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## Identification and prioritization the factors affecting the insurance industry customer preferences using KANO and AHP model (case study:the city of Kashan)

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### **Abstract**

*It is noticed that the environmental changes in world market, impress the insurance companies, accepting new models for their business, as it is important to utilize the customers ideas for services, especially that the customers are affected by the environmental changes. The satisfied customers act for developing the insurance culture as, applying effective strategy, increasing the customer services and attracting the customers. In modern variable environment, it is necessary that the companies adopt themselves with variations, for continuing to survive life. Creating an appropriate structure is one of the main components and integrated features of today's societies and in the present competitive world, successful companies are those that of a step above theirs competitors. In this paper, it is tried to identificate the effective indicators in customer preferences using KANO model and finally prioritized using AHP model.*

**Keywords:** sample, KANO,AHP, insured preferences

## 1- Introduction

Nowadays, the customers have very critical role in the economic and international interactions. Customer relating management has been proposed as a long-term relationship with the customers, so that the made changes have helped to its performance method.(light, 2001)

The customer relating management is a business strategy and its implementation will attract and maintain and enhance the customers.

Aware of the quality of service concept and efforting to improve its service quality can increase the customer satisfaction.

Nowadays, through the use of information and communication technologies, organizations can offer lower prices different products and services to customers at the same time (Peppard, 2003).

The insurance companies are one of a dynamic and important institutions in many countries. These companies are important with respect to the features and benefits to the community, and insurance by transferring the risk from the general population to itself, make the cause of peace and social welfare. Insurance companies, catching insurance premiums from the people, invest them in investing or exchange companies and grow their countries. These companies, in order to provide appropriate services to insured peoples, should have a closely relationship with buyers, especially buyers of non-compulsory insurances to aware of their needs and offer them suitable insurance.

In this paper, a real framework is studied for the prioritization and selection of the most important factors for insured preferring in Kashan through a combination of KANO and AHP model.

## 2- Research Method

The research method is the collection of rules, tools and reliable and systematic ways to

review the facts, explore the unknown and achieve solutions to problems.

Identification method is the base of every science and validation of every science is based on the identification method that is used.

This article base of goals that will follow, is applied because the results of customer preference in the field of insurance companies can be exploited in the insurance industry and the other insurance companies.

### 2-1- Statistics society

For research purposes, we should define the society that the sample is chosen from. This definition must be so clear that there aren't any questions about the generalizability or the application of the results of each member of society.

The statistics society is the number of desired elements in that of one specific character. Specific character is the character that is shared between all elements of the statistics society, and distinctive the statistics society from other communities. "Sarmad and others, 2007" Research Methodology in Behavioral Sciences "10 edition, Tehran, Agah Publishers.

The Statistics society of the this study are managers and assistant managers of the insurance industry of Kashan City.

Since access to customers and for completing the questionnaire is difficult, the questionnaires was Distribute between the managers and assistant managers of insurance industry, that are members of insured.

### 2-2- statistics sample.

Decision about the sample volume, is very important in terms of the accuracy of the results of sampling and saving time and money.

It is clear that the small size causes inaccuracy of results, and a large sample size would be too time consuming and expensive.

As a result, the most suitable size may be selected in term of time, accuracy and cost.

Considering the above. to determine the sample according the advisor professor, the questionnaire was distributed between 25 managers that the number of questionnaires returned was 20.

### 2-3- Data analysis method

Data analysis is a multi-stage process in which the data collected through the use of the sample are summarized, coded, classified and then processed to answer research questions and hypotheses. In this process, the data are refined in terms of conceptual and experimental and finally, the various techniques of statistical have

an important role in inference and generalizations. (Khaki, 1997)

#### 2-3-1- Variable descriptions

In this section, the general profile of experts, such as education, work experience, and the organization post is stated. It should be noted that in this study, experts and insurance experts of Kashan city that are being employed in Iran, Parsian, Dana, Alborz, Asia, Razi and Karafarin insurance, are asked to answer a questionnaire research.

