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Customers' Perceived Value of Healthcare Insurance Services in Vietnam

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Abstract

The main objective of this research is to identify, evaluate, and analyze the emotional value received by customers in the healthcare sector. Previous studies have examined the influence of factors on attitudes and intentions to participate in health insurance. Still, the perceived value discovered from demographic characteristics has yet to be widely recognized. Through quantitative survey research using the small survey convenience sampling method, including 242 current customers of insurance companies in Hanoi city, this

study uses statistical and analytical tools: Cronbach's alpha, factor analysis, and ANOVA analysis. Research results show no difference in customer loyalty among different gender groups, but there are significant differences in age and insurance participation time. The research results contribute suggestions for insurance businesses to improve the effectiveness of communication activities and continue to market in the current context.

Keywords: Perceived Value, Healthcare Insurance, Vietnam

JEL Code: G00, G02, G20

1. Introduction

The need for health care is always a top priority for each individual, family, and society as a whole. That need is enhanced as income increasingly improves. The Economist magazine in August 2020 ranked Vietnam in the world's top 16 most successful emerging economies. According to World Bank data, with an average economic growth of 6.8% annually in 2016–2019, Vietnam is in the top ten countries with the highest growth. The middle class is forming; it currently employs 13% of the population and is expected to increase to 26% by 2026. The acceleration of the middle-class population with people's awareness of insurance increasing is a positive factor affecting the demand for health insurance. Health protection is forecast to grow strongly in the coming time.

Health insurance products are being developed and deployed simultaneously in life and non-life insurance fields, including the following types of operations: personal accident insurance, medical expense insurance, and Health care insurance. However, developing health insurance to reach everyone still needs to improve. Many people believe critical illnesses are only necessary when experiencing an illness or disease rather than seeing them as a primary means of prevention and financial protection against potential risks. Many think that just state health insurance is enough; there is no need to cover anything else. This may stem from the fact that customers need to feel the value of health care insurance's benefits. Ang and Oliva (2004) ^[2] argue that a significant competitive advantage can be achieved by consistently providing superior perceived value to the respective customer base. In addition, perceived value can also be created when customer expectations match the product or service specifications (Duodu and Amankwah, 2011) ^[3].

Although insurance businesses constantly try to create sales promotion policies and improve service quality, customers still need to be more interested. Accordingly, consumers' perceived value is an essential factor to consider in devising appropriate communication strategies to enhance customers' purchasing intentions.

Although there have been many studies on service quality and perceived value in life insurance, perceived value in the healthcare sector has yet to receive attention. Accordingly, in a comparative analysis between different demographic groups, this study targets customers' perceived value of healthcare insurance products in the current Vietnamese context.

2. Literature review

Healthcare Insurance

Health insurance is voluntary insurance that helps cover part or all of the treatment costs at medical facilities (in the list of hospitals and clinics in the contract) when the insured person is sick with illness, injury, accident, health care, and rehabilitation.

The contract term of health insurance is relatively short, usually about one year. When the insurance contract expires, the insurance benefits also end. Participants need to continue paying fees to renew and maintain insurance benefits.

The core benefit that health insurance products bring is timely financial support. They share the burden of hospital fees and financial difficulties so that the insured can feel secure in treatment and quickly recover their health.

Health care insurance is a type of insurance that provides financial benefits towards comprehensive health protection for customers. The insurance company will perform its obligations in the following cases:

- Pay for medical examinations, diagnostic tests, ultrasound, and domestic and international costs.
- Pay for emergency expenses, treatment, surgery, and supporting medical equipment when the insured is sick or pregnant.
- Outpatient treatment due to illness, illness/death/permanent disability due to accidents, maternity, and dental examinations.

For health care insurance, the insured person will receive the best medical care conditions at any hospital regardless of whether it is public or private, right or wrong, domestic or foreign.

Perceived value

Perceived value is the consumer's overall assessment of the usefulness of a product based on perceptions of what is received and what is given (Zeithaml *et al.*, 2002) ^[14]. Customers will always base their purchasing decisions on the perceived value of the products or services offered by the company. After purchasing a product or service, customers tend to compare the benefits received with the purchase cost.

The relationship between perceived benefits and costs can determine customers' perceived value. Parasuraman and Zeithaml (2002) ^[11] concluded that service quality and perceived value are essential in achieving the loyalty of healthcare insurance customers.

Perceived value theory posits that consumers receive value when a product provides benefits that outweigh the consumer's sacrifices. From that perspective, comprehensive insurance can be achieved when consumers use insurance to get the desired benefits from the contract. Additionally, insurance services must be of satisfactory quality to promote insurance participation because, for every service or product purchased, consumers expect quality and various psychological benefits (Alexandris *et al.*, 2002) ^[1]. To purchase or redeem insurance, consumers must capture value through the benefits conferred (Nshakira-Rukundo *et al.*, 2019) ^[10]. Accordingly, Weedige *et al.* (2019) ^[13] shed light on perceived value as consumers' beliefs about how they will be better off by purchasing an insurance policy.

3. Methodology

Based on previous research reviews, this study aims to

examine the relationship between perceived value in the health insurance sector in the Vietnamese market based on suggestions by (Venkatesan and Jacob, 2019, Hellier *et al.*, 2003) ^[12, 8] and adjusted to suit the scope of the study. The questionnaire was designed based on the theories introduced in the literature review. It includes 4 observation variables with a 5-point Likert scale. Based on the "Data cleaning" results using SPSS22 data analysis software, 250 survey questionnaires were distributed, but only 242 questionnaires received were valid and cleaned. After conducting the survey, collect information and process data. Primary data provide original data and a better understanding of aspects of current behavior (Hair Jr *et al.*, 2019) ^[7]. Furthermore, Hair Jr *et al.* (2019) ^[7] argues that preliminary data minimizes duplication.

Table 1: Customer perceived - value scale

Code	Description	Sources
PV1	The flexibility of healthcare insurance is enough to meet my needs	(Hellier <i>et al.</i> , 2003) ^[8] , (Venkatesan and Jacob, 2019) ^[12]
PV2	I consider the policy premium to be acceptable	
PV3	I can easily understand the terms of the healthcare insurance contract	
PV4	I consider healthcare insurance a product worth buying	

4. Results

Descriptive analysis

The results of the descriptive statistical analysis showed that there was not much difference in gender between the subjects. The age group with the highest survey participation rate is 31–40, followed by the 40–50 group. In addition, most of the survey respondents have college degrees or higher. Only 15.9% of customers belong to groups with "other" educational qualifications (not graduated from a university, college, or equivalent). Similarly, the proportion of customers participating in life insurance focuses on groups from 3 to 5 years and under three years. This is also one of the criteria used to evaluate the preliminary PValty behavior of customers.

Table 2: Descriptive analysis

Variables	Category	Coding group	Frequency	Percentage (%)
Gender	Male	1	66	47.8
	Female	2	72	52.2
Age	20 – 30	1	23	16.7
	31 – 40	2	57	41.3
	41 – 50	3	30	21.7
	above 50	4	28	20.3
Participation time	Under 3 years	1	44	31.9
	3 – under 5 years	2	48	34.8
	5 – under 10 years	3	20	14.5
	Above 10 years	4	26	18.8

Cronbach's Alpha – Reliability

In order to conduct the reliability test, Cronbach's Alpha is used as the most popular and effective tool in SPSS analysis (Hair *et al.*, 2010) ^[6]. In this research, the Cronbach's Alpha test is applied for one dependent variable. Table 3 demonstrates the result of Cronbach's Alpha test. Hair *et al.* (2010) ^[6] also note that the Cronbach's Alpha result should be equal to or higher than 0.7 (≥ 0.7) to be reliable enough for research. The results are detailed in the following table:

Table 3: Cronbach’s Alpha Analysis

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted	Cronbach's Alpha	N of Items
PV1	7.79	8.698	.579	.772		
PV2	7.95	8.143	.606	.761		
PV3	7.67	8.470	.657	.736	.803	4
PV4	7.85	8.362	.632	.747		

Exploratory Factor Analysis (EFA)

George and Mallery (2016) [5] emphasize that one of the most crucial steps when analysing data with SPSS is Exploratory Factor Analysis (EFA), which identifies the correlation among observed variables and examine the validity of the set of items.

KMO and Barlett’s Test

In this research, the KMO and Barlett’s Test for dependent variable is conducted as the result is illustrated in the Table 3. As shown, the KMO value is 0.706 ($0.5 < 0.706 < 1$) and the sig. value is 0.000 (< 0.05), that means these values satisfied the conditions in the study (Hair *et al.*, 2010) [6]. In addition, after implementing the matrix, we got the followings: every determinant with factor load > 0.5 , and the Variance explained = 63.084 %. It demonstrates that the factor analysis of the research data is appropriate. After implementing the rotation matrix, four components of the

PValty. These statistics demonstrate that research data analysis for factor discovery is appropriate.

Table 4: KMO and Bartlett’s Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.706	
Bartlett's Test of Sphericity	Approx. Chi-Square	322.890
	Df	6
	Sig.	.000

Table 5: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.523	63.084	63.084	2.523	63.084	63.084
2	.646	16.149	79.232			
3	.533	13.319	92.551			
4	.298	7.449	100.000			
Extraction Method: Principal Component Analysis.						

Independent T- test

Independent Sample T-Test is often applied to test the mean difference in the case of qualitative variables with two values (Hair *et al.*, 2010, Hoàng Trọng and Chu Nguyễn Mộng Ngọc, 2005) [6, 9]. A comparison of assessment results on PValty between customers of a different gender is presented in Table 6.

Table 6: Independent Samples Test

		Levene's Test for Equality of Variances		T-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
PV	Equal variances assumed	.262	.609	.209	240	.834	.02528	.12080	Lower Upper	
	Equal variances not assumed			.209	236.097	.835	.02528	.12103	Lower Upper	
									- .21268 .26324	
									- .21315 .26372	

According to Table 6, Sig Levene test = 0.834 > 0.05 , so variance between the ages did not differ. sig value of T-Test = 0.609 > 0.05 ; no statistical significance. Therefore, there is no difference in Perceived value of survey subjects with different gender (Hair *et al.*, 2010, Field, 2013) [6, 4].

ANOVA

ANOVA helps to solve the problem of the Independent Sample T-Test. This method helps us to compare the mean of two or more groups. Therefore, the ANOVA analysis technique is applied. First, the Homogeneity of variance test will be performed to give the results of testing the difference in the variance of the groups by the Levene test coefficient (Hair *et al.*, 2010) [6].

Results Anova for age groups

It is necessary to perform an ANOVA test to compare perceived value of customers assessment results: reliability in PV among four groups ages of subjects. The detailed results are shown in the following table:

Table 7: Results Anova for age groups

Levene Statistic	df1	df2	Sig.	
2.009	3	238	.113	
ANOVA				
	Sum of Squares	df	F	Sig.
Between Groups (Combined)	6.896	3	2.673	.048
Within Groups	204.667	238		
Total	211.563	241		

a. Asymptotically F distributed.

Table 7 shows that the Levene sig statistic is Sig Levene test equals 0.113 > 0.05 ; therefore, there is no variance difference in perceived value between different age groups (Field, 2013) [4]. We will use the F-test results in the ANOVA table to test the average differences between different groups. The results showed sig .048 < 0.05 , indicating a mean difference between different age groups.

