

ST. MARY'S UNIVERSITY
FACULTY OF BUSINESS
DEPARTMENT OF MARKETING MANAGEMENT

AN ASSESSMENT OF CUSTOMER
RELATION MANAGEMENT PRACTICE IN THE CASE
OF ETHIOPIAN INSURANCE CORPORATION

BY
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JUNE 2014
SMU
ADDIS ABABA

**AN ASSESSMENT OF CUSTOMER
RELATION MANAGEMENT PRACTICE IN THE CASE
OF ETHIOPIAN INSURANCE CORPORATION**

**A SENIOR ESSAY SUBMITTED TO THE
FACULTY OF BUSINESS
DEPARTMENT OF MARKETING MANAGEMENT
ST. MARY'S UNIVERSITY**

**IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF BACHELOR
OF ARTS IN MARKETING MANAGEMENT**

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Tables of Contents

Contents	Pages
List of Tables.....	I
 CHAPTER ONE	
1. Introduction	
1.1 Back Ground Of The Study.....	1
1.2 Statement Of The Problem.....	2
1.3 Research Question.....	3
1.4 Objectives Of The Study.....	4
1.4.1 General Objective.....	4
1.4.2 Specific Objective.....	4
1.5 Significance Of The Study.....	4
1.6 Definition of Terms.....	4
1.7 Scope Of The Study.....	5
1.8 Limitation.....	5
1.9 Research Design And Methodology.....	5
1.9.1 Research Design.....	5
1.9.2 Population And Sampling Technique.....	5
1.9.3 Types Of Data To Be Collect.....	6
1.9.4 Method Of Data Collection.....	6
1.9.5 Data Analysis Method.....	6
1.10 Organization Of The Study.....	6
 CHAPTER TWO	
2. Review of Related Literature	
2.1 Overview of CRM.....	7
2.1.1 Definition of CRM.....	7
2.1.2 Concept of CRM.....	8
2.1.3 Development/background of CRM.....	8

	Pages
2.1.4 Objective of CRM.....	10
2.1.5 Importance/advantage of CRM.....	11
2.1.6 Focus of CRM.....	11
2.1.7 CRM Strategy Building.....	12
2.1.8 Type of CRM.....	13
2.1.8.1 Strategic CRM.....	13
2.1.8.2 Operational CRM.....	13
2.1.8.3 Analytical CRM.....	14
2.1.8.4 Collaborative CRM.....	14
2.2 Conceptual Framework of Customer-driven Marketing Strategy.....	15
2.2.1 Stages of CRM Strategies.....	15
2.3 The Need for Principles of Relationship Marketing to establish CRM.....	16
2.3.1 What is Relationship Marketing?.....	16
2.3.2 Phase of Relation Marketing.....	17
2.4 Customer Relationship Management Program.....	18
2.4.1 Types of CRM Programs.....	18
2.5 The Role of Customer’s Complaint Handling for Effective CRM.....	20
2.5.1 Measuring and Improving Service Quality.....	21
2.5.2 Tools for Tracking and Measuring Customer Satisfaction.....	20
2,5,3 Handling Complaints.....	21
2.5.4 Approaches to Handle Complaints.....	23
CHAPTER THREE	
3. Data Presentation, Analysis and Interpretation.....	26
3.1 General Characteristics of the Respondents.....	26
3.2 Analysis of the Data Directly Attributable to The Research Questions.....	29
3.3 Issues Related to Respondents Personal Opinion.....	50
3.4 Major Finding from Interview.....	51

	Pages
CHAPTER FOUR	
4. Summary, Conclusion and Recommendation	53
4.1 Summary of the Major Finding.....	53
4.2 Conclusion.....	56
4.3 Recommendation.....	57
Bibliography	
Appendix A	
Appendix B	
Appendix C	

List of Tables

	Pages
Table- 1 Personal Characteristics of EIC Respondents.....	27
Table-2 Acquiring and Retaining Clients.....	29
Table-3 Company Concerns to Client.....	30
Table-4 Measuring Customer Satisfaction	31
Table-5 Motivational Tools.....	33
Table-6.A Physical Evidence.....	34
Table-6.B Physical Facilities	34
Table-7.A Commitment from Clients Point of View.....	35
Table-7.B Commitments from Employees Point of View.....	36
Table-8.A Employee Consideration about CRM.....	37
Table-8.B Clients Consideration about CRM.....	39
Table-9 Customer Loyalty.....	40
Table-10.A Clients Opinion in Relationship Quality.....	41
Table-10.B Employees Opinion on Relationship Quality.....	42
Table-11.A Information/communication from Clients View.....	43
Table-11.B Information/communication from Employees View.....	44
Table-12 Resolving Conflicts.....	45
Table-13 Employee Knowledge.....	46
Table-14 Complaint Handling.....	47
Table-15.A Clients Evaluation on Handling Approach.....	48
Table-15.B Employees Evaluation of Solving Problem.....	49
Table-16 Regaining Good Will.....	50

List of Figures

Figure – 1 Customer goals of relationship of marketing.....	10
Figure – 2 A customer Relation Model.....	22
Figure – 3 Customer complaint action following service failure.....	25

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The primary goal of relationship marketing is to build and maintain a base of committed customers who are profitable for the organization. To achieve this goal, the firm will focus on the attraction, retention and enhancement of customer relationships (Zeithaml, 2003:158). The success of many services depends on creating and maintaining client-based relationships, or interaction with customers to satisfy them, and make them repeatedly use a service over time (Pride and Ferrell 2000:278).

Preffer (1956) in Hailu (2007:23) insurance is a device for the reduction of the uncertainty of one party called the insured, through the transfer of particular risks to another party, called the insurer, who offers a restoration, at least in part, of economic losses suffered by the insured. The primary purpose of insurance is to provide financial compensation (indemnity) to the policyholder in the event the risk insured against materializes and a loss occurs to the policyholder, which leads to a decline in the financial position of the policyholder. The present state of development of insurance is the result of contributions made by different countries and markets. As Preffer and Klock cited by Hailu, (2007:34) insurance has its beginnings in ancient Babylon, its theoretical development in Europe.

Ethiopian Insurance Corporation (EIC) is the leading and the only public insurance company which serves nearly 38 years with diligent and professional experience committing itself to excellence. Currently, EIC renders its service through six regional/functional main branches and thirty local branches situated in different regions of the country. The corporation has network of agents representing it throughout the country and it also transacts business through recognized insurance brokers.

EIC had been providing life, property and liability insurance covers. Like product marketer's the service marketer's major objective is to offer services that fulfill customer need and wants. To achieve this objective, service providers must work hard to fill the gap between customer

expectations and the delivering service. Customers or clients measure the service attain from the provider in terms of the satisfaction they get. Consequently, the provider must deliver the quality service and meet the need of the customer or satisfy them.

Even though EIC has different branches to serve its customer, the student researcher is focusing only in the head office and the main branch. Because as the EIC structure designates, the main branch is more accountable for settling payments and handling complaints. The student researcher assesses and find out the customer relation management activities and the gap.

1.2 Statement of the Problem

According to Kotler (2003:11) customer relationship marketing enables companies to provide excellent real-time customer service by developing a relationship with each valued customer through the effective use of individual information. To do this effectively companies are required to have a strong customer relationship management.

Customer relationship management (CRM) is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. It deals with all aspects of acquiring, keeping and growing customers. It signifies the whole process by which relationships with the customers are built and maintained (Kotler and Armstrong, 2006:13).

Kotler and Lane (2009:133) further strengthen this by stating that it is in process of carefully managing detailed information about individual customers and all customers “touch points” to maximize customer loyalty, where customer touch point is any occasion on which a customer encounters the brand and product from actual experience to personal or mass communication to casual observation. According to these authors, companies often focus on CRM functionality and integration, but they forget about some of the most basic touch points. CRM enables companies to provide excellent real time customer service through the effective use of individual account information. It is important because a major driver of company profitability is the aggregate value of the company’s customer base.

Insurance business, a service sectors that can be owned by the public or private firm, is one area that supports economic, social and political development of a country. The expansion of insurance with proper plan could easily be achieved by providing quality services. Currently, the insurance industry is on a rapid growth but this has not been maintained with sufficient emphasis on CRM. This study is focus on the only public Insurance in Ethiopia, which is Ethiopian Insurance Corporation whose head office and main branch is located in Addis Ababa with different branches both in Addis Ababa and in different cities and towns out of Addis Ababa.

Even though the overall objective of most business organization is to deliver quality service to be competent and to maintain the leader position by undertaking proper customer relation, EIC is claiming that it has been exerting efforts towards customer's relationship management. However, it does not seem to be performed, as it should be.

The CRM of EIC presently uses trained sales agents to persuade and acquire clients. However, there are plentiful complaints likeservice is not delivered as promised, lack of communication between corporation and clients, different treatment and chance to clients, the way of treatment and the relation between employees and corporationon the service delivery. This research focused on such issues and explores important points related to EIC's practice in CRM.

1.3 Research Question

To investigate the research problems articulated above, and come up with the solution the following research questions are formulated:

1. To what extent does EIC formulate customer-driven marketing strategy?
2. What does the CRM program of the EIC look like?
3. To what extents do the clients are satisfied with the service rendering practice of the EIC?
4. How do the customers evaluate the company's offers on insurance service?

1.4 Objective of the Study

1.4.1. General Objective

The main objective of this study was to assess CRM of EIC, particularly on main branch office of EIC.

1.4.2. Specific Objectives

This research was conducted to address the following specific objectives:

- To examine the extent to which the company has devised customer driven marketing strategy that is geared towards establishing CRM.
- To examine what kind of CRM program is applied by EIC.
- To examine the level of satisfaction of EIC clients.
- To examine the way of handling customer complaints and customer evaluation of EIC.

1.5 Significance of the Study

This paper mainly focused on CRM of EIC. The student researcher believes that the outcome of this study helps Ethiopian Insurance Corporation to identify its strengths and weakness towards the practice of customer relation management and solve the problems to satisfy customers. Furthermore, it can help the student researcher to integrate the concept and theories composed of different courses in the teaching learning process and apply in the real business world.

1.6 Definition of Terms

CRM: - Customer Relationship Management is the core business strategy that integrates internal process and functions, and external networks, to create and deliver value-targeted customers at a profit (Buttle 2009:15).

EIC: - An abbreviation for Ethiopian Insurance Corporation.

Policy: - A written document that contains the terms of the agreement between an insurance company and the owner of the policy (Harriett, 2005:395)..

Underwriting: - The process of identifying and classifying the degree of risk represented by a proposed insured also known as selection of risks (Hailu Zeleke, 2007:308).

Premium: - A specified amount of money an insurer charges in exchange for its specific loss occurs (Harriett, 2005:397).

Claim: - A request for payment under the terms of an insurance policy.

1.7 Scope of the Study

The scope of the study was assessing the customer relation management practices of Ethiopian Insurance Corporation. There are many branches in different regions but the student researcher focusing only on the head office and the Main Branch in Addis Ababa. The student researcher believed that it is the main place to obtain original information because the customer relationship management practice is widely undertaken or the strategy/policy are formulated on the head office and the main branch. The student researcher focused on customer relationship management practices of the corporation from the year 2009 to 2013.

1.8 Limitation

While conducting the research study there were some factors that hindered the study not to be carried out as it was expected. To mention some, questionnaires distributed to clients were not fully returned to analysis; marketing manager, sales agents and underwriters were also not easily accessible for interviewing. However, the student researcher did her level best to obtain the required data and conducted the study.

1.9 Research Design and Methodology

1.9.1 Research Design

This research is designed in such a way that descriptive method used. This method is used to describe the problem or trends of CRM of the EIC.

1.9.2 Population and Sampling Technique

As stated above, the study was delimited to the Head Office and the main branch of the Ethiopian Insurance Corporation. With this in mind, 200 customer respondents were selected

using accidental (convenient) sampling technique by considering those available customers at any spot in time based on the recommendation of Malhotra (2006:339) for problem solving. Manager and employees of EIC working in the customer relationship unit consulted due to their relevant role and being the right sources of such information. EIC has 42 sales agents and underwriters on the head office and the main branch and out of this, the student researcher took 20 samples by using probability random sampling.

1.9.3 Types of Data to Be Collected

In this study both primary and secondary data considered. Primary data gathered from customers, managers, underwriters or sales persons of the EIC. Moreover, reports, brochures, and recorded materials are referred to support the study as a secondary data.

1.9.4 Method of Data Collection

The data was gathered by using questionnaires and interview. Two types of questionnaire are using to conduct the survey. One was distributed to the customers and the other to the employees. Furthermore, interview was held with the managers effectively.

1.9.5 Data Analysis Method

The quantitative data that was collected using questionnaires were processed, tabulated and analyzed using percentage and mean. Furthermore, the responses that were obtained from the interview with the manager were presented qualitatively.

1.10 Organization of the Study

The study is organized in to four chapters. The first chapter deals with introduction which includes: background of the study, statement of the problem, research questions, objective of the study, significance of the study, delimitation of the study, research design and methodology. The second chapter consists of review of related literature. The third chapter deals with data collection, organization, analysis and interpretation. The fourth chapter contains summary, conclusion and recommendation.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter presents a theoretical review proposing a relevant literature to gain better understanding on CRM. In addition to that, the important theories selected forwarded to acquire on the emerged theoretical frame.

2.1 Overview of Customer Relationship Management

2.1.1 Definition of Customer Relationship Management

CRM is an indispensable function of each business organization as the others functions in the organization. To be successful the business management should have form customer relationship management, which build strategy and allow the business to attract new customers, make lifetime customer the existing customer and also carried them to be partner of the organization.

CRM is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value-targeted customers at a profit. It is grounded on high quality customer related data and enabled by information technology (Buttle 2009:15).

According to Torres (2004:4), CRM is an enterprise approach to understanding and influencing customer acquisition, customer retention and customer value current and lifetime through interactive, relevant information exchange. Furthermore, CRM is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. It deals with all aspects of acquiring, keeping and growing customers (Kotler and Armstrong 2006:13).

On the other hand Kotler and Lane (2009:133) emphasis CRM is the process of carefully managing detailed information about individual customers and all customers “touch points” to maximize customer loyalty. A customer touch point is any occasion on which a customer

encounters the brand and product from actual experience to personal or mass communication to casual observation. Companies often focus on CRM functionality and integration, but they forget about some of the most basic touch points. Customer Relationship Management enables companies to provide excellent real time customer service through the effective use of individual account information. Customer Relationship Management is important because a major driver of company profitability is the aggregate value of the company's customer base. Thus, by the above different definitions almost all authors agree that customer relationship management is the core part of a business or service giving company, which is responsible to the success of the business by providing quality customer service.

2.1.2 Concept of Customer Relationship Management

The fundamental reason for companies wanting to build relationships with customers is economic. Companies generate better results when they manage their customer base in order to identify, acquire, satisfy and retain profitable customers. These are key objectives of many CRM strategies. Improving customer retention rates has the effect of increasing the size of the customer base (Buttle 2009: 31)

CRM "is a broader concept than marketing because it covers marketing management, manufacturing management, human resource management, service management, sales management, and research and development management" (Gray and Byun, 2003:305). Any one can understand customer relation management is the integration of activities within the organization not only the marketing management. Furthermore, company's goal to build the relation with customer lead to increasing the outcome and make the company profitable as well as gaining more market share by integrating different management efforts within a company.

2.1.3 Development/background/ of CRM

Customer Relationship Management began as a practice after early Mesopotamians learned farming and ended up with more crops than they could eat, thus wishing to trade their surplus products. Early merchants kept accurate business records on clay tablets, keeping track of what products were sold to which customers, when and in what quantities. CRM was thus born in the commercial ancient world and diffused through the centuries, sometimes namelessly and sometimes under different names, until half of the 20th Century had passed. It is only then that

certain radical changes in the commercial world helped CRM begin to take shape in its present form.

CRM is growing in importance due to the challenging business environment faced by organizations throughout the world today. It is particularly critical in industries undergoing changes in traditional channel configuration. CRM is a means of addressing increasing competition, changing economic conditions and promotional dependence through the use of intimate customer knowledge; knowledge gained through relationship development and past marketing programs. CRM is increasing in prominence because it focuses on current users who are the source of the majority of business revenue and the best option for improving business in uncertain times Baran et al(: 2).

The market started in the late 1980s, primarily with players that developed “business function” software products. Their strategy was to penetrate and automate the CRM function of a particular department or business unit. The primary goal of these software packages was to assist in the standardization and process automation of software systems such as customer support or sales force automation. Vendors such as Clarify, Siebel, and Vantive (now part of PeopleSoft) made up a good segment of this emerging market. Like vendors in other sectors of the market, the software was positioned as an automation tool. Software that focused on the developing segments of customer support and sales force automation was deployed in Local Area Networks, based mainly on client/server solutions. Often the products required the company to change the way their operations functioned, by using workflow and procedural tools built into the products. These early systems included functionality to allow clients to customize these business functions, within the context and capabilities of the system (Cunningham, 2002:14). Historical background of CRM prove how the CRM performance is become essential to the business and progress time to time to create well-intentioned relationship.

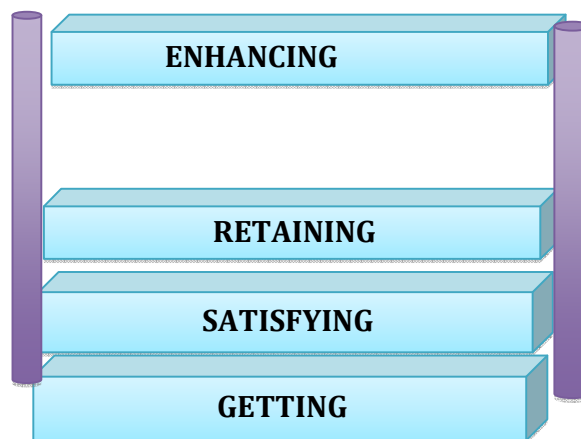
2.1.4 Objective of Customer Relation Management

When the company involved in relationship with customer it should have to create objectives, which makes profitable both parties (company and customer). The most important objectives tend to be relatively broad in nature and focused on profitability - maintaining long-term customer relationships, providing value for customers, retaining current customers, increasing profitability and increasing loyalty (a measure of future purchase intentions). The least important objectives tended to be much more specific and focused on specific goals such as up-selling and cross-selling, lowering the total cost of sales efforts, customization of products/services, and reducing customer conflicts (Torres 2004: 95).

As Winer (2001) cited on Torres (2004:17) the overall goal of relationship marketing programs is to deliver a higher level of customer satisfaction than competing firms deliver, while focusing on cooperative and collaborative relationships between the firm and its customers and/or other marketing actors.

The primary goal of relationship marketing is to build and maintain a base of committed customers who are profitable for the organization. To achieve this goal, the firm will focus on the attraction, retention, and enhancement of customer relationships (Zeithaml, 2003: 158)

Figure 1 – Customer goals of relationship marketing are getting customers, satisfying customers, retaining customers, and enhancing customers.



Source: (Zeithaml 2003:159)

The overriding goal is to move as many profitable customers up the ladder, from the base where they are newly attracted customers through to being highly valued, enhanced customers (Zeithaml, 2003: 159).

2.1.5 Importance/Advantage of Customer Relationship

A customer relationship management system may be chosen because it is thought to provide the following advantages: First, the cost of retaining current customers is much less than obtaining new customers. Second, a customer who has developed a strong relationship with a service firm will tend to use that firm more often, resulting in higher sales per customer. The final benefit of a customer relationship is the positive word-of-mouth communications generated by current customers to prospective customers. It allows a business to identify and target their best customers those who are the most profitable to the business. Decrease in overall costs so they can be retained a lifelong customers for greater and more profitable service. It can also keep track of when a customer contacts the company, regardless of the contact point. It can enable a company to provide a consistent customer experience and superior service and support across all the contact points a customer chooses (Kurtz, 2002:316).

Companies are motivated to adopt CRM for both defensive and offensive reasons. Defensive motivations: are associated with a desire to improve profitability by reducing cost, and increasing revenues through improved customer satisfaction and loyalty. Offensive motivations: arise when leading competitors have adopted CRM successfully, and a company fears losing customers and revenues companies thinking of adopting CRM face a significant problems (Buttle, 2009:17).

2.1.6 Focus of Customer Relationship Management

According to Shajahan (2004: 218) the three main areas that the CRM systems should maintain their focus are the: -

- Sales,
- Customer service, and
- Marketing automation

The **sales**, also called the sales force automation, includes: (a) field sales; (b) call center telephone sales; (c) third-party brokers, distributors or agents; (d) retail marketing and (e) e-commerce (which is also referred to as the technology-enabled selling).

The **customer service and support includes**: (a) field service and dispatch technicians, (b) Internet-based service or self-service via a web site and (c) call centers that handle all channels of customer contact (and not just voice).

The **marketing automation** differs from the other two categories, as it does not involve the customer contact. The marketing automation focuses on analyzing and automating the marketing processes. The marketing automation products include the following: (a) *Data-cleansing tools*: Data analysis or business intelligence tools for ad hoc querying, reporting and analyzing customer information, plus a data warehouse or data mart to support strategic decisions; (b) *Content-management applications* that allow a company's employees to view and access business rules for marketing to customers; (c) *Campaign management system*, a database management tools used by the marketers to design the campaigns and track their impact on various customer segments overtime. Depending on the company goals, the tools it chooses would be integrated across the main areas of sales, services and marketing.

