The conditions for doing business are changing rapidly. In last few years the mobile telecom market has witnessed a substantial growth and rapid changes globally as well as domestically. Customer loyalty is a critical issue in the success of any business system, for this reason, the main condition for protecting the subscriber base is to win customer loyalty, a key necessity for the maintenance of a brand’s life in the long term. To achieve this aim, customer loyalty must be measured and “switching costs” identified. The latter render subscribers’ preference for rival operator more expensive. In this connection, this study aim is to measure the impact of switching costs on customer loyalty, and the direct and indirect of “switching costs” on customer loyalty.

For doing so, a survey has been performed on customers of the prepaid and postpaid mobile service operator in Indonesia, questionnaire were distributed among them and the results analyzed base upon the proposed research questions and hypotheses, and finally the conclusions and implications were made.

**Keywords:** switching costs, customer loyalty, mobile telephony, consumer behavior.
INTRODUCTION

Industrial of cellular phone has been rapid growth in the last of two decade. Even in developed countries or in developing countries. In Indonesia, cellular phone has been radically changing the mapping of telecommunication industrial. Which is in the past, phone was one of a luxury thing, with the intention that only certain groups which can enjoying it. But now we can get it without any problems and their price is usually cheap than in the past, even in fixed line wire line or in fixed line wireless and mobile phone. The entire people have an access to use telecommunications service to various needs, either commerce business, family or other need. And so does all walks of life from elite to house assistant, from metropolis until villagers in all Indonesia can access existing telecommunications service. Moreover the government used the universal service obligation (USO) during the recent years. With the intention that the telecommunication service activities brought to purilieus, though its result still not yet gratified.

Table 1. The Growth Amount of Customer Cellular Phone In Indonesia

<table>
<thead>
<tr>
<th>Years</th>
<th>Amount of Customer (Thousand)</th>
<th>Growth (%)</th>
<th>Telendenisitas Cellular / 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>563</td>
<td></td>
<td>0.3</td>
</tr>
<tr>
<td>1997</td>
<td>916</td>
<td>62.7</td>
<td>0.5</td>
</tr>
<tr>
<td>1998</td>
<td>1066</td>
<td>16.4</td>
<td>0.5</td>
</tr>
<tr>
<td>1999</td>
<td>2155</td>
<td>102.2</td>
<td>1</td>
</tr>
<tr>
<td>2000</td>
<td>3509</td>
<td>62.8</td>
<td>1.7</td>
</tr>
<tr>
<td>2001</td>
<td>6394</td>
<td>82.2</td>
<td>3.1</td>
</tr>
<tr>
<td>2002</td>
<td>11273</td>
<td>76.3</td>
<td>5.3</td>
</tr>
<tr>
<td>2003</td>
<td>18494</td>
<td>64.1</td>
<td>8.6</td>
</tr>
<tr>
<td>2004</td>
<td>30337</td>
<td>64.0</td>
<td>13.6</td>
</tr>
<tr>
<td>2005</td>
<td>46910</td>
<td>54.6</td>
<td>21.1</td>
</tr>
<tr>
<td>2006</td>
<td>54370</td>
<td>15.9</td>
<td>24.4</td>
</tr>
</tbody>
</table>

Note: year 2006 data until September.

