

## ABSTRACT

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### **THE EFFECTS OF SERVICE QUALITY AND PRODUCT QUALITY ON CUSTOMER SATISFACTION AND LOYALTY IN INTERNET SERVICE INDUSTRY: A CASE STUDY ON PT. FIRST MEDIA**

( xv +114 pages; 23 Tables, 10 Figures ; 3 Appendixes)

With the development of technology, Internet service provider like First Media are providing wireless network with fiber optic cables also known as fixed broadband Internet instead of the formally non-wireless internet network also known as mobile broadband internet. The fixed broadband Internet industry is a very vast industry with many competitors and dominant firms. This research aims to examine the influence of service quality and product quality towards customer loyalty with direct or indirect mediation of customer satisfaction. In this research, service quality and product quality is the independent variable, customer satisfaction as mediating variable and customer loyalty as dependent variable. Data collection methods conducted in this research study is through administering questionnaires online and literature reviews. The questionnaire was administered to 160 respondents who have ever experience using First Media as their internet service provider, with a six scale likert scale as the measurement technique. This research study uses Non-probability convenience sampling as the sample technique. Data analysis is done using the software SmartPLs 3.0, testing it through its inner and outer model. Form seven hypotheses being tested. Six are accepted and one of them are rejected. The results are service quality of First Media have a positive and significant influence on customer satisfaction, product quality of First Media have a positive and significant influence on customer satisfaction, service quality of First Media have a positive and significant influence on customer loyalty, customer satisfaction of First Media have a positive and significant influence on Customer Loyalty, service quality of First Media indirectly have a positive and significant influence on customer loyalty through the mediation of customer satisfaction and product quality of First Media indirectly have a positive and significant influence on customer loyalty through the mediation of customer satisfaction. However the hypothesis “product quality of first media influences customer loyalty” is rejected.

*Keywords: Service Quality (SQ), Product Quality (PQ), Customer Satisfaction (CS) and Customer Loyalty (CL)*