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CUSTOMER RELATIONSHIP MANAGEMENT SYSTEMS FOR CUSTOMER RETENTION IN A LIFE INSURANCE ORGANISATION IN SOUTH AFRICA

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Abstract

By examining the role and value of customer retention (CR) in the life insurance sector of the South African insurance industry, this paper seeks to uncover the level of clientele receptiveness and willingness to adopt Information Technology (IT)-based Customer Relationship Management (CRM). Arguably, there are changing client needs, and market erosion requires innovative processes and particularly a readiness to accommodate the swift changes in technology. This volatile environment has, over the past decade, created increased competition and uncertain economic futures, which has placed life insurers under pressure and facing a steady increase in policy lapses. The primary objective of this paper is to investigate the role and value of IT-based CRM potential on customer retention in the life insurance industry in South Africa. It is argued, that with technological advances, increased competition, tough economic conditions, and clients becoming more financially conscious, insurers need to seek further and newer methods to retain their clientele.

The study applied a quantitative research methodology by administering existing structured questionnaires to 100 clients at a Walk-in-Centre of a major life insurance company in South Africa to examine the causal link between IT-based CRM and customer retention. The survey concluded that probing unchartered terrain is required in fluctuating times for insurers to be competitive. The implication of the findings is that the speed, at which technology is evolving, is compelling insurers to evaluate new and alternative means of managing client relationships, as clients now drive the economy, not businesses. The very essence of a good CRM programme is its reliance on an IT system innovation, which is advanced enough to analyse the captured client data, transform that data into usable knowledge, which is then used to drive client retention. Explain who will be interested in the findings and why they should care about them. This paper contributes to the understanding, and implementation, of a successful IT-based CRM tool within the life insurance industry.

Keywords: customer relationship management, client retention, life insurance, Customer Relationship System, information technology.

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1. Introduction

The life insurance industry in South Africa is continuously evolving, operating in a market, in which the measure of client-centricity is understood to be the key differentiator [1]. According to the report by KPMG [1], Technology offers various methods to engage clientele, understand their requirements and provide personalised solutions. The report continues, the challenges of sluggish and obsolete systems make it problematic for recognised life insurers to keep up in this rapidly growing marketplace. Commonly, by the time required changes have been made to large and complicated information technology (IT) infrastructure, the market may have already evolved in a new direction. The life insurance industry, therefore, requires quicker and more affordable methods to meet fluctuating market demands and reach out to existing and new clients. To stay relevant and engage more interactively with clients in the digital age, insurers must develop their IT capabilities.

Long-term insurance is an asset and contract, which is honoured via the payment of premiums [2]. These authors argue that, in a strongly competitive and rapidly changing business environment, the primary need is to be market focused and to form strong relationships with customers. As customers are their most significant assets, customer relationship management can be viewed as a key focus leading to customer loyalty and profitability. However, the lapse of life insurance policies remains a concern for insurers – a situation, which, if not addressed, could lead to bankruptcy [1]. Premiums, left unpaid on payable dates, result in the cessation of contracts, the lapse of the policies that underpin them, and, consequently, the withdrawal of the policyholder's insurance protection. Insurers operate through the sharing and pooling of risk, meaning that if losses are experienced, these are shared and spread across the group. Policies that lapse have a negative impact on this sharing and pooling of risk, and the profitability of the insurer consequently decreases. Hence, lapsed policies have an impact on customer retention (CR) that is inevitably unfavourable for the insurer's financial viability [1]. The South African life insurance industry faces a very volatile, undefined, complex and uncertain political and economic environment [3]. According to a Deloitte Insights report [4], due to rising inflation, interest rates, and loss costs, along with the looming threats of recession, climate change, and geopolitical upheaval, will likely test insurer resiliency. They will also be tested by the entry of new types of competition from InsurTechs and even noninsurance entities, such as e-tailers and manufacturers.

As brand-loyalty losses are growing, life insurers will have to adopt customer relationship management (CRM) (ibid.). CRM is the new measure for managing and propagating business more successfully in the life insurance industry [5]. If client relationships are not managed effectively in the South African life insurance sector, given the tough economic conditions, clients will be inclined to cancel their insurance policies and/or take their business elsewhere [6]. As the primary concern in the life insurance industry is attaining and, more crucially, retaining clientele, the success of role players in the insurance industry is reliant on the services they offer. As such, CRM initiatives are a key element of growth in the insurance industry [7–9]. CR presents a significant challenge in the South African life insurance sector. While most insurers have some form of retention programme in place, the increasing lapse rate suggests that these programmes have little impact, due to most efforts being focused on 'firefighting' and containing the problem [10]. Industry competition and ever more financially conscious clients, make it important for insurers to seek new ways to retain clients, thus CR becomes a vital component of CRM [11]. The increasing expectations of clients has been understood over the past decade to require the life insurance industry to adopt new CRM strategies, which have been shown to have a significant effect on the sales. Furthermore, technological developments and declining technology costs have decreased parameters for implementing ICT constructed CRM tools [7]. Despite general understanding of the role and value of CRM ICT potential for CR in the life insurance sector, specific information on this subject in South Africa in general, and in its Western Cape Province in particular, is sparse. This study therefore examines the role and value of CRM ICT for customer retention in a selected life insurance organisation in the Western Cape Province. The primary focus is therefore to examine the role and value of CRM ICT potential on CR in the life insurance sector in South Africa's Western Cape Province, and thus to uncover the level of clientele receptiveness and willingness to adopt IT-based CRM tools.