Recently we see emulation which progressively tightens between operator in drawing consumer to be interesting to use their product, especially for the fixed line of wireless or cellular. Even in a few media we see a price combat to draw a user by various operator, so that there’s offering free sms and or free conversation utilize to draw consumer. So the smart society or smart consumer also exploiting the price war to get cheap price with change the operator or have some service from some operator. Therefore the cellular phone market in Indonesia estimated to have the highest level of monthly rotation in the world. An Indonesian cellular customer is too easy to change their number to the other operator. This issue is not quit of emulation between telecommunications operator in Indonesia. The number of rotation of cellular customer in Indonesia is estimated to reach 8.6 % in a month. While the number of customer rotation in India is about 4 % per month, Malaysia 3,7 % per month, Philipina 3.1 % per month, Thailand 2.9 % per month, Chinese 2.7 % per month, and Bangladesh 2.1 % per month ( Tempo, 2007). The growth in telecommunications industry is influenced through the
growth from seluler market. Where since early its growth, the cellular product is differ from fixed line phone remain to with monopolistic cable network by PT Telkom. Whereas cellular phone since early have no resistance come on the market to enthusiastic operator in this business, so that emulation between operators in this venomous market enough, and even recently turned to a price war. Until this time in Indonesia have attended 10 operator that is Telkom, Telkomsel, Indosat, Excelcomindo (XL), Hutchison (3), Sinar Mas Telecom, Sampoerna Telecommunication, Bakrie Telecom (Esia), Mobile-8 (Fren), and Natrindo Phone Cellular (previous of Lippo Telecom). From this amount, customers fixed line is about 9 million and cellular cutomers is around 64 million in the year 2006. If we divided pursuant to used platform, GSM cellular user is counted 88%, Cellular CDMA 3%, and CDMA fixed wireless access (FWA) 9%. But from that ten operators only 3 operator owning market share more than 5% that is Telkomsel, Indosat and Excelcomindo. This issue because emulation storey level between operators in Indonesia has been improved and the entire customer also enjoying the benefit from the emulation.

Table 2. Cellular Phone Market Share in Indonesia (2006).

<table>
<thead>
<tr>
<th>Operator (s)</th>
<th>Product</th>
<th>Technology</th>
<th>Amount of Customers (Million)</th>
<th>Market Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PT. Telkomsel</td>
<td>Halo, Simpati, Kartu As</td>
<td>GSM 900/1800</td>
<td>35,6</td>
<td>55,6</td>
</tr>
<tr>
<td>PT. Indosat</td>
<td>Matrix, Mentari, IM3</td>
<td>GSM 900/1800</td>
<td>15,9</td>
<td>24,8</td>
</tr>
<tr>
<td>PT. Exelcomindo</td>
<td>Xplor, Jempol, Bebas</td>
<td>GSM 900/1800</td>
<td>9,5</td>
<td>14,8</td>
</tr>
<tr>
<td>PT. Bakrie Telecom</td>
<td>Esia, Ratelindo</td>
<td>CDMA 2000</td>
<td>1,6</td>
<td>2,5</td>
</tr>
<tr>
<td>PT. Mobile-8 Telecom</td>
<td>Fren</td>
<td>CDMA</td>
<td>1,4</td>
<td>2,2</td>
</tr>
<tr>
<td>PT. Natrindo Seluler</td>
<td>Natrindo</td>
<td>GSM 1800</td>
<td>-</td>
<td>&lt; 0,5</td>
</tr>
<tr>
<td>PT. Sampoerna Telekom</td>
<td>Sampurna</td>
<td>CDMA 450</td>
<td>-</td>
<td>&lt; 0,5</td>
</tr>
<tr>
<td>PT. Pasifik Satelit Nusantara</td>
<td>PSN</td>
<td>GSM/AMPS Satelite</td>
<td>-</td>
<td>&lt; 0,5</td>
</tr>
</tbody>
</table>

