Applying marketing management and communication management theories to increase client retention in the short-term insurance industry

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ABSTRACT

Businesses must retain their clients to remain profitable. The academic field of marketing management considers customer relationship management (CRM) as most appropriate to achieve this, while communication management focuses instead on public relations (PR). The purpose of this research was to analyse theories in these two disciplines and derive an integrated theoretical framework of CRM and PR client retention. The framework was then tested through in-depth interviews with short-term insurance clients and short-term insurance providers (brokers and direct insurers) in South Africa to gain perspectives from both sides. The importance of some fundamental elements found in literature were affirmed, two elements’ importance were questioned and it was established that three inconsistencies existed between what providers regard as essential to retain clients and what clients regard necessary for them to stay in a relationship with an insurance provider. This may explain the many unsuccessful client retention efforts of South African brokers and direct insurers. Six new CRM and/or PR elements, not found in literature, are presented in the article for exploration in future research. In order to assist client retention in the very competitive short-term insurance industry, results were applied to the core tenets of Niemann’s (2005) SA model for the implementation of strategic integrated communication (IC). Finally, the authors present an integrated approach to client retention strategies in the South African short-term insurance industry, incorporating both marketing and communication theories.

Highlights

3. New client retention elements.

Keywords

Marketing management; communication management; client retention; customer relationship management (CRM); public relations (PR); and integrated communication (IC)
1. Introduction

Attracting the right customers and retaining them are crucial to business success (Knox, Maklan, Payne, Peppard & Ryals, 2003, p. 6). This is even more important during times of increased competition, recession, globalisation and stronger regulations (Moodley, 2007, p. 24). The current global financial crises serve as cases in point. Service providers striving toward more effective client retention practices during difficult times should get an in-depth understanding of client retention strategies, what they entail, how they are developed and how they should be managed (Corner & Hinton, 2002, p. 239; Reichheld, Murkey & Hopton, 2000, p. 135; Sanchez & Sanchez, 2005, p. 307; Ward & Dagger, 2007, p. 282; and Zineldin, 2005, p. 341).

While both disciplines agree that relationships with clients should be established and maintained, marketing management relies on customer relationship management (CRM) to do this, while communication management favours the public relations (PR) function. The business principle of effective client retention to ensure sustainability applies equally to the short-term insurance industry, which in South Africa is particularly complex, competitive and regarded as cut-throat (Ndubisi, Wah & Ndubisi, 2007, p. 223). Many clients, for reasons known and more often unknown, are not being retained. This threatens the survival of brokerages and direct insurance companies alike.
2. Problem statement and research aim

The research on which this article is based investigated how clients in the South African short-term insurance industry could be retained by seeking answers from marketing and communication management literature. Both fields recommend client retention strategies, but call them by different names. Short-term insurance practitioners and business managers are not always aware how their strategies differ or coincide.

3. Marketing management and communication management perspectives

Views on the retention of customers in the subject discipline of marketing management developed as the field itself evolved. In the mid to late nineties the focus shifted from transactional to relational, where the development and maintenance of relationships became the essence of the field (Strydom, 1999, p. 2). The value of retaining customers became apparent and crucial to business profitability and success. Marketing efforts had to be adapted to support this new point of view and innovative ways of dealing with customers were sought. This paradigm shift lead to the birth of the concept of relationship marketing and customer relationship management (CRM) (Grönroos, 2000, p. 8-9; Payne, 2006, p. 6; Swart, 1998, p. 8). The premise of a CRM strategy is to create, develop and maintain profitable relationships with customers (Buttle, 2006, p. 39).

On the other hand, communication management as a developing academic discipline has since its origin maintained that building relationships with all the organisation’s stakeholders is important for organisational success. Stakeholder theory suggests that the environment of any organisation consists of a variety of stakeholder groups with interests (stakes) in the organisation that could
either positively or negatively impact organisational performance (Zsolnai, 2006, p. 39). Grunig, Grunig and Dozier (2006, p. 33) state that part of the effectiveness of an organisation is therefore determined by identifying key stakeholders to incorporate their values into the goals of the organisation. Within communication management, the business function of public relations (PR) is to manage communication between an organisation and all of its stakeholders to build and maintain successful relationships (Grunig & Huang, 2000, p. 28; Ströh, 2005, p. 111).