1. 1. Literature Review

Overview of CRM

The benefit of CRM has been generally acknowledged for some time [8]. However, its specific nature is contested. It is argued, that CRM has a very diverse definition and could mean one idea to certain people and could mean another idea to other people [12]. CRM is described as an integrated information system [12]. The primary purpose is to grow long-term sustainability and profitability via an increased understanding of how clients behave. Similarly, Shanumgasudaram and Srilekha describe CRM as a system for managing an organisation's interactions with current and future clients [13]. CRM often uses technology to synchronise sales, marketing, technical support and customer service. CRM involves handling personalised information on clientele and facilitating all client interactions to increase client loyalty [14]. Much of the older literature regarding CRM [15] and based on the same ideas, CRM marries the relationship marketing strategies and IT to develop sustainable and profitable relationships with clientele and all other stakeholders. This fact will require a multi-functional integrated approach of people, processes, operations, and marketing abilities that is possible via IT and its applications. It is asserted, that as a result of all the diverse opinions regarding what defines CRM, CRM should start with a marketing plan, which will then guide the company and marketing plan that is ultimately empowered by utilising IT [16].

CRM as a technology platform

Drawing from Chen and Popovich [17], incorporating CRM based technology in customer relationship management refers to the extent, to which a business includes vital technology to develop and manage client relationships with their potential and existing clients. Bose [18] agrees by asserting that incorporating CRM based technology enables companies to strengthen the ability of the database of the clients through IT-enabled communications, which may be IT-assisted (manual) whereby employees will work as the intermediary between the CRM process and the client and the final one is an automated interaction, which empowers the client for the direct interaction with the company. IT has a substantial impact on CRM practices by linking front-desk, for instance sales, and back-office activities that ultimately ensure effective and efficient client management through different ways, such as the Internet, direct mail, sales calls and so forth [17]. Greenberg agrees that IT, needed in CRM, includes front-office processes supporting sales, marketing, and service; and back-office processes enabling the amalgamation and analysis of data [16]. Ryals [19] argues that the CRM front-office applications facilitate the handover of data from the company to the client by directing the data to appropriate staff working in relevant departments including marketing, sales and service. CRM application permits the channel of client knowledge within a company that could result in improved decision making.

It is argued by Bahrami, Mazaher, Arabzad, that, although CRM is not new, considering advances in IT, it has been designed practically [20]. They explain that this wide-ranging strategy attempts to acquire knowledge by client's data collection and analyse this through the effective utilisation of IT and, thereby, establish effective relationships with clients and eventually assist businesses to achieve long-term profits. CRM is a designed process to gather data linked to clients, to comprehend features of clients and to apply it to specific marketing activities.

Overview of the South African life insurance industry

In their 2019 survey, KPMG [3] argue that the South African life insurance industry faces a very volatile, undefined, complex, and uncertain political and economic environment in South Africa. A PricewaterhouseCoopers (PWC) report, written by Mitchell and Camarate [21], similarly argues that the South African life insurance industry is operating in a rapidly evolving environment that is growing in complication. The PWC report notes that changing client needs, and market erosion require innovative processes and a readiness to accommodate the swift changes in technology. It is agreeable, that this volatile environment has created increased competition and uncertain economic futures, which has placed life insurers under pressure and facing a steady increase in policy lapses [22]. It is stated, that the success of life insurers in the current global competitive market depends on clients who are empowered and brand loyal [14]. As brand-loyalty losses are growing, they argue further that life insurers will have to adopt CRM. CRM is now more important than ever in the measure of managing and propagating business more successfully in the life insurance industry [5]. Similarly, it is noted, that if client relationships are not managed effectively in the South African life insurance sector, given the tough economic conditions, clientele will be inclined to cancel their insurance policies and/or take their business elsewhere [6].