Source: Nathan dan Amtitra

Reffering from data that describe before, we can make an assumption that customer loyalty is one of the important key in marketing and there’s four elements of loyalty, customer retention, repurchase, long-term customer relationships and profitability (Reichheld And Sasser 1990). Differentiating between customer retention and customer loyalty is important, which customer retention is a strategy that firm implements and customer loyalty as a psychological situation the customer has or has not. Word-of-mouth has a huge benefit over other types of promotion in terms of integrity and customer loyalty is capable to produce it. It is recognized to give confidence of argument to counter-persuasion, retention and therefore not as good as churn tariff. In the end of differentiating customer retention and customer loyalty mean stronger loyal customers and market share with a straight optimistic result on the bottoms line.
A number of academic disciplines, first and foremost in marketing, strategy and economic has long been researched and documented the model of customer switching costs (Burnham, Frels, Mahajan 2003; Klemperer 1987; Porter 1980). Research has specifies that customer switching costs are becoming even extra strategic in the progressively more networked competitive surroundings (Shapiro and Varian 1999) and they are acknowledged as a basics key in achieving competitive development. A cost that put off customers from switching to a competitor's manufactured goods or service defined as switching costs in commonly. Customer switching costs are recognized to be one of the solution sets of antecedents to customer loyalty and their meaning is highlighted in the literature (Bateson And Hoffman 1999; Lee And Feick 2001; Oliver 1996). Firms are more likely to challenge to keep their market share by focusing on retaining existing customers either market growth slows or markets develop into more aggressive. Customer retention has been supporting as an easier and more dependable resource of better-quality performance (Fornell and Wernerfelt, 1987; Peters, 1988; Reichheld and Sasser, 1990). Firms begin a variety of activities, including programs on customer satisfaction to improve customer retention (Anderson and Sullivan, 1993; Rust and Zahorik, 1993; Anderson et al., 1994; Jones and Sasser, 1995), loyalty (Reichheld, 1996; Dowling and Uncles, 1997) and complaint management (Hirschman, 1970; Fornell and Wernerfelt, 1987). Researchers have paid particular concentration to the management of service quality to understanding customer satisfaction: explaining the impact of service quality on revenue (Rust et al., 1995; Zeithaml et al., 1996), and developing strategies to gather customer expectations (Parasuraman et al., 1988). The researchers have focused on the progression in which customers form expectations of service, recognize service performance, and then decide to remain with or switch providers. In addition, the researchers have looked up the performance implications of investments in improving service quality and customer retention. In clearing up the relation between customer satisfaction and loyalty, a small number of studies in marketing have examined the role of switching costs. Switching costs are costs that the consumer must release because of switching or migrating to another provider or they would not incur if they stayed with their current provider. In marketing, Fornell (1992) was one of the earliest authors that think about switching costs: adding the switching cost to customer satisfaction in the customer loyalty function. Lately, Jones and Sasser (1995) mentioned switching costs as a single reason that determines the competitiveness of market environment, in view of the fact that high switching costs discourage changing from a current provider, thereby yielding less incentive for firms actively to compete. In the presence of switching costs, ex ante homogeneous products or services, expressly, functionally identical services develop into ex post heterogeneous (Klemperer, 1987). As a result, experimental customer loyalty possibly due to satisfaction or it may be due to dissatisfaction in a product category in which moderately high switching costs make it difficult for consumers to change providers.

A variety of classifications of defectors have been put ahead. For example, Keaveney (1995), who studied switching resulting from serious incidents in service firms, identifies eight common categories of explanation for customers switching: core service failure (26%); failed service encounters (21%); price (17%); response to failed service (11%); inconvenience (10%); competition (4%); ethical problems (4%); and involuntary switching (2%). More willingly than just present a typology of churn, a more exciting view is to realize the role of unusual switching costs in the progression leading to the result. It is important both
from a theoretical and a managerial perspective to clarify the concepts of switching costs and customer loyalty and to identify their dimensions and empirically seek to determine their inter-effect.

**STATEMENT OF PROBLEM**

It is important both from a theoretical and a managerial perspective to clarify the concepts of switching costs and customer loyalty and to identify their dimensions and empirically seek to determine their inter-effect. The study develops and investigates hypotheses, while data are collected from a sample of corporate customers of a mobile phone company.

**SWITCHING COSTS and CUSTOMER LOYALTY**

Porter (1980) and Burnham, Frels and Mahajan (2003) suggested that switching cost are “the one time costs that customer relate with the route of switching from one product or service to another”. While switching costs must be linked among the switching procedure, they must not be incurred instantly upon switching. In addition, switching costs need not be restricted to objective, “economic” costs. When consumer simplistically state that “it’s just not worth it” to switch source, they may distinguish impediments ranging from “search costs, transaction costs, learning costs, loyal customers discount, customer habit, emotional cost and cognitive effort, coupled with financial, social and psychological risk on the part of buyer” (Fornell 1992). These costs are infrequently openly assessed, but they turn out to be most important and evident when consumers are faced with a reason to think about switching.

