



Investigating factors influencing the customer's choice of insurer when purchasing a new decoder device. A case of Multichoice Umhlanga

By

Strinivasan Samigramni

961115227

A dissertation submitted in partial fulfillment of the requirements for the degree of
Master of Business Administration

Graduate School of Business & Leadership
College of Law and Management Studies

Supervisor:

Dr Xoliswa Majola

Year of submission

2019

Declaration

I, Strinivasan Samigramni declare that this dissertation is the product of my own work, that it has not been submitted before for any degree or examination in any other university, and that all the sources I have used or quoted have been indicated and acknowledged as complete references.

Signed _____

Acknowledgements

I would like to express my sincere appreciation and gratitude to the following individuals who made it possible for me to complete my dissertation:

First, I would like to give thanks to God for getting me through such a challenging course and dissertation. There were times when I felt like I was not getting anywhere, and the finish line seemed so far away. God gave me the strength to keep moving and working.

To my wife Michelle Samigramni, thank you for providing the necessary support and at times being a single parent to our daughter.

My Supervisor Dr. Xoliswa Majola has been awesome. She provided me with guidance and made the process of writing a dissertation seem so easy and logical.

On most occasions my daughter Emily Samigramni would work independently on her school work. At other times she would inspire me with her wise words.

Without the full support of my manager Lufuno Rambuda, it would have been difficult for me to visit my supervisor when required.

Lastly, a big thank you to the Management of Multichoice Umhlanga as well as the Participants who supported me in my study.

Abstract

Satellite decoders are devices that render a video service over satellite. They are vulnerable to failure like other electronic devices. When a Multichoice customers' decoder goes faulty it results in the customer losing their primary service until their decoder is replaced. This results in customer frustration. Customers who have insurance in place usually get up and running quickly. Studies have been conducted regarding extended warranties (Su and Wang, 2016) and service contracts (Tong, Liu, Men and Cao, 2014) but there was no research relating to insurance for satellite decoders. By selling more decoder insurance the company can improve customer service levels and at the same time generate more revenue through insurance sales. To achieve this, the company would need to understand the factors influencing the customers' choice of insurer for decoders. To determine the factors influencing the customers' choice of insurer when purchasing a new decoder device, a qualitative study using semi-structured interviews was conducted. Convenience sampling was used to identify 20 customer service representatives from Multichoice. The findings showed that the insurance cost, decoder replacement cost and video subscription cost were factors that influenced the customers' choice of insurer. Other key factors identified by participants were the process of claiming from insurance as well as the process of signing up for decoder insurance. There were expectations from customers that they would be able to upgrade their decoder when doing an insurance claim, but upgrades are not optional during insurance claims. In some cases, customers would not take insurance as the decoder comes with a one-year manufacturers' warranty. Such customers often end up forgetting to take insurance before the manufacturers' warranty expires resulting in lost insurance sales. It was recommended that in order to increase insurance sales, the customers identified by this study should be targeted. The company could look at rewards programmes to increase sales. More can be done with the marketing of the insurance. Customers should be offered insurance just before the manufacturer's warranty expires. The process of signing up for insurance should be streamlined. And the company should consider adding an upgrade option when doing insurance claims.

Keywords: decoder insurance, insurance claim process

TABLE OF CONTENTS

| Description | Page |
|--|-----------|
| Declaration | i |
| Acknowledgements | ii |
| Abstract..... | iii |
| TABLE OF CONTENTS..... | iv |
| LIST OF FIGURES..... | ix |
| LIST OF TABLES | x |
| CHAPTER ONE – INTRODUCTION..... | 1 |
| 1.1 Introduction | 1 |
| 1.1.1 Background to the study..... | 1 |
| 1.2 Motivation for the Study | 2 |
| 1.3 Focus of the Study..... | 3 |
| 1.4 Problem Statement | 4 |
| 1.5 Research Objectives..... | 5 |
| 1.6 Research Sub-Questions | 5 |
| 1.7 Methodology to be used..... | 5 |
| 1.8 Chapter outline..... | 7 |
| 1.9 Summary..... | 8 |
| CHAPTER TWO – LITERATURE REVIEW AND THEORETICAL FRAMEWORK | 9 |
| 2.1 Introduction | 9 |
| 2.1.1 Overview of the SA short term insurance industry..... | 9 |
| 2.2 Concepts or Variables..... | 11 |
| 2.2.1 Device replacement cost | 11 |
| 2.2.2 Service cost | 11 |
| 2.2.3 Decoder Insurance..... | 12 |
| 2.2.4 Insurance price | 12 |
| 2.2.5 Risk Aversion | 12 |

| | | |
|---|--|-----------|
| 2.2.6 | Big Data as a Resource | 13 |
| 2.2.7 | Artificial Intelligence | 16 |
| 2.3 | Theoretical Framework | 17 |
| 2.3.1 | Expected Utility Theory | 18 |
| 2.3.2 | Behavioural Insurance: Theory and Experiments | 19 |
| 2.3.3 | Big Data Application in South Africa and other Countries | 22 |
| 2.3.4 | Customer satisfaction based on past insurance claims..... | 22 |
| 2.3.5 | Sensitivity of replacement cost | 23 |
| 2.3.6 | Income Level and Affordability..... | 24 |
| 2.3.7 | Financial Risk vs Customers' Willingness to pay for Extended Warranty | 24 |
| 2.3.8 | Emotional Benefit of "Peace of Mind"..... | 25 |
| 2.3.9 | Utilitarian versus Hedonic Products | 26 |
| 2.3.10 | Touching a decoder and Psychological Ownership | 26 |
| 2.4 | Chapter Summary | 27 |
| CHAPTER THREE – RESEARCH METHODOLOGY | | 28 |
| 3.1 | Introduction | 28 |
| 3.2 | Aim of this Study | 28 |
| 3.3 | Research Objectives..... | 28 |
| 3.4 | Research Design & Methods | 29 |
| 3.5 | Research Paradigm..... | 29 |
| 3.6 | Study setting | 29 |
| 3.7 | Target population | 30 |
| 3.8 | Accessible population | 30 |
| 3.9 | Unit of Analysis..... | 31 |
| 3.10 | Sampling Method..... | 31 |
| 3.11 | Participant Response Rates | 32 |
| 3.12 | Data collection method / Instrument | 33 |
| 3.13 | Data Collection through Interviews | 33 |
| 3.14 | Qualitative Data Analysis | 33 |
| 3.15 | Reliability and validity of study | 34 |
| 3.16 | Bias | 34 |
| 3.17 | Ethical considerations | 35 |
| 3.18 | Chapter summary | 36 |

| | |
|---|----|
| CHAPTER FOUR – PRESENTATION OF FINDINGS | 37 |
| 4.1 Introduction | 37 |
| 4.2 Presentation of Results | 37 |
| 4.2.1 Introductory questions and demographics | 37 |
| 4.2.1.1 Initial Interview | 39 |
| 4.2.1.2 Value for Money | 39 |
| 4.2.2 Actual Research | 40 |
| 4.2.2.1 Question 1 – How does the price of the decoder insurance affect the customers’ choice of insurer? | 40 |
| 4.2.2.1.1 Price of the decoder insurance | 40 |
| 4.2.2.1.2 Income Level and Affordability | 41 |
| 4.2.2.1.3 Technology – Big Data & Artificial Intelligence | 42 |
| 4.2.2.1.4 Comparing Insurance Options | 42 |
| 4.2.2.1.5 Upgrade option on insurance claim | 43 |
| 4.2.2.2 Question 2 – Does the decoders’ replacement value influence the customers’ choice of insurer? | 43 |
| 4.2.2.2.1 Sensitivity to Replacement Cost | 43 |
| 4.2.2.2.2 Customer satisfaction based on past decoder insurance claims | 45 |
| 4.2.2.3 Question 3 – To what extent does the cost of the customers’ video subscription impact on the customers’ choice of insurer? | 46 |
| 4.2.2.3.1 Financial Risk based on Subscription Package | 46 |
| 4.2.2.4 Other findings | 47 |
| 4.2.2.4.1 Utilitarian versus Hedonic | 47 |
| 4.2.2.4.1.1 Touching a decoder and Psychological Ownership | 47 |
| 4.2.2.4.2 Processes of claims and signing up | 48 |
| 4.2.2.4.2.1 Ease of Insurance Claim | 48 |
| 4.2.2.4.2.2 Process of signing up for insurance | 48 |
| 4.2.2.4.3 Some customers live very far from the customer care centre | 48 |
| 4.2.2.4.4 Expiry of Manufacturers’ Warranty | 49 |
| 4.2.2.4.5 Seasonal pattern | 49 |
| 4.2.2.4.6 Installation not covered by insurance | 49 |
| 4.2.2.4.7 Emotional Benefit of “peace of mind” | 49 |
| 4.2.2.4.8 Customer mood | 50 |
| 4.3 Chapter summary | 50 |

| | |
|---|----|
| CHAPTER FIVE – DISCUSSION | 52 |
| 5.1 Introduction | 52 |
| 5.2 Question 1 – How does the price of the decoder insurance affect the customers’ choice of insurer? | 52 |
| 5.2.1 Theme 1 – Price of the decoder insurance | 52 |
| 5.2.1.1 Technology – Big Data & Artificial Intelligence | 54 |
| 5.2.1.2 Comparing insurance options | 55 |
| 5.2.1.3 Upgrade option on insurance | 55 |
| 5.3 Question 2 – Does the decoders’ replacement value influence the customers’ choice of insurer? | 56 |
| 5.3.1 Theme 2 – Sensitivity to Replacement Cost | 56 |
| 5.3.1.1 Customer satisfaction based on past decoder insurance claims | 56 |
| 5.4 Question 3 – To what extent does the cost of the customers’ video subscription impact on the customers’ choice of insurer? | 57 |
| 5.4.1 Theme 3 – Financial Risk based on Subscription Package | 57 |
| 5.5 Other findings | 58 |
| 5.5.1 Theme 4 – Utilitarian versus Hedonic products | 58 |
| 5.5.2 Touching a decoder and Psychological Ownership | 59 |
| 5.5.3 Theme 5 – Processes of claims and signing up | 59 |
| 5.5.3.1.1 Ease of insurance claims process | 59 |
| 5.5.3.2 Process of signing up for insurance | 59 |
| 5.5.4 Some customers live very far from the customer care centre | 60 |
| 5.5.5 Expiry of manufacturers’ warranty | 60 |
| 5.5.6 Installation not covered by insurance | 61 |
| 5.5.7 Emotional benefit of peace of mind | 61 |
| 5.5.8 Customer mood | 62 |
| 5.6 Conceptual Framework | 63 |
| 5.7 Chapter summary | 64 |
| CHAPTER SIX – CONCLUSIONS AND RECOMMENDATIONS | 65 |
| 6.1 Introduction | 65 |
| 6.2 Conclusions | 65 |
| 6.2.1 Question 1 – How does the price of the decoder insurance affect the customers’ choice of insurer? | 65 |
| 6.2.2 Question 2 – Does the decoders’ replacement value influence the customers’ choice of insurer? | 66 |

| | | |
|-------|---|----|
| 6.2.3 | Question 3 – To what extent does the cost of the customers’ video subscription impact on the customers’ choice of insurer?..... | 66 |
| 6.2.4 | Other findings based on theory..... | 66 |
| 6.3 | Implications of this research..... | 67 |
| 6.4 | Limitations of the study..... | 67 |
| 6.5 | Recommendations to solve the research problem..... | 68 |
| 6.6 | Recommendations for future studies..... | 69 |
| 6.7 | Chapter Summary..... | 70 |
| 6.7.1 | Concluding remarks..... | 70 |
| | REFERENCES..... | 71 |
| | APPENDICIES..... | 81 |
| | Appendix A: Gatekeepers’ Letter..... | 81 |
| | Appendix B: Interview Schedule..... | 82 |
| | Appendix C: Consent Form..... | 84 |
| | Appendix D: Ethical Clearance..... | 86 |

LIST OF FIGURES

| | |
|--|----|
| Figure 2.2.6.1: Big Data Research Model..... | 14 |
| Figure 2.2.6.2: Proposed Big Data & CRM Analytics maturity model | 15 |
| Figure 4.2.1.2.1: Is the Multichoice 'Decoder Care Contract' Insurance value for money?.... | 39 |
| Figure 4.2.2.1.2.1: Do high-income earners take insurance? | 41 |
| Figure 5.2.11: Probability of customer taking insurance based on income level | 53 |
| Figure 5.6.1: Conceptual Framework..... | 63 |

LIST OF TABLES

| | |
|---|----|
| Table 3.8-1: Summary of total target population versus interviewed participants | 31 |
| Table 4.2.1-1: Participant Demographics..... | 38 |
| Table 4.2.2.1-1: Which decoder owners are more likely to take decoder insurance? | 44 |

CHAPTER ONE – INTRODUCTION

1.1 Introduction

This chapter presents the motivation of this study which intends to explore how DStv can improve their service level and how customers can benefit at the same time. The focus of the study, problem statement and research objectives will be presented. Lastly, the research methodology that will be used for this study will be outlined.

1.1.1 Background to the study

Multichoice Group has 13.9 million subscribers across 50 African countries and their total revenue for the 2018 financial year was R47.5 billion. The company has approximately 7000 staff members. (Multichoice, 2019)

Considering the above information, if the average customer spends R10 on decoder insurance, this would generate revenue of R139 million. That would be a significant amount of revenue. It makes sense to try to maximize the number of insured decoders.

DStv customers use a decoder to receive the video content that they subscribe to. Decoders can go faulty due to many reasons, such as ageing components, lightning damage, hardware malfunction, etc. When a customer's decoder goes faulty the customer would have to replace that decoder to continue enjoying the video services they are paying for. The replacement device can be paid for by:

- DStv's DCC (Decoder Care Contract) insurance
- Insurance purchased from stores (such as Game)
- Customers' Household insurance
- Customer (if there is no insurance in place)

Some customers who do not have any of the above insurance covers may try to abuse the norm of "the customer is always right" to get some compensation to cover the cost of replacing the decoder (Kashif and Zarkada, 2015). This can sometimes result in a bad experience for the customer as well as the customer service representative who helps that customer. For the company, this means that the customer satisfaction

and service levels could drop. Since the service levels are part of the annual company target (Phuthumanathi, 2018), it means that this lack of insurance could indirectly have a negative impact on the company targets.

1.2 Motivation for the Study

Digital Satellite Television (DStv) is the leading video entertainment and sports provider in Africa. They are part of the Multichoice Group that listed on the JSE on 27th February 2019. The video entertainment industry is very competitive. To retain a competitive advantage, DStv sets performance targets annually. One of the key performance indicators for the company is the customer service levels. By identifying factors that influence the customers' choice of insurer, DStv can use these findings to improve service levels and retain their competitive advantage in the market.

Multichoice customers spend hard earned money for a premium video entertainment service. The service is rendered using a satellite decoder. A satellite decoder is an electronic device that takes a satellite signal and converts it to video that can be watched on a television (McCloskey, 2019).

Electronic devices can fail at any time. From Barnard (2012), we learn that although reliability prediction for electronics based on practical testing and physical analysis are valuable, there are limitations to predicting reliability of electronic devices. It is only when decoder failures happen that consumers end up in a situation where they need to sometimes make financial decisions, such as whether to replace their decoder or deprive themselves of the video service, that they are paying for, until they can afford to replace the faulty decoder. Having a good insurance product in place means that if a decoder goes faulty then it is no longer a financial decision but rather a simple case of the customer going through the claims process to replace the faulty decoder.

In most cases, the quicker the customer can get through the insurance claims process, the better the overall customer experience. There are different types of insurance that can be used to claim for the loss of a decoder. The DStv insurance is a comprehensive subscription-based insurance that does not have an expiry date. Household insurance would also be a subscription-based insurance. However, it would only cover damages

due to events such as lightning damage. It will not cover damages that are deemed to be maintenance related. This means that some evidence may be required to link a household insurance claim against a decoder to some event such as lightning. There also are extended warranties such as those sold by Game and Makro, which have a fixed warranty end date as well as strict limitations as they will only cover manufacturers' defects.

Results from Van Riel, Semeijn, Ribbink and Bomert-Peters (2012) suggest that, when the "time to service a customer" is longer, the overall customer satisfaction is negatively affected. It is believed that DStv insurance has a quick claims process resulting in improved levels of customer experience (Localdstv, 2018). If the customer has their decoder insured through another company (such as Makro, Game or via their Household insurance) then the process can be longer, such as is in the case of one Makro customer (Makrocustomer, 2015) who had a problem returning a TV because they threw the cardboard box away. If the customer is able to recover the cost of their decoder through an insurance claim, the customer avoids a financial decision.

By finding the factors that influence the customers' choice of insurer, the insurance companies can take advantage of these findings and gain a competitive advantage. The increased number of insured decoders means that the levels of customer experience will indirectly improve. This will be a win-win situation for both consumer and insurer.

1.3 Focus of the Study

This study will focus on the Multichoice Umhlanga (KwaZulu-Natal) service centre because this is the office where the researcher is located. The researcher will have convenient access to vital staff members who are required for interviews to gather the required information.

Multichoice Umhlanga is one of the six main service centres in South Africa that is used by DStv customers. The Multichoice Umhlanga service centre offers the following services:

- Sign up, upgrade or downgrade DStv video services
- Customer Account Management (payments, updates, queries, etc.)
- Purchasing of DStv decoders and other related devices
- Customer support (technical and non-technical queries)
- Advice to customers on Decoder insurance
- Processing decoder insurance claims

Customer service levels have always been a measured deliverable that Multichoice Umhlanga aims to improve on every year (Phuthumanathi, 2018). Achieving improved customer satisfaction and service levels will help the company achieve annual targets.

This study will focus on the factors that influence the customers' choices regarding the following:

- Both positive and negative influences.
- Which insurer is preferable when insuring decoders?

Special attention will be given to the price of the insurance, the cost of the video service that the customer is subscribed to, as well as the type of decoder the customer is using to render their video service.