Public relations (PR) focuses on all stakeholders involved in an organisation, while relationship marketing, and customer relationship management (CRM) in particular, predominantly focuses on customers. As this article specifically reports on the investigation of the retention of clients, only this stakeholder group is discussed. Table 1 indicates a comparison of the fundamental elements of CRM and PR gleaned from the respective literature reviews.

The grey areas indicate either differences between the two disciplines, or elements present in the thinking of one discipline but not necessarily relevant to the thinking of the other.

It is clear that almost all the core elements of CRM and PR are similar. Fundamentally the two disciplines strive toward the same main purposes that mostly comprise the same elements. If CRM’s and PR’s core elements are in essence the same and if, according to Ströh (2005, p. 121), the fields of customer relationship management (CRM) and relationship management in PR started to overlap, their strategies could be integrated to provide a competitive advantage in customer retention in the short-term insurance industry.
<table>
<thead>
<tr>
<th><strong>CRM elements</strong></th>
<th><strong>PR elements</strong></th>
<th><strong>Discussion</strong></th>
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<tbody>
<tr>
<td>Systems theory</td>
<td>Systems theory</td>
<td>CRM and PR are consistent with the systems theory</td>
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<tr>
<td>Main aim is managing profitable</td>
<td>Main aim is managing mutual</td>
<td>CRM and PR have the same main aim of establishing, developing and maintaining mutual beneficial relationships</td>
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<td>relationships with customers</td>
<td>beneficial relationships</td>
<td></td>
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<td>Relationship building</td>
<td>Building of relationships</td>
<td>Establishing and nurturing relationships is an aim of CRM and PR</td>
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<tr>
<td>Customer retentions</td>
<td>Retaining relationships</td>
<td>Retaining relationships by managing relationships is a key goal of CRM and PR</td>
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<tr>
<td>Customer loyalty</td>
<td>Loyalty</td>
<td>CRM and PR aim to influence relationships to create and manage loyalty</td>
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<tr>
<td>Customer satisfaction</td>
<td>Satisfaction</td>
<td>CRM and PR regard satisfaction as essential in managing relationships, as satisfied clients will return</td>
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<tr>
<td>Strategic function</td>
<td>Strategic orientation</td>
<td>CRM and PR view strategy as essential for effectively managing and retaining clients</td>
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<tr>
<td>Holistic, cross-functional</td>
<td>Holistic, cross-functional</td>
<td>CRM and PR argue that retention efforts should be driven organisation-wide, integrating all functions and processes in the organisation</td>
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<tr>
<td>approach</td>
<td>approach</td>
<td><strong>CRM traditionally focused on customers only,</strong> while PR <strong>focused on all stakeholders of which customers are one specific stakeholder group</strong></td>
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<tr>
<td>Customer centric</td>
<td>Stakeholder focus</td>
<td></td>
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<tr>
<td>Customer segmentation</td>
<td>Segmentation of stakeholders</td>
<td>CRM and PR regard market segmentation as essential to the effective retention of clients</td>
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<td>Customer trust</td>
<td>Trust</td>
<td>CRM and PR aim to develop trust, as trust assists with managing the relationship and retaining clients</td>
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<td>Commitment</td>
<td>Commitment</td>
<td>CRM and PR see commitment as vital in maintaining quality relationships</td>
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<tr>
<td>Profits &amp; Competitive advantage</td>
<td>Profitability</td>
<td>CRM and PR aim to increase profitability and competitive advantage through effectively maintaining relationships management</td>
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<tr>
<td>Knowledge</td>
<td>No PR element</td>
<td><strong>CRM regards knowledge management as crucial</strong></td>
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<tr>
<td>CRM elements</td>
<td>PR elements</td>
<td>Discussion</td>
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<tr>
<td>management</td>
<td>present</td>
<td>to the retention of clients, whereas PR places little emphasis on knowledge management</td>
</tr>
<tr>
<td>IT enabled</td>
<td>No PR element present</td>
<td>CRM regards the use of IT systems as integral to the successful development and implementation of CRM programmes and practices, whereas PR traditionally placed little or emphasis on the use of IT. Both now you social media to assist</td>
</tr>
<tr>
<td>No CRM element present</td>
<td>Communication</td>
<td>CRM literature places little to no emphasis on communication as a tool to establish, develop and maintain relationships with customers. PR continuously emphasises the use of communication as basis for effective stakeholder relationships</td>
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4. An integrated approach to retaining clients