And Burnham, Frels and Mahajan (2003) identify three types of switching costs as a transaction costs, learning costs and contractual costs. Transaction costs are costs that happen when starting a new association with a provider and occasionally also include the required to terminate an existing relationship. Learning costs represent the effort required by the customer to achieve the equal stage of comfort of familiarity acquired of using an item for consumption but which may not be transferable to additional brands of the same product. Contractual costs are directly firm-induced in regulate to penalize switching by customers. It includes examples such as repeat-purchase, discounts or rewards and many flyer programmes. Contractual switching cost can also be created while the customer signs an undertaking to remain loyal for a sure period of time or give an exit consequence.

There are many definitions of both satisfaction and loyalty in the literature; a perusal of these reveals, however, that they are process definitions. That is, they define what consumers do to become satisfied and/or loyal. For example, satisfaction has been defined as an “evaluation of the perceived discrepancy between prior expectations and the actual performance of the product” (Tse and Wilton 1988; see also Oliver 1980). Generally, loyalty has been and continues to be defined in some circles as repeat purchasing frequency or relative volume as same brand purchasing (e.g., Tellis 1988). Of note is a definition created by Newman and Werbel (1973), which defined loyal customers as those who rebought a brand, considered only that brand and did no brand related information seeking. All these definitions
suffer from the problem that they record what the consumer does. None taps into the psychological meaning of satisfaction or loyalty.

In Oliver research (1997). Satisfaction is defined as pleasurable fulfillment. That is, the consumer senses that consumption fulfills some need, desire, goal, or so forth and that this fulfillment is pleasurable. Thus, satisfaction is the consumer’s sense that consumption provides outcomes against a standard of pleasure versus displeasure. For satisfaction to affect loyalty, frequent or cumulative satisfaction is required so that individual satisfaction episodes become aggregated or blended. As will be argued here, however, more than this is needed for determined loyalty to occur. The consumer may require movement to a different conceptual plane in all likelihood, one that transcends satisfaction.

RESEARCH METHODOLOGY

The main purpose of this study is to clarify the concepts of switching costs and customer loyalty and to identify their dimensions and empirically seek to determine their inter-effect. So that we can focus our analytical to determine the problems between switching cost problems and customer loyalty problems and we can focusing our effort in a right place, finally, is to be more effective and efficient in making a decision. The analysis model the author used for switching costs and customer loyalty research is combination between analytical analysis, through statistic test, and descriptive analysis, through table, or diagram along with the explanations.

The authors took sources from the journal of marketing. The model that authors used in this research of marketing is came from the empirical observations about market behavior, based on facts that existed and from the relationship between one variable with another variables. Those model is also could came from the existed theory or literature, managerial experience, evaluation, or facts concluding from the law of nature that had already known.

This consumer survey was conducted via e-mail and directly finding at the public place but users were randomly targeted. The e-mail questionnaire was sent to 20 users and 130 other fill directly in the place. We spare at several place (Senayan City, Plaza Senayan, Blok M Plaza (consist of population in many area (east, west, south, north and center Jakarta), Binus Business School, Trisakti University, Moestopo University, community in Jatibening – South of Bekasi, several office, and others.

The questionnaire was made of 29 simple questions, all of them related to switching costs and customer loyalty. Consumers were given 1 week to respond. 150 respondents responded to the questionnaires, which uncounted for 94% response rate.