1.4 Problem Statement

Studies have been conducted regarding extended warranties (Su and Wang, 2016). Other studies have investigated why customers buy extended service contracts (Tong et al., 2014). However, there is no evidence of research relating to extended warranties or insurance for satellite decoder devices. This gap was investigated while identifying the factors influencing the customers' choice of insurer when purchasing a new decoder device. Unless the key influencing factors are identified, Multichoice could spend large amounts of money focussing in the wrong areas. The result would be that customer experience and satisfaction levels may not improve significantly, and the targeted service levels may not be achieved for the company stakeholders. Considering that customers are looking for other options to DSTV, this lack of improvement in customer experience and service levels could be a tipping point that leads to an erosion of the

customer base. Another consideration is that the insurance is profitable. By understanding the influential factors, Multichoice could gain a greater market share of decoder insurance and sell more policies thereby increasing the insurance sales revenue.

1.5 Research Objectives

The primary objective of this study is to investigate the factors influencing the customers' choice of insurer when purchasing a DStv decoder. Each insurer sells only one type of decoder insurance so when comparing insurers, the related insurance packages will be compared. When referring to insurer, the relevant insurance package will be also implied.

The secondary objectives are as follows:

- 1) Investigate the effect of the insurance price on the customers' choice of insurer.
- 2) Determine the level of influence that the decoders' replacement value has on the customers' choice of insurer.
- 3) To analyse the impact of the cost of the video service on the customers' choice of insurer.

1.6 Research Sub-Questions

- 1) How does the price of the decoder insurance affect the customers' choice of insurer?
- 2) Does the decoders' replacement value influence the customers' choice of insurer?
- 3) To what extent does the cost of the customers' video subscription impact on the customers' choice of insurer?

1.7 Methodology to be used

- Approach

The research strategy will follow a mono method qualitative approach using open ended questions in semi-structured interviews. This research was cross-sectional due

to the limited time constraints. A literature review was conducted. Those theories were then tested using the data collected. Information was acquired from journals and other publications.

- **Research Philosophy**

The study will follow an interpretivist approach.

- **Method**

The data will be collected by conducting interviews with key individuals who understand the customers.

- **Data Collection Technique**

Semi-structured interviews were conducted using open ended questions to stimulate the information gathering process. The data collection method made use of a combination of individual face-to-face interviews and focus groups. The interviewer planned to make notes during the interview. In order to save time, the interviews were recorded where the participant allowed it. All audio recordings were transcribed for analysis.

- **Data Analysis Technique**

Interview text was used to generate a word cloud to see what key words appear most. Data reduction was achieved by looking for patterns and key words or themes. Key findings were grouped into themes.

- **Target population**

All CSR's (Customer Service Representatives) working at Multichoice Umhlanga were targeted. There is a total of 31 CSR's working at Multichoice Umhlanga. The reason for choosing to interview CSR's is because they work directly with customers every day. They understand the customers and the decisions that customers make.

- **Sampling procedure**

The study followed a qualitative approach. A Convenience sampling procedure was used to identify customer service representatives who were both willing and available to participate in the interviews.

- **Sample Size**

Of the 31 CSR's working at Multichoice Umhlanga, only 20 CSR's (Customer Service Representatives) work daily. The study targeted 20 Customer Representative who were available on the day of interviews.

- **Recruitment of Participants**

The regional and branch managers were informed of the research topic and the intention to conduct interviews. The branch manager was informed of the intended days for interviewing the customer service representatives. A Notice was placed on the company notice board to inform CSR's of the date when the interviews would be conducted. A follow up email was sent to participants as a reminder and confirmation. Closer to the interview day people were contacted individually to confirm the exact interview times as the availability of CSR's depended on their daily break times.

- **Inclusion & exclusion selection criteria**

Managers and administration staff were excluded from the interviews. The CSR's (Customer Service Representatives) were included in the research.

1.8 Chapter outline

Chapter 1 – This chapter gives the background, describes the research problem and sets the focus and objectives for the study.

Chapter 2 – A review of literature was conducted with a focus on the South African short term insurance industry.

Chapter 3 – A detailed description of the methodology describes how the research will be conducted. This includes the research design.

Chapter 4 – The detailed description of the results and findings of the study.

Chapter 5 – Results and findings will be discussed, and these will be linked to other studies in a similar area.

Chapter 6 – Conclusions will be drawn and linked to the research objectives. Thereafter, recommendations will be made.

1.9 Summary

The motivation for the study is as follows. Firstly, Multichoice can use the findings to improve customer service levels which are company objectives. Secondly, the company can increase revenue from decoder insurance sales. The problem statement highlights that there is no evidence of research relating to insurance for decoder devices. The key influencing factors need to be identified so that Multichoice can focus their efforts accordingly. Objectives have been set to understand whether the customers' choice of insurer is influenced by the cost of the video service, the cost of the decoder and the price of the insurance on the decoder. The methodology and approach have been detailed. The chapter outline section gives an overview of the structure that will be used in this dissertation. The next step in the research process involved a thorough literature review which is presented in the next chapter to understand what existing studies have found. These theories and findings were reviewed with the context of decoder insurance in mind.

CHAPTER TWO – LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

This chapter starts by giving an overview of the short-term insurance industry in South Africa. Thereafter, a list of relevant concepts such as device replacement value, service cost, decoder insurance, big data and artificial intelligence are explained. Two theories 'Expected Utility Theory' and 'Behavioural Insurance' formed the basis of the theoretical framework. Then an in-depth analysis was done on existing literature relating to income level, customer choices, behaviour and other related topics. Where possible, studies relating to electronics were used, as the satellite decoders are electronic devices.

2.1.1 Overview of the SA short term insurance industry

According to Martin (2018), insurance is an additional cost for something that is already paid for, without knowing whether any benefit will be derived from that additional payment and it is therefore not surprising that most people don't want to even think about insurance. Leal, Vrij, Warmelink, Vernham and Fisher (2015) shows that one will only derive benefit from insurance if the item that is insured, has been stolen, lost or damaged. Even if an insurance claim is raised, the consumer will not gain more than they originally paid for the item. Sonnekus (2016) highlights that according to the Consumer Protection Act, a complainant must not profit from an insurance claim. Although one does not gain more from insurance than they already have, Dong and Tomlin (2012) further says that insurance is about managing risk against potential loss. Some of the challenges faced in the short-term insurance industry will be discussed.

For a few years leading up to the year 2010, there has been an emergence of new insurance products such as hospital cash plans, legal insurance, and even cellphone insurance to target the low-income market (Paek, 2017). It is important to understand why companies are diversifying their product ranges and coming up with new products. From an economic perspective, companies often diversify when their product ranges don't match the growth potential or if their operations are not profitable (Rizea, 2015).

Clearly there are market segments that are difficult to tap in to. Onduso (2014) argues that despite the effort by companies to market such short-term insurance products to the low-income segment of the market, companies are struggling to penetrate this segment of the market. This is in accordance with what Chummun (2017) says. The low-income market segment for short term insurance has been tough to break into, as most low-income earners would normally buy credit-based insurance, which is short term insurance sold with property or items that are purchased on a credit agreement (Leach, 2012). Such insurance is bought out of necessity and not out of free will. The authors further state that there has been an up-take of voluntary insurance on devices such as cellphones.

The insurance market is becoming complex; as a result, many insurance providers are diversifying their product offerings (Krivokapic, Njegomir and Stojic, 2017). Alhassan and Biekpe (2016) states that insurers who diversify their product offerings can hedge against revenue fluctuations, and insurers can further optimize the use of fixed capital through the shared use of technology and labour. Conversely, Lee (2017) finds that if the internal capital markets are inefficient, this may result in inefficient business lines cross-subsidizing efficient lines. In such cases the insurers with a focused product offering may be more efficient than an insurer with a diverse product offering.

A decision should be made regarding whether to stick to a focused product offering or diversify the product range. However, it is not a simple decision so further research will be required to determine whether to diversify or not. A study by Elango (2009) found that product variety had an impact on the performance of property insurance companies during underwriting cycles: insurance companies who had a wider range of products performed better than companies with a focused product when the markets were hard compared to periods when the market was soft. From these two studies it is shown that the market conditions and company efficiencies must be considered when choosing between a focused versus diverse product strategy. There are not only challenges in the product offering, some challenges relate to human capital management.

In order to perform efficiently, companies must manage their human capital. Festing and Schäfer (2014) says that attracting and retaining skilled specialists is one of the

biggest challenges. The authors further highlight that customers interact with brokers as the first point of contact, thus those brokers who are sensitive to the customer behaviour patterns & needs and who also exhibit the essential expertise levels will excel over time. With the enormous number of South Africans emigrating (Africacheck, 2019), companies will find it increasingly difficult to replace experienced staff. The most important reward preferences for retaining and motivating staff according to Bussin and Thabethe (2018), are basic remuneration, performance based increases, bonuses and other incentives, with the most important being remuneration.

2.2 Concepts or Variables

The following concepts will be explained as they relate to either decoder insurance or the literature that has been reviewed during this research.

2.2.1 Device replacement cost

The focus of this research is based on the insurance of the customers' decoder device. The 'decoder' or 'device' refers to the satellite decoder that is used by Multichoice customers to access their video content offering.

The 'device replacement cost' is the amount of money that it will cost to replace a problem decoder or device. The replacement cost only comes into effect if the customer experiences a problem with their decoder and the decoder needs to be replaced. The replacement cost depends on the make and model of the decoder. A PVR (Personal Video Recorder) decoder will cost more than a decoder that does not have recording functions. The other factor that comes into play, is whether the customer is willing to take a refurbished (repaired) decoder or whether they want a new decoder as replacement. For the purposes of this study it will be assumed that the typical customer will take a refurbished decoder as the cost would be lower.

2.2.2 Service cost

The service cost is the cost that the customer pays for the use of the rendered services. In the case of DStv the service would depend on the package that the customer is on.

The main packages offered by DStv are called Premium, Compact Plus, Compact, Family, Access and EasyView and the prices range from R29 per month for EasyView and go up to R809 per month for the Premium package (Dstv, 2019).

2.2.3 Decoder Insurance

There are various insurance options that can be used to claim for the loss of a decoder. The DStv insurance is a comprehensive subscription-based insurance that does not have a fixed expiry date (Dstv, 2019). Household contents insurance would also be a subscription-based insurance. However, it would only cover damages due to events such as lightning damage. It will not cover damages that are deemed to be maintenance related which means that some evidence may be required to link a household insurance claim against a decoder to some event such as lightning (Gray-Parker, 2015). There also are extended warranties which come with a fixed warranty duration that can range from 2 to 5 years where the provider would either replace, service or repair the product (Heese, 2012). Such warranties would typically cover only manufacturers' defects.

2.2.4 Insurance price

The 'insurance price' is the cost that the customer pays to insure their decoder device. The insurance price is not a fixed amount as it depends on the decoder model that the customer is insuring, and which company is insuring the device. To better understand how the insurance price effects the customer choice of insurer, it is vital that information analysis is performed.

2.2.5 Risk Aversion

Risk aversion refers to behaviour exhibited by people when they are faced with choices of uncertainty (Outreville, 2014). A risk averse person would normally choose an option that has more predictability even though it may have a lower expected benefit (Edwards, 2013).

2.2.6 Big Data as a Resource

There has been a lot of recent hype around big data (Car, Sheikh, Wicks and Williams, 2019). Litsey and Mauldin (2018) defines big data as information that is available on a large scale and is available in large volumes. Vast amounts of useful information or data is available from many different sources, and with technological advancement, this information is available at our fingertips (Car et al., 2019). Big data analysis can be used to gain insights on customer wants and needs (Camilleri, 2018) thus companies can better understand the impact of pricing on customer choices. It is up to each individual company to analyse the available information to see how it can be used to maximize profits and gain a competitive advantage in the market.

According to Kwon, Lee and Shin (2014), big data can be considered to be a strategic resource of a company. Strategic resources can and should be used to gain a competitive advantage (Dremel, Overhage, Schlauderer and Wulf, 2017). Tiefenbacher and Olbrich (2015) defines the properties of big data as volume, variety and velocity and this can be seen in Figure 2.2.6.1 below. Data can come from within or outside the company. Internal information could be the information provided by customers that are stored on the company systems while external information could come from various sources, such as telephone conversations with customers or feeds from Twitter and Facebook (Murthy, Gross and MCGarry, 2016). Raghupathi and Raghupathi (2014) explains that there is a variety of data such as structured, unstructured, machine generated and data that is generated by people. A vast amount of data could come from within the company such as emails, phone calls and even call centre notes (George, Osinga, Lavie and Scott, 2016). External data generated by people would include, but not be limited to, blogs, tweets, reviews and even GPS coordinates (Joseph, Dev, Pradeepkumar and Mohan, 2018).

Using this information with a customer orientation, an improvement in shareholder value can be achieved through personalization and catering for individualized customer needs (Günther, Mehrizi, Huysman and Feldberg, 2017).

The research model proposed by Tiefenbacher and Olbrich (2015) is shown in Figure 2.2.6.1 below.

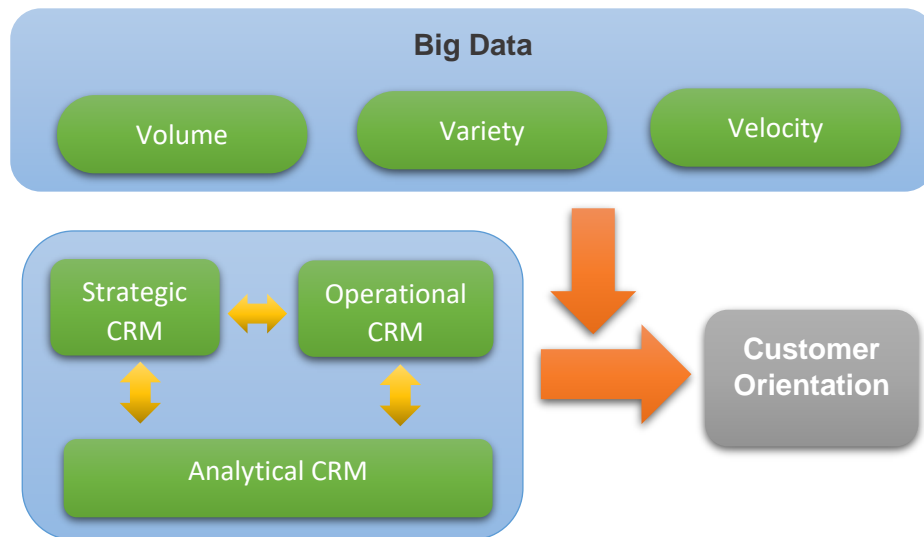


Figure 2.2.6.1: Big Data Research Model

Source: (Tiefenbacher and Olbrich, 2015)

The study by Tiefenbacher and Olbrich (2015), according to the big data research model in Figure 2.2.6.1, investigates the influence that big data has on customer orientation. The analysis of big data could provide information about ‘customer buying preferences’. “The information about each customer’s preference regarding several attributes of a product can be utilized to provide more individualized offers through the development of new products and services, i.e. (mass) customization, or through cross-selling” (Tiefenbacher and Olbrich, 2015, Pg. 3). Gandomi and Haider (2015) also found that the value of cross-selling is enhanced when the company can use big data to generate further revenue from existing customers, by selling them additional services or products. The research found that a certain degree of analytical maturity was required in order to leverage Big Data. Tiefenbacher and Olbrich (2015) therefore proposed a maturity model which can be seen in figure 2.2.6.2 below.

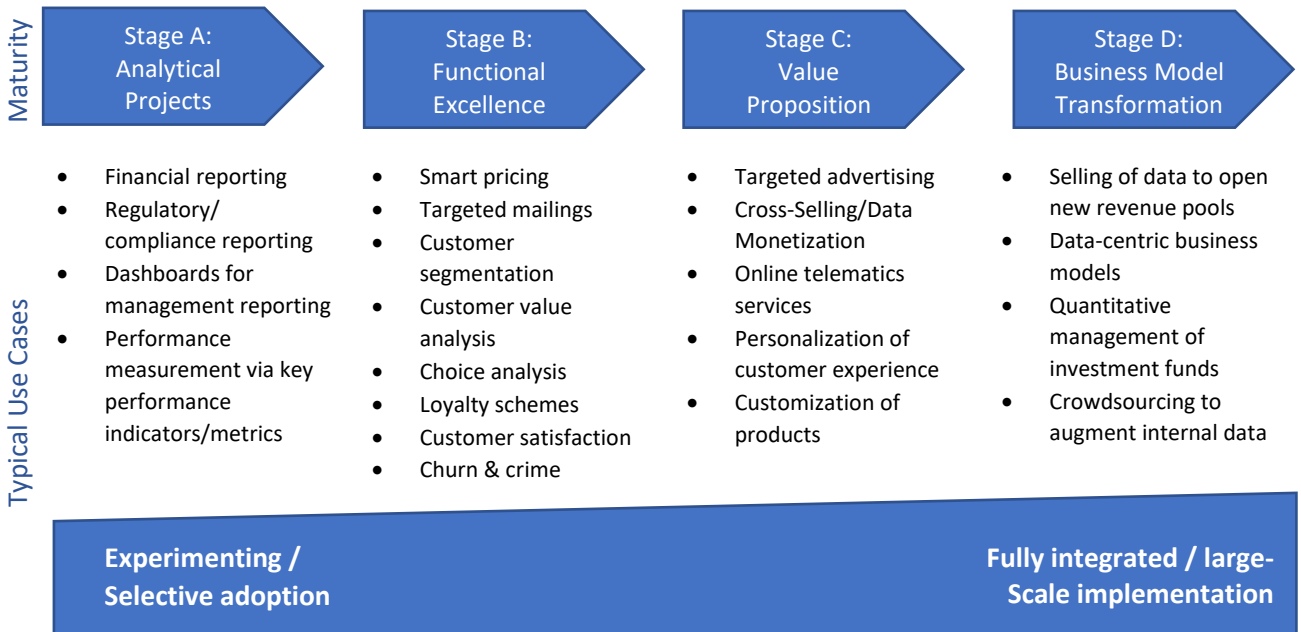


Figure 2.2.6.2: Proposed Big Data & CRM Analytics maturity model

Source: (Tiefenbacher and Olbrich, 2015)

The proposed model in Figure 2.2.6.2 shows the sequential stages that a company needs to propagate through to reach a maturity level to maximize their leverage of Big Data. The study by Tiefenbacher and Olbrich (2015) found that skipping stages and trying to go from stage A directly to stage D, would result in missing capabilities. The level of integration (as per the model) will determine the success of Big Data.

