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Examining the Impact of Service Failure and Switching Costs on Brand Switching among Internet Service Subscribers

Shiva Raj Ghimire[1], Padam Bahadur Lama[1], Sabina Ghimire[2], and Sanjay Rajbhandari[1]*

[1]Saraswati Multiple Campus, Faculty of Management, Tribhuvan University, Nepal
[2]Institute of Management Studies, Faculty of Management, Tribhuvan University, Nepal

ABSTRACT

This study aims to examine the brand switching behavior among Internet Service Subscribers in Nepal, drawing upon the theories of planned behavior and Expectancy theory. Descriptive and causal research designs were employed in this study, with primary data being gathered through the utilization of Microsoft Forms. The data was collected using judgmental sampling, with a desired sample size of 385 samples. The acquired data was analyzed using PLS-SEM to assess the validity of the indicators and the study's premise. The study revealed a positive correlation between service encounter failure and brand switching intention. Nevertheless, the occurrence of service encounter failure does not necessarily result in a rise in brand switching behavior. In a similar vein, research has indicated that an increase in switching cost is associated with a decrease in both brand switching intention and brand switching activity. Moreover, it has been unveiled that an increased inclination to transfer brands is associated with a corresponding increase in brand switching behavior. Similarly, the connection between service encounter failure, switching costs, and brand switching behavior is mediated by switching intention.

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***Corresponding Author**
sanjrajbhandari@gmail.com

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Introduction

Scholars exhibit a strong inclination towards investigating customer behavior within the service business due to the rationality and inherent unpredictability of consumer activities (Zineldin, 2016). Consumer behavior encompasses the various activities and procedures undertaken by individuals to locate, choose, purchase, utilize, evaluate, and dispose of goods and services with the aim of satisfying their needs and preferences (Baker & Cameron, 2016). In the realm of consumer behavior, the decision to cease the habitual utilization of a particular brand of a product and instead opt for an alternative yet similar one is commonly referred to as brand switching (Brassington & Pettitt, 2003; Gerrard & Cunningham, 2004). Consumers may switch brands by modifying their purchase patterns due to extrinsic incentives, such as sales promotions and ads (Dube & Menon, 2010; Ananth et al., 2011). Nevertheless, scholars have developed models and perspectives in order to get a deeper comprehension and offer a rationale for the factors influencing brand switching. The Utility-Driven Perspective posits that consumers are more likely to transfer brands if they perceive that a new product or service would offer them greater utility (benefit or value) compared to their existing one (Lam et al., 2010; Zhao & Feierit, 2017). Another perspective is the Process-Driven Perspective, which argues that brand switching is a psychological process that provides customers with psychological benefits. While customers may not prioritize the benefits of switching, they generally demonstrate adaptability in their decision-making process (Lei et al., 2012).

Similarly, the social mobility perspective posits that individuals engage in brand switching as a means of self-expression. According to Lam et al. (2010), this study is grounded in the social identity theory and examines the socio-psychological factors that impact a consumer's choice to switch brands. In essence, this phenomenon entails individuals engaging in brand swapping as a strategy to cultivate their desired self-image or transition from their authentic selves to their ideal or desired selves. According to Douglas and Connor (2013), while this particular school of thought holds significant importance within the luxury industry, its influence on consumers' choices to switch ISP brands may be very limited. Therefore, the primary focus of this study is the functional utility dimension of brand switching, which pertains to the perceived advantages that buyers consider when making the decision to transfer brands.

Previous research findings suggest that brand switching in different industries is influenced by several factors. These factors include product quality, customer satisfaction, and brand trust (Nezakati et al., 2011). Additionally, service quality, product price, brand image, and perceived value have been identified as influential factors (Sefian et al., 2013). Other factors that contribute to brand switching include core service failure, service encounter failure, employee responses to service failures, pricing, inconvenience, competitor attraction, ethical concerns, and involuntary switching (Keaveney, 2015). Furthermore, brand name, reputation, cost, convenience, consistency, and quality have been identified as further factors (Brady & Cronin, 2001). Yi

(2010) conducted a study in China, involving 400 telecom consumers, to examine the influence of service quality on customer switching behavior. The findings of the study indicate that there is a considerable relationship between service quality and customer switching behavior. Berry (2015) conducted a study that examined the impact of pricing and customer satisfaction on behavioral intention in the context of pay television (pay TV) in Indonesia. The study involved a sample of 245 pay TV customers who participated as respondents. This study employed structural equation modeling (SEM) to examine the collected data. The results of the analysis indicated that both pricing and customer satisfaction exert a significant and beneficial impact on behavioral intention. The further research conducted by Keaveney (2015), Brady and Cronin (2001), Baker and Cameron (2016), and Ramayah et al. (2017) in various places corroborate the earlier findings.