DATA ANALYSIS

Fornell (1992) was one of the first authors to consider switching costs, adding them to consumer satisfaction in the customer loyalty function. Reviews of literature suggest that higher switching costs are positively related to customer loyalty (Ping 1993; Ping 1997). Jones and Sasser (1995) mention switching costs as one factor that determines the competitiveness of market environment, since high switching costs discourage changing from
a current provider, thereby yielding less incentive for firms actively to compete. Bateson and Hoffman (1999) suggest that as customer satisfaction is strongly linked to impressions of performance, satisfaction and switching costs are assumed to be the most important antecedents of repurchase behaviors, or the intention to repurchase a product or service.

Switching costs interact with satisfaction to influence loyalty (Jones, Mothersbaugh and Beatty 2000; Olivia, Oliver and MacMillan 1992) and this relationship has been shown to hold among mobile phone customers in France (Lee, Lee and Feick 2001). On the basis of the above this is extended to operator cellular customers and it is argued that:

H1: The higher the level of switching costs exhibited by corporate customers of mobile telephony the stronger the level of loyalty.

The above hypothesis is hardly in doubt. What this research seeks to do is drill down further to obtain a deeper insight. Both the concept of switching costs and customer loyalty have tended to be insufficiently conceptualized. This research uses more elaborate conceptualizations of both constructs and investigates the effect of the dimensions of switching costs on those of customer loyalty. It is argued that the psychological and emotional discomfort costs that constitute relational switching costs are the most challenging for any customer to overcome. Among operator cellular, contractual switching costs are unlikely to provide insurmountable barriers. Moreover, in the trade-off between the two commodities of time and costs, it is often time that is at a premium with managers. Therefore, it is expected that informational switching costs are likely to represent a stronger barrier to switching than contractual costs. Of course, the position may be reversed among non corporate customers.

With the exception of Oliver (1996) there is little literature that links specific dimensions of switching costs with those of loyalty. Broadly, Oliver (1996) argues that ‘consumers operating only at the cognitive level are hypothesized to be most susceptible to switching caused by marketing overtures while those “fully integrated” consumers at the level of action loyalty are hypothesized to be least susceptible’. Oliver (1996) argues that cognitive loyalty is the lowest level of loyalty and on the basis of the earlier distinction between switching costs it is held that:

H1a: The higher the contractual switching costs exhibited by customers of mobile telephony the stronger their cognitive loyalty.

Oliver (1996) also argues that affective loyalty contains some involvement by the customer, which aspect is most salient at the conative stage of loyalty. A commitment comes from emotional involvement represented by relational switching costs. Hence:

H1b: The higher the relational switching cost exhibited by customers of mobile telephony the stronger their affective and conative loyalty.

Finally, Oliver (1996) holds that action loyalty includes routines and habit behaviors. The inertia brought about by time constraints on customers in one that impede switching, therefore:

H1c: The higher the informational switching costs exhibited by customers of mobile telephony the stronger their action loyalty.

This section is showing the results of data analysis evaluation, such as multiple regressions, correlation, r square, beta and level of significant from switching costs on customer loyalty, contractual switching cost on cognitive loyalty, and relational switching cost on affective and conative loyalty, informational switching cost on action loyalty. We are trying to answer the hypotheses 1, by referring from the results of table data below.
Table 3. Model Summary of Switching Costs and Customer Loyalty

<table>
<thead>
<tr>
<th>Model Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Switching Cost

Table 4. Coefficients of Switching Costs and Customer Loyalty

<table>
<thead>
<tr>
<th>Coefficients(a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
</tr>
<tr>
<td>Switching Cost</td>
</tr>
</tbody>
</table>

The score of significant level from this correlation is 0.000 (see table 4.15), if the score of significant is less than 0.05, and then there is a significant relation between variables. Moreover, the score of significant is 0.000, which mean 0.000 < 0.05, and it is proofing a significant relation between switching costs and customer loyalty.

Hypotheses:
H_0 : b=0 (There’s no linier relation between switching costs and customer loyalty)
H_1 : b≠0 (There’s a linier relation between switching costs and customer loyalty)

The score of significant in Table 4is 0.000, which is the value is less than 0.05. Because of sig. < α than H_0 is rejected and H_1 accepted, which mean there is a linier relation between switching costs and customer loyalty. In addition, inside Table 3 we can see the score of R^2 = 0.209. Which mean the impact of switching costs on customer loyalty is about 20.9%, and the other percent is the impact of other variable. Both of the score of significant in Table 4is 0.000, which is the value is less than 0.05. Which mean the constant and switching costs coefficient regression is significant.