It will be interesting to see how South African companies have taken advantage of big data to innovate and change the way they do business.

Duan, Edwards and Dwivedi (2019) highlights that artificial intelligence has been around for more than six decades, but it is only recently that the need to process big data has empowered artificial intelligence. Big data can be very useful if it can be easily processed and interpreted. In order to make it efficient, it may be necessary to make use of computers and possibly artificial intelligence to maximize the benefit of big data.

2.2.7 Artificial Intelligence

- What is AI?

AI (Artificial intelligence) is defined by Copeland (2019) as the ability of a machine or robot that is controlled by a computer to achieve tasks normally connected with intelligent human beings. AI is normally used to simulate the traits of humans, such as realizing meaning, the ability to reason, to generalize, or use heuristic information (Li and Du, 2017).

- AI and Dualism

Dualism is discussed by Ashrafian (2017) where it is stated there is a concept of a physical and non-physical component; dualism involves the non-physical substances (which would be the soul and mind) being able to interact with the physical substances which is the body. Dualists believe that using artificial intelligence to truly simulate or reproduce the mind is not possible (Nangla, 2018).

- Materialist philosophy

Nangla (2018) says that according to materialist philosophy, because only matter exists, it is the interaction of matter that results in all phenomena including mental phenomena. Materialistic philosophy is open to the option of possibility of artificially simulating a mind.

- Benefits of AI

There are many benefits of AI. These include reduced errors since results will be accurate with more precision (Daut, Hassan, Abdullah, Rahman, Abdullah and Hussin, 2017). Robots can work harder, longer and reliably without needing breaks (Wisskirchen, Biacabe, Bormann, Muntz, Niehaus, Soler and Von Brauchitsch, 2017). Robots and AI can also overcome many human limitations (Nangla, 2018). Machines do not show emotion and therefore make logical decisions (Wisskirchen et al., 2017). Machines think faster than humans and can easily carry out repetitive, monotonous jobs without needing any motivation (Romero, Stahre, Wuest, Noran, Bernus, Fast-Berglund and Gorecky, 2016). They are also able to carry out dangerous activities and tasks (Wisskirchen et al., 2017). Unlike humans, robots can be adjusted for speed and time as these are just parameters for them (Nangla, 2018).

- Usage of AI in the health care industry

In the health care industry, there are many uses of AI. Machines can recognize patterns from patient data which help to detect early signs of ailments that may develop at a later stage in the patient (Nangla, 2018). The greatest benefit of AI in the health insurance industry according to Nangla (2018) is the ability to customize offers for patients based on a disease or health condition. AI is also useful for screening and evaluating cases with greater precision (Yoon and Lee, 2018). In-patient costs can go into billions of rupees worldwide; considering that a certain percentage of claims is incorrect, there is a higher than expected pay-out for claims (Nangla, 2018). The ability to identify and correct such errors could save a lot of effort, money and time. At the other end of the spectrum there would be healthy members who would be identified so that they could be offered preventative benefits. AI can make use of continuous health record assessments to reduce customer premiums and medical costs.

Erica and Vanessa (2016) discussed a 2016 survey by the research company AYTm which showed that 89% of consumers from around the world prefer getting information from a virtual assistant instead of going through a company website or mobile app. Using virtual assistants to service the customer care centre means that a company can reduce costs (Yoon and Lee, 2018) by hiring less staff and they can reach a high efficiency level. Nangla (2018) says that virtual agents can also be used with IVR (Interactive Voice Response) to assist customers over the telephone. On smart phones, the virtual assistant can use biometrics such as Fingerprints and Voice Recognition to eliminate the need for PIN's and Passwords (Nangla, 2018). This will make it easier and more fluid when connecting with customers. Erica and Vanessa (2016) further discusses the survey by AYTm, where 83% of consumers prefer voice recognition to authenticate as opposed to having to remember passwords.

2.3 Theoretical Framework

The theoretical framework according to Osanloo and Grant (2016), is the most important part of a research study as it sets the foundation and guides the research

based on prior learnings and theories, and this is done using a coherent and established explanation of relationships and phenomena.

In this study two theories will form the foundation. The first theory is “Expected Utility Theory” and the second is “Behavioural Insurance: Theory and Experiments”.

2.3.1 Expected Utility Theory

In 1713 Nicolas Bernoulli discovered that by playing games of chance, such as repeatedly tossing a coin or rolling two dice, one can make an infinite amount of money; this was later called the Saint Petersburg Paradox (Seidl, 2013). Bernoulli solved this paradox by distinguishing between expected utility and expected value (Cox, Kroll, Lichters, Sadiraj and Vogt, 2019).

The main variable in ‘Expected Utility Theory’ is ‘Utility’. The term ‘Utility’ was more commonly used in the social sciences and economics fields as a measure of usefulness or value. Traditionally ‘utility’ related to experiences of happiness or pleasure, however it was found that those are not the only experiences of value (Chappe, 2012).

The Saint Petersburg Paradox comes about when the potential reward is infinite given events that have a very low probability (Thalos and Richardson, 2014). Since some probability distribution functions have an expected value that is infinite, a person who is maximizing their wealth would theoretically be willing to pay a large but finite amount of money to take this wager, but people do not take such risks in real life (Vivian, 2013).

The solution that Bernoulli proposed in his paper is that although there is an infinite expected value, by using the utility function in real life there is a finite expected utility for the gamble (Garcia, 2017). From an economists perspective, the St Petersburg Paradox has been resolved by showing that people neglect events that have a very low probability, considering that people’s resources are finite and limited (Jha and Powell, 2014).

According to Richter, Schiller and Schlesinger (2014), when people are faced with choices they can make decisions that are rational, irrational or sometimes they can make a mistake. The normal or 'normative' decision according to 'expected utility theory' is when a rational decision is made. 'Expected utility theory' approximates the probable 'utility' or 'satisfaction' of an action when there is uncertainty regarding the result (Machina, 2017). Machina further explains that the expected choice is the action that produces the highest utility that is expected.

Pettigrew (2015) compared expected utility theory with other alternative theories and after extensive analysis provided a strong argument in agreement with expected utility theory. In this journal it was shown by Pettigrew (2015) that expected utility theory can even be adapted to the preferences of Lara Buchak's risk-weighted expected utility theory.

In one specific study, Schoemaker (2013) did field research and various experiments to validate expected utility theory as a preferred model under uncertainty. The main outcome of this study showed that the conception of expected utility theory is too narrow as it does not encompass certain behavioural influencing elements of a descriptive model such as context effects, task effects and individual differences.

2.3.2 Behavioural Insurance: Theory and Experiments

The study of behavioural insurance by Richter et al. (2014) uses a behavioural perspective to analyse the demand for insurance by reviewing the interactive and complimentary roles of theory & experimentation. The study focuses on models of insurance under-investment and examines two theoretical papers along with two experimental papers as part of the analysis.

Behavioural models can be quite complex as they would need to consider various aspects such as the recognition of ones' own hopes, fears and emotions. Postlewaite and Schmeidler (2012) highlights that when using a revealed preference approach, the optimal choice, given the constraints, is the one that best fits the goals of the person.

Richter et al. (2014) argues that it is not always possible to identify all the constraints or factors that need to be considered in the situation. Richter et al. (2014) says that in a laboratory environment the factors and constraints can be controlled, but there is still no guarantee that the choices made in the laboratory will be the same as the choices made in the real world. Richter et al. (2014) further explains that even though the complexity of the laboratory environment can be controlled to focus on preferences, the information can become unreliable when it is derived from situations that are either unrealistic or artificial.

Predicting customer behaviour is difficult. Richter et al. (2014) says that if two people were facing the exact same complex situation, each person may act quite differently. In fact, Richter et al. (2014) further states that the same person may react differently to the exact same complex situation, depending on factors such as the persons' mood or even due to observing decisions made by other people. For example, if a person was planning to buy a certain cake and they observed another person complaining that the batch of cakes was spoiled, then the person may choose not to buy that cake.

According to Richter et al. (2014), economic and psychological evidence shows that people may respond differently when they are confronted by situations relating to insurance as opposed to making decisions in other areas. Richter explains that unlike other goods, insurance is a contingent purchase that is not guaranteed to pay out, thus there is only a chance that the person will benefit from the insurance. The two main drivers of insurance demand are firstly the trust that people have that insurance companies will pay out valid claims and secondly peoples' risk aversion when it comes to money matters (Richter et al., 2014).

An interesting study was conducted by Friedl, De Miranda and Schmidt (2014) relating to correlated risks. Correlated risk pertains to many people being affected by the same disaster. The study found that for correlated disasters, individuals may have a preference to not take such insurance. While testing the theories, Friedl et al. (2014) found that the opposite effect also applies. They found that in the case where the

colleagues of a person are buying a certain insurance cover, that person may feel the need to also buy the same cover so that they do not feel regret later. In other words, the decision made by the peers of a person to take insurance can stimulate that person's demand for insurance (Richter et al., 2014).

A study by Hoy, Peter and Richter (2014) discusses the topic of ambiguity aversion and how companies can benefit from running genetic tests to better understand the future health risks of individuals. Hoy et al. (2014) highlights that the possible benefit of running genetic tests is that customer behaviour can be influenced to take preventative actions where necessary. Similar health testing is conducted by companies like Discovery who have a vitality program that promotes healthy living (Discovery, 2019). The customer benefits by living a longer healthier life while Discovery benefits from receiving fewer insurance claims and generating more revenue from each customer who lives longer. Although genetic tests may not be perfectly accurate, the test results will firstly give an indication of whether the customer is at risk or not by showing a test result that is negative or positive, and secondly based on the result of the tests customers may adjust their beliefs regarding certain health risks (Hoy et al., 2014).

One of the concerns that Golman, Hagmann and Loewenstein (2017) focusses on is the lack of popularity of running genetic testing especially when the test results may affect the agent's utility function. Hoy et al. (2014) explains that not all genetic tests are productive; in fact, models on expected utility suggest that there is zero value in genetic information that is unproductive. But Hoy et al. (2014) says that there is no disadvantage in gaining information. The study goes on to understand what the incentives would be, for people who are ambiguity averse, to want to run genetic tests. Hoy et al. (2014) discussed a study where, if most genetic tests result in unproductive information, then ambiguity aversion has an implication of an information value that is negative. If the tests are largely negative, then this can be avoided by not doing the genetic tests and retaining the current beliefs (Hoy et al., 2014). Eling and Jia (2017) says that this could explain the low rate of take-ups for genetic tests.

This behavioural insurance theory has been used and acknowledged by various researchers such as Peter and Ying (2016) and Cettolin and Tausch (2015) who have even made contributions to this theory. A study by Cox and Zwinkels (2016) confirmed the unpredictable nature of customer behaviour, as per the behavioural insurance theory, where even though there were incentives, only 30% of eligible households in the Netherlands insured their bonds. Voutilainen and Koskinen (2017) reaffirms the use of experiments when analysing products and insurance systems. Richter, Ruß and Schelling (2019) further expands on this theory.

2.3.3 Big Data Application in South Africa and other Countries

Locally, companies such as Discovery are using big data to provide innovative insurance solutions. From the website of Discovery (2019), one can see that Discovery Insure rewards good drivers with lower premiums. Big data is used to identify risky customers so that people with less risk can benefit from lower insurance premiums. A by-product of Discovery's insurance offering is that people who use their product can benefit from self-improvement. The way they do this is by placing sensors in the insured driver's vehicle and monitoring those sensors to profile the driving habits of that customer. They do a similar thing with their health insurance through the Vitality program which indirectly promotes healthy living (Discovery, 2019) .

From Burgess (2018) it is seen that there are other companies like "Progressive Insurance" and "Allstate Insurance" who, just like Discovery, are using telematics devices to measure driving skill and usage. They offer usage-based insurance. It is also suggested that big data could be used to generate insurance quotes personalized for an individual so it is based on their unique risk profile as opposed to statistics from larger populations (Burgess, 2018).

2.3.4 Customer satisfaction based on past insurance claims

There is a positive link between a company's financial outcomes and customer satisfaction; customer satisfaction can lead to higher profits and greater revenue (Pooser and Browne, 2018). Groot, Tomini and Tomini (2018) found that people who

made use of health insurance to reduce their health costs were satisfied the most when compared with people who did not have health insurance and people who had health insurance but did not make use of their health insurance. Groot et al. (2018) also found that people who did not make use of their existing health insurance were less satisfied when compared to the people who did not even have such insurance in the first place; the authors suspected that this finding could be a result of people paying for a service that they did not benefit from. In another study in Ghana, where there is a National Health Insurance system in place, it was found that both the insured and uninsured were happy with the care they received (Dalinjong and Laar, 2012). These two studies have differing findings; however, the scenarios are quite different. Unlike the blanket cover in Ghana, there is no equivalent to the national health insurance for decoders, so the first study will be more relevant. Even if customer satisfaction can be achieved, there is still the replacement cost of the decoder that needs to be considered.

2.3.5 Sensitivity of replacement cost

Studies show that consumers with a low income are more likely to buy insurance products for a device when the expected replacement cost is high (Wang, Ata and Islegen, 2012). However, in the case of decoders, the replacement cost on its own may not be the key factor; demographics such as income or affordability would be a better indicator. Niëns, Van De Poel, Cameron, Ewen, Laing and Brouwer (2012) defines affordability as a ratio of expenses (in this case replacement cost) to the total resource available to the household. As an example, if a person earns R 2000 per month then it costs a quarter of a months' salary to replace a R 500 decoder. Whereas, if another person earns R 20,000 per month then the replacement cost of a R 500 product is only one fortieth of the persons' monthly salary. The person with the higher income can easily choose to buy a new replacement product if the current product fails, as there would most likely be less financial strain on their household finances compared to a person with a lower income. The true indicator would be "replacement cost as a percentage of monthly income" and not just replacement cost on its own. This is evident in Wang et al. (2012) where they conclude that low-income earners are more sensitive to the replacement cost than high-income earners.

2.3.6 Income Level and Affordability

A journal article by Baicker, Congdon and Mullainathan (2012) found that affordability is a key factor that impacts on Life Insurance demand. Similar findings from a Malaysian journal article by Loke and Goh (2012) further showed that insurance seemed to only be affordable for people who are financially more capable. People with higher income levels, such as workers with professional qualifications and people who are in their 30's will most likely have a higher demand for life insurance than people who are in their 20's. A South African study by Govender, Chersich, Harris, Alaba, Ataguba, Nxumalo and Goudge (2013) found that non-insurance was prevalent among people who earned lower incomes, those who are less educated and people who live in informal settlements.

Research conducted by Onduso (2014) showed that a low level of income was the most vital factor affecting the penetration of micro insurance in Kenya. This is consistent with the above findings. Kousky and Kunreuther (2014) discusses how the issue of affordability can be overcome by offering discounted insurance rates to the classes of customers who are expected to experience affordability issues. Besides the affordability of the insurance, the total financial exposure of the customer needs to be considered as it may have some influence on the customers' decision to take device insurance.

2.3.7 Financial Risk vs Customers' Willingness to pay for Extended Warranty

In this case, financial risk refers to the financial exposure of a customer when buying a product or service. In the case of this study the financial risk will relate to the cost of the decoder and installation. From a monthly DStv subscription perspective, the financial risk would relate to the monthly cost of the services the customer is paying for.

From Lessard-Bonaventure and Chebat (2015) it was further found that psychological ownership only impacts the customers' willingness to pay for an extended warranty if the perceived financial risk is low. If the financial exposure is high, customers are willing to pay less for the warranty. This theory ties in with the first two objectives of this

research topic, which is to see whether the monthly subscription and decoder costs influence the customers' choice of insurance.

This study focusses on product characteristics and marketing actions taken by retailers. Demographics such as gender, income and even "experience of Extended Service Contracts" may have some bearing on the financial risk and decisions taken by customers.

A study by Zhao, Kunreuther and Czajkowski (2015) looked at the affordability of a particular flood insurance and how government expenditure can be reduced by increasing the number of insured households. The proposal was to provide vouchers so that the insurance would be more affordable to households with a lower income, but they also mitigated their risk by increasing the insurance premium for people who had a higher risk profile.

For customers who can afford the insurance cover, the emotional needs of the customer should be considered in order to better understand the customer.

2.3.8 Emotional Benefit of "Peace of Mind"

It is important to understand the general reasons why consumers purchase extended warranties. From a study on flexible extended warranties by Gallego, Wang, Ward, Hu and Beltran (2014), it is seen that extended warranties are very profitable for the company selling the warranty. This means that the company selling the warranty stands to benefit more from the warranty than the consumer who is buying the warranty (Qin, Su and Huang, 2017). This study found that warranties bring the emotional benefit which is "peace of mind". They also point out research by Wang et al. (2012) which shows that people who are poor are the most likely to purchase an extended warranty. Where product sales are cross subsidized by extended warranties, it means that the least well-off people who are purchasing extended warranties, are indirectly helping the well-off people who are not buying extended warranties to get a better deal.

