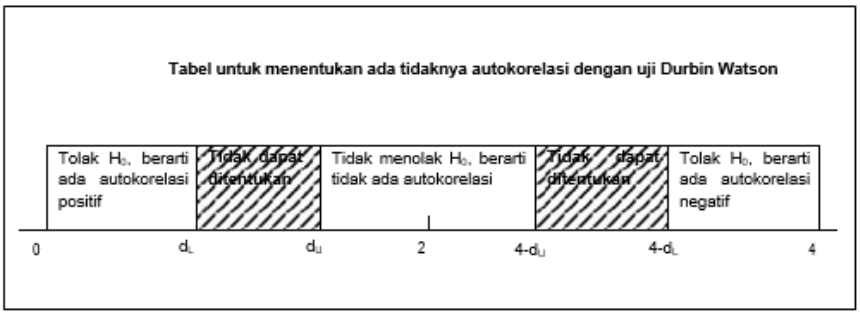

Figure 3 Auto correlation test
Source: Econometric and Statistical Analysis with Eviews, 2007 UPP STIM YKPN

In this test it can be seen in the Model Summary table in model 1 where the DW value shows 1.596. which means Accept Ho, there is no serial correlation (no autocorrelation) because DW lies between 1.54 and 2.46.
Based on the following rules:
Ho : no serial correlation
H1 : there is a serial correlation

Multiple regression test

Table 8 Regression equation model

Model		Unstandardized Coefficients		St andardiz ed Coefficients			Collinearity Statistics	
		B	std. Error	Betas	t	Sig.	tolerance	VIF
1	(Const ants)	-2. 336	1.133		-2. 062	041		
	Service Quality	.066	.019	.251	3,516	001	.465	2.152
	Custom er S atis fact	.149	.060	.172	2,480	014	.495	2020
	Corporate Image	047	072	044	.647	.519	.509	1966
	Price Perc eption	.030	080	.026	.370	.712	.485	2062
	Switching Cost	.390	072	.397	5,449	.000	.448	2,235

Source: Primary data processed by researchers

$$Y' = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5$$

$$\hat{Y} = -2.336 + 0.066X_1 + 0.149X_2 + 0.047X_3 + 0.030X_4 + 0.390X_5$$

Where :
$\hat{Y}$ = *Customer Loyalty*
X_1 = *Service Quality*
X_2 = *Customer Satisfaction*
X_3 = *Corporate Image*
X_4 = *Price Perception*
X_5 = *Switching Cost*

A constant of -2,336 indicates that if there is no service quality, customer satisfaction, corporate image, price perception and switching costs, then customer loyalty will decrease by -2,336. The service quality regression coefficient of 0.066 states that each additional 1 unit of service quality will increase customer loyalty by 0.066. The customer satisfaction regression coefficient of 0.149 states that each additional 1 unit of service quality will increase customer loyalty by 0.149. The corporate image regression coefficient of 0.047 states that each additional 1 unit of service quality will increase customer loyalty by 0.047. The price perception regression coefficient of 0.030 states that each addition of 1 unit of service quality will increase customer loyalty by 0.030.

Simple regression test

This analysis is used to predict how much influence or contribution service quality has on customer satisfaction and service quality has on corporate image.

a. *Service quality*on customer satisfaction

Table 9 Simple linear regression test

Coefficients[a]

Model		Unstandardized Coefficients B	std. Error	St andardiz ed Coefficients Betas	t	Sig.
1	(Constant)	-4.794	1,485		-3.228	001
	Service Quality	.184	.018	.608	10,356	.000

a. Dependent Variable: Customer Satisfaction

Source: Primary data processed by researchers

$$Y' = a + bX$$

$$\hat{Y} = -4.794 + 0.184X$$

Where :

Y' = Customer Satisfaction

X = Service Quality

A constant of -4,794 states that if there is no service quality, customer satisfaction will decrease by -4,794. The service quality regression coefficient of 0.184 states that each addition of 1 unit of service quality will increase customer satisfaction by 0.184.

b. *Service quality on corporate image*

Table 10 Simple linear regression test

Coefficients[a]

Model		Unstandardized Coefficients B	std. Error	St andardiz ed Coefficients Betas	t	Sig.
1	(Constant)	-2.239	1235		-1.813	071
	Service Quality	.149	.015	.597	10067	.000

a. Dependent Variables:Corporate image

Source: Primary data processed by researchers

$$Y' = a + bX$$

$$\hat{Y} = -2.239 + 0.149X$$

Where :

Y' = Corporate Image

X = Service Quality

A constant of -2,239 states that if there is no service quality, the corporate image will decrease by -2,239. The service quality regression coefficient of 0.149 states that each addition of 1 unit of service quality will increase corporate image by 0.149.

