



Received: 02-03-2022

Accepted: 12-04-2022

## International Journal of Advanced Multidisciplinary Research and Studies

ISSN: 2583-049X

### Evaluation of the customer intention to switch internet service providers in Vietnam

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#### Abstract

Internet activities in Vietnam as well as any activities in society must be regulated by law. Decree 72/ND-CP (Government, 2013) paved the way for the development of internet services, where information (provided, accessed, used) on the network is uniformly managed in accordance with current laws, an unlimited number of service-providing enterprises, organizations and individuals are free to expand and develop. Evaluation of the customer intention to switch internet service providers in Vietnam was conducted based on theoretical background, results of research studies in the world and domestic, and opinions of the experts. Both

qualitative and quantitative methodologies were employed. Questionnaires were designed with a 5 - points Likert scale. By using several statistical analytical tools, i.e., descriptive statistics, Cronbach's Alpha analysis, the study has identified and measured five (5) attributes of the customer intention to switch internet service providers in Vietnam that have great effects on customers. Based on the findings, some recommendations are given for internet service providers to reduce customer intention to switch internet service.

**Keywords:** Intention to Switch Service Providers, Internet, Marketing, Customers

**JEL classification:** M31, M10, M20

#### 1. Introduction

The results of several previous studies have concluded that behavior switching is not aligned with loyalty. Factors that lead to positive outcomes (loyalty and retention) are asymmetrical to those that lead to negative outcomes (conversions) (Antón *et al.*, 2007b; Bansal & Taylor, 1999; Keaveney, 1995) [4, 6, 11]. Therefore, the research on customer intention to switch service providers will explain the relationship between provider and customer in a new direction compared to that on loyalty.

With the experience in the process of buying and using the service, customers will make a repeat purchase decision and skip the pre-purchase evaluation stage, which means they go straight to the buying decision stage. During the acquisition decision-making stage, customers will decide whether to stay with the current provider (loyalty), or to switch to a new one (switching) (Antón *et al.*, 2007a) [3].

Until now, in Vietnam, there have been very few studies on the customer intention to switch service providers in general and the customer intention to switch internet service providers in particular. Although there have been many foreign studies on this issue, the research results reflect the characteristics of that area, at the time of the study conducted, but it is not necessarily correct and suitable for the conditions in Vietnam. Besides, due to cultural differences between countries and regions, consumers' intention to switch service providers also has different expressions and characteristics. Therefore, the study of intention to switch service providers in Vietnam will add new theories and a more comprehensive explanation of consumers' intention to switch providers. Thereby, businesses (service providers) will be given suggestions to come up with a reasonable business strategy, prevent customer conversion, maintain and develop customers.

#### 2. Literature review and theoretical framework

There are three main research directions on behavior (intent) to switch service providers, specifically:

1. According to the switching behavior process: Studies explain provider switching behavior as a complex consumer conversion. Scholars have used the theory of rational action (Ajzen & Fishbein, 1975; Ajzen, 1991) [1, 2] to explain the process of consumer behavior change, the intention to switch is a determining factor to consumer switching behavior (Bansal & Taylor, 1999, Bansal *et al.*, 2005) [6, 7].

2. According to the causes leading to switching behavior: This is the approach used in the earliest research on switching behavior and so far, there have been many studies using it. The causes leading to customer switching behavior are identified by scholars in a variety of ways, including service-related causes, non-service causes, and customer-related causes.
3. Three-component model of commitment. When the three-component organizational commitment model is applied to marketing, customers are considered as employees in the organization. Studies in this direction explain the intention to switch service providers through commitment between customers and service providers. The customer's commitment has three components: the normative commitment, the emotional commitment, and the continuing commitment (Bansal *et al.*, 2004) <sup>[5]</sup>.

Service provider switching behavior is the decision of a customer to stop purchasing a service from one provider and purchase the service of a competitor (Bansal & Taylor, 1999) <sup>[6]</sup>. Switching intent describes the likelihood that a customer will switch from a current provider to another provider. Customers' intention to switch service providers is one of the important bases for service providers to predict customer behavior, whether customers plan to repeat or switch.

Two theories are widely used in explaining the intention of consumers to switch service providers including: (i) service provider switching model (SPSM) (Bansal & Taylor, 1999) <sup>[6]</sup> and (ii) Pattern of provider migration (PPM) (Bansal *et al.*, 2005) <sup>[7]</sup>. These two theories emphasize the explanation of consumers' provider switching behavior through their action intentions. The two models SPSM and PPM have unity and complement each other. Therefore, this study combines both of these models as a theoretical framework explaining consumers' intention to switch internet service providers.

In the field of internet services, Lui (2005) <sup>[12]</sup> uses the PPM to find out the relationship among different factors to the intention to switch service providers.

### 3. Methodology

#### 3.1 Context and research sample

Internet users in Vietnam spend a lot of time online. On weekdays, on average they visit about 2 hours 20 minutes. Men access the Internet 20 minutes more than women. Hanoi is the place with the longest Internet access time with more than 160 minutes/ day, Ho Chi Minh City is 150 minutes/ day. Young people spend more time accessing the Internet every day. Nearly half of users spend more than 2 hours a day surfing the Internet.

On weekends, the amount of time using the Internet is less than on weekdays. A small percentage (6%) do not use the

Internet at all on weekends. Among the young age group (15-24 years old), the amount of time using the Internet did not decrease on weekends.

The sample of this study is customers in Hanoi city. We send questionnaires to them through email, by post, or in person. We tried to include all customers who used internet services as a sample for this study. As a result, we received about 564 questionnaires which were used to analyze the data and test research hypotheses. We choose Hanoi city because it is the leading economic center of Vietnam. In addition, with limited time and resources, we chose Hanoi city with the desire to represent the Vietnamese consumers.

#### 3.3 Analytical techniques

Assessing the reliability of scales: the commonly used reliability test is the internal consistency of the scale reflecting the relationship of observed variables in the same scale. The reliability of the scale used in this study is Cronbach's coefficient Alpha. The collected data is entered into the computer via SPSS 22.0 statistical software. After coding and cleaning the data, it is acceptable since according to Hair *et al.* (2006, 2010) <sup>[9, 10]</sup> a Cronbach's Alpha coefficient of 0.6 or more is desirable.

#### 3.4 Research methodology

The process of data collection includes tasks such as: Data validation, data editing, spreadsheet creation, identification and calculation of data characteristics, data entry into computers and we use suitable software for processing and analyzing data to meet research objectives. Specifically, to process the primary data collected, the authors used software such as Google Docs, SPSS 22 software and Microsoft Excel. In addition, the study also used other professional technical analysis methods such as comparison, comparison, synthesis, evaluation and expert methods to judge appropriately with dialectical thinking and history.

### 4. Results

#### 4.1 Descriptive statistics

Information of data collected is shown in Table 1. It shows that among the 564 respondents, about 65.4% were male while the remaining 195 (34.6%) were female. Of these, 85 of them (or 15.1%) were from 18 to 25 years old, 282 of them (or 50%) were from 26 to 35 years old, 179 of them (or 31.7%) were from 36 to 54 years old, and 3.2% of the participants were over 54 years old. Among the respondents, 28.0% of the participants have income less than 10 million VND, 41.8% of the participants have income from 10 million VND to 20 million VND, and over 20 million VND accounted for 30.1%. Of these, 158 of them (or 28.0%) high-school graduated or shorter, 236 of them (or 41.8%) Intermediate level and Associate in science, and 30.1% of the participants were master's degree/PhD degree.

**Table 1:** Respondents by gender, age and income

	Frequency	Percent	Cumulative Percent
<b>Gender</b>			
Male	369	65.4	65.4
Female	195	34.6	100.0
<b>Age</b>			
From 18 to 25 years old	85	15.1	15.1
From 26 to 35 years old	282	50.0	65.1
From 36 to 54 years old	179	31.7	96.8
Over 54 years old	18	3.2	100.0
<b>Income</b>			
Less than 10 million VND	158	28.0	28.0
From 10 million VND to 20 million VND	236	41.8	69.9
Over 20 million VND	170	30.1	100.0
<b>Academic standard</b>			
High-school graduate or shorter	158	28.0	28.0
Intermediate level, Associate in science	236	41.8	69.9
Master’s degree/PhD degree	170	30.1	100.0
Total	564	100.0	

Next, Table 2 indicates that the respondents agree with the dependent variables of “the customer intention to switch internet service providers in Vietnam” where five attributes

were quite high with an average of 3.748 compared with the highest of the Likert 5-point scale. All 5 attributes were rated at an average of 3.68 or higher.

**Table 2:** Descriptive Analysis of Attributes of the customer intention to switch internet service providers in Vietnam

	N	Minimum	Maximum	Mean	Std. Deviation
YD1	564	1.0	5.0	3.79	.749
YD2	564	1.0	5.0	3.68	.889
YD3	564	2.0	5.0	3.80	.827
YD4	564	1.0	5.0	3.70	.806
YD5	564	2.0	5.0	3.77	.890
Valid N (listwise)	564			3.748	

**4.2 Cronbach Alpha**

The customer intention to switch internet service providers in Vietnam has been measured by the Cronbach’s Alpha. Results of testing Cronbach’s alpha of attributes are presented in Table 3 below. The results also show that

attributes of the dependent variables have Cronbach's Alpha coefficients that are greater than 0.6, and the correlation coefficients of all attributes are greater than 0.3. So, all the attributes of the dependent variables are statistically significant (Hair *et al.*, 2010; Trong & Ngoc, 2008) <sup>[10, 13]</sup>.

**Table 3:** Results of Cronbach’s Alpha Testing of Attributes

	Cronbach's Alpha		N of Items	
	.853		5	
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
YD1	14.95	7.949	.581	.844
YD2	15.06	7.016	.670	.823
YD3	14.93	7.191	.696	.815
YD4	15.04	7.224	.713	.811
YD5	14.96	6.986	.677	.821

## 5. Discussion and implications

For internet services, internet access speed and capacity are two basic factors to create different service packages. Access speed depends on technology and connection method. The change in new and more advanced technology helps businesses provide better quality services, creating a variety of service packages. Besides, firms also need to apply new and advanced technology at customer contact points such as sales department, customer care department, payment department, etc. to create favorable conditions for customers through the process of buying, paying, and using services. In addition, in order for customers to be aware of technological changes, firms need to do well in communicating about all their technological changes. By doing this, customers will be aware of the change of the business, which prevents their intention to switch providers. Internet activities in Vietnam as well as any activities in society must be regulated by law. Decree 72/ND-CP (Government, 2013) <sup>[8]</sup> paved the way for the development of internet services, where information (provided, accessed, used) on the network is uniformly managed in accordance with current laws, an unlimited number of service-providing enterprises, organizations and individuals are free to expand and develop. Firms, organizations and individuals may exploit, provide, access and use Internet services and information on the network, even across borders, if they do not commit illegal acts or content.

Through the internet, most network information today as well as in the future is good and there are useful and abundant services, helping to promote cooperation and integration. However, there are still many fakes, even reactionary information and services which are contrary to fine customs and traditions, or some violent, lewd and immoral action games. In addition to state management solutions, it is extremely important to educate people about culture to have resistance to this information and service. Opposing the wrong services of the social community and building a cultural life in residential areas, agencies and communities are a positive solution. The education and training sector needs to equip students with habits and knowledge when using and exploiting the Internet for learning, such as searching for information and knowledge in the online human cultural treasures, only participating in useful entertainment games online; building a movement to say no to fake, reactionary information, video games contrary to customs, violence, inciting unconsciousness and inhumanity. The Youth Union needs to launch a youth campaign into science and technology; a campaign to participate in using Internet services and healthy online information, boycotting reactionary, deviant and unhealthy services, information and games. Authorities need to pay more attention to the new and sensitive content.

It is very important to equip telecommunications service quality measurement devices, combining both human factors and equipment as well as technology factors to check and control law enforcement in this field. State management agencies, especially the information and communication industry, need to have three elements: legal documents,

people and equipment. If those factors are good, the efficiency of State management of this content will surely be higher and keep up with reality.

According Rajan Anandan - Vice President and CEO of Google Southeast Asia and India, this is one of the important factors determining the development of the internet access service market. Vietnam is one of the countries with the most dynamic Internet market in the world. As of June 2017, Vietnam had about 67% of the country's population using the internet, Vietnam was considered as the country with the 12th highest number of Internet users worldwide and 6th out of 35 Asian countries/territories. (Internet world stats - a website specializing in statistics of Internet users of countries around the world). From 2010 up to now, the internet service market has continuously developed strongly, the competitiveness is increasing. Market development and customer retention are the central goals of business and marketing strategies for providers.

To meet customer retention, internet service providers need to understand their customers. Therefore, it becomes very important to study the customer's intention to switch internet service providers.

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