The notion of an integrated approach is not new. Two decades ago Kitchen (1993, p. 15) stated that numerous overlaps and commonalities between the two fields exist. He suggested the comparison between the disciplines to evaluate, contrast and ultimately provide reasons why their possible integration might be beneficial, if not essential. Holm (2006, p. 23) supports this notion by stating that professionals and academics alike neglect to consider integrated approaches. Niemann (2005, p. 244) is a proponent of the integration of marketing and communication efforts and presented a conceptual South African model for the implementation of strategic integrated communication (IC).

Following through from the comparison of core CRM and PR elements found from reviewing the respective literature, Figure 1 illustrates an integrated framework toward client retention in the short-term insurance industry.

The next step was to test and possibly validate the proposed integrated client retention approach among short-term insurance clients and insurance providers in the South African short-term insurance industry.
Fig. 1. An integrated framework towards client retention.
5. Research methodology

A qualitative research design was followed by conducting interviews with clients who hold an active personal or commercial insurance policy and with short-term insurance providers (brokers or direct insurers).

5.1 Sampling

Purposive (judgemental) sampling was used to select respondents from the target population. This technique allows for the selection and interviewing of specific individuals who have experience in the short-term insurance industry and strong views. A predetermined minimum number of participants are not necessary to conduct sound qualitative research, where sufficient depth of information is needed to fully describe the phenomena under investigation (Pratt, 2009, p. 856).

5.2 Data collection

In-depth, semi-structured, face-to-face interviews were conducted with clients and insurance providers. The interview questions, deducted from the integrated framework in Figure 1, explored participants’ experiences and encouraged them to share as much information as possible in an unconstrained environment. Participants were also asked to rank and rate certain concepts. Although this is not typical in qualitative research, it was regarded as essential to add richness to the results. The interviews were conducted in participants’ workplace environment and were recorded by dictaphone and supported by field notes.
A Likert scale was used to measure rating questions by indicating (1) strongly agree, (2) somewhat agree and (3) do not agree at all with the statements provided. A forced ranking scale was used to indicate a list of items that had to be ranked relative to each other. All ranking questions started with (1) most preferred, (2) second choice and so forth.

Pilot testing mimicking the final research conditions was conducted to ensure the effectiveness and clarity of the interview schedule and to ensure the reliability of the measuring instrument. Some questions were found to be repetitive, unclear and redundant. Unclear questions were formulated differently and repetitive and redundant questions were removed, while new questions were added.

5.3 Measurement

Results were analysed using qualitative content analysis through a process of reviewing, synthesising and interpreting data to describe and explain the phenomena (Fossey, Harvey, McDermot & Davidson, 2003, p. 726; Henning, 2004, p. 104 & 105). The researcher went through the transcribed interviews repeatedly to identify units of meaning, which were then coded, categorised and grouped together to indicate certain themes. These themes were used as the basis for arguments in discussions to meet the research objectives.

5.4 Reliability and validity assessment

Inter-coder reliability describes the extent to which two independent coders evaluate the characteristics of a message and the extent to which they reach the same conclusions (Lombard, Snyder-Duch & Bracken, 2002, p. 589). Scott’s pi (π) and Cohen’s kappa (κ) were selected to validate the results by calculating the Reliability Calculator for 2 coders (ReCal2). This online
utility calculates inter-coder reliability coefficients for nominal data coded by two coders (Freelon, 2011). The results indicated that almost all the themes obtained a 100% agreement, rendering the measures acceptable and reliable. Themes 2 and 6 in Table 2 obtained lower measures, but were still higher than the acceptable 70% mark.

6. Results

Seven interviews with short-term insurance clients and two interviews with short-term insurance providers were regarded as adequate as enough results were collected to formulate a clear position and understanding of the topic. For ease of reference, “clients” is used to refer to short-term insurance clients and “insurance providers” refers to either direct short-term insurers or insurance brokers.

Answers received from the short-term insurance clients yielded 391 units of meaning which were then divided into 38 categories and finally grouped into 16 themes.

From the answers from the insurance providers 249 units of meanings were identified, which were divided into 37 categories and grouped into 15 themes. Table 3 lists the themes.