The lapsing of life insurance policies remains a concern for insurers – a situation, which, if not addressed, could lead to bankruptcy [3]. Lapsed policies have an impact on CR that is inevitably unfavourable for the insurer's financial viability [3]. However, despite general knowledge on the role and value of CRM ICT potential on CR in the life insurance sector, specific information on this subject in South Africa in general, and in its Western Cape Province in particular, is sparse. According to the KPMG insurance survey, the pandemic has accelerated many of the changes that were already in play, such as a shift from traditional networking to more digital interactions through mobile communication, social media and online events. Being tech savvy is important and continued CRM investments will need to be made. Insurers need to be able to show value quickly to customers looking for data-driven insights on how products will add value. According to the Deloitte 2021 report, saw insurers adapting to change and the use of technology on a level never seen before in the insurance sector. The report further stressed that the COVID-19 pandemic has highlighted the importance of life insurance cover, however, the weak economic outlook and increase in the cost of living will continue to place customers' disposable income under pressure. Insurers will be required to innovate and respond to this to achieve long-term growth.

The 2019 KPMG insurance survey [3] agrees that despite the challenges, faced in the South African life insurance industry, many entrants are launching new propositions into the market. These new entrants reflect that the industry is not sufficiently protected, existing proposals need improving (a fact that is apparent from the increased lapses in the market), and that the price of servicing clientele is too expensive. The new entrants are confident that they can action these issues quicker than the existing insurers or by partnering with the existing insurers to help them improve their point of execution. The PWC insurance survey argues that many insurers are reinventing their primary markets and product lines to find the right clientele, using the right channels, and making the right offers, all at the right time [21]. The report states that insurers are focusing on knowing their clientele, staff and intermediaries and using the most relevant available data to improve the user experience and create and maintain stronger relationships with their clientele. Moreover, a personalised approach is new in insurance, and insurers that can offer this service will have lowered acquisition costs, increased client loyalty and would have gained competitive advantage.

Overview of competitive advantage of using Porter's Five Forces Model

Smit [23] describes competitive advantage as an organisation's capacity to perform in various methods that competitors would not, or cannot, match and/or beat and is realised by the organisation's strategic plan, the employment of this strategic plan, and the way, in which competition unfolds. Porter's "Five Forces' model, established in 1979, was regarded as a primary foundation of strategic planning management for businesses [20]. The model contends competitive advantage occurs when an organisation to market similar goods and services as the competition but at a cheaper price, or to deliver goods and services with an increased quality over competitors. Hence, a competitive advantage permits an organisation to enhance value for its clients and increase profits for itself. Although, there are many methods and models for analysing a competitive environment, Porter's Five Forces model was chosen due to the role, played by these five forces in the South African insurance industry. Porter's Five Forces model has stood the test of time and is considered and perceived as the best by various industry experts and academics [23]. Porter's Five Forces model on competitive advantage provides a clear background and understanding of competitive advantage and, thus, is significant for evaluating the nature of competition in an industry. It is argued, that Porter's Five Forces model helps in analysing an organisation's environment and understanding the position of its competition, while a successful strategic plan permits an organisation to enhance its competitive advantage [24]. ICT is a crucial factor when supporting strategic goals of an organisation that enhances competitive advantage over the forces of competition within a given market environment [25].

In terms of the above model, competition in business is defined by five forces namely: rivalry of industry competitors, threat of new entrants, bargaining power of consumers, bargaining power of suppliers and the threat of substitute products [20]. Porter explains that the threat of new entrants to an environment can increase competition levels, hence decreasing the appeal. The threat of new entrants relies on the barriers of entry that exist. Certain industries have high entry barriers whilst in other environments such barriers are limited. The greatest barriers of entry in the South African insurance sector include licensing laws, capital requirements and access to financing and regulatory compliance. It is further contended, that organisations may face differing levels of exposure to competition from substitutes, even though these organisations are all in the same industry [20]. Arguably, bargaining power of suppliers could have a negative impact on an industry's bottom-line because suppliers can threaten organisations with rising costs of goods and services, and when organisations are unable to recover these, the cost increases are reflected in their own prices [26]. Given the work of Porter, it is arguable, that regarding bargaining power, when buyers are influential, sellers can create behaviours whereby buyers are ready to pay an increased sum for certain products [20]. Sellers need to accept that there is an inequality of influence and that viability will be reduced, or even to take a rate of return that is nearer to the cost of capital. Furthermore, sellers can discover various methods for inflating the price that buyers must bear when transferring from one seller to another seller.