The technology involved in the automation process includes (a) databases, (b) data warehouses, (c) servers and other hardware, (d) telephone systems, (e) software for business intelligence, (f) work flow management and e-commerce, (g) middleware and system administration management tools.

2.1.7 Customer Relationship Management Strategy Building

CRM strategy is a high-level plan of action that aligns people, process and technology to achieve customer-related goals (Buttle 2009: 65).

Be aware that the CRM strategy may be rolled into a larger strategy- such as a customer service strategy or event the overall business strategy. You're looking for clear direction on how your

organization plans to create, maintain, and expand customer relationships. Strategy a large scale plans for achieving a goal. The term “strategy “ has its origins in large-scale military combat planning. In business, think of your CRM strategy as your large-scale plan for achieving the goal of creating maintaining and expanding mutually beneficial customer relationships (Anderson and Kerr 2002: 48).

Most organization develops CRM strategy for one or two purposes: -

1. To improve the operation of their internal business operations.
2. To operate in new segments of the market place with partners to reach more clients in the market place (Cunningham 2002: 32).

2.1.8 Type of Customer Relation Management

2.1.8.1 Strategic CRM

Strategic CRM is focused upon the development of a customer-centric business culture. This culture is dedicated to winning and keeping customers by creating and delivering value better than competitors. The culture is reflected in leadership behaviors, the design of formal systems of the company, and the myths and stories that are created within the firm. In a customer-centric culture you would expect resources to be allocated where they would best enhance customer value, reward systems to promote employee behaviors that enhance customer satisfaction and retention, and customer information to be collected, shared and applied across the business (Buttle, 2009:5).

Customer-strategy enterprises are required to interact with a customer and use that customer’s feedback from this interaction to deliver a customized product or service (Pepper and Rogers 2004:14). By this explanation companies ought to provide greater value by using different approach and obtain feedback to win customer and boost their market share.

2.1.8.2 Operational CRM

Operational CRM automates and improves customer facing and customer supporting business process. CRM software applications enable the marketing, selling and service functions to be automated and integrated (Buttle 2009:6).

Operational CRM focuses on the software installations and the changes in process affecting the day-to-day operations of a firm (Peppers and Rogers, 2004:8). This type of CRM supports the company to win and retain customer by keeping any information about customer, segment customers and making relationship with existing and potential customer.

2.1.8.3 Analytical CRM

Analytical CRM is concerned with capturing, storing, extracting, integrating, processing, interpreting, distributing, using and reporting customer-related data to enhance both customer and company value. Analytical CRM builds on the foundation of customer-related information. Customer related data might be found in enterprise-wide repositories: sales data (purchase history) financial data (payment history, credit score), marketing data (campaign response, loyalty scheme data) and service data. To these internal data can be added data from external sources: geo-demographic and lifestyle data from business intelligence organizations (Buttle 2009: 10).

Analytical CRM focuses on the strategic planning needed to build customer value, as well as the cultural, measurement, and organizational changes required to implement that strategy successfully (Peppers and Rogers, 2004:8) By this definition both customer and company are benefited from analytical customer relation management, because business deliver product or service timely, provide best solutions to the customers problem, delight the customer and create good relations with the existing customer as well as developing program to acquire and retaining customer.

2.1.8.4 Collaborative CRM

Collaborative CRM is the term used to describe the strategic and tactical alignment of normally separate enterprises in the supply chain for the more profitable identification, attraction, retention and development of customers (Buttle 2009:11).

But enterprises that engage in collaborative Learning Relationships with individual customers gain a distinct competitive advantage, because they know something about one customer that a competitor does not know (Peppers and Rogers, 2004:21). As understanding this type of CRM there are different participant within the line coordinate and perform the task to acquire and

retain the customer.

2.2 Conceptual Framework of Customer-driven Marketing Strategy

To succeed in today's competitive marketplace, companies need to be customer centered. They must win customers from competitors; then keep and grow them by delivering greater value. But, before it can satisfy customers, a company must first understand their needs and wants (Kotler, 2006:46).

According to Kotler (2003:53), winning companies are more productive in acquiring, keeping, and growing customers. These companies improve the value of their customer base by excelling at the following customer strategies:

- Reducing the rate of customer defection.
- Increase the longevity of the customer relationship.
- Enhancing the growth potential of each customer through “share-of-wallet,” cross selling, and upselling.
- Making low-profit customers more profitable or terminating them
- Focusing disproportionate effort on high value customers.

2.2.1 Stages of CRM Strategies

According to Zeithaml (2003:175), CRM strategies involve the following stages: -

Level 1 - Financial Bonds

At level 1, the customer is tied to the firm primarily through financial incentives—lower prices for greater volume purchases or lower prices for customers who have been with the firm a long time.

Level 2 -Social Bonds

Level 2 strategies bind customers to the firm through more than financial incentives. Although price is still assumed to be important, level 2 retention marketers build long-term relationships through social and interpersonal as well as financial bonds. Customers are viewed as “clients,” not nameless faces, and become individuals whose needs and wants the firm seeks to

understand.

Level 3 - Customization Bonds

Level 3 strategies involve more than social ties and financial incentives, although there are commonly elements of level 1 and 2 strategies encompassed within a customization strategy and vice versa. Two commonly used terms fit within the customization bonds approach: *mass customization and customer intimacy*. Both of these strategies suggest that customer loyalty can be encouraged through intimate knowledge of individual customers and through the development of “one-to-one” solutions that fit the individual customers; needs.

Level 4 - Structural Bonds

Level 4 strategies are the most difficult to imitate and involve structural as well as financial, social, and customization bonds between the customer and the firm. Providing services to the client that are frequently designed right into the service delivery system for that client creates structural bonds. Providing customized service to the client that are technology based and make the customer more productive creates often-structural bonds.

2.3 The Need For Principles Of Relationship Marketing To Establish Customer Relationship Management

Customer relationship management is part of organization coordinated to achieve the goal by implementing company’s activities with customers.

2.3.1 What Is Relationship Marketing?

Transaction marketing is part of a larger idea called relationship marketing. Relationship marketing has the aim of building mutually satisfying long-term relations with key parties—customers, suppliers, and distributors—in order to earn and retain their business. Marketers accomplish this by promising and delivering high-quality products and services at fair prices to the other parties’ overtime. Relationship marketing builds strong economic, technical and social ties among the parties. It cuts down on transaction costs and time. The ultimate outcome of relationship marketing is the building of a unique company asset called a marketing network.

A marketing network consists of the company its supporting stakeholders (customers, employees, suppliers, distributors, retailers, ad agencies, university scientists and others) which whom it has build mutually profitable business relationships (Kotler, 2003: 13).

2.3.2 Phase of Relation Marketing

By providing excellent customer care companies could build a strong and loyal relationship with customers. According to Roberts (2003:28), there are different phases to build relationship.

1. Contact phase

Goal: to gain a new customer. Contact through marketing, advertising, telemarketing, personal selling, direct mail, promotions, and publicity.

2. Acquisition phase

Goal: to increase customer retention. Collect as much information about the customer as possible. Understand their purchase condition. Offer them post-purchase reassurance. Promote the price-value relationship. Establish the foundation for a long-term relationship. Know the associated costs.

3. Retention phase

Goal: to create long-term, committed and loyal customers. Develop a service philosophy. Increase the responsiveness to customers. Identify and close service gaps. Improve the service recovery process. Measure customer satisfaction. Reward positive customer behavior. Know your retention-related costs.

4. Loyalty phase

Goal: to extend your customer's loyalty. Define loyalty and customer lifetime. Know their lifetime value and average net worth. Counteract defection rates and patterns. Understand loyalty calculations. Know your costs associated with their loyalty. Provide them with accurate customer information. Ensure that you know your products inside out and back to front! Communicate with the customer. Learn about the customer. Provide value on every contact. Reward the customer's loyalty.

2.4 Customer Relationship Management Program

The present millennium has been witnessing vehement changes in the strategies and focus of many promotions and campaigns. A fundamental shift is taking a place from *mass marketing* that sends messages about a standard product offering to the anonymous person to *personalized* marketing with messages and offerings tailored to the specific individual (Shajahan, 2004:53).

2.4.1 Types of CRM Programs

To reach its goal the business company management ought to design programs and meet the customer expectation and make them delighted which enhances the customer interest to be long lasting customer.

Continuity marketing programmes: - Giving the growing concern for retaining customers as well as the emerging knowledge about customer retention economics, many companies have developed continuity marketing programmes that are aimed at both (a) retaining the customers and (b) increasing their loyalty. For consumers in the mass markets, these programs usually take the shape of membership and loyalty card programmes in which the consumers are often rewarded for their member and loyalty relationships with the marketers. The basic aim of continuity marketing programmes is to retain the customers and increase loyalty through long-term special services that have the potential to increase the mutual value as the partners learn about each other (Shajahan, 2004: 54).

As Torres (2004:290) cited Winer (2001) reward/frequency/loyalty/affinity programs are designed to reward customers for their purchases, often repeat purchases. However, Winer (2001, pages 99 and 100) cites a McKinsey study, which concluded that such programs are laden with problems. They are often expensive to operate, mistakes can be difficult to correct as customers see the company as taking away benefits, and it is unclear if such programs actually increase customer loyalty and/or increase the average amount spent on the firm's products.

Partnering Programmes: - This is a major type of relationship marketing programme in the business-to-business (B-2-B) and business-to-consumer (B-2-C) segment, and it involves

the partnering relationships between the customers and marketers to serve the end-users needs. In the mass markets, two types of partnering programmes are most common: (a) co-branding and (b) affinity partnering (Shajahan, 2004:55).

One-To-One Marketing:- The one-to-one or individual marketing approach is grounded in account-based marketing. Such programmes are aimed at meeting and satisfying each customer needs in a unique and individual manner. Using the online information and databases on individual customer interactions, the marketer's aim to fulfill the unique needs of each mass-market customer. The information on individual customers is utilized to develop frequency marketing, interactive marketing and after marketing programmes in order to develop relationships with high-yielding customers (Shajahan, 2004:55).

As Torres (2004:18) cited Bahattaharya and Bolton (2000) Customization provides customers with products and services that match their preferences, "... customization must be possible within the product category - through products (including branding and image), people, or technology. Mass customization is generally considered to be a tool for building loyalty when mass market quality is no longer a sufficient differentiator". According Stone et al. (2003:244) found that 50% of firms were able to collect and use customer preference data, thus making it difficult to provide all customers with customized products.

Integrated Telephone Marketing: - a successful and effective direct response campaign could be achieved mainly through integrated telephone marketing. This is possible when the message that the firms in question communicate with the customer complements with (a) the message delivered by the phone representative and (b) the fulfillment package. The fulfillment package then becomes the first step in converting the inbound caller to an ongoing customer. The integration of an idea, an offer and communication over the media of telephone and product or service that meets or exceeds the caller expectations has become the formula of success for today's direct marketing companies. The telephone has thus become a key element in customer retention and growth. The inbound call is the first step in developing a customer (Shajahan, 2004:56).

2.5 The Role of Customer's Complaint Handling For Effective Customer Relation Management.

2.5.1 Measuring And Improving Service Quality

It is commonly said that what is not measured is not managed. Without measurement managers can be sure whether service quality gaps exist, let alone what type of gaps. Where they exist, and what potential corrective actions should be taken. And of course measurement is needed to determine whether goals of for improvement are being met after changes been implemented (Lovelock and Wirtz, 2004: 435-437).

Furthermore, Anderson and Kerr (2003:17), customers' defined standards and measures of service quality can be grouped into two broad categories: soft and hard. Soft measures are those that cannot easily be observed and must be collected by talking to customers, employees, or others. As noted by Valarie Zeithaml and Mary Jo Binter, "Soft standards provide direction, guidance and feedback to employees on ways to achieve customer satisfaction and can be quantified by measuring customer perception and beliefs.

It would be great to be able to identify and respond to potential conflict before it ever reached the level that the customer became aware of it (Anderson and Kerr, 2003: 117).

By contrast, hard standards and measures relate to those characteristics and activities that can be counted, timed, or measured through audits. Organizations that are known for excellent service make use of both soft and hard measures. These organizations are good at listening to both their customers and their customer-contact employees. The larger the organizations, the more important it is to create formalized feedback programs using a variety of professionally designed and implemented research procedures (Lovelock and Wirtz, 2004:435-437).

2.5.2 Tools for Tracking and Measuring Customer Satisfaction

Customer centered firm wishes to know customer gratification and modify its strategy to meet the customer need. Therefore, the company formulates different tools to measure the satisfactions.

Complaint and Suggestion Systems: A customer-centered organization makes it easy for customers to register suggestions and complaints.

Customer Satisfaction Survey: Studies show that although customers are dissatisfied with one out every four purchases, less than 5 percent will complain. Most customers will buy less or switch suppliers. Responsive companies measure customer satisfaction directly by conducting periodic surveys. While collecting customer satisfaction data, it is also useful to ask additional questions to measure repurchase intention and to measure the likelihood or willingness to recommend the company and brand to others.

Ghost Shopping: Companies can hire people to pose as potential buyers to repeat on strong and weak points experienced in buying the company's and competitors' products. These mystery shoppers can even test how the company's sales personnel handle various situations. Managers themselves should leave their offices from time to time, enter company and competitor sales situations where they are unknown, and experience firsthand the treatment they receive. A variant of this is for managers to phone their own company with questions and complaints to see how the calls are handled.

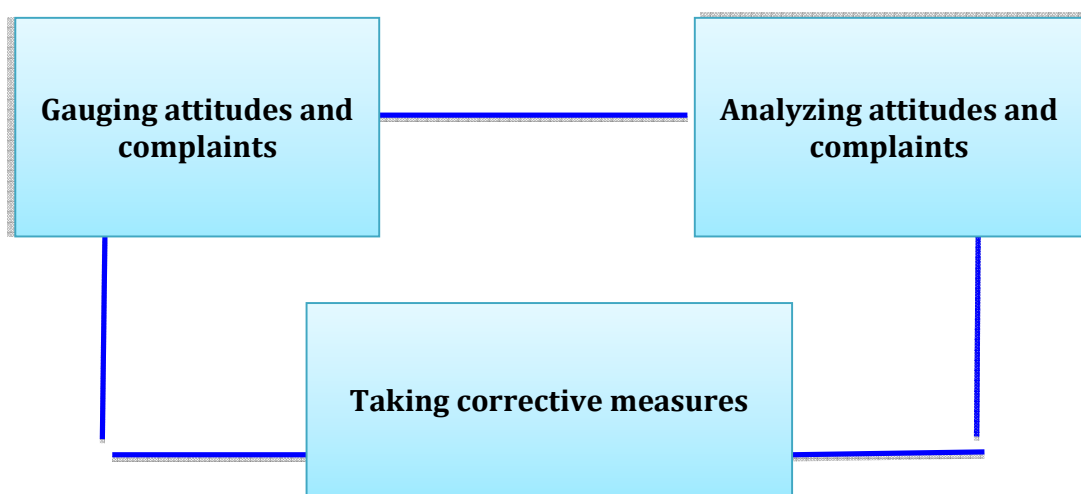
Lost Customer Analysis: companies should contact customers who have stopped buying or who have switched to another supplier to learn why this happened. Not only is it important to conduct exit interviews when customers first stop buying. It is also necessary to monitor the customer loss rate.

2.5.3 Handling Complaints

According to Kyambalesa (2003:43), customer complaints come in different forms and with varying degree of importance common complaints may include customers; expressed dissatisfaction regarding any aspect of a given organizations marketing mix. There is perhaps no single organizational entity in the world today that does not evoke customer complaints about any of its marketing mix elements. This is to be expected, as it is not possible for any organization to produce a product that can adequately satisfy the divergent expectations, desires, interests and perception of customers.

The customer relation's task should be performed systematically; first the customer relation manager should gauge customer's attitudes and complaints. Second customer attitudes and complaints should be analyzed to determine the probable impacts on the organization-marketing program. Finally, corrective measures should be taken in order to contain customer discontent.

Figure 2 - A Customer Relation Model



Source: (Kyambalesa, 2003:43)

A) **Gauging Attitudes and complaints:** There are several methods in which customers' complaints or attitudes about in organization's marketing mix (the product, price, and promotion and distribution methods) can be gauged; they include the following: field research,

suggestion boxes, customer hot lines, and online questionnaires placed on an organizations web site.

B) **Evaluation Attitudes and Complaints:** Once customers; complaint and/or attitudes are known, the next stop should be to evaluate them in terms of their probable impact on the success of organizations marketing programs. This should guide the customer relation manager in ranking the complaints and/or attitudes according to their potential impact on the success of the organizations marketing activities.

C) **Taking corrective measures:** The evolution of the attitudes and complaints of customers should lead to the taking of remedial measures of mitigate dissatisfaction caused by any given aspects of organizations marketing mix priority in doing this should be given to the most serious attitudes and complaints to prevent widespread negative publicity. If this is not timely done, the organization's image is likely to be tarnished by dissatisfied customers, placing its success and survival at stake.

2.5.4 Approaches to Handle Complaints

1. **Act Quickly.** If the complaint is made during service delivery, time is of the essence to achieve a full recovery. When complaints are made after the fact many companies have established policies of responding within 24 hours or sooner. Event when full resolution is likely to take longer, fast acknowledgment remains very important.

2. **Admit mistakes, but don't be defensive.** Acting defensively may suggest that the organization has something to hide or is reluctant to fully explore the situation.

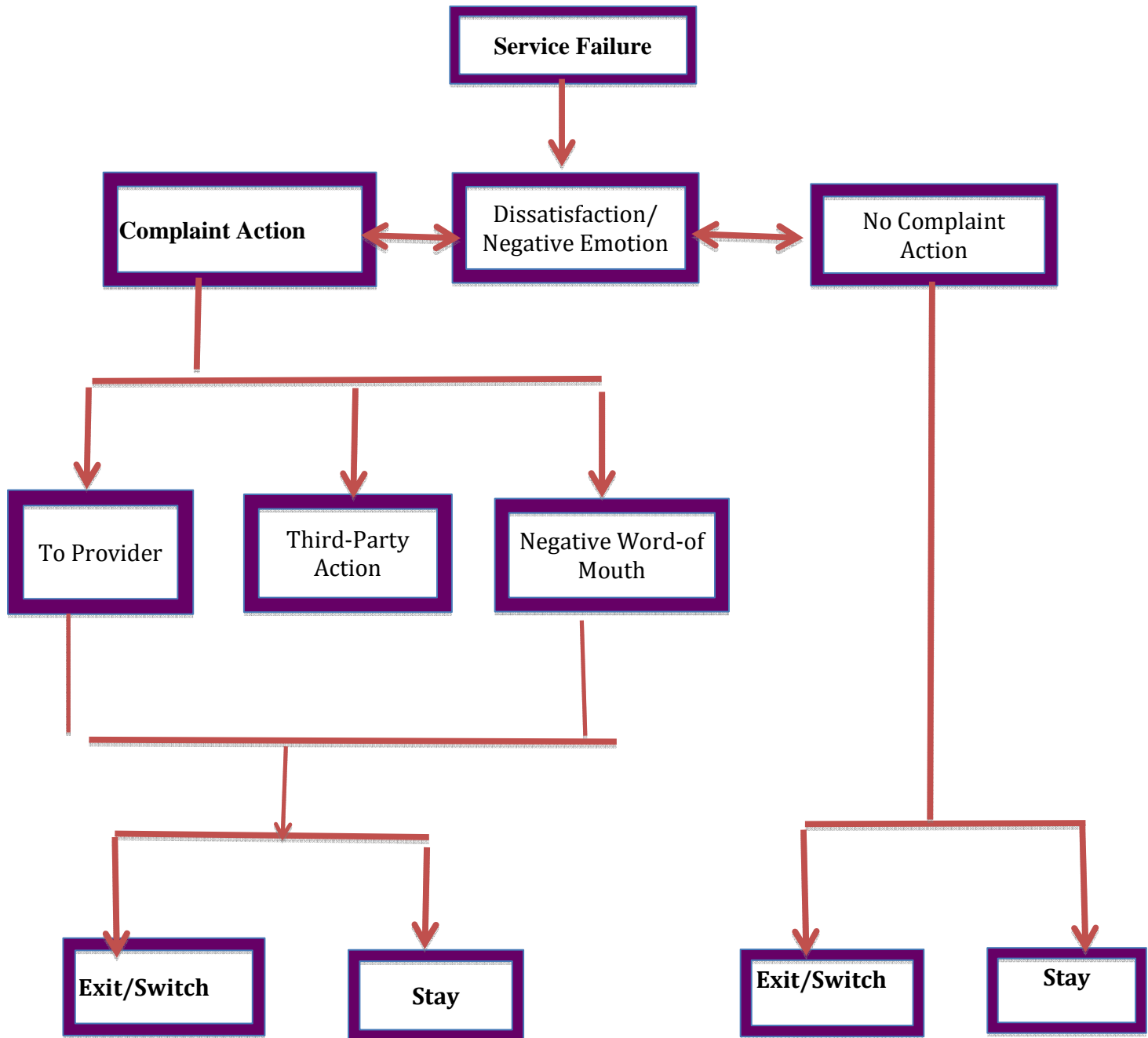
3. **Show that you understand the problem from each customer's point of view.** Seeing situations through the customers' eyes is the only way to understand what they think has gone wrong and why they are upset. Service personnel should avoid jumping to conclusions with their own interpretations.