2.3.9 Utilitarian versus Hedonic Products

The main reasons for purchasing insurance relate to the probability that a device will fail, the potential loss to the consumer, the purchasers' risk aversion and the cost of the insurance premium (Jindal, 2014). Two key characteristics of products are utilitarian and hedonic. A utilitarian product will provide a function while a hedonic product provides fun, fantasy or pleasure (Lu, Liu and Fang, 2016). If one considers two products such as a toaster and a DVD player where each product costs R 500, the toaster will normally be a utilitarian product while the DVD player will be hedonic as it provides fun and pleasure. In this case, it is unlikely that the consumer will take extended insurance on the toaster, but on the other hand, the consumer may be more likely to take an extended insurance on the DVD player. Consumers are more likely to insure a hedonic device compared to a utilitarian device (Janks, 2017).

2.3.10 Touching a decoder and Psychological Ownership

Psychological ownership refers to a state where the consumer has not yet purchased an item, but in their mind, they own the item; the product is regarded as "theirs" (Kamleitner and Feuchtl, 2015). Customers are more willing to pay (in the form of insurance or extended warranty) to protect items they psychologically own even before "getting to the cashiers" (Kirk, Swain and Gaskin, 2015). However, the customer's willingness to pay for an extended warranty because of psychological ownership is only significant for non-hedonic products (Lessard-Bonaventure and Chebat, 2015). Touching a product increases the amount of money that consumers are willing to pay for an extended warranty; this relation, although not direct, is mediated by psychological ownership (Hulland, Thompson and Smith, 2015). The effect of touch does not have a significant effect on psychological ownership and the customers' willingness to pay when it comes to hedonic products (Lessard-Bonaventure and Chebat, 2015).

2.4 Chapter Summary

An overview of the South African short term insurance industry was discussed. Thereafter, key concepts & variables such as “insurance price” and “risk aversion” were explained. Some key findings relating to Big Data and Artificial Intelligence were found in the literature. The findings explained that this information can be used to identify specific individuals based on the search criteria. Some of the benefits of AI include accuracy, reliability and cost savings. The base theories which were discussed in this study were “Expected Utility Theory” and “Behavioural Insurance: Theory and Experiments”. Based on past insurance claims, it was found that customers who made use of their insurance were the most satisfied, when compared to people who had insurance but did not make use of their insurance.

It was generally found that low income levels and affordability were key factors when analysing the customers’ choice of taking insurance. There is a gap in the research as more focus is on low income earners as opposed to high income earners, who may choose not to take insurance for different reasons; this would require further research. Studies have found that some customers buy insurance for peace of mind. Other studies say that customers are more likely to insure a hedonic instead of a utilitarian device. One study found that psychologic ownership of a device increases the willingness of customers taking further insurance. There have been few recent research studies on insurance for electronic devices and none were found by the researcher that related to insurance for satellite decoders which leaves a big gap in the research. The next phase in the research process is the design of an appropriate research methodology that will be used to gather the information to validate the findings from the literature.

CHAPTER THREE – RESEARCH METHODOLOGY

3.1 Introduction

The research methodology chapter describes how data was collected, analysed and interpreted by the researcher. The researcher of this study used a qualitative research method to collect data from participants at the Multichoice Umhlanga service centre in KwaZulu-Natal. The researcher made use of semi-structured interviews and focus groups to collect data. The details of the data collection such as target population, accessible population, sampling method and data collection instruments were defined. Thereafter follows a description of how the data was analysed. Then some key topics such as reliability and validity of the results were discussed. Lastly, the researcher planned for avoiding bias and managing ethical considerations. Once analyzation was complete, the data collected helped the researcher identify factors influencing the customers' insurance choices.

3.2 Aim of this Study

As previously mentioned, the aim of this study is to investigate the factors influencing the customers' choice of insurer when purchasing a new DStv decoder.

3.3 Research Objectives

The primary objective of this study is to investigate the factors influencing the customers' choice of insurer when purchasing a new DStv decoder.

The secondary objectives are as follows:

- 1) Investigate the effect of the insurance price on the customers' choice of insurer.
- 2) Determine the level of influence that the decoders' replacement value has on the customers' choice of insurer.
- 3) Analyse the impact of the cost of the video service on the customers' choice of insurer.

3.4 Research Design & Methods

This study used a mono method approach. A mono method approach is one that will use a single approach, which would be either qualitative or quantitative (Molina-Azorín and Font, 2016). This study followed a qualitative approach using semi-structured interviews and focus groups (see Appendix B for interview schedule). There are advantages in using a qualitative research methodology such as the ability to uncover assumptions, beliefs and values (Choy, 2014). The other significant benefit of qualitative research according to Choy (2014) is when open ended questions are used, it gives the interviewees an opportunity to discuss the issues that are most relevant and important to them. Richard (2013) argues that qualitative research is a superior and informative method of doing research. The researcher used the knowledge that was gained through the literature review to better understand the subject matter and then tested the theories using the information that came out of the data collection. The research process can vary in duration. Due to the limited time constraint, this study was a cross-sectional study. According to Saunders, Lewis and Thornhill (2016), a cross-sectional study is done using a snap shot in time while a longitudinal study is performed over a long period of time.

3.5 Research Paradigm

The research followed an interpretivist paradigm. Saunders et al. (2016) explains that the interpretive paradigm relates to the way people make sense of and try to understand everything around them.

3.6 Study setting

Multichoice Group is a JSE listed company that serves 13.9 million customers in 50 countries on the African continent including South Africa (Multichoice, 2019). Multichoice Umhlanga (KwaZulu-Natal) is one of the five South African customer care centres that services their customers seven days a week (Dstv, 2019). The company chosen for the study is the Multichoice Umhlanga (KwaZulu-Natal) service centre. The reason for choosing this location is that the researcher is an employee at this branch

of the company. As such, the researcher has a good understanding of the company, the products offered and the insurance that is being researched. The researcher also has direct access to the participants involved in the research.

3.7 Target population

The target population of a research study includes all the people who are relevant and are likely to give valuable inputs to the study (Denscombe, 2014). The target population for this study was made up of all CSR's (Customer Service Representatives) working at Multichoice Umhlanga as they would add the most value to this study. There is a total of 31 CSR's working at Multichoice Umhlanga. The reason for choosing to interview CSR's is that they work directly with customers daily. The CSR's understand the customers and the decisions that customers make. They have first-hand knowledge and experience of working with Multichoice customers. The average CSR served approximately 23 customers in a day (Multichoicedailystaffperformance, 2019). This translates to approximately 5,000 customers per year. The average CSR has approximately 5.9 years of experience which equates to each participant serving 29,500 customers. For these reasons, gathering information from only a few CSR's was more valuable than gathering information from two thousand customers. Managers and administration staff were excluded from the interviews.

3.8 Accessible population

The accessible population according to Asiamah, Mensah and Oteng-Abayie (2017), is a subset of the target population that excludes both the people who are unwilling to participate and the people who are unavailable to participate in the study. Of the 31 CSR's working at Multichoice Umhlanga, only 20 CSR's (Customer Service Representatives) work daily. Each CSR works according to a schedule. During their schedules they work for 4 days and get 3 days off work (unless they are working overtime). Their working hours, depending on their shift, will either be 8am to 5pm or 9am to 6pm. The duration of their lunch breaks is 1 hour, and their lunch times vary as the company tries to maintain an optimal number of CSR's serving customers at any

one time. The target population versus the number of interviewed participants is shown in Table 3.8-1 below.

| Participants | Total | Participated | Justification |
|--|-----------|--------------|--|
| Customer Service Reps. at Multichoice Umhlanga | 31 | 20 | Customer Service Reps. work directly with customers every day. |
| Total | 31 | 20 | |

Table 3.8-1: Summary of total target population versus interviewed participants

From Table 3.8-1 it is seen that the targeted population was 31 CSR's (Customer Service Representatives). From the 31 targeted CSR's based on accessibility, a total of 20 CSR's was interviewed. This is almost 65% of the target population which is much higher than the minimum target of 50%.

3.9 Unit of Analysis

A unit of analysis as described by Decarlo (2018), is the component that you would like to discuss at the end of your study and probably what the researcher considers to be the main focus of the research; common units include organizations, groups and individuals. The unit of analysis for this study was the individual staff members of Multichoice Umhlanga.

3.10 Sampling Method

Sampling is a process of selecting representative units from the target population such that the findings from the research apply generally as opposed to the situation of a particular individual (Flick, 2018). The two main classifications of sampling methods are probability and non-probability sampling (Acharya, Prakash, Saxena and Nigam, 2013).

Probability sampling can be further broken down as follows (Acharya et al., 2013):

- Multistage sampling
- Multiphase sampling
- Cluster sampling
- Stratified random sampling
- Systematic random sampling
- Simple random sampling

Non-probability sampling can be further broken down as follows (Acharya et al., 2013):

- Snow-ball sampling
- Quota sampling
- Convenience / purposive sampling

According to Etikan, Musa and Alkassim (2016) convenience sampling places importance on making sure that the information gained, is a representation of the target population. This study used a non-probability sampling method. Convenience sampling was used to identify CSR's (Customer Service Representatives) based on availability and willingness to participate in the study. The study aimed to interview 20 Customer Service Representatives who were accessible during their lunch breaks between 8 am and 4 pm from Tuesday 17th September 2019 to Wednesday 18th September 2019. Since their lunch breaks were of a one-hour duration, the scheduled duration of the interviews was planned to be half an hour so that the participants still have some time to eat their lunch.

3.11 Participant Response Rates

The planned target sample was 20 participants. The participants wanted to share their knowledge and experience in this study as they felt it could benefit the company. Due to the eagerness of the target population and their lunch breaks being at different times of the day, interviews were conducted over a two-day period. Some participants could not attend in the allocated two days of interviews and were turned down considering that 20 participants were already interviewed at the end of the second day of interviews. Also, by the last couple of interviews, the amount of new information started saturating.

3.12 Data collection method / Instrument

Data collection refers to methods such as focus groups, surveys and interviews that can be conducted in order to gather large quantities of data from participants. This applies to both quantitative and qualitative studies (Sutton and Austin, 2015). In this study semi-structured interviews and focus groups were conducted using open-ended questions (see Appendix B for interview schedule) to stimulate the information gathering process. The open-ended questions were prepared in advance. Cellphone applications were tested and prepared so they could be used to record conversations where participants permitted recordings.

3.13 Data Collection through Interviews

Interviews are a popular means of collecting research data for qualitative studies. Using predefined questions (see Appendix B for interview schedule) as part of semi-structured interviews, can yield useful data which can uncover opinions, perceptions and experiences of participants (Peters and Halcomb, 2015). The data collection method for this study involved the use of individual face-to-face interviews as well as focus groups. The interviews were used to gain insights that would be used to address the objectives of this study. Audio recordings were made in cases where participants allowed it.

3.14 Qualitative Data Analysis

Qualitative data analysis involves the organization and understanding of information or data to make declarations regarding explicit and implicit structures and dimensions of investigation of the data and what is represented in it (Flick, 2013). While deductive coding is based on having prior research knowledge or experience, inductive coding involves gaining a broad knowledge so that relevant questions may be asked during interviews, resulting in themes emerging from the data (Rivas, 2012).

This study made use of inductive coding. Data reduction was achieved by identifying patterns and themes. These themes are used later to verify the theories researched. The researcher investigated the use software programs such as NVivo and Dedoose

as these are powerful tools that can identify themes and patterns. These software programs can also track and even manage data. The researcher decided not to use the software as the themes were easy to find. Finally, the research was assessed for reliability and validity (Leung, 2015).

3.15 Reliability and validity of study

Transparency and replication are a key part of reliability; reliability in research means that the results can be duplicated in different environments or by using similar measurement instruments (Mouter and Vonk Noordegraaf, 2012). The concept of validity is irrelevant and misleading when conducting qualitative studies; instead authenticity, trustworthiness and credibility should be used as the equivalent concepts to validity (Yilmaz, 2013). The data in this study was collected through face-to-face interviews. For transparency, all the interviews were recorded as all participants gave consent to make audio recordings. To ensure reliable information, the researcher interviewed more than 50% of the target population. Triangulation is a method of using multiple data sources such as qualitative and quantitative studies in order to achieve consistency and reliability (Pandey and Patnaik, 2014). Due to the limited time, triangulation was not used. The researcher decided to only conduct a qualitative study. To ensure credibility of information, authenticity and trustworthiness, where there is doubt the researcher asked additional questions to make sure the participants' views and information was accurately captured. Interview recordings were backed up and can be made available on request.

3.16 Bias

Bias is an influence that distorts the results of a study; sometimes the way data is acquired or examined, is associated with the researchers' own agenda (Galdas, 2017). In order to eliminate bias, the researcher will get participants to review the results to ensure it reflects their beliefs. Where possible, the researcher may ask peers to review the results of the study to check if there are any obvious biases.

3.17 Ethical considerations

Before conducting studies based on an organization, it is important to inform the management of the company before engaging with employees (Wiles, 2012). The regional and branch managers were informed of the research topic and the intention to conduct interviews. This showed the management team that there was good intention to conduct this study without any negative impact on the business or participants. The regional and branch managers were pleased with the study and its intentions, so they provided a Gate Keepers' Letter (see Appendix A). The branch manager was informed in advance of the dates on which interviews were conducted.

Connelly (2014) says that voluntary participation is important in any research study. Participants first signed a prepared consent letter (see Appendix C) that raises the issues of confidentiality, anonymity, no monetary gain, as well as voluntary participation with the option to withdraw at any time. Fortunately, all participants participated in the interviews until the end and did not withdraw. The consent letter (see Appendix C) showed contact details and informed participants that their confidentiality and anonymity will be maintained by the Graduate School of Business Leadership UKZN. The proposal along with the planned research methodology was presented to the UKZN Ethics committee through the RIG system. The UKZN Ethics committee considered the application and gave the proposal a "Full Approval" for Ethical Clearance (see Appendix D).

3.18 Chapter summary

The researcher chose to conduct a cross-sectional qualitative study using an interpretive paradigm. The study setting was the Multichoice Umhlanga Service Centre in KwaZulu-Natal. The target population was all the Customer Service Representatives at Multichoice Umhlanga while the accessible population was 20 Customer Service Representatives. The sampling method chosen was convenience sampling. Data was collected using semi-structured interviews. After collecting the data, the analysis of data used inductive coding. The codes and themes that emerge from the results will later be verified against the theories that were researched. The researcher made every effort to safeguard the reliability and validity of the data and avoid biases. Finally, all the necessary steps were taken to ensure the research was conducted in an ethical manner to protect both the company and the participants. The UKZN Ethics committee gave their “Full Approval” for Ethical Clearance. The results of the study will be presented in the next chapter.

CHAPTER FOUR – PRESENTATION OF FINDINGS

4.1 Introduction

This chapter presents the findings of the study. It starts with demographics, which was a good spread of age, gender, race and educational level. Secondly it presents the themes that emerged from empirical evidence.

4.2 Presentation of Results

This section will present the results in two sections. The first section will be based on introductory questions and demographics. The second section will present the actual results of the study.

4.2.1 Introductory questions and demographics

The participants were introduced to the study and asked some introductory questions. These questions were used to generate the demographics of the participants which can be found in Table 4.2.1-1 below.

| Basis | Respondents | Percentage |
|---------------|-------------|------------|
| Gender | | |
| Female | 14 | 70% |
| Male | 6 | 30% |
| Race | | |
| Black | 14 | 70% |
| Coloured | 3 | 15% |
| Indian | 3 | 15% |
| Age | | |
| 26-30 | 10 | 50% |
| 31-35 | 6 | 30% |

| | | |
|---|----|-----|
| 36-40 | 2 | 10% |
| 41-45 | 2 | 10% |
| Education | | |
| Grade 12 | 6 | 30% |
| Diploma | 12 | 60% |
| Degree | 2 | 10% |
| Marital Status | | |
| Married | 5 | 25% |
| Single | 15 | 75% |
| FAIS (Financial Advisory & Intermediary Services) Accredited | | |
| Accredited | 6 | 30% |
| Not Accredited | 14 | 70% |
| Experience Working as a Customer Service Representative | | |
| 2-4 years | 5 | 25% |
| 5-9 year | 13 | 65% |
| 10-14 years | 2 | 10% |

Table 4.2.1-1: Participant Demographics

Table 4.2.1-1 above shows the demographics of the participants. From the demographics it is clear that there was a good spread of age, gender, race and educational level. Most participants have a diploma. Also, most participants have between five and nine years of experience working as a customer service representative. This combination of qualifications and experience shows that the team has a vast amount of credibility. Six of the participants are FAIS Accredited so they can provide certain business functions relating to giving advice on finance or insurance.

4.2.1.1 Initial Interview

The first interview was conducted according to the question schedule. Some new questions and themes came up during interviews, so they were added to the interview schedule. Some questions were slightly tweaked, based on the experience from prior interviews. For example, there were two terms ('utilitarian' and 'hedonic') which were used in the interview. Mentioning the two terms upfront would intimidate people. However, it was found that if each term is introduced and explained on their own, participants would easily understand the terms and not get intimidated. Some participants were not familiar with terms such as 'Big Data' and 'Artificial Intelligence' so these were simplified and referred to as technology.

4.2.1.2 Value for Money

Participants were asked whether the Multichoice Decoder Insurance was providing a value for money offering given the benefit and convenience. The results can be seen in Figure 4.2.1.2.1 below.

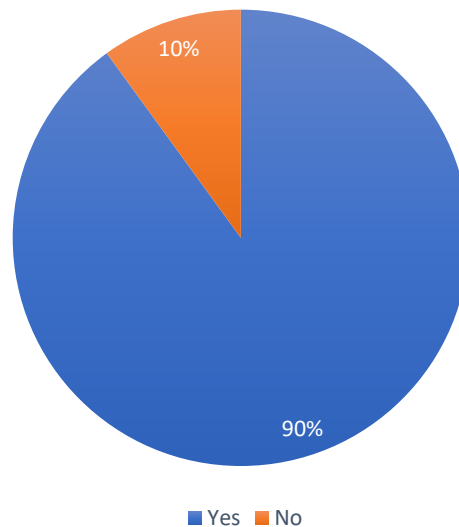


Figure 4.2.1.2.1: Is the Multichoice 'Decoder Care Contract' Insurance value for money?