The themes are discussed as part of the findings and interpretations in Section 7.
**Table 2.** Themes identified by short-term insurance clients.

<table>
<thead>
<tr>
<th>Themes</th>
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<tbody>
<tr>
<td>1. Clients are more likely to terminate a policy if no relationship with the organisation exists and negative changes in policy circumstance occur</td>
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<tr>
<td>2. Ease, speed and convenience of doing business are likely to influence a client to stay with the organisation</td>
</tr>
<tr>
<td>3. A client who is comfortable is more likely to stay with the organisation</td>
</tr>
<tr>
<td>4. Giving honest advice and explaining the finer details of the insurance contract are likely to influence a client to stay with the organisation</td>
</tr>
<tr>
<td>5. The relevance of a relationship for a client</td>
</tr>
<tr>
<td>6. The benefits and price of the insurance policy and excesses payable when a claim arises</td>
</tr>
<tr>
<td>7. The knowledge and competency of the consultants representing the organisation</td>
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<tr>
<td>8. How a client chooses a specific broker or insurer</td>
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<tr>
<td>9. Excellent service is likely to influence a client to stay with the organisation</td>
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<tr>
<td>10. Effective communication can determine the likeliness of a client to stay in a relationship with the organisation</td>
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<tr>
<td>11. When an organisation is client centric, a client is more likely to stay in the relationship with the organisation</td>
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<tr>
<td>12. The influence of the power balance of the relationship on the decision of a client to stay in the relationship with the organisation</td>
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<tr>
<td>13. Loyalty towards the organisation is likely to influence a client to stay in the relationship with the organisation</td>
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<tr>
<td>14. When a client trusts a broker or insurer, the client is more likely to stay in the relationship with the organisation</td>
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<tr>
<td>15. Feeling satisfied towards the organisation is likely to influence a client to stay in the relationship with the organisation</td>
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<tr>
<td>16. Mutual commitment towards the relationship is likely to influence a client to stay in the relationship with the organisation</td>
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</table>
Table 3. Themes identified by short-term insurance providers.

Themes

1. Speed and convenience of doing business are likely to influence a client to stay with the organisation
2. Giving honest advice and explaining the finer details of the insurance contract are likely to influence a client to stay with the organisation
3. The relevance of a relationship for a client
4. The influence of price on the decision of a client to stay with the organisation
5. The knowledge of the consultants representing the organisation
6. Excellent service is likely to influence a client to stay with the organisation
7. Effective communication can determine the likeliness of a client to stay in a relationship with the organisation
8. When an organisation is client-centric, a client is more likely to stay in the relationship with the organisation
9. The influence of the power balance of the relationship on the decision of a client to stay in the relationship with the organisation
10. Loyalty towards the organisation is likely to influence a client to stay in the relationship with the organisation
11. When a client trusts a broker or insurer, the client is more likely to stay in the relationship with the organisation
12. Feeling satisfied towards the organisation is likely to influence a client to stay in the relationship with the organisation
13. Mutual commitment towards the relationship is likely to influence a client to stay in the relationship with the organisation
14. The importance of client retentions in the organisation
15. Strategic approaches of the organisation towards the retention of clients
6.1 Ranking questions

Short-term insurance clients had to indicate whether they will be most influenced to stay in a relationship by service levels, the quality of a relationship, the pricing of a product or the benefits of a product. Average ranking scores indicated that clients regarded service levels as most influential, followed by quality relationships, then benefits of a product and lastly the price of the product. The same question was posed to insurance providers and the average rankings indicated that they thought clients will be influenced most by the price of a product, followed by service levels, then the quality of relationships and lastly the benefits of a product. The inconsistency between the views of short-term insurance clients and insurance providers could impact negatively on their efforts to retain clients.

Effective communication will be most likely to influence clients to stay with a specific insurance provider. This is followed, in order of importance, by satisfaction, trust, knowledge of the broker or insurer, loyalty, price, commitment, the quality of the relationship, the dynamics of the relationship and finally the benefits of the product. According to the respondents, “feeling like a valued client” will have the least influence on them to remain in a relationship. Comparing the ranking of these factors between clients and insurers, it became evident that although some of the items were in line, large gaps and inconsistencies existed. Pricing, which insurers regard as most influential, was far less important in the minds of clients than effective communication, satisfaction, trust and so on. It may be argued that clients are thus willing to pay more if the elements of effective communication, satisfaction and trust are present in the relationship. This is in fact positive for insurers and brokers as price is one of the elements they have least control over.
The average ranking scores among clients also indicated that they regard the telephone as the most preferred communication method, followed by e-mail or fax and then face-to-face communication. The postal service was the least preferred. Insurance providers were of the opinion that clients mostly preferred face-to-face communication, followed by the phone, e-mail, fax and SMS communication. They also preferred the postal service least of all. It is evident that here too an inconsistency exists between how clients want to be communicated with and how insurers think their clients want to be communicated with.

6.2 Rating questions

The average rating among clients indicated that effective communication has the strongest influence in influencing them to stay in a relationship, followed closely by loyalty and satisfaction. Results further indicated that knowledge and trust also have a strong influence on whether a client will remain in a relationship with an insurance provider. This correlates directly with the results of the ranking questions.

The quality of a relationship, commitment, the benefits of the product and the dynamics of the relationship were reported by most respondents as having only somewhat of an influence on them to stay with an insurer. The benefits of the product and the dynamics of the relationship were consistently the least influential of all the factors. Their validity as having an influence on client retention, as indicated in the literature, should be revisited. The price of products and “feeling like a valued client” were rated the lowest of all the factors.

When comparing these results with the results of the same question asked among insurance providers, the average rating scores indicated that they regard the quality of a relationship, loyalty,
satisfaction, trust, commitment, feeling like a valued client and the knowledge ability of the broker as having a strong influence on client retention. The results of the clients and the insurance providers were very similar.

7. Discussion

In general the findings indicated that all of the fundamental elements of the integrated framework (Figure 1) were important and necessary for effective client retention in the South African short-term insurance landscape, with some elements being more important than others. The five most relevant elements were: effective communication, satisfaction, loyalty, trust and knowledge of the broker or insurer. These elements were discussed as Themes 7, 10, 13, 14 and 15 of client interviews (Table 2) and Themes 5, 7, 10, 11 and 12 of the insurer/broker interviews (Table 3). Insurance providers did, however, indicate that effective IT systems are also essential for the retention of clients. They ranked strategic approaches such as strategy, segmentation and a holistic, cross-functional approach very low. This is reason for concern, as these strategic approaches should essentially form the basis of client retention plans. All of the strategic approaches are discussed as part of Theme 15 of the insurer/broker interviews.

It was further established that some themes yielded from both the insurance clients and insurance providers are not mentioned as fundamental elements in CRM and PR literature. This might explain the difficulty the industry experiences in retaining their clients. The next section discusses core elements in CRM and PR client retention theory that were affirmed in the research on the South African short-term insurance industry, two core elements whose importance to insurance were questioned by the respondents, six new elements relevant to the local insurance sector based on the
themes found in the research and, lastly, inconsistencies between short-term insurance clients and short-term insurance providers.

7.1 Existing client retention elements affirmed

The value of a relationship

When a client is dissatisfied with any aspect of the insurance policy, and no relationship exists, the client will terminate the policy more easily. When the client is dissatisfied with any aspect of the policy and a good relationship exists, clients will first approach the broker or insurer to resolve the issue before cancelling the policy. It is therefore clear that good quality relationships can enhance client retention. This correlates directly with Themes 1 and 5 of the interviews with the clients and Theme 3 of the interviews with the insurance providers.

Clients will pay more for a relationship

In general, clients value a good relationship with their broker or insurer and are willing to pay more to have this relationship. It should be noted though that when a certain price threshold is reached, the client will cancel the policy and enter into a new relationship with another insurance provider. This argument is based on Theme 6 of the client interviews.

Some clients are not interested in having a relationship

Not all clients are interested in having or building a good relationship with their broker or insurer. This complicates client retention efforts and can create a ripple effect as it influences effective
communication between the parties and can impact negatively on creating loyalty and trust. Clients not interested in good relationships must be retained through alternative pro-active client retention strategies. These arguments are based on Theme 5 of the client interviews and Theme 3 of the insurance provider interviews.

The role of effective communication

Effective communication is the element that will influence clients most to stay with the organisation. It is a pro-active method of preventing clients from considering cancelling policies. Effective communication largely contributes to client retention. This argument is based on Theme 10 of the client interviews and Theme 7 of the provider interviews.