4. **Don't argue with customers.** The goal should be to gather facts to reach a mutually acceptable solution, not to win a debate or prove that customer is an idiot. Arguing gets in the way of listening and seldom diffuses anger.

5. **Acknowledge the customer's feeling, either tacitly or explicitly (for example, "I can understand why you're upset").** This actions help to build rapport, the first step in rebuilding a bruised relationship.
6. **Give customers the benefit of the doubt.** Not all customers are truthful, and not all complaints are justified. But customers should be treated as though they a have a valid complaint until clear evidence to the contrary emerge. If a lot of money is at stake (as in insurance claims or potential lawsuits), careful investigation is warranted. If the amount involved is small, it may not be worth haggling over a refund or other compensation. However, it's still a good idea to check records to see whether there is a past history of dubious complaints by the same customer.
7. **Clarify the steps needed to solve the problem.** When instant solutions aren't possible, telling customers how the organization plans to proceed shows that corrective action is being taken. It also sets expectations about the time involved, so firms should be careful not to overpromise.
8. **Keep customers informed of progress.** Nobody likes being let in the dark. Uncertainty breeds anxiety and stress. People tend to be more accepting of disruptions if they know what is going on and receive periodic progress reports.
9. **Consider compensation.** When customers do not receive the service outcomes they have paid for or have suffered serious inconvenience and/or loss of time and money because the service failed, either a monetary payment or an offer of equivalent service in kind is appropriate. This type of recovery strategy may also reduce the risk of legal action by an angry customer. Service guarantees often lay out in advance what such compensation will be, and the firm should ensure that all guarantees are met.
10. **Persevere to regain customer goodwill.** When customers have been disappointed, one of the biggest challenges is to restore their confidence and preserve the relationship for the future. Perseverance may be required to defuse customers' anger and to convince them that

actions are being taken to avoid a recurrence of the problem. Truly exceptional recovery efforts can be extremely effective in building loyalty and referral

Figure 3 - Customer complaint actions following service failure



Source: (Zeithaml and Bitner, 2003:190).

CHAPTER THREE

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter deals with the presentation, analysis and interpretation of the collected data from Ethiopian Insurance Corporation (EIC) marketing manager, clients and employees at the head office. This research is examining the Customer Relationship Management practice of EIC from customer point of view as well as from the prospective of employees' and marketing manager of EIC.

The researcher distributed 200 copies of the questionnaires to clients out of which 178(89%) were properly filled out and returned, 20 copies of questionnaire distributed to employee are all collected. Moreover, Interview was held with marketing managers of EIC. The questionnaires have both close-ended and open-ended questions. Tabulation and percentage methods are used to present and analyze the quantitative data followed by detail explanations. For the open-ended questions qualitative explanations are presented.

This chapter has 2 parts, the first part deals with the general characteristics of the respondents and the second deals with presentation, analysis and interpretation of data directly related to the research question.

3.1 General Characteristics Of the Respondents

The following table shows the overall characteristics of Ethiopian Insurance Corporation clients and employees

Table 1- Personal Characteristics Of EIC Respondents

S/ N	ITEM	CLIENTS		ITEM	EMPLOYEES	
		Frequency	Percent (%)		Frequency	Percent (%)
1	Gender					
	A. Male	123	69.1	A. Male	11	55
	B. Female	55	30.9	B. Female	9	45
	TOTAL	178	100	TOTAL	20	100
2.	Age					
	A. Less than 25	29	16.3	A. Less than 25	-	-
	B. 26-35	45	25.3	B. 25-34	7	35
	C. 36-46	73	41	C. 35-45	8	40
	D. Above 46	31	17.4	D. Above 45	5	25
	TOTAL	178	100	TOTAL	20	100
3.	Educational Background					
	A. 12 th Grade complete	33	18.5	A.12 th Grade complete	1	5
	B. Diploma	52	29.2	B. Diploma	8	40
	C. 1 st Degree	79	44.3	C. 1 st Degree	10	50
	D. Masters & Above	14	7.8	D. Masters & Above	1	5
	TOTAL	178	100	TOTAL	20	100
4.	Occupation					
	A. Government employee	19	10.6			
	B. Private organ. employee	54	30.3			
	C. Own Business	81	45.5			
	D. NGO	24	13.4			
	TOTAL	178	100			
5	Relation with EIC			Year of Experience		
	A. Below 3 years	37	20.7	A. Less than 2 years	1	5
	B. 3-6 Years	72	40.4	B. 3-6 Years	5	25
	C.7-10 Years	46	25.8	C. 7-11 Years	5	25
	D. Above 10 Years	23	12.9	D.12-15 Years	3	15
				E. More than 16 years	6	30
	TOTAL	178	100	TOTAL	20	100

As shown in item 1 of Table 1 above the gender composition of client respondents is that 123(69.1%), are male and 55(30.9%) are female. Likewise the employees' gender composition is that 11(55%) are male and 9(45%) are female.

In relation to age category as presented in item 2 of table 1 the number of clients respondents is that 29(16.3%); 45(25.3%); 73(41%); and 31(17.4%) fall in the age range of less than 25 years; 26-35 years; 36-45 years; and above 46 years respectively. In the case of respondent employees, 7(35 %); 8 (40 %); and 5(25 %) are in the range of 25-34 years, 35-44 years; and above 44 years respectively. This implies that majority of clients and employee respondents are mature and reliable for the questions that they response.

Item 3 of table 1 present the educational background of the respondents. Accordingly it has been depicted that 33 (18.5 %); 52 (29.2%); 79 (44.3 %); and 14(7.8%) of respondent clients are 12th grade complete; diploma; 1st degree; and masters and above respectively. With regard to employees respondents 1(5 %), 10 (50%), 8(40 %) 1(5%) are 12th grade complete; diploma; 1st degree and masters and above respectively. Based on the above data in educational background, most clients and employees are degree holders which hints clients and employee respondents are educated and capable to weigh the overall performance of EIC and forward worthy response.

As represented in item 4 of table 1 with regard to the occupation of respondents from 178 clients' respondents 19(10.6%); 54(30.3%); 81(45.5); 24(13.4%) are government employee; private organization employee; running own business and employee in NGO respectively.

The 5th item of table 1 reveals the duration of clients' relation with EIC. Accordingly, 37(20.7%); 72(40.4%); 46(25.8%); and 23(12.9%) have had a business relation with EIC fall in the range of below 3 years; 3-6 years; 7-10 years; and above 10 years respectively. It has been reveals that more than 60% of them had a contact experience of less than 6 years. This shows that majority of the respondents have not long time relation with EIC and it indicates that EIC is not qualified on retaining its clients and take required action to persuade the client and make them long lasting clients. In the case of respondents employee work experience in the company 1(15%); 5(25%); 5(25%); 3(15%) and 6(30%) less than 2 years; 3-6 years; 7-11 years; 12-15 years and more than 16 years. Due to the fact it indicate that most of employees have long service relationships with EIC.

3.2. Analysis of the Data Directly Attributable to the Research Questions.

In this section the responses obtained for the questions asked on the questionnaire and interview are presented, analyzed and interpreted.

Table 2 - Acquiring and Retaining Clients

S/ N	Item	Clients Respondents	
		Frequency	Percent (%)
1	How did you know about Ethiopian Insurance Corporation? /You can choose more than one answer/		
	A. Reference	27	
	B. Advertisement	61	
	C. Sales Agents	97	
	D. Others	-	
	Total	185*	
2	What is the reason to stay customers of EIC? / You can choose more than one answer/		
	A. Good quality service	33	
	B. Low premium charges	23	
	C. Location	110	
	D. Others/please specify)	30	
	Total	196*	

***There were double counts as respondents were given with the chance to choose more than once.**

As item 1 of table 2 shows 27 respondents became aware about EIC through reference; 61 of them know through advertisement; and 97 of them know through sales agents. On the basis of the above information one can determine that the majority of the respondents learned about and the operation of EIC through sales agents and it implies that sales agents are important to attract or make awareness for prospect clients. . From the response of the marketing manager, EIC acquire its clients by using advertisement, organization forced to be client of EIC by upper government body, earning information about new entrants on business from investment office, and use sales agents to persuade the prospect and also walk in clients.

As indicated in item 2 of table 2 above clients are asked to reason out why they have decided to stay with EIC with the provision to choose the options more than once. Accordingly, it has been found that 110 of them select location. This implies that EIC's practice with respect to selection

of strategic locations is good/strong enough. Although the respondents complemented the company's strategic locations, the number of respondents that select "good quality service" is very few (only 33) location cannot guarantee a business success since potential entrants surround the business. On the other hand from the finding of interview with marketing manager EIC retains its customer by doing some mechanism like client seminar/training/, giving benefit/non claim discount/. Quality is a major success factor that would enable a company to sustain in even a competitive business environment. Thus the fact that only few respondents go for the quality majority of clients are not agree and imply that the clients are not persuaded by good quality service and low premium charge but the main reason to stay with EIC its office availability on every districts and the rules imposed by the government.

Table 3- Company Concerns To Client

S/ N	Item	Clients Respondent		
		Frequency	Percent (%)	Mean
1	EIC shows a keen interest in knowing customer preference of policies			2.08
	A. Strongly Agree	7	3.9	
	B. Agree	32	17.9	
	C. Neutral	18	10.1	
	D. Disagree	33	18.5	
	E. Strongly Disagree	88	49.4	
	Total	178	100	
2	EIC regularly assesses customer satisfaction for improving its insurance services			2.62
	A. Strongly Agree	18	10.1	
	B. Agree	25	14	
	C. Neutral	40	22.5	
	D. Disagree	62	34.8	
	E. Strongly Disagree	33	18.5	
	Total	178	100	

Item 1 of table 3 shows EIC keen interest in knowing clients preferences of policies the response are 7(3.9%); 32(17.9%); 18(10.1%); 33(18.5%); and 88(49.4%) fails in strongly agree; agree; Neutral; disagree; and strongly disagree respectively. Marketers should have to know clients preferences and provide product/service based on identifying the need of clients but as it shows in item 1 table 3 the mean value 2.08 also implies that EIC is not concerned on knowing clients'

preferences but simply offers standard policies that the corporation believes are suitable for clients.

According to Item 2 of table 3, whether EIC regularly assess customer satisfaction or not the response are 18(10.1%); 25(14%); 40(22.5%); 62(34.8); and 33(18.5%); which is strongly agree; agree; neutral; disagree; and strongly disagree respectively. From clients respondents 43(24.1%) agree and 95(53.4%) disagree the remaining 40 (22.5%) are not certain that EIC regularly assess customer satisfaction. From the response of marketing manger whether clients are satisfied or not recognized when there is failures on contract. Assessing customer satisfaction help to know the level of satisfaction of its clients and to take corrective action but the mean value 2.62 shows that adequate customer satisfaction survey is not performed on EIC.

Table 4-A Measuring Customer Satisfaction

Item	Employee Respondent		
	Frequency	Percent (%)	Mean
How often does EIC use customer satisfaction survey to track and measure customer satisfaction?			2.8
A. Very Often	-	-	
B. Often	7	35	
C. Sometimes	6	30	
D. Rarely	3	15	
E. Very Rarely	4	20	
Total	20	100	

According to table 4-A how often EIC use customer satisfaction survey to track and measure customer satisfaction 7(35%); 6(30%); 3(15%); and 4(20%;) fail in very often; often; sometimes; rarely; and very rarely respectively. From employees response EIC conduct customer satisfaction survey sometimes. According to Roberts (2003:28) to create long-term, committed and loyal customers marketer must measure customer satisfaction. Although the marketing manager respond customer satisfaction surveys are not conducted regularly the ones conducted so far enabled EIC to understand the overall clients attitude and gauge their satisfaction or dissatisfaction and evaluate its customer relation management practice. Based on this the mean value 2.8 shows EIC performance on customer satisfaction survey is not fulfilled its goal.

Table 4-B Measuring Customer Satisfaction

S/ N	Item	Employee Respondent		
		Frequency	Percent (%)	Mean
1	How often does EIC use complaint & suggestion system to track and measure customer satisfaction?			3.45
	A. Very Often	1	5	
	B. Often	12	60	
	C. Sometimes	3	15	
	D. Rarely	3	15	
	E. Very Rarely	1	5	
	Total	20	100	
2	How often does EIC use lost customer analysis to track and measure customer satisfaction?			2.3
	A. Very Often	2	10	
	B. Often	3	15	
	C. Sometimes	3	15	
	D. Rarely	4	20	
	E. Very Rarely	7	35	
	Total	20	100	

As shown in item 1 of table 4-B EIC use complaint & suggestion system to track and measure satisfaction employee respondents replied 1(5%); 12(60%); 3(15%); 3(15%); and 1(5%) that is strongly agree; agree; neutral; disagree; and strongly disagree respectively. The mean value employees response 3.45 support that EIC offer complaint and suggestion system to clients. Regarding to the interview with marketing manager respond EIC providing register book and suggestion box for clients who want to forward their complaints or suggestion and examine in every 15 days. When there is unsatisfactory service encounter clients reaction must be complain and recover but as the marketing managers response majority of clients do not use this approaches and provide their complaints face to face or using letters.

Item 2 of table 4-B how often EIC does lost customer analysis the employees' responses are 2(10%); 3(15%); 3(15%); 4(20%); and 7(35%) which is very often; often; sometimes; rarely; and very rarely respectively. The response shows 5(25%) of employees agree that EIC is measuring lost customer analysis but 11(55%) are not agree and the remaining 3(15%) has no idea whether EIC measuring or not. Considering the reply of marketing manager the lost customer recognized when the contract lapses. Both marketing manager and employees' response shows that lost customer analysis were not done deliberately.

Table 5 - Motivational Tools

Item	Clients Respondent		
	Frequency	Percent (%)	Mean
EIC gives special incentives or privileges to regular/loyal clients			2.47
A. Strongly Agree	12	6.7	
B. Agree	33	18.5	
C. Neutral	37	20.8	
D. Disagree	40	22.5	
E. Strongly Disagree	56	31.5	
Total	178	100	

As depicted in table 5 clients responds for EIC gives special incentives/privileges 12(6.7%); 33(18.5%); 37(20.8%); 40(22.5%); and 56(31.5%) fail in strongly agree; agree; neutral; disagree; and strongly disagree respectively. Robert (2003:28) encourages to reward positive customer behavior. The mean value of 2.47 and the clients' response shows the higher number (57%) of sample respondents clarify that EIC is not providing them incentives. But the marketing manager response for the similar question is EIC sent best wishes with give away products at the time of holidays and events of their clients. Both marketing manager and employees' response imply that EIC gave some incentives for their favorite clients.

Table 6- A Physical Evidence

Item	Clients respondent			Employees respondent		
	Frequency	Percent (%)	Mean	Frequency	Percent (%)	Mean
EIC makes use of the appropriate technologies to enhance customer service			3.55			3.6
A. Strongly Agree	27	15		4	20	
B. Agree	80	45		9	45	
C. Neutral	44	24.7		3	15	
D. Disagree	18	10.1		3	15	
E. Strongly disagree	9	5.1		1	5	
Total	178	100		20	100	

As it is verified in table 6-A clients respondents EIC using technologies 27(15%); 80(45%); 44(24.7%); 18(10.1%); and 9(5.1%) that is strongly agree; agree; neutral; disagree and strongly disagree respectively and it implies that most of clients agreed that EIC use latest technologies to perform its service. Employee responses for this question is also 4(20%); 9(45%); 3(15%); 3(15%); and 1(5%) which is strongly agree; agree; neutral; disagree; and strongly disagree respectively. As every one understands the intangible nature of service physical objects used as evidence for clients to get better performance from the service provider. The response from both clients and employees agree that EIC use technologies which supports to give better customer service.

Table 6-B Physical Facilities

Item	Employees respondent	
	Frequency	Percent (%)
Physical facilities in EIC enable to accomplish activities on time		
A. Yes/explain the benefit/	15	75
B. No	5	25
Total	20	100

As it is shown in Table 6-B physical facilities in EIC enable employee to accomplish their activities on time employee replies yes 15(75%) and no 5(25%). Service providers' physical facilities, their equipment and the appearance of employees, physical representation of the service are determinants factors of service quality. For the respondents' 75% of employees answer yes requested to explain the benefit they perceived and majority of respondents articulate EIC concerned about its employee comforts and design attractive work environment, which enable to simplify their work.

Table 7- A Commitment from Clients' Point of View

S/ N	Item	Clients Respondent		
		Frequency	Percent (%)	Mean
1	EIC carefully evaluates evolving needs of the clients			2.45
	A. Strongly Agree	6	3.4	
	B. Agree	29	16.3	
	C. Neutral	34	19.1	
	D. Disagree	80	44.9	
	E. Strongly Disagree	29	16.3	
	Total	178	100	
2	EIC values clients suggestions as input for improving its relationship			2.38
	A. Strongly Agree	9	5.1	
	B. Agree	18	10.1	
	C. Neutral	61	34.3	
	D. Disagree	35	19.6	
	E. Strongly Disagree	55	30.9	
	Total	178	100	

Item 1 of table 7-A shows efforts of EIC evaluate evolving needs of clients is responded by clients are 6(3.4%); 29(16.3%); 34(19.1%); 80(44.9%); and 29(16.3%) that fail in strongly agree; agree; neutral; disagree; and strongly disagree respectively. According to (Zeithaml, 2003:158) to achieve goal, the firm must focus on the attraction, retention and enhancement of customer relationships. Marketers to identify the growing need of clients and amend their service policies based on their finding but from the mean value 2.45 indicate EIC is not evaluating the growing need of clients and revise or develop services which attract and keep its clients.

Item 2 of table 7-A shows EIC values suggestions as input is responded by sample respondents of clients are 9(5.1%); 18(10.1%); 61(34.3%); 35(19.6%); and 55(30.9%) which is strongly agree; agree; neutral; disagree; and strongly disagree respectively. Based on this responses 50.5% of clients choose that indicate EIC is not values their suggestion and use as input for better performance 34.3% of clients are not sure that EIC use or not use their suggestion as input few which are 16.2% agreed. The response and the mean value of 2.38 imply that EIC is not use information as input. According to the interview with the manager a strategy is formed at

corporate level and unlike private insurance companies it is difficult to be flexible and use customer information as input.

Table 7-B Commitments from Employees' Point of Views

	Item	Employees Respondents		
		Frequency	Percent (%)	Mean
1	EIC design rules, regulations, procedure manual and policies support the objective of CRM			
	A. Yes	17	85	
	B. No	3	15	
	Total	20	100	
2	EIC has been improving its performance on the bases of need of customer			
	A. Strongly Agree	2	10	2.8
	B. Agree	4	20	
	C. Neutral	5	25	
	D. Disagree	6	30	
	E. Strongly Disagree	3	15	
	Total	20	100	

According Item 1 of table 7-B questions forwarded to employees about EIC rules and regulation support objective of customer relation management the answer yes 17(85%) and no 3(15%). The purpose of relationship marketing is to build long-term connections between the company and its customers and to develop brand and firm loyalty. To achieve its purpose it is essential rules and regulation of organization should have support the object. From the outcome of the response majority of employees agree EIC rules and regulation support customer relation management.

In Item 2 of table 7-B Employees responses for the question EIC's improving performance on the bases of need of customer strongly agree 2(10%), agree 4(20%), neutral 5(25%), disagree 6(30%) and strongly disagree 3(15%) as it indicates from 20 employees 6(30%) response positively and 9(45%) employees responses negatively and 5(25%) of employees choose neutral which is not either positive or negative. But from the total mean value 2.8 it implies EIC is not improving its performance on the base of the need of customer and even there is no lack of CRM strategy it is not communicated as it should be.

Table 8-A Employee Consideration about CRM

S/ N	ITEM	Employee Respondents		
		Frequency	Percent (%)	Mean
1	EIC performs the service based on promises			2.4
	A. Strongly Agree	1	5	
	B. Agree	4	20	
	C. Neutral	2	10	
	D. Disagree	8	40	
	E. Strongly Disagree	5	25	
	Total	20	100	
2	Do you think EIC measures the quality of its service regularly			
	A. Yes	9	45	
	B. No	11	55	
	Total	20	100	
3	EIC exerts its utmost effort to improve the quality of its service			2.45
	A. Strongly agree	1	5	
	B. Agree	9	45	
	C. Neutral	6	30	
	D. Disagree	4	20	
	E. Strongly Disagree	-	-	
	Total	20	100	

Item 1 of table 8-A the employees response for the question EIC performed based on promises 1(5%); 4(20%); 2(10%); 8(40%); and 5(25%) fails in that strongly agree; agree; neutral; disagree and strongly disagree respectively. 65% of employees responses disagree and strongly disagree that implies EIC are not kept its promise when delivering services. The marketing manager response also advocates the employee response there is imperfection on delivering services based on promises. Because even if EIC wishes to deliver based on promises there is so many stake holders influence hindered not to perform as promised.

As described in item 2 of table 8-A EIC measure qualities of service regularly employees' responds are yes 9(45%) and no 11(55%). As we understand from academics knowledge to be competent and achieve goals there must be measuring the degree of excellence in service

performance and mend when there is gap. Based on the EIC employees' response EIC is not effective on it. Whereas, marketing manager replied for similar questions that EIC outline standard for quality and determined in terms of service payment, customer handling, time and continuous assessment is executed.