Service encounter failure and switching cost are significant factors that contribute to the determination of switching behavior (Erevelles et al., 2003). Brand switching behavior among service customers is primarily influenced by service encounter failure and switching cost (Keaveney, 2015). However, there is a limited amount of research available on brand switching behavior specifically focusing on variables such as service encounter failure, switching cost, and switching intention. Previous research has not adequately assessed service failure within the Internet Service Provider (ISP) industry in Nepal. Therefore, it is necessary to examine the influence of service encounter failure and switching cost on the behavior of ISP users in Nepal while moving brands. This study aims to analyze following objectives:

- To analyze the impact of service encounter failure and switching cost on brand switching behavior.
- To evaluate the impact of service encounter failure and switching cost on switching intention.
- To determine the mediating effect of switching intention on relationship between service encounter failure and brand switching behavior.
- To examine the mediating effect of switching intention on relationship between switching cost and brand switching behavior.

Literature Review

Ajzen (1985) created the theory of planned behavior, which serves as a theoretical foundation for this study. According to this theory, individuals' behavioral intentions are impacted by their attitudes, subjective norms, and perceived behavioral control. Hidayat et al. (2021) conducted a study that examined the impact of customers' attitudes, subjective norms, and perceived behavior control on their intention to transition to healthy food products, drawing upon the theory of planned behavior. The inclusion of a theoretical framework in this study is crucial as it aims to examine the behavioral intention of Internet Service Provider (ISP) subscribers. Similarly, the study relies on Vroom's (1964) expectancy theory, which posits that an individual's chance of engaging in a specific activity is influenced by their belief in the conduct's ability to result in a desired outcome, as well as their perceived value of that outcome.

The existing body of research has predominantly indicated that service encounter failure and switching cost exert a substantial impact and influence on the behavioral intention to switch brands. There exists a direct correlation between service encounter failure and brand switching behavior, but the association between switching cost and brand switching behavior is indirect. The reason for this is that a significant number of studies have indicated that an increase in service encounter failure is associated with a rise in brand switching behavior. In contrast, an increase in switching cost is associated with a drop in brand switching activity, whereas a decrease in switching cost is positively correlated with an increase in brand switching behavior.

According to Bhatt and Saiyed (2018), brand switching behavior may be defined as the act of abandoning a certain service provider in favor of another. Similarly, brand switching refers to the phenomenon when customers, who often exhibit brand loyalty, opt to transition to a different brand (Clemes et al., 2010). It might be considered as the antithesis of brand loyalty, wherein people continuously exhibit a preference for a single brand. This transformation frequently occurs when individuals encounter economic difficulties, either on a personal level or as a result of wider market circumstances. While customers may derive advantages from switching brands, businesses may face significant challenges due to the prevalence of brand flipping among customers. Switching between brands is an ongoing problem in today's highly competitive market environment. Consumer behavior dynamics frequently result in customers modifying their purchase choices, either as a consequence of brand fatigue or the allure of competing products (Subramaniam, 2012). In a similar vein, businesses may experience a decline in brand value and identity due to instability within a specific client base, as frequent customer switching can result in the loss of the brand's target market segment. The phenomenon of brand switching extends beyond particular businesses and encompasses a wide range of sectors, including retail, food services, technology, and telecommunications. Recognizing and confronting this widespread customer behavior is crucial for organizations aiming to establish resilience and adaptation in a constantly changing market landscape (Youngju, 2014).

The initial investigation on the correlation between service encounter failure and brand switching behavior in the marketing domain was conducted by Keaveney (1995). This study utilized a substantial sample size of 500 service clients to examine the impact of service encounter failure, along with other characteristics, on brand switching behavior. In a similar vein, Vyas and Raitani (2014) determined that when service clients meet failure, they are compelled to switch brands as a consequence of service professionals that display indifferent, disrespectful, unresponsive, and unknowledgeable behavior. Similarly, the study conducted by Nyarko (2015) revealed that instances of service encounter failures were consistently linked to certain facets of service employees' behaviors or attitudes. Based on the findings of the literature research, the following hypothesis was formulated:

H_1: Service encounter failure influences switching intention.

H_2: Service encounter failure impacts brand switching behavior.

According to Clemes et al. (2010), the primary factor that significantly impacts customer switching behavior is the switching cost, which serves as the primary determinant of behavioral loyalty among service customers. Customer brand flipping is mostly driven by switching costs, particularly when customers have a short-term engagement with a brand. Conversely, in the event of long-term relationships, customers tend to exhibit brand loyalty. In a study conducted by Sharma and Panga (2018), it was determined that there exists an inverse correlation between switching cost and brand switching behavior. This implies that even customers who are dissatisfied can still be retained if the switching cost is higher. Customers who are dissatisfied and unable to switch due to high switching costs are often referred to as falsely loyal and are essentially being held captive. On the other hand, customers who are satisfied but lack loyalty and are willing to switch to alternative providers if they perceive better offers are commonly known as mercenaries (Chen & Cheng, 2012).Based on the literature study, the following hypothesis was formulated:

H_3: Switching cost influences switching intention.

H_4: Switching cost impacts brand switching behavior.