We are trying to answer the hypotheses 1a, by referring from the results of table data below.
Table 5. Model Summary of Contractual Switching Costs and Cognitive Loyalty

<table>
<thead>
<tr>
<th>Model Summary</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>R</td>
<td>R Square</td>
<td>Adjusted R Square</td>
<td>Std. Error of the Estimate</td>
</tr>
<tr>
<td>1</td>
<td>.147(a)</td>
<td>0.022</td>
<td>0.015</td>
<td>0.738</td>
</tr>
<tr>
<td>a. Predictors: (Constant), Contractual Switching Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 6. Coefficient of Contractual Switching Costs and Cognitive Loyalty

<p>| Coefficients(a) |  |  |  |  |  |</p>
<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>4.746</td>
<td>0.208</td>
<td>22.775</td>
</tr>
<tr>
<td></td>
<td>Contractual Switching Cost</td>
<td>0.097</td>
<td>0.055</td>
<td>0.147</td>
</tr>
<tr>
<td>a. Dependent Variable: Cognitive Loyalty</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We can see the score of $R^2 = 0.022$ in Table 4.18. Which mean the impact of contractual switching costs on cognitive loyalty is about 2.2%, and the other percent is the impact of other variable. The score of significant of constant in Table 6 is 0.000 and the score of significant of contractual switching costs is 0.081, which is the value of constant is less than 0.05. Which mean the constant coefficient regression is significant. Moreover, the value of contractual switching costs is over 0.05, which mean the contractual switching costs coefficient regression is not significant.

We are trying to answer the hypotheses 1b, by referring from the results of table data below.

Table 7. Model Summary of Relational Switching Costs on Affective and Conative Loyalty

<table>
<thead>
<tr>
<th>Model Summary</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>R</td>
<td>R Square</td>
<td>Adjusted R Square</td>
<td>Std. Error of the Estimate</td>
</tr>
<tr>
<td>1</td>
<td>.510(a)</td>
<td>0.260</td>
<td>0.254</td>
<td>0.542</td>
</tr>
<tr>
<td>a. Predictors: (Constant), Relational Switching Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In addition, inside Table 7 we can see the score of $R^2 = 0.260$. Which mean the impact of relational switching costs on affective and conative loyalty is about 26%, and the other percent is the impact of other variable. Both of the score of significant in Table 8 is 0.000, which is the value is less than 0.05. Which mean the constant and relational switching costs coefficient regression is significant.
Table 8. Coefficient of Relational Switching Costs on Affective and Conative Loyalty

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients(a)</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.112</td>
<td>0.288</td>
<td>7.342</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Relational</td>
<td>0.526</td>
<td>0.075</td>
<td>0.510</td>
<td>6.984</td>
</tr>
<tr>
<td></td>
<td>Switching Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Affective Conative

We are trying to answer the hypotheses 1c, by referring from the results of table data below.

Table 9. Model Summary of Informational Switching Costs and Action Loyalty

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>0.062(a)</td>
<td>0.004</td>
<td>-0.003</td>
<td>0.6527</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Informational Switching Cost

Table 10. Coefficient of Informational Switching Costs and Action Loyalty

<table>
<thead>
<tr>
<th>Coefficients(a)</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>4.108</td>
<td>0.247</td>
<td>16.630</td>
</tr>
<tr>
<td></td>
<td>Informational Switching Cost</td>
<td>0.051</td>
<td>0.069</td>
<td>0.062</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Action Loyalty

