

Abstract

Customer loyalty is necessary for business as it involves marketing strategy as a critical factor that facilitate in retaining the customers. The purpose of customer loyalty relates to increase in the market share. The company, whether it is selling products or offering the services, need to take customer loyalty into consideration. Additionally, Terakit Group is currently facing price war. Also, the customers in this industry have the tendency to switch to other company for better price. Therefore, it is important to survive. This study aims to investigate the relationship between perceived service quality, customer satisfaction, switching costs, and customer loyalty. The findings will be useful for Terakit Group to improve its current service to bring the customer loyalty.

In this study, the sample included 400 existing customers of Terakit Group. The sampling procedure used judgment sampling, quota sampling, and convenience sampling respectively. The data collection was conducted at the four stores of Terakit Group. Descriptive statistic was used to provide the mean and percentage of demographic characteristics and other variables of the study. Besides, inferential statistic was used to test the relationship between the variables. Correlation coefficient was considered to measure the strength of association.

The result of this study showed positive relationship between perceived service quality, customer satisfaction, switching costs, and customer loyalty. Thus, Terakit Group is recommended to consider improvement of service quality as it is the antecedent of customer satisfaction, switching costs, and customer loyalty. Moreover, customer satisfaction should be regarded as it can affect customer loyalty. Switching costs should also be managed as it can keep customers' loyalty to the company.