

ABSTRACT

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EFFECT OF SERVICE QUALITY OF PT. XL AXIATA TBK TOWARDS CUSTOMER SATISFACTION TO IMPROVE CUSTOMER LOYALTY IN SURABAYA

(xiii + 50 pages; 6 figures; 25 tables; 1 appendix)

Telecommunications has been developing since past few decades. In Indonesia, there was a significant increase in the number of mobile phone users. This increase has led to more competition among telecommunications provider companies in Indonesia; one of these companies is PT. XL Axiata Tbk (XL).

One hundred active prepaid users of XL answered a self-administered questionnaire. The objective was to determine the relationship between service quality towards customer satisfaction to improve customer loyalty of XL in Surabaya. There are 13 indicators of service quality, 3 for customer satisfaction, and 4 for customer loyalty.

Structural Equation Modeling results showed that service quality has an effect towards customer satisfaction to improve customer loyalty. *Trustworthiness* is the indicator that has the most effect on service quality. *Doing the right thing* in the purchase of products and services from XL is the indicator that has the most effect for customer satisfaction. The *continuous use* of XL's products or services is the indicator that has the most effect on customer loyalty.

The researcher recommends that XL should be more selective in choosing the employees, provide products or services in equal proportion with what the customers have paid for, and may implement a loyalty program such as membership privileges or point rewards system.

Keywords: service quality, customer satisfaction, customer loyalty

References: 40 (1988-2011)