Item 3 of table 8-A shows EIC effort to improve the quality of service and employee respondents' response as follows. Strongly agree 1(5%), agree 9(45%), neutral 6(20%), and disagree 4(20%). 50% of employee response agree that EIC try to improve its service and it implies EIC attempts to improve the quality of service. Furthermore the response of marketing manager supports the employee responds that EIC efforts to improve its quality but because of some organization working with it is difficult to improve its quality of service as needed.

Table 8-B Clients Consideration about CRM

S/ N	ITEM	Clients Respondents		
		Frequency	Percent (%)	Mean
1	EIC makes adjustments (time, premium etc.) to suit client requirement			2.42
	A. Strongly Agree	21	11.8	
	B. Agree	18	10.1	
	C. Neutral	37	20.8	
	D. Disagree	40	22.5	
	E. Strongly Disagree	62	34.8	
	Total	178	100	
2	EIC offers personalized/customized insurance service to meet the client need			2.36
	A. Strongly Agree	8	4.5	
	B. Agree	15	8.4	
	C. Neutral	47	26.4	
	D. Disagree	72	40.4	
	E. Strongly Disagree	36	20.2	
	Total	178	100	
3	How do you rate the customer relation management practice of EIC in keeping you its loyal customer?			2.35
	A. Excellent	7	3.9	
	B. Very good	10	5.6	
	C. Good	50	28.1	
	D. Poor	82	46.1	
	E. Very poor	29	16.3	
	Total	178	100	

As can be seen in item 1 of table 8-B for the question EIC makes adjustments to suit client requirement the client replied strongly agree 21(11.8%), agree 18(10.1%), neutral 37(20.8), disagree 40(22.45%) and strongly disagree 62(34.8%). To have good relationships marketer should stress on fulfilling customer need and want by adjusting the service based on the customer need but as shown in the mean value 2.42 the client respondent replies EIC is not capable to make adjustment and deliver its service based on the client requirement.

In relation to item 2 of table 8-B regarding the question EIC offers personalized/customized insurance service to meet the client need the client replied as follows. Strongly agree 8(4.5%), agree 15(8.4%), neutral 47(26.4%), disagree 72(40.4%) and strongly disagree 36(20.2%). For this question 12.9% positive answers and 60.6% negative answer. But respondents who replied neutral are 47(26.4%). CRM support meeting each and every customer need by tailoring service or personalized/customized product/services for those who need it but based on the reply of EIC clients it implies that EIC is not personalized/customized insurance service to meet the client need.

Item 3 of table 8-B clients response shows how they rate the CRM practice of EIC in keeping clients loyal presented as follows. 7(3.9%), 10(5.6%), 50(28%), 82(46.1%) and 29(16.3%) which is excellent, very good, good, poor and very poor respectively. CRM is business strategy, which integrated different activities and provide advantage to keep customers loyal but as the reply and the mean value shows that EIC's customer relation management practice to keep its customer loyal is not adequate.

Table 9 – Customer loyalty

S/ N	ITEM	Clients Respondents		
		Frequency	Percent (%)	Mean
1	Do you wish to buy more policies in future from EIC			
	A. Yes	59	33.1	
	B. No/explain why/	119	66.9	
	Total	178	100	
2	I am very likely to switch to another insurance company that is more competent in deigning/offering insurance policies/services			
	A. Strongly agree	63	35.3	2.28
	B. Agree	41	23	
	C. Neutral	45	25.2	
	D. Disagree	18	10.1	
	E. Strongly disagree	11	6.2	
	Total	178	100	

According to item 1 of table 9 clients wish to buy more policies from EIC the response are from 178 clients 59(33.1%) replied yes however 119(66.9) are answering no. Gaps drives clients disappoint and decide to terminate the contract. Those who answering no requested to explain why and majority of the respondents gave reasons: - delay on service, lack of adjustment, insignificant problem solving methods and no more demands are the reasons not to buy more policies. From the above respond EIC’s practice in keeping its clients loyal was rated in adequate. At the result of this majority (66.9%) of the clients are not interested in buying more policies in the future.

In tem 2 of table 9 clients like to switch to another insurance company the answers are the following. Strongly agree 63(35.3%), agree 41(23%), neutral 45(25.2%), disagree 18(10.1%) and strongly disagree 11(6.2%) and the mean value 2.28 also shows majority of clients are on the way to switch on other insurance company. when the received service compared with the service they expected are not match the result might be to switch the company. From the responses we can determine that there is service failure and clients are involuntary switch the service provider.

Table 10-A Clients Relationship Quality

S/ N	ITEM	Clients Respondents		
		Frequency	Percent (%)	Mean
1	My relationship with EIC meets my insurance objectives and fulfills all my expectations			2.7
	A. Strongly agree	22	12.4	
	B. Agree	30	16.9	
	C. Neutral	25	14.1	
	D. Disagree	44	24.7	
	E. Strongly disagree	57	32	
	Total	178	100	
2	I recommend EIC to other people			2.2
	A. Strongly agree	12	6.7	
	B. Agree	7	3.9	
	C. Neutral	29	16.3	
	D. Disagree	88	49.4	
	E. Strongly disagree	42	23.6	
	Total	178	100	

Regarding item 1 of table 10-A EIC meets the clients objectives and fulfill expectation the responses are: 22(12.4%); 30(16.9%); 25(14.1%); 44(24.7%); and 57(32%) that fail strongly agree; agree; neutral; disagree; and strongly disagree respectively. The clients' response shows that their relationship with EIC is not fulfill their expectation as predictable. However managers replied for the question is EIC use different mechanism and build good relationships with its client and fulfill their expectation.

As denoted in item 2 of table 10-A clients respondents recommending EIC for other people strongly agree 12(6.7%), agree 7(3.9), neutral 29(16.3), disagree 88(49.4) and strongly disagree 42(23.6). 73% of the respondents replies they are not recommend EIC to other people which implies there is a gap between expected service by clients and management perception of clients expectation and it leads the clients not to advocate for EIC.

Table 10-B Employees Opinion on Relationship Quality

S/ N	Item	Employees Respondents		
		Frequency	Percent (%)	Mean
1	EIC has strong bond with customers and fulfill clients expectations			2.85
	A. Strongly agree	2	10	
	B. Agree	6	30	
	C. Neutral	1	5	
	D. Disagree	9	45	
	E. Strongly disagree	2	10	
	Total	20	100	
2	Customer are satisfied with the handling procedure			2.45
	A. Strongly agree			
	B. Agree	2	10	
	C. Neutral	8	40	
	D. Disagree	7	35	
	E. Strongly disagree	3	15	
	Total	20	100	

Item 1 of table 10-B shows the employee of EIC responses for questions that EIC has strong bond with customers and fulfill clients expectations 2(10%); 6(30%); 1(5%); 9(45 %); and 2(10%) strongly agree; agree; neutral; disagree; and strongly disagree respectively. As the answers indicate 40% employee respondents agree their relation with clients are strong and fulfill clients expectations but 55% employee are not agreed that their relationship with clients are that much strong and the remaining 5% are not certain if EIC has or has not strong bond with clients. From the mean value results it is difficult to say EIC has strong bond with its clients and fulfill clients expectations.

As described in tem 2 of table 10-B customer satisfaction on handling procedure employees responds 2(10%); 8(40%); 7(35%); 3(15%) and 8(40%); which is strongly agree; agree; neutral; disagree; and strongly disagree respectively. From employees' response of 35% of employees are not assured to give their answer on agree or not disagree and it indicating that employees realize that the client's sentiment on the handling procedure. From the marketing manager response EIC entirely fulfill what required to avoid clients' dissatisfaction because handling procedure is clearly set and clients precede based on that. From employees and marketing manager response we can

infer setting policy of handling and implementing the policy is separate and EIC is not satisfied its client on handling procedure.

Table 11-A Information/Communication from clients view

S/ N	ITEM	Clients Respondents		
		Frequency	Percent (%)	Mean
1	EIC provide timely and trustworthy information regarding to its new services			3.4
	A. Strongly agree	40	22.4	
	B. Agree	59	33.1	
	C. Neutral	20	11.3	
	D. Disagree	50	28.1	
	E. Strongly disagree	9	5.1	
	Total	178	100	
2	EIC clarifying steps needed to solve the problems			2.6
	A. Strongly agree	15	8.4	
	B. Agree	37	20.7	
	C. Neutral	29	16.2	
	D. Disagree	51	28.6	
	E. Strongly disagree	46	25.8	
	Total	178	100	

In item 1 of table 11-A about providing timely and trustworthy of information regarding to the new services the clients' replies as follows. 40(22.4%); 59(33.1%); 20(11.3%); 50(28.1%); and 9(5.1%), which are Strongly, agree; agree; neutral; disagree; and strongly disagree respectively. From the mean value 3.4 we can infer that EIC let the client know when there is new service development. Additionally, from the outcome of interview with marketing manager EIC uses sales agents and advertisement and introduce the new services to their clients on time.

According to the information in item 2 of table 11-B respondents provide their answer about EIC clarifying steps needed to solve problems. Based on this 15(8.4%); 37(20.7%); 29(16.2%); (28.6%); and 46(25.8%) strongly agree; agree; neutral; disagree; and strongly disagree respectively. This result shows that 54.4 % of the respondents are agreed that EIC is not clarifying steps needed to solve problems. On the other side EIC marketing managers response for related questions EIC assigned hierarchical body to solve the problem. Based on the responses of clients and manager responses we can determine that clients are not aware steps needed to solve problems but they practiced it at the time of problem.

Table 11-B Information/Communication from employee view

S/ N	ITEM	Employees Respondents		
		Frequency	Percent (%)	Mean
1	EIC has set clear communication and understanding among employees when serving customers			3.8
	A. Strongly agree	4	20	
	B. Agree	10	50	
	C. Neutral	3	15	
	D. Disagree	3	15	
	E. Strongly disagree	-	-	
	Total	20	100	
2	Making awareness to customers about the procedure of claim handling			
	A. Yes	9	45	
	B. No/please explain the reason/	11	55	
	Total	20	100	

As represent in item 1 of table 11-B for the question EIC set clear communication and understanding among employees when serving customers employee responds 4(20%); 10(50%); 3(15%); and 3(15%) that fail strongly agree; agree; neutral; and disagree respectively. This shows that more than half of the employee respondents agree that EIC set clear communication and understanding between employees when serving clients. According to the interview of the marketing manager EIC set pull system to perform its activity and set clear communication and understanding among employees how to serve clients.

Item 2 of table 11-B shows EIC make awareness to its clients about procedure of claim handling. From 20 employees of EIC 9(45%) replied EIC make awareness and 11(55%) are replied that EIC is not making awareness the procedures of claim handling. Those who answered no give their reason clients practiced claim handling procedure at the time of proceeding. From employee respondents that we infer clients are not aware the procedure of claim handling before hand.

Table 12 - Resolving Conflicts

ITEM	Clients Respondents		
	Frequency	Percent (%)	Mean
EIC has the ability to openly discuss and tries to avoid and solve manifest conflicts when problem arises			3.8
A. Strongly agree	28	15.7	
B. Agree	100	56.1	
C. Neutral	35	19.6	
D. Disagree	15	8.4	
E. Strongly disagree	-	-	
Total	178	100	

As shown in table 12 clients' responses EIC ability to resolve conflicts are as follows. 28(15.7%); 100(56.1%); 35(19.6%); and 15(8.4%), which are strongly, agree; agree; neutral and disagree respectively. Majority of the clients agree that EIC has ability to discuss and solve conflicts when problem arise. Marketing manager response for similar question is at the time of conflict EIC hierarchical body assigned to avoid and solve problems. From the answer of clients and marketing manager we can infer that EIC give time to perceive the clients problem and discuss on it when problem arises.

Table 13 - Employee Knowledge

ITEM	Employees Respondents		
	Frequency	Percent (%)	Mean
Employees have knowledge at the time of underwrite or claim handling			3.6
A. Strongly agree	5	25	
B. Agree	7	35	
C. Neutral	2	10	
D. Disagree	6	30	
E. Strongly disagree	-	-	
Total	20	100	

Table 13 aimed about employees knowledge at the time of under write and handling the employees responds 5(25%); 7(35%); 2(10%); and 6(30%) that fail strongly agree; agree; neutral; and disagree respectively. Service encounter are likely to be longer and more frequent and it needs knowledgeable employee to have good relation. As it shows 12(60%) employees agree employees have knowledge and 6(30%) disagree the remaining 2(10%) have doubt employees are qualified or not. Based on the majority of employees' response one can infer that EIC assigned employees who are qualified at the time of underwrite or claim handling.

Table 14 – Complaint Handling

S/ N	ITEM	Clients Respondents			Employee Respondents		
		Frequency	Percent (%)	Mean	Frequency	Percent (%)	Mean
1	Employees understand problems from each customers point of view			2.1			3.9
	A. Strongly agree	14	7.9		9	45	
	B. Agree	9	5.1		5	25	
	C. Neutral	46	25.8		-	-	
	D. Disagree	13	7.3		6	30	
	E. Strongly disagree	96	53.9		-	-	
	Total	178	100		20	100	
2	Employee acknowledge customer feeling, admit mistakes and are not argue to defense			2.47			3
	A. Strongly agree	13	7.3		1	5	
	B. Agree	28	15.7		4	20	
	C. Neutral	50	28.1		9	45	
	D. Disagree	26	14.6		6	30	
	E. Strongly disagree	61	34.2		-	-	
	Total	178	100		20	100	
3	EIC keep customers informed of progress on complaints			3			4
	A. Strongly agree	22	12.4		6	30	
	B. Agree	50	28.1		8	40	
	C. Neutral	45	25.2		6	30	
	D. Disagree	36	20.2		-	-	
	E. Strongly disagree	25	14		-	-	
	Total	178	100		20	100	

As depicted in item 1 of table 14 employees understand problems from each customer's point of view the clients respond 14(7.9%); 9(5.1%); 46(25.8%); 13(7.3%); and 96(53.9%) fail in strongly agree; agree; neutral; disagree and strongly disagree respectively. Clients' responds shows that 61.2 % of clients are not agree that employees understand problems from each customer's point of view. However, Employees' answers for this similar question are 9(45%); 5(25%); and 6(30%) strongly agree; agree; and disagree respectively. Most of employees agree employees understand problems from each customer's point of view. This infers that employee's perception of clients' expectations and clients' expectations are contrast and it shows there is misinterpretation of perception from employees' side.

Item 2 of table 14 Employee acknowledge customer feeling, admit mistake and are not argue to defense clients responds 13(7.3%); 28(15.7%); 50(28.1%); 26(14.6%); and 61(34.2%); which is strongly agree; Agree; neutral; disagree; and strongly disagree respectively. From the above answer majority of clients respondents are not accept that employee acknowledge customer feeling, admit mistake and are not argue to defense. From employee respondents 1(5%); 4(20%); 9(45%); and 6(30%) which is strongly agree; agree; disagree and neutral respectively. From 20 employees only 5(25%) of employees agree that employees are not defensive and 6(30%) are not agree the remaining 9(45%) are not certain those employees are defensive or not. This implies that employees are not admitting mistake, argue and defense to protect their corporations.

As it is demonstrated in item 3 of table 14 EIC keep customers informed of progress on complaints clients responses are 22(12.4%); 50(28.1%); 45(25.2%); 36(20.2%); and 25(14%) which fail strongly agree; agree; neutral; disagree; and strongly disagree respectively. From clients responds 72(40.3%) are agreed and 61(34.2%) are not agreed. The remaining 45(25.2%) select neutral which indicate that they are not confident that EIC informed of progress on complaints. Whereas, for the similar question employee response are 6(30%); 8(45%); and 6(8%) which fails strongly agree; agree; and neutral respectively. Majority of employee respondents ratified EIC keep customers informed of progress on complaints. The mean value of 3 and 4 clients and employees responses respectively implies that EIC informed of progress on complaints.

Table 15-A Clients' Evaluation on Handling Approach

ITEM	Clients Respondents	
	Frequency	Percent (%)
EIC complaint handling approach		
A. Short	10	5.6
B. Moderate	47	26.4
C. Lengthy	121	67.9
Total	178	100

As it revealed in table 15-A about handling approach of EIC clients respondents short 10(5.6%), moderate 47(26.4%), lengthy 121(67.9%) and this shows majority of clients respondents response EIC complaint handling approach is extended and problem is not solved as promised. Furthermore, from the marketing manager interview the time consumed handling approach is regulated based the circumstance.

Table 15-B Employees Evaluation of Solving Problem

ITEM	Employees Respondents		
	Frequency	Percent (%)	Mean
EIC acts quickly to solve problems			2.35
A. Strongly agree	1	5	
B. Agree	4	20	
C. Neutral	1	5	
D. Disagree	9	45	
E. Strongly disagree	5	25	
Total	20	100	

Table 15-B EIC shows employees' responses for questions EIC acts quickly to solve problems are strongly agree 1(5%), agree 4(20%), neutral 1(5%), disagree 9(45%), and strongly disagree 5(25%). The mean value 2.35 shows employees agreed that EIC is not solving problems quickly. Furthermore, from interview with manager also for this similar question even solving problems quickly is their one of approach to satisfy their clients

because of their integration with courts, hospitals, police station when there is delay of report EIC is not enabled to solve its problem as needed.

Table 16- Regaining Good Will

ITEM	Employees Respondents		
	Frequency	Percent (%)	Mean
EIC persevere to regain customer good will			3.4
A. Strongly agree			
B. Agree	9	45	
C. Neutral	10	50	
D. Disagree	1	5	
E. Strongly disagree			
Total	20	100	

The last table is about EIC persevere to regain customer good will. For these question employees response are 9(45%), 10(50%) and 1(5%) that fail strongly agree; neutral and disagree respectively. It implies that 10 (50%) of employees cannot tell that EIC’s determination to persevere and regain customer good will. From interview of marketing manager EIC work to take corrective action and provide customer an efficient and reliable insurance service to regain good will.

3.3 Issue Related to Respondents Personal Opinion

Clients Opinion

The clients’ respondents provide a chance to forward their suggestions, comments and opinions related to the customer relationship management. And the answers are reviewed as follows: -

- ❖ For question that is forwarded to clients to explains benefits offered by EIC beside from getting payment on time and good customer service: - Most of the clients replied there is no benefit they got from EIC. Few clients mentioned that EIC offered some benefit like on site training and Ex-Gratia payment at the time of accident, which is not enclosed on policy.

- ❖ For questions problems identifying on practicing customer relation management: the response is that EIC is not focused on satisfying the need of clients. After selling the policies they are not support them at the time of problem.
- ❖ Major strengths of EIC clients mentioned are: - Location, reliability because it is governmental organization, financial strength to settle high payment.
- ❖ Weakness of EIC should have to improve: - the company should reexamine its level of customer relationship, EIC has to handle customer complaint properly and delay on service should have to give emphasis are the answers for open-ended question.

Employees Opinion

The employees are asked to explain their opinion about client satisfaction on CRM.

- ❖ Clients are not satisfied on practice of CRM of EIC
- ❖ EIC should have to work hard and fill the gap between clients' need and performance of EIC build good relationship.

3.4 Major Finding From Interview

The student researcher interviewed a marketing officer of EIC about the customer relation management activities of the corporation. Most of the questions raised and the response by marketing manager dispersed on the question above. Question that is not raised above are summarized follows:

For the question “what kind of CRM programs does EIC apply to build good relationship with clients?’ the interviewee disclosed that the CRM program which are implemented are developed national Bank of Ethiopia. Concerning the importance of such programs, the manager believes that they are so important for the corporation to reach its goal. The business company management ought to design such programs so as to meet customers’ expectations and obtain long lasting relationships. The major problem not to do some business that benefits both parties government’s policy, which does allow investing only on bond, real estate, and bank.... (And it has shares with MOENCO, Africa Import & Export Bank, Africa Insurer and Africa Bank) this regulation prohibited EIC not to be flexible to practice such programs to on its own initiative in order to design and apply new programs that can influence its clients.

For the question “how EIC evaluate customer relation management practice?” is the officer responded that they evaluate the overall activities of EIC regularly. CRM practices in EIC are evaluated by comparing the plan to actual performance. CRM main objectives must consider making both parties profitable. Based on the objectives they plan what to achieve, how to achieve, when and where to achieve and perform based on the plan. When the actual performance is positive they consider it as success and if it is not they examine to identify the reason for their failure and improve their performance by modifying their activities and correcting inaccuracies. But if the problems are need changes in strategies it is beyond their authority and report to upper body.

For the question “what are the challenges often observed in the practice of customer relation management?” The response is: - Policies and strategies are designed at corporate level and it is not easy to revise them as needed. EIC being organized as a governmental organization and help it to own the largest market shares in the insurance business because many giant organization like Ethiopian Airlines, Ethiopian Shipping lines, etc.... are forced to use EIC services. It has about 46% market share on insurance business .the respondent identified this as one of the reasons why EIC is reluctant to practice creative CRM strategies. But now a day there emerged private insurance companies, which is threat to EIC and some of their major clients switch to those private insurance companies because EIC is not flexible as private insurance company. Private Insurance companies customize their service based on the clients need whereas EIC does not do this. The other challenge in practicing CRM is employee’s skill. There are disputes between employees and clients because of lack of skill while delivering services or settling claims.