According to Youngju (2014), the variable of switching intent has a substantial impact on brand switching behavior, along with other variables. Nevertheless, it is important to note that intentions have the potential to undergo changes over time. Consequently, the precision of predicting intentions tend to diminish as further measurements and observations of real-life behavior are collected (Ajzen, 1991). When an individual's behavior is influenced by external events beyond their control and cannot be altered, it may manifest as intended. The intention to switch behavior can have a direct impact on the actual switching behavior. The study conducted by Hidayat et al. (2021) establishes a direct correlation between customer switching behavior intention and brand switching behavior. The hypothesis was formulated based on the findings of the literature review.

H_5: Switching intention leads to brand switching behavior.

H_6: Switching intention mediates the relationship between service encounter failure and brand switching behavior.

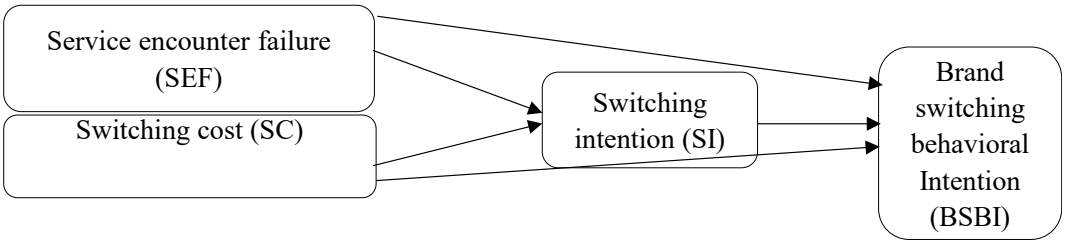
H_7: Switching intention mediates the relationship between switching cost and brand switching behavior.

The present study examines the mediating role of switching intention in the association between switching cost and brand switching behavior. The conceptual structure of the study is illustrated in Figure 1, in line with the literature review that revealed a substantial correlation between service encounter failure, switching cost, switching intention, and brand switching behavior. In this study, we examine the influence of service encounter failure,

switching cost, and switching intention on brand switching behavior. Moreover, the study has considered brand switching behavior as the dependent variable, while service encounter failure and switching cost are regarded as independent variables, and switching intention is employed as a mediating variable.

Figure 1

Research framework of the study



The study defines SEF as the fundamental aspect of service failure, encompassing the efficient handling of service failure complaints and mistakes, accompanied by care, civility, and knowledge, and prompt response. The term "SEF" refers to the utilization of soft human skills by service providers when addressing service failures. According to Ghamry and Shamma (2020), SEF is the second most significant category of service switching. SEF is associated with certain behaviors or attitudes exhibited by service professionals (Nyarko, 2015). Customers would transfer service providers if personnel displayed indifference, impoliteness, unresponsiveness, or lack of competence (Vyas & Raitani, 2014). The measurement of SEF was conducted utilizing the four items introduced by Keaveney (1995).

Customer switching costs (SC) refer to the expenses that customers face while transitioning from one service provider to another. The costs encompass various expenses such as fees associated with early termination, expenses related to data migration, and the temporal and labor-intensive process involved in establishing new accounts. In this study, SC refers to the expenses associated with time, money, and processes, as well as the alteration of relationships. Customers frequently exhibit hesitancy in changing service providers when the service cost (SC) is elevated. This is due to their reluctance to incur more charges or endure the inconvenience of establishing new accounts. Service providers can strategically leverage switching costs to their benefit by using measures that increase the level of difficulty for customers to transition to a competing service. This can assist businesses in retaining their consumer base and sustaining their market dominance. According to Chen and Cheng (2012), customers who are dissatisfied and unable to switch due to high switching costs are deemed to be falsely loyal and can be considered as hostages. Similarly, customers who are satisfied but lack loyalty and are willing to switch to alternative providers if they perceive better offers are referred to as mercenaries. According to Sharma and Panga (2018), customers

are less inclined to move providers when they perceive significant switching costs, particularly when they are satisfied. Hence, businesses must prioritize highlighting the significance of switching prices as a deterrent for customers to change their firm and its services. The measurement of switching cost was conducted utilizing a set of three items that were produced by Ghamry and Shamma (2020) as well as Clemes et al. (2010).

The formation of an individual's intention to engage in a specific behavior is contingent upon their capacity to do so, and is shaped by three key factors: attitudes, subjective norms, and the impression of control over one's actions. Behavioral intents are indicative of the requisite motivation to engage in specific acts and demonstrate an individual's commitment to their execution. Additionally, they serve as an indicator of the level of effort individuals are willing to invest in carrying out a certain action (Ryan & Bonfield, 1980). Nevertheless, it is important to note that intentions have the potential to undergo changes over time. Consequently, the precision of predicting intentions tends to diminish as further measurements and observations of real-life behavior are collected (Ajzen, 1991). The researchers employed the four items devised by Hidayat et al. (2021) to assess the intention to switch.

