

**THE DEVELOPMENT OF CUSTOMER PERCEPTIONS INTO MULTI-LEVEL
REGRESSION-BASED IMPACT MEASURES FOR THE IMPROVEMENT OF
CUSTOMER LOYALTY**

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Dedication

Ma-Gabu, this one is for you. For the love, the patience, the encouragement, the peace.
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Chapter 1

1. INTRODUCTION

1.1. Background Information

1.1.1. Geographical Summary

Straddling the tropic of Capricorn, land-locked Botswana spans a vast 581,730 square kilometres in area. The country shares borders with Namibia to the north and west, Zambia and Zimbabwe to the north-east, and South Africa to the east and south.

The Botswana Central Statistics Office (CSO) estimate a 2001 population of 1,68 million with an annual growth rate of 2.4% (Annual Economic Report, (2003)). The population is concentrated mainly in the fertile eastern and southern one third of the country. The remaining two thirds of the country's land is covered with the thick sands of the Kgalagadi Desert. Rainfall in the country is sporadic and erratic.

According to the 2001 National Census the urban population of the country stands at 52.1% with the capital Gaborone accounting for 10.1% of the country's population. Francistown, the second and only other city, accounts for 4.9% of the country's population. The remainder of the urban population is distributed among 14 smaller urban centres. Gaborone accounts for 26.9% of the country's population between the ages of 25 and 54 years (Annual Economic Report, 2003.)

1.1.2. Communication

The communication network is fairly sophisticated with 19.4% of the county's roads paved. The telephone network is fully digital, with Internet, e-mail, fax facilities available in all major centres of the country. Telex, data-switching, satellite-link and voice-mail service are also available nationwide. There are two cellular phone service provides and eleven internet service providers (ISPs). There are 27 Batswana to a telephone. (See Table 1: Botswana Social Statistics 2001)

Table 1: Botswana Social Statistics: 2001

Life Expectancy	65.2
Population per Physician	3448
Persons per telephone	27
Persons per radio	95
Daily Newspapers	1
Persons per vehicle	21
Paved roads %	19.4
Primary School numbers	330,767
Tertiary education numbers	128,744
Literacy rate %	70

(Source: Annual Economic Report: 2003)

1.1.3. Economic performance

Domestic output, as measured by Gross Domestic Product (GDP), is estimated to have grown, in nominal terms from P16.54 billion (SAR 25,47 billion) in 2000/2001 to P16.91 billion (SAR 26,04 billion) in 2001/2002, representing an increase of 2.3%. The increase for the previous year had been 17.2% (Annual Economic Report 2003)

A slump in mining, with a growth rate of 3.1% (17.2% the previous year) was the major contributor to the slow growth. Banks, Insurance and Business services also shared significant growth among the non-mining sectors of the economy. (See Table 2: Economic Structure).

Table 2: Economic Structure

GDP by Type of Economic Activity (current prices) Pula(million)	2000/2001	2001/2002	Real % change	% of TOTAL
Agriculture	755.2	791.7	4.8	2.5
Mining	10,085.4	11,238.4	11.4	35.1
Manufacturing	1,344.1	1,404.0	4.5	4.4
Water & Electricity	689.0	749.0	8.8	2.3
Construction	1,562.7	1,738.0	11.2	5.4
Trade, Hotel & Restaurants	3,193.3	3,650.7	14.3	11.4
Transport	1,092.6	1,228.5	12.4	3.8
Banks, Insurance & Business Services	3,201.9	3,644.0	13.8	11.4
General Government	4,567.6	5,264.1	15.2	16.5
Social & Personal Services	1,106.7	1,249.3	12.9	3.9
Dummy Sector	(996.2)	(1,172.8)	(17.7)	(3.7)

(Source: Annual Economic Report: 2003)

Inflation has continued its downward 6-year trend, in line with world economies (See Table 3: Annual Inflation Rates for selected countries 2000-2003)

Table 3: Annual Inflation Rates for Selected Countries

	2000	2001	2002*	2003+
Major Advanced Economies	2.3	2.1	1.2	1.6
United States	3.4	2.8	1.5	2.3
United Kingdom ¹	2.1	2.1	1.9	2.1
Germany	2.4	1.4	1.1	1.1
Japan	-0.8	-0.7	-1.0	-0.6
Emerging Asia	1.8	2.5	2.0	3.1
China	0.4	0.7	-0.4	1.5
India	4.0	3.8	4.5	5.1
Western Hemisphere	8.1	6.4	8.6	9.3
Brazil	7.0	6.8	6.5	4.3
Argentina	-0.9	-1.1	29.0	48.0
Africa	14.3	13.1	9.6	9.5
Algeria	0.3	4.2	4.0	3.0
Botswana	8.6	6.6	8.1	6.0
Kenya	10.0	5.8	2.0	4.7
Nigeria	3.6	18.9	15.9	13.2

Source: World Economic Outlook, IMF, September 2002

Note: Botswana's figures are provided by CSO, except forecasts which are provided by the Macro Economic Unit, from MFDP

*** Denotes preliminary estimates**

+ Denotes forecasts

Emerging Asia includes developing Asia, newly industrialised Asian economies and Mongolia

For the three decades to 1997, Botswana had the fastest growing economy in the world. This is even more phenomenal when viewed with the fact that Botswana was one of the poorest countries in the world when it gained independence in September 1966. The bulk of the growth has been due to the diamond mining growth in the last year, and is expected to continue to do so. Foreign reserves stand at P29.9 billion as at December 2002, representing

imports cover for 36 months. This represents a 27% decrease from P43 billion in 2001. The decrease was largely due the strengthening of the Botswana Pula currency against the US Dollar (Budget Speech, 2003)

1.1.4. Botswana attractiveness

Botswana is a country with a small population. Its economic success is dominated by diamond production and related activity. Diversity in economic activity from dominance by mining activity is a major aim of government investment and development policy (Budget Speech, 2003).

Among other incentives like grants, and developing an infrastructure to enable investors to set up projects in the country, the government has reduced taxation to 15 % for manufacturing companies and 25% for other companies. The top tax rate for individuals is also 25%. Foreign exchange restrictions have effectively all been abolished since 1999.

The future looks bright and promising. Economic growth is expected to continue. The structure of employment patterns in the economy is dominated at the top by expatriates. The government is addressing the issue by having Botswana understudies for each expatriate employed in the public or parastatal sector to effect localisation. A crop of Botswana elite and technocrats is set to emerge with significance in the next decade, beginning at government and parastatal establishments.

1.1.5. CEDA

The government sponsored Citizen Entrepreneurial Development Agency (CEDA) was established in 2000 to drive citizen economic empowerment through financial assistance in the form of low-interest loans. As at December 2002, P421.1 million worth of projects had been approved, and P247.7 million disbursed, out of a total of 3,158 applications for funding amounting to P1.8 billion. (CEDA Annual Report, 2003)

1.2. Insurance Industry: Historical Developments

1.2.1. Botswana Life Insurance

Botswana Insurance Company (BIC) was formed in August 1975 as a 51% subsidiary of the Botswana Development Corporation (BDC), a government parastatal. The company sold its

first life policy in 1977. The following year the company opened its first branch office in Francistown. A new head office was to follow in 1983 in Nyerere Drive, Middle Star Mall in Gaborone, with other branch offices in Maun (1993), Palapye (1997) and Lobatse (March 1998)

The first Insurance Industry Act (IIA) of Botswana was promulgated in 1987. The IIA regulates all aspects of insurance and requires separate legal entities for the underwriting of short-term and long-term insurance business.

In 1991, BIC restructured into Botswana Insurance Holdings Limited (BIHL) the holding company, Botswana Life Insurance Limited (BLIL), and Botswana General Insurance Limited (BGIL), enabling it to comply with the Insurance Industry Act.

The holding company BIHL was listed on the Botswana Stock Exchange (then Botswana share market) in August 1991; share-holding and technical agreements were established with St Paul (UK), and Southern Life (RSA).

1.2.2. Creation of a Monopoly



In 1993, due to external problems, IGI, an international composite insurer which was registered in Botswana, was threatened with liquidation. BIHL acquired IGI in November 1993, thereby protecting the fledging image of the insurance industry, and also the financial interest of many Botswana policyholders. The take-over of IGI, which was about 4 times the size of Botswana Life Insurance, increased the group's premium to over P100 million for the first time in 1994.

While the increased premium income was obviously an up-side, the merger of the two management and information systems would bring a number of implications and constraints normally associated with corporate take-overs and mergers.

According to the chairman of BIHL, “the motivation for the acquisition was three fold. First, to gain a critical mass of financial assets to establish the company as a medium size composite insurance company in the Southern Africa regional context. Second, to pool the combined human resources of the two groups to gain a deeper management structure for

future growth, recognising the shortage of insurance skills in Botswana. Third, to consolidate the transactions volume of the two groups with more sophisticated information technology in a more cost effective manner” (Annual Report of BIHL, 1993)

It is important to note that with the acquisition of IGI, Botswana Life Insurance became a monopoly in the provision of life insurance services in the country.

With the acquisition of IGI, a decision was taken to close the investment portfolios of IGI and the old Botswana Insurance Company. This meant that the old policies or contracts under the two companies would remain valid and continue to receive value updates, and other service requirements but clients would not be able to purchase new policies in the conventional range.

A new product line under the brand of MOMPATI was launched on 1 April 1994.

1.2.3. Enhancing Customer Service

The chairman of BIHL had this to say in his 1995 Report:



“... the entire management team engaged in a comprehensive strategic planning process during the latter half of the year to examine:

- ways and means of improving operating efficiency,
- critical success factors for each operating company within the group

This was to ...establish future directioninculcate a process of strategic thinking ... establish clear action plans... to achieve enhanced customer service levels in 1995 and beyond.” (Annual Report. 1995)

In his report of 1996, the chairman had this to say:

“Botswana Life has experienced operational problems. As a result, it has introduced radical changes to its marketing strategies, which will benefit both the company and the community. The company faces a challenging time...” (Annual Report, 1996)

1.2.4. Satisfying Policyholder Expectations

The 1996 Chairman and Managing Director's Operational Report on Botswana Life Insurance says of marketing,

“The large increases in business written also affected... the ability to deliver good customer services. The quality of some of the business written during the past two years was not of an acceptable standard and steps have already been taken by management to control and correct the situation; considerable emphasis being on quality and service.

...In consultation with the regulatory authority (Registrar of Insurance), training programmes and minimum levels of qualification are being formulated for intermediaries. This will ensure that appropriate standards of integrity and financial advisory skills are attained in order to satisfy the expectations of policyholders” (Annual Report, 1996)

The episode of poor service and poor image was taken seriously by the group. Indeed, in the words of the chairman, “the corporate identity, including corporate colours, were changed in 1995, as a visible and tangible representation of a commitment to change.”

1.2.5. Group focus

At the end of 1995 to the beginning of 1996, African Life of South Africa acquired a 25% share holding in BIHL, replacing Southern Life as technical and management partner to the group.

In 1996 BDC made a final divestment of its interest in the group, with African Life capitalising to increase its share-holding. Technical and management assistance from African Life, complimented by concerted efforts to improve customer service led to improved delivery in field-sales personnel training, premium collections and customer query handling.

In 1997, the group refocused on long term insurance, pension administration and asset management by the sale of the short-term subsidiary Botswana General Insurance Limited (BGIL), to St Paul. African Life acquired St Paul's interest in BIHL, and with a 57.5% holding in the company acquired a controlling interest in BIHL.

1.3. Competition

The chairman's and Managing Director's Operational report said the following on fund management.

“New competitors entered the market during the year. These companies assist us in ensuring that we focus our attention on client service, products and services offered and the efficiency of our administration.” (Annual Report 1996).

In 1996, Metropolitan Life, a R7-billion asset assurance company based in South Africa entered the Botswana market, focusing on the long-term market of Botswana Insurance Holding Limited.

Old Mutual, listed both on the London Stock Exchange and Johannesburg Stock Exchange had come in 1995, focusing on corporate long term assurance i.e. group employee benefits and pensions administration.

Regent Life Insurance, also of South Africa came in 1997, focusing on credit life insurance.

Investec Asset Management set up an office in the country in 1997, offering unit trusts and equities. A merchant banking licence was issued to Investec Banking in 1998, and operation began at the end of 1998.

As at February 2003, there were 11 companies in Botswana registered to transact in business to do with one or other aspect on Insurance.

1.4. The Marketing environment

1.4.1. Declining world markets

Declining world economic performance and reduced diamond demand have had a negative impact on government development income in the past few years. The local economy is largely catalysed by government development projects, with the rest of the sectors benefiting

from the “trickle down” effect. There is a strong relationship between government development expenditure and individual consumers’ disposable income.

1.4.2. Cellular phones

The introduction of cellular phones and cellular phone services in Botswana has impacted negatively on the disposable residual income of individuals since the award of cellular licences to Mascom and Vista (now Orange) network operators in 1999.

1.4.3. Micro-lending

The proliferation of micro-lenders since 1998 has also had a negative impact on the disposable incomes of households. It is this disposable income that individuals use to contribute towards savings and long-term investments offered by life assurance companies.

1.4.4. Medical Inflation

The cost of medical treatment has been increasing dramatically with Medical Aid Societies introducing punitive excesses. This is partly due to the HIV/AIDS epidemic and its effects on the reserves of Medical Aid Funds. The Registrar of Medical Aid Societies has also introduced new and higher fund reserve demands that have meant a lot of belt-tightening in order to raise the reserve levels. The contributions from members have been steadily raised every year in the past four years. This reduces the disposable income available for individuals to invest, and affects the business of life assurance companies.

1.4.5. Rising Financial Literacy

Rising literacy levels translate into demands for information about investments. Literate clients require more information about investments before committing themselves. They also require more periodic updates to enable informed decisions on whether continuing investments are worthwhile. (Reidenbach, 1998)

1.4.6. Consumerism

Greater awareness about possible levels of service and comparisons between service levels possible and service levels actually received are likely to lead to certain, if latent, undertones of continuous measurement of levels of service.