For the final question related to the strength and weakness of EIC’s 38 years of experience on insurance business, financial strength, branches available in every corner of Ethiopia identified as strength by marketing manager. On the other hand lack of flexibility, government limited its performance, uncontrollable factors which causes loosing its client identified as weakness.

CHAPTER FOUR

SUMMARY, CONCLUSION AND RECOMMENDATION

4.1 Summary of the Major Findings

The primary purpose of the data interpretation and analysis has been to explore problems that prevent the organization to adopt and apply the best CRM system. It is from this analysis part that the following findings were discovered.

- ❖ Majority of clients know about EIC from sales agents and they do not prefer service quality as a reason to stay with EIC. Furthermore majority of clients have not long time relation with EIC.
- ❖ Concerning EIC effort to know customer preference of policies, the majority of respondents 67.9% believe that EIC does not show a keen interest. Similarly, 53.3% of respondents stated that the corporation doesn't regularly assess customer satisfaction. The marketing manager has also supported this fact.
- ❖ Sixty five percent of employee response EIC is not use customer satisfaction survey to track and measure customer satisfaction. The mean value of 3.45 supports the response of majority of employee, which that agreed EIC use complaint & suggestion system to track and measure customer satisfaction. Based on the study more than 50% of employee are agree EIC is not measure its lost customer analysis frequently.
- ❖ Fifty four percent of clients' respondents assert that EIC is not give special incentives/privileges to regular/loyal clients.
- ❖ About 61.2% clients agree that EIC is not carefully evaluating evolving needs of clients and more than half of clients' respondents believe EIC is not value their suggestions as input for improving its relationships. Based on the study more than half of employees respondent believe EIC is committed and design rules and regulation, which support

objective of CRM. Moreover, 45% employee are not agree EIC is not improving its performance based on the need of customer and also 25% employee are not given their answer. It enables to conclude it is difficult to say EIC improving its performance based on the need of customer.

- ❖ Regarding the employees' consideration about CRM 65% of employees are disagree that EIC is performed based on the promise. And also majority of employees do not think EIC measure its service quality regularly. For the question EIC exerts its effort to improve quality of its service the mean value 2.45 shows the efforts is not satisfactory. From the clients considerations of CRM 57.3% of clients agree that EIC is not make adjustments to suit clients' requirement. On the other hand 60.6% clients responds EIC is not offer personalized/customized insurance service to meet the client need. According to clients response how customer rate the CRM practice of EIC in keeping its customer loyal majority of respondents response it is not adequate.
- ❖ About 66.9% clients' respondents do not wish to buy more policies from EIC. Moreover, 58.3% clients need to switch the service provider.
- ❖ From analysis 2.7 the mean value of clients respondents it is difficult to say the relationship between clients and EIC is not satisfactory. Beside that 130(73%) clients decide not to recommend EIC to other people, which shows clients are not satisfied with EIC. From 11(55%) of employees respondents also infer that customers have no strong bond with EIC. Half of employees' respondents agree those customers are not satisfied with handling procedure of EIC.
- ❖ Based on the study 128(71.8%) of clients respondents agree that EIC has the ability to openly discuss and tries to avoid and solve manifest conflicts when problem arises. Marketing manager response for similar question is at the time of conflict EIC hierarchical body assigned to avoid and solve problems.

- ❖ Regarding the clients response for employees understand problems from each customers point of view are 109(61.2%) are not agreed employees perceived their problem from their point of view. Whereas employees respond for this similar question is 14(70%) are not agreed with the response of clients' response. About employees acknowledge customer feeling, admit mistakes and are not argue to defense clients responds the mean value 2.47 shows employees are defense and argue. An employee responds for this similar question the mean value 3 shows employs are not defended but admit mistake. For the question EIC determination to keep customer informed of progress on complaints the mean value 3 shows the clients response which that EIC is informed progress on complaints. As clients' response employees' response mean value shows 4 which agree with clients responds.
- ❖ From the majority of clients' response EIC complaint handling approach is lengthy. Furthermore 14(70%) of employees also agree that solving problems in EIC is not quick.
- ❖ From the employee responses and the mean value 3.4 we can infer that EIC persevere to regain customer good will. According to the marketing manager EIC work to provide customer an efficient and reliable insurance service and gain good will.
- ❖ Clients' personal opinion shows after selling the policies there is no support at the time of problem. Furthermore, EIC should have to measure the level customer of relationship.
- ❖ Employees opinions indicate EIC should have to work hard and fill the gap between clients' need and performance of EIC build good relationship.
- ❖ Finding from interview. Rules, regulation and polices imposed limited their activities.

4.2 Conclusion

The following conclusion is made based on the analysis and findings of both questionnaire and interview presented to the clients, employees and marketing manager of Ethiopian insurance Corporation respectively.

- ❖ Ethiopian Insurance Corporation formulates strategy and acquires clients by using advertisement and sales agents. Most of government organization clients acquired by the rules and regulation of their organization that forced them to utilize only Ethiopian Insurance Corporation services. EIC's mechanisms to keep its clients are not applicable to all clients and it caused for dissatisfaction of clients, which make them to switch the provider. Government permitted EIC to do business with selected clients and EIC have no authority to do what it considers profitable for the corporation. According to marketing manager EIC has 46% of market share in insurance business but this share is not obtaining from winning the competition but because of the government organization involuntary be the client of EIC. Based on the finding Customer Relation Management of EIC is affected by the government policy, rules and regulations.
- ❖ The program and strategies that are being currently implemented are developed in collaboration with the National Bank of Ethiopia. According to the interview made with the marketing manager, the corporation believes that developing such programs and a strategy enables it to reach its goals and to influence customers. To this end, a new vision /vision 2020/ is under development, which will include different goals, programs and strategies.
- ❖ As it is observed from analysis customer are not satisfied in their relation with EIC. Among them major reasons of not being satisfied are: - not considering their information as input, lack of adjustment, delay on service, lack of motivations and customer handling problems. Absence of clients survey also prevented EIC to know dissatisfaction of clients on time. Lost customer surveys also are not conducted deliberately but identified when the contract is canceled or lapsed. So EIC is not able perform its CRM adequately.
- ❖ Customers evaluate company's offer and complain to the concerned body when there

is a Gap. EIC facilitate complaint and handling method and resolve conflicts but Stakeholders' activities are the major barriers to perform as it should be and delight the clients. Furthermore, even the steps are not clarify how to move to explain the complain clients experienced at the time of the problem which is another trigger to dissatisfaction of clients.

- ❖ According to the finding of the study, EIC persevere to regain customer good will by improving its work and provide customer an efficient and reliable insurance for 2020. But from the information of the study the overall relationship between clients and EIC is not appealing.

4.3 Recommendations

Based on the investigations made and the conclusions drown from the study the student researcher suggests the following alternative solutions:

- ❖ In order to have good relationship with clients EIC has to revise its market strategy and focus on attracting and keeping customers by creating and delivering better values like reducing the rate of customer defection, increase the longevity of the customer relationship, making low-profit customers more profitable by improving its service quality.
- ❖ EIC should have to be customer centered and increase the relationship quality using enhancing clients to stay with EIC and decrease the rate of customer loss by providing different benefits like lower prices for greater service user or for those who stay with EIC longer, social and interpersonal bonds, customization bonds and quick responses for problems.
- ❖ The role of CRM program is reaching goals and meeting customer expectations is Unquestionable. Thus, EIC needs to design such programs as continuity marketing program which make the client to use the membership and loyalty card program and reward for their long relationship, making partnering relationship program, one –to–one marketing to satisfy each customer need in a unique and individual manner and

integrated telephone marketing programs with the involvement of different stakeholders like the National Bank of Ethiopia and clients. Benchmarking the best practice of well-experienced insurance companies can help the corporation to come up with tested and workable programs.

- ❖ EIC must measure its service quality regularly and identify the gap. There must be take immediate corrective action when the gaps are identified to avoid conflicts with clients.
- ❖ EIC has to be assuring its policyholder by providing its on time service. Reduce the time of solving problem, compensate the damage on time by motivating its employees and increasing their initiatives are some methods. In addition to that EIC have to make awareness to its stakeholders the value of satisfied clients and negative consequence when they are not satisfied.
- ❖ EIC should strive to improve its overall performance and growth strategy; the corporation needs assessment and customer's satisfaction survey. The assessment of need helps to identify the problem and take corrective actions and to recover if lost client and competitive in the insurance business.

Finally the student researcher wants to emphasize that EIC can attract and retain customers as well as add more value by going through the above recommendations.

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Appendix A
St. Mary's University
Faculty of Business
Department of Marketing Management

Questionnaires to be filled by Ethiopian Insurance Company Clients

Dear Respondents:-

The objective of this questionnaire is to assess customer relation management practice of EIC in comparison with the standard principles. This study is meant for academic purpose and the information you supply will be kept strictly confidential. I therefore, kindly request you to fill the questionnaire honestly and accurately. I thank you in advance for sparing your precious time in filling this questionnaire and want to explain the accuracy of the response will have vital significance for the conclusion and recommendation of the research.

Note: -

- It is not necessary to write your name.
- Put mark for the answer you chose and write your answer on the space provided.

PART ONE

Personal Bio-Data

1. Gender

A. Male

B. Female

2. Age

A. Less than 25

B. 26-35

C. 36-46

D. Above 46

3. Educational Background

A. 12th grade complete

B. Diploma

C. 1st Degree

D. Masters and above

4. Occupation

A. Government Employee

B. Private Organ. Employee

C. Running own business

D. NGO

5. How long have you been the policyholder?

A. Below 3 years

B. From 2-6 years

- C. 7-10 years D. Above 10 years

PART TWO

1. How did you know about Ethiopian Insurance Corporation?

- A. Reference (from friends/family)
B. Advertisement
C. Sales Agents
D. Other (Please specify) _____

2. What motivates you to keep using the service of EIC?

- A. Good Quality Service B. Low premium charges
C. Location D. Other (Please Specify)

3. Do you think EIC shows a keen interest in knowing clients preferences of policies?

- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree

4.. Did EIC regularly assess customer satisfaction for improving its insurance services/or policies?

- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree

5. EIC gives special incentives/privileges to regular/loyal clients?

- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree

6. EIC makes use of the appropriate technologies to enhance customer service?
- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree
7. EIC carefully evaluates evolving needs of the clients?
- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree
8. Does EIC values client's suggestions as input for improving its relationship?
- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree
9. EIC makes adjustments (time, premium etc) to suit client requirement?
- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree
10. EIC offers personalized/customized insurance service to meet the client need?
- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree
11. How do you rate the customer relation management practice of EIC in keeping you its loyal customer?
- A. Excellent B. Very good C. Good
D. Poor E. Very poor
12. Beside from getting payment on time and good customer service did EIC offer you other benefits?
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13. Is there is any problem you identify on practicing customer relation management that you thought it need an improvement?

14. Do you wish to buy more policies in future from EIC?

A. Yes B. No

15. If your answer is “no” for question no. 14 please explain why?

16. I am very likely to switch to another insurance company that is more competent in designing/offering insurance policies/services

A. Strongly Agree B. Agree C. Neutral

D. Disagree E. Strongly Disagree

17. My relationship with EIC meets my insurance objectives and fulfills all my expectations?

A. Strongly Agree B. Agree C. Neutral

D. Disagree E. Strongly Disagree

18. Because of your relationship with EIC is desirable/attractive you recommend EIC to other people?

A. Strongly Agree B. Agree C. Neutral

D. Disagree E. Strongly Disagree

19. Did EIC provide timely and trustworthy information regarding to its new services?

A. Strongly Agree B. Agree C. Neutral

D. Disagree E. Strongly Disagree

20. EIC clarifying the steps needed to solve the problem?

A. Strongly Agree B. Agree C. Neutral

D. Disagree E. Strongly Disagree

21. EIC has the ability to openly discuss and tries to avoid and solve manifest conflicts when problem arises?

- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree

22. Employees understand problems from each customer's point of view/

- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree

23. At the time of complain Employee acknowledge customer feeling, admit mistakes and are not argue to defense?

- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree

24. EIC clarifying the steps needed to solve the problem and keep customers informed of progress on complaints?

- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree

25. At the time of complaints EIC complaint handling approach is:-

- A. Short and Fast C. Lengthy and steady
B. Moderate

26. What are the major strengths of the EIC in terms of CRM?

27. What is the weakness of EIC you observed in practicing customer relation management?

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28. ? ?

A. 12th grade complete B. Diploma

C. 1st Degree D. Masters and above

7. Year of experience in EIC

A. Less than 2 years B. 3-6 years

C. 7-11 years D. 12-15years

E. More than 16 years

Part Two

In relation to CRM

1. How often does EIC use Customer satisfaction survey to track and measure customer satisfaction?

A. Very Often B. Often

C. Sometimes D. Rarely

E. Very Rarely

2. How often does EIC use complaint & suggestion system to track and measure customer satisfaction?

A. Very Often B. Often

C. Sometimes D. Rarely

E. Very Rarely

3. How often does EIC use lost customer analysis to track and measure customer satisfaction?

A. Very Often B. Often

C. Sometimes D. Rarely

E. Very Rarely

4. EIC use appropriate technologies, which helps you to have good relation with customer.

- A. Strongly Agree B. Agree
- C. Neutral D. Disagree
- E. Strongly Disagree
5. Do you agree the physical facilities in EIC enable you to accomplish your activities on time?
- A. Yes B. No
6. If your answer for question no. 5 is yes, please explain the benefit you perceived from it
-
7. EIC design rules, regulations, procedure manual and policies support the objective of customer relation management?
- A. Yes B., No
8. EIC has been improving its performance on the bases of need of customer.
- A. Strongly Agree B. Agree
- C. Neutral D. Disagree
- E. Strongly Disagree
9. EIC performs the service based on promises.
- A. Strongly Agree B. Agree
- C. Neutral D. Disagree
- E. Strongly Disagree
10. Do you think EIC measures the quality of its service regularly?
- A. Yes B. No
11. EIC exerts its utmost effort to improve the quality of its service?
- A. Strongly Agree B. Agree
- C. Neutral D. Disagree

- E. Strongly Disagree
12. EIC has strong bond with customers?
- A. Strongly Agree B. Agree
- C. Neutral D. Disagree
- E. Strongly Disagree
13. Customers are satisfied with the handling procedure of EIC.
- A. Strongly Agree B. Agree
- C. Neutral D. Disagree
- E. Strongly Disagree
14. EIC set clear communication and understanding among employees when serving customers?
- A. Strongly Agree B. Agree
- C. Neutral D. Disagree
- E. Strongly Disagree
15. Do you make awareness to Customers about the procedure of claim handling?
- A. Yes B. No
16. If your answer is No for question no. 15 please explain the reason _____
- _____
- _____
17. Employees assigned to give service for customer have knowledge at the time of under write or claim handling.
- A. Strongly Agree B. Agree

- C. Neutral D. Disagree
- E. Strongly Disagree
18. Employees understand problems from each customer's point of view
- A. Strongly Agree B. Agree
- C. Neutral D. Disagree
- E. Strongly Disagree
19. At the time of complain employee acknowledge customer feeling, admit mistakes and are not argue to defense?
- A. Strongly Agree B. Agree
- C. Neutral D. Disagree
- E. Strongly Disagree
20. EIC clarifying the steps needed to solve the problem and keep customers informed of progress on complaints?
- A. Strongly Agree B. Agree
- C. Neutral D. Disagree
- E. Strongly Disagree
21. EIC acts quickly to solve problems
- A. Strongly Agree B. Agree
- C. Neutral D. Disagree
- E. Strongly Disagree
22. Do you believe EIC persevere to regain customer good will?

- A. Strongly Agree B. Agree
- C. Neutral D. Disagree
- E. Strongly Disagree

23. Do you believe the customer are satisfied by your customer service and related system? Please explain how they are satisfied?

24. Please provide general comment that you think to be addressed in relation to EIC CRM:

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Appendix C

Interview Forward to the Marketing Manger

1. How do you evaluate customer relation management practice?
2. What are the challenges often observed in the practice of customer relation

management?

3. What are the efforts done by EIC to acquire, retaining and grow customers?
4. What kind of CRM programs applied by EIC to create good relationship with customers?
5. What are the effort taken by EIC management to build good relationship between the customer and employees?
6. What are EIC determinations to keep its service quality?
7. How do you measure customer satisfaction?
8. What are the resolutions by EIC to keep its promise in service delivery?
9. What are the means of complaint handling system in EIC?
10. How EIC communicate its customer to share some information that the customers should have to know?

DECLARATION

I the undersigned, declare that this senior essay is my original work, prepared under the guidance of Instructor Terefe Feyera. Sources of material used for the manuscript have accordingly acknowledged.

Name:- Yenenesh Wondimagegnehu

Signature:_____

Place of Submission: St. Mary's University

Date of Submission_____

ADVISOR'S DECLARATION

This paper has been submitted for examination with my approval as the university advisor.

Name: - Instructor Terefe Feyera

Signature:-_____

Date:-_____

ST. MARY'S UNIVERSITY
FACULTY OF BUSINESS
DEPARTMENT OF MARKETING MANAGEMENT

AN ASSESSMENT OF CUSTOMER
RELATION MANAGEMENT PRACTICE IN THE CASE
OF ETHIOPIAN INSURANCE CORPORATION

BY
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JUNE 2014
SMU
ADDIS ABABA

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**A SENIOR ESSAY SUBMITTED TO THE
FACULTY OF BUSINESS
DEPARTMENT OF MARKETING MANAGEMENT
ST. MARY'S UNIVERSITY**

**IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF BACHELOR
OF ARTS IN MARKETING MANAGEMENT**

**BY
YENENESH WONDIMAGEGNEHU**

**JUNE 2014
SMU
ADDIS ABABA**

ST. MARY'S UNIVERSITY

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FACULTY OF BUSINESS

DEPARTMENT OF MARKETING MANAGEMENT

APPROVAL BY THE COMMITTEE OF EXAMINERS

Department Head

Signature

Advisor **Signature**

Internal Examiner

Signature

External Examiner

Signature

Acknowledgement

First of all I would like to give my heart full thank and blessing for the one that carries me all this way, my Lord Jesus Christ.

I wish to express my sincere appreciation and thanks to my advisor, Instructor Terefe Feyera, for the guidance, encouragements and technical advice he has given me throughout the period of this study. His tolerance and precious time devoted to assist me is memorable. Without him, this study would not have been a success.

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Tables of Contents

Contents	Pages
List of Tables.....	I
 CHAPTER ONE	
1. Introduction	
1.1 Back Ground Of The Study.....	1
1.2 Statement Of The Problem.....	2
1.3 Research Question.....	3
1.4 Objectives Of The Study.....	4
1.4.1 General Objective.....	4
1.4.2 Specific Objective.....	4
1.5 Significance Of The Study.....	4
1.6 Definition of Terms.....	4
1.7 Scope Of The Study.....	5
1.8 Limitation.....	5
1.9 Research Design And Methodology.....	5
1.9.1 Research Design.....	5
1.9.2 Population And Sampling Technique.....	5
1.9.3 Types Of Data To Be Collect.....	6
1.9.4 Method Of Data Collection.....	6
1.9.5 Data Analysis Method.....	6
1.10 Organization Of The Study.....	6
 CHAPTER TWO	
2. Review of Related Literature	
2.1 Overview of CRM.....	7
2.1.1 Definition of CRM.....	7
2.1.2 Concept of CRM.....	8
2.1.3 Development/background of CRM.....	8

	Pages
2.1.4 Objective of CRM.....	10
2.1.5 Importance/advantage of CRM.....	11
2.1.6 Focus of CRM.....	11
2.1.7 CRM Strategy Building.....	12
2.1.8 Type of CRM.....	13
2.1.8.1 Strategic CRM.....	13
2.1.8.2 Operational CRM.....	13
2.1.8.3 Analytical CRM.....	14
2.1.8.4 Collaborative CRM.....	14
2.2 Conceptual Framework of Customer-driven Marketing Strategy.....	15
2.2.1 Stages of CRM Strategies.....	15
2.3 The Need for Principles of Relationship Marketing to establish CRM.....	16
2.3.1 What is Relationship Marketing?.....	16
2.3.2 Phase of Relation Marketing.....	17
2.4 Customer Relationship Management Program.....	18
2.4.1 Types of CRM Programs.....	18
2.5 The Role of Customer’s Complaint Handling for Effective CRM.....	20
2.5.1 Measuring and Improving Service Quality.....	21
2.5.2 Tools for Tracking and Measuring Customer Satisfaction.....	20
2,5,3 Handling Complaints.....	21
2.5.4 Approaches to Handle Complaints.....	23
 CHAPTER THREE	
3. Data Presentation, Analysis and Interpretation.....	26
3.1 General Characteristics of the Respondents.....	26
3.2 Analysis of the Data Directly Attributable to The Research Questions.....	29
3.3 Issues Related to Respondents Personal Opinion.....	50
3.4 Major Finding from Interview.....	51

	Pages
CHAPTER FOUR	
4. Summary, Conclusion and Recommendation	53
4.1 Summary of the Major Finding.....	53
4.2 Conclusion.....	56
4.3 Recommendation.....	57
Bibliography	
Appendix A	
Appendix B	
Appendix C	

List of Tables

	Pages
Table- 1 Personal Characteristics of EIC Respondents.....	27
Table-2 Acquiring and Retaining Clients.....	29
Table-3 Company Concerns to Client.....	30
Table-4 Measuring Customer Satisfaction	31
Table-5 Motivational Tools.....	33
Table-6.A Physical Evidence.....	34
Table-6.B Physical Facilities	34
Table-7.A Commitment from Clients Point of View.....	35
Table-7.B Commitments from Employees Point of View.....	36
Table-8.A Employee Consideration about CRM.....	37
Table-8.B Clients Consideration about CRM.....	39
Table-9 Customer Loyalty.....	40
Table-10.A Clients Opinion in Relationship Quality.....	41
Table-10.B Employees Opinion on Relationship Quality.....	42
Table-11.A Information/communication from Clients View	43
Table-11.B Information/communication from Employees View.....	44
Table-12 Resolving Conflicts.....	45
Table-13 Employee Knowledge	46
Table-14 Complaint Handling.....	47
Table-15.A Clients Evaluation on Handling Approach.....	48
Table-15.B Employees Evaluation of Solving Problem.....	49
Table-16 Regaining Good Will.....	50

List of Figures

Figure – 1 Customer goals of relationship of marketing.....	10
Figure – 2 A customer Relation Model.....	22
Figure – 3 Customer complaint action following service failure.....	25

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The primary goal of relationship marketing is to build and maintain a base of committed customers who are profitable for the organization. To achieve this goal, the firm will focus on the attraction, retention and enhancement of customer relationships (Zeithaml, 2003:158). The success of many services depends on creating and maintaining client-based relationships, or interaction with customers to satisfy them, and make them repeatedly use a service over time (Pride and Ferrell 2000:278).

