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The Impact of Service Quality, Product Variety, and Price Perception on Brand Switching Providers IndiHome in Surabaya

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ABSTRACT

The competition growth in Indonesia's internet service provider industry has given consumers a wide range of provider options, thereby increasing the potential for brand switching. This study aims to analyze the influence of service quality, product variety, and price perception on brand switching among IndiHome providers in Surabaya. This study employs a quantitative approach using the explanatory research method. The sampling technique utilized purposive sampling, with a sample size of 115 respondents who had previously used IndiHome and switched providers. Data collection was conducted through the distribution of questionnaires and analyzed using Structural Equation Modeling (SEM) based on Partial Least Squares (PLS). The results indicate that service quality has a non-significant negative effect on brand switching, while product variety and price perception have significant positive effects on brand switching among IndiHome customers in Surabaya. The findings imply that internet service providers should prioritize competitive pricing and diverse product offerings to reduce customer switching. In addition, improving service quality alone may not be sufficient to retain customers, suggesting the need for a more comprehensive customer retention strategy.

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1. Introduction

The rapid advancement of information and communication technology has significantly transformed people's lifestyles, with internet access becoming an essential infrastructure supporting education, business, public services, entertainment, and digital communication. According to the International Telecommunication Union (2023), the increasing adoption of digital technology has accelerated global internet utilization, making reliable internet connectivity a fundamental necessity for both individuals and organizations. In Indonesia, this trend is reflected in the continuous growth of internet users. The Indonesian Internet Service Providers Association (APJII) reported that internet penetration increased from 78.19% in 2023 to 80.66% in 2025, indicating the expanding dependence of Indonesian society on internet services. This condition has created substantial market opportunities while simultaneously intensifying competition among Internet Service Providers (ISPs).

The Indonesian fixed broadband market has experienced considerable competitive pressure due to the expansion of numerous providers, including IndiHome, Biznet Home, MyRepublic, First Media, ICONNET, and MNC Play. Consumers are no longer limited to a single provider but have multiple alternatives offering different service packages, pricing strategies, and network quality. Consequently, maintaining customer loyalty has become increasingly challenging because customers can easily switch providers when they perceive better value from competitors. This phenomenon is commonly referred to as *brand switching*, namely consumers' decision to discontinue using one brand and adopt another within the same product or service category.

Although IndiHome remains one of Indonesia's leading internet service providers with extensive network coverage and a large customer base, maintaining market leadership has become increasingly difficult. Customer complaints regarding unstable internet connections, delayed technical support, and inconsistent service quality have frequently appeared across various customer feedback platforms. At the same time, competing providers continuously introduce more flexible internet packages, higher connection speeds, promotional offers, and competitive pricing. These conditions encourage consumers to evaluate available alternatives before deciding whether to remain with their current provider or switch to another brand.

Consumer decisions to engage in brand switching are influenced by various marketing factors. Service quality has long been recognized as one of the primary determinants of customer retention because reliable services can increase satisfaction and reduce customers' intentions to switch providers. Product variety also plays an important role since diverse service packages enable customers to choose products that best suit their needs and usage patterns. Furthermore, price perception influences customers' evaluations regarding whether the benefits received are proportional to the costs incurred. When consumers perceive prices as unfair or inconsistent with service quality, the likelihood of switching to competing brands increases.

Previous studies have reported inconsistent findings regarding the determinants of brand switching. Febriansyach and Kusasih (2022) concluded that service quality significantly reduces brand switching behavior, whereas Widyaningrum et al. (2022) found that service quality has no significant influence on customers' switching decisions. Similarly, Wardhaniika and Hendrati (2021) reported that price perception does not significantly affect brand switching, while other studies suggest that consumers' price evaluations are among the strongest predictors of switching behavior. Regarding product variety, Yazlisa and Basiya (2023) demonstrated that product variation influences consumers' switching decisions; however, most previous studies were conducted in consumer goods industries rather than service industries, particularly broadband internet services. These inconsistent empirical findings indicate that the relationship between service quality, product variety, price perception, and brand switching remains inconclusive.