1.4.7. Electronic Access

The rapid technological developments in communication globally have culminated in widespread availability of electronic mail and the Internet in Botswana.

There is no available data on figures, but to date, all government departments and parastatal corporations are now computerised with all levels of management from junior, middle and senior now on e-mail and web-enabled.

1.4.8. Electronic Service Delivery

An ever-increasing number of clients and prospective clients are aware of the huge advantages that are available or possible through electronic mail and web-based services:

- Free-time access to information unlike telephone which is limited to business hours.
- Free-time communication, query handling and information requisition
- More detailed information at manageable cost
- Low-cost Communication
- Rapid service delivery
- Allows for greater delivery by a small team resulting in greater productivity.

Clients on e-mail find it unacceptable that information is not communicated to them, whether they decide to read it or not and whether they decide to act on it or not. The mindset of the electronically enabled consumer assumes efficient information delivery.

1.5. PRODUCT DISTRIBUTION

1.5.1. Distribution Channels

There are three main channels of distribution for life insurance products in Botswana. These include brokers, independent agencies and direct agents. The differences between them will be defined.

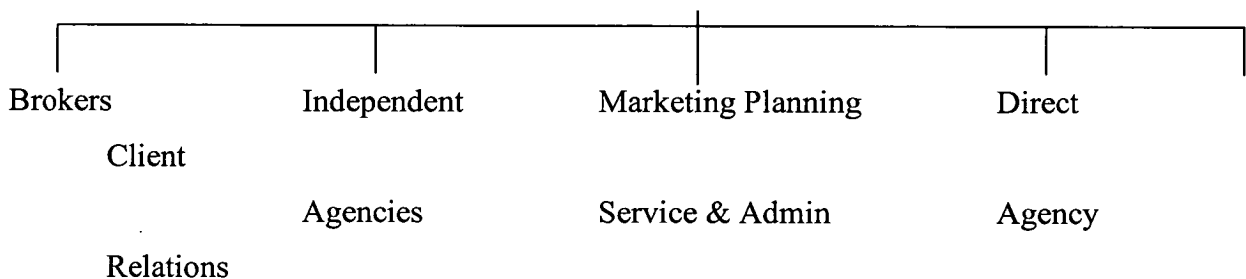
Brokers: are private companies licensed to sell products from more than one principal assurer.

Independent agencies: are sales units contracted to one particular principal assurer, and may not sell products of competing assurance companies. Their decision making is shared by the agency principals and the principal insurer's directorship (operational).

Direct agents: are like independent agencies in that they are the principal insurer's own field sales force. Management decisions however are made by sales managers of the principal assurer. (See fig 1.1)

Fig 1.1 Structure of Service distribution: Botswana life 2003

BLIL MARKETING DEPARTMENT

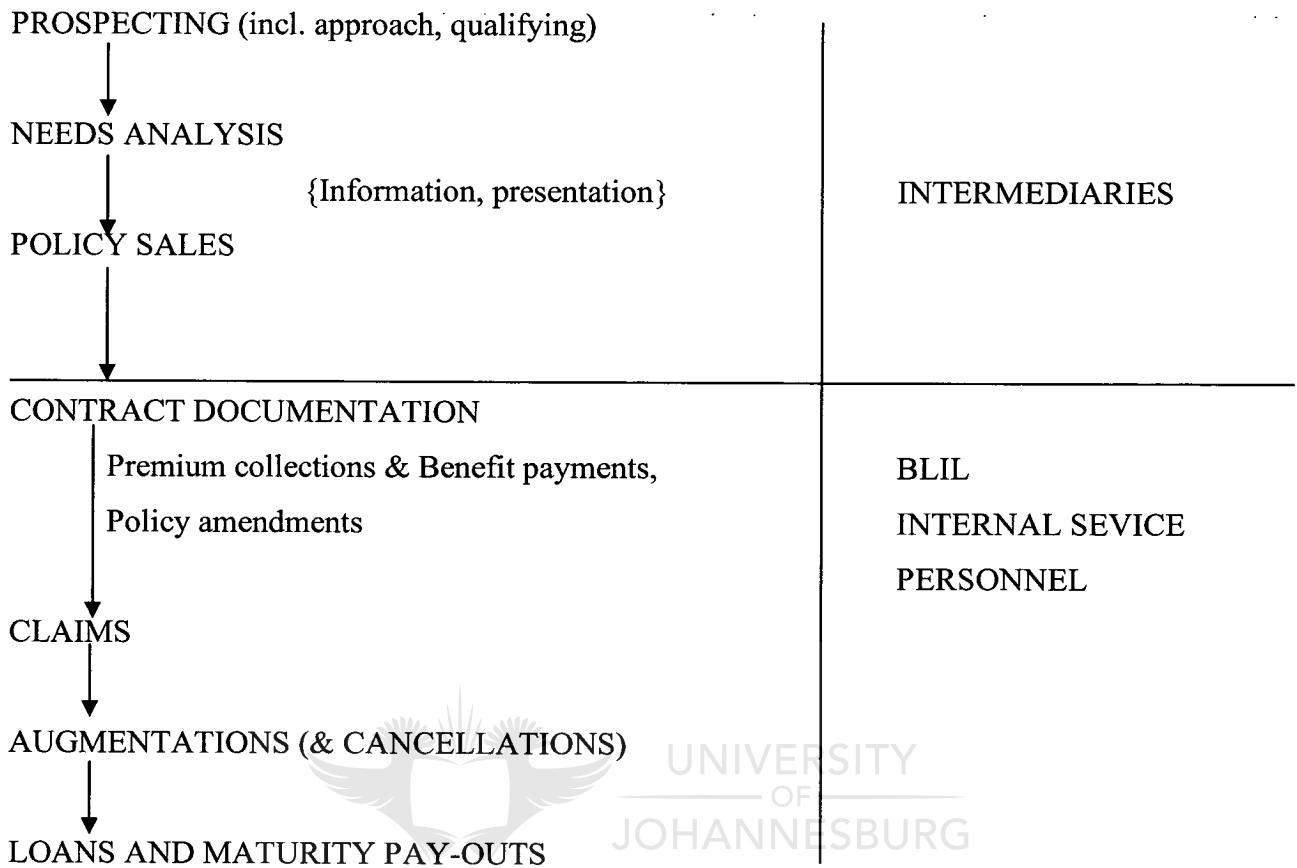


Source: Own Study

1.5.2. Service delivery

The Figure below (Fig 2) shows the flow chart of service delivery from the time a prospect is identified to the time of a claim.

Fig 1.2: Policyholder Service Delivery at Botswana Life



Source: Own Study

1.6. Remuneration

1.6.1. Botswana Remuneration System

Intermediaries are paid commission on new products sold. This is the only compensation received by intermediaries. No direct remuneration is awarded for any after sales service

Commissions for each policy sold are paid over a period of a maximum of 3 years on a reducing scale.

The current position in Botswana is that commissions are advanced on premiums/contributions to be received.

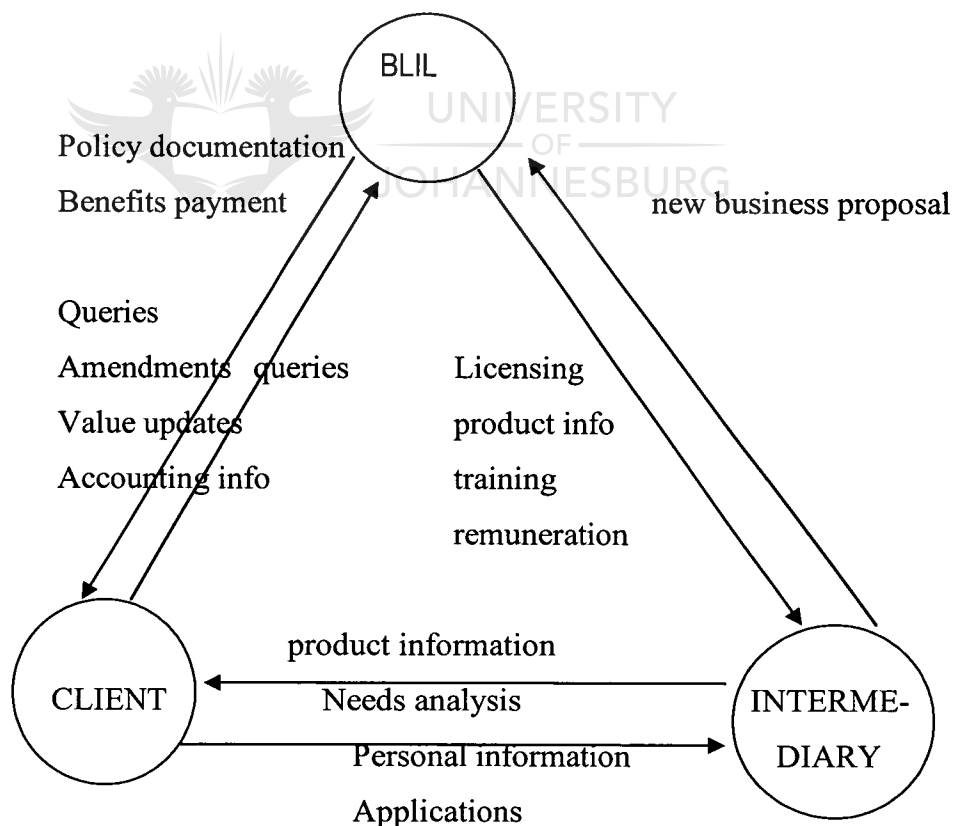
1.6.2. Global Remuneration Trends

The global trend is to remunerate intermediaries over time, as and when contributions are received. In this scenario intermediaries have a direct interest in ensuring that premiums are received each month. Also, notably the intermediaries' portfolios must be large in order to afford the intermediary a viable and sustainable income.

There have been efforts in Botswana life to change to the global way of remunerating intermediaries. While there is no date set for a change-over or a guarantee that such changes will be made, the Botswana industry has to date followed global changes.

1.7. TRIPARTITE RELATIONSHIP: Assurance Company – Intermediary – Client

Fig 1.3 Interrelationships



1.7.1. Analysis of current tripartite relationship

Fig 1.3 illustrates the various stakeholders in the relationship between the client, Assurance Company and intermediary. Their various roles are shown.

1.7.2. Lapses, cancellations and intermediary switching

In the Republic of South Africa the 2001/2002 Report of the Ombudsman of Long Term Life Assurance SA estimates R8 billion was lost through lapses and cancellations in the review years 2001/2002 (Business Times, 2003). In percentage terms lapse represented 40% of business.

At Botswana Life out of an annual premium income of P80 million, P19.2 million or 26% was lost through lapses and cancellations in the year 2001/2002 (Marketing Report 2003).

Intermediary attrition is at 67% with only one in three intermediaries trained staying in the industry beyond the first year.

There is a high level of client switching between intermediaries. Under 5% of clients retain the same intermediary over periods long enough to enable them to buy a second policy from the same intermediary (Marketing report 2003).

Low levels of business persistency leads to difficulty in including future premiums in the valuation of the company. This has an effect of lowering the shareholder value.

1.8. The Business of the Intermediary

1.8.1. Profitability

The professional intermediary thrives to have a profitable relationship with his clients. This profitability is affected by the following functions/factors.

- a large viable client database: large number of clients
- multiple sales to the same clients: product cross-sales
- higher income/affordability clients: larger premiums

- positive word of mouth: new clients through referrals
- effective low cost communication electronic-driven communication
- greater business persistency low lapses and cancellations

1.8.2. Client Focus

From the foregoing, it is clear that the profitability of the business of the intermediary is inextricably linked to the purchasing client.

Multiple sales, positive word of mouth, referrals are all dependant on the conscious decision of the client.

1.9. The Research Process

1.9.1. Aims of Research

Realising the central role of a positive relationship between the client and the intermediary (and Life Assurance company) on the profitability of the intermediary (and Life Assurance company), the research aims at identifying the critical attributes and benefits that drive a profitable client-intermediary relationship.

It will be appreciated that clients, being individuals, will have different preferences. The aim of the research is to identify the aspects or attributes that transcend individual preferences and hence would be fundamental in the development of a viable client relationship and loyalty program.

1.9.2. Chapter 2: Literature Preview

The existing literature shall be reviewed to develop relevant concepts. This section will also be used to gain deeper understanding of existing work. Past studies and research thought on sales, relationships, loyalty, cross sales, life insurance, electronic and technological service programs are discussed. The literature shall also be used in a triangulation process to support research findings.

1.9.3. Chapter 3

The description of the method of data collection shall be fully described in chapter 3 including the focus groups, individuals' interviews, population sampling and sampling methods. The questionnaires used and why they are used shall also be fully discussed in this chapter.

1.9.4. Chapter 4

The results of the study is presented in this chapter. Interpretation of the results, including the explanation of the method of interpretation is included in this chapter.

1.9.5. Chapter 5

Considerations and recommendations are in this chapter, including suggestions for further studies to answer any outstanding questions brought about by the research.



2. CHAPTER 2

2.1. Literature Review

2.1.1. The buyer-Seller relationship

“The relationship between a seller and a buyer seldom ends when the sale is made. In a great and increasing proportion of transactions, the relationship actually intensifies subsequent to the sale. This becomes the critical factor in the buyer’s choice of the seller next time around. This is certainly true of all financial services ... and any vendor organisation involving a continuous stream of transactions between seller and buyer” (Levitt; 1983: 111 – 126)

The relationship between buyer and seller is affected by whether the service requires high contact, medium contact or low contact between the customer and service provider. Life insurance may involve some medium contact e.g. where the customer needs to undergo a screening medical examination. Otherwise it is a low contact service involving information processing.

Federal Express, in an attempt to improve the quality of service they provided, redefined service very simply as “all actions and reactions that customers perceive they have purchased” (Lovelock, 1990).

An illustration of service, both core and supplementary in the case of Federal Express is shown below in fig 2.1.

Fig 2.1: Federal Express Core Supplementary Services



Source: Lovelock 1990

According to Lovelock (1990), performance as the core service is a matter of do or die. The level of performance on critical supplementary services may be competitively strategic.

