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Studying Effect of Customer Relationship Management on Customer Satisfaction

Case Study: Moallem Insurance Company in Isfahan Province

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Abstract

The present survey was conducted to determine "Effect of customer relationship management on customer satisfaction with regard to moallem insurance company in Isfahan province". This survey was conducted using descriptive-field study. Statistical population of the present survey included all of the customers of moallem insurance company in Isfahan province in which cluster random sampling method was used. The sample volume was estimated equal to 185 persons. Data analysis has been done through SPSS software and statistical tests such as: one-variable t, independent t, one-sided variance analysis and Hostelling t^2. Research results revealed that customers' satisfaction was more than average level in terms of all four-fold factors (four standards to be measured) including manner of responding, quality of services, and electronic services and it is at the average level about cost of services.

This private company has been able to implement this system through developing its skills and proficiencies in the field of offering services effectively. This issue is due to paying attention to customers and establishment of personal relations with them in order to provide their needs and desires.

Key words: Customer satisfaction, Customer relationship, Services quality

Introduction

Human beings' life cycle and life flow of economic, social and cultural activities of societies are full of different risks and threats. In fact insurance is a contract by which one party guarantees to compensate the loss or pay a certain fund in lieu of paying the fund or funds from the other party if an incident occurs.

Insurance companies are one of the dynamic and important institutions in many countries. Paying attention to characteristics and advantages that such companies have for the society is very important. These companies create social welfare and peacefulness in the society by transmission of risk from people to themselves (Gholamian et al, 2007).

The considerable point in an insurance industry is that development of this industry is more difficult than other economic sectors, as the insurance premium that the insured person pays won't necessarily be leaded to receiving the loss and often he may never receive any payment with regard to his paid insurance premiums. Thus, the need for purchasing insurance converges in an individual is revived harder and later compassed with purchasing of other products and services.

Also, increasing number of insurance companies across the world cause them to try to have more shares in the market and look for customer satisfaction and finally customer loyalty. Customers that are satisfied with the organization, transfer their positive feelings and preferences to others and thus they become an advertising tool for the organization. As a result customer attraction cost and fees are decreased (Aali, 2003).

Theoretical Framework
Services
Services include intangible duties that satisfy the needs of consumers or commercial users. In other words, services and products can be assumed on two ends of a continuum, as most cases are a combination of these two features (Nasehifar & Haghbayan, 2009). Most authors have pointed out five fundamental principles that distinguish service activities from non-service ones. These five principles include: intangibility, instability, heterogeneity, inseparability and non-possessiveness of the services (Mousavi & Rezaeian, 2007). Here, it needs to be pointed out that a complaining customer is not an enemy to the organization. Those customers who complain about specifications of a product or the services provided by the company are more likely to come back, as compared to those customers who never express any complain about the organization. That is to say an appropriate response to the complaining customers will make them 50% faithful to the organization; otherwise, they will go to the rivals (Behin Moshaveran Atiyehsaz Conference, 2006). Thus complaints should be addressed as opportunities to improve relationships with the customers. They should be used as instruments for satisfying the changeable demands of the customers (Ranjbaran et al, 2002). The studies show that only 10% of the personnel in the industrial sectors are directly in contact with the customers. However, this increases to 90% or even 100% for the service-providers (Nasehifar & Haghbayan, 2009).

Service Quality

Researchers and scientists in service marketing have presented several metaphors for service quality. For example, Berry has defined it as "the most powerful competitive weapon", Clave has considered it as "the reviving blood for the organization" and Peters as "the magic bullet that provides the customer with less expensive services at lower prices" (Haghighi et al, 2003). The customers expect two desirable and sufficient levels of services that are separated by the tolerance zone of the customer (Baglou & Zomorodpoush, 2009). Tangibles include the products or protections and supports received from the products and services. However, Tangibles dimensions are less observable in governmental and service-providing organizations such as universities and higher education institutes and the customers of organizations such as universities evaluate the tangibles based on the availability of instructional credits. Interactive quality refers to the relation between the customer and the service-provider and organizational quality refers to the general conceptions from organization (Shahriari, 2006).

Generally, most definitions of quality are customer-oriented when they are being used about quality. In other words, quality assessment in the service-providing sector is carried out based on the customer's conception (Samavi et al, 2008).