In addition, inside Table 9 we can see the score of $R^2 = 0.004$. Which mean the impact of informational switching costs on action loyalty is about 0.4%, and the other percent is the impact of other variable. The score of significant of constant in Table 10 is 0.000 and the score of significant of informational switching costs is 0.463, which is the value of constant is less than 0.05. Which mean the constant coefficient regression is significant. Moreover, the value of informational switching costs is over 0.05, which mean the informational switching costs coefficient regression is not significant.
CONCLUSION

Our research has been clarified the concept of switching costs which is the onetime costs that customers associate with the process of switching from one provider to another (see Burnham, Frels and Mahajan (2003)). Moreover, customer loyalty, which is a deeply held commitment to re-buy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same brand or same brand-set purchasing despite situational influences and marketing efforts having the potential to cause switching behavior (see Oliver’s (1997)). In addition, our research has been proving that the costs that customers in mobile telephony industry associate with the process of switching from one provider to another is a significant factor in their loyalty in mobile telephone services that they have used.

Moreover, our research has been showing the dimension of switching costs that is informational switching cost, contractual switching costs and relational switching cost. Where informational switching costs is principally involve the spending of time and money and consist of economic risk, learning and set-up overheads. Contractual switching costs engage the loss of financially quantifiable assets and consist of benefit loss and monetary loss. Moreover, relational switching costs involve psychological or emotional worry due to the loss of characteristics and breaking of bonds, and consist of individual affiliation loss and brand association.

And the dimension of customer loyalty is cognitive loyalty, conative loyalty, affective loyalty and action loyalty. Cognitive loyalties were loyalty based on brand belief only. Conative loyalty is a loyalty state that contains what, at first appears to be the deeply held commitment to buy noted in the loyalty definition. Affective loyalty is a liking or attitude toward the brand has developed based on cumulatively satisfying usage occasions. Moreover, action loyalty is commitment to the action of re-buying or re-using the product or services.

There is a same result between the result in main journal and our research that indicate, the more efforts or costs that customers in mobile telephony must do to switch to the other service providers is the more customers do not want to switch to the other services provider or the more customer will loyal to their current service provider. In addition, there is a different result between our main journal results and our research results, which is the result of the contractual switching costs and informational switching costs in our research is rejected, this may caused by the culture of industry of service providers in Indonesia and the culture of industry of service providers in Australia. In Australia, service provider gives a free mobile phone to their customer with contract in period time. Nevertheless, in our country, there is no contract like that in telecommunications business in Indonesia. So this is probably the reason why we have different results.

The results extend the support for a link between higher switching costs and stronger level of loyalty to corporate customers of mobile phone firms. Moreover, the findings provide understanding of the interplay between switching costs and loyalty. This is useful in the initial elaboration of theory and gives a useful insight to management. Results provide rejected for a link between contractual switching costs and cognitive loyalty. Furthermore, the findings give an understanding of the relationship between contractual switching costs and cognitive loyalty. Those contractual switching costs have same direction with cognitive loyalty but the correlation between variables is too weak, or the impact of contractual switching costs on cognitive loyalty is very low. This is useful in the early
explanation of theory and gives a useful insight to management. It is not effective if management wants to pretend their customers, and they do an improvement in their contractual switching costs activity.

Results provide support for a link between relational switching costs and affective and conative loyalty to corporate customers of mobile phone firms. Which mean the relational switching costs is the stronger influence in the all of activity of switching costs. This is useful insight to management. The result shows us, that it is effective if management wants to pretend their customers with doing an improvement in their marketing efforts on the relational switching costs activity.

Results provide rejected for a link between informational switching costs and action loyalty. Furthermore, the finding gives an understanding of the relationship between informational switching costs and action loyalty. Those informational switching costs have same direction with action loyalty but the correlation between variables is the weakest correlation between any variables of switching costs, or the impact of informational switching costs on action loyalty is the lowest impact comparing with the other variables. The result gives a very useful insight to management and the result try to telling us that it will not effective if management wants to pretend their customers with doing an improvement in their relational switching costs activity.

REFERENCES


*The Impact of Switching...* (Allan Ricki; Andreas Raharso)


