

Customer Orientation and Loyalty: Opinionistic Survey of Executives

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Abstract

The most important objective of business organization in modern era is to satisfy the customers. Therefore, all the activities of each and every department must be customer oriented. Once the customers are satisfied from a particular product or service, they become loyal to that particular brand. The present study proposes to assess the ways used by general insurance companies to achieve customer orientation and importance given to various factors to build customer loyalty. The statistical 't' test was employed on the responses of respondents, which included the opinions of executives with a well-structured questionnaire. The result of the study suggests that the customers' database, contact with customer and management of process to deliver services play an important role for customer orientation & complaint handling and clear point contact are the most important factors to build customer loyalty.

Keywords: Customer Loyalty, Customer Orientation and Customer Satisfaction

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1. Introduction

Two major developments, the process of liberalization and globalisation and incursion of information technology have increased the competition at international level. In an increasingly competitive business environment, the seller market has been shifted into buyer's market. Today, the marketers cannot survive in a complex environment with traditional practices. He has to continuously study the dynamic environmental factors, which affects the needs and preferences of the consumer. The business organisations are able to win the competitive situation only, if they are willing to adopt better solutions to changing pattern of society. Customer wants better services than product characteristics, pricing, promotions and delivery. In present scenario, customer orientation and loyalty have become challenging marketing practices.

Certainly from the perspective of these well - known practices, the consumer centric impact on future business gain have been recognized. Customer loyalty is a key issue for all insurers in insurance business today because companies have learnt that loyal consumers translate to relationship revenue over the life cycle of the insurance services. As more and more of these consumers demand a high level of services, the enterprise those are able to provide it will dominate their market segments, strengthen their brands and defend their position within the industries. Since it is now widely recognized that customer orientation and loyalty has become an important goal for each and every organization.

2. Review of Literature

Borgen (2001) has stressed that the marketers promises the satisfaction of customers. The insurer continuously modifies the marketing policies as per the changing taste and preferences of the consumer to survive in competitive environment. Bhattacharya and Sen (2003) described the conditions under which customers committed to a particular brand and develop meaningful relationship with the organisations.

Reddy and Acharyulu (2003) has stated that today the business have become increasingly aware of the problems related to customer management. The marketing efforts are failing to improve customer loyalty, even though they may be attracting new customer. Corporate are learning the hard way that efficiency lays in retaining customers rather than merely attracting new ones. The attraction and retention of a firm's most valued customer is the bedrock of any relationship management implementation.

Shainesh and Ramneesh (2003) have stressed that worldwide, service firms have been the pioneers in adopting the practice of relationship

management. The authors conducted survey among managers related to financial services to understand the relationship management practices and programs adopted by them. This article highlights the issues such as quality and customer centric processes, employee empowerment, technology selection, customer knowledge strategies and individualisation of marketing programs.

Rao (2004) has focused that effective mechanism for the redressal of the customer complaints is a must to deliver efficient customer service and customer satisfaction. The article also pointed out the positive response to the voice of the customer plays important role in building customer centricity for business organisation.

Hughes (2005) highlights the customer retention objectives being followed by the insurance company and significance of selling a second policy to the same customer. Emphasis is being laid on the customisation of products to suit the emerging requirements of the customer. To build customer loyalty, the insurers are trying hard to get customer feedback by a wide array of channels such as internet, phone calls and personal interaction.

Mahfooz (2005) has stated that technology is changing the way of organisation to do business and employees face a pace of change faster than any other time in history. The author stressed that customer orientation is the key thrust for almost all the marketers. One of the key factors of customer loyalty, which often determines the prospects of survival of a business in the long term, is going to be determined by the quality of customer services that the company provides. If a company is to stay in business then it will have to deliver the products or services to customers as he wants, when he wants and how he wants.

Sharma and Kumar (2005) have pointed out that insurance organisations cannot survive with traditional marketing strategies in a competitive environment. In today business, customers demand variety of products and solutions and opt best out of all available solutions. The study indicates the insurer must focused customer centric and customer loyalty practices to provide better services.