According to Oyeniyi and Abiodun (2010), switching behavior refers to the deliberate act of terminating a relationship with a particular service provider. This act involves ceasing the purchase of products and services from said provider and instead establishing a new relationship with another provider within the same category. Switching behavior refers to the deliberate decision to transition from one service provider to another. This might occur due to various factors, including discontent with the existing supplier, a more advantageous offer from a rival, or a shift in requirements or preferences. The study additionally highlights that the act of switching behavior does not invariably result in a lasting decision. In certain instances, clients may opt to revert to their initial service provider following a certain duration. Nonetheless, altering one's behavior can incur significant expenses for both the consumer and the service provider. For the consumer, transitioning to a new supplier and acquiring proficiency in their services can require a significant investment of time and effort. For the service provider, this might result in customer attrition and need expenditure on customer acquisition. The measurement of brand switching behavior in this study was conducted using a set of three items that were produced by Vyas and Raitani (2014).

Methods

The study adhered to a positivist research philosophy, which is a viewpoint often associated with natural scientists. Theory of planned behavior and Expectancy theory under deductive reasoning was used to establish hypothesis. The purpose of the study was to analyze the brand switching behavior among ISP subscribers in Nepal. Aligning with that purpose, descriptive and causal research design were adopted. Descriptive research design was used to describe about the characteristics of variables being studied. Likewise, causal research design was used to test

and confirm relevant cause and effect relationships between variables. The target population selected for the study were the Internet service subscribers of Nepal. There are 63 registered ISPs as of 2023 in Nepal as per the MIS report published by Nepal Telecommunication Authority (2023). A total of 8 sample ISPs were selected as suggested by Shukla (2004). The sample ISPs were selected on the basis of their higher subscriber base and geographical coverage throughout the country compared to rest of the ISPs. The sample ISPs are: Wordlink Communications Ltd, Vianet Communications Pvt. Ltd, Subisu Cablenet Ltd, Classic Tech Pvt. Ltd., Nepal Doorsanchar Company Limited, Dish Media Network Ltd, Web Surfer Nepal Communication System Pvt. Ltd. and CG Communications Ltd. The sample population from the selected ISPs used for the study is 21,40,291 (Nepal Telecommunication Authority, 2023). Judgmental sampling was carried out to select the sample as suggested by Clemes et al. (2010). The sample size of 385 was taken following the rule with 95 percent confidence with 5 percent margin error as suggested by Makudza (2021). The sample size of 385 was determined using Cochran formula (Cochran, 1977). The survey questionnaire was designed to generate the primary data. Data was collected from August 17, 2022 to September 16, 2022. A self-administered structured questionnaire consisting of a 5-point Likert scale (from "strongly disagree" to "strongly agree") was developed and distributed using Microsoft Forms with physical and online presence. Online Microsoft forms survey was conducted through different internet user groups available in Facebook (Bhutta, 2012). Wordlink internet user group, Vianet internet user group, Subisu internet user group, Classictech internet user group, NTC internet user group, Dish Home fibernet user group, Websurfer internet user group and CG internet user group are the Facebook groups of the respective ISPs. Service encounter failure was measured using the four items developed by Keaveney (1995). Switching cost was measured by using nine items developed by Ghamry and Shamma (2020) and Clemes et al. (2010).Switching intention was measured using the four items developed by (Hidayat et al., 2021). Brand switching behavior was measured using 4 items that were developed specifically for this purpose by Vyas and Raitani (2014). It was conducted on Internet subscribers of various ISPs. At least 485 questionnaires were distributed for data collection to get a response rate of 80 percent (Dobronte, 2022).

Results and Discussion

The data that was gathered underwent a thorough examination and analysis, employing a diverse range of statistical tools and procedures. This study seeks to present its findings and develop insightful inferences on brand switching behavior by employing descriptive and causal analysis. The collection and analysis of primary data were conducted in a methodical manner in order to derive empirical findings. A questionnaire was created and disseminated to a sample of 485 participants in order to ascertain their perspectives on brand switching behavior among Internet Service Provider (ISP) subscribers, utilizing Microsoft Forms. All questions in the Microsoft form were made obligatory to

ensure the absence of any missing data. Among the 485 questions, 390 were deemed valid, and based on our requirements, 385 were selected for usage. Every participant enthusiastically engaged in the survey. The survey questionnaire required participants to provide responses to demographic characteristics and Likert scale remarks. The perceived significance of the factors was measured using a 5-point Likert scale. A score of five indicated great agreement with the proposition, while a score of one indicated significant disagreement. The process of categorizing, organizing, and examining the data provided by these participants facilitated a more direct and descriptive examination of the research. The profiles of the respondents were acquired by a questionnaire survey, which included information on their age group, gender, and income level. PLS SEM was utilized to conduct primary data calculations. The tables shown below are derived from PLS SEM software and subsequently modified in Excel.

Table 1

Demographic statistics for all samples

Demographics	Class	Frequency	Percentage
Gender	Male	273	70.9
	Female	112	29.1
	Total	385	100.0
Economic Class	Lower middle class	70	18.2
	Upper middle class	315	81.8
Age group	Below 20	20	5.2
	20-30	363	94.3
	Above 30	2	0.5

According to the data presented in Table 1, the sample consisted of 385 respondents, with 273 being male and 112 being female. The proportion of male respondents was 70.9 percent, whilst the proportion of female respondents was 29.1 percent. Likewise, among the 385 participants, 315 belong to the upper middle class and 70 belong to the lower middle class. Nevertheless, there were no participants from the upper socioeconomic stratum. The data reveals that a significant proportion of the participants, specifically 81.8 percent, belonged to the upper middle class, while the remaining 18.2 percent were from the lower middle class. Among the entire sample, 20 participants were under the age of 20, 363 fell between the age range of 20 to 30, and 2 were over the age of 30. The data indicates that 5.2 percent of the individuals fall under the age group of below 20 years, 94.3 percent fall within the age range of 20 to 30 years, and the remaining 0.5 percent are above 30 years old.

The measurement of service encounter failure is conducted using four item constructs, as depicted in Table 2. The calculated mean weighted value of 4.52 suggests that a majority of the participants reported encountering a significant level of service breakdown. The standard deviation value of 0.64 indicates that a significant proportion of the participants expressed agreement with the provided assertions regarding service encounter failure.

The measurement of switching cost is conducted using 9 item constructions. The research has employed money cost, time cost, and relational cost as metrics for assessing the comprehensive switching cost. The calculated average weighted score for switching cost is 4.03, indicating a significant level of agreement among the respondents on the provided claims. The standard deviation score of 0.82 indicates that a significant proportion of the participants have expressed agreement with the provided assertions regarding switching costs.

Table 2

Descriptive statistics for all variables

Variables	Mean	SD
Service Encounter Failure	4.52	0.64
Switching Cost	4.03	0.82
Switching Intention	4.35	0.73
Brand Switching Behavior	4.43	0.64

The measurement of switching intention is conducted using four item constructions. The average weighted score for switching intention is 4.35, indicating that a significant proportion of the participants expressed their intention to change their Internet Service Provider (ISP) in the future. The standard deviation score of 0.73 indicates that a significant proportion of the participants have expressed agreement with the provided statements regarding their intention to switch.

The measurement of switching behavior is conducted using four item constructs. The average weighted score for brand switching behavior is 4.43, indicating that a significant proportion of the participants expressed agreement with their intention to switch their Internet Service Provider (ISP) brand. The standard deviation score of 0.64 indicates that a significant proportion of the participants have expressed agreement with the provided statements regarding their intention to switch.

The assessment of indicator reliability involves examining the collective influence of constructs on the variability of the indicator. The assessment of indicator reliability involves analyzing the outer loading of observables in a parametric linear structural equation modeling (PLS-SEM) model. The measure of internal

consistency reliability, denoted as rho_c, is used to analyze the degree of correlation between indicators that measure the same construct. Convergent validity refers to the extent to which a particular test is associated with other tests that evaluate the same or related constructs, as evaluated by Average Variance Extracted (AVE).

Table 3

Outer loadings of indicators

Constructs	Indicators	Outer Loading	Alpha	Alpha if deleted
Service Encounter Failure	SEF1	0.889	0.853	0.786
	SEF2	0.898		0.752
	SEF3	0.906		0.732
	SEF4	0.902		0.763
Switching Cost	SC1	0.712	0.791	0.790
	SC4	0.783		0.723
	SC8	0.831		0.741
	SC9	0.853		0.763
Switching Intention	SI1	0.881	0.921	0.715
	SI2	0.805		0.745
	SI3	0.858		0.729
	SI4	0.877		0.713
Brand Switching Behavior	BSB1	0.850	0.853	0.714
	BSB2	0.834		0.732
	BSB3	0.783		0.745
	BSB4	0.865		0.715

The external loadings are presented with the Cronbach alpha, as well as the Cronbach alpha coefficient value in the absence of the indicators. Indicators with an outside loading of 0.7 or higher are considered acceptable and satisfactory, whereas values below 0.4 can be excluded. According to Hair et al. (2022), it is possible to eliminate values ranging from 0.4 to 0.7 if doing so results in an increase in AVE and Cronbach alpha values. Indicator SC1 has an outer loading below 0.7. However, removing it does not result in an increase in the Cronbach alpha. Instead, it causes a fall in the Cronbach alpha. Therefore, the attribute SC1 has not been removed. To ensure the successful execution of the study and obtain the desired outcomes, specific elements from the measuring model, namely SC2, SC3, SC5, SC6, and SC7, were excluded due to their AVE value falling below 0.5. According to Hair et al. (2022), the values of Rho_c and AVE for each variable in Table 4 exceed 0.7 and 0.5, respectively.

This suggests that the constructs account for more than 50% of the variance observed in their indicators. Consequently, the constructs demonstrate satisfactory internal consistency and convergent validity.

Table 4

Internal consistency of indicators

Indicators	Cronbach's alpha		Rho_c		AVE	
	Value	Remarks	Value	Remarks	Value	Remarks
SEF	0.921	good	0.944	good	0.808	acceptable
SC	0.791	good	0.865	good	0.617	acceptable
SI	0.878	good	0.916	good	0.732	acceptable
BSB	0.853	good	0.901	good	0.695	acceptable

The Fornell-Larcker tabulation is used to evaluate the ability of the constructs to differentiate amongst one other. Discriminant validity measures the extent to which a construct is experimentally distinct from other components in the structural model. The establishment of discriminant validity is contingent upon the correlation index between constructs surpassing the corresponding index value for the identical construct, as per the criteria outlined by Fornell and Larcker (1981).

Table 5

Fornell-Larcker test for discriminant validity

Variables	BSB	SC	SEF	SI
BSB	0.834			
SC	0.491	0.786		
SEF	0.477	0.334	0.899	
SI	0.808	0.516	0.658	0.856

The table displays a relationship index of 0.856 between SI and SI. However, it is worth noting that none of the other values within the same row exceed 0.856. Therefore, there is a clear distinction in the validity of SI. The correlation coefficient between the variables SI and SI is 0.856, and there are no additional values within the same row that exceed 0.856. Hence, SI exhibits discriminant validity. Similarly, the correlation coefficient between SC and SC is quantified as 0.786, with no other values within the same row exceeding this threshold. Hence, SC exhibits discriminant validity. Discriminant validity for BSB is indicated by the absence of any other values inside the same row.

Table 6

HTMT test for discriminant validity

Variables	BSB	SC	SEF	SI
BSB				
SC	0.576			
SEF	0.536	0.379		
SI	0.831	0.603	0.73	

However, the reliability of the Fornell-Larcker test has been subject to scrutiny from both conceptual and empirical perspectives, especially in cases when there is little variability in the loadings of indicators on a construct (Henseler et al., 2015). This phenomenon arises, for example, when the loadings of all indicators are within the range of 0.65 to 0.85. Henseler et al. (2015) suggested the Heterotrait-Monotrait ratio (HTMT) as an alternate method for evaluating the ability of a test to distinguish between different traits, in response to the limitations of the Fornell-Larcker test. If the HTMT values are high, it suggests the presence of cross-correlation among the constructs. According to Henseler et al. (2015), in order to successfully pass the HTMT discriminant validity test, constructs should possess HTMT values that are below 0.90. After analyzing Table 6, it is clear that the HTMT scores for all constructs are lower than the suggested threshold, therefore meeting the criteria for the discriminant validity test.

The assessment of the structural model employed in the study encompassed four essential stages: analysis of collinearity concerns, evaluation of the importance and pertinence of model associations, measurement of the model's explanatory capacity, and appraisal of its predictive efficacy. The Variation Inflation Factor (VIF) was used to examine collinearity issues, and a VIF score below 3 often indicates the lack of collinearity.

The VIF values for the study are presented in Table 7, which indicates that the majority of the constructs had VIF values below the critical threshold of 3, with the exception of SEF2, SEF3, SEF4, SC8, and SC9. Nevertheless, a more permissive examination also takes into account a VIF value that is deemed acceptable, typically ranging from 3 to 5 (Hair et al., 2022). Therefore, one might deduce that there is a lack of evidence indicating collinearity among the components utilized in the constructed models.

Path coefficients are utilized as metrics to assess the importance and statistical significance of associations, hence playing a pivotal part in the formulation of conclusive hypotheses. The determination of the significance of path coefficients is accomplished by calculating confidence intervals and p-values, which are obtained through bootstrapping on a two-tailed test with a 95% significance threshold. According to Hair et al. (2022), a path is deemed statistically significant when the p-value is below 0.05 and there is no occurrence of a value of 0 within the confidence intervals ranging from 5% to 95%.

Table 7

VIF of indicators

Indicators	VIF
SEF1	2.877
SEF2	3.213
SEF3	3.178
SEF4	3.244
SC1	1.144
SC4	1.749
SC8	3.043
SC9	3.081
SI1	2.497
SI2	1.789
SI3	2.288
SI4	2.572
BSB1	2.155
BSB2	1.918
BSB3	1.755
BSB4	2.271

Table 8

Path coefficients

Factors	β	STDEV	P values	LCI 5%	UCI 95%	Decision
SEF→BSB	-0.095	0.05	0.058	-0.192	0.002	Insignificant
SC→BSB	0.101	0.032	0.002	0.041	0.165	Significant
SEF→SI	0.547	0.048	0.001	0.447	0.634	Significant
SC→SI	0.333	0.043	0.001	0.248	0.416	Significant
SI→BSB	0.818	0.043	0.001	0.731	0.902	Significant

The p-value for the route between SC and BSB is 0.002, which is below the significance level of 0.05. Additionally, 0.002 falls beyond the range of the 5% lower confidence interval (0.041) and the 95% upper confidence interval (0.165), suggesting a significant association. Therefore, the cost of switching can lead to the habit of switching brands. On the other hand, the relationship between SEF and BSB exhibits a p-value of 0.058, surpassing the predetermined threshold of 0.05. Furthermore, when analyzing the confidence intervals (-0.192, 0.002), it is observed that the value of 0 lies within the 5% lower confidence interval (-0.192) and the 95% upper confidence interval (0.002). Thus, the path is deemed to be statistically

insignificant and is thus rejected. Therefore, the failure of service encounters does not have any impact on the behavior of switching brands. The correlation between SEF and SI has a p-value of 0.001, which is below the significance level of 0.05. Additionally, the value of 0 does not lie within the confidence interval. Therefore, the correlation is deemed statistically significant. Therefore, the failure of a service encounter has an impact on the intention to switch. The path connecting SC and SI has a p-value of 0.001, which is below the significance level of 0.05. Additionally, the value of 0 does not lie within the confidence interval. Therefore, the path is deemed significant. Therefore, the cost of switching has an impact on the intention to switch. The p-value for the path between SI and BSB is 0.001, which is below the significance level of 0.05. Additionally, the value of 0 does not lie within the confidence interval. Therefore, the path is deemed significant. Therefore, the intention to switch leads to the subsequent conduct of switching brands.

Table 9

R Square

Construct	R square	P values	R square adjusted	P values	Explanatory power
SI	0.532	0.001	0.53	0.001	Moderate
BSB	0.665	0.001	0.663	0.001	Moderate

The study utilized the R-squared and modified R-squared values of the PLS-SEM model. The fitting of all factors is accurate, with 66.3% of the variability in brand switching behavior being accounted for by the independent variables, namely service encounter failure and switching cost. The model explains a 53% difference in switching intention by considering two independent variables: service encounter failure and switching cost. All R-squared values above 0.25, suggesting a strong fit of the model. According to Hair et al., (2011), the R square value for both SI and BSB is moderate.

In order to comprehend the mediating influence of switching intention between SEF and BSB, as well as between SC and BSB, mediation analysis is conducted using Smart PLS. Mediation can be categorized as either complete or partial. Comprehensive mediation refers to the process by which the influence of an independent variable on a dependent variable is transmitted through a mediator. Partial mediation refers to a situation where just a portion of the effects of the independent variable on the dependent variable are influenced by the mediator. This implies that both the direct and indirect effects are statistically significant.

The impact of service encounter failure on brand switching behavior is found to be -0.095, with a p-value of 0.058. This p-value above the significance level of 0.05, suggesting that the observed effect is not statistically significant. According to Zhao et al. (2010), if the direct impact of the independent variable on the dependent variable is shown to be

statistically negligible, it can be classified as full mediation. The relationship between switching cost and brand switching behavior exhibits partial mediation, as seen by the significant presence of both direct and indirect effects.

Table 10

Mediation analysis

Type	Path	β	p	Remarks	Result
Direct Effects	SEF→BSB	-0.095	0.058	Insignificant	
Specific Indirect Effects	SEF→SI→BSB	0.448	0.001	Significant	Full Mediation
Total Indirect Effects	SEF→BSB	0.352	0.001	Significant	
Type	Path	β	P	Remarks	Result
Direct Effects	SC→BSB	0.101	0.002	Significant	
Specific Indirect Effects	SC→SI→BSB	0.273	0.001	Significant	Partial Mediation
Total Indirect Effects	SC→BSB	0.374	0.001	Significant	

The Sobel test is a statistical technique used to assess the statistical significance of a mediation effect. The examination is grounded in the research conducted by Sobel (1986) and represents a practical implementation of the delta approach. In the context of mediation, it is postulated that the association between the independent variable and the dependent variable is an indirect effect, which arises from the impact of a third variable known as the mediator.

Table 11

Sobel test

Variables	Test Statistic	Standard Error	P-value
SEF→SI→BSB	2.16	0.045	0.001
SC→SI→BSB	2.32	0.041	0.001

The inclusion of the mediator in a regression analysis model alongside the independent variable leads to a reduction in the impact of the independent variable, while the impact of the mediator remains statistically significant. The Sobel test is a specialized t-test used to assess the significance of the reduction in the independent variable's influence when the mediator is included in the model. It determines whether this reduction is statistically significant and whether the mediation effect is significant. In the above table the test statistics for both model with mediation is higher than 1.96, thus, signifying significant mediation. Similarly, the p value of both model is lower than 0.05, it signifies significant mediation.