Of the 20 participants in Figure 4.2.1.2.1 above, 18 (or 90%) felt that the Decoder Care Contract (DCC) insurance was providing good value for money. The reasons participants gave for saying that it was value for money was that customers would

benefit from the convenience of a quick swap with no questions asked. The other reason was that during times of load shedding and power outages many customers benefited from the DCC insurance when their power supplies were damaged due to the power fluctuations. The other benefit for the middle to higher income customers is that there is no excess fee payable by the customer during claims, whereas household insurance would normally require the customer to pay an excess fee when doing claims. For lower income customers the insurance cover means that these customers do not need to come up with an amount of money that is deemed high for these customers to replace a decoder.

Participants 18 and 20 felt that the price of the DCC insurance was too high when compared to household insurance and that the price needs to be lowered.

4.2.2 Actual Research

The results were grouped into themes. The main themes are based on the research objectives:

- 1) Investigate the effect of the insurance price on the customers' choice of insurer.
- 2) Determine the level of influence that the decoders' replacement value has on the customers' choice of insurer.
- 3) Analyse the impact of the cost of the video service on the customers' choice of insurer.

Thereafter, the results for other relevant themes are shown. Most of these themes came from the literature review.

4.2.2.1 Question 1 – How does the price of the decoder insurance affect the customers' choice of insurer?

4.2.2.1.1 Price of the decoder insurance

There were mixed feelings about the insurance price. Out of the 20 participants, 18 participants said that they have encountered customers who calculate the cost of the insurance over a period of a year or two years. Participant 7 claimed that 6 out of 10 customers would do this calculation. However, this is just an estimate from the specific

participant without any actual research. It was found that, for customers who have three Explora decoders, the monthly insurance can become significant as it works out to R105 per month. Regarding customers who do have decoder insurance, 12 participants specifically said that the insurance is reasonably priced, and the customers don't complain about it being expensive. But 3 participants (Participants 18, 19 & 20) were insistent that the insurance price on the HD Zapper decoder was too expensive and that it should be reduced. Participant 8 claimed that if a customer does not claim for 3 years then the customer would have spent more on insurance than on a new decoder. Something interesting that Participant 9 said was that "... some people believe in insurance and other people don't believe in insurance ..."

4.2.2.1.2 Income Level and Affordability

Low income customers are more likely to take insurance as they generally find it difficult to come up with the money to replace a faulty decoder. Then there are customers who have such a low income that they cannot even afford the insurance premiums. This is especially true for customers whose subscription packages are almost the same as the monthly insurance premium.

The results regarding high-income earners' insurance is shown in Figure 4.2.2.1.2.1.

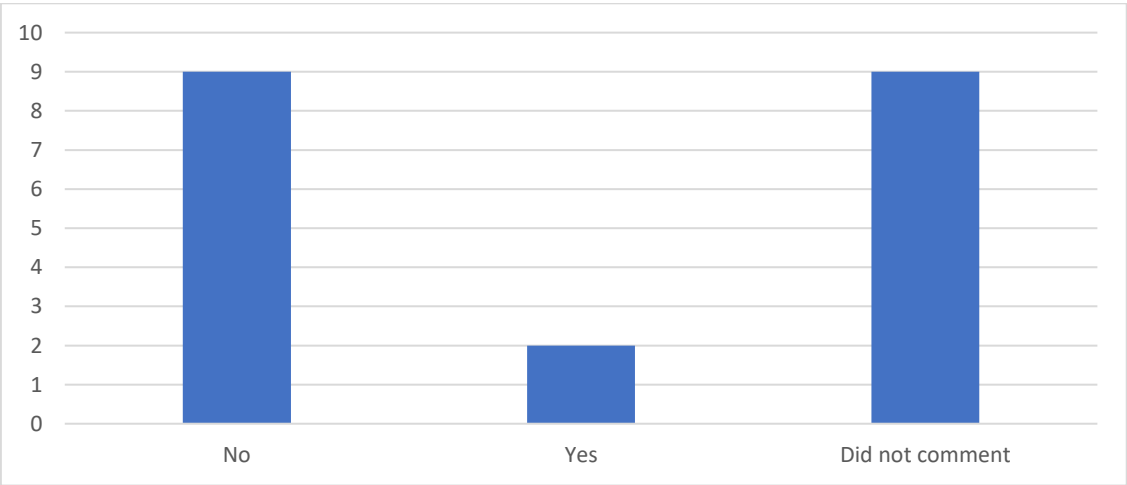


Figure 4.2.2.1.2.1: Do high-income earners take insurance?

While the majority of participants in Figure 4.2.2.1.2.1 did not comment on high income earners, 9 out of 11 participants argued that high income earners did not need and therefore do not take decoder insurance.

4.2.2.1.3 Technology – Big Data & Artificial Intelligence

The targeted participants were not familiar with the terms AI (Artificial Intelligence) and Big Data. As a result, there was not a lot of relevant feedback relating to AI and Big Data. There was one participant (Participant 17) who did mention that customers who live near the beach were at a very high risk of their decoders and satellite dishes rusting. Based on location, people living near the beach can thus be flagged as higher risk customers using AI technology.

4.2.2.1.4 Comparing Insurance Options

While a few participants noted that some customers buy an extended warranty from Game, no other store was mentioned to have an extended warranty. The most popular insurance option that was mentioned by every single participant was “Household” insurance. A lot of customers who have household insurance would not take DStv’s DCC (Decoder Care Contract) insurance unless the benefits of DCC were better explained to the customer to show the value added. Participant 18 said that household insurance cover is generally cheaper than decoder insurance as the household insurance covers a lot of different appliances at a lower rate of insurance while the DCC insurance only covers the decoder. It was also noted that some household insurances did not cover DStv decoders unless the customer specifically added such cover. The one drawback of household insurance was that customers would normally have to pay an excess when claiming for a decoder.

On the DCC insurance there is no excess payable and the DCC insurance pays out immediately, meaning that the customer will be able to continue enjoying their services with very little downtime. It was noted that a few customers would claim from both the DCC insurance as well as their Household insurance. The one drawback of the DCC

insurance is that the replacement decoder the customer gets, is a second-hand decoder and not a new decoder. There is an exception where customers get a new replacement decoder if the decoder is damaged by lightning, which accounts for a very small number of claims.

Every participant stated that customers expect a new replacement decoder when claiming from the DCC insurance. Many customers get disappointed when they claim and find out they are getting a second-hand decoder. This is where household insurance has the upper hand as the household insurance will replace the faulty decoder with a new decoder. Some customers prefer not to take DCC insurance after finding out the replacement decoder is second-hand. In some cases, customers cancel existing DCC insurance when they find out that the replacement decoder is second-hand. Customers feel they are inheriting someone else's problem if they get a repaired unit. Sometimes repaired decoders give problems shortly after the decoder was given to the customer. In these cases, the customers lose confidence in the replacement decoders.

4.2.2.1.5 Upgrade option on insurance claim

A lot of customers expect that when they claim against their decoder insurance, they will get the latest decoder model. Unfortunately, customers get a repaired unit of the same model. Some customers do understand that this is how the insurance works, but they would like an option to pay in a little extra to upgrade to the latest decoder model. Participant 9 said that the company should rather charge a little more and upgrade customers to the latest decoder models.

4.2.2.2 Question 2 – Does the decoders' replacement value influence the customers' choice of insurer?

4.2.2.2.1 Sensitivity to Replacement Cost

The Explora decoder is a PVR (Personal Video Recorder) and usually costs R 1,000 for a new device while a repaired Explora costs R 600. The HD Zapper decoder which

does not have PVR functions sells for R 449 new while a repaired decoder of this model costs R 399.

The following Table 4.2.2.2.1-1 shows how many participants felt there was a relationship between the decoder insured and the customer choice of insurer. From those participants who believe there is a link, some participants felt there was more insurance taken on the more expensive decoder and others felt there was more insurance taken on cheaper decoders.

| THEMES | PARTICIPANTS | PERCENT |
|--|--------------|---------|
| More Explora Customers Take Insurance | 10 | 50% |
| More HD Zapper Customers Take Insurance | 6 | 30% |
| Insurance sales not linked to replacement cost | 4 | 20% |

Table 4.2.2.2.1-1: Which decoder owners are more likely to take decoder insurance?

The data from Table 4.2.2.2.1-1 shows that half of the participants felt that customers with Explora decoders were more likely to take decoder insurance. This was due to the number of issues customers experience with the Hard Drive on these decoders. Participants 13 and 14 agreed that customers with more problematic decoder models took insurance; Participant 13 said regarding problematic decoder models

“... it’s like the decoder is forcing you to take insurance”.

On the contrary it was found that 30 percent of the participants felt customers who had Explora decoders could easily replace their decoders. These participants felt that customers who had the cheaper HD Zapper decoders would struggle to replace their decoders and were therefore more likely to take insurance on their decoders.

Five participants agreed that the price of the Explora decoder has come down and is very affordable to such an extent that a lot of customers felt they do not need to insure these decoders. Explora customers who did not have insurance would rather pay R 1,000 for a new decoder than pay R 600 for a second-hand decoder. This shows the spending power of customers with Explora decoders. They did note however, that the

customers who could not afford the R 1,000 for a new Explora decoder were very likely to take decoder insurance.

When considering the HD Zapper decoder, which is the low-end decoder model, if the costs were explained to customers, they would rather pay R 20 per month than pay R 290 to get a repaired unit. Participant 15 felt the HD Zapper decoder was not expensive, so some customers who do not insure these decoders would manage without their video entertainment until they got paid and would then buy a repaired decoder.

4.2.2.2.2 Customer satisfaction based on past decoder insurance claims

Most participants (18 out of 20) said that customers who previously had problems with their decoders were very happy to take decoder insurance. A lot of these customers sign up for the insurance immediately. Participant 9 stated "... the moment you claim, and you have three decoders you always want to double check – Are my other decoders covered as well?". Participant 8 stated "...if you only find those customers who are having a lot of issues regarding their decoders, you don't even offer; they offer themselves. They ask: Is my decoder insured?".

Participants 15, 16 and 18 discussed a situation where a lot of people are influenced by their friends, where the friend experienced a problem or claimed from their decoder insurance. The friend ends up selling the decoder insurance to the customer. Participant 13 found that customers don't normally cancel their decoder insurance after they have taken it. The only circumstance where a customer would specifically cancel their decoder insurance is when they stop using a decoder. Participant 17 stated that customers who do not claim from their insurance for a long time feel they are paying unnecessarily. But when they do experience a problem, they quickly activate their insurance again.

4.2.2.3 Question 3 – To what extent does the cost of the customers’ video subscription impact on the customers’ choice of insurer?

4.2.2.3.1 Financial Risk based on Subscription Package

Only Participants 1 and 18 believed that there was no link between the cost of the package that a customer is on and their choice to take decoder insurance. The other 18 participants said that there is some link between the package that the customer is on and whether they would take insurance. On the low packages where the customers pay only R29 per month, it was found that these customers would not take insurance. Most of these customers would have a decoder without recording functions. The insurance on such decoders would be R 20 per month. By taking insurance the monthly payment would be almost doubled as the customer will pay R 49 per month instead of R 29 per month. Such customers would have a very low expendable income, so the insurance is unaffordable for them.

There was a general agreement among participants that the uptake of insurance on other low valued packages, like “DStv Access” which costs R 105 per month and “DStv EasyView” which costs R 29 per month, was generally very low. Customers on the highest package “DStv Premium” do take insurance. However, a lot of these customers don’t need the insurance as they can easily replace their decoders with a new decoder. The cost of a new Explora PVR (Personal Video Recorder) Decoder is about R 1,000. This is equivalent to a single months’ subscription and is therefore relatively affordable for these customers. Many of these customers have household insurance and would rather claim from their household insurance if they really needed to.

Four participants (Participants 7, 8, 13 & 14) stated that customers on the “DStv Premium” package expected the insurance to be included in their subscription due to the high cost of their subscription package. The middle-tiered customers are on the “DStv Compact” and “DStv Compact Plus” packages. Three participants (Participants 7, 13 & 14) said that most insurance sales came from the middle tier customers. Two participants disagreed with the majority of the participants; Participant 15 said that

Compact customers feel that insurance is not for them while Participant 17 believed that Compact customers rarely take insurance.

4.2.2.4 Other findings

4.2.2.4.1 Utilitarian versus Hedonic

All the participants agreed that the decoder is a hedonic device as it provides a lot of pleasure to customers who watch their sport, soaps and movies. While only a few participants have used the approach of letting customers know what they could be missing out on if they did not have insurance in place, most participants agreed that such an approach would generate more insurance sales. One example given was a case where the customer came in with his daughter, but he did not have enough money to replace his faulty decoder. A few hours later the same customer came back with his wife and 3 children who seemed to be putting pressure on him to get another decoder. Some CSR's (Customer Service Representatives) said that they felt some guilt when telling customers about what they would be missing out on when selling insurance. These CSR's were more comfortable using numbers and costs when advising customers on decoder insurance. They would prefer not to tell customers what they could be missing out on as they felt they would be using the customers' emotions to sell insurance. Such CSR's prefer to use the scripted sales pitch which is recommended by the company when advising customers on decoder insurance.

4.2.2.4.1.1 Touching a decoder and Psychological Ownership

The concept of psychological ownership was explained to the participants. Besides Participant 16 who could not grasp the concept, the rest of the participants unanimously agreed that there was no link between the customers touching their new DStv Decoders and their choice in taking insurance on that device.

4.2.2.4.2 Processes of claims and signing up

4.2.2.4.2.1 Ease of Insurance Claim

It was found that some insurances such as household insurance could have a lengthy process when it comes to claims. Customers don't always understand that some insurances are limited in what they cover. The DStv DCC insurance is the most comprehensive and easiest to claim from. One of the reasons is that a quick claims process means that the DStv customer can quickly get their services running again. With the DStv DCC insurance the customer does not have to prove how the decoder went faulty. With the DStv DCC insurance the customer would get their replacement decoder immediately and it will be prepared and activated with minimal down time.

4.2.2.4.2.2 Process of signing up for insurance

It was found that customer service representatives are not allowed to sell decoder insurance. In the past customers could walk in to the branch and get a customer service representative to activate insurance for their decoder. The current process of taking decoder insurance is cumbersome as customers now need to phone a call centre where they speak to someone who can sell insurance. Some customers do not like to give personal information or sign up for subscriptions over the phone, so they end up not taking insurance. Other customers consider the process of taking insurance as an inconvenience and end up not taking the insurance. They would rather sign up for insurance with the person who is in front of them. It was found that 30% of participants interviewed do have an FAIS (Financial Advisory and Intermediary Services) accreditation and could be utilized to sell insurance at the branch.

4.2.2.4.3 Some customers live very far from the customer care centre

The Multichoice DCC insurance can only be redeemed at customer care centres and not at Multichoice Agencies. For this reason, a few participants (Participants 1, 2, 3, 4, 5 & 6) said that customers who live in far-out areas should not take insurance on the cheap HD Zapper decoders. Such customers could end up spending R 200 to R 300 on transport to get to the customer care centre and they will get a repaired decoder.

For such customers it would be better to just buy a new decoder at their nearest store. Based on the customer address (using technology), customers can be advised accordingly.

4.2.2.4.4 Expiry of Manufacturers' Warranty

A lot of customers decide not to take DCC insurance on their decoder until the manufacturer's warranty expires. Many of these customers end up forgetting to take the insurance after the warranty expires. Using technology, such customers could be identified for insurance sales. The other scenario where customers end up not taking insurance is when they swap or replace a decoder and don't specifically call in to take insurance on the new decoder.

4.2.2.4.5 Seasonal pattern

Participant 2 found that the insurance sales were seasonal. During winter months there would be less insurance sale, then in the rainy seasons like spring and summer when customers experience problems with their decoders, more would end up taking insurance.

4.2.2.4.6 Installation not covered by insurance

Another participant (Participant 1) found that a lot of customers thought the insurance would cover their installation. That is not the case. Customers are disappointed as they would need to call out an installer when there is an installation related problem. Customers would like their insurance to cover the installation.

4.2.2.4.7 Emotional Benefit of "peace of mind"

It was found that low-income customers are more likely to take insurance. For the higher income customers, there was a consensus that some customers do take decoder insurance just to have peace of mind however, the number of customers who take decoder insurance for peace of mind is quite low. A few participants (Participants

9, 10, 11 & 12) agreed that this would be more popular among older customers such as pensioners.

4.2.2.4.8 Customer mood

The mood of a customer does impact on insurance sales. Customers who come into the branch in a bad mood generally do not want to listen to anything or anyone. It is very difficult to sell decoder insurance to customers who are in a bad mood. Often, when the customer service representative sees that a customer is in a bad mood, they will refrain from offering products and insurances in order that the customer does not leave in a worse mood than when they came in.

4.3 Chapter summary

Given the quality of service and quick turnaround, 90% of the participants felt that the Multichoice Decoder Insurance is good value for money. Regarding the insurance price, 60% of the participants felt the insurance price was reasonable considering that most customers don't complain about insurance prices. When asked whether the price of the device influenced the customers' choice of insurance, most participants agreed. However, 10 participants thought that customers with the expensive decoders would take insurance while 6 participants thought that customers with the cheaper decoders would take insurance. The cost of the video service does have an influence on insurance sales. It was clear that on some subscription packages customers would not take insurance while on other packages customers were more likely to take insurance. A clear link was found between income level / affordability and insurance sales.

When it came to technology such as AI and Big Data, there wasn't much useful information acquired as the participants were not familiar with these concepts. Customers who previously experienced a problem with their decoder would most probably take insurance. Some customers do take insurance for peace of mind. All participants agreed that the decoders were hedonic devices and could be used to increase insurance sales. There was no link between the psychological ownership

when touching a decoder and taking insurance. All participants agreed that the quickest and easiest insurance claim was from the Multichoice decoder insurance. There were complaints about the difficulties of signing up for Multichoice decoder insurance. The mood of the customer was flagged as a hindrance to insurance sales. Lastly, customers who claimed from decoder insurance expected a new replacement decoder. Some customers would have liked an option to upgrade to a newer model at a small cost. The next chapter will discuss the research findings in detail.

CHAPTER FIVE – DISCUSSION

5.1 Introduction

This chapter discusses the theory and results of this study. An analysis of the findings will be presented along with the related theoretical findings from the literature review. The findings will be discussed and compared to the theory to see if the findings match the expected outcome. Where the findings do not match the theory, the author will explain what the reasons for such differences could be. The chapter will start with themes from the main aims of this study and will then discuss other theoretical expectations followed by a discussion of findings that were not found during the literature review.

5.2 Question 1 – How does the price of the decoder insurance affect the customers' choice of insurer?

5.2.1 Theme 1 – Price of the decoder insurance

Based on the price of an insurance product and the value one gets from that insurance, it is easy to determine whether an insurance product is giving the customer good value for money. There are some people who calculate the cost of the insurance over a period. However, this is purely based on cost and does not consider the quick response and ease with which the customer can get the replacement of a decoder through when they have insurance in place. Customer service representatives understand what customers go through when replacing a faulty decoder and felt that the Multichoice Decoder Insurance was good value for money.

Given that the insurance is value for money, the other factor relating to the price of decoder insurance is the income level and affordability of the customers. If the price is affordable, more customers would be taking insurance on their decoders. According to Loke and Goh (2012), people with higher income levels are more likely to take insurance. This was not the case in the findings of this study. The finding from this study is shown in Figure 5.2.1.1 below.

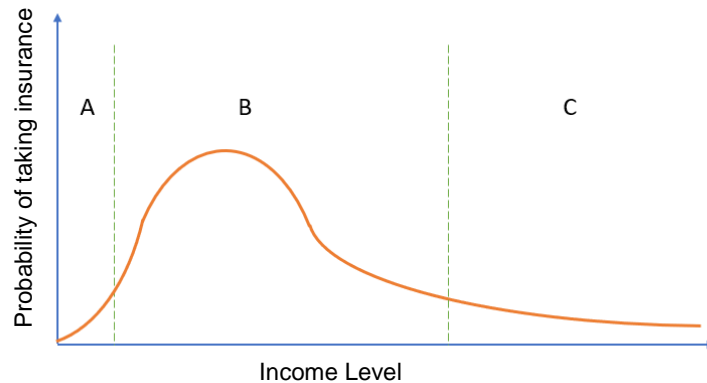


Figure 5.2.11: Probability of customer taking insurance based on income level

This study found, as illustrated in Figure 5.2.1.1, that there are three segments – A, B and C.

- Segment A

Segment A is the low-income earners. These customers would generally be on the cheaper packages due to affordability. Typical packages would be “DStv Access” at R 105 per month and “DStv Easy View” at R 29 per month. In Segment A, the lower the income level of the customer the less likely it is that the customer will take decoder insurance. Customers in Segment A most probably will not take decoder insurance. In this segment it is a case of the customer not earning enough money to budget and pay for insurance.

- Segment B

This segment would have the highest range of income levels and would be the bulk of the customer base. The customers in this segment could be on any package. However, most of these customers would be on either the “DStv Compact Plus” package at R 519 per month or the “DStv Compact” package at R 399 per month. A lot of the Premium customers would come from this segment.

Within this segment there are both high-income and low-income earners. Everyone in this segment can afford the insurance. The findings show that customers with a lower

income are more likely to take insurance. These customers might be able to afford the insurance, but may struggle to pay once off for a replacement decoder. As a result, the lower income customers end up taking the insurance more often than the higher income customers in this segment.

- **Segment C**

The customers in Segment C would be the high-income earners who can all afford to be on the Premium package. However, some of them would choose lower packages for various reasons. A lot of these customers would have a DStv subscription as well as other online subscriptions such as Netflix and Hulu.

The higher the income level of the customer the less likely it is that the customer will take decoder insurance. The higher the income level of the customer, the more affordable it is for that customer to simply buy a new replacement decoder. Customers in this segment are not likely to take decoder insurance.

5.2.1.1 Technology – Big Data & Artificial Intelligence

It was very unfortunate that the target participants were not familiar with the concepts of big data and artificial intelligence. According to literature, a lot can be done in this area. For example, according to Burgess (2018) companies have been using big data to come up with personalized insurance products. The same could be applied to decoder insurance in the areas where it is known that the customers cannot afford the insurance. Multichoice could provide a subsidized insurance rate for customers who genuinely cannot afford the insurance using similar methods as the study by Zhao et al. (2015). Although there were mixed feelings between participants, some participants did come up with some uses of technology. With so much talk about the fourth industrial revolution, a lot of people were intimidated by technology and artificial intelligence. From participant responses it came across that some participants were trying to prove human interaction would be better than computers interacting with customers. Although the trends highlighted in the overview of the SA short term industry indicate that companies are trying to retain top talent, the participants in this study felt their jobs were at risk. Recently Multichoice had introduced an Artificial Intelligence solution that is

interacting with customers to perform basic customer service functions. From the literature review, Yoon and Lee (2018) stated that companies can use virtual agents to service the customer care centre so companies can reduce their costs by hiring less staff. This could be a threat to the participants of this study as such automation could mean that there could be less work for the participants. This could explain their motivation to prove that human interaction is better than technology and artificial intelligence.

5.2.1.2 Comparing insurance options

Customers had a few options when taking insurance. The common options are Extended Warranties, Household Insurance and DStv DCC (Decoder Care Contract) Insurance. The most comprehensive option is the DStv DCC insurance. It does make sense that this would be the best insurance as it helps facilitate the business by ensuring that customers are able to consume video content by having a working decoder. When advertising or selling insurance, it is important to explain to customers what the differences are between the various options so that customers can make an informed decision.

5.2.1.3 Upgrade option on insurance

There was no mention of an upgrade option found during the literature review, but the finding is beneficial. The way insurance works in general is that a customer is compensated for their loss. If a vehicle is involved in an accident, the insurer will pay out the replacement value of the vehicle so that the customer is able to buy another vehicle of the same year, make and model. When an insured decoder is replaced, the same principle is applied; the customers' decoder is replaced with another decoder of the same make and model to put the customer in the same position they were in before the device went faulty. However, with technology changing so quickly, customers would like to have an option to pay in a small difference to get a newer decoder model when doing an insurance claim. When customers use the latest technology, it is beneficial both for the customer as well as Multichoice. It would make sense, when doing an insurance claim, to have two options available for a customer. The first option would be

the default of replacing a decoder with another decoder of the same make and model. The second option would be for customers who would like to pay an additional amount so that they can get the latest model of decoder. A third option would be to create a new insurance offering where customers pay a little higher premium and when they claim, they would get the latest model of decoder.

5.3 Question 2 – Does the decoders' replacement value influence the customers' choice of insurer?

5.3.1 Theme 2 – Sensitivity to Replacement Cost

There is a link between income level and affordability and the replacement cost of the decoder. But the relationship is not a simple one where the two factors are either proportional or inversely proportional. According to Wang et al. (2012), consumers with a low income are more likely to buy insurance for a device when the replace cost is high. From Figure 5.2.1, it is seen that for the largest segment being Segment-B, the lower income customers are more likely to take insurance. This confirms that the findings from this study are in line with this theory. Replacement cost is therefore one of the factors that influences the customer choice of insurer. When comparing the decoder models, customers with the more expensive decoders such as the Explora were more likely to insure their devices. This is even more likely in the case where the customer has a lower income but has a more expensive decoder such as the Explora. There were other factors that were linked to Explora customers taking insurance, such as previous claims on their decoder or an experience of their decoder going faulty; but that will be discussed later in this chapter.

5.3.1.1 Customer satisfaction based on past decoder insurance claims

The theoretical research found that people who made use of their health insurance were most satisfied when compared with people who did not have insurance in place as well as people who had insurance but did not claim from their insurance (Groot et al., 2018). That ties in with the findings of this study where it was found that people who claimed from their insurance were happy to keep their insurance in place. Further, this

study found that people who did not have insurance, but had a problem with their decoder were also very happy to take decoder insurance as they could see the benefits of having insurance in place. Customers who had claimed from their insurance, often make sure that all their decoders are insured. This confirms both the customers satisfaction with the insurance as well as the value customers see in this insurance.

Further theory from the literature says that people who did not make use of their health insurance were less satisfied than people who did not even have such insurance in place (Groot et al., 2018). Findings from this study reveal that this is applicable to decoder insurance. One participant stated that customers who do not claim from their decoder insurance for a long time feel they are paying unnecessarily, but when those same customers do experience a problem, they will quickly activate the insurance for their decoders.

Further findings from the study showed that customers whose friends experienced problems with their decoders would influence that customer to take insurance. Customers are easily influenced by their colleagues whom they trust. This is what was found in the literature review where the behavioural insurance theory says that in the case where the colleagues of a person are buying a certain insurance cover, that person may feel the need to also buy the same cover so that they do not regret it later (Richter et al., 2014).

5.4 Question 3 – To what extent does the cost of the customers’ video subscription impact on the customers’ choice of insurer?

5.4.1 Theme 3 – Financial Risk based on Subscription Package

The participants believed that there was a link between the financial risk and the customers’ choice of insurer. Lessard-Bonaventure and Chebat (2015) said that if the financial exposure is high, customers are willing to pay less for insurance. Without asking the question in the interviews, four different participants (Participants 7, 8, 13 & 14) stated that customers on the “DStv Premium” package (which is the most expensive package) expected that the insurance would be included in the subscription. On the

lowest packages where customers pay a subscription of R 29 per month, such customers would not take insurance even on the cheapest decoder where the insurance costs are R 20 per month. Regarding insurance on other lower end packages, it was found that the uptake of insurance was low. Most insurance sales are on the middle-tiered packages. Although on the highest package there are a lot of customers who take insurance, the numbers are not as high as the middle-tiered packages.

5.5 Other findings

Other findings emerged but did not fit into the previous themes.

5.5.1 Theme 4 – Utilitarian versus Hedonic products

Utilitarian products perform a function while hedonic products provide fun fantasy or pleasure (Lu et al., 2016). All participants agreed that the DStv decoders would be categorized as hedonic products because they provide pleasure for customers who watch various content such as sport, movies and cartoons. Janks (2017) says that consumers are more likely to insure hedonic devices compared to utilitarian devices. Based on the theory, it is expected that a lot of customers would be taking decoder insurance. It was found that most CSR's (Customer Service Representatives) did not use the hedonic property of the decoders to their advantage as they would follow a script when doing an insurance sales pitch.

Some CSR's did create an awareness for customers by informing them that if they did not have insurance in place, they could end up missing their favourite programs if their decoder were to go faulty. It was found that by creating this awareness customers were more willing to take insurance on their decoders. The one challenge for some CSR's is that they felt some guilt in telling customers about what they would be missing out on when selling insurance. These CSR's were more comfortable using numbers and costs rather than telling customers what they could be missing out on. These CSR's would normally use the scripted sales pitch that is recommended by the company when

advising customers on decoder insurance. In the case of utilitarian versus hedonic products, the findings from the study does match the theory.

5.5.2 Touching a decoder and Psychological Ownership

Lessard-Bonaventure and Chebat (2015) found that when touching a product, the customer's willingness to pay for insurance on a non-hedonic product is significant while for a hedonic product this effect is insignificant. The findings from this study showed that the DStv decoders are hedonic products. The findings also showed that there was no link between the customer touching a decoder and their willingness to take insurance on the device. This is exactly what the theory stated so it is expected.

5.5.3 Theme 5 – Processes of claims and signing up

There were some processes that were identified to impact on the customers' choice of insurance.

5.5.3.1.1 Ease of insurance claims process

Although this was not researched as part of the literature review, it was found that some insurance claims processes are lengthy and have an excess payment while for other insurance options such as the extended warranty and DStv DCC insurance the process is much quicker and there is no excess payment required. In order to influence the customers' choice of insurer, customer service representatives should explain to customers how the different claims processes work and that they would need to watch out for payment of excesses on certain insurance products. This will have a positive influence on the customer choice of insurer.

5.5.3.2 Process of signing up for insurance

This was also not researched during the literature review. However, this is something that can have an impact on insurance sales. The process of signing up for decoder insurance is not a simple click of a button for customer service representatives. It is a bit of an inconvenience as customers would need to speak to a consultant over the

telephone. Either the customer would use the telephone in the Multichoice office, or they would use their own telephone to make the call. In the first case of using the telephone at the Multichoice office, it depends on whether the customer has the time to make the phone call and go through the process of activating insurance. If the customer has other appointments, they would probably opt to take insurance another time and that may not even happen. When using the option of phoning from their own cellphones to activate insurance, some customers may consider the cost of the call as most call centres can be very busy with customers waiting a long time in the queue. The anticipated cost of the telephone call could deter the customer from taking decoder insurance. The other issue is that a lot of people don't like buying products over the phone. These are possible hinderances that could result on fewer sales on decoder insurance. The company could look at technology options such as activating insurance from the mobile app or website.

5.5.4 Some customers live very far from the customer care centre

It was found by a few participants that some customers live in areas that are far from Multichoice customer care centres. The insurance can only be claimed at the Multichoice customer care centres. For customers who do not have transport it can be costly and time consuming to travel to a Multichoice customer care centre to claim against their decoder insurance. If Artificial Intelligence technology was used, customers whose addresses are far from Multichoice customer care centres could be flagged by the system so that the customer service representative can advise the customer that they would have to bring the decoder in to the nearest Multichoice customer care centre to claim from the insurance. Customers could then decide to not take insurance but rather just buy a new decoder as it may be cheaper in some cases and could save customers travelling time.

5.5.5 Expiry of manufacturers' warranty

The findings showed that a lot of customers do not take the DCC (Decoder Care Contract) insurance while the decoder is still under the manufacturer's warranty. After

the manufacturer's warranty expires a lot of customers forget to add the DCC insurance and sometimes only realize it when they need to claim for a fault. If the company were to use technology to their advantage, customers could be identified when they are getting close to the end of their manufacturer's warranty. These customers can be sent reminders to inform them that their insurance is about to expire and that they should consider taking new insurance on their decoders.

5.5.6 Installation not covered by insurance

It was found during the interviews that some customers expected that their installation would be covered by insurance. Unfortunately, the installation is not covered by the DCC insurance. However, this is a business opportunity to offer a new insurance that specifically covers the installation for the customer. To safeguard the company, the insurance could be structured so that customers who use an accredited installer can take the new insurance within a certain period after doing a new installation. This insurance could cover issues that come up on the customer's installation as well as upgrades. This will generate new revenue streams.

5.5.7 Emotional benefit of peace of mind

Research by Wang et al. (2012) shows that people who are poor are the most likely to purchase an extended warranty. In this study, as illustrated in Figure 5.2.1, it is seen that the set of customers in Segment-B, the lower income customers, are more likely to take insurance. This confirms that the finding from the study is in line with what the theory states. For the higher income customers, it was found that some customers do take decoder insurance just to have peace of mind. However, the number of such customers who take decoder insurance for peace of mind is quite low. It was further found that this would be more popular among older customers such as pensioners.

Although it was not specifically mentioned in the literature regarding customers with higher incomes, it was implied that they would be less likely to take out insurance since the literature was expecting more low-income customers to take out insurance. When considering the lowest income earners in Segment A of Figure 5.2.1 it must be noted

that these customers earn so little that they cannot afford the insurance. Even if these customers wanted to take out insurance for peace of mind, it would be beyond their control as it would be unaffordable. The theory does hold true for customers who would fall into Segments B and C, and most customers fall into these two segments.

5.5.8 Customer mood

In the behavioural insurance theory, Richter et al. (2014) said that the same person may react differently to the exact same complex situation depending on factors such as mood. This is what was found in this study. Participants expressed the difficulties and challenges in selling products to customers who are in a bad mood. Generally, if a customer is in a bad mood, they will not want to buy anything.

5.6 Conceptual Framework

The following conceptual framework in Figure 5.6.1 shows the variables that have been identified as having an impact on the number of insured devices. These variables emerged from this study.

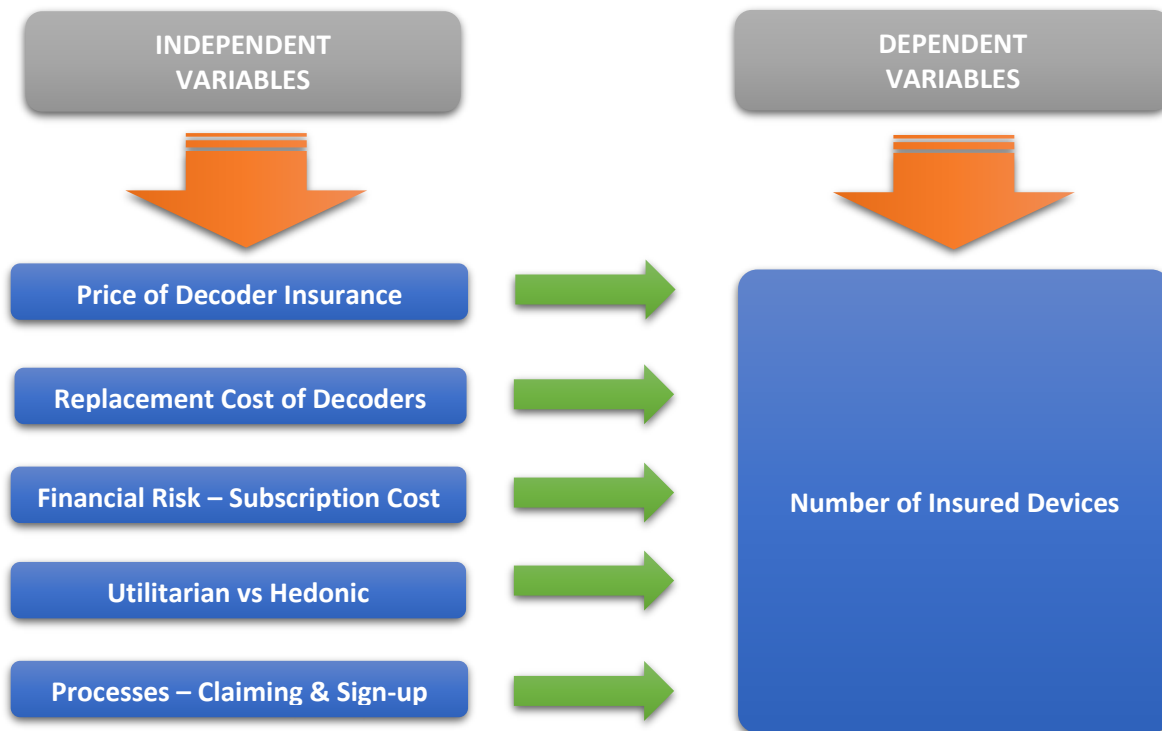


Figure 5.6.1: Conceptual Framework

Source: (Author, 2019)

The conceptual framework in Figure 5.6.1 above shows the key variables that influence the number of insured devices. The key variables are:

- **Price of the decoder insurance** – the price of the decoder insurance has a significant influence. It depends on customer affordability and how the insurance options compare. Having an upgrade option could impact the customer decision.
- **Replacement cost of decoders** – the replacement cost of the device does influence the customer choice. When customers experience a faulty device, they will find out what the replacement costs are and realise the value of insurance.