3. Research Objectives and Methodology

3.1 Objectives

1. To assess the ways used by general insurance companies to achieve customer orientation.
2. To examine the extent of customer loyalty towards general insurance companies.

3.2 Hypothesis

The opinions of executives of public sector and private sector insurance companies regarding customer orientation and customer loyalty practices don't differ significantly.

3.3 Research Methodology

This paper provides an overview on the opinions of executives of insurance companies about customer orientation and loyalty. It requires mention that for the above-mentioned purpose, an executive survey was conducted. The primary data was collected from executives of the selected general insurance companies in the state of Haryana about their opinions on various aspects of customer orientation and customer loyalty.

In this survey, the interviews of as many as 60 executives (33 from public sector and 27 from private sector) were conducted with a well-structured questionnaire. The respondents were asked to give response against any of the five levels such strongly disagree, disagree, neutral, agree, and strongly agree on various aspects of customer orientation and loyalty. The data are presented in tabular form with either percentages or mean ranks.

4. Analysis and Interpretation

4.1 Ways to achieve Customer Orientation

The customer orientation can be achieved by various ways such as managing the customer contact, management of agents by training and linking their rewards with productivity, making use of customer histories and management of processes. Under the present survey, an attempt was made to assess the ways used by general insurance companies in India to achieve customer orientation. The response regarding the question on ways to achieve customer orientation is presented in Table 1.1 and 1.2.

Table 1.1: Ways to achieve Customer Orientation

Factors for Customer Orientation	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
a) Managing the customer contact	-	-	10 (16.7)	35 (58.3)	15 (25.0)	60 (100.0)
b) Management of agents by training	1 (1.7)	-	7 (11.7)	20 (33.3)	32 (53.3)	60 (100.0)
c) Management of agents by linking reward with productivity	-	1 (1.7)	11 (18.3)	20 (33.3)	28 (46.7)	60 (100.0)
d) Making use of customer histories		2 (3.3)	11 (18.3)	29 (48.3)	18 (30.0)	60 (100.0)
e) Management of processes to deliver services		1 (1.7)	16 (26.7)	25 (41.7)	18 (30.0)	60 (100.0)

Note: Figures in parentheses are the percentages to total

Table 1.2: Sector-wise ways to achieve Customer Orientation

Factors for Customer Orientation	Mean		Standard Deviation		t-value	P-Value
	Public	Private	Public	Private		
a) Managing the customer contact	4.1515	4.0000	0.61853	0.67937	0.903	0.370
b) Management of agents by training	4.6061	4.0741	0.86384	0.67516	2.612*	0.011
c) Management of agents by linking reward with productivity	4.2424	4.2593	0.83030	0.81300	0.079	0.937
d) Making use of customer histories	4.1515	3.9259	0.75503	0.82862	1.102	0.275
e) Management of processes to deliver services	4.1212	3.8519	0.85723	0.71810	1.301	0.198

* t-value is significant at 0.05 level.

As highlighted in Table 1.1, only 1.7 percent of the respondents have strongly disagreed about 'the management of agent by training' to achieve customer orientation. No respondent disagreed strongly to the remaining ways. The highest percentage (53.3) of respondents has strongly agreed to 'management of agents by training' as a way to achieve customer orientation. Management of agents by linking reward with productivity is the second most important way as advocated by 46.7 percent of the respondents. 'Making use of customer histories' and 'management of processes to deliver services' are the two factors considered important to achieve customer orientation, that too by more than 70 percent executives. Thus, each of the ways shown in the table under reference is either agreed or strongly agreed ways to achieve customer orientation.

To bring out sector-wise variation in the executives' opinion about importance of various ways to customer orientation, the independent sample t-test was applied. The results are exhibited in Table 1.2. A glance through this table shows that the mean scores of public sector companies and private sector companies on various ways to achieve customer orientation don't differ significantly except 'management of agents by training'. This results shows that executives of both sectors have similar opinion for the importance of above mention factors except one as a ways to achieve customer orientation. As regards the mean score of responses on 'management of agents by training', it is obvious that the mean score is higher in public sector companies (4.6061) than that in private sector companies (4.0741). The t-value is found a statistically significant which indicates that executives of public sector are more concerned with 'management of agent by training'.