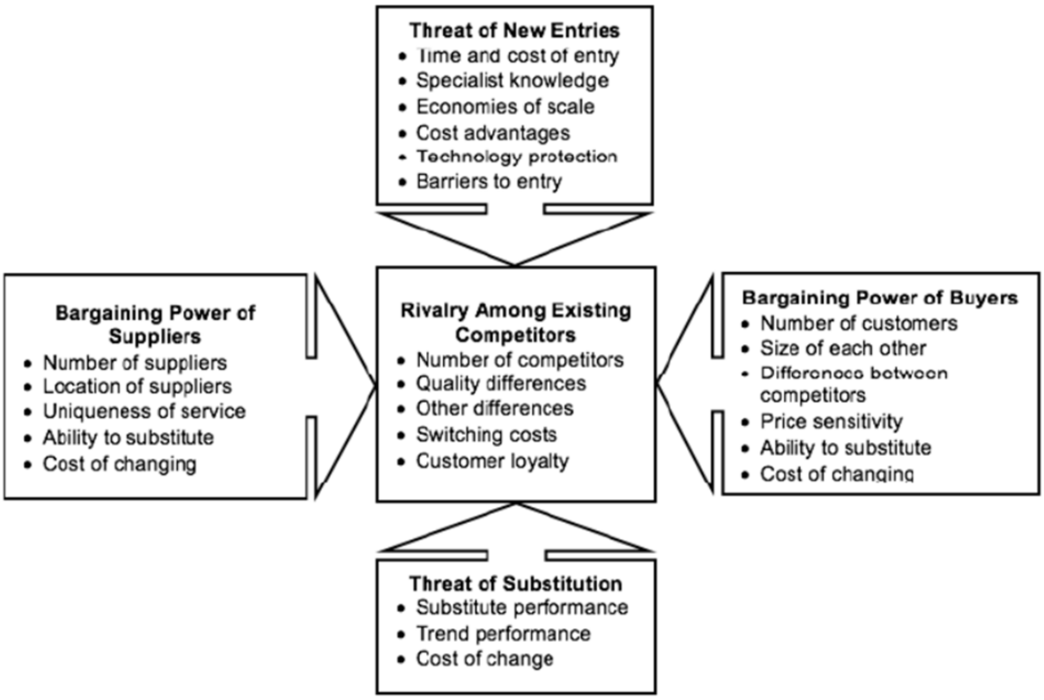

Fig. 1. Porter's Five Forces Model (Porter, 1985:22)

The competitive advantage of use of IT in the insurance industry

Due to increased competition, insurance products are technically similar, therefore, insurers are aware that if clientele are dissatisfied with the relationship, they could find another supplier easily. The evolving competitive environment of the insurance industry means the primary focus is on gaining more control over the relationship with the client, as it is fundamental to improving the insurer/insured relationship [27]. In the current business environment, competitive advantage applies to organisations that can mobilise data and creating technology to use information effectively [28]. Moreover, precisely timed data access allows organisations to evaluate progress and act accordingly. Growing competition in the insurance industry results from frequent reminders, and continuous offers, made to clients by third-party operators (ibid.). The industry is not sufficiently protected, as existing proposals require improvement (a fact that is apparent from the increased lapses in the market), and the price of servicing clientele is too expensive. New entrants are confident that they can action these issues quicker than the existing insurers or by partnering with the existing insurers to help them improve their point of execution. The insurance industry has undergone many innovations and with the help of technology, start-up insurers could compete with established insurers in the market because these start-ups are investing heavily in ICT [29]. Many insurers are reinventing their primary markets and product lines to find the right clientele, using the right channels, and making the right offers, all at the right time [21]. Insurers are focusing on knowing their clientele, staff and intermediaries and using the most relevant available data to improve the user experience and create and maintain stronger relationships with their clientele. Moreover, while a personalised approach is new in insurance, insurers that can offer this service will have lowered acquisition costs, increased client loyalty and would have gained competitive advantage.

Information Technology as a tool

According to the PWC report on technology risks, the risks around the insurance industry's technological modernisation continued to rank high [21]. The focus of concern is on the ability of the insurance industry to stay at the forefront of change, and on the operational risks in managing the transition to digitised services with the use of IT. The availability of human talent, much needed as the industry undergoes its expected technological transformation in the face of strong competition from new entrants, is a rising concern. Information Technology (IT) provides the opportunity for insurers to select how they want to interact with their clientele [30]. IT has enhanced every aspect of human behaviour [31]. The worldwide business setting has been revolutionised by originality, innovation, and the advancement of technology, thereby, growing client responsiveness and accessibility of a wider variety of speciality services and products [31]. New technologies, he continues, have profoundly enabled companies to overcome barriers, such as price, time and geographic location to worldwide operations. IT has a significant effect on the societal lives of individuals as well as the financial structure of any business, country, or nation [32].