Preffer (1956) in Hailu (2007:23) insurance is a device for the reduction of the uncertainty of one party called the insured, through the transfer of particular risks to another party, called the insurer, who offers a restoration, at least in part, of economic losses suffered by the insured. The primary purpose of insurance is to provide financial compensation (indemnity) to the policyholder in the event the risk insured against materializes and a loss occurs to the policyholder, which leads to a decline in the financial position of the policyholder. The present state of development of insurance is the result of contributions made by different countries and markets. As Preffer and Klock cited by Hailu, (2007:34) insurance has its beginnings in ancient Babylon, its theoretical development in Europe.

Ethiopian Insurance Corporation (EIC) is the leading and the only public insurance company which serves nearly 38 years with diligent and professional experience committing itself to excellence. Currently, EIC renders its service through six regional/functional main branches and thirty local branches situated in different regions of the country. The corporation has network of agents representing it throughout the country and it also transacts business through recognized insurance brokers.

EIC had been providing life, property and liability insurance covers. Like product marketer's the service marketer's major objective is to offer services that fulfill customer need and wants. To achieve this objective, service providers must work hard to fill the gap between customer

expectations and the delivering service. Customers or clients measure the service attain from the provider in terms of the satisfaction they get. Consequently, the provider must deliver the quality service and meet the need of the customer or satisfy them.

Even though EIC has different branches to serve its customer, the student researcher is focusing only in the head office and the main branch. Because as the EIC structure designates, the main branch is more accountable for settling payments and handling complaints. The student researcher assesses and find out the customer relation management activities and the gap.

1.2 Statement of the Problem

According to Kotler (2003:11) customer relationship marketing enables companies to provide excellent real-time customer service by developing a relationship with each valued customer through the effective use of individual information. To do this effectively companies are required to have a strong customer relationship management.

Customer relationship management (CRM) is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. It deals with all aspects of acquiring, keeping and growing customers. It signifies the whole process by which relationships with the customers are built and maintained (Kotler and Armstrong, 2006:13).

Kotler and Lane (2009:133) further strengthen this by stating that it is in process of carefully managing detailed information about individual customers and all customers “touch points” to maximize customer loyalty, where customer touch point is any occasion on which a customer encounters the brand and product from actual experience to personal or mass communication to casual observation. According to these authors, companies often focus on CRM functionality and integration, but they forget about some of the most basic touch points. CRM enables companies to provide excellent real time customer service through the effective use of individual account information. It is important because a major driver of company profitability is the aggregate value of the company’s customer base.

Insurance business, a service sectors that can be owned by the public or private firm, is one area that supports economic, social and political development of a country. The expansion of insurance with proper plan could easily be achieved by providing quality services. Currently, the insurance industry is on a rapid growth but this has not been maintained with sufficient emphasis on CRM. This study is focus on the only public Insurance in Ethiopia, which is Ethiopian Insurance Corporation whose head office and main branch is located in Addis Ababa with different branches both in Addis Ababa and in different cities and towns out of Addis Ababa.

Even though the overall objective of most business organization is to deliver quality service to be competent and to maintain the leader position by undertaking proper customer relation, EIC is claiming that it has been exerting efforts towards customer's relationship management. However, it does not seem to be performed, as it should be.

The CRM of EIC presently uses trained sales agents to persuade and acquire clients. However, there are plentiful complaints likeservice is not delivered as promised, lack of communication between corporation and clients, different treatment and chance to clients, the way of treatment and the relation between employees and corporationon the service delivery. This research focused on such issues and explores important points related to EIC's practice in CRM.

1.3 Research Question

To investigate the research problems articulated above, and come up with the solution the following research questions are formulated:

1. To what extent does EIC formulate customer-driven marketing strategy?
2. What does the CRM program of the EIC look like?
3. To what extents do the clients are satisfied with the service rendering practice of the EIC?
4. How do the customers evaluate the company's offers on insurance service?

1.4 Objective of the Study

1.4.1. General Objective

The main objective of this study was to assess CRM of EIC, particularly on main branch office of EIC.

1.4.2. Specific Objectives

This research was conducted to address the following specific objectives:

- To examine the extent to which the company has devised customer driven marketing strategy that is geared towards establishing CRM.
- To examine what kind of CRM program is applied by EIC.
- To examine the level of satisfaction of EIC clients.
- To examine the way of handling customer complaints and customer evaluation of EIC.

1.5 Significance of the Study

This paper mainly focused on CRM of EIC. The student researcher believes that the outcome of this study helps Ethiopian Insurance Corporation to identify its strengths and weakness towards the practice of customer relation management and solve the problems to satisfy customers. Furthermore, it can help the student researcher to integrate the concept and theories composed of different courses in the teaching learning process and apply in the real business world.

1.6 Definition of Terms

CRM: - Customer Relationship Management is the core business strategy that integrates internal process and functions, and external networks, to create and deliver value-targeted customers at a profit (Buttle 2009:15).

EIC: - An abbreviation for Ethiopian Insurance Corporation.

Policy: - A written document that contains the terms of the agreement between an insurance company and the owner of the policy (Harriett, 2005:395)..

Underwriting: - The process of identifying and classifying the degree of risk represented by a proposed insured also known as selection of risks (Hailu Zeleke, 2007:308).

Premium: - A specified amount of money an insurer charges in exchange for its specific loss occurs (Harriett, 2005:397).

Claim: - A request for payment under the terms of an insurance policy.

1.7 Scope of the Study

The scope of the study was assessing the customer relation management practices of Ethiopian Insurance Corporation. There are many branches in different regions but the student researcher focusing only on the head office and the Main Branch in Addis Ababa. The student researcher believed that it is the main place to obtain original information because the customer relationship management practice is widely undertaken or the strategy/policy are formulated on the head office and the main branch. The student researcher focused on customer relationship management practices of the corporation from the year 2009 to 2013.

1.8 Limitation

While conducting the research study there were some factors that hindered the study not to be carried out as it was expected. To mention some, questionnaires distributed to clients were not fully returned to analysis; marketing manager, sales agents and underwriters were also not easily accessible for interviewing. However, the student researcher did her level best to obtain the required data and conducted the study.

1.9 Research Design and Methodology

1.9.1 Research Design

This research is designed in such a way that descriptive method used. This method is used to describe the problem or trends of CRM of the EIC.

1.9.2 Population and Sampling Technique

As stated above, the study was delimited to the Head Office and the main branch of the Ethiopian Insurance Corporation. With this in mind, 200 customer respondents were selected

using accidental (convenient) sampling technique by considering those available customers at any spot in time based on the recommendation of Malhotra (2006:339) for problem solving. Manager and employees of EIC working in the customer relationship unit consulted due to their relevant role and being the right sources of such information. EIC has 42 sales agents and underwriters on the head office and the main branch and out of this, the student researcher took 20 samples by using probability random sampling.

1.9.3 Types of Data to Be Collected

In this study both primary and secondary data considered. Primary data gathered from customers, managers, underwriters or sales persons of the EIC. Moreover, reports, brochures, and recorded materials are referred to support the study as a secondary data.

1.9.4 Method of Data Collection

The data was gathered by using questionnaires and interview. Two types of questionnaire are using to conduct the survey. One was distributed to the customers and the other to the employees. Furthermore, interview was held with the managers effectively.

1.9.5 Data Analysis Method

The quantitative data that was collected using questionnaires were processed, tabulated and analyzed using percentage and mean. Furthermore, the responses that were obtained from the interview with the manager were presented qualitatively.

1.10 Organization of the Study

The study is organized in to four chapters. The first chapter deals with introduction which includes: background of the study, statement of the problem, research questions, objective of the study, significance of the study, delimitation of the study, research design and methodology. The second chapter consists of review of related literature. The third chapter deals with data collection, organization, analysis and interpretation. The fourth chapter contains summary, conclusion and recommendation.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter presents a theoretical review proposing a relevant literature to gain better understanding on CRM. In addition to that, the important theories selected forwarded to acquire on the emerged theoretical frame.

2.1 Overview of Customer Relationship Management

2.1.1 Definition of Customer Relationship Management

CRM is an indispensable function of each business organization as the others functions in the organization. To be successful the business management should have form customer relationship management, which build strategy and allow the business to attract new customers, make lifetime customer the existing customer and also carried them to be partner of the organization.

CRM is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value-targeted customers at a profit. It is grounded on high quality customer related data and enabled by information technology (Buttle 2009:15).

According to Torres (2004:4), CRM is an enterprise approach to understanding and influencing customer acquisition, customer retention and customer value current and lifetime through interactive, relevant information exchange. Furthermore, CRM is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. It deals with all aspects of acquiring, keeping and growing customers (Kotler and Armstrong 2006:13).

On the other hand Kotler and Lane (2009:133) emphasis CRM is the process of carefully managing detailed information about individual customers and all customers “touch points” to maximize customer loyalty. A customer touch point is any occasion on which a customer

encounters the brand and product from actual experience to personal or mass communication to casual observation. Companies often focus on CRM functionality and integration, but they forget about some of the most basic touch points. Customer Relationship Management enables companies to provide excellent real time customer service through the effective use of individual account information. Customer Relationship Management is important because a major driver of company profitability is the aggregate value of the company's customer base. Thus, by the above different definitions almost all authors agree that customer relationship management is the core part of a business or service giving company, which is responsible to the success of the business by providing quality customer service.

2.1.2 Concept of Customer Relationship Management

The fundamental reason for companies wanting to build relationships with customers is economic. Companies generate better results when they manage their customer base in order to identify, acquire, satisfy and retain profitable customers. These are key objectives of many CRM strategies. Improving customer retention rates has the effect of increasing the size of the customer base (Buttle 2009: 31)

CRM "is a broader concept than marketing because it covers marketing management, manufacturing management, human resource management, service management, sales management, and research and development management" (Gray and Byun, 2003:305). Any one can understand customer relation management is the integration of activities within the organization not only the marketing management. Furthermore, company's goal to build the relation with customer lead to increasing the outcome and make the company profitable as well as gaining more market share by integrating different management efforts within a company.

2.1.3 Development/background/ of CRM

Customer Relationship Management began as a practice after early Mesopotamians learned farming and ended up with more crops than they could eat, thus wishing to trade their surplus products. Early merchants kept accurate business records on clay tablets, keeping track of what products were sold to which customers, when and in what quantities. CRM was thus born in the commercial ancient world and diffused through the centuries, sometimes namelessly and sometimes under different names, until half of the 20th Century had passed. It is only then that

certain radical changes in the commercial world helped CRM begin to take shape in its present form.

CRM is growing in importance due to the challenging business environment faced by organizations throughout the world today. It is particularly critical in industries undergoing changes in traditional channel configuration. CRM is a means of addressing increasing competition, changing economic conditions and promotional dependence through the use of intimate customer knowledge; knowledge gained through relationship development and past marketing programs. CRM is increasing in prominence because it focuses on current users who are the source of the majority of business revenue and the best option for improving business in uncertain times Baran et al(: 2).

The market started in the late 1980s, primarily with players that developed “business function” software products. Their strategy was to penetrate and automate the CRM function of a particular department or business unit. The primary goal of these software packages was to assist in the standardization and process automation of software systems such as customer support or sales force automation. Vendors such as Clarify, Siebel, and Vantive (now part of PeopleSoft) made up a good segment of this emerging market. Like vendors in other sectors of the market, the software was positioned as an automation tool. Software that focused on the developing segments of customer support and sales force automation was deployed in Local Area Networks, based mainly on client/server solutions. Often the products required the company to change the way their operations functioned, by using workflow and procedural tools built into the products. These early systems included functionality to allow clients to customize these business functions, within the context and capabilities of the system (Cunningham, 2002:14). Historical background of CRM prove how the CRM performance is become essential to the business and progress time to time to create well-intentioned relationship.

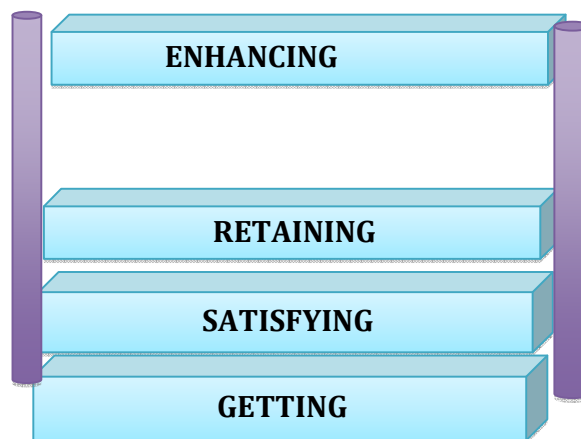
2.1.4 Objective of Customer Relation Management

When the company involved in relationship with customer it should have to create objectives, which makes profitable both parties (company and customer). The most important objectives tend to be relatively broad in nature and focused on profitability - maintaining long-term customer relationships, providing value for customers, retaining current customers, increasing profitability and increasing loyalty (a measure of future purchase intentions). The least important objectives tended to be much more specific and focused on specific goals such as up-selling and cross-selling, lowering the total cost of sales efforts, customization of products/services, and reducing customer conflicts (Torres 2004: 95).

As Winer (2001) cited on Torres (2004:17) the overall goal of relationship marketing programs is to deliver a higher level of customer satisfaction than competing firms deliver, while focusing on cooperative and collaborative relationships between the firm and its customers and/or other marketing actors.

The primary goal of relationship marketing is to build and maintain a base of committed customers who are profitable for the organization. To achieve this goal, the firm will focus on the attraction, retention, and enhancement of customer relationships (Zeithaml, 2003: 158)

Figure 1 – Customer goals of relationship marketing are getting customers, satisfying customers, retaining customers, and enhancing customers.



Source: (Zeithaml 2003:159)

The overriding goal is to move as many profitable customers up the ladder, from the base where they are newly attracted customers through to being highly valued, enhanced customers (Zeithaml, 2003: 159).

2.1.5 Importance/Advantage of Customer Relationship

A customer relationship management system may be chosen because it is thought to provide the following advantages: First, the cost of retaining current customers is much less than obtaining new customers. Second, a customer who has developed a strong relationship with a service firm will tend to use that firm more often, resulting in higher sales per customer. The final benefit of a customer relationship is the positive word-of-mouth communications generated by current customers to prospective customers. It allows a business to identify and target their best customers those who are the most profitable to the business. Decrease in overall costs so they can be retained a lifelong customers for greater and more profitable service. It can also keep track of when a customer contacts the company, regardless of the contact point. It can enable a company to provide a consistent customer experience and superior service and support across all the contact points a customer chooses (Kurtz, 2002:316).

Companies are motivated to adopt CRM for both defensive and offensive reasons. Defensive motivations: are associated with a desire to improve profitability by reducing cost, and increasing revenues through improved customer satisfaction and loyalty. Offensive motivations: arise when leading competitors have adopted CRM successfully, and a company fears losing customers and revenues companies thinking of adopting CRM face a significant problems (Buttle, 2009:17).

2.1.6 Focus of Customer Relationship Management

According to Shajahan (2004: 218) the three main areas that the CRM systems should maintain their focus are the: -

- Sales,
- Customer service, and
- Marketing automation

The **sales**, also called the sales force automation, includes: (a) field sales; (b) call center telephone sales; (c) third-party brokers, distributors or agents; (d) retail marketing and (e) e-commerce (which is also referred to as the technology-enabled selling).

The **customer service and support includes**: (a) field service and dispatch technicians, (b) Internet-based service or self-service via a web site and (c) call centers that handle all channels of customer contact (and not just voice).

The **marketing automation** differs from the other two categories, as it does not involve the customer contact. The marketing automation focuses on analyzing and automating the marketing processes. The marketing automation products include the following: (a) *Data-cleansing tools*: Data analysis or business intelligence tools for ad hoc querying, reporting and analyzing customer information, plus a data warehouse or data mart to support strategic decisions; (b) *Content-management applications* that allow a company's employees to view and access business rules for marketing to customers; (c) *Campaign management system*, a database management tools used by the marketers to design the campaigns and track their impact on various customer segments overtime. Depending on the company goals, the tools it chooses would be integrated across the main areas of sales, services and marketing.

The technology involved in the automation process includes (a) databases, (b) data warehouses, (c) servers and other hardware, (d) telephone systems, (e) software for business intelligence, (f) work flow management and e-commerce, (g) middleware and system administration management tools.

2.1.7 Customer Relationship Management Strategy Building

CRM strategy is a high-level plan of action that aligns people, process and technology to achieve customer-related goals (Buttle 2009: 65).

Be aware that the CRM strategy may be rolled into a larger strategy- such as a customer service strategy or event the overall business strategy. You're looking for clear direction on how your

organization plans to create, maintain, and expand customer relationships. Strategy a large scale plans for achieving a goal. The term “strategy “ has its origins in large-scale military combat planning. In business, think of your CRM strategy as your large-scale plan for achieving the goal of creating maintaining and expanding mutually beneficial customer relationships (Anderson and Kerr 2002: 48).

Most organization develops CRM strategy for one or two purposes: -

1. To improve the operation of their internal business operations.
2. To operate in new segments of the market place with partners to reach more clients in the market place (Cunningham 2002: 32).

2.1.8 Type of Customer Relation Management

2.1.8.1 Strategic CRM

Strategic CRM is focused upon the development of a customer-centric business culture. This culture is dedicated to winning and keeping customers by creating and delivering value better than competitors. The culture is reflected in leadership behaviors, the design of formal systems of the company, and the myths and stories that are created within the firm. In a customer-centric culture you would expect resources to be allocated where they would best enhance customer value, reward systems to promote employee behaviors that enhance customer satisfaction and retention, and customer information to be collected, shared and applied across the business (Buttle, 2009:5).

Customer-strategy enterprises are required to interact with a customer and use that customer’s feedback from this interaction to deliver a customized product or service (Pepper and Rogers 2004:14). By this explanation companies ought to provide greater value by using different approach and obtain feedback to win customer and boost their market share.

2.1.8.2 Operational CRM

Operational CRM automates and improves customer facing and customer supporting business process. CRM software applications enable the marketing, selling and service functions to be automated and integrated (Buttle 2009:6).

Operational CRM focuses on the software installations and the changes in process affecting the day-to-day operations of a firm (Peppers and Rogers, 2004:8). This type of CRM supports the company to win and retain customer by keeping any information about customer, segment customers and making relationship with existing and potential customer.

2.1.8.3 Analytical CRM

Analytical CRM is concerned with capturing, storing, extracting, integrating, processing, interpreting, distributing, using and reporting customer-related data to enhance both customer and company value. Analytical CRM builds on the foundation of customer-related information. Customer related data might be found in enterprise-wide repositories: sales data (purchase history) financial data (payment history, credit score), marketing data (campaign response, loyalty scheme data) and service data. To these internal data can be added data from external sources: geo-demographic and lifestyle data from business intelligence organizations (Buttle 2009: 10).

Analytical CRM focuses on the strategic planning needed to build customer value, as well as the cultural, measurement, and organizational changes required to implement that strategy successfully (Peppers and Rogers, 2004:8) By this definition both customer and company are benefited from analytical customer relation management, because business deliver product or service timely, provide best solutions to the customers problem, delight the customer and create good relations with the existing customer as well as developing program to acquire and retaining customer.

2.1.8.4 Collaborative CRM

Collaborative CRM is the term used to describe the strategic and tactical alignment of normally separate enterprises in the supply chain for the more profitable identification, attraction, retention and development of customers (Buttle 2009:11).

But enterprises that engage in collaborative Learning Relationships with individual customers gain a distinct competitive advantage, because they know something about one customer that a competitor does not know (Peppers and Rogers, 2004:21). As understanding this type of CRM there are different participant within the line coordinate and perform the task to acquire and

retain the customer.