4.2 Opinions of Executives about Customer Loyalty factors

Next question raised during the survey was about the factors of customer loyalty like promises and commitment, complaint handling, clear point contact, keeping constant communication with customer segmentation and customized service. The responses of the above-mentioned factors are presented in Table 2.1.

The table reveals that more than three fourth of respondents have either agreed or strongly agreed to the various factors of customer loyalty. Amongst the various factors, 'complaint handling' shows the maximum number of respondents (93.3%) who have agreed and strongly agreed towards it. Promises, commitment and clear point contact have followed complaint handling. Only few respondents, who vary from 2 to 6 percent, have disagreed to various factors of customer loyalty.

Table 2.1: Opinion of Executives about Customer Loyalty factors

Factors necessary for customer loyalty	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
a) Promises and commitment	-	1 (1.7)	8 (13.3)	26 (43.3)	25 (41.7)	60 (100.0)
b) Complaint handling	-	-	4 (6.7)	27 (45.0)	29 (48.3)	60 (100.0)
c) Clear point contact	-	-	5 (8.3)	36 (60.0)	19 (31.7)	60 (100.0)
d) Keeping constant communication with customers	-	3 (5.0)	7 (11.7)	19 (31.7)	31 (51.7)	60 (100.0)
e) Being innovative	-	3 (5.0)	11 (18.3)	17 (28.3)	29 (48.3)	60 (100.0)
f) Customer profiling / segmentation	-	4 (6.7)	7 (11.7)	34 (56.7)	15 (25.0)	60 (100.0)
g) Customized service	-	1 (1.7)	9 (15.0)	28 (46.7)	22 (36.7)	60 (100.0)

Note: Figures in parentheses are the percentages to total

Table 2.2: Sector-wise variation in opinion of Executives about Customer Loyalty factors

Factors necessary for customer loyalty	Mean		Standard Deviation		t-value	P-value
	Public	Private	Public	Private		
a) Promises and commitment	4.3636	4.1111	0.78335	.69798	1.304	.197
b) Complaint handling	4.3939	4.4444	.70442	.50637	-.312	.756
c) Clear point contact	4.2121	4.2593	.54530	.65590	-.304	.762
d) Keeping constant communication with customers	4.3333	4.2593	.88976	.85901	.326	.746
e) Being innovative	4.3636	4.0000	.85944	.96077	1.546	.127
f) Customer profiling/ segmentation	4.0909	3.8889	.76500	.84732	.970	.336
g) Customized service	4.1212	4.2593	.89294	.52569	-.708	.481

The analysis across sector on various factors of customer loyalty, as shown in Table 2.2 indicates that the mean score of both sectors is almost similar in all factors of customer loyalty. From above analysis, it is concluded that the respondents of both sectors pay similar attention to above factors to achieve customer loyalty.

5. Findings and Recommendations

The responses on ways to achieve customer orientation under study indicates that executives have either strongly agreed or agreed opinion that customer orientation can be achieved through managing the customer contact, management of agents by linking reward with productivity, making use of customer histories and management of processes to deliver services. However executives of public sector insurance companies give more importance to 'management of agents by training' as a way to achieve customer orientation than that of private sector.

The result of the study further shows that customer loyalty can be ensured by promises and commitment, complaint handling, clear point contact, constant communication with customer, being innovative, customer segmentation and customized service. However the complaint handling and clear point contact are the most important factors to ensure customer loyalty.

To conclude present research, an attempted has made to provide a framework and approach for translating executives opinions into managerial planning for improving overall satisfaction with insurance services. Insurance organizations must formulate marketing strategies, which are customer-orientation. Overall, results of the paper suggest that firms that make investments in customer centric and customer loyalty reap significant intangible benefits such as improved customer knowledge and customer satisfaction. Achieving such customer-focused objectives is a critical ingredient for success in increasingly competitive business.

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