It is further argued, that IT improves the function of management predicting and forecasting, systematising and the type of products and services, offered in the industry [31]. It has significantly enhanced functionality universally in view of the existing innovation to increase quality service. It improves the process, needed to achieve the goals of the organisation. The use of IT in the insurance sector is pertinent and valuable considering the role of insurance and how it impacts the economy. It can be argued, that many benefits have been consequent from the embracing and usage of IT: two significant benefits include quicker communication methods and more efficient operational times, technology makes it simple to process claims and maintain policies and clients [33]. Technology has made live interaction with stakeholders, clients and associates, located outside their head office a reality [33]. Technology has provided an opportunity for feedback and engagement with clientele and potential policyholders and important documentation, information and resources can be shared and distributed effortlessly online. Research conducted [34] argues that the use of IT in CRM within selected insurance companies in Nigeria are:

a) In most insurance companies, clients could not complete key transactions online without face-to-face interaction, because of IT not being completely integrated with CRM.

b) Most insurers have a comprehensive database with the aid of IT.

c) An effective amalgamation of CRM and IT will increase the extent of client business and the companies' profitability.

d) CRM with sufficient IT services should be deeply rooted in all operational areas in the insurance industry.

e) To improve the effective operation of CRM, management should implement a more systematic method regarding the involvement of staff with essential knowledge of client relations within the organisations to meet client needs.

The conclusion [34] is that the significance of combining IT with CRM cannot be overemphasised. They argued further that CRM can be improved using ICT and this fact is being accepted steadily by the insurers in Nigeria. To summarise, these researchers found that CRM and ICT, if effectively amalgamated in service delivery, would decrease the time in client service delivery and inevitably improve an organisation's profitability. It is further argued, that technology has become an important tool for enhancing insurer's client relations. They assert that clients are comfortable with technology and are convincing insurance companies to adjust technology to their needs [30]. The affirmation is that more service orientated industries, such as banks and insurance companies, are providing ICT based service options to their clientele [34]. They argue that these services will add advantages, such as improved client satisfaction, higher productivity and improved financial performance. Accordingly, a new technology encourages and supports insurance companies to try and attain competitive advantage [27]. The author emphasises that being able to overcome this hurdle is intricate and costly if the insurance company is not equipped with an integrated CRM system.

Bazini and Madini analysed the benefits of using IT in insurance companies into two groups: real and unquantifiable [35]. The real benefits of IT implementation are improved timeliness of operational hours in insurance companies, organized and adequate information storage facilities, faster communication tools, and a reduction in the number of businesses, put into in work. Unquantifiable benefits include the influence of IT to increase client satisfaction and corporate image. IT implementation in insurance companies has become vital to meet the need for faster operations. Most insurance companies in Albania now see the need for insurance companies to incorporate IT into their business objectives even though they face the challenge of formulating appropriate strategies in positioning IT to deliver effective and necessary services to their clients. In addition, the need for professional involvement, consultants, and qualified practitioners in the insurance company to be responsible for managing IT is a very important decision that management and decision makers should consider as they strategically position IT, so that the perception of business competition becomes better and the level of utilization is maximized.

According to Malit and Muendo, the Kenya's insurance industry was reported to be the fastest growing industry in Africa in 2015 [36]. IT has upped the stakes for all insurers, particularly in relation to today's empowered consumers, both searching and buying insurance on the internet. In today's world with smartphones and tablets, clients expect to have instant access to services wherever, however and whenever they want. Insurance companies in Kenya have started exploring the growing impact of using new technological platforms to communicate with clients, cater for evolving buying behaviours and mine a rich source of client insights. Their study found that IT investment cost affects the performance of insurance sector in Kenya. IT investment offers potential for significant organizational improvement and competitive advantage. The study revealed that IT competency affects the performance of insurance sector in Kenya to a great extent.

Customer Retention in the Insurance industry

The primary objective of marketing is to preserve clients from a long-term point of view, to deliver competitive advantage and maintain organisational survival for the foreseeable future [37]. In the evolving world it has become common to use internet-based technology to connect businesses and their target markets. The internet has been welcomed by organisations, which has created undeniable business opportunities to enhance CR [38]. CR is described as providing a service after the sale, failure to do so will lead to more lost sales [39]. It is noted, that money and time are consumed on acquiring new clients, but less resources are focused on keeping them [12]. The price of appealing to a new client is frequently higher than the client's lifetime value with the company [14]. It was asserted, that the insurance industry is unique with demand for products and services that need to be managed efficiently to ensure that clients who have been difficult to win do not defect to competitors [40]. He found that increased competition and little differentiation on product offerings, has created an increasing challenge for insurance companies to retain clientele. Epetimehin [41] agrees that existing clientele are already aware of a company's products and services, the focus, therefore, is on individual clients instead of traditional market share. Coviello and Trapani [42], similarly argue that CR still has an influence on insurers' profit margins. CR for insurance companies, therefore, is crucial for any organisation, the loss of key clients can be detrimental, because companies lose premium revenue. It is argued, that more organisations are realising the value of sustaining and retaining clients, as a significant part of the organisation's relationship capital [14]. CR always starts with the lure of the client via the retention process.

