

Abstract

It is known that customer service switching is crucial for every business. The service firm should learn and realize that customer service switching effects competition, eventually affecting profitability of the firm. The purpose of this study is to understand if different types of switching costs can predict loyalty on prepaid mobile of Advance Info Service among Assumption University students. The typology of switching costs that this research consists of was Informational, Contractual and Relational. The Informational switching costs primarily involves loss of time and effort; Contractual switching costs include the loss of financially established resources; and Relational switching costs includes psychological and emotional discomfort.

Three hypotheses were formulated and data was collected using 394 questionnaires, distributed to the full time Undergraduate and Master's students of Assumption University using prepaid AIS mobile service. Students are known to price and promotion sensitive, therefore they were chosen to be the respondents of this research. All predictable variables had been broadly categorized into groups of Informational, Contractual and Relational switching costs. Each one of this group separately predicts the dependent variable, customer loyalty. In all 3 models, the Customer Loyalty is predicted using Standard Multiple Linear Regression analysis.

In conclusion, the findings revealed that all the predicting variables: Informational switching costs, Contractual switching costs and Relational switching costs, can predict customer loyalty among students using AIS prepaid service in Assumption University. Switching costs are building a barrier to prevent customers from leaving their relationship with the service provider, or creating an artificial cost. However, exit barriers and switching costs are healthy elements of any customer relationship. Therefore, customer switching costs is considered important for a firm's ability to retain customers and retain competitive advantage.