**Education:** data is as follows:

Table 1: variable abundance of education

| Education               | abundance | Relative abundance | The cumulative abundance | Condensation percent |
|-------------------------|-----------|--------------------|--------------------------|----------------------|
| undergraduate education | 12        | 0.6                | 12                       | 6                    |
| graduate education      | 6         | 0.3                | 18                       | 0.9                  |
| Ph.D education          | 2         | 0.1                | 20                       | 1                    |
| Sum                     | 20        | 1                  |                          |                      |

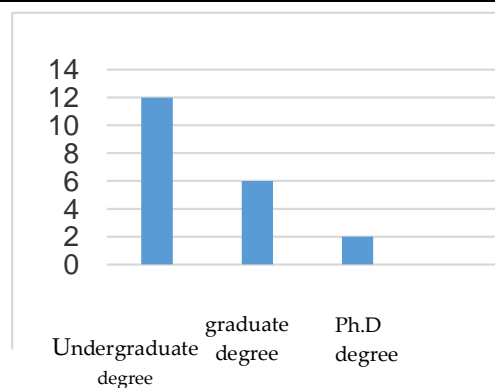


Figure 1: Diagram of education variable abundance

The above table shows the status of education variable among the respondent. According to the results of above table, 60% of

respondents have undergraduate education, 30% of respondents have graduate education and 10% of respondents have Ph.D education.

#### The organization post:

Table 2: organizational status abundance table

| organization post | abundance | Relative abundance | The cumulative abundance | Condensation percent |
|-------------------|-----------|--------------------|--------------------------|----------------------|
| managers          | 6         | 0.3                | 6                        | 0.3                  |
| assistant         | 14        | 0.7                | 20                       | 1                    |
| sum               | 20        | 1                  |                          |                      |

The above table shows the organizational status of the respondents.

The following chart shows the abundance of respondents according to organizational post variables.

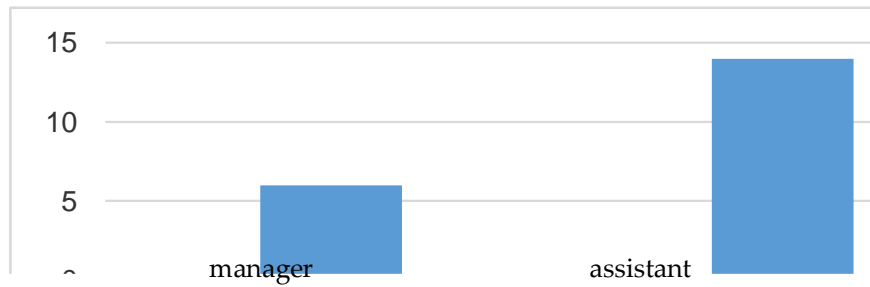


Figure 2: Diagram of respondents organizational status variable abundance

**Service history:**

Table 3: Service history variable abundance table

| Service history | abundance | relative abundance | cumulative abundance | Condensation percen |
|-----------------|-----------|--------------------|----------------------|---------------------|
| 3 to 6 years    | 4         | 0.2                | 4                    | 0.2                 |
| 6 to 10 years   | 3         | 0.15               | 7                    | 0.35                |
| 10 to 15 years  | 8         | 0.4                | 15                   | 0.75                |
| 15 to 25 years  | 5         | 0.25               | 20                   | 1                   |

The above table shows the service history variable status between the respondents.

According to the results of table, 25% of respondents are between 15 and 25 years of experience in the insurance industry.

The following chart shows the respondents abundance according to service history variable.