7.2 Elements of which the importance were questioned

The research results indicated that South African short-term insurance clients and insurance providers questioned the importance of two core client retention elements found in CRM and PR literature. These elements were power balance and market segmentation. Different opinions existed about what the power balance in the relationship between clients and broker/direct insurer should be. Results indicated that power balance might have a smaller influence than generally expected. The concept of power balance is discussed in Theme 12 of the client interviews and Theme 9 of the broker interviews. It was also established that insurance providers did not regard market segmentation as important to client retention. This is in line with Theme 15 of the broker interviews. Further investigation is suggested to determine the relevance of these two elements to client retention.
7.3 Possible new CRM and/or PR client retention elements

The following six elements, not mentioned in CRM or PR literature, were identified as being important in client retention efforts in the South African short-term insurance industry:

**Efficiency**

Effective service delivery is essential, especially when clients do not want a relationship. Efficient service delivery can assist in keeping these clients satisfied and comfortable for longer. Clients indicated that the speed of service will increase their satisfaction and commitment. Service levels were regarded by clients as more influential for remaining in the relationship than the relationship itself. The concept of efficiency is also discussed as Theme 9 of client interviews and Theme 6 of broker interviews. Since efficiency as a concept is not mentioned by CRM and PR literature as relevant to the retention of clients, it could be investigated further.

**Promptness**

Promptness, which was also described as speediness, was mentioned as an important element in client retention efforts. Short-term insurance clients placed a high premium on the time it takes to interact with their broker or insurer. This is in line with today’s fast-pace lifestyle where fast service deliveries from service providers are important. The short-term insurance industry and academic fields alike should adapt to ever changing circumstances. Time-consuming and inconvenient dealings are likely to influence clients to terminate policies, since they leave a client frustrated and dissatisfied. The concept of promptness is discussed as Theme 2 of client interviews and Theme 1 of broker interviews. It is suggested that the value of this element should be researched further.
Convenience

Convenience was identified as another possible new concept. Findings indicated that a client who is not satisfied with a broker or insurer, but still feels somewhat comfortable in the relationship, will elect to remain with the insurer as changing to another insurance provider is too inconvenient. This normally happens in cases where a relationship between the two parties is absent. Client satisfaction plays an important role in keeping comfort levels high, making it more convenient for the client to remain in the relationship than to switch to another service provider. This argument is based on Theme 3 of the client interviews.

Transparency

Transparent business dealings were viewed as very important. Clients, who were of the opinion that their brokers/insurers were not honest, transparent or open with them, were inclined to terminate their policies far more easily. Broken trust and undelivered promises impact negatively on the relationship as clients are left feeling uncomfortable and dissatisfied and they soon become disloyal. Although transparency is linked to trust, it is suggested that it be further investigated as a separate possible antecedent of client retention in the short short-term insurance industry in South Africa due to the high prevalence of corruption and the lower literacy levels among clients. The arguments around honesty, transparency and openness are grounded in Theme 4 of the client interviews and Theme 2 of the broker interviews.
Processing of claims

The processing of claims is viewed as particularly important in the retention of clients. Clients take out insurance policies for the sole purpose of claiming in the event of something happening to their insured items. If claims are not handled properly and without administration problems, clients will be dissatisfied and terminate the policy as soon as the claim has been paid. Clients indicated that should a claim not be paid for what the client thought they were covered for, they will terminate immediately. Insurance providers agreed that the processing of claims is important and can play an important role in a client’s decision to remain with a particular service provider.

Pricing

Although the price of an insurance policy can have an influence on the retention of clients, it did not play a major role in client retention efforts. Effective communication, satisfaction, trust, loyalty and the consultant’s knowledge influence client retention more than the price of the policy. When clients are under financial stress, the situation changes immediately and clients will move for a cheaper premium regardless of the relationship, loyalty or commitment to the insurance provider. Pricing is discussed as part of Theme 6 of the client interviews and Theme 4 of the broker interviews.

7.4 Inconsistencies between insurance clients and insurance providers

The following inconsistencies between what clients regard as essential for them to remain in a relationship and what providers regard as essential for retaining clients were identified.
Inconsistency 1: Communication

The most important inconsistency was that clients regarded effective communication to be most influential in their decision to stay with an organisation, whereas insurance providers indicated that effective communication is second least influential in their client retention efforts. This inconsistency in the two parties’ views can leave clients frustrated and dissatisfied with their service providers. Effective communication is discussed as Theme 10 of the client interviews and Theme 7 of the broker interviews.