Results Anova for participation time

Sig test Levene is equal to 0.005 < 0.05 , which shows a

difference in variance between groups of customers with different participation time. The study continues to use the Welch test results in the Robust Tests of the Equality of Means table. Sig test Welch is equal to $0.000 < 0.05$, which means that there is a mean difference in PV between different groups (Hair *et al.*, 2010) [6]. Thus, there are differences in perceived value among different participation time groups. The detailed results are shown in Table 8 below:

Table 8: Results Anova for participation time groups

Levene Statistic	df1	df2	Sig.	
4.359	3	238	.005	
Robust Tests of Equality of Means				
	Statistic ^a	df1	df2	Sig.
Welch	17.887	3	59.466	.000
ANOVA				
	Sum of Squares	df	F	Sig.
Between Groups (Combined)	44.593	3	17.993	.000
Within Groups	110.698	134		
Total	155.290	137		

In addition, the graph analysis results show that customers between the ages of 30 and under 50 have the highest perceived value of health insurance. Meanwhile, young customers under 30 and over 50 have lower perceived value.

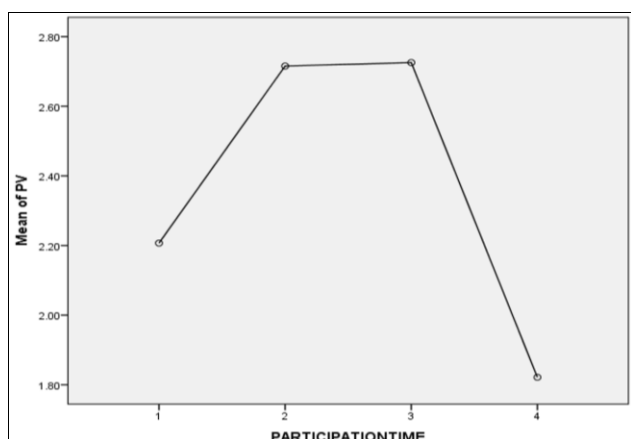


Fig 1: Mean plots of PV between participation time groups

5. Discussion

Research results show that although there is no difference in perceived value between different gender groups, there is an average difference between different age groups. The high level of awareness focuses on age groups from 30 to under 50 because this is the age group with financial stability and experience in choosing health care insurance products. In addition, this is also the leading workforce group in businesses today, so their employers often insure them. Therefore, the perceived value of their benefits is also relatively higher. Meanwhile, the older age group over 50 under the terms of various types of health insurance will be largely excluded. Therefore, the perceived value of their benefits will be relatively lower.

Accordingly, the trend of choosing health protection products is to expect a better quality of life and be more proactive against unwanted risks. A global market research company, Nielsen survey, also shows that Vietnamese people's concern for health is growing. Accordingly, in 2020, it increased by 4% compared to 2019 and ranked top 1, above all, for stability of work or work-life balance.

Vietnamese consumer trends also show that the level of interest in high-end health insurance packages remains high, ranking in the top 3 after saving and buying clothes.

Therefore, to attract more customers, healthcare insurance contracts must aim at personalization and diversity to better suit many subjects. In addition, today's insurance contracts often contain many complex contents and terms. Therefore, customers have many difficulties understanding the terms and their rights. This leads to misleading assessments of the product's value. Therefore, insurance businesses need to simplify these regulations and procedures.

In the context of increasingly vital digital transformation, the publication and transparency of product terms, as well as the digitization of processes in purchasing and selling and resolving customer benefits, will have the ability to increase customer satisfaction and push up the perceived value of customers.

6. Conclusion

There are many studies on perceived value in different fields. This study contributes to a conclusion about the differences perceived value among groups of customers with different ages, and participation time in healthcare insurance. The research results can help insurers orient their communication and customer marketing activities in Vietnam today. However, this study did not delve into the potential reasons for perceived value due to time and budget constraints. Therefore, together with further studies, it is essential to propose comprehensive recommendations for practical management.

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