- **Financial risk** – the subscription packages are a good indicator of customers who will take insurance. This can be used to target customers when selling insurance.
- **Utilitarian versus Hedonic** – the hedonic properties of decoders can change the mindset of a customer when they understand what they could be missing and for how long they could miss their shows.
- **Processes** – processes such as the claims process and signing up process can affect the customer choice of keeping or taking the time to sign up for insurance.

5.7 Chapter summary

This chapter discussed and identified many factors that influence the customer's choice of insurer. The price of the decoder, the replacement cost of the decoder and the monthly subscription cost are all factors that influence the customer's choice of insurance. Customers who previously claimed from insurance or had the experience of replacing a faulty decoder are very likely to take decoder insurance. The hedonic properties of the DStv Decoder can be used to the advantage of the company to sell more insurance as it would be a benefit to both the customer and the company. Processes, such as signing up for decoder insurance and the ease of making an insurance claim, do have a direct impact on the number of decoder insurance sales. The company needs to identify customers whose manufacturer's warranties are about to expire and send reminders to such customers so that customers do not have periods where their devices are not insured. It was found that psychological ownership through touching a decoder does not influence the customer's choice of insurer. Big data and artificial intelligence were not identified by participants as factors influencing the customer's choice of insurer. However, the researcher would recommend that further studies be conducted in this field as there is a lot of potential in this area. It was also found that the customer's mood does have an impact on the choice of taking insurance. Given the interesting findings in this study, various conclusions and recommendations will be made in the next chapter.

CHAPTER SIX – CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter summarizes the study that was conducted. Conclusions are drawn and linked to the research objectives. The implications of this study are elucidated. The limitations of this study are explained. Thereafter, recommendations are made based on the findings from this study.

6.2 Conclusions

The primary factor of influence is the income level of the customer. There were three main income levels that customers can be classified into. The first is the low-income level where customers cannot afford insurance. The second is the middle-income level which is a very broad spectrum as such customers could be on any package level. The third is the high-income level where customers don't even need to think about insurance as they can buy a new DStv Decoder when needed. Based on the primary factors, the research questions were answered as follows:

6.2.1 Question 1 – How does the price of the decoder insurance affect the customers' choice of insurer?

The low-income customers are defined as the ones who cannot afford the insurance premium. There is an extremely small chance that these customers would take DStv Decoder insurance.

Most customers who take DStv Decoder insurance are from the middle-income level. For all customers, except the low-income customers, it was found that the lower the income level, the higher the chance that the customer will take DStv Decoder insurance. It is implied from the above statement and confirmed by participants that the highest income customers are least likely to take insurance on their decoders.

6.2.2 Question 2 – Does the decoders' replacement value influence the customers' choice of insurer?

The replacement value of the decoder does influence the customers' choice of insurer. When comparing the decoder models, it was found that customers with the more expensive decoders such as the Explora were more likely to insure their devices. When considering income level, this is even more likely in the case where the customer has a lower income, but has a more expensive decoder such as the Explora.

6.2.3 Question 3 – To what extent does the cost of the customers' video subscription impact on the customers' choice of insurer?

There is a link between the cost of the video subscription and the customers' choice of insurer. It was found that customers on the highest and lowest packages were the least likely to take decoder insurance. Most insurance sales came from customers who were on the middle-tiered packages.

6.2.4 Other findings based on theory

When customers claim from their insurance or just experience a fault in general, they are more likely to take insurance on their decoder. But when customers do not benefit from their insurance for a long time, they feel they are wasting their money paying for insurance. The other major influence is when the friends of a customer experience a problem, those same friends often influence the customer to take insurance.

The Hedonic properties of the DStv Decoder do influence the customers' choice of insurer. However, that is only the case when customers are reminded of what they will be losing out on if they were to experience a fault with their decoder.

There are two processes that influence the customers' choice of insurer. The claim process of DStv DCC (Decoder Care Contract) insurance is very quick and it has been streamlined to ensure the smooth running of the business. Other insurances such as household insurance often have lengthy claims processes. The process of signing up

for DStv Decoder insurance on the other hand is not straight forward and can be a deterrent to some customers.

Most customers expect an upgrade option when claiming from DStv Decoder insurance. Unfortunately, this is not an option. Some customers are even willing to pay in a little extra so that they get a newer model of decoder instead of the same model of decoder, but this option is not available when claiming from DStv DCC insurance.

There are several customers who decide they will take the DStv DCC insurance when the manufacturer's warranty expires. When the warranty does expire, these customers usually forget to take out the insurance and end up only addressing the issue when something goes wrong with their decoder.

6.3 Implications of this research

This study has identified several factors that influence the customer's choice of decoder insurer. These factors can be used to increase the number of insurance sales for decoders. The results of the study have shown which customers are most likely to take out decoder insurance. Using this information, an insurer can target those customers who are most likely to take out decoder insurance so that the effort is minimized, and the sales is maximized.

6.4 Limitations of the study

When questioning participants on the topics of big data and artificial intelligence, it was apparent that participants were not familiar with the topics. In retrospect, it makes sense that the targeted participants were not knowledgeable in this area as they would not normally keep up with information technology trends. Such questions should have been targeted at the more senior level staff members in the company. Those senior staff members are not located at the Umhlanga branch so accessibility would have been a challenge as they are located at the Randburg branch in Gauteng. As a result, those staff members could not be easily identified and interviewed.

6.5 Recommendations to solve the research problem

The insurance price and decoder replacement cost do influence the customer's choice of insurer. However, these are ultimately based on the income level and affordability for the customer. Based on subscription packages, it was found that customers on the middle-tiered packages are most likely to take out decoder insurance. The company should put in extra effort to target customers on the middle-tiered packages whose income level is high enough to afford the insurance.

Customers who have the experience of doing a decoder insurance claim or just having a faulty decoder, would most likely take decoder insurance. Also, if the friend of a customer has claimed from insurance, that friend can easily influence the customer to take out decoder insurance. The company could look at introducing a benefit (such as a rewards programme or discount) for customers who get their family or friends signed up for decoder insurance. Such promotions have been done by some businesses such as Virgin Active Gyms where you would get a month free if you sign up a new member.

More can be done to market the insurance to the customer. The hedonic property of the DStv Decoders is something that needs to be capitalized on. When selling insurance customer service representatives should be using this property to market the insurance. This should increase the insurance sales. Another factor that should be marketed is the process of claiming from DStv DCC insurance as it is the quickest and least painful for the customer.

There should be regular surveys conducted to see which decoders are getting close to the end of their manufacturer's warranty. Customers owning these decoders should be targeted to inform them that their decoder manufacturer's warranty is about to expire and offer them an option to take decoder insurance. This will give the customer an opportunity to consider taking insurance before anything was to happen to their decoder.

Lastly, there are customers who believe that the decoder insurance covers their decoder installation. Unfortunately, the decoder insurance only covers the decoder and not the installation. This is an opportunity for the company to sell installation insurance for customers to have peace of mind that their installation will be maintained. The company should investigate whether such an offering is feasible.

6.6 Recommendations for future studies

There is a lot of potential value in using a combination of big data and artificial intelligence. The targeted participants were not the ideal candidates to provide such insights. The author of this study recommends that further research be done in the area of big data and artificial intelligence as this could be used to change the way decoder insurance is marketed and sold.

The other area of investigation would be around the process of signing up for DSTv Decoder insurance. This process must be simplified. There must be a way to optimize that process and make it quick and easy for customers to sign up for such insurance. If the process is quick and can be processed by the customer service representative who is assisting the customer, then a lot more insurance sales can be expected. A large number of people are more comfortable buying things from the person they see in front of them than someone on the other end of the telephone. It is recommended that further studies be conducted to investigate how this process can be optimized and simplified.

Customers are asking for an upgrade option when claiming against decoder insurance. An upgrade option will help customers move on to devices that use the latest technology. Further investigation is required to understand how an upgrade option can be structured and sold to customers, and whether such an option would be feasible.

6.7 Chapter Summary

The chapter outline describes all chapters. Thereafter the concluding remarks are stated.

6.7.1 Concluding remarks

This study was conducted to understand the factors influencing the customer's choice of insurer. The results helped confirm various factors that influence the customers' choice of insurer. The key findings are that the insurance price, the decoder replacement cost and the video subscription cost are factors that influence the customers' choice of insurer. More marketing needs to be done to highlight ease of claiming from DStv Decoder insurance as well as the hedonic property of the decoders as these can generate more insurance sales. The process of signing up for insurance needs to be simplified and optimized. The results also identified the most likely customers who can be targeted in order to generate more decoder insurance sales. The objectives of this study were met as the research questions were answered. Based on the findings of the study, recommendations were made on how to effectively influence the customer's choice of insurer.

REFERENCES

- Acharya, A. S., Prakash, A., Saxena, P. & Nigam, A. 2013. Sampling: Why and how of it. *Indian Journal of Medical Specialties*, 4, 330-333.
- Africacheck. 2019. South Africa's emigration problem – no one knows how big the brain drain really is. Available: <https://businesstech.co.za/news/lifestyle/318736/south-africas-emigration-problem-no-one-knows-how-big-the-brain-drain-really-is/> [Accessed 13 August 2019].
- Alhassan, A. L. & Biekpe, N. 2016. Competition and efficiency in the non-life insurance market in South Africa. *Journal of Economic Studies*, 43, 882-909.
- Ashrafian, H. 2017. Can artificial intelligences suffer from mental illness? A philosophical matter to consider. *Science and engineering ethics*, 23, 403-412.
- Asiamah, N., Mensah, H. K. & Oteng-Abayie, E. F. 2017. General, target, and accessible population: Demystifying the concepts for effective sampling. *The Qualitative Report*, 22, 1607-1621.
- Baicker, K., Congdon, W. J. & Mullainathan, S. 2012. Health insurance coverage and take-up: Lessons from behavioral economics. *The Milbank Quarterly*, 90, 107-134.
- Barnard, A. 2012. *Innovate 7 - 2012*. Innovate. Pretoria: University of Pretoria.
- Burgess, R. 2018. Insurance meets technology: Advances in big data promise personalization and challenges for carriers. *Indiana Lawyer*, 28, 23-23.
- Bussin, M. H. & Thabethe, N. N. 2018. Reward preferences in South Africa's media industry. *SA Journal of Human Resource Management*, 16, 1-12.
- Camilleri, M. A. 2018. Understanding customer needs and wants. *Travel marketing, tourism economics and the airline product*. Springer.
- Car, J., Sheikh, A., Wicks, P. & Williams, M. S. 2019. Beyond the hype of big data and artificial intelligence: building foundations for knowledge and wisdom. BioMed Central.
- Cettolin, E. & Tausch, F. 2015. Risk taking and risk sharing: Does responsibility matter? *Journal of Risk and Uncertainty*, 50, 229-248.

- Chappe, R. 2012. Pleasure, Happiness and Fulfillment: The Trouble With Utility. Available: <https://www.ineteconomics.org/perspectives/blog/pleasure-happiness-and-fulfillment-the-trouble-with-utility> [Accessed 27 Aug 2019].
- Choy, L. T. 2014. The strengths and weaknesses of research methodology: Comparison and complimentary between qualitative and quantitative approaches. *IOSR Journal of Humanities and Social Science*, 19, 99-104.
- Chummun, B. Z. 2017. An analysis of the development influences of the low-income cover market-end in South Africa. *African Journal of Science, Technology, Innovation and Development*, 9, 795-802.
- Connelly, L. M. 2014. Ethical considerations in research studies. *Medsurg Nursing*, 23, 54-56.
- Copeland, B. J. 2019. Encyclopedia Britannica. In: Copeland, B. J. (ed.) *Encyclopedia Britannica*. Encyclopedia Britannica.
- Cox, J. C., Kroll, E. B., Lichters, M., Sadiraj, V. & Vogt, B. 2019. The St. Petersburg paradox despite risk-seeking preferences: an experimental study. *Business Research*, 12, 27-44.
- Cox, R. H. & Zwinkels, R. C. 2016. Mortgage Insurance Adoption in the Netherlands. *Real Estate Economics*.
- Dalinjong, P. A. & Laar, A. S. 2012. The national health insurance scheme: perceptions and experiences of health care providers and clients in two districts of Ghana. *Health economics review*, 2, 13.
- Daut, M. a. M., Hassan, M. Y., Abdullah, H., Rahman, H. A., Abdullah, M. P. & Hussin, F. 2017. Building electrical energy consumption forecasting analysis using conventional and artificial intelligence methods: A review. *Renewable and Sustainable Energy Reviews*, 70, 1108-1118.
- Decarlo, M. 2018. *Scientific Inquiry in Social Work*. Roanoke, VA: Open Social Work Education.
- Denscombe, M. 2014. *The good research guide: for small-scale social research projects*, McGraw-Hill Education (UK).
- Discovery. 2019. Discovery Insure. Available: <https://www.discovery.co.za/car-and-home-insurance/car-insurance> [Accessed 12 June 2019].

- Dong, L. & Tomlin, B. 2012. Managing disruption risk: The interplay between operations and insurance. *Management Science*, 58, 1898-1915.
- Dremel, C., Overhage, S., Schlauderer, S. & Wulf, J. 2017. Towards a Capability Model for Big Data Analytics.
- Dstv. 2019. *DSTV Website* [Online]. www.dstv.co.za: Multichoice. Available: <https://www.dstv.co.za/get-dstv/> [Accessed 28 Aug 2019 2019].
- Duan, Y., Edwards, J. S. & Dwivedi, Y. K. 2019. Artificial intelligence for decision making in the era of Big Data—evolution, challenges and research agenda. *International Journal of Information Management*, 48, 63-71.
- Edwards, W. 2013. *Utility theories: Measurements and applications*, Springer Science & Business Media.
- Elango, B. 2009. Impact of insurers' product variety on performance across underwriting cycles. *Management Decision*, 47, 359-374.
- Eling, M. & Jia, R. 2017. Recent Research Developments Affecting Nonlife Insurance—The CAS Risk Premium Project 2014 Update. *Risk management and insurance review*, 20, 63-77.
- Erica, H. & Vanessa, R. 2016. Majority of Consumers Want Intelligent, Personalized Dialogue with Customer Service. In: Nuance.Com (ed.). www.nuance.com: Nuance Communications.
- Etikan, I., Musa, S. A. & Alkassim, R. S. 2016. Comparison of convenience sampling and purposive sampling. *American journal of theoretical and applied statistics*, 5, 1-4.
- Festing, M. & Schäfer, L. 2014. Generational challenges to talent management: A framework for talent retention based on the psychological-contract perspective. *Journal of World Business*, 49, 262-271.
- Flick, U. 2013. *The SAGE handbook of qualitative data analysis*. London: Sage Publications Limited.
- Flick, U. 2018. *An introduction to qualitative research*. London: Sage Publications Limited.

- Friedl, A., De Miranda, K. L. & Schmidt, U. 2014. Insurance demand and social comparison: An experimental analysis. *Journal of Risk and Uncertainty*, 48, 97-109.
- Galdas, P. 2017. Revisiting bias in qualitative research: Reflections on its relationship with funding and impact. Los Angeles, CA: SAGE Publications Sage.
- Gallego, G., Wang, R., Ward, J., Hu, M. & Beltran, J. L. 2014. Flexible-duration extended warranties with dynamic reliability learning. *Production and Operations Management*, 23, 645-659.
- Gandomi, A. & Haider, M. 2015. Beyond the hype: Big data concepts, methods, and analytics. *International journal of information management*, 35, 137-144.
- Garcia, J. A. 2017. A bit about the St. Petersburg paradox.
- George, G., Osinga, E. C., Lavie, D. & Scott, B. A. 2016. Big data and data science methods for management research. Academy of Management Briarcliff Manor, NY.
- Golman, R., Hagmann, D. & Loewenstein, G. 2017. Information avoidance. *Journal of Economic Literature*, 55, 96-135.
- Govender, V., Chersich, M. F., Harris, B., Alaba, O., Ataguba, J. E., Nxumalo, N. & Goudge, J. 2013. Moving towards universal coverage in South Africa? Lessons from a voluntary government insurance scheme. *Global health action*, 6, 19253.
- Gray-Parker, J. 2015. A word of advice on home insurance. Available: <https://www.privateproperty.co.za/advice/property/articles/a-word-of-advice-on-home-insurance/3411> [Accessed 1 September 2019].
- Groot, W., Tomini, S. M. & Tomini, F. 2018. UNU-MERIT# 2018-040: Health insurance and patient satisfaction.
- Günther, W. A., Mehrizi, M. H. R., Huysman, M. & Feldberg, F. 2017. Debating big data: A literature review on realizing value from big data. *The Journal of Strategic Information Systems*, 26, 191-209.
- Heese, H. S. 2012. Retail strategies for extended warranty sales and impact on manufacturer base warranties. *Decision Sciences*, 43, 341-367.
- Hoy, M., Peter, R. & Richter, A. 2014. Take-up for genetic tests and ambiguity. *Journal of Risk and Uncertainty*, 48, 111-133.