Inconsistency 2: Feeling valued and committed to a high quality relationship

Surprisingly, clients indicated that feeling valued will have the least influence on them to stay in a relationship, while insurance providers thought feeling like a valued client will have a strong influence on clients to remain in a relationship with them. The same inconsistency existed about commitment to a high quality relationship, with insurance providers ranking it higher than clients did. These concepts are discussed as Themes 11 and 16 of the client interviews and Themes 8 and 13 of the broker interviews.

Inconsistency 3: Price

Insurance providers regard pricing to be most influential when a client decides to stay with an organisation, whereas clients regard it as least influential.
In conclusion, it could be argued that the success rate of client retention efforts will improve if fewer inconsistencies between the two parties exist. Insurance providers seem to be focusing on factors that have less of an influence on clients to remain in a relationship, making their client retention efforts weak and inappropriate.

8. An integrated approach for client retention strategies

In a final effort to improve the success rate of client retention efforts in the South African short-term insurance industry the research findings were applied to the core tenets of the conceptual model of strategic integrated communication (IT) proposed by Niemann (2005, p.244). The objective was to suggest an integrated approach from the perspectives of both marketing and communication management as academic disciplines.

As the proposed integrated approach presented in Figure 2 is based on Niemann’s (2005, p. 244) conceptual model of integrated communication (IC), the two pillars, namely the strategic intent of the organisation and of a learning organisation (continuously repositioning the organisation) are on the sides of the figure. The three areas of integration, (organisational, stakeholder and environmental) are equally relevant to client retention strategies and are also positioned at the top of the figure.

The six elements relevant to client retention in the South African short-term insurance industry as identified in the current research, namely efficiency, promptness and convenience, transparency,
Fig. 2. An integrated approach for client retention strategies.
processing of claims and price follow underneath. Effective communication, knowledgeable consultants and efficient service are necessary to build quality relationships. As established earlier, some clients do want a relationship with their broker or insurer and other clients do not. In cases where clients do want a relationship, loyalty, satisfaction, trust and commitment will be established if the organisation communicates effectively, is knowledgeable and provides excellent service. In cases where relationships are not wanted, effective communication, knowledge and efficient service will create satisfaction and comfort, which is essential to retain clients who are not interested in having a relationship. It is difficult to create loyalty, trust and commitment among these clients, even if effective communication, knowledge and efficient service are evident in all dealings with them.

In line with Niemann’s (2005) integrated model, all the mentioned elements should be part of a strategic plan, which must be implemented holistically throughout the entire organisation and supported by proper IT systems. These three elements (strategy, holistic efforts and IT systems) together with the other elements related to an insurance sector mentioned thus far could contribute towards the effective management of relationships and as a result could lead to increased client retention and ultimately increased profits for short-term insurers in South Africa.

9. Final conclusions

An integrated approach to client retention strategies in the South African short-term insurance industry has become necessary as lessons could be learned from both marketing and communication disciplines. The following client retention strategies from CRM and PR were affirmed: the value of the relationship, clients willing to pay more for a relationship, some clients not interested in a
relationship and the role of effective communication. Some CRM and PR strategies were found not to be relevant to the insurance industry and some inconsistencies existed between what the insurance clients and the insurance providers viewed as important in client retention efforts. These included the power balance in a client-provider relationship and the importance of market segmentation for providers. The research contributes to both the theory on client retention in the insurance industry and also the industry’s understanding of client retention in identifying six new elements of client retention. These are: efficiency in delivery; promptness/speediness in delivery; convenience; transparency; the processing of claims and pricing. These elements, including those confirmed from the literature were used to develop a conceptual integrated approach to client retention.

10. Limitations and suggestions for further research

Although the findings from the research cannot be generalised, they still provide insight into the particular industry in South Africa and uncover elements for further exploration and testing. Further investigation is also needed into the views of direct short-term insurers regarding client retention strategies and approaches. As the integrated approach to client retention is conceptual in nature, its relevance, validity and reliability were not tested among respondents; nor can its effectiveness for the retention of clients be confirmed. It is, however, suggested that this framework be explored, discussed and refined further in future research.
References