2.2 Conceptual Framework of Customer-driven Marketing Strategy

To succeed in today's competitive marketplace, companies need to be customer centered. They must win customers from competitors; then keep and grow them by delivering greater value. But, before it can satisfy customers, a company must first understand their needs and wants (Kotler, 2006:46).

According to Kotler (2003:53), winning companies are more productive in acquiring, keeping, and growing customers. These companies improve the value of their customer base by excelling at the following customer strategies:

- Reducing the rate of customer defection.
- Increase the longevity of the customer relationship.
- Enhancing the growth potential of each customer through “share-of-wallet,” cross selling, and upselling.
- Making low-profit customers more profitable or terminating them
- Focusing disproportionate effort on high value customers.

2.2.1 Stages of CRM Strategies

According to Zeithaml (2003:175), CRM strategies involve the following stages: -

Level 1 - Financial Bonds

At level 1, the customer is tied to the firm primarily through financial incentives—lower prices for greater volume purchases or lower prices for customers who have been with the firm a long time.

Level 2 -Social Bonds

Level 2 strategies bind customers to the firm through more than financial incentives. Although price is still assumed to be important, level 2 retention marketers build long-term relationships through social and interpersonal as well as financial bonds. Customers are viewed as “clients,” not nameless faces, and become individuals whose needs and wants the firm seeks to

understand.

Level 3 - Customization Bonds

Level 3 strategies involve more than social ties and financial incentives, although there are commonly elements of level 1 and 2 strategies encompassed within a customization strategy and vice versa. Two commonly used terms fit within the customization bonds approach: *mass customization and customer intimacy*. Both of these strategies suggest that customer loyalty can be encouraged through intimate knowledge of individual customers and through the development of “one-to-one” solutions that fit the individual customers; needs.

Level 4 - Structural Bonds

Level 4 strategies are the most difficult to imitate and involve structural as well as financial, social, and customization bonds between the customer and the firm. Providing services to the client that are frequently designed right into the service delivery system for that client creates structural bonds. Providing customized service to the client that are technology based and make the customer more productive creates often-structural bonds.

2.3 The Need For Principles Of Relationship Marketing To Establish Customer Relationship Management

Customer relationship management is part of organization coordinated to achieve the goal by implementing company’s activities with customers.

2.3.1 What Is Relationship Marketing?

Transaction marketing is part of a larger idea called relationship marketing. Relationship marketing has the aim of building mutually satisfying long-term relations with key parties—customers, suppliers, and distributors—in order to earn and retain their business. Marketers accomplish this by promising and delivering high-quality products and services at fair prices to the other parties’ overtime. Relationship marketing builds strong economic, technical and social ties among the parties. It cuts down on transaction costs and time. The ultimate outcome of relationship marketing is the building of a unique company asset called a marketing network.

A marketing network consists of the company its supporting stakeholders (customers, employees, suppliers, distributors, retailers, ad agencies, university scientists and others) which whom it has build mutually profitable business relationships (Kotler, 2003: 13).

2.3.2 Phase of Relation Marketing

By providing excellent customer care companies could build a strong and loyal relationship with customers. According to Roberts (2003:28), there are different phases to build relationship.

1. Contact phase

Goal: to gain a new customer. Contact through marketing, advertising, telemarketing, personal selling, direct mail, promotions, and publicity.

2. Acquisition phase

Goal: to increase customer retention. Collect as much information about the customer as possible. Understand their purchase condition. Offer them post-purchase reassurance. Promote the price-value relationship. Establish the foundation for a long-term relationship. Know the associated costs.

3. Retention phase

Goal: to create long-term, committed and loyal customers. Develop a service philosophy. Increase the responsiveness to customers. Identify and close service gaps. Improve the service recovery process. Measure customer satisfaction. Reward positive customer behavior. Know your retention-related costs.

4. Loyalty phase

Goal: to extend your customer's loyalty. Define loyalty and customer lifetime. Know their lifetime value and average net worth. Counteract defection rates and patterns. Understand loyalty calculations. Know your costs associated with their loyalty. Provide them with accurate customer information. Ensure that you know your products inside out and back to front! Communicate with the customer. Learn about the customer. Provide value on every contact. Reward the customer's loyalty.

2.4 Customer Relationship Management Program

The present millennium has been witnessing vehement changes in the strategies and focus of many promotions and campaigns. A fundamental shift is taking a place from *mass marketing* that sends messages about a standard product offering to the anonymous person to *personalized* marketing with messages and offerings tailored to the specific individual (Shajahan, 2004:53).

2.4.1 Types of CRM Programs

To reach its goal the business company management ought to design programs and meet the customer expectation and make them delighted which enhances the customer interest to be long lasting customer.

Continuity marketing programmes: - Giving the growing concern for retaining customers as well as the emerging knowledge about customer retention economics, many companies have developed continuity marketing programmes that are aimed at both (a) retaining the customers and (b) increasing their loyalty. For consumers in the mass markets, these programs usually take the shape of membership and loyalty card programmes in which the consumers are often rewarded for their member and loyalty relationships with the marketers. The basic aim of continuity marketing programmes is to retain the customers and increase loyalty through long-term special services that have the potential to increase the mutual value as the partners learn about each other (Shajahan, 2004: 54).

As Torres (2004:290) cited Winer (2001) reward/frequency/loyalty/affinity programs are designed to reward customers for their purchases, often repeat purchases. However, Winer (2001, pages 99 and 100) cites a McKinsey study, which concluded that such programs are laden with problems. They are often expensive to operate, mistakes can be difficult to correct as customers see the company as taking away benefits, and it is unclear if such programs actually increase customer loyalty and/or increase the average amount spent on the firm's products.

Partnering Programmes: - This is a major type of relationship marketing programme in the business-to-business (B-2-B) and business-to-consumer (B-2-C) segment, and it involves

the partnering relationships between the customers and marketers to serve the end-users needs. In the mass markets, two types of partnering programmes are most common: (a) co-branding and (b) affinity partnering (Shajahan, 2004:55).

One-To-One Marketing:- The one-to-one or individual marketing approach is grounded in account-based marketing. Such programmes are aimed at meeting and satisfying each customer needs in a unique and individual manner. Using the online information and databases on individual customer interactions, the marketer's aim to fulfill the unique needs of each mass-market customer. The information on individual customers is utilized to develop frequency marketing, interactive marketing and after marketing programmes in order to develop relationships with high-yielding customers (Shajahan, 2004:55).

As Torres (2004:18) cited Bahattaharya and Bolton (2000) Customization provides customers with products and services that match their preferences, "... customization must be possible within the product category - through products (including branding and image), people, or technology. Mass customization is generally considered to be a tool for building loyalty when mass market quality is no longer a sufficient differentiator". According Stone et al. (2003:244) found that 50% of firms were able to collect and use customer preference data, thus making it difficult to provide all customers with customized products.

Integrated Telephone Marketing: - a successful and effective direct response campaign could be achieved mainly through integrated telephone marketing. This is possible when the message that the firms in question communicate with the customer complements with (a) the message delivered by the phone representative and (b) the fulfillment package. The fulfillment package then becomes the first step in converting the inbound caller to an ongoing customer. The integration of an idea, an offer and communication over the media of telephone and product or service that meets or exceeds the caller expectations has become the formula of success for today's direct marketing companies. The telephone has thus become a key element in customer retention and growth. The inbound call is the first step in developing a customer (Shajahan, 2004:56).

2.5 The Role of Customer's Complaint Handling For Effective Customer Relation Management.

2.5.1 Measuring And Improving Service Quality

It is commonly said that what is not measured is not managed. Without measurement managers can be sure whether service quality gaps exist, let alone what type of gaps. Where they exist, and what potential corrective actions should be taken. And of course measurement is needed to determine whether goals of for improvement are being met after changes been implemented (Lovelock and Wirtz, 2004: 435-437).

Furthermore, Anderson and Kerr (2003:17), customers' defined standards and measures of service quality can be grouped into two broad categories: soft and hard. Soft measures are those that cannot easily be observed and must be collected by talking to customers, employees, or others. As noted by Valarie Zeithaml and Mary Jo Binter, "Soft standards provide direction, guidance and feedback to employees on ways to achieve customer satisfaction and can be quantified by measuring customer perception and beliefs.

It would be great to be able to identify and respond to potential conflict before it ever reached the level that the customer became aware of it (Anderson and Kerr, 2003: 117).

By contrast, hard standards and measures relate to those characteristics and activities that can be counted, timed, or measured through audits. Organizations that are known for excellent service make use of both soft and hard measures. These organizations are good at listening to both their customers and their customer-contact employees. The larger the organizations, the more important it is to create formalized feedback programs using a variety of professionally designed and implemented research procedures (Lovelock and Wirtz, 2004:435-437).

2.5.2 Tools for Tracking and Measuring Customer Satisfaction

Customer centered firm wishes to know customer gratification and modify its strategy to meet the customer need. Therefore, the company formulates different tools to measure the satisfactions.

Complaint and Suggestion Systems: A customer-centered organization makes it easy for customers to register suggestions and complaints.

Customer Satisfaction Survey: Studies show that although customers are dissatisfied with one out every four purchases, less than 5 percent will complain. Most customers will buy less or switch suppliers. Responsive companies measure customer satisfaction directly by conducting periodic surveys. While collecting customer satisfaction data, it is also useful to ask additional questions to measure repurchase intention and to measure the likelihood or willingness to recommend the company and brand to others.

Ghost Shopping: Companies can hire people to pose as potential buyers to repeat on strong and weak points experienced in buying the company's and competitors' products. These mystery shoppers can even test how the company's sales personnel handle various situations. Managers themselves should leave their offices from time to time, enter company and competitor sales situations where they are unknown, and experience firsthand the treatment they receive. A variant of this is for managers to phone their own company with questions and complaints to see how the calls are handled.

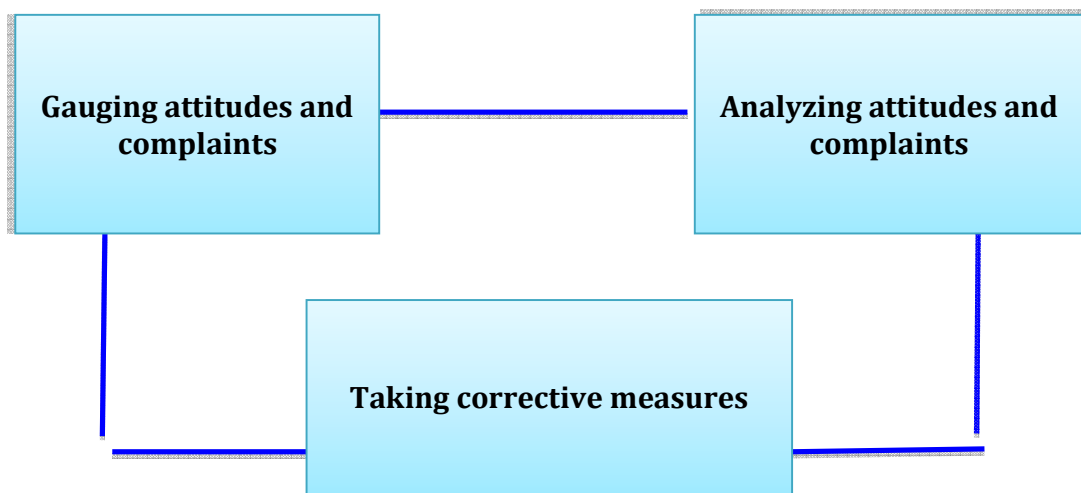
Lost Customer Analysis: companies should contact customers who have stopped buying or who have switched to another supplier to learn why this happened. Not only is it important to conduct exit interviews when customers first stop buying. It is also necessary to monitor the customer loss rate.

2.5.3 Handling Complaints

According to Kyambalesa (2003:43), customer complaints come in different forms and with varying degree of importance common complaints may include customers; expressed dissatisfaction regarding any aspect of a given organizations marketing mix. There is perhaps no single organizational entity in the world today that does not evoke customer complaints about any of its marketing mix elements. This is to be expected, as it is not possible for any organization to produce a product that can adequately satisfy the divergent expectations, desires, interests and perception of customers.

The customer relation's task should be performed systematically; first the customer relation manager should gauge customer's attitudes and complaints. Second customer attitudes and complaints should be analyzed to determine the probable impacts on the organization-marketing program. Finally, corrective measures should be taken in order to contain customer discontent.

Figure 2 - A Customer Relation Model



Source: (Kyambalesa, 2003:43)

A) **Gauging Attitudes and complaints:** There are several methods in which customers' complaints or attitudes about in organization's marketing mix (the product, price, and promotion and distribution methods) can be gauged; they include the following: field research,

suggestion boxes, customer hot lines, and online questionnaires placed on an organizations web site.

B) **Evaluation Attitudes and Complaints:** Once customers; complaint and/or attitudes are known, the next stop should be to evaluate them in terms of their probable impact on the success of organizations marketing programs. This should guide the customer relation manager in ranking the complaints and/or attitudes according to their potential impact on the success of the organizations marketing activities.

C) **Taking corrective measures:** The evolution of the attitudes and complaints of customers should lead to the taking of remedial measures of mitigate dissatisfaction caused by any given aspects of organizations marketing mix priority in doing this should be given to the most serious attitudes and complaints to prevent widespread negative publicity. If this is not timely done, the organization's image is likely to be tarnished by dissatisfied customers, placing its success and survival at stake.

2.5.4 Approaches to Handle Complaints

1. **Act Quickly.** If the complaint is made during service delivery, time is of the essence to achieve a full recovery. When complaints are made after the fact many companies have established policies of responding within 24 hours or sooner. Even when full resolution is likely to take longer, fast acknowledgment remains very important.

2. **Admit mistakes, but don't be defensive.** Acting defensively may suggest that the organization has something to hide or is reluctant to fully explore the situation.

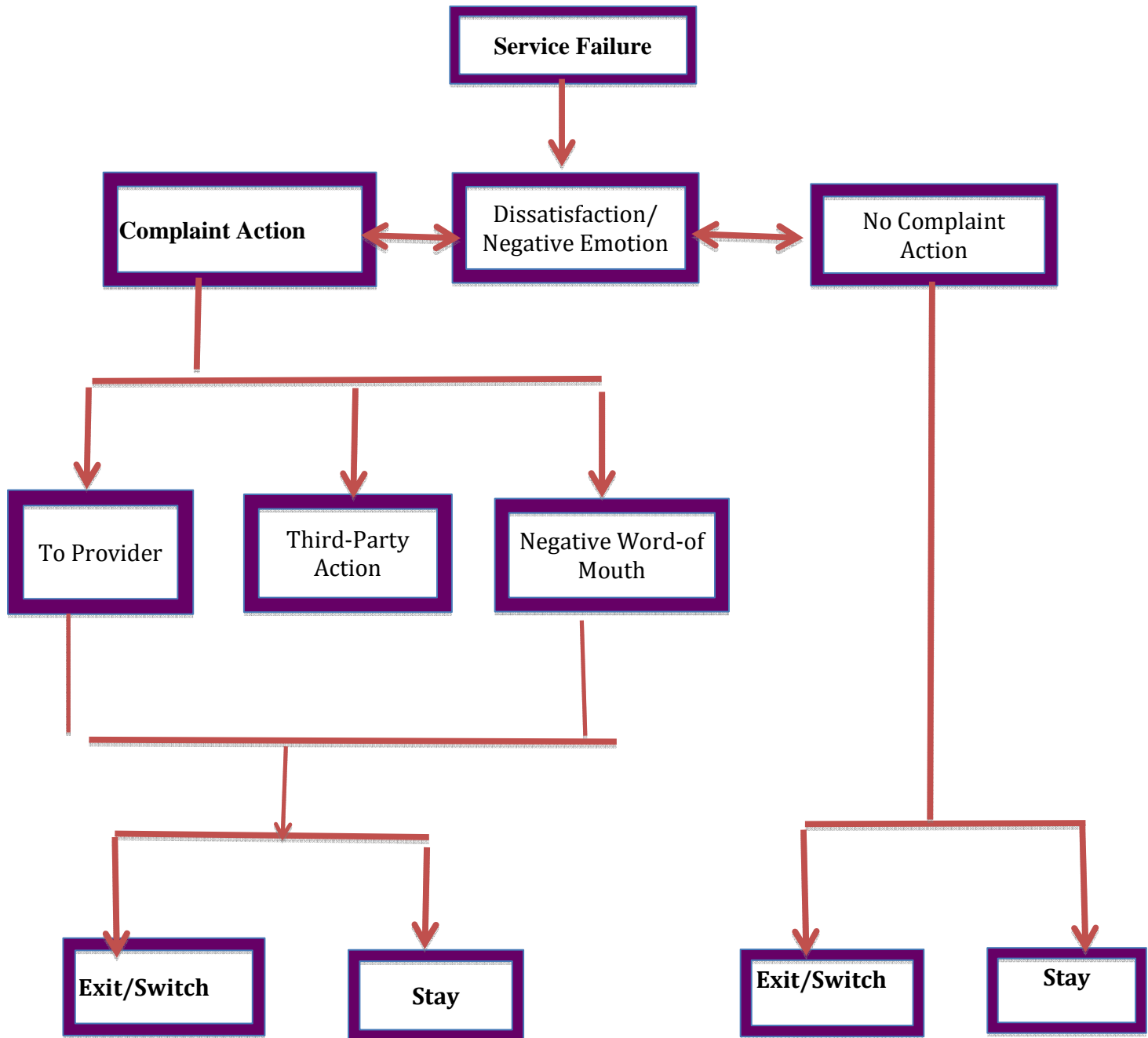
3. **Show that you understand the problem from each customer's point of view.** Seeing situations through the customers' eyes is the only way to understand what they think has gone wrong and why they are upset. Service personnel should avoid jumping to conclusions with their own interpretations.

4. **Don't argue with customers.** The goal should be to gather facts to reach a mutually acceptable solution, not to win a debate or prove that customer is an idiot. Arguing gets in the way of listening and seldom diffuses anger.

5. **Acknowledge the customer's feeling, either tacitly or explicitly (for example, "I can understand why you're upset").** This actions help to build rapport, the first step in rebuilding a bruised relationship.
6. **Give customers the benefit of the doubt.** Not all customers are truthful, and not all complaints are justified. But customers should be treated as though they a have a valid complaint until clear evidence to the contrary emerge. If a lot of money is at stake (as in insurance claims or potential lawsuits), careful investigation is warranted. If the amount involved is small, it may not be worth haggling over a refund or other compensation. However, it's still a good idea to check records to see whether there is a past history of dubious complaints by the same customer.
7. **Clarify the steps needed to solve the problem.** When instant solutions aren't possible, telling customers how the organization plans to proceed shows that corrective action is being taken. It also sets expectations about the time involved, so firms should be careful not to overpromise.
8. **Keep customers informed of progress.** Nobody likes being let in the dark. Uncertainty breeds anxiety and stress. People tend to be more accepting of disruptions if they know what is going on and receive periodic progress reports.
9. **Consider compensation.** When customers do not receive the service outcomes they have paid for or have suffered serious inconvenience and/or loss of time and money because the service failed, either a monetary payment or an offer of equivalent service in kind is appropriate. This type of recovery strategy may also reduce the risk of legal action by an angry customer. Service guarantees often lay out in advance what such compensation will be, and the firm should ensure that all guarantees are met.
10. **Persevere to regain customer goodwill.** When customers have been disappointed, one of the biggest challenges is to restore their confidence and preserve the relationship for the future. Perseverance may be required to defuse customers' anger and to convince them that

actions are being taken to avoid a recurrence of the problem. Truly exceptional recovery efforts can be extremely effective in building loyalty and referral

Figure 3 - Customer complaint actions following service failure



Source: (Zeithaml and Bitner, 2003:190).

CHAPTER THREE

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter deals with the presentation, analysis and interpretation of the collected data from Ethiopian Insurance Corporation (EIC) marketing manager, clients and employees at the head office. This research is examining the Customer Relationship Management practice of EIC from customer point of view as well as from the prospective of employees' and marketing manager of EIC.

The researcher distributed 200 copies of the questionnaires to clients out of which 178(89%) were properly filled out and returned, 20 copies of questionnaire distributed to employee are all collected. Moreover, Interview was held with marketing managers of EIC. The questionnaires have both close-ended and open-ended questions. Tabulation and percentage methods are used to present and analyze the quantitative data followed by detail explanations. For the open-ended questions qualitative explanations are presented.

This chapter has 2 parts, the first part deals with the general characteristics of the respondents and the second deals with presentation, analysis and interpretation of data directly related to the research question.