Organisations looking to increase their profit margins and sales must spend resources probing for new business for mutual relationship, unfortunately, most marketing literature and practice focus on the attraction of new clientele as opposed to retaining existing ones [43]. Pilecki [44] agrees that insurers are concentrating on retaining their existing customers, but with little victory, they need to apply a proactive approach instead of a reactive one. He contends that mergers and acquisitions cause customers to rethink loyalty and switching insurers is more convenient than in the past. In addition, Pilecki argues, insurers address CR as a project, rather than a process, as a result, firstly, there is no common definition or measurement for attrition [44]. Secondly, retention strategies address products, not clients. Finally, employees do not have relevant offers to make and insurers are trying to retain all clientele, not just profitable customers. Currently, the urgency to retain customers is growing because insurers are facing broader competition than before. According to Deloitte report [4], with the pandemic not yet over, insurers should consider increased lapses and lower new business volumes as one of their current top emerging risks. According to Loots [45], the insurance industry in South Africa is extremely competitive and it is a challenge to retain clients in order to remain profitable. A prominent problem in the insurance industry is that many clients, for reasons known and more often unknown, are not being retained. Insurance brokers and direct insurers alike will refer to this occurrence as "clients falling of the books." This problem causes a tremendous strain on the survival of insurers. Research conducted found that due to many foreign insurers plying their trade in Ghana, many clients were defecting to competitor insurers [46]. The study confirmed that there is a significant relationship of CRM on customer retention. Furthermore, the study concluded that insurance firms in Ghana to actively use technology to continue to deliver value laden relationships with clients in order to retain them as client retention is vital in this highly competitive environment. It was argued, that insurers can no longer depend on a steady client base [11]. They explain that in recent years, clients in many countries have switched their insurance provider. They highlight that many market competitors and increasingly conscious clients, it is crucial for insurers to retain clients, hence CR is a vital aspect of CRM. It is arguable for insurers to monitor customer loyalty due to reasons, such as the efficient tackling of client recruitment and client retention strategies, assessment of market's competitiveness in the insurance industry and the insurer's position in the marketplace [47].

2. Materials and Methods

2. 1. Approach and methodology

This study applied a quantitative methodology because quantitative research is focused and uses precise calculations for investigations [48]. The primary objective of quantitative data collection and analysis is to test hypothesis and examine relationships. A questionnaire, which served as the only data collection instrument for this study, was based on an existing structured questionnaire, obtained from previous studies and dissertations respectively were used with permission [6, 22]. The research was on the influence of CRM on customer loyalty at a South African life insurance industry and on CRM and its influence on customer loyalty in South Africa [6, 22]. The study participants were required to respond to questions from a given set of choices, obtained from previous studies and dissertations. It is deemed, that this method is appropriate to obtain numerical data in response to certain questions (How many? How often? How satisfied?) [49]. Kothari asserts that questionnaires are appropriate when the study population is spread across different geographical areas [50]. This research study focuses on one major walk-in centre of a major insurance provider in South Africa's Western Cape Province. The population of the study incorporates the individual long-term life insurance policy holder of a life insurer whose clients visit this venue. The study provides a detailed focus on one major South African insurance company and, thus, the research findings provide significant insight regarding the influence of CRM ICT in the life insurance industry.

One hundred clients from one walk-in centre of this major life insurance company serve as the study sample. All clients were requested to complete a questionnaire and those who indicated their willingness to do so were included in the study sample. There was no preselection of participants, thus, simple random sampling was applied in agreement with [51] argument that each participant of the universe must have a fair and equal opportunity of being selected as part of the sample. The population for this study comprised of clients of a life insurance company and, thus, is homogenous because all cases are similar.

2. 2. Data validity, reliability, and ethical considerations

The questionnaire was pre-tested for validity and reliability via a pilot study with three client care consultants at one of the walk-in centres of the chosen insurance company [48]. This was tested for any weaknesses in the questionnaire [50]. In addition, it was conducted using a defined client database, obtained with written permission from the general manager of all the walk-in centres for the life insurance company, involved in the study. The questionnaire included an introductory section informing participants of the aims the research and procedures involved. This introductory section included a 'tick box', which when completed indicating the participant's informed consent. The study did describe the main procedures to the participants in advanced, informed them about what to expect as well as making participants aware that their participation is voluntary. All participants gave written consent for participation and that they were assured that their data will be treated with full confidentiality and that, if published, it will not be identifiable as theirs. Participants were debriefed at the end of their participation.