Table 12

Summary of hypothesis

S.N	Hypothesis	Results
H_1	*Service encounter failure impacts brand switching behavior.*	*Reject*
H_2	*Service encounter failure influences switching intention.*	*Accept*
H_3	*Switching cost impacts brand switching behavior.*	*Accept*
H_4	*Switching cost influences switching intention.*	*Accept*
H_5	*Switching intention leads to brand switching behavior.*	*Accept*
H_6	*Switching intention mediates the relationship between service encounter failure and brand switching behavior.*	*Accept*
H_7	*Switching intention mediates the relationship between switching costs and brand switching behavior.*	*Accept*

The statistical summary confirms and accepts H_2: Service encounter failure influences switching intention, H_3: Switching cost impacts brand switching behavior, $H_{4:}$ Switching cost influences switching intention, H_5: Switching intention leads to brand switching behavior, $H_{6:}$ Switching intention mediates the relationship between service encounter failure and brand switching behavior, H_7: Switching intention mediates the relationship between switching costs and brand switching behavior. However, hypothesis H_1: Service encounter failure impacts brand switching behavior based on the statistical observations.

The research revealed that the occurrence of service encounter failure exerts a substantial influence on the propensity of customers to switch. The outcomes in this study were consistent with the research conducted by Hung and Lee (2015), Hidayat et al. (2021), Ghamry and Shamma (2020), Riaz and Khan (2015), Vyas and Raitani (2014), and Keaveney (1995). Therefore, ISP subscribers have the option to change their ISP if they experience service disruptions. The aforementioned studies conducted by Lin and Hunag (2014), Clemes et al. (2010), Keaveney (1995), and Mavri and Ioannou (2008) have together demonstrated that switching cost exerts a substantial influence on consumers' intention to switch. It indicates that an increase in the cost of switching can lead to an increase in the intention to switch. Hence, Internet Service Provider (ISP) subscribers express a desire to change their ISP regardless of the magnitude of the switching cost. The reason for this phenomenon could be attributed to the fact that subscribers tend to favor the quality of internet services offered by ISPs over the cost of switching. If subscribers are able to switch to a superior service provider, greater switching costs do not act as a barrier. Similarly, the research also revealed that the intention to transfer brands has a substantial influence on the actual behavior of switching brands. The findings of Youngju (2014) and Hidayat et al. (2021) provided support for the results of the study. The findings indicate a notable impact of switching intention on behavioral patterns related to brand switching. This

implies that a rise in the desire to switch can lead to a corresponding increase in the behavior of switching brands. Therefore, within the Internet Service Provider (ISP) sector in Nepal, subscribers have the tendency to change their ISP brands when they have the intention to do so.The study has demonstrated that the cost of switching has a substantial influence on the behavior of switching brands. The findings of Clemes et al. (2010), Vyas and Raitani (2014), Keaveney (1995), and Mavri and Ioannou (2008) were consistent with the results obtained in this study. The empirical results indicate a statistically significant relationship between switching cost and brand switching behavior. This implies that a rise in switching costs can lead to an increase in people's tendency to switch brands.

Contrary to the findings of Vyas and Raitani (2014), Ghamry and Shamma (2020), Riaz and Khan (2015), Vyas and Raitani (2014), Clemes et al. (2010), and Mavri and Ioannou (2008), the study concluded that service encounter failure does not have a significant effect on brand switching behavior. The research findings indicate that service encounter failure does not have a substantial impact on brand switching behavior. The subscribers' perception of similar services offered by all Internet Service Providers (ISPs) in Nepal may contribute to this phenomenon. Internet Service Provider (ISP) subscribers do not immediately transfer ISPs in response to service failures. Instead, they carefully consider and assess their choices in order to select a superior service provider. The findings confirmed that the intention to switch completely mediated the connection between service encounter failure and the behavior of switching to a different brand. Similarly, the findings also indicated that the intention to switch completely mediated the connection between the cost of switching and the behavior of switching to a different brand.The findings of Hidayat et al. (2021) were consistent with the results obtained in this study**.**

Conclusion

This study aimed to examine how service encounter failure and switching cost affect brand switching behavior among Nepalese ISP consumers. According to the study, switching cost and intention are crucial to brand-switching behavior. Since numerous Internet Service Providers (ISPs) offer equivalent products, services, and maintenance, subscribers may not value service encounter failure and switching costs. Internet Service Providers (ISPs) subscribers typically assume that metropolitan subscribers have more failures and issues addressed faster than rural subscribers. Thus, ISPs struggle to eradicate service failures. Internet Service Providers (ISPs) should minimize service failures. The theory of planned behavior states that the more a person wants to do something, the more likely they are to do it. A study found that ISP subscribers' service experience failure drives switching intention. Furthermore, repeated issues lead to brand switching. Therefore, ISP subscribers switch brands when a service is slow and ineffectual in addressing complaints and solving problems, providing customer care and affection, being polite, and reacting swiftly. Expectancy theory states that an individual's likelihood of

engaging in a particular activity depends on their firm belief that it will lead to a desired outcome and the value of that outcome. The study found that Nepalese ISP consumers switch brands despite high switching costs, supporting the expectation theory. ISP subscribers believe switching brands will improve service. Thus, despite higher switching costs, people move ISPs.

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