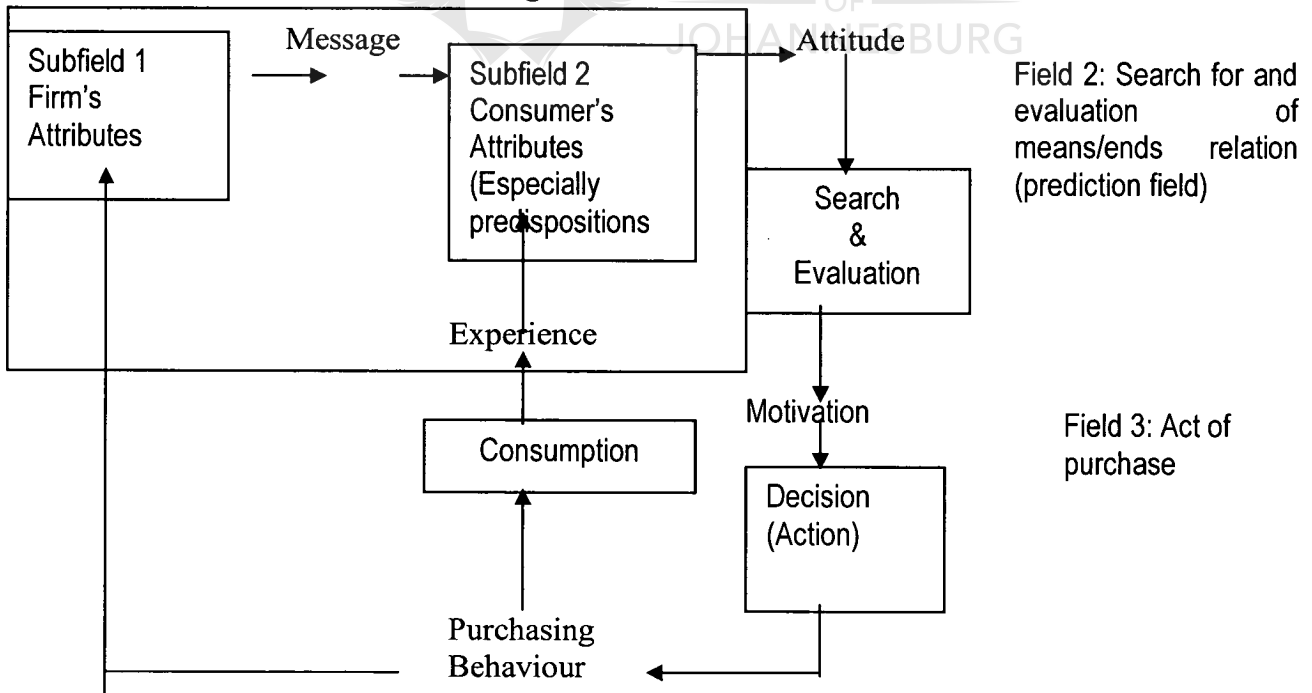
Customer research should provide answers as to which supplementary services should be targeted for superior performance, and on which ones parity with industry performance shall suffice.

2.1.2. Customer Retention

According to Paul S. Bender (1976) it costs a firm five to six times as much to attract a new customer as it does to implement retention strategies to hold on to an existing one. Retaining existing customers leads to the same customers continuing to provide the business with further purchases. According to (Reichheld 1993), loyalty is earned by consistently delivering superior value.

THE RELATIONSHIP BETWEEN THE FIRM AND ITS POTENTIAL CUSTOMERS: THE WICOSIA MODEL (NICOSIA, 1966)

Field 1: From the source of a message to the consumer's attitude



Source: Nicosia, 1966

FIELD 1

Subfield 1: Includes the firms marketing environment and communication efforts, media, product or service attributes, competition, message appeal and target market characteristics.

Subfield 2: Specifies various consumer characteristics, including personality, past experiences and others that affect the reception of the firm's communications.

The output of field 1 is an attitude of the prospective customer towards the firm's communication.

FIELD 2

The prospective customer then searches for relevant information and evaluate the firm's brand or offering in comparison with alternate brands.

The logical output of this evaluation process is motivation to purchase (or reject) the firm's brand.

FIELD 3

The motivation leads to purchase of the service offering.

FIELD 4

Two types of feedback result from purchase. The first is the sales information to the firm. The other is the experience of consumption of the product or service. This consumption leads to satisfaction or dissatisfaction and affects the customer's attitude and predisposition concerning future messages from the firm.

It can be seen from the Nicosia model that repurchase is affected by the consumption i.e. post-purchase experience. It has also been shown that the consumption experience can lead to satisfaction or dissatisfaction.



2.1.3. CUSTOMER ATTRIBUTES

The Nicosia model justifies the need for firms to conduct customer research to understand the attributes customers use in the evaluation of their consumption experience. This research would be used by firms to positively influence the attitudes of customers to their communications by modifying the consumer experience and sending appropriate messages.

2.2. THE SATISFACTION & LOYALTY LINK

Heskitt, Loveman et al (1994) show relationships between profitability, customer loyalty, and employee satisfaction, loyalty and productivity in a service-profit chain.

The links in the chain are as follows: Profit and growth are primarily stimulated by customer loyalty. Loyalty results directly from customer satisfaction. This customer satisfaction is largely influenced by the value of services provided to customers. The value is driven by satisfied, loyal and productive employees. High quality support services and policies enable employees to deliver service value and lead to employee satisfaction. (see fig 2.3)

2.2.1. INTERNAL SATISFACTION AND CUSTOMER SATISFACTION

The service-profit chain in Fig. 2.3 demonstrates the link between internal service quality and employee satisfaction. This assists in employee retention and employee productivity.

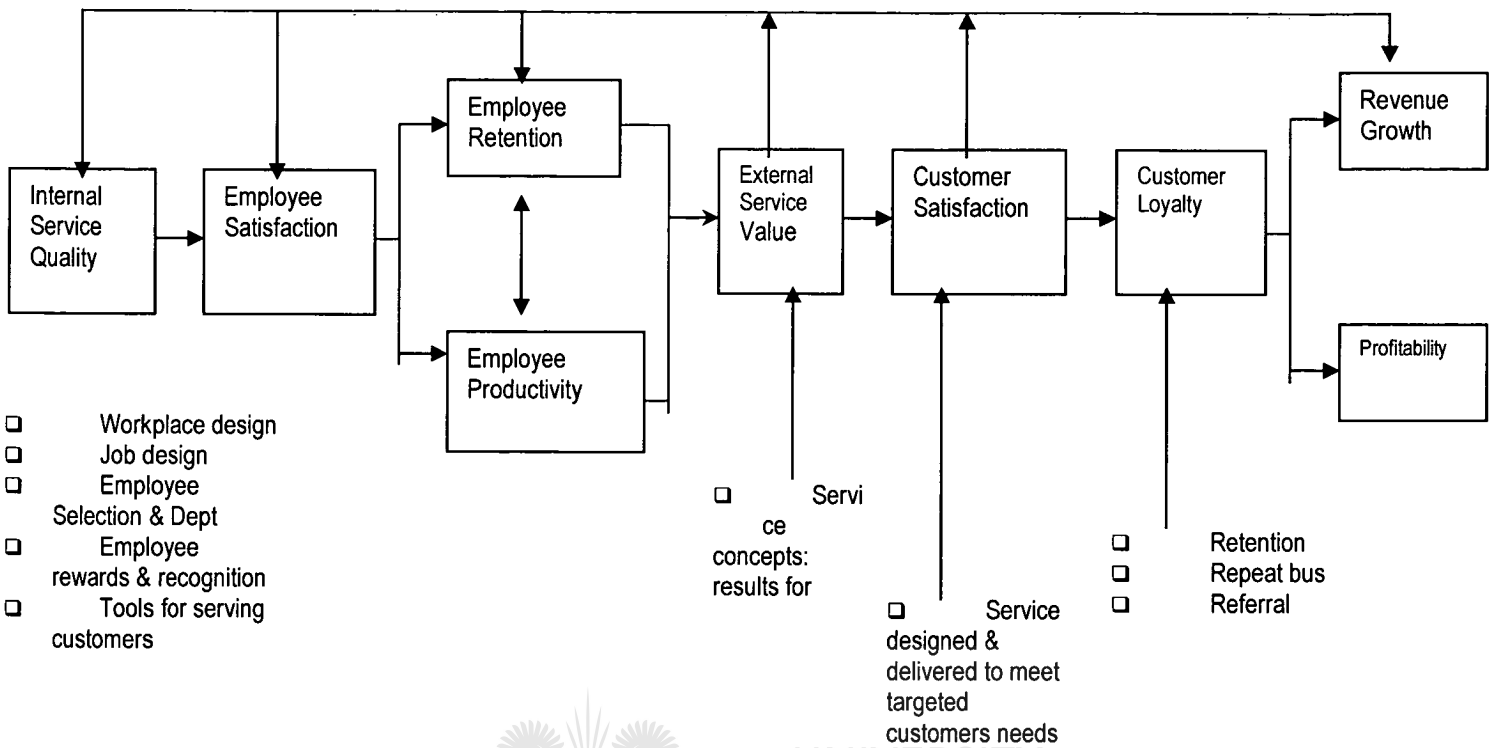
Improved productivity and output from motivated employees is noticeable to customers and translates into enhanced value in the eyes of the customer. This leads to customer satisfaction. Satisfied customers are more loyal.

Improved loyalty leads to more repeat business from the same customers. The same customers also refer their friends and colleagues. This additional business leads to greater revenue and higher profits.

Fig 2.3: THE SERVICE – PROFIT CHAIN



Operating Strategy & Service Delivery System

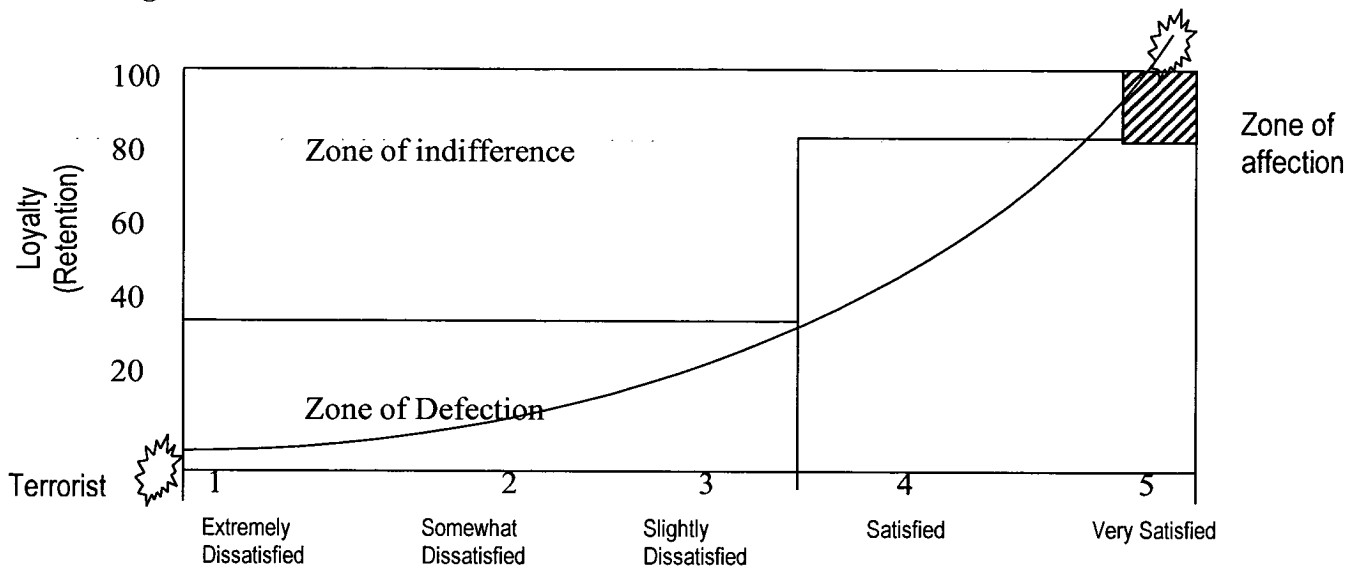


Source: Lovelack, 1990

Reichheld & Saser (1990) estimate that a 5% increase in customer loyalty can produce between 25% and 85% increase in profit. Their conclusion is that the quality of market share, as measured by customer loyalty is as important as the traditional quantity of market share.

Heskitt, Loveman et al (1994) further illustrate the link between customer satisfaction and loyalty graphically, as shown in the fig below.

Fig 2.4: A SATISFIED CUSTOMER IS LOYAL



Source:

Apostles are customers so satisfied that they convert the uninitiated prospects to the service.

Terrorists on the other hand are so unhappy that they speak out against a poorly delivered service at every opportunity.

In between these two extremes are customers who can be converted either way by the service offered.

2.2.2. CHOICE OF PURCHASE

Research in the medical field has provided insight into how patients select hospitals and physicians. This information has provided invaluable input into the generation and provision of services to clients by healthcare providers (Stewart & Hickson et al, 1989: 23 – 39)

A separate study in the medical field revealed a significant gap between patients' expectations and their experiences with physical services actually received. Of interest was that there was also a significant gap between the experiences reported by patients and the physicians' perceptions of these experiences. (Brown & Swartz, 1989).

The study emphasises the need to identify the gaps between patient expectations and provider perceptions in order to improve the service encounter.

2.3. SERVICE QUALITY AND ITS MEASUREMENT

2.3.1. Perception of Quality



Reithaml, Parasuraman & Berry (1990) have invested in researching how consumers evaluate service quality. They conclude that service quality perceptions are a function of the magnitude and direction of the gap between the customer's expectations of service and the customer's assessment perceptions of the service actually received.

2.4. SERVQUAL & SERVICE GAP

2.4.1. Service Quality

SERVQUAL is a scale that measures the gap between customers' expectations of services and their perceptions of the actual service delivered along the dimensions described in the table below.



Table 2.1: The customer's view of service quality

The customer's assessment of service quality is formed along the following dimensions:

Tangibles	Appearance of physical facilities, equipment, personnel and communication materials
Reliability	Ability to perform the promised service dependably and accurately
Responsiveness	Willingness to help customers and provide prompt service
Assurance	Knowledge and courtesy of employees and their ability to convey trust and confidence
Empathy	Caring, individualised attention the firm provides its customers

(Parasuraman, Berry, Reithaml, 1991)

Further research divides the dimensions along which consumers evaluate service quality into two groups: the outcome dimensions and the process dimension (Zeithaml, Parasuraman, Berry, 1990).

The outcome dimension focuses on the reliable delivery of the core service and the process dimensions focuses on how the core service is delivered. The process dimension offers the service provider a significant opportunity to not only meet but exceed the customers' expectations. This may lead to strategic positioning and competitive advantages.

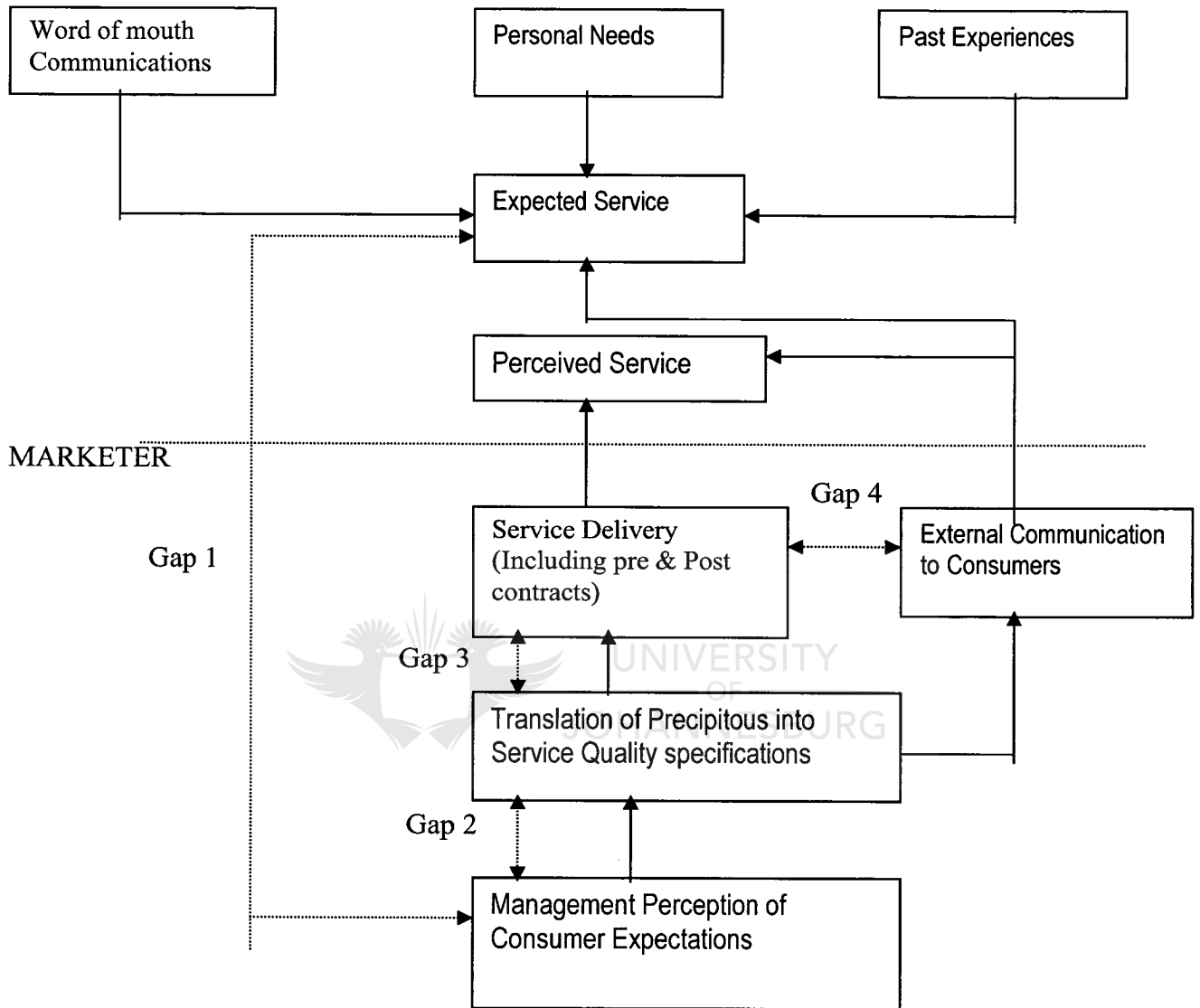
In accepting the view that quality entails consistently meeting customers' expectations, it follows that one of the key tasks of management is to close any gaps between customer expectations and perceptions.

Zeithaml, Parasuraman & Berry (1990) identify four potential shortfalls within the service organisation that may lead to a gap between customer expectations and perceptions. These are illustrated in the conceptual model of service quality below:



2.4.2. Service gaps

Fig 2.5 Service Gaps



Source: Zeittaml et al (1990)

Interpretation of the model identifies gaps due to

1. Not knowing what customers expect
2. Specifying service quality standards that do not reflect what management believes to be customer expectations
3. Service performance that does not match specifications
4. Not living up to the levels of service performance that are promoted by the marketing communications.

2.5. CUSTOMER'S VIEW OF SERVICE

2.5.1. Customer's opinions vs. "expectation"

There is a need to identify the various gaps that exist between customer expectations and service actually delivered. In order to understand the shortcomings of the various service offerings, it is important to conduct in-depth analyses of customer opinion. The analyses should include all the relevant segments of the market in question.

As categorised by Zeithaml et al (1990), emphasis should be placed on information processes, as this is the area where competitive advantage and service differentiation is possible.

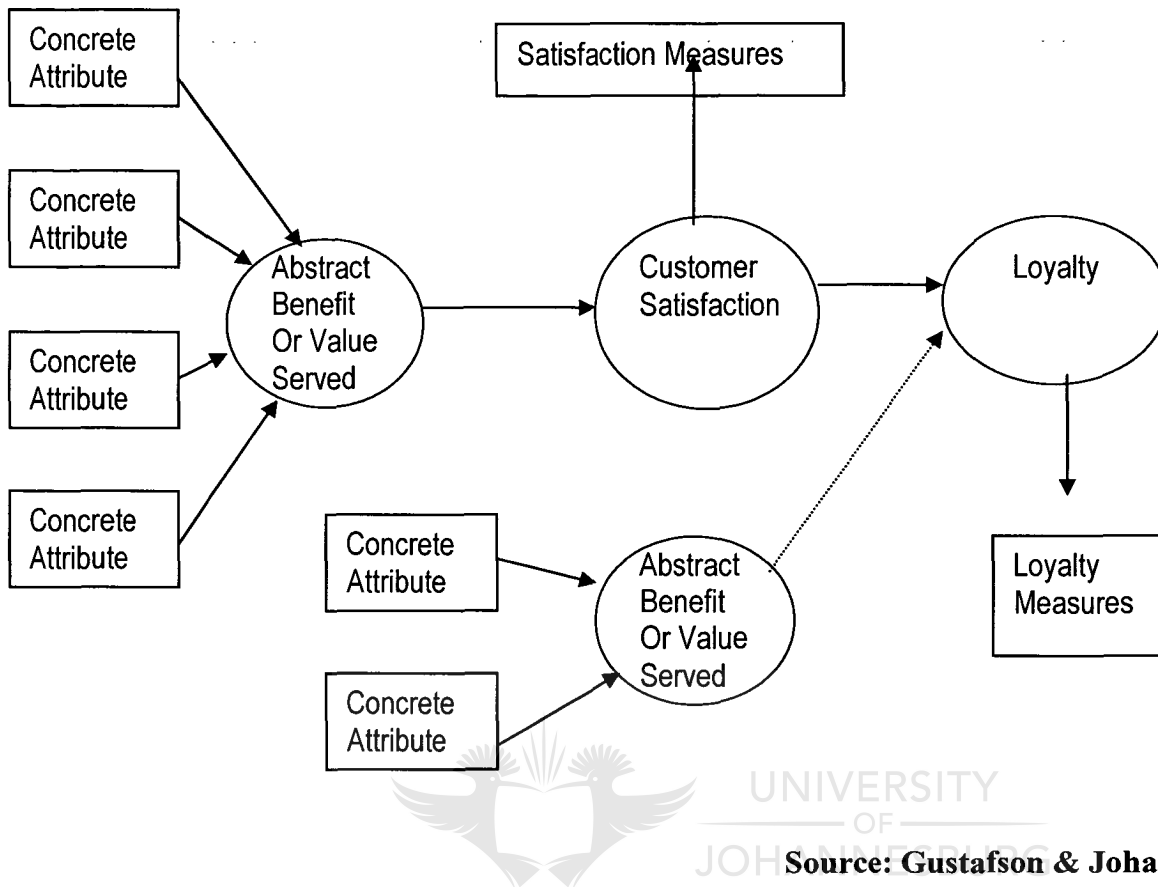
Johnson (1998) castigates measurement instruments organised along organisational activity (e.g. for an airline survey: check-in, pre-flight service, food and beverage, flight crews, cabin environment). Whilst it is easy to implement resulting recommendations, this type of survey may entirely miss issues that cross organisational boundaries. According to Johnson (1998) customers tend to form opinions regarding such benefits as service, convenience and safety that cut across the functional areas of an organisation.

2.5.2. The Lens of the customer

Research on customer opinion must incorporate the thinking pattern of the customer, in the development of what Johnson terms "the lens of the customer"

It is essential that the measurement system is based on this "lens of the customer". As illustrated in the basic model of the lens of the customer below (Fig. 2.6), concrete attributes of a product or service and the abstract benefits it generates occupy different levels in the customer's lens. Before any serious analysis or survey can be conducted on the opinion of the customer, it is important to first determine the thinking pattern of the customer. It is this process links the concrete lens of the customer.

Fig. 2.6: Attributes, benefits and Loyalty



Source: Gustafson & Johanson (2002)

The rectangular concrete attributes are aspects or dimensions on which customers can easily report performance via survey measures e.g. whether staff honour appointments, are on time or return calls.

The circular objects are relatively abstract or latent variables and capture the benefits or consequences attributable to the concrete attributes, or at a higher level, represent the values they serve. Johnson and Gustafson (2000) refer to all the abstract drivers of satisfaction and loyalty as benefits.

In the model, satisfaction is defined as a customer’s overall evaluation of the purchase and consumption experience with a product, service or provider (Huff et al 1996). This definition is more cumulative and is useful because it turns out to be more directly tied to customer’s repurchase intentions and behaviour.

Although the model lists loyalty, broadly defined as the outcome of satisfaction, other constructs like enhanced reputation and greater brand equity could have been easily included.

Loyalty can be measured using a variety of behavioural intentions: ratings of the likelihood that customers will return, will purchase other products and services from the same company, will speak positively of their experiences to others.

Loyalty may be measured in actual behaviours, like whether customers do return, how often they return, how much they purchase when they do, and whether they bring or refer additional customers.

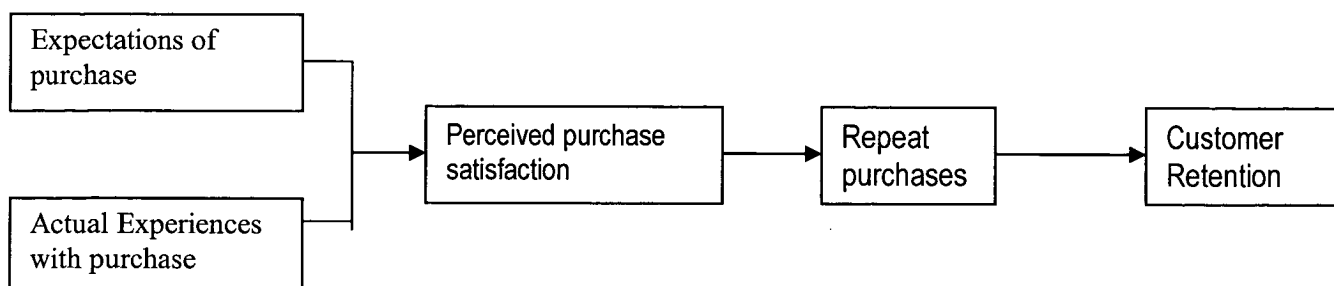
The dotted line in the model explains that loyalty or repurchase intentions are directly affected by certain benefits.

2.6. QUALITATIVE RESEARCH

In-depth interviews, focus group discussions and other qualitative research efforts reveal the issues from the customers' own perspective. The goal of conducting qualitative research is to identify a comprehensive range of issues (benefits and attributes) that potentially, drive satisfaction, loyalty and profitability.

According to Futrell (2002), when customers perceive service received as what they expected, they are satisfied. The quality of service, hence, must match the customer's perception of meeting their expectations. This is illustrated in fig. 2.7 below:

Fig 2.7 Expectations, satisfaction and retention



Source: Gustafson, Johanson (2003)

CHAPTER 3

3. METHODOLOGY

3.1. Preliminary Research

3.1.1. Goals of Preliminary Research

The goal of the research is to identify the benefits and attributes that have the potential to drive satisfaction, loyalty and a profitable retention of customers.

The identified attributes and benefits shall form the core of the relationship-building service elements. It is important that the outcome of this exercise is measurable and unambiguous. The outcome should also be usable in future research.

3.1.2. Type of Preliminary Research

To build what Johnson & Gustaffson (2002) term the lens of the customer has the following demands:

- the research must be qualitative in nature and in-depth in order to elicit how customers view, interpret and expect service
- the research must be able to determine the potential outcomes of the resulting satisfaction and loyalty such as repurchase, positive word-of-mouth, and referrals.

3.1.3. Sampling

In developing the lens of the customer, it is important that a complete cross-section of the customer range targeted are represented.

As such the following should be catered for:

- A range of monthly incomes
- For ease of management of the interviews, and also because the first phase of the relationship – building exercise in Gaborone, only clients resident in Gaborone shall be utilised.
- Clients of different educational backgrounds
- Clients from different life assurance companies

- Clients who favour a relationship with an intermediary as well as those who do not care about having a continuous relationship with an intermediary
- Clients of different age groups
- The sample size should not be less than 200 and
- Sampling must be random.

3.1.4. Expected Outcomes of Research Process

- The list of important (Critical) concrete attributes that clients consider give them the benefits that drive satisfaction and loyalty.
- The list of benefits that clients associate with the concrete attributes identified
- Whether good delivery on any of the attributes or benefits would lead to any satisfaction
- The link between customer satisfaction and loyalty will be explored
- Those benefits that have the greatest impact on loyalty shall be identified
- The impact of the various identified benefits on overall performance and satisfaction shall be determined.

3.1.5. Critical Incident Technique

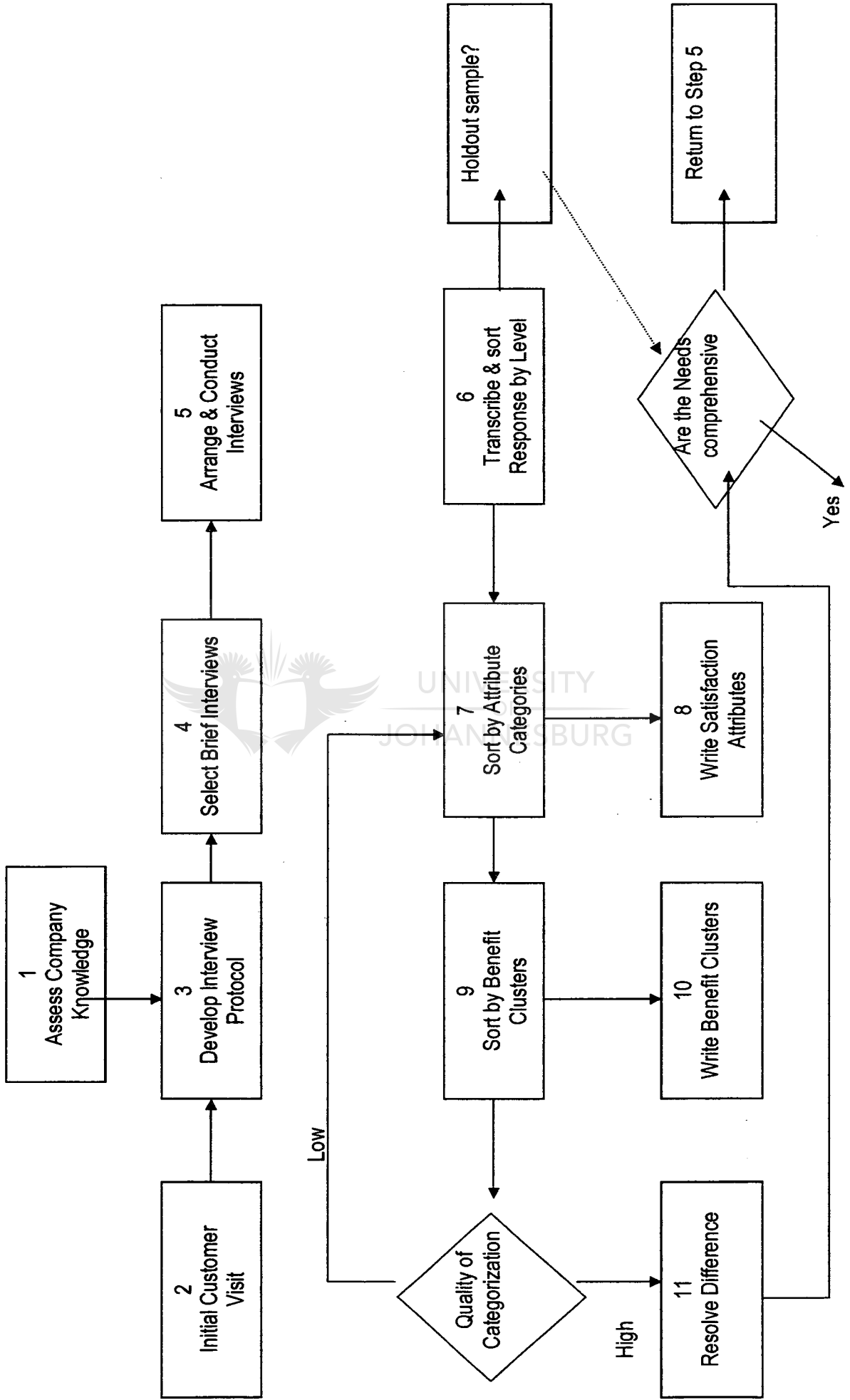


The method to be used is the Critical Incident Technique (CIT).

According to Hayes (1998) a critical incident is a “specific example of the service or product that describes either positive or negative performance. A positive example is a characteristic of the service that the customer would like to see every time he or she receives that service. A negative example is a characteristic of the service that would make the customer question the quality of the company”.

The incidents should be as specific as possible in describing a single feature of the customer purchase and consumption experience. Hayes argues that a good critical incident should cover a single behaviour or characteristic and should either describe the service provider in behavioural terms or describe the service using specific adjectives.

When the critical incident is too general the interviewer needs to ask additional questions to clarify the client’s meaning.



The lens of the customer

Step 2

Early visit to the customer identifies the basic or expected attributes that would otherwise NOT come out in an interview

This stage also reveals the following:

- the language structure used by customers
- the expected (customers) reaction to the research
- the appropriate method of conducting the research

Step 1 and Step 2 essentially pre-test the interview process, and fine-tune it. They lead to the development of the appropriate interview protocol, as described in Step 3.

Step 3

This is a plan that can be given to the CIT interviewers as basic instructions for the conduct of the research. Among the instructions are directions on how to start, conduct and conclude interviews, including guidelines for probing, drilling down into specific points.

Step 4

This step includes the process of selecting and training of interviewers on the use of the interview protocol, and insures that everyone in the interviewing team share them same understanding of the interview and its purpose.

Step 5

Here interviews are arranged in terms of places and times, a sample done for each segment first. If interviews proceed according to plan the rest of the interviews are undertaken. Between ten and twenty interviews will be undertaken for each segment.

Step 6

The written or taped comments are formally transcribed or organised to separate the critical incidents from the customers' comments regarding their consequences.

The output of this process is the raw data of the CIT interviews.

Steps 7, 8, 9 & 10 involve the coding process. Before this process begins between 10% and 20% of the interview transcripts should be randomly selected from the overall sample of interviews and create a hold-out sample. This will be utilized at the end of step 11, as a test of comprehensive and completeness of the attributes and benefits.

REMINDER

CIT taps into customer perceptions using specific customer memories that are salient and relatively easy to retrieve from memory. It is important to note that the incidents are not per se satisfaction attributes, rather they are reflections of some specific level of an attribute on which customers' experiences vary.

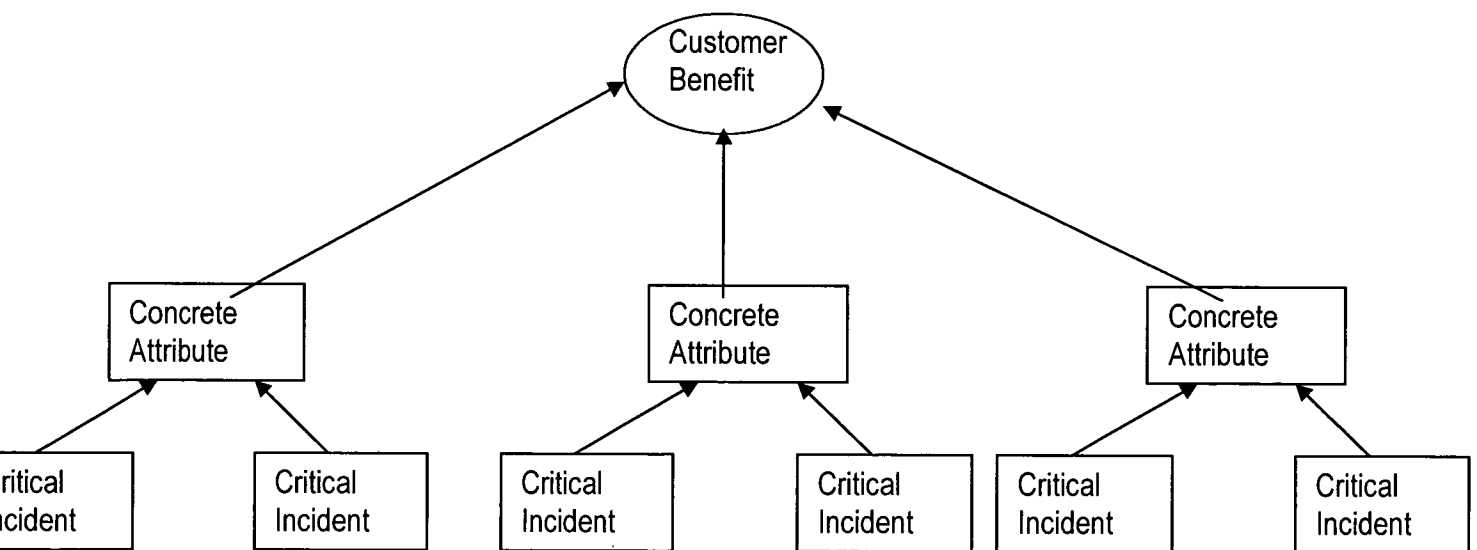
Step 7

This is the first step in the coding process and involves having independent judges to sort the critical incidents into their underlying attributes or concrete aspects of the service or product.

Step 8

The researcher writes out the test of coded satisfaction attributes. The outcome is illustrated in fig 2.9.

Fig 2.9



Source: Gustafsson & Johnson, 2000

Step 9

Once the critical incidents are coded into attributes, these are then coded into benefit categories. The benefit categories are derived from the personal judgement of the researcher, by looking at in particulars the follow-up questions.

Step 10

The researcher formally writes the list of benefits.

3.1.6. Reliability of Categories

There is a need to assess the reliability of the attribute and benefit categories in an attempt to evaluate the quality of the judges' categorizations. Reliability is a measure of inter-judge agreement, and is the percentage of critical incidents that any two judges group into the same attribute category, and the percentage of attributes they group by the same benefit.

Hayes (1998) suggests an agreement index of 80% as reasonable for accepting groupings as reliable.



Step 11

In this step, the research team discusses the differences in the various categorizations and resolves any difference by mutual agreement. The result is a common coding of attribute and benefit categories.

Where the quality of the categorization is low, the research team discusses why the categorization is so poor, and the process returns to Step 7.

3.1.7. Final Step

Once the categorization quality is high and there is consistency in the categorization the judges conduct a final evaluation to determine the comprehensiveness of the customer lens. This is achieved by bringing in the hold out sample never before shown to the judges. If there is nothing new in the holdout sample, i.e. no attribute or benefit information not already included, then the coding is judged as comprehensive. In this case the result is an initial customer model that can be used as basis for subsequent survey development and data analysis.

However, should there be a significant number of new issues raised in the holdout sample, then the needs raised may not be comprehensive enough and additional interviews need be conducted, essentially returning the process to Step 5.

3.2. SURVEY TO MEASURE CUSTOMER PERCEPTIONS OF QUALITY, SATISFACTION AND LOYALTY

Step 1

3.2.1. Information Required

The aim is to determine drivers of satisfaction and loyalty, and drivers of satisfaction and disloyalty. The attributes and benefits that have the potential to drive customer satisfaction and loyalty have been identified in the previous individual interviews to determine The Lens of the Customer.

3.2.2. Segmentation

The following segments must be included in the survey

- Clients who consider Metropolitan Life as their main assurer
- Clients who consider Botswana Life as their main assurer
- Clients who have at least a university degree
- Clients who do not have a university degree
- Clients in different income categories

3.2.3. Survey Method

The one-to-one interview method shall be used for the following reasons

- To increase response rates
- It shows clients that we are deeply interested in their opinion
- The clients are reachable by e-mail to give preliminary information so that the personal interview can be shortened.
- All the respondents are stationed in Gaborone, and hence the cost of travel will be minimal

- The nature of satisfaction and loyalty measurement requires often probing and clarifying additional questions

3.2.4. Sampling

A list of government departments and parastatal corporations and private companies with a significant number of university graduates in their staff was selected. The following were identified:

- Department of Curriculum Development and Evaluation;
- University of Botswana;
- Botswana Housing Corporation;
- Botswana college of Agriculture;
- Standard Chartered Bank; and
- Botswana Power Corporation

The identification of respondents was performed by taking the internal directory of the organisation in question and taking the first person in the directory listing by department as a respondent. Thereafter, every fifth person was taken as a respondent.

3.2.5. Performance Measures

The latent or abstract variables to be measured are reflected in concrete measures. The way to measure the latent variables is to use multiple concrete proxies. The latent variable can be measured using a weighted average of index of the survey measures.

There is a need to use a sensitive scale, e.g. 10-point scale to distinguish among customers that may be crowded together at one end of the scale. According to Johnson & Gustafsson (2002) perception of quality and satisfaction almost never fall on a normal distribution.

Fig 2.10 Customer Satisfaction scores do not usually follow a Normal distribution pattern

To increase sensitivity, multiple 10-point scale measures shall be used to form an index. Using an index shall have an additional advantage of magnifying the true score, and diminishing the “error”.

3.2.6. Derived Importance Measures

Importance measures can be derived statistically, from attribute performance ratings of overall satisfaction. Statistical estimations are more reliable and superior to direct ratings because of the absence of bias and improved objectivity (Hayes 1998). The statistical analysis provides estimates of importance in terms of the impact of one variable on another.

Respondents are asked to indicate their perception of a service to perform on a number of attributes, as well as their overall satisfaction and loyalty.

Variations in performance and satisfaction across respondents will allow the researcher to estimate the impact that different aspects of quality and value have on satisfaction and loyalty. Regression analysis or regression-based statistical techniques are the tools used to arrive at the estimates.

The quality of the statistical analysis and its usefulness will largely depend on the lens of the customer and its dependability to be accurately used in both the development of the survey instrument and the analysis of the results.

A major factor is the independence of the drivers of satisfaction. Attribute ratings must not be too highly correlated. Changes in one rating must not follow changes in another rating without intervention of outside factors.

Qualitative research in developing the lens of the customer shows which attributes go together in the mind of the customer. By combining these multiple attributes into benefit indices, the lens does in effect increase the independence of the drivers of satisfaction by reducing their correlation.

3.2.7. Development and Administration of the Survey

Step 2

To persuade potential respondent to participate, the following was communicated:

- The importance of the problem area
- It was emphasized that the research is to better understand the problem
- It was emphasized the result o the research will be used to improve the situation

Step 3

Explain the “zero” to “ten” point scale to the respondents

3.2.8. Step 4 Arranging Attributes Questions by Benefit Category

In presenting all the attributes recommended by the customer research, the way these are organised in the customer’s mind must be borne in mind.

There shall be represented in clusters defined by benefit categories (e.g. product information, communication, e.t.c.) as identified in the lens of the customer.

3.2.9. Step 5 Developing satisfaction Questions

Satisfaction is the customer’s overall evaluation. In the analysis it is a major dependent variable that will be explained using measures of attribute and benefit performance. Satisfaction is a latent variable that shall be manifested in a variety of more concrete performance ratings. The satisfaction index must combine multiple measures of satisfaction, like the following:

Evaluation of service - against different benchmarks

- versus expectations
- versus an ideal service
- versus the best in the industry

All the above evaluations have satisfaction as an abstract or latent construct.

3.2.10. Step 6 Customization of Loyalty Measures

In terms of the life insurance industry, the following are desirable and expected loyalty expressions:

- Repurchase
- Cross-sales of other products/service
- Positive word-of-mouth
- Referrals

3.2.11. Step 7 Additional of Descriptive (Segmentation) Questions

The primary purpose of these descriptive questions is to group respondents by such characteristics as educational level, marital status and income for later analysis.

3.2.12. Step 8 & 9 Pre-Testing and Revision

The potential respondents shall be contacted, permission to interview sought, times and venues scheduled, and the interviews conducted.

Chapter 4

4. RESULTS

4.1. Results of Preliminary Research

4.1.1. The Lens of the Customer: Critical attributes

The critical attributes revealed by the preliminary research are listed below.

PRODUCTS

Variety and selection of products
Understandable product information

SALES PROCESS

Appropriate product advice
Knowledge and fairness of the sales person
Investment education

INFORMATION UPDATES

Client contribution records
Product usage advice

INVESTMENT RISK APPRAISAL

Initial risk appreciation
Periodical fund performance appraisal
Response to changing needs

RELATIONSHIP

Forum to exchange ideas
Branded apparel

4.2. Development of Questionnaire

The lens of the customer was developed into questionnaire. The questionnaire was then administered to respondents in the Gaborone area of Botswana. The questionnaire is recorded as Annex B.

4.2.1. Data Coding into SPSS

The survey data were coded into the SPSS package for statistical analysis. The data were subjected to various statistical tests. The tests performed, together with the resulting output is detailed on the significance of the tests follow at intervals.

Statistics

	N	
	Valid	Missing
Q1.1 Overall reputation of the above named Life Assurance company	186	21
Q1.2 Overall reputation of your personal financial advisor	189	18
Q2.1 Rating of variety and selection of products	193	14
Q2.2 Rating of availability of clear and understandable product information	205	2
Q3.1 Rating of availability of product advice based on an analysis of your personal circumstances and needs	200	7
Q3.2 Rating of knowledge and fairness of the sales person	205	2
Q3.3 Rating of continuous or on-going investment education	155	52
Q4.1 Rating of the effort to update client's information in the company's records	192	15
Q4.2 Rating of periodical communication of accounting information concerning client's policies and contributions	196	11
Q4.3 Rating of availability of advice of the proper use of policies before they mature	183	24
Q5.1 Rating of initial communications and explanations of risks involved in participating in market-linked investments	190	17
Q5.2 Rating of periodical communication of investment funds' performance	184	23
Q5.3 Rating of periodical reviews of your policies against changing needs	188	19
Q6.1 Rating of forum to interact and exchange ideas between policy holders and the Life Assurance Company	164	43
Q6.2 Rating of availability of branded apparel and merchandize	154	53
Q7.1 Rating of overall satisfaction with the Life Assurance Company	198	9
Q7.2 Rating of the extent to which Life Assurance Company has fallen short or exceeded your expectations	197	10
Q7.3 Rating of how Life Assurance Company compares with the ideal	192	15
Q7.4 Rating of likelihood that you will purchase another policy from Life Assurance Company	131	76
Q7.5 Rating of likelihood that you will recommend Life Assurance Company to others	204	3
Q8 Which statement describes you?	188	19
Q9 What is your age?	180	27
Q10 What is the highest level of formal education you completed?	199	8
Q11 What is your total monthly income	196	11

Frequencies

Statistics

	N	
	Valid	Missing
Q1.1 Overall reputation of the above named Life Assurance company	186	21
Q1.2 Overall reputation of your personal financial advisor	189	18
Q2.1 Rating of variety and selection of products	193	14
Q2.2 Rating of availability of clear and understandable product information	205	2
Q3.1 Rating of availability of product advice based on an analysis of your personal circumstances and needs	200	7
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Q6.2 Rating of availability of branded apparel and merchandize	154	53
Q7.1 Rating of overall satisfaction with the Life Assurance Company	198	9
Q7.2 Rating of the extent to which Life Assurance Company has fallen short or exceeded your expectations	197	10
Q7.3 Rating of how Life Assurance Company compares with the ideal	191	16
Q7.4 Rating of likelihood that you will purchase another policy from Life Assurance Company	131	76
Q7.5 Rating of likelihood that you will recommend Life Assurance Company to others	204	3
Q8 Which statement describes you?	188	19
Q9 What is your age?	180	27
Q10 What is the highest level of formal education you completed?	199	8
Q11 What is your total monthly income	196	11

Correlations

Correlations

		REPUTATI	PRODUCT	KNOWLEDGE	EFFORT	COMMUNICA TION	Q7.4_1 LINT(Q7.4)
REPUTATION	Pearson Correlation	1	.624(**)	.600(**)	.316(**)	.250(**)	.292(**)
	Sig. (2-tailed)	.	.000	.000	.000	.000	.000
	N	198	197	198	194	195	191
PRODUCT	Pearson Correlation	.624(**)	1	.489(**)	.196(**)	.262(**)	.178(*)
	Sig. (2-tailed)	.000	.	.000	.005	.000	.012
	N	197	205	205	201	202	198
KNOWLEDGE	Pearson Correlation	.600(**)	.489(**)	1	.489(**)	.415(**)	.223(**)
	Sig. (2-tailed)	.000	.000	.	.000	.000	.002
	N	198	205	206	202	203	199
EFFORT	Pearson Correlation	.316(**)	.196(**)	.489(**)	1	.722(**)	.176(*)
	Sig. (2-tailed)	.000	.005	.000	.	.000	.014
	N	194	201	202	202	200	195
COMMUNIC	Pearson Correlation	.250(**)	.262(**)	.415(**)	.722(**)	1	.233(**)
	Sig. (2-tailed)	.000	.000	.000	.000	.	.001
	N	195	202	203	200	203	196
Q7.4_1 LINT(Q7.4)	Pearson Correlation	.292(**)	.178(*)	.223(**)	.176(*)	.233(**)	1
	Sig. (2-tailed)	.000	.012	.002	.014	.001	.
	N	191	198	199	195	196	200

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

The latent variables derived from the concrete attributes measured directly were extracted and saved as variables in new dataset. The principal component analyses performed on the concrete attributes originally produced the latent variables. A bi-variate correlation analysis was then run among all new variables. In this set the original variables are scaled in the same direction and a higher value indicates a higher level of performance. Ideally the values should range from zero (no relationship) to one (perfect relationship). It is advised that for the PCR to work well the correlation between any two benefits should not be more than 0.7. The lower the values the better.

An assessment of the bi-variate correlation shows that the values obtained are low, principally with only one value above 0.70. The result confirms the lens of the customer as valid and that it can be used reliably. There is no severe cross-correlation.



Factor Analysis

Communalities

	Initial	Extraction
Q1.1 Overall reputation of the above named Life Assurance company	1.000	.752
Q1.2 Overall reputation of your personal financial advisor	1.000	.752

Extraction Method: Principal Component Analysis.

Total Variance Explained

		Initial Eigenvalues			Extraction Sums of Squared Loadings		
		Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
Component	1	1.504	75.204	75.204	1.504	75.204	75.204
	2	.496	24.796	100.000			

Extraction Method: Principal Component Analysis.

The overall reputation of the Life Assurance Company explains the greater component of the component of the variation determined in the measure of the derived benefit named REPUTATION. The seems to suggest that the original attributes, i.e. reputation of the financial advisor and reputation of the insurance company can be combined to form a meaningful index such as the derived benefit, like the benefit REPUTATION itself.

Component Matrix (a)

	Component
	1
Q1.1 Overall reputation of the above named Life Assurance company	.867
Q1.2 Overall reputation of your personal financial advisor	.867

Extraction Method: Principal Component Analysis.

a 1 components extracted.

Factor Analysis

Communalities

	Initial	Extraction
Q1.1 Overall reputation of the above named Life Assurance company	1.000	.752
Q1.2 Overall reputation of your personal financial advisor	1.000	.752

Extraction Method: Principal Component Analysis.

Total Variance Explained

		Initial Eigenvalues			Extraction Sums of Squared Loadings		
		Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
Component	1	1.504	75.204	75.204	1.504	75.204	75.204
	2	.496	24.796	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix(a)

	Component
	1
Q1.1 Overall reputation of the above named Life Assurance company	.867
Q1.2 Overall reputation of your personal financial advisor	.867

Extraction Method: Principal Component Analysis.

a 1 components extracted.

Factor Analysis

Communalities

	Initial	Extraction
Q2.1 Rating of variety and selection of products	1.000	.739
Q2.2 Rating of availability of clear and understandable product information	1.000	.739

Extraction Method: Principal Component Analysis.

Total Variance Explained

		Initial Eigenvalues			Extraction Sums of Squared Loadings		
		Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
Component	1	1.478	73.877	73.877	1.478	73.877	73.877
	2	.522	26.123	100.000			

Extraction Method: Principal Component Analysis.

The variety and selection of products explains about 73.9% of the variance in the attributes that form the benefit PRODUCTS.

Component Matrix(a)

	Component
	1
Q2.1 Rating of variety and selection of products	.860
Q2.2 Rating of availability of clear and understandable product information	.860

Extraction Method: Principal Component Analysis.

a 1 components extracted.

Factor Analysis

Communalities

	Initial	Extraction
Q3.1 Rating of availability of product advice based on an analysis of your personal circumstances and needs	1.000	.794
Q3.2 Rating of knowledge and fairness of the sales person	1.000	.766
Q3.3 Rating of continuous or on-going investment education	1.000	.160

Extraction Method: Principal Component Analysis.

Total Variance Explained

		Initial Eigenvalues			Extraction Sums of Squared Loadings		
		Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
Component	1	1.720	57.346	57.346	1.720	57.346	57.346
	2	.929	30.953	88.299			
	3	.351	11.701	100.000			

Extraction Method: Principal Component Analysis.

There are two significant components that explain the variance in the attributes that determine the derived benefit KNOWLEDGE. These components are the availability of product advice based on an analysis of the client's circumstances, and the knowledge and fairness of the sales person. The variation in the attributes suggests that the attributes can be relied upon to form an index of latent variable measure KNOWLEDGE.

Component Matrix(a)

	Component
	1
Q3.1 Rating of availability of product advice based on an analysis of your personal circumstances and needs	.891
Q3.2 Rating of knowledge and fairness of the sales person	.875
Q3.3 Rating of continuous or on-going investment education	.400

Extraction Method: Principal Component Analysis.

a 1 components extracted.

Correlations

Correlations

		Q1REPUT REGR factor score 1 for analysis 1	Q2VARTY REGR factor score 1 for analysis 1	REPUTATI	PRODUCT
Q1REPUT REGR factor score 1 for analysis 1	Pearson Correlation	1	.615(**)	.929(**)	.574(**)
	Sig. (2-tailed)	.	.000	.000	.000
	N	207	207	198	205
Q2VARTY REGR factor score 1 for analysis 1	Pearson Correlation	.615(**)	1	.631(**)	.931(**)
	Sig. (2-tailed)	.000	.	.000	.000
	N	207	207	198	205
REPUTATI	Pearson Correlation	.929(**)	.631(**)	1	.624(**)
	Sig. (2-tailed)	.000	.000	.	.000
	N	198	198	198	197
PRODUCT	Pearson Correlation	.574(**)	.931(**)	.624(**)	1
	Sig. (2-tailed)	.000	.000	.000	.
	N	205	205	197	205

** Correlation is significant at the 0.01 level (2-tailed).



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Factor Analysis

Communalities

	Initial	Extraction
Q4.1 Rating of the effort to update client's information in the company's records	1.000	.683
Q4.2 Rating of periodical communication of accounting information concerning client's policies and contributions	1.000	.799
Q4.3 Rating of availability of advice of the proper use of policies before they mature	1.000	.635

Extraction Method: Principal Component Analysis.

Total Variance Explained

		Initial Eigenvalues			Extraction Sums of Squared Loadings		
		Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
Component	1	2.117	70.553	70.553	2.117	70.553	70.553
	2	.563	18.757	89.309			
	3	.321	10.691	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix (a)

	Component
	1
Q4.1 Rating of the effort to update client's information in the company's records	.826
Q4.2 Rating of periodical communication of accounting information concerning client's policies and contributions	.894
Q4.3 Rating of availability of advice of the proper use of policies before they mature	.797

Extraction Method: Principal Component Analysis.

a 1 components extracted.

Factor Analysis

Communalities

	Initial	Extraction
Q5.1 Rating of initial communications and explanations of risks involved in participating in market-linked investments	1.000	.566
Q5.2 Rating of periodical communication of investment funds' performance	1.000	.747
Q5.3 Rating of periodical reviews of your policies against changing needs	1.000	.693

Extraction Method: Principal Component Analysis.

Total Variance Explained

		Initial Eigenvalues			Extraction Sums of Squared Loadings		
		Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
		Component	1	2.006	66.857	66.857	2.006
	2	.613	20.445	87.302			
	3	.381	12.698	100.000			

Extraction Method: Principal Component Analysis.

Initial communication and explanations of risks involved in participating in market-linked investments explains about two-thirds of the variation in the attributes contributing to the latent benefit COMMUNICATION. The suggestion is that this is a reasonable array of attributes that can be used to form an index.

Component Matrix(a)

	Component
	1
Q5.1 Rating of initial communications and explanations of risks involved in participating in market-linked investments	.752
Q5.2 Rating of periodical communication of investment funds' performance	.864
Q5.3 Rating of periodical reviews of your policies against changing needs	.832

Extraction Method: Principal Component Analysis.

a 1 components extracted.

Factor Analysis

Communalities

	Initial	Extraction
Q6.1 Rating of forum to interact and exchange ideas between policy holders and the Life Assurance Company	1.000	.778
Q6.2 Rating of availability of branded apparel and merchandize	1.000	.778

Extraction Method: Principal Component Analysis.

Total Variance Explained

		Initial Eigenvalues			Extraction Sums of Squared Loadings		
		Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
Component	1	1.557	77.835	77.835	1.557	77.835	77.835
	2	.443	22.165	100.000			

Extraction Method: Principal Component Analysis.

The availability of a forum to interact and exchange ideas between policy holders and the Life Assurance company explains the bulk, 77.8% of the variance among the attributes used to measure the derived benefit.

Component Matrix (a)

	Component
	1
Q6.1 Rating of forum to interact and exchange ideas between policy holders and the Life Assurance Company	.882
Q6.2 Rating of availability of branded apparel and merchandize	.882

Extraction Method: Principal Component Analysis.

a 1 components extracted.

Factor Analysis

Communalities

	Initial	Extraction
Q7.1 Rating of overall satisfaction with the Life Assurance Company	1.000	.683
Q7.2 Rating of the extent to which Life Assurance Company has fallen short or exceeded your expectations	1.000	.704
Q7.3 Rating of how Life Assurance Company compares with the ideal	1.000	.698
Q7.4 Rating of likelihood that you will purchase another policy from Life Assurance Company	1.000	.537
Q7.5 Rating of likelihood that you will recommend Life Assurance Company to others	1.000	.683

Extraction Method: Principal Component Analysis.

Total Variance Explained

		Initial Eigenvalues			Extraction Sums of Squared Loadings		
		Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
Component	1	3.305	66.101	66.101	3.305	66.101	66.101
	2	.611	12.228	78.329			
	3	.440	8.807	87.136			
	4	.360	7.195	94.331			
	5	.283	5.669	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix(a)

	Component
	1
Q7.1 Rating of overall satisfaction with the Life Assurance Company	.826
Q7.2 Rating of the extent to which Life Assurance Company has fallen short or exceeded your expectations	.839
Q7.3 Rating of how Life Assurance Company compares with the ideal	.836
Q7.4 Rating of likelihood that you will purchase another policy from Life Assurance Company	.733
Q7.5 Rating of likelihood that you will recommend Life Assurance Company to others	.826

Extraction Method: Principal Component Analysis.

a 1 components extracted.



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Regression

Variables Entered/Removed(b)

		Variables Entered	Variables Removed	Method
Model	1	Q1REPUT REGR factor score 1 for analysis 1(a)	.	Enter

a All requested variables entered.

b Dependent Variable: Q7SATISF REGR factor score 1 for analysis 1

Model Summary

		R	R Square	Adjusted R Square	Std. Error of the Estimate
Model	1	.585(a)	.342	.339	.81288215

a Predictors: (Constant), Q1REPUT REGR factor score 1 for analysis 1

ANOVA(b)

			Sum of Squares	df	Mean Square	F	Sig.
Model	1	Regression	70.541	1	70.541	106.754	.000(a)
		Residual	135.459	205	.661		
		Total	206.000	206			

a Predictors: (Constant), Q1REPUT REGR factor score 1 for analysis 1

b Dependent Variable: Q7SATISF REGR factor score 1 for analysis 1

Coefficients(a)

			Unstandardized Coefficients		Standardized Coefficients	t	Sig.
			B	Std. Error	Beta		
Model	1	(Constant)	1.009E-16	.056		.000	1.000
		Q1REPUT REGR factor score 1 for analysis 1	.585	.057	.585	10.332	.000

a Dependent Variable: Q7SATISF REGR factor score 1 for analysis 1

The above regression and the others that follow were carried out to determine the impact that individual benefit changes would have on the overall customer satisfaction. The beta coefficient obtained from the regression of the benefit index against satisfaction provides the benefit-level impact score.

In the case of the benefit REPUTATION the impact score is 0.585

Regression

Variables Entered/Removed(b)

		Variables Entered	Variables Removed	Method
Model	1	Q1REPUT REGR factor score 1 for analysis 1(a)	.	Enter

a All requested variables entered.

b Dependent Variable: Q7SATISF REGR factor score 1 for analysis 1

Model Summary

		R	R Square	Adjusted R Square	Std. Error of the Estimate
Model	1	.585(a)	.342	.339	.81288215

a Predictors: (Constant), Q1REPUT REGR factor score 1 for analysis 1

ANOVA(b)

			Sum of Squares	df	Mean Square	F	Sig.
Model	1	Regression	70.541	1	70.541	106.754	.000(a)
		Residual	135.459	205	.661		
		Total	206.000	206			

a Predictors: (Constant), Q1REPUT REGR factor score 1 for analysis 1

b Dependent Variable: Q7SATISF REGR factor score 1 for analysis 1

Coefficients(a)

			Unstandardized Coefficients		Standardized Coefficients	t	Sig.
			B	Std. Error	Beta		
Model	1	(Constant)	1.009E-16	.056		.000	1.000
		Q1REPUT REGR factor score 1 for analysis 1	.585	.057	.585	10.332	.000

a Dependent Variable: Q7SATISF REGR factor score 1 for analysis 1

Regression

Variables Entered/Removed (b)

		Variables Entered	Variables Removed	Method
--	--	-------------------	-------------------	--------

Model	1	Q2VARTY REGR factor score 1 for analysis 1(a)	.	Enter
-------	---	---	---	-------

a All requested variables entered.

b Dependent Variable: Q7SATISF REGR factor score 1 for analysis 1

Model Summary

	R	R Square	Adjusted R Square	Std. Error of the Estimate
Model 1	.475(a)	.226	.222	.88199705

a Predictors: (Constant), Q2VARTY REGR factor score 1 for analysis 1

ANOVA(b)

			Sum of Squares	df	Mean Square	F	Sig.
Model	1	Regression	46.527	1	46.527	59.809	.000(a)
		Residual	159.473	205	.778		
		Total	206.000	206			

a Predictors: (Constant), Q2VARTY REGR factor score 1 for analysis 1

b Dependent Variable: Q7SATISF REGR factor score 1 for analysis 1

Coefficients(a)

			Unstandardized Coefficients		Standardized Coefficients	t	Sig.
			B	Std. Error	Beta		
Model	1	(Constant)	8.234E-17	.061		.000	1.000
		Q2VARTY REGR factor score 1 for analysis 1	.475	.061	.475	7.734	.000

a Dependent Variable: Q7SATISF REGR factor score 1 for analysis 1

The impact score for PRODUCT or VARIETY is 0.475

Regression

Variables Entered/Removed(b)

	Variables Entered	Variables Removed	Method

Model	1	Q3KNOW REGR factor score 1 for analysis 1(a)	.	Enter
-------	---	--	---	-------

a All requested variables entered.

b Dependent Variable: Q7SATISF REGR factor score 1 for analysis 1

Model Summary

		R	R Square	Adjusted R Square	Std. Error of the Estimate
Model	1	.566(a)	.321	.317	.82613812

a Predictors: (Constant), Q3KNOW REGR factor score 1 for analysis 1

ANOVA(b)

			Sum of Squares	df	Mean Square	F	Sig.
Model	1	Regression	66.087	1	66.087	96.830	.000(a)
		Residual	139.913	205	.683		
		Total	206.000	206			

a Predictors: (Constant), Q3KNOW REGR factor score 1 for analysis 1

b Dependent Variable: Q7SATISF REGR factor score 1 for analysis 1

Coefficients(a)

			Unstandardized Coefficients		Standardized Coefficients	t	Sig.
			B	Std. Error	Beta		
Model	1	(Constant)	9.317E-17	.057		.000	1.000
		Q3KNOW REGR factor score 1 for analysis 1	.566	.058	.566	9.840	.000

a Dependent Variable: Q7SATISF REGR factor score 1 for analysis 1

the beta coefficient for regressing KNOWLEDGE benefit against satisfaction is 0.566. This represents the impact that KNOWLEDGE has on overall satisfaction.

Regression

Variables Entered/Removed(b)

	Variables Entered	Variables Removed	Method

Model	1	Q4SUPPORT REGR factor score 1 for analysis 1(a)	.	Enter
-------	---	---	---	-------

a All requested variables entered.
b Dependent Variable: Q7SATISF REGR factor score 1 for analysis 1

Model Summary

		R	R Square	Adjusted R Square	Std. Error of the Estimate
Model	1	.489(a)	.239	.236	.87428160

a Predictors: (Constant), Q4SUPPORT REGR factor score 1 for analysis 1

ANOVA(b)

			Sum of Squares	df	Mean Square	F	Sig.
Model	1	Regression	49.304	1	49.304	64.504	.000(a)
		Residual	156.696	205	.764		
		Total	206.000	206			

a Predictors: (Constant), Q4SUPPORT REGR factor score 1 for analysis 1

b Dependent Variable: Q7SATISF REGR factor score 1 for analysis 1

Coefficients(a)

			Unstandardized Coefficients		Standardized Coefficients	t	Sig.
			B	Std. Error	Beta		
Model	1	(Constant)	6.599E-17	.061		.000	1.000
		Q4SUPPORT REGR factor score 1 for analysis 1	.489	.061	.489	8.031	.000

a Dependent Variable: Q7SATISF REGR factor score 1 for analysis 1

The beta coefficient in this instance represents a benefit-level impact score of 0.489.

Regression

Variables Entered/Removed(b)

	Variables Entered	Variables Removed	Method

Model	1	Q5COMMUT REGR factor score 1 for analysis 1(a)	.	Enter
-------	---	--	---	-------

a All requested variables entered.

b Dependent Variable: Q7SATISF REGR factor score 1 for analysis 1

Model Summary

		R	R Square	Adjusted R Square	Std. Error of the Estimate
Model	1	.512(a)	.263	.259	.86086034

a Predictors: (Constant), Q5COMMUT REGR factor score 1 for analysis 1

ANOVA(b)

			Sum of Squares	df	Mean Square	F	Sig.
Model	1	Regression	54.078	1	54.078	72.972	.000(a)
		Residual	151.922	205	.741		
		Total	206.000	206			

a Predictors: (Constant), Q5COMMUT REGR factor score 1 for analysis 1

b Dependent Variable: Q7SATISF REGR factor score 1 for analysis 1

Coefficients(a)

			Unstandardized Coefficients		Standardized Coefficients	t	Sig.
			B	Std. Error	Beta		
Model	1	(Constant)	1.467E-16	.060		.000	1.000
		Q5COMMUT REGR factor score 1 for analysis 1	.512	.060	.512	8.542	.000

a Dependent Variable: Q7SATISF REGR factor score 1 for analysis 1

From the regression equation it is determined that COMMUNICATION has an impact score of 0.512 on overall satisfaction.