3. Results and discussions

This section summarises the findings of the quantitative research, conducted in the form of a questionnaire. The researcher asked 100 employees to complete the research questionnaire of 100 responded with completed questionnaires. The perception on preservation as a client depends on the relationship with their insurer.

Data, collected from the quantitative research components, assisted this study's researcher to better understand and explore the research topic. The quantitative data collection instrument provided statements or variables that investigated the role and value of CRM systems on CR in an insurance organisation. The instrument also included the collection of demographic data. Participants were instructed to rate statements according to one of the following responses: more than disagree /disagree /neither agree or disagree /agree /more than agree. These quantitative findings, gathered from the 100 participants, were then presented as numerical data.

The findings of this study revealed that 60 % of the study participants are willing to receive communication via technology. From this data is clear that participants are willing to receive communications from insurers. 59 % of the participants indicated that they are willing to receive new product information, 50 % of them are willing to receive information on promotional campaigns, 60 % would like to interact with the insurer and 71 % agreed to receiving messages on special occasions, such as birthdays and/or anniversaries. These findings are consistent with the findings of a study by du Plessis and [22]. Most clients strongly agreed that interactive communication is a critical factor that underlines CRM and their relationship with a long-term insurance organisation. The focus of a long-term insurer should be on attracting and retaining clients through cooperation, trust, commitment and the sharing of information between the parties in the relationship. In order to strengthen the ongoing relationship with the client, not only the insurer is required to communicate with the client, but it is also essential that both parties communicate with each other.

A long-term insurer can nurture the loyalty of clientele by providing accurate information that is easy to understand and customized to the client's needs (du Plessis & [22]. This finding means that insurers should feel confident about communicating with their clientele via technology.

The study findings indicated that 52 % of the participants agreed on the role and value of CRM ICT on CR. 72 % of the participants agreed that their preservation as clientele depends on their relationship with Insurer, 32 % of them will be satisfied if they have an extensive relationship with insurer, 72 % of them agreed that they will be more inclined to remain clients if insurer increased its interactions with them, 55 % of the participants agreed that it is important that insurer measures customer service on a regular basis and 36 % of them agreed that they are satisfied with their current relationship with insurer and will remain in this relationship. These findings are consistent with the findings of a study by du Plessis and Roberts-Lombard that states that long-term insurers should aim to develop and retain loyal clientele by communicating with them both timeously and accurately because such interaction will improve CR [22]. As a result of participants agreeing on the role and value of CRM, insurer should review, improve and train staff on their current CRM initiatives, so that there can be an improvement in CR.

This study's findings indicated that 40 % of the participants agreed that increased technology interactions will make them more loyal clientele. 65 % of them are comfortable using technology as a correspondence method and 69 % agreed that the insurer's technology is sufficiently advanced to correspond with them. 78 % of the participants agreed that their electronic devices have the technological capabilities necessary for the insurer to communicate with them. 58 % of them agreed that clear time frames for transmitting electronic communications need to be established and utilised. 49 % of the participants agreed that contact via technology is a good method for building a positive personal relationship. 65 % of the participants agreed that regular correspondence via technology will increase the chance of their remaining a client and 53 % agreed that their relationship with Insurer could improve if they regularly receive correspondence on new products and services via technological sources. These findings mean that the majority of participants are willing to adopt CRM related ICT technology and to use it to receive and send messages. These findings are consistent with the findings of du Plessis and Roberts-Lombard [22], stating that a long-term insurer can improve and maintain relationships between insurer and clientele if the insurer communicates to clientele in an efficient and accurate manner. This finding means that the adoption of CRM related ICT will have a positive effect on CR and implies that if insurer successfully maintains relationships with its clientele, CR at insurer will increase.

Findings of this study indicated that 40 % of the participants agreed that they are aware of the technology service, provided by the insurer. 17 % of the participants are satisfied with the technology services. 46 % of the participants agree that insurer interacts with them regularly and 50 % of them agree that insurer addresses their primary needs adequately from a technology point of view. 11 % of the participants agree that insurer recommends products and services that matches their profile via technology. 29 % of them agree that insurer interacts with them with personalized messages and communication and 41 % of them agree that insurer manages client information to facilitate easy interaction when dealing with their queries. By applying CRM related ICT, the possibility of creating profitable relationships increases, which, in turn, increases the probability of selling more life-insurance.

The findings of this study indicated that 48 % of the participants agreed that the adoption of CRM related ICT will increase the chances of their purchasing more products in the future. 33 % of them agreed that CRM related ICT facilitates the timely distribution of insurer products and services. 12 % agreed that CRM related ICT enables insurer to deliver quality services to existing clientele. 51 % agreed that CRM related ICT enhances the speed of insurer's service delivery. 36 % agreed that there is a positive relationship between CRM related ICT and insurer's profitability. 72 % agreed that the adoption of CRM related ICT will increase the chance of their remaining insurer's client. 65 % agreed that the adoption of CRM related ICT will increase their satisfaction and loyalty and 65 % agreed that the application of CRM related ICT can increase insurance sales and profitability. These findings mean that CRM related ICT can positively impact marketing methods and result in a lower cost of client acquisition, improvement of client services, improved communication, increased client satisfaction and loyalty, all of which could result in increased CR.