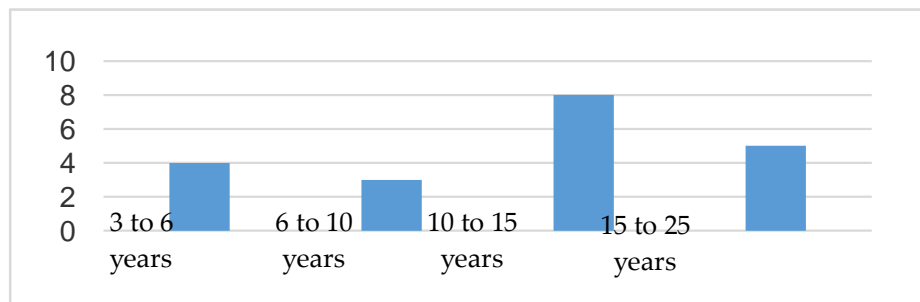


Figure 3: Diagram of the service history variable abundance

**3- Conclusion**

In this study, the factors affecting the insured preferences are classified in three main groups of basic needs, performance and motivation (based on Kano model). In order to prioritize the effective factors in insurance

preferences, the main factors and their subsidiaries using the Expert Choice software and managers, experts and employees of the insurance industry ideas were ranked as follows.

the main factors of insured preferences are as follows.

Table 7: the main factors

| The main factors | Weight |
|------------------|--------|
| basic            | 0.551  |
| performance      | 0.324  |
| motivational     | 0.125  |

Table 8: the basic requirement

| the basic requirement |  |                              |
|-----------------------|--|------------------------------|
| Row                   | Indicators   | Weight                       |
| 1                     | providing clear contracts                                      | $0.551 \times 0.187 = 0.103$ |
| 2                     | the proportionality of compensation and insurance premium      | $0.551 \times 0.212 = 0.116$ |
| 3                     | ease of operation  | $0.551 \times 0.089 = 0.049$ |
| 4                     | protection of customer data and customer goodwill to employees | $0.551 \times 0.159 = 0.087$ |
| 5                     | good and strong communication with customer                    | $0.551 \times 0.136 = 0.074$ |
| 6                     | adherence to the commitments undertaken by insurance           | $0.551 \times 0.217 = 0.119$ |

Table 9: the performance requirement

| the performance requirement |   |                              |
|-----------------------------|---|------------------------------|
| Row                         | Indicators  | Weight                       |
| 1                           | The distribution of insurance offices in the city and availability in place                                   | $0.324 \times 0.197 = 0.063$ |
| 2                           | compared with other insurances provide differentiated services  | $0.324 \times 0.216 = 0.069$ |
| 3                           | proper understanding of customers needs and appropriate mechanisms to assist.                                 | $0.324 \times 0.102 = 0.033$ |
| 4                           | modern office and equipments  | $0.324 \times 0.088 = 0.028$ |
| 5                           | awarding incentive packages to customers as well as having facilities such as parking, reception and ...      | $0.324 \times 0.120 = 0.038$ |
| 6                           | feelings of cooperation with the customer at the time of accident   | $0.324 \times 0.091 = 0.029$ |
| 7                           | Having mobile unit to provide insurance services  | $0.324 \times 0.061 = 0.019$ |
| 8                           | Taking of modern technology to provide services (such as sending SMS, e-mail and insurance internet shopping. | $0.324 \times 0.124 = 0.040$ |

Table 10: the motivational requirement

| the motivational requirement |  |                              |
|------------------------------|--|------------------------------|
| Row                          | Indicators   | Weight                       |
| 1                            | ensuring the provision of services in the form of commitment and investigate customer complaints           | $0.324 \times 0.197 = 0.063$ |
| 2                            | having good experience in identifying and finding and solving customer problems                            | $0.324 \times 0.216 = 0.069$ |
| 3                            | adequate knowledge to solve customer problems  | $0.324 \times 0.102 = 0.033$ |
| 4                            | working at the first visit and avoiding unnecessary repeat visits  | $0.324 \times 0.088 = 0.028$ |
| 5                            | updating employees information and understanding customer needs  | $0.324 \times 0.120 = 0.038$ |
| 6                            | The time of services (week days and hours), and compatibility of branch working time with customers' needs | $0.324 \times 0.091 = 0.029$ |
| 7                            | declaration of work process steps as appropriate to the client   | $0.324 \times 0.061 = 0.019$ |
| 8                            | the ability of quick response to customers   | $0.324 \times 0.124 = 0.040$ |

#### 4- Suggestion

For future research, it is suggested to study previous research and extraction of affecting factors in customer preferences for prioritize and provide suggestions to the organizations and companies.

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