

## **TABLE OF CONTENTS**

### **TITLE PAGE**

### **STATEMENT OF ORIGINALITY OF THESIS**

### **THESIS SUPERVISOR APPROVAL**

### **THESIS EXAMINING LECTURERS APPROVAL**

<b>ABSTRACT.....</b>	<b>v</b>
----------------------	----------

<b>ACKNOWLEDGEMENT.....</b>	<b>vi</b>
-----------------------------	-----------

<b>TABLE OF CONTENTS.....</b>	<b>ix</b>
-------------------------------	-----------

<b>LIST OF TABLES.....</b>	<b>xiii</b>
----------------------------	-------------

<b>LIST OF FIGURES.....</b>	<b>xiv</b>
-----------------------------	------------

<b>LIST OF APPENDIX.....</b>	<b>xv</b>
------------------------------	-----------

### **CHAPTER I INTRODUCTION**

1.1 Problem Background.....	1
1.2 Research Question.....	14
1.3 Research Objective.....	15
1.4 Research Benefits .....	16
1.5 Research Limitations.....	16
1.6 Research Outline.....	17

### **CHAPTER II THEORETICAL FRAMEWORK**

2.1 Internet Service Industry.....	19
2.2 Quality.....	21
2.3 Service Quality.....	22
2.3.1 Characteristics of Service.....	24

2.3.2 Dimensions of Service Quality.....	24
2.4 Product Quality .....	26
2.4.1 Types of Product.....	27
2.4.2 Dimensions of Product Quality.....	28
2.5 Customer Satisfaction.....	30
2.5.1 Consumer Behavior .....	31
2.5.2 The Customer Gap Model.....	35
2.6 Customer Loyalty .....	36
2.6.1 Characteristics of Loyal Customer.....	37
2.6.2 Types of Loyalty .....	38
2.6.3 Phases of Loyalty .....	38
2.7 Relationship Between Variables.....	40
2.7.1 Relationship of Service Quality and Customer Satisfaction.....	40
2.7.2 Relationship of Product Quality and Customer Satisfaction .....	41
2.7.3 Relationship of Service Quality and Customer Loyalty.....	41
2.7.4 Relationship of Product Quality and Customer Loyalty.....	42
2.7.5 Relationship of Customer Satisfaction and Customer Loyalty.....	43
2.7.6 Customer satisfaction as a mediating variable.....	44
2.8 Previous Research.....	46
2.9 Theoretical Framework.....	50

### **CHAPTER III RESEARCH METHODOLOGY**

3.1 Research Design .....	51
3.1.1 Phases of Research .....	51
3.1.2 Classification of a Research.....	53
3.1.3 Research Object and Subject.....	54
3. 2 Population and Sample .....	54
3.2.1 Population.....	55
3.2.2 Sample.....	56
3.2.2.1 The sampling process.....	56
3.2.2.2 Types of sampling.....	57
3.2.2.3 Determining the Sampling size .....	58

3.3 Data collection methods .....	59
3.3.1 Questionnaire.....	60
3.3.2 Types measurement scale .....	61
3.3.2.1 Likert scale.....	62
3.3.3 Unit of Analysis.....	63
3.4 Conceptual and operational definitions.....	64
3.5 Pretest study.....	66
3.6 Actual study.....	66
3.7 Inferential statistics.....	67
3.8 Descriptive analysis.....	67
3.9 Validity.....	67
3.10 Reliability.....	68
3.11 PLS-SEM Partial Least Squares- structural equation modeling.....	70
3.12 Evaluation model.....	70
3.12.1 Outer model Evaluation.....	71
3.12.1.1 Criteria for Validity Test.....	71
3.12.1.2 Criteria for Reliability test.....	72
3.12.2 Inner Model Evaluation .....	72
3.13 Validity test on Pretest.....	74
3.14 Reliability test on Pretest.....	76

## **CHAPTER IV DATA, RESULTS, ANALYSIS AND DISCUSSIONS**

4.1 Respondents Profile.....	78
4.2 Actual test.....	80
4.3 Descriptive Statistics.....	80
4.4 Inferential Statistics.....	82
4.5. Outer model .....	82
4.5.1. Convergent Validity test.....	83
4.5.1. 1 Loading factor.....	83
4.5.1.2 Average Variance Extracted (AVE) .....	85
4.5.2 Discriminant Validity.....	85

4.5.2.1 Cross Loading.....	86
4.5.2.2 Fornell- larcker criterion (FLc) .....	87
4.5.3 Reliability test.....	88
4.5.3.1 Cronbach alpha.....	88
4.5.3.2 Composite reliability.....	89
4.6 Inner model.....	90
4.6.1 Bootstrapping.....	90
4.6.2 R <sup>2</sup> and adjusted R <sup>2</sup> .....	91
4.6.3 Hypothesis T-test.....	92

## **CHAPTER V CONCLUSION AND RECOMMENDATION**

5.1 Conclusions.....	96
5.2 Managerial Implication.....	98
5.3 Recommendation for Further Research.....	99
5.4 Research limitations .....	100

<b>REFERENCES.....</b>	102
------------------------	-----

## **APPENDIX**

## LIST OF TABLES

Table 1.1 Provider Broadband in Indonesia along with the service they offer.....	8
Table 1.2 -Top Brand Index category ISP Fixed.....	9
Table 1.3 Triple Play Coverage.....	11
Table 2.1 Previous Research.....	48
Table 3.1: Likert scale .....	62
Table 3.2 Conceptual and operational definitions.....	64
Table 3.3 Criteria for Validity test .....	71
Table 3.4 Criteria for Reliability test.....	72
Table 3.5 Validity test results on pretest.....	74
Table 3.6 Invalid indicators for pretest.....	75
Table 3.7 fornell-Larcker criterion results on pretest.....	76
Table 3.8 Reliability test results on pretest.....	76
Table 4.1 Respondents Profile Actual Test.....	78
Table 4.2 Actual test descriptive statistics.....	81
Table 4.3 Factor Loading value for actual test .....	84
Table 4.4 Average Variance Extracted Value for Actual Test.....	85
Table 4.5 Cross Loading values for Actual Test.....	86
Table 4.6 Fornell- larcker criterion (FLc) for Actual test .....	87
Table 4.7 Cronbach Alpha result for Actual test.....	88
Table 4.8 composite reliability for Actual Test.....	89
Table 4.9 R square and adjusted square actual test.....	91
Table 4.10 Hypothesis testing result accepted .....	93
Table 4.11 Hypothesis testing result Rejected.....	95

## **LIST OF FIGURES**

Figure 1.1 Countries with the highest number of Internet user .....	2
Figure 1.2 Growths of Internet users in Indonesia in million .....	3
Figure 1.3 penetration and behavior of Internet users in Indonesia .....	4
Figure1.4 Fixed Broadband Internet Subscribers in Indonesia.....	5
Figure1.5 fixed broadband subscriptions per 100 inhabitants in Indonesia.....	5
Figure 2.1 factors affecting consumer behavior .....	32
Figure 2.2 four stage loyalty model .....	38
Figure 2.3 Theoretical Framework .....	50
Figure 4.1 Factor Loading for actual test .....	84
Figure 4.2 actual test bootstrapping .....	91

## **LIST OF APPENDIX**

APPENDIX 1: QUESTIONNAIRE

APPENDIX 2: SMARTPLS PRE-TEST RESULTS VALIDITY AND  
RELIABILITY

APPENDIX 3: SMARTPLS ACTUAL TEST RESULTS

APPENDIX 4: PLAGIARISM CHECK