In addition to the inconsistency of previous findings, several research gaps remain. First, studies investigating brand switching in Indonesia predominantly focus on consumer goods, smartphones, banking services, or retail industries, while empirical evidence concerning fixed broadband internet services remains relatively limited. Second, previous studies generally examined only one or two explanatory variables, whereas customer switching behavior in internet services is simultaneously influenced by multiple service-related and marketing-related factors. Third, limited studies specifically investigate customers who have actually switched from IndiHome to competing providers within highly competitive urban markets such as Surabaya, where consumers have greater access to alternative broadband providers. These gaps indicate the necessity for further investigation to obtain a more comprehensive understanding of customer switching behavior within Indonesia's broadband service industry.

Based on these considerations, this study aims to analyze the effects of service quality, product variety, and price perception on brand switching among former IndiHome customers in Surabaya. The findings are expected to enrich the marketing literature concerning customer switching behavior in service industries while providing practical implications for internet service providers in developing competitive strategies to improve customer retention within an increasingly competitive broadband market.

2. Literature Review

2.1 Service Quality and Brand Switching.

Service quality is defined as the organization's ability to consistently deliver services that meet or exceed customer expectations (Wirtz & Lovelock, 2022). High service quality reflects the provider's capability to deliver reliable, responsive, and customer-oriented services that create positive customer experiences. In broadband internet services, service quality includes network stability, internet speed, responsiveness to technical problems, and the effectiveness of customer support.

Customers who experience satisfactory service quality are generally more willing to maintain long-term relationships with service providers. Conversely, repeated service failures may encourage customers to seek alternative providers offering better performance. Therefore, service quality is frequently regarded as an important determinant of customer retention and brand loyalty.

Several empirical studies have reported different findings regarding this relationship. Febriansyach and Kusasih (2022) found that better service quality significantly reduces customers' intentions to switch brands. However, Widyaningrum et al. (2022) reported that service quality does not significantly influence brand switching among former IndiHome customers. These inconsistent findings suggest that service quality alone may not sufficiently explain switching behavior, particularly within highly competitive broadband markets where consumers also consider pricing and service alternatives.

H1: *Service quality has a negative effect on brand switching.*

2.2 Product Variety and Brand Switching

Product variety refers to the availability of different product or service alternatives offered by a company to satisfy diverse customer needs (Kotler & Keller, 2016). Within internet service industries, product variety includes different internet speed options, pricing packages, bundled services, contract flexibility, and additional digital features. Offering diverse service packages enables companies to accommodate heterogeneous customer preferences. Nevertheless, merely increasing the number of available products does not necessarily improve customer retention. Schwartz (2004) argues through the *Paradox of Choice* theory that excessive alternatives may overwhelm consumers and complicate purchasing decisions, potentially encouraging them to compare competing brands more extensively.

Empirical evidence also presents mixed results. Yazlisa and Basiya (2023) reported that product variety significantly influences consumers' brand switching decisions. However, most previous studies examined consumer goods rather than service industries. Consequently, the role of product variety in influencing switching behavior within broadband internet services remains insufficiently explored.

H2: *Product variety has a significant effect on brand switching.*

2.3 Price Perception and Brand Switching

Price perception represents consumers' subjective evaluation regarding whether the price paid is reasonable compared to the benefits received (Kotler & Armstrong, 2021). Consumers

evaluate prices not only in monetary terms but also based on perceived value, service quality, and competing alternatives available in the marketplace.

Within internet services, customers continuously evaluate subscription fees relative to network reliability, connection speed, service responsiveness, and additional features. When customers perceive prices as unfair or inconsistent with service performance, dissatisfaction may emerge and eventually increase switching intentions.

Previous empirical studies generally support the importance of price perception in customer retention. Monroe (2003) emphasizes that consumers compare the sacrifices incurred with the benefits obtained before making purchasing decisions. Nevertheless, Wardhaniika and Hendrati (2021) found that price perception did not significantly affect brand switching, indicating that other contextual factors may influence consumers' switching decisions. These inconsistent findings justify further examination of price perception within Indonesia's increasingly competitive internet service market.