T test

Table 11. T test results

Model		Unstandardized Coefficients		St andardiz ed Coefficients			CollinearityStatistics	
		B	std. Error	Betas	t	Sig.	toleran	VIF
1	(Constant)	-2. 336	1.133		-2. 062	041		
	Service Quality	.066	.019	.251	3,516	001	.465	2.152
	Custom er S atis fact	.149	.060	.172	2,480	014	.495	2020
	Corporate Image	047	072	044	.647	.519	.509	1966
	Price Perc eption	.030	080	.026	.370	.712	.485	2062
	Switching Cost	.390	072	.397	5,449	.000	.448	2,235

Source: Primary data processed by researchers

So based on the above calculations in the service quality variable (X1) tcount>ttable then Ho is rejected, meaning that service quality has a real (significant) effect on customer loyalty. From the table above it can be seen that unstandardized coefficients Beta service quality of 0.066 indicates that the service quality variable has a significant effect of 6.6% on customer loyalty.

Based on the above calculations in the variable customer satisfaction (X2) tcount>ttable then Ho is rejected, meaning that customer satisfaction has a significant (significant) effect on customer loyalty. From the table above it can be seen that the unstandardized coefficients Beta customer satisfaction is 0.149 indicating that the variable customer satisfaction has a significant effect of 14.9% on customer loyalty.

Based on the above calculations in the corporate image variable (X3) tcount<ttable then Ho is accepted, meaning that corporate image has no significant (not significant) effect on customer loyalty. From the table above it can be seen that the unstandardized coefficients Beta corporate image of 0.047 indicates that the corporate image variable has a significant effect of 4.7% on customer loyalty.

Based on the calculation above, the price perception variable (X4) tcount<ttable means that Ho is accepted, meaning that price perception has no significant effect on customer loyalty. From the table above it can be seen that the unstandardized coefficients Beta price perception is 0.030 indicating that the price perception variable has a significant effect of 3% on customer loyalty. Based on the calculation above, in the variable switching cost (X5) tcount>ttable, Ho is rejected, meaning that switching cost has a significant (significant) effect on customer loyalty. From the table above it can be seen that the unstandardized coefficients Beta switching cost of 0.390 indicates that the variable switching cost has a significant effect of 39% on customer loyalty.

F test

Table 12. Test results f

ANOVA b

Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	547,750	5	109,550	48,486	.000 a
	residual	404,434	179	2,259		
	Total	952,184	184			

a. Predictors: (Constant), Switching Cost , Customer Satisfaction, Corporate Image, Price Perception, Service Quality

b. Dependent Variable: Customer Loyalty

Source: Primary data processed by researchers

Because Fcount>Ftable (48.486 > 2.27) then Ho is rejected. So it can be concluded that there is an influence of service quality, customer satisfaction, corporate image, price perception and switching cost variables on customer loyalty simultaneously.

Analysis of the coefficient of determination (adjusted R2)

Table 13 Test results f

Summary modelb

Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.758a	.575	.563	1,503	1,596

a. Predictors: (Constant), Switching Cost , Customer Satisfaction, Corporate Image, Price Perception, Service Quality

b. Dependent Variable: Customer Loyalty

Source: Primary data processed by researchers

Based on the table above, the Adjusted R Square value is 0.563 which means that the customer loyalty of PT. First Media in Jakarta is influenced by service quality, customer satisfaction, corporate image, price perception and switching cost variables, namely 56.3%, while the rest is caused by other factors that were not examined in the study.

Managerial implications

In the T-test study which stated that there was an influence between service quality, customer satisfaction, corporate image, price perception and switching costs partially on customer loyalty, it was stated that only service quality, customer satisfaction and switching costs had a significant effect on the dependent variable, namely Customer Loyalty, while corporate image and price perception variables do not have a significant effect on the dependent variable Customer Loyalty. It is known that of the three indicators there is one question whose average value is below the average value of the total variable Switching Cost.

Table 14. *Average value switching cost*

No	Statement	Rank	Means
1.	Changing to another ISP requires time to find information about the other ISP.	1	3.7
2.	Changing to another ISP requires sacrificing the accumulated benefits of the ISP service that I currently use.	2	3.6
3.	To change to another ISP poses a risk in choosing another ISP which may not satisfy me.	3	3.3

Source: Primary data processed by researchers

From the table above the lowest indicator is "Switching to another ISP creates a risk in choosing another ISP which may not be satisfactory". Thus, First Media can make innovations that can attract customers, so that customers feel obstacles in switching to other service providers such as the emergence of search costs, transaction costs, learning costs, lost loyal customer discounts, customer habits, emotional costs and cognitive efforts.

4. CONCLUSION

Based on the results of data analysis and discussion in the previous chapter, it can be concluded that service quality from Firstmedia ISP has a positive influence on customer satisfaction of First Media ISP users. Service quality has a positive effect on corporate image at ISP First Media. Service quality has a positive and significant impact on customer loyalty at ISP First Media. Customer satisfaction has a positive and significant impact on customer loyalty at ISP First Media. Perceived price does not have a positive and significant effect on ISP First Media's customer loyalty. Corporate image does not have a positive and significant impact on customer loyalty from ISP First Media. Switching costs have a positive and significant impact on customer loyalty at ISP First Media.

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