- Hulland, J., Thompson, S. A. & Smith, K. M. 2015. Exploring uncharted waters: Use of psychological ownership theory in marketing. *Journal of Marketing Theory and Practice*, 23, 140-147.
- Janks, S. 2017. *Perceived value influences on disruption in the context of life insurance: a study on the influence of value dimensions on perceived value in the life insurance industry in South Africa and the resulting impact on disruption in this context*. University of Pretoria.
- Jha, S. & Powell, A. 2014. A (gentle) introduction to behavioral economics. *American Journal of Roentgenology*, 203, 111-117.
- Jindal, P. 2014. Risk preferences and demand drivers of extended warranties. *Marketing Science*, 34, 39-58.
- Joseph, J. K., Dev, K. A., Pradeepkumar, A. & Mohan, M. 2018. Big Data Analytics and Social Media in Disaster Management. *Integrating Disaster Science and Management*. Elsevier.
- Kamleitner, B. & Feuchtl, S. 2015. "As if it were mine": imagery works by inducing psychological ownership. *Journal of Marketing Theory and Practice*, 23, 208-223.
- Kashif, M. & Zarkada, A. 2015. Value co-destruction between customers and frontline employees: A social system perspective. *International Journal of Bank Marketing*, 33, 672-691.
- Kirk, C. P., Swain, S. D. & Gaskin, J. E. 2015. I'm proud of it: Consumer technology appropriation and psychological ownership. *Journal of Marketing Theory and Practice*, 23, 166-184.
- Kousky, C. & Kunreuther, H. 2014. Addressing affordability in the national flood insurance program. *Journal of Extreme Events*, 1, 1450001.
- Krivokapic, R., Njegomir, V. & Stojic, D. 2017. Effects of corporate diversification on firm performance: evidence from the Serbian insurance industry. *Economic research-Ekonomska istraživanja*, 30, 1224-1236.
- Kwon, O., Lee, N. & Shin, B. 2014. Data quality management, data usage experience and acquisition intention of big data analytics. *International journal of information management*, 34, 387-394.

- Leach, J. 2012. 5.3. Enabling Effective Distribution to the Emerging Consumer. *Promoting Microinsurance in Ghana*, 154.
- Leal, S., Vrij, A., Warmelink, L., Vernham, Z. & Fisher, R. P. 2015. You cannot hide your telephone lies: Providing a model statement as an aid to detect deception in insurance telephone calls. *Legal and Criminological Psychology*, 20, 129-146.
- Lee, C.-Y. 2017. Product diversification, business structure, and firm performance in Taiwanese property and liability insurance sector. *The Journal of Risk Finance*, 18, 486-499.
- Lessard-Bonaventure, S. & Chebat, J.-C. 2015. Psychological Ownership, Touch, and Willingness to Pay for an Extended Warranty. *Journal of Marketing Theory & Practice*, 23, 224-234.
- Leung, L. 2015. Validity, reliability, and generalizability in qualitative research. *Journal of family medicine and primary care*, 4, 324.
- Li, D. & Du, Y. 2017. Artificial intelligence with uncertainty. Boca Raton: CRC press.
- Litsey, R. & Mauldin, W. 2018. Knowing What the patron wants: using predictive analytics to transform library decision making. *The Journal of Academic Librarianship*, 44, 140-144.
- Localdstv. 2018. DStv Decoder Care Insurance for Compact Subscribers Available: <https://localdstvinstaller.co.za/dstv-decoder-care-insurance-for-compact-subscribers/> [Accessed 30 July 2019].
- Loke, Y. J. & Goh, Y. Y. 2012. Purchase decision of life insurance policies among Malaysians. *International Journal of Social Science and Humanity*, 2, 415.
- Lu, J., Liu, Z. & Fang, Z. 2016. Hedonic products for you, utilitarian products for me. *Judgment & Decision Making*, 11.
- Machina, M. J. 2017. Expected utility hypothesis. *The New Palgrave Dictionary of Economics*, 1-12.
- Makrocustomer. 2015. MAKRO!!! OH NO!!!! *Loots of Trouble* [Online]. Available from: <https://lootsoftrouble.wordpress.com/tag/makro/> [Accessed 8 October 2015].
- Martin. 2018. What is the Purpose of Insurance? Available: <https://www.eruptingmind.com/what-is-the-purpose-of-insurance/> [Accessed 11 Aug 2019].

- Mccloskey, E. 2019. How to Use a TV Sat Receiver as a Decoder. Available: <https://itstillworks.com/use-tv-sat-receiver-decoder-7627651.html> [Accessed 30 July 2019].
- Molina-Azorín, J. F. & Font, X. 2016. Mixed methods in sustainable tourism research: an analysis of prevalence, designs and application in JOST (2005–2014). *Journal of Sustainable Tourism*, 24, 549-573.
- Mouter, N. & Vonk Noordegraaf, D. Intercoder reliability for qualitative research: You win some, but do you lose some as well? Proceedings of the 12th TRAIL congress, 30-31 oktober 2012, Rotterdam, Nederland, 2012. TRAIL Research School.
- Multichoice 2019. Multichoice Group Investor Roadshow Presentation. Randburg.
- Multichoicedailystaffperformance 2019. Multichoice Umhlanga Daily Staff Performance.
- Murthy, D., Gross, A. & MCGarry, M. 2016. Visual social media and big data. Interpreting Instagram images posted on Twitter. *Digital Culture & Society*, 2, 113-134.
- Nangla, K. 2018. Artificial Intelligence and Health Insurance. *Journal of the Insurance Institute of India*, 6, 56-62.
- Niëns, L., Van De Poel, E., Cameron, A., Ewen, M., Laing, R. & Brouwer, W. 2012. Practical measurement of affordability: an application to medicines. *Bulletin of the World Health Organization*, 90, 219-227.
- Onduso, B. 2014. Factors influencing penetration of micro insurance in Kenya. *University of Nairobi. MBA project, unpublished.*
- Osanloo, A. & Grant, C. 2016. Understanding, selecting, and integrating a theoretical framework in dissertation research: Creating the blueprint for your “house”. *Administrative issues journal: connecting education, practice, and research*, 4, 7.
- Outreville, J. F. 2014. Risk aversion, risk behavior, and demand for insurance: A survey. *Journal of Insurance Issues*, 158-186.
- Paek, C. 2017. *This is how we bury our dead: an institutional analysis of microinsurance and financial inclusion in South Africa*. The London School of Economics and Political Science (LSE).

- Pandey, S. C. & Patnaik, S. 2014. Establishing reliability and validity in qualitative inquiry: A critical examination. *Jharkhand journal of development and management studies*, 12, 5743-5753.
- Peter, R. & Ying, J. 2016. Optimal insurance demand when contract nonperformance risk is perceived as ambiguous. *Unpublished Manuscript, Department of Finance, Tippie College of Business, University of Iowa*.
- Peters, K. & Halcomb, E. 2015. Interviews in qualitative research. *Nurse Researcher (2014+)*, 22, 6.
- Pettigrew, R. 2015. Risk, rationality and expected utility theory. *Canadian Journal of Philosophy*, 45, 798-826.
- Phuthumanathi, M. 2018. Integrated annual report to the shareholders of Phuthuma Nathi Investments (RF) Limited. www.multichoice.com: Multichoice.
- Pooser, D. M. & Browne, M. J. 2018. The Effects of Customer Satisfaction on Company Profitability: Evidence From the Property and Casualty Insurance Industry. *Risk Management and Insurance Review*, 21, 289-308.
- Postlewaite, A. & Schmeidler, D. 2012. Rationality and uncertainty. *Rivista Internazionale di Scienze Sociali*, 120, 289-294.
- Qin, X., Su, Q. & Huang, S. H. 2017. Extended warranty strategies for online shopping supply chain with competing suppliers considering component reliability. *Journal of Systems Science and Systems Engineering*, 26, 753-773.
- Raghupathi, W. & Raghupathi, V. 2014. Big data analytics in healthcare: promise and potential. *Health information science and systems*, 2, 3.
- Richard, T. 2013. Qualitative versus quantitative methods: Understanding why qualitative methods are superior for criminology and criminal justice.
- Richter, A., Ruß, J. & Schelling, S. 2019. Insurance customer behavior: Lessons from behavioral economics. *Risk Management and Insurance Review*.
- Richter, A., Schiller, J. & Schlesinger, H. 2014. Behavioral insurance: Theory and experiments. *Journal of Risk and Uncertainty*, 48, 85-96.
- Rivas, C. 2012. Coding and analysing qualitative data. *Researching society and culture*, 3, 367-392.

- Rizea, R. D. 2015. Growth Strategies of Multinational Companies. *Petroleum-Gas University of Ploiesti Bulletin, Technical Series*, 67.
- Romero, D., Stahre, J., Wuest, T., Noran, O., Bernus, P., Fast-Berglund, Å. & Gorecky, D. Towards an operator 4.0 typology: a human-centric perspective on the fourth industrial revolution technologies. International conference on computers and industrial engineering (CIE46) proceedings, 2016.
- Saunders, M., Lewis, P. & Thornhill, A. 2016. Research methods for business students. Harlow, Essex: Pearson Education Limited.
- Schoemaker, P. J. 2013. *Experiments on decisions under risk: The expected utility hypothesis*, Springer Science & Business Media.
- Seidl, C. 2013. The St. Petersburg Paradox at 300. *Journal of Risk and Uncertainty*, 46, 247-264.
- Sonnekus, J. 2016. Vermoensregtelike Implikasies van Gevonde Sake. *JS Afr. L.*, 731.
- Su, C. & Wang, X. 2016. A two-stage preventive maintenance optimization model incorporating two-dimensional extended warranty. *Reliability Engineering & System Safety*, 155, 169-178.
- Sutton, J. & Austin, Z. 2015. Qualitative research: Data collection, analysis, and management. *The Canadian journal of hospital pharmacy*, 68, 226.
- Thalos, M. & Richardson, O. 2014. Capitalization in the St. Petersburg game: Why statistical distributions matter. *Politics, Philosophy & Economics*, 13, 292-313.
- Tiefenbacher, K. & Olbrich, S. 2015. Increasing the Level of Customer Orientation-A Big Data Case Study from Insurance Industry. *ECIS*.
- Tong, P., Liu, Z., Men, F. & Cao, L. 2014. Designing and pricing of two-dimensional extended warranty contracts based on usage rate. *International Journal of Production Research*, 52, 6362-6380.
- Van Riel, A. C., Semeijn, J., Ribbink, D. & Bomert-Peters, Y. 2012. Waiting for service at the checkout: Negative emotional responses, store image and overall satisfaction. *Journal of Service Management*, 23, 144-169.
- Vivian, R. W. 2013. Ending the myth of the St Petersburg Paradox. *South African journal of economic and management sciences*, 16, 347-356.

- Voutilainen, R. & Koskinen, L. 2017. Customers' opinions on incentive based insurance.
- Wang, J., Ata, B. & Islegen, O. 2012. Warranty Pricing with Product Failures and Forward Looking Consumers: An Empirical Approach.
- Wiles, R. 2012. What are qualitative research ethics? London, UK: Bloomsbury Publishing Plc.
- Wisskirchen, G., Biacabe, B. T., Bormann, U., Muntz, A., Niehaus, G., Soler, G. J. & Von Brauchitsch, B. 2017. Artificial intelligence and robotics and their impact on the workplace. *IBA Global Employment Institute, 2012-2017.*
- Yilmaz, K. 2013. Comparison of quantitative and qualitative research traditions: Epistemological, theoretical, and methodological differences. *European Journal of Education, 48, 311-325.*
- Yoon, S. N. & Lee, D. 2018. Artificial intelligence and robots in healthcare: What are the success factors for technology-based service encounters? *International Journal of Healthcare Management, 1-8.*
- Zhao, W., Kunreuther, H. & Czajkowski, J. 2015. Affordability of the national flood insurance program: Application to Charleston County, South Carolina. *Natural Hazards Review, 17, 04015020.*

APPENDICIES

Appendix A: Gatekeepers' Letter



12th April 2019

To Whom it May Concern,

Re: CONFIRMATION OF MBA RESEARCH DISSERTATION CONDUCTED AT MULTICHOICE.

I, Anthony Hulley, Partner Relationship Manager at MultiChoice, hereby confirm that Strinivasan Samigramni (ID: 7805305092087), employed as a Senior Engineer: Infield Software, at MultiChoice Support Services (PTY) Ltd, registered at Institution UKZN GSBL (Student Number: 961115227) is permitted to complete academic research at MultiChoice for the purpose of his MBA dissertation.

The research topic covers:
Investigating factors influencing the customers' choice of insurer when purchasing a new decoder device.
A case of Multichoice Umhlanga.

[Redacted signature area]

Anthony Hulley
Partner Relationship Manager
MultiChoice Support Services (PTY) Ltd

Appendix B: Interview Schedule

The following questions will be used as a starting point of each interview:

- 1) To what extent does the cost of the customers' video subscription impact on the customers' choice of insurer?
 - a. What patterns have you seen between the package that a customer is subscribed to and their choice to take the DCC (Decoder Care Contract) insurance?
 - b. How do customers on the different package levels react when you offer them the DCC decoder insurance option?
 - c. Are there any relations between the package level that a customer is on and their willingness to find out more about DCC insurance?
 - d. When customers choose not to take DCC, do customers indicate that their decoder is already insured? If so, how is the device insured? When the customer does have other insurance, *is the customer more likely to be on a lower or higher package?*
 - e. Based on each package level, what reasons do customers give for not wanting to take DCC insurance?
- 2) Does the decoders' replacement value influence the customers' choice of insurer?
 - a. What patterns have you seen between the type of decoder that a customer is using and their choice to take the DCC insurance?
 - b. How do customers who use different decoder models, react when you offer them the DCC insurance option?
 - c. Are there any relations between the decoder model that a customer is using and their willingness to find out more about DCC insurance?
- 3) How does the price of the DCC decoder insurance affect the customers' choice of insurer?
 - a. What patterns have you seen between the cost of the DCC decoder insurance and the customer's choice to take the DCC insurance?
 - b. How do customers react to the price of the DCC insurance?

- c. Are there any relations between the cost of DCC insurance and the customers willingness to find out more about DCC insurance?

4) General Questions

- a. How do customers feel about DCC insurance?
- b. Do you believe the DCC insurance is value for money?
- c. How often do you advise customers on DCC insurance?
- d. How do customers go about claiming from extended warranties and household insurance?
- e. Is there a relation between the customers' mood / experience and their choice to take decoder insurance?
- f. Can technology be used to sell more decoder insurance?
- g. (Explain utilitarian and hedonic devices) are decoders Utilitarian or Hedonic devices? Have you used the hedonic properties of the decoder to sell decoder insurance? Do you think this will be effective?
- h. If a customer touches a decoder or reacts with it, will that interaction influence their choice to take decoder insurance?

Appendix C: Consent Form

| |
|----------------------------|
| Informed Consent Letter 3C |
|----------------------------|

**UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP**

Dear Respondent,

MBA Research Project
Researcher: Strinivasan Samigramni (063 694 9444)
Supervisor: Dr Xoliswa Majola (031 260 7680)
Research Office: Ms P Ximba (031 260 3587)

I, **Strinivasan Samigramni** am an **MBA student**, at the Graduate School of Business and Leadership, of the University of KwaZulu Natal. You are invited to participate in a research project entitled “**Investigating factors influencing the customers’ choice of insurer when purchasing a new decoder device. A case of Multichoice Umhlanga**”. The aim of this study is to: **identify factors that Multichoice can use to generate more insurance sales so that they can improve their overall levels of customer experience.**

Through your participation I hope to understand **the choices that customers make and why they make those choices.** The results of the interview are intended to contribute to **the improvement of services provided by Multichoice as well as the collective body of knowledge.**

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this interview. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business and Leadership, UKZN.

If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed above.

The interview should take you about **30 to 60** minutes to complete. I hope you will take the time to participate in this interview.

Sincerely

Investigator’s signature _____

Date _____

This page is to be retained by participant

**UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP**

MBA Research Project

Researcher: Strinivasan Samigramni (063 694 9444)

Supervisor: Dr Xoliswa Majola (031 260 7680)

Research Office: Ms P Ximba (031 260 3587)

CONSENT

I (full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project. I understand that I am at liberty to withdraw from the project at any time, should I so desire.

Participant's signature _____

Date _____

This page is to be retained by researcher

Appendix D: Ethical Clearance



15 July 2019

Mr Strinivasan Samigramni (961115227)
Graduate School of Business & Leadership
Westville Campus

Dear Mr Samigramni,

Protocol reference number: HSSREC/00000021/2019

Project title: Investigating factors influencing the customer's choice of insurer when purchasing a new decoder device. A case of Multichoice Umhlanga

Full Approval – Expedited Application

This letter serves to notify you that your application received on 02 May 2019 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted **FULL APPROVAL**

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

This approval is valid for one year from 15 July 2019.

To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date.

Yours sincerely,

pp Dr Rosemary Sibanda (Chair)

Humanities & Social Sciences Research Ethics Committee
Dr Rosemary Sibanda (Chair)
UKZN Research Ethics Office Westville Campus, Govan Mbeki Building
Postal Address: Private Bag X54001, Durban 4000
Website: <http://research.ukzn.ac.za/Research-Ethics/>

Founding Campuses: Edgewood Howard College Medical School Pietermaritzburg Westville

INSPIRING GREATNESS