3.1 General Characteristics Of the Respondents

The following table shows the overall characteristics of Ethiopian Insurance Corporation clients and employees

Table 1- Personal Characteristics Of EIC Respondents

S/ N	ITEM	CLIENTS		ITEM	EMPLOYEES	
		Frequency	Percent (%)		Frequency	Percent (%)
1	Gender					
	A. Male	123	69.1	A. Male	11	55
	B. Female	55	30.9	B. Female	9	45
	TOTAL	178	100	TOTAL	20	100
2.	Age					
	A. Less than 25	29	16.3	A. Less than 25	-	-
	B. 26-35	45	25.3	B. 25-34	7	35
	C. 36-46	73	41	C. 35-45	8	40
	D. Above 46	31	17.4	D. Above 45	5	25
	TOTAL	178	100	TOTAL	20	100
3.	Educational Background					
	A. 12 th Grade complete	33	18.5	A.12 th Grade complete	1	5
	B. Diploma	52	29.2	B. Diploma	8	40
	C. 1 st Degree	79	44.3	C. 1 st Degree	10	50
	D. Masters & Above	14	7.8	D. Masters & Above	1	5
	TOTAL	178	100	TOTAL	20	100
4.	Occupation					
	A. Government employee	19	10.6			
	B. Private organ. employee	54	30.3			
	C. Own Business	81	45.5			
	D. NGO	24	13.4			
	TOTAL	178	100			
5	Relation with EIC			Year of Experience		
	A. Below 3 years	37	20.7	A. Less than 2 years	1	5
	B. 3-6 Years	72	40.4	B. 3-6 Years	5	25
	C.7-10 Years	46	25.8	C. 7-11 Years	5	25
	D. Above 10 Years	23	12.9	D.12-15 Years	3	15
				E. More than 16 years	6	30
	TOTAL	178	100	TOTAL	20	100

As shown in item 1 of Table 1 above the gender composition of client respondents is that 123(69.1%), are male and 55(30.9%) are female. Likewise the employees' gender composition is that 11(55%) are male and 9(45%) are female.

In relation to age category as presented in item 2 of table 1 the number of clients respondents is that 29(16.3%); 45(25.3%); 73(41%); and 31(17.4%) fall in the age range of less than 25 years; 26-35 years; 36-45 years; and above 46 years respectively. In the case of respondent employees, 7(35 %); 8 (40 %); and 5(25 %) are in the range of 25-34 years, 35-44 years; and above 44 years respectively. This implies that majority of clients and employee respondents are mature and reliable for the questions that they response.

Item 3 of table 1 present the educational background of the respondents. Accordingly it has been depicted that 33 (18.5 %); 52 (29.2%); 79 (44.3 %); and 14(7.8%) of respondent clients are 12th grade complete; diploma; 1st degree; and masters and above respectively. With regard to employees respondents 1(5 %), 10 (50%), 8(40 %) 1(5%) are 12th grade complete; diploma; 1st degree and masters and above respectively. Based on the above data in educational background, most clients and employees are degree holders which hints clients and employee respondents are educated and capable to weigh the overall performance of EIC and forward worthy response.

As represented in item 4 of table 1 with regard to the occupation of respondents from 178 clients' respondents 19(10.6%); 54(30.3%); 81(45.5); 24(13.4%) are government employee; private organization employee; running own business and employee in NGO respectively.

The 5th item of table 1 reveals the duration of clients' relation with EIC. Accordingly, 37(20.7%); 72(40.4%); 46(25.8%); and 23(12.9%) have had a business relation with EIC fall in the range of below 3 years; 3-6 years; 7-10 years; and above 10 years respectively. It has been reveals that more than 60% of them had a contact experience of less than 6 years. This shows that majority of the respondents have not long time relation with EIC and it indicates that EIC is not qualified on retaining its clients and take required action to persuade the client and make them long lasting clients. In the case of respondents employee work experience in the company 1(15%); 5(25%); 5(25%); 3(15%) and 6(30%) less than 2 years; 3-6 years; 7-11 years; 12-15 years and more than 16 years. Due to the fact it indicate that most of employees have long service relationships with EIC.

3.2. Analysis of the Data Directly Attributable to the Research Questions.

In this section the responses obtained for the questions asked on the questionnaire and interview are presented, analyzed and interpreted.

Table 2 - Acquiring and Retaining Clients

S/ N	Item	Clients Respondents	
		Frequency	Percent (%)
1	How did you know about Ethiopian Insurance Corporation? /You can choose more than one answer/		
	A. Reference	27	
	B. Advertisement	61	
	C. Sales Agents	97	
	D. Others	-	
	Total	185*	
2	What is the reason to stay customers of EIC? / You can choose more than one answer/		
	A. Good quality service	33	
	B. Low premium charges	23	
	C. Location	110	
	D. Others/please specify)	30	
	Total	196*	

***There were double counts as respondents were given with the chance to choose more than once.**

As item 1 of table 2 shows 27 respondents became aware about EIC through reference; 61 of them know through advertisement; and 97 of them know through sales agents. On the basis of the above information one can determine that the majority of the respondents learned about and the operation of EIC through sales agents and it implies that sales agents are important to attract or make awareness for prospect clients. . From the response of the marketing manager, EIC acquire its clients by using advertisement, organization forced to be client of EIC by upper government body, earning information about new entrants on business from investment office, and use sales agents to persuade the prospect and also walk in clients.

As indicated in item 2 of table 2 above clients are asked to reason out why they have decided to stay with EIC with the provision to choose the options more than once. Accordingly, it has been found that 110 of them select location. This implies that EIC's practice with respect to selection

of strategic locations is good/strong enough. Although the respondents complemented the company's strategic locations, the number of respondents that select "good quality service" is very few (only 33) location cannot guarantee a business success since potential entrants surround the business. On the other hand from the finding of interview with marketing manager EIC retains its customer by doing some mechanism like client seminar/training/, giving benefit/non claim discount/. Quality is a major success factor that would enable a company to sustain in even a competitive business environment. Thus the fact that only few respondents go for the quality majority of clients are not agree and imply that the clients are not persuaded by good quality service and low premium charge but the main reason to stay with EIC its office availability on every districts and the rules imposed by the government.

Table 3- Company Concerns To Client

S/ N	Item	Clients Respondent		
		Frequency	Percent (%)	Mean
1	EIC shows a keen interest in knowing customer preference of policies			2.08
	A. Strongly Agree	7	3.9	
	B. Agree	32	17.9	
	C. Neutral	18	10.1	
	D. Disagree	33	18.5	
	E. Strongly Disagree	88	49.4	
	Total	178	100	
2	EIC regularly assesses customer satisfaction for improving its insurance services			2.62
	A. Strongly Agree	18	10.1	
	B. Agree	25	14	
	C. Neutral	40	22.5	
	D. Disagree	62	34.8	
	E. Strongly Disagree	33	18.5	
	Total	178	100	

Item 1 of table 3 shows EIC keen interest in knowing clients preferences of policies the response are 7(3.9%); 32(17.9%); 18(10.1%); 33(18.5%); and 88(49.4%) fails in strongly agree; agree; Neutral; disagree; and strongly disagree respectively. Marketers should have to know clients preferences and provide product/service based on identifying the need of clients but as it shows in item 1 table 3 the mean value 2.08 also implies that EIC is not concerned on knowing clients'

preferences but simply offers standard policies that the corporation believes are suitable for clients.

According to Item 2 of table 3, whether EIC regularly assess customer satisfaction or not the response are 18(10.1%); 25(14%); 40(22.5%); 62(34.8); and 33(18.5%); which is strongly agree; agree; neutral; disagree; and strongly disagree respectively. From clients respondents 43(24.1%) agree and 95(53.4%) disagree the remaining 40 (22.5%) are not certain that EIC regularly assess customer satisfaction. From the response of marketing manger whether clients are satisfied or not recognized when there is failures on contract. Assessing customer satisfaction help to know the level of satisfaction of its clients and to take corrective action but the mean value 2.62 shows that adequate customer satisfaction survey is not performed on EIC.

Table 4-A Measuring Customer Satisfaction

Item	Employee Respondent		
	Frequency	Percent (%)	Mean
How often does EIC use customer satisfaction survey to track and measure customer satisfaction?			2.8
A. Very Often	-	-	
B. Often	7	35	
C. Sometimes	6	30	
D. Rarely	3	15	
E. Very Rarely	4	20	
Total	20	100	

According to table 4-A how often EIC use customer satisfaction survey to track and measure customer satisfaction 7(35%); 6(30%); 3(15%); and 4(20%;) fail in very often; often; sometimes; rarely; and very rarely respectively. From employees response EIC conduct customer satisfaction survey sometimes. According to Roberts (2003:28) to create long-term, committed and loyal customers marketer must measure customer satisfaction. Although the marketing manager respond customer satisfaction surveys are not conducted regularly the ones conducted so far enabled EIC to understand the overall clients attitude and gauge their satisfaction or dissatisfaction and evaluate its customer relation management practice. Based on this the mean value 2.8 shows EIC performance on customer satisfaction survey is not fulfilled its goal.

Table 4-B Measuring Customer Satisfaction

S/ N	Item	Employee Respondent		
		Frequency	Percent (%)	Mean
1	How often does EIC use complaint & suggestion system to track and measure customer satisfaction?			3.45
	A. Very Often	1	5	
	B. Often	12	60	
	C. Sometimes	3	15	
	D. Rarely	3	15	
	E. Very Rarely	1	5	
	Total	20	100	
2	How often does EIC use lost customer analysis to track and measure customer satisfaction?			2.3
	A. Very Often	2	10	
	B. Often	3	15	
	C. Sometimes	3	15	
	D. Rarely	4	20	
	E. Very Rarely	7	35	
	Total	20	100	

As shown in item 1 of table 4-B EIC use complaint & suggestion system to track and measure satisfaction employee respondents replied 1(5%); 12(60%); 3(15%); 3(15%); and 1(5%) that is strongly agree; agree; neutral; disagree; and strongly disagree respectively. The mean value employees response 3.45 support that EIC offer complaint and suggestion system to clients. Regarding to the interview with marketing manager respond EIC providing register book and suggestion box for clients who want to forward their complaints or suggestion and examine in every 15 days. When there is unsatisfactory service encounter clients reaction must be complain and recover but as the marketing managers response majority of clients do not use this approaches and provide their complaints face to face or using letters.

Item 2 of table 4-B how often EIC does lost customer analysis the employees' responses are 2(10%); 3(15%); 3(15%); 4(20%); and 7(35%) which is very often; often; sometimes; rarely; and very rarely respectively. The response shows 5(25%) of employees agree that EIC is measuring lost customer analysis but 11(55%) are not agree and the remaining 3(15%) has no idea whether EIC measuring or not. Considering the reply of marketing manager the lost customer recognized when the contract lapses. Both marketing manager and employees' response shows that lost customer analysis were not done deliberately.

Table 5 - Motivational Tools

Item	Clients Respondent		
	Frequency	Percent (%)	Mean
EIC gives special incentives or privileges to regular/loyal clients			2.47
A. Strongly Agree	12	6.7	
B. Agree	33	18.5	
C. Neutral	37	20.8	
D. Disagree	40	22.5	
E. Strongly Disagree	56	31.5	
Total	178	100	

As depicted in table 5 clients responds for EIC gives special incentives/privileges 12(6.7%); 33(18.5%); 37(20.8%); 40(22.5%); and 56(31.5%) fail in strongly agree; agree; neutral; disagree; and strongly disagree respectively. Robert (2003:28) encourages to reward positive customer behavior. The mean value of 2.47 and the clients' response shows the higher number (57%) of sample respondents clarify that EIC is not providing them incentives. But the marketing manager response for the similar question is EIC sent best wishes with give away products at the time of holidays and events of their clients. Both marketing manager and employees' response imply that EIC gave some incentives for their favorite clients.

Table 6- A Physical Evidence

Item	Clients respondent			Employees respondent		
	Frequency	Percent (%)	Mean	Frequency	Percent (%)	Mean
EIC makes use of the appropriate technologies to enhance customer service			3.55			3.6
A. Strongly Agree	27	15		4	20	
B. Agree	80	45		9	45	
C. Neutral	44	24.7		3	15	
D. Disagree	18	10.1		3	15	
E. Strongly disagree	9	5.1		1	5	
Total	178	100		20	100	

As it is verified in table 6-A clients respondents EIC using technologies 27(15%); 80(45%); 44(24.7%); 18(10.1%); and 9(5.1%) that is strongly agree; agree; neutral; disagree and strongly disagree respectively and it implies that most of clients agreed that EIC use latest technologies to perform its service. Employee responses for this question is also 4(20%); 9(45%); 3(15%); 3(15%); and 1(5%) which is strongly agree; agree; neutral; disagree; and strongly disagree respectively. As every one understands the intangible nature of service physical objects used as evidence for clients to get better performance from the service provider. The response from both clients and employees agree that EIC use technologies which supports to give better customer service.

Table 6-B Physical Facilities

Item	Employees respondent	
	Frequency	Percent (%)
Physical facilities in EIC enable to accomplish activities on time		
A. Yes/explain the benefit/	15	75
B. No	5	25
Total	20	100

As it is shown in Table 6-B physical facilities in EIC enable employee to accomplish their activities on time employee replies yes 15(75%) and no 5(25%). Service providers' physical facilities, their equipment and the appearance of employees, physical representation of the service are determinants factors of service quality. For the respondents' 75% of employees answer yes requested to explain the benefit they perceived and majority of respondents articulate EIC concerned about its employee comforts and design attractive work environment, which enable to simplify their work.

Table 7- A Commitment from Clients' Point of View

S/ N	Item	Clients Respondent		
		Frequency	Percent (%)	Mean
1	EIC carefully evaluates evolving needs of the clients			2.45
	A. Strongly Agree	6	3.4	
	B. Agree	29	16.3	
	C. Neutral	34	19.1	
	D. Disagree	80	44.9	
	E. Strongly Disagree	29	16.3	
	Total	178	100	
2	EIC values clients suggestions as input for improving its relationship			2.38
	A. Strongly Agree	9	5.1	
	B. Agree	18	10.1	
	C. Neutral	61	34.3	
	D. Disagree	35	19.6	
	E. Strongly Disagree	55	30.9	
	Total	178	100	

Item 1 of table 7-A shows efforts of EIC evaluate evolving needs of clients is responded by clients are 6(3.4%); 29(16.3%); 34(19.1%); 80(44.9%); and 29(16.3%) that fail in strongly agree; agree; neutral; disagree; and strongly disagree respectively. According to (Zeithaml, 2003:158) to achieve goal, the firm must focus on the attraction, retention and enhancement of customer relationships. Marketers to identify the growing need of clients and amend their service policies based on their finding but from the mean value 2.45 indicate EIC is not evaluating the growing need of clients and revise or develop services which attract and keep its clients.

Item 2 of table 7-A shows EIC values suggestions as input is responded by sample respondents of clients are 9(5.1%); 18(10.1%); 61(34.3%); 35(19.6%); and 55(30.9%) which is strongly agree; agree; neutral; disagree; and strongly disagree respectively. Based on this responses 50.5% of clients choose that indicate EIC is not values their suggestion and use as input for better performance 34.3% of clients are not sure that EIC use or not use their suggestion as input few which are 16.2% agreed. The response and the mean value of 2.38 imply that EIC is not use information as input. According to the interview with the manager a strategy is formed at

corporate level and unlike private insurance companies it is difficult to be flexible and use customer information as input.

Table 7-B Commitments from Employees' Point of Views

	Item	Employees Respondents		
		Frequency	Percent (%)	Mean
1	EIC design rules, regulations, procedure manual and policies support the objective of CRM			
	A. Yes	17	85	
	B. No	3	15	
	Total	20	100	
2	EIC has been improving its performance on the bases of need of customer			
	A. Strongly Agree	2	10	2.8
	B. Agree	4	20	
	C. Neutral	5	25	
	D. Disagree	6	30	
	E. Strongly Disagree	3	15	
	Total	20	100	

According Item 1 of table 7-B questions forwarded to employees about EIC rules and regulation support objective of customer relation management the answer yes 17(85%) and no 3(15%). The purpose of relationship marketing is to build long-term connections between the company and its customers and to develop brand and firm loyalty. To achieve its purpose it is essential rules and regulation of organization should have support the object. From the outcome of the response majority of employees agree EIC rules and regulation support customer relation management.

In Item 2 of table 7-B Employees responses for the question EIC's improving performance on the bases of need of customer strongly agree 2(10%), agree 4(20%), neutral 5(25%), disagree 6(30%) and strongly disagree 3(15%) as it indicates from 20 employees 6(30%) response positively and 9(45%) employees responses negatively and 5(25%) of employees choose neutral which is not either positive or negative. But from the total mean value 2.8 it implies EIC is not improving its performance on the base of the need of customer and even there is no lack of CRM strategy it is not communicated as it should be.

Table 8-A Employee Consideration about CRM

S/ N	ITEM	Employee Respondents		
		Frequency	Percent (%)	Mean
1	EIC performs the service based on promises			2.4
	A. Strongly Agree	1	5	
	B. Agree	4	20	
	C. Neutral	2	10	
	D. Disagree	8	40	
	E. Strongly Disagree	5	25	
	Total	20	100	
2	Do you think EIC measures the quality of its service regularly			
	A. Yes	9	45	
	B. No	11	55	
	Total	20	100	
3	EIC exerts its utmost effort to improve the quality of its service			2.45
	A. Strongly agree	1	5	
	B. Agree	9	45	
	C. Neutral	6	30	
	D. Disagree	4	20	
	E. Strongly Disagree	-	-	
	Total	20	100	

Item 1 of table 8-A the employees response for the question EIC performed based on promises 1(5%); 4(20%); 2(10%); 8(40%); and 5(25%) fails in that strongly agree; agree; neutral; disagree and strongly disagree respectively. 65% of employees responses disagree and strongly disagree that implies EIC are not kept its promise when delivering services. The marketing manager response also advocates the employee response there is imperfection on delivering services based on promises. Because even if EIC wishes to deliver based on promises there is so many stake holders influence hindered not to perform as promised.

As described in item 2 of table 8-A EIC measure qualities of service regularly employees' responds are yes 9(45%) and no 11(55%). As we understand from academics knowledge to be competent and achieve goals there must be measuring the degree of excellence in service

performance and mend when there is gap. Based on the EIC employees' response EIC is not effective on it. Whereas, marketing manager replied for similar questions that EIC outline standard for quality and determined in terms of service payment, customer handling, time and continuous assessment is executed.

Item 3 of table 8-A shows EIC effort to improve the quality of service and employee respondents' response as follows. Strongly agree 1(5%), agree 9(45%), neutral 6(20%), and disagree 4(20%). 50% of employee response agree that EIC try to improve its service and it implies EIC attempts to improve the quality of service. Furthermore the response of marketing manager supports the employee responds that EIC efforts to improve its quality but because of some organization working with it is difficult to improve its quality of service as needed.

Table 8-B Clients Consideration about CRM

S/ N	ITEM	Clients Respondents		
		Frequency	Percent (%)	Mean
1	EIC makes adjustments (time, premium etc.) to suit client requirement			2.42
	A. Strongly Agree	21	11.8	
	B. Agree	18	10.1	
	C. Neutral	37	20.8	
	D. Disagree	40	22.5	
	E. Strongly Disagree	62	34.8	
	Total	178	100	
2	EIC offers personalized/customized insurance service to meet the client need			2.36
	A. Strongly Agree	8	4.5	
	B. Agree	15	8.4	
	C. Neutral	47	26.4	
	D. Disagree	72	40.4	
	E. Strongly Disagree	36	20.2	
	Total	178	100	
3	How do you rate the customer relation management practice of EIC in keeping you its loyal customer?			2.35
	A. Excellent	7	3.9	
	B. Very good	10	5.6	
	C. Good	50	28.1	
	D. Poor	82	46.1	
	E. Very poor	29	16.3	
	Total	178	100	

As can be seen in item 1 of table 8-B for the question EIC makes adjustments to suit client requirement the client replied strongly agree 21(11.8%), agree 18(10.1%), neutral 37(20.8), disagree 40(22.45%) and strongly disagree 62(34.8%). To have good relationships marketer should stress on fulfilling customer need and want by adjusting the service based on the customer need but as shown in the mean value 2.42 the client respondent replies EIC is not capable to make adjustment and deliver its service based on the client requirement.

In relation to item 2 of table 8-B regarding the question EIC offers personalized/customized insurance service to meet the client need the client replied as follows. Strongly agree 8(4.5%), agree 15(8.4%), neutral 47(26.4%), disagree 72(40.4%) and strongly disagree 36(20.2%). For this question 12.9% positive answers and 60.6% negative answer. But respondents who replied neutral are 47(26.4%). CRM support meeting each and every customer need by tailoring service or personalized/customized product/services for those who need it but based on the reply of EIC clients it implies that EIC is not personalized/customized insurance service to meet the client need.

Item 3 of table 8-B clients response shows how they rate the CRM practice of EIC in keeping clients loyal presented as follows. 7(3.9%), 10(5.6%), 50(28%), 82(46.1%) and 29(16.3%) which is excellent, very good, good, poor and very poor respectively. CRM is business strategy, which integrated different activities and provide advantage to keep customers loyal but as the reply and the mean value shows that EIC's customer relation management practice to keep its customer loyal is not adequate.

Table 9 – Customer loyalty

S/ N	ITEM	Clients Respondents		
		Frequency	Percent (%)	Mean
1	Do you wish to buy more policies in future from EIC			
	A. Yes	59	33.1	
	B. No/explain why/	119	66.9	
	Total	178	100	
2	I am very likely to switch to another insurance company that is more competent in deigning/offering insurance policies/services			
	A. Strongly agree	63	35.3	2.28
	B. Agree	41	23	
	C. Neutral	45	25.2	
	D. Disagree	18	10.1	
	E. Strongly disagree	11	6.2	
	Total	178	100	

According to item 1 of table 9 clients wish to buy more policies from EIC the response are from 178 clients 59(33.1%) replied yes however 119(66.9) are answering no. Gaps drives clients disappoint and decