

## ABSTRACT

The existing problem is that loyalty of using fixed wireline telephone at Kandatel Semarang start decline, it can be seen from the amount of telephone churn each month. As a consequence of that problem, the purpose of this research are: analyze the influence of service quality to customer satisfaction; analyze the influence of product quality to product image; analyze the influence of product quality to customer satisfaction; analyze the influence of product quality to product image; analyze the influence of customer satisfaction to customer loyalty; and analyze the influence of product image to customer loyalty. This research proposes model inline with rresearch purposes.

This research uses 100 customers of fixed wireline PT. Telkom Kandatel Semarang as research samples. Data analysis tools used in this research is Structural Equation Modeling (SEM) under AMOS 4.01.

The result of the data shows that research model has good fit and all the hypotheses can be proved. The conclusions are: service quality positively influences customer satisfaction and product image, product quality positively influences customer satisfaction and product image, customer satisfaction positively influences customer loyalty, and product image positively influences customer loyalty.

Based on the results of the research could be taken theoretical implications that this research gives more justifications for previous research.

***Key words:*** Service quality, product quality, customer satisfaction, product image, and customer loyalty