H3: *Price perception has a negative effect on brand switching.*

3. Research Methodology

3.1 Research Design

This study employed a quantitative research approach using an explanatory research design to examine the relationships between service quality, product variety, price perception, and brand switching among former IndiHome customers in Surabaya, Indonesia. An explanatory design was considered appropriate because it aims to test causal relationships among variables based on established theoretical frameworks and previous empirical studies. The study adopted a cross-sectional survey design, in which data were collected from respondents at a single point in time using structured questionnaires. The proposed research model was analyzed using Structural Equation Modeling based on Partial Least Squares (SEM-PLS), which is suitable for predictive research models involving multiple latent variables and simultaneous hypothesis testing.

3.2 Participants

The population of this study consisted of residential customers in Surabaya who had previously subscribed to IndiHome and subsequently switched to another internet service provider. Since the exact population size could not be identified, a non-probability sampling technique, namely purposive sampling, was employed. Respondents were selected based on predetermined criteria to ensure their relevance to the research objectives.

The inclusion criteria were: (1) respondents aged at least 21 years, (2) individuals who had subscribed to IndiHome for a minimum of one year, (3) residential (household) customers rather than business subscribers, and (4) customers who had switched from IndiHome to another internet service provider. Based on these criteria, a total of 115 valid questionnaires were collected and used for data analysis. This sample size satisfies the minimum requirement for SEM-PLS analysis.

3.3 Instruments

Primary data were collected through a structured questionnaire distributed online to eligible respondents. The questionnaire consisted of two sections. The first section collected respondents' demographic information, while the second measured the research variables using multiple indicators adapted from established literature.

Service quality was measured using indicators reflecting customers' perceptions of network reliability, responsiveness, assurance, empathy, and service performance. Product variety was measured through indicators related to the availability, diversity, and suitability of internet

service packages. Price perception was assessed based on respondents' evaluations of price fairness, affordability, and the correspondence between price and perceived benefits. Brand switching was measured using indicators representing customers' intentions and actual decisions to switch from IndiHome to another internet service provider.

All measurement items employed a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Prior to hypothesis testing, the measurement model was evaluated through validity and reliability assessments, including convergent validity, discriminant validity, Composite Reliability (CR), and Cronbach's Alpha.

3.4 Data Analysis Procedures

The collected data were analyzed using SmartPLS software. The analysis followed the two-stage SEM-PLS procedure consisting of measurement model evaluation (outer model) and structural model evaluation (inner model). The outer model assessment included indicator reliability through outer loadings, convergent validity using the Average Variance Extracted (AVE), discriminant validity, Composite Reliability (CR), and Cronbach's Alpha to ensure the validity and reliability of the measurement instruments. Subsequently, the structural model was evaluated by examining the coefficient of determination (R^2), path coefficients, t-statistics, and p-values obtained through the bootstrapping procedure. Hypotheses were accepted when the t-statistic exceeded 1.96 and the p-value was below 0.05, indicating statistically significant relationships among the research variables.

4. Findings

4.1. Sub Findings

Data were collected from 115 respondents who met the predetermined sampling criteria. The measurement model was evaluated to assess the validity and reliability of the research constructs. The results indicated that all measurement indicators achieved outer loading values above the recommended threshold of 0.50. In addition, the constructs demonstrated satisfactory reliability, as indicated by Composite Reliability and Cronbach's Alpha values exceeding the acceptable level. These findings confirm that the measurement model is both valid and reliable for subsequent structural model analysis.

Table 1. Results of Hypothesis Testing

	Original Sample (O)	*Sample Mean (M)*	*Standard Deviation*	*Statistic (|O/STDEV|)*	*P-values*
Service Quality -> Brand Switching	-0.163	-0.173	0.148	1.100	0.136
Product Variety -> Brand Switching	0.268	0.263	0.124	2.166	0.015
Price Perception -> Brand Switching	-0.696	-0.692	0.111	6.271	0.000

4.2. Sub Findings

The structural model evaluation showed that the coefficient of determination (R^2) for Brand Switching was 0.443, indicating that service quality, product variety, and price perception jointly explained 44.3% of the variance in brand switching behavior, while the remaining 55.7% was explained by other variables outside the research model. The hypothesis testing results revealed that service quality had a negative but insignificant effect on brand switching ($\beta = -0.163$; $t = 1.100$; $p = 0.136$). Product variety showed a positive and significant effect on brand switching ($\beta = 0.268$; $t = 2.166$; $p = 0.015$). Meanwhile, price perception had a negative and significant effect on brand switching ($\beta = -0.696$; $t = 6.271$; $p < 0.001$).

5. Discussion

The findings of this study provide empirical evidence regarding the factors influencing brand switching among former IndiHome customers in Surabaya. Among the three independent variables examined, price perception emerged as the strongest predictor of brand switching, while product variety also demonstrated a significant influence. Conversely, service quality did not significantly affect customers' switching decisions. These findings indicate that customers evaluate multiple aspects before deciding to change internet service providers, with economic considerations playing a more dominant role than service-related factors.

The results revealed that service quality had a negative but insignificant effect on brand switching. Although poor service quality may encourage customers to consider alternative providers, it was not the primary determinant of switching behavior in this study. This finding suggests that customers may tolerate occasional service problems as long as they perceive other aspects, such as pricing or service availability, to be satisfactory. The result is consistent with the findings of Widyaningrum et al. (2022), who reported that service quality did not significantly influence brand switching among former IndiHome customers. From a theoretical perspective, the findings support the argument of Wirtz and Lovelock (2022) that customer switching decisions are influenced by multiple interrelated factors rather than service quality alone. Therefore, improving service quality remains important, but it may not be sufficient to retain customers in a highly competitive broadband market.

Product variety was found to have a positive and significant effect on brand switching. This finding indicates that customers who encounter a wider range of internet service packages across competing providers become more likely to compare alternatives and eventually switch brands. Although product variety is generally expected to increase customer satisfaction, excessive or overlapping service options may encourage consumers to evaluate competing offers more intensively. This finding supports the *Paradox of Choice* theory proposed by Schwartz (2004), which suggests that a greater number of alternatives may increase consumer uncertainty and facilitate switching behavior. The result is also consistent with Yazlisa and Basiya (2023), who found that product variety significantly influences consumers' brand switching decisions. For broadband service providers, this finding implies that expanding product portfolios should be accompanied by clear value propositions and effective product differentiation rather than merely increasing the number of available packages.

Price perception demonstrated a negative and significant effect on brand switching, indicating that customers who perceived IndiHome's pricing as fair and proportional to the benefits received were less likely to switch to competing providers. Conversely, unfavorable price perceptions substantially increased switching behavior. This result confirms the value-based pricing perspective proposed by Kotler and Armstrong (2021) and Monroe (2003), which emphasizes that consumers evaluate products and services based on the balance between perceived benefits and monetary sacrifice. The finding also suggests that pricing remains one of the most influential competitive factors in Indonesia's broadband internet market, where consumers can easily compare subscription fees and promotional offers among providers.

From a theoretical perspective, this study contributes to the literature on consumer behavior by demonstrating that brand switching in broadband internet services cannot be explained solely by service quality. Instead, customers simultaneously evaluate service attributes, product offerings, and perceived pricing before making switching decisions. These findings enrich previous research by providing empirical evidence from Indonesia's fixed broadband industry, which has received relatively limited attention compared with consumer goods and mobile telecommunications.

From a managerial perspective, the findings suggest that internet service providers should prioritize strategies that enhance customers' perceptions of value. While maintaining service

quality remains essential, companies should also ensure that pricing policies are perceived as fair and competitive while designing product packages that clearly address different customer needs without creating unnecessary complexity. Such strategies may improve customer retention and reduce the likelihood of brand switching in increasingly competitive broadband markets.

6. Conclusion

This study concludes that price perception is the most influential factor affecting brand switching among former IndiHome customers in Surabaya, while product variety also significantly contributes to customers' switching decisions. In contrast, service quality does not significantly influence brand switching, indicating that customers' decisions to change internet service providers are driven more by perceived value and competitive offerings than by service performance alone.

These findings contribute to the understanding of consumer behavior in the broadband internet service industry by demonstrating that economic considerations play a more prominent role than service quality in influencing brand switching. The results also provide practical insights for internet service providers to develop customer retention strategies through competitive pricing and customer-oriented service packages. Future studies are encouraged to incorporate additional variables, such as customer satisfaction, brand loyalty, switching costs, or perceived value, and to extend the research to broader geographical areas in order to obtain more comprehensive findings.

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