The knowledge of the concept of service quality and the attempt to improve it has resulted in providing high-quality services, and improving the satisfaction of students can be expected as a result of improving the service quality. Then, the service quality is defined as a scale for evaluating the customers' satisfaction.

Customer Satisfaction

Several definitions have been offered for customer satisfaction by marketing theoreticians. Cutler defines customer satisfaction as the degree to which the real performance of a company satisfies the expectations of customers. To Cutler, if the performance of a company satisfies the expectations of the customers, the customer will feel satisfied, otherwise, the customer will be dissatisfied (Divandari & Delkhah, 2005; 188).

Jamal and Naser (2002) define customer satisfaction as the feeling or attitude of a customer toward a product or service after using them. Blanchard and Galloway believe: Customer satisfaction results from the conception of the customer within a value-based relation or transaction, so that price equals the proportion of the quality of offered services to the prices and expenses paid by the customer (Hallowell, 1996; 28). Kotler defines satisfaction as the degree that actual performance of a company satisfies customer expectations. According to him if performance of a company satisfies customer expectations, the customer will have sense of satisfaction; otherwise he will be dissatisfied (Abdoli & Fereidunfar, 2008).

Customer Relationship Management

CRM was first used in a general sense by Management teachers such as Peter Drucker and Theodore Levitt in 1960s (Ghanbari, 2006). Customer Relationship Management includes individuals, processes and technology and it is seeking for the customers' conception of an organization. CRM is a combined approach for managing the relationships while focusing on keeping customers and improving relationships with them (Sharafoddin, 2010).

Customer relationship management is not a new concept in marketing, rather it has been established based on three aspects of marketing management that are customer orientation, relations of the marketer and marketing information banks (Mahdavinia, Ghodratpour 2006). Customer relationship management gives a clear picture along with all required details from the customers and provides the possibility to make a special and efficient relationship with each customer in order to lose no opportunity for more sales and providing customers' satisfaction (Maleki & Darabi, 2010).

Conceptual Model:
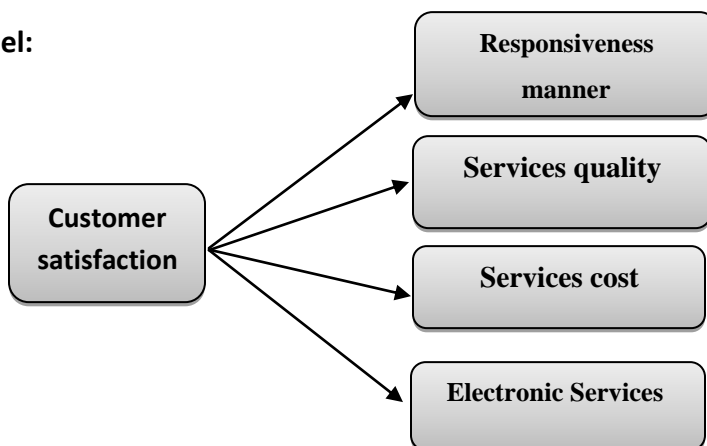
Question A: Are customers satisfied with responsiveness manner of agencies of moallem insurance company?

Question B: Are customers satisfied with quality of services in agencies of moallem insurance company?

Question C: Are customers satisfied with cost of services in agencies of moallem insurance company?

Question D: Are customers satisfied with electronic services in agencies of moallem insurance company?

Research Methodology

Statistical population of this survey included all customers of a company moallem insurance company in Isfahan province. The required sample volume was estimated equal to 185 persons showed in the following formula. First thirty (30) questionnaires were distributed among the customers and then calculating formula:

$$n=\frac{t^2 pq}{d^2}$$

$$n=\frac{(1.96)^2 \times 0.86 \times 0.14}{(0.05)^2}=185$$

Cronbach alpha coefficient was (0.87). Cluster random sampling method was used. Cluster sampling is "choosing of the analysis unit and in other words major unit of studying during several continuous sampling phases" (maleki&darabi, 2010). Consequently, Isfahan province was divided into five regions as followed. Then a number of agencies were selected randomly from each region and questionnaires were distributed among the customers of such agencies. Questionnaire is the tool of data collection that its validity has been confirmed by proficient experts. Data analysis has been done through SPSS software & statistical tests such as one-variable t, independent t, one-sided variance analysis and Hoteling t^2.