Regression

Variables Entered/Removed(b)

	Variables Entered	Variables Removed	Method

Model	1	Q6RELATE REGR factor score 1 for analysis 1(a)	.	Enter
-------	---	---	---	-------

a All requested variables entered.

b Dependent Variable: Q7SATISF REGR factor score 1 for analysis 1

Model Summary

		R	R Square	Adjusted R Square	Std. Error of the Estimate
Model	1	.384(a)	.148	.143	.92553057

a Predictors: (Constant), Q6RELATE REGR factor score 1 for analysis 1

ANOVA(b)

			Sum of Squares	df	Mean Square	F	Sig.
Model	1	Regression	30.396	1	30.396	35.484	.000(a)
		Residual	175.604	205	.857		
		Total	206.000	206			

a Predictors: (Constant), Q6RELATE REGR factor score 1 for analysis 1

b Dependent Variable: Q7SATISF REGR factor score 1 for analysis 1

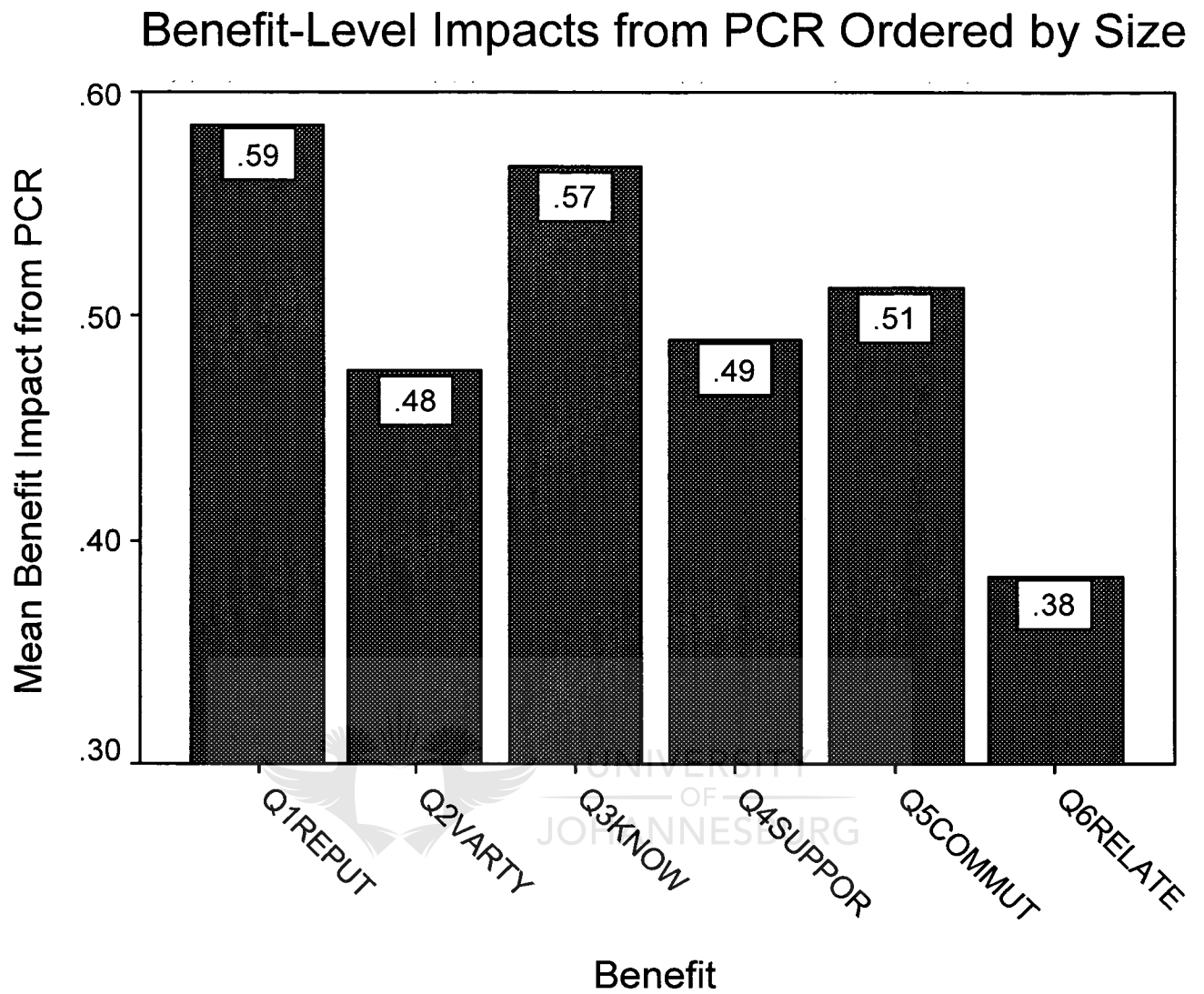
Coefficients(a)

			Unstandardized Coefficients		Standardized Coefficients	t	Sig.
			B	Std. Error	Beta		
Model	1	(Constant)	6.344E-17	.064		.000	1.000
		Q6RELATE REGR factor score 1 for analysis 1	.384	.064	.384	5.957	.000

a Dependent Variable: Q7SATISF REGR factor score 1 for analysis 1

The impact score for RELATIONSHIP is 0.384 as computed in the regression of the relationship benefit against satisfaction.

Graph



Chapter 5

5. IMPLICATIONS OF RESEARCH

5.1. Relationship Selling

The question of whether Life Assurance customers prefer to use the same intermediary every time they buy insurance products revealed that an overwhelming majority 64% do prefer to use the same intermediary. This is true across the income groups. It is also true across all educational backgrounds. The age of the individual customer does not seem to have any effect on the preference for a continuous relationship with an intermediary. It is true that were it in the power of the clients, then, they would make it possible to continue to make use of the same intermediary each and every time. It makes business sense to implement or customer relationship programme. This supports research by various authors.

5.2. The Lens of the customer

The lens of the customer identified the core attributes that contribute to a meaningful relationship between the company or intermediary and the customer. Customers purchasing life assurance products require a good product selection as well as product information before and after they purchase the product. The customers require on-going information updates not only on their investment risk and performance, but also on their possible usage of the products, from the day they purchase up to the day the product matures. Customers expect some engagement with the Life Assurance Company in recognition of their position as consumers of the company's products.

5.2.1. Engagement and Product Appraisal

The Life Assurance Company should engage their clients in meaningful dialogue. This will expose areas that require change. Product appraisals should be performed continuously. This will ensure that the range and benefits accorded by the products meet the needs and expectations of the clients.

5.2.2. Investment Risk

The sales process should be treated as a continuous process. General industry, country, market and company risks should be discussed with clients prior to investment placement.

5.2.3. Performance Appraisal

Effort should be made to provide some periodical update on the performance of the various funds in which clients are invested

5.2.4. Product usage: Access to funds

Access to invested funds emerged as a problematic area. It emerged that access to funds is used as a selling point by some intermediaries. This then creates an expectation to encash or get loans on the part of clients. When the company becomes contractually obliged to allow customers access to their funds, i.e. when the policy attains surrender value, the customer demand due access. This is at a time when the investment portfolio is just beginning to make positive contribution after paying off all business placement costs. Advice on the implications of access to funds, either through loans or encashment is not explained by customer service personnel. To further complicate the issue, neither reminder to repay loans, nor updates on the outstanding loan balance is ever communicated to the client before the policy matures. There is a serious need for communication on the implications of

making pre-maturity encashment or loans. There is also need to communicate information to clients on outstanding balances, in line with other financial institutions.

5.3. Customer satisfaction

The concrete attributes identified in the lens of the customer have been proven to be the drivers of benefits that drive customer satisfaction. These variables, in order of impact include reputation of the company and intermediary, knowledge of the intermediary, communication, on-going after-purchase customer service, variety of products and the customer-company relationship. These are the variables that drive customer satisfaction. Reputation emerged as the strongest variable that affects the satisfaction of customers and the greatest determinant of a customer repurchase. Reputation of the company should be strongly enhanced.

5.4. Reputation

While reputation has been shown to be driven by customer satisfaction, both in this research and in theory by numerous authors, it has been shown to, in turn be one of the major drivers of customer loyalty. (Tsal, 1984; Miniard et al, 1992)

5.5. Customer Loyalty

The correlation between customer satisfaction and customer loyalty has been shown to be very high, 73.43%. This supports conventional theory. (Cardotte et al; Copulsky & Wolf, 1990; Stern, 1993)

There is a strong link between customer satisfaction and customer loyalty. If a Life Assurance company works at satisfying customers, by concentrating on delivering on the concrete attributes determined by research, then the company will have loyal customers. These customers will make repurchases. Customers will also refer other potential customers to the company and intermediary.

5.6. The way forward

The wisdom of putting in place a Customer Relationship Management program has been amply demonstrated. The actual attributes on which customers rate a company in the life assurance industry have been identified. The benefits derived from these attributes have been given, as perceived by the customers themselves. The relative importance of each benefit in determining or affecting customer satisfaction has been measured.

A manager or intermediary desiring to take their business to a higher level can act with more than just a hunch on how his or her actions are likely to affect the customer satisfaction outcome.

5.7. Further Research

Reputation is a powerful and significant driver of customer loyalty, re-purchase decision and giving referrals. It would be interesting to come up with a reputation index, and use this as a predictor of profitability. Further the development of an insurance or financial industry customer satisfaction index for Botswana would be a challenge.

Appendix A:

6. CUSTOMER SATISFACTION & LOYALTY IN THE LIFE ASSURANCE MARKET IN BOTSWANA

Respondent Number [grid] (Official Use Only) Interviewer No. [grid]

Good day my name is _____ of MH Research. I am conducting research to determine customer's satisfaction with life assurance products and services. Thank you for agreeing to speak with me.

We will like to get customer's opinion regarding life assurance service performance in order to improve the overall customer service. Your participation in this survey is highly appreciated and provides you with an opportunity to contribute to these improvements.

1. Have you bought a new policy from a life assurance company in the last 3 months.

No, Continue
Yes, Thank and Terminate

1. a Gender (BY OBSERVATION)

Male
Female

2. Which Life Assurance Company do you deal with most often?

Botswana Life
 Metropolitan

(RECORD ONLY ONE COMPANY)

I would like you to (INSERT NAME FROM Q2) one each of the following attributes using a "zero to ten" point scale, where rating of 0 is very poor and a rating of "10" is excellent. It is important to stress that there are no right or wrong answers. We just want your honest opinion.

(INTERVIEWER: IF THE RESPONDENT REPLIES "DON'T KNOW" (DK) OR REFUSES TO RESPOND TO THE QUESTION (REF), RECORD AS A 12)

Overall reputation of (INSERT NAME FORM Q2). By reputation we mean what is generally said or believed about an individual or company. For example an individual may be rated as being very knowledgeable and caring and hence have a very good reputation. This opposite of this may reflect a bad reputation.

Very poor [grid] Excellent [grid] DK/REF [grid] 0 [grid] 1 [grid] 2 [grid] 3 [grid] 4 [grid] 5 [grid] 6 [grid] 7 [grid] 8 [grid] 9 [grid] 10 [grid] 12 [grid]
Overall reputation of your personal financial advisor

Very poor [grid] Excellent [grid] DK/REF [grid] 0 [grid] 1 [grid] 2 [grid] 3 [grid] 4 [grid] 5 [grid] 6 [grid] 7 [grid] 8 [grid] 9 [grid] 10 [grid] 12 [grid]
Optional: Name of Advisor:

Very poor Excellent No experience
DK/REF 0 1 2 3 4 5 6 7 8 9 10 11 12

Periodical communication of accounting information concerning client's policies and contributions

Very poor Excellent No experience
DK/REF 0 1 2 3 4 5 6 7 8 9 10 11 12

Availability of advice of the proper use of policies before they mature.

Very poor Excellent No experience
DK/REF 0 1 2 3 4 5 6 7 8 9 10 11 12

Now think about the risk and your investment goal. When one invest in the share market there are political, economic and market risks that can make it possible for one to lose the money they invest. Please rate the

Initial communications and explanations of risks involved in participating in market-linked investment.

Very poor Excellent No experience
DK/REF 0 1 2 3 4 5 6 7 8 9 10 11 12

Periodical communication of investment funds' performance.

Very poor Excellent No experience
DK/REF 0 1 2 3 4 5 6 7 8 9 10 11 12

Periodical reviews of your policies against changing needs.

Very poor Excellent No experience
DK/REF 0 1 2 3 4 5 6 7 8 9 10 11 12

Now, think about the relationship you have with (INSERT NAME Q2). Still using a "zero" to "ten" point scale where "0" means very poor and "10" means excellent, please rate the

Forum to interact and exchange ideas between policy holders and the Life Assurance Company.

Very poor Excellent No experience
DK/REF 0 1 2 3 4 5 6 7 8 9 10 11 12

Availability of branded apparel and merchandize. Companies sometimes make available caps, golf shirts, key rings etc. to make you feel as part of a company.

Very poor Excellent No experience
DK/REF 0 1 2 3 4 5 6 7 8 9 10 11 12

Now I would like you to rate (INSERT NAME FROM Q2) on each of the following evaluation statement using different "zero" to "ten" point scales. The meaning of the scales will change from question to question. Remember, when you have no experience with the attribute in the question, just tell me and we go on to the next one.

Considering all your experience to date with (INSERT NAME Q2), please rate your overall satisfaction with (INSERT NAME Q2). Please indicate your response on a scale from "0" to "10", where "0" is very dissatisfied and "10" is very satisfied.

Very poor Excellent DK/REF 0 1 2 3 4 5 6 7 8 9 10 12

Again considering all your experiences to date, please rate to which (INSERT NAME FROM Q2) has fallen short or exceeded your expectation. Please indicate your response on a scale of "0" to "10" where "0" means "falls far short of my expectations" and "10" means "exceeds my expectation".

Very poor ██████████ Excellent ████DK/REF████0██1██2██3██4██5██6██7██8██9██10██12██
 I would like you to forget (INSERT NAME FROM Q2) I want you to imagine and ideal Life Assurance Company. How well do you think (INSERT NAME FROM Q2) compares to that ideal? Please indicate your response on a scale of "0" to "10" where "0" means (INSERT NAME FROM Q2) is "not very close to the ideal" and "10" means it is very close to the ideal'.

Very poor ██████████ Excellent ████DK/REF████0██1██2██3██4██5██6██7██8██9██10██12██

Now please rate the likelihood that you will purchase another policy from (INSERT NAME FROM Q2) again in the future. Please use a "zero" to "ten" point scale where "0" means "very unlikely you will purchase again".

Very poor ██████████ Excellent ████DK/REF████0██1██2██3██4██5██6██7██8██9██10██12██

Now consider the likelihood that you will recommend (INSERT NAME FROM Q2) to others. Using a "zero" to "ten" point scale where "0" means "very unlikely to recommend to others" and "10" means "very likely to recommend to others."

Very poor ██████████ Excellent ████DK/REF████0██1██2██3██4██5██6██7██8██9██10██12██

8. Next, I will read a series of statement that describe different types of life assurance policyholders. While more than one statement may describe you to some extent, which one of the statements describe you.

I buy life assurance policies from whoever comes to make a sales presentation.

I prefer to use a different sales person each time I buy a policy

I would prefer to use the same life assurance sales representation each time a buy a policy.

DK/REF (DO NOT READ)

Now, I have a few questions for statistical purpose.

9. What is your age, please

(RECORD NO OF YEARS) _____
 DK/REF (DO NOT READ)

10. What is the best level of formal education you completed (READ CATEGORIES)

- Less than HIGH SCHOOL
- HIGH SCHOOL
- TECHNICAL/VOCATIONAL
- DIPLOMA (UNIVERSITY)
- UNIVERSITY DEGREE
- POST GRADUATE
- DK/REF/DO NOT READ)

11. What is your total monthly income (READ THE CATEGORIES)

UNDER P5 000

P5 000 TO P7 499

P7 500 TO UNDER P9 999

P10 000 AND MORE

12. **OPTIONAL**

Your Name _____

Your Contact Number _____



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