The findings of this study indicated that 37 % of the participants agreed that they consider insurer their first choice among other long-term insurance companies. 65 % agreed that insurer is the first company that comes to mind when making a purchasing decision on long-term insurance products. 46 % agreed that they intend to continue their loyal relationship with insurer. 56 % agreed that their relationship with insurer is mutually beneficial. 74 % agreed that they will definitely buy long-term insurance products from insurer in the future. 40 % agreed that they will recommend insurer to friends and 64 % of the participants agreed they have encouraged other people to conduct business with insurer. These findings are consistent with those of du Plessis and Roberts-Lombard [22] that indicate that there is a positive relationship between CRM and customer loyalty at a long-term insurance provider in South Africa. This fact means that the study revealed that there is room for improvement in determining if customer loyalty exists among clientele. Relationships between clientele and the insurer could improve CR via CRM ICT.

Implications. The research should support the development of an effective continuous IT based CRM system between the clients and life insurance companies. It should also translate into improved relationships and long-term profitability for both parties. Furthermore, the research may also improve relationships between other life insurance companies and their respective clientele. It is believed, that should the research questions be answered by means of the proposed research and should a CRM system be successfully implemented, the following benefits could be derived:

– Increased sales because of closer and mutually rewarding relationships,

– Increased customer retention because of adopting a CRM system,

– Closer relationships may develop over the long-term resulting in maximised profits for,

– Life insurance companies and better service for their clientele; and

– It will hopefully increase communication to the point that it may increase client sales and the associated increase in profitability.

– This research can help managers identify factors that influence the successful implementation of CRM systems and being proactive in dealing with them in future CRM projects.

Furthermore, this research could potentially provide insight to determine whether CRM related ICT will garner the above mentioned, so that the findings of this research may be recommended to other insurance companies and service-related industries.

Limitations and future research. The study was only concerned with one corporate organisation in the financial services sector. Thus, it was limited to the clients of this one company based in Bellville, Cape Town. Members of staff based at the company in Bellville were not included in the study, which is a limitation to the research study and the research findings. This study only focused on 100 clients and, therefore, cannot be seen as a representative of all the clients of the researched insurer. This study focused on identifying the role and value of CRM systems on CR in an insurance organisation in South Africa's Western Cape Province. The study specifically focused on CRM and CR at the client walk-in centres at the offices of the insurer in Bellville, Cape Town, therefore, this study cannot be a representative of the long-term insurance industry. This study only focused on one major city in South Africa, thus, a more inclusive study of all areas in South Africa is recommended.

A comparative study with one or more of the other major long-term insurers in South Africa can also be considered. This study is only quantitative in nature, a qualitative mixed-method research approach will be able to provide a more comprehensive analysis of the research findings. This study has considered the responses of the clients of only one long-term insurance company in South Africa who visited one customer walk-in centre, this fact limits the generalisability of any results. This study does not include the entire insurance industry (only long-term insurance), thus limiting the generalisability of its results. In the pursuit of future studies, it is recommended, that the research findings should be subjected to a qualitative research study with a view of acquiring more comprehensive data on CRM ICT in a constantly evolving environment.

5. Conclusion

The study found that CRM ICT influences CR at an insurer in South Africa's Western Cape Province, that clients are likely to remain loyal if CRM ICT is utilised as a tool to improve CR. In view of these findings several recommendations are made. Firstly, it is recommended, that management should be reminded that clients attach a high value of CRM ICT. Secondly, that management should be advised to utilise CRM ICT to collect client feedback for input in creating and developing a strategy for CR and growth. A study, conducted by Madubanya, indicates that insurers are concerned about the number of policies being cancelled and lapsed [6]. Similarly, a survey by KPMG notes that lapse rates remain a challenge for insurers, difficult economic conditions continue to strain clientele, which results in higher lapse and cancellation rates [1]. Most insurers have some form of CRM programme in place, but the increasing nature of lapse rates suggests that these programmes have little effect. This research study posed the question: What is the role and value of CRM ICT on CR in the life insurance industry in South Africa's Western Cape Province?

Conflict of interest

The authors declare that there is no conflict of interest in relation to this paper, as well as the published research results, including the financial aspects of conducting the research, obtaining, and using its results, as well as any non-financial personal relationships.

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Data availability

Manuscript has associated data in a data repository and data will be made available on reasonable request

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