Table 1- division of statistical population into clusters and selecting the proposed clusters

Dividing Isfahan province	Number of agencies in each region	Number of selected agencies in each region	Number of distributed questionnaires in each region
North West	19	9	54+1
North East	10	3	18+1
Center	12	6	36+1
Southwest	20	9	54+1
Southeast	11	3	18+1
Sum	72	30	180+5=185

Testing conformity of research questions with standard score (supposed average 3):

Question A: Are customers satisfied with responsiveness manner of agencies of moallem insurance company?

Table 2- comparing the average score of customers' satisfaction from the manner of responsiveness in view of the customers

	Mean	Standard error	Sd	T	Df
responsiveness manner	3.8	0.062	0.531	12 . 90	184

According to results of table 2, the observed t is larger than the critical amount of table at error level %5. Therefore, amount of customers' satisfaction from responsiveness manner of

of moallem insurance company in view of customers is more than the average level agencies.

Question B: Are customers satisfied with quality of services in agencies of moallem insurance company?

Table 3- comparing the average score of customers' satisfaction from services quality in view of customers

	Mean	Standard error	sd		T	Df
Services quality	4.10	0.4	0.05	22.02		184

According to results of table3, the observed t is larger than the critical amount of table at error level %5. Therefore, amount of customers' satisfaction from services quality of agencies of moallem insurance company in view of customers is more than the average level.

Question C: Are customers satisfied with cost of services in agencies of moallem insurance company?

Table4- comparing the average score of customers' satisfaction from services quality in view of customers

	Mean	Standard error	sd		T	Df
Services cost	3.10	0.66	0.059	1.69		184

According to results of table3, the observed t is moderate the critical amount of table at error level %5. Therefore, amount of customers' satisfaction from services cost of agencies of moallem insurance company in view of customers is moderate the average level.

Question D: Are customers satisfied with electronic services in agencies of moallem insurance company?

Table5- comparing the average score of customers' satisfaction from Electronic Services in view of customers

	Mean	Standard error	sd	T	Df
Electronic Services	3.91	0.541	0.061	14.91	184

According to results of table3, the observed t is larger than the critical amount of table at error level %5. Therefore, amount of customers' satisfaction from Electronic Services of agencies of moallem insurance company in view of customers is more than the average level.

Comparing Average Amount of Factors Related to Customers

Table 6- comparing average score of customer relationship management system in view of customers

	Average	Standard deviation
manner of responsiveness	3.8	0.531
Quality of services	4.10	0.40
Cost of services	3.1	0.66
Electronic services	3.91	0.541

t^2=151.19   F=51.54   sig=0.001

Results of table 6 show that the observed F is significant at level p≤0.05, therefore there is difference between customers' satisfaction level from studying dimensions in view of customers. The highest amount is related to quality of services and the lowest amount is related to cost of services.

Results of the Survey

Responsiveness results demonstrated that customers' satisfaction has been more than average level and this is resulted from factors such as physical condition of the environment, permanent presence of employees, lawfulness, transparency of responsiveness manner, responsibility and observance of civility and respect towards customers.

Quality of services result illustrate that customers' satisfaction has been more than average level and this is resulted from high security level of customers' information by the insurance, timely action to eliminate customers' problems, existence of diversity in offering kinds of

insurance, proficiency level of employees with regard to affairs and insurance rules and issue of insurance policies without any defect.

Cost of services results revealed that customers' satisfaction from cost of services of moallem insurance in Isfahan province has been around the average level. Hence we can conclude that this company should try more to attract customers' satisfaction in order to improve the manner of payments, acceleration in payment time, reduction of costs and the spenting time to receive services.

Electronic services results indicate that customers' satisfaction from such services has been more than average level. Satisfaction more than average level is resulted from factors such as having customer data base, sufficiency of telephone for responsiveness, existence of talking telephone to transfer information and receive services, existence of informatics website and up to dating issue.

Customers' satisfaction from customer relationship management system in moallem insurance showed that this private company has been able to implement this system through developing its skills and proficiencies in the field of offering services effectively. This is due to paying attention to customers and establishment of personal relations with them in order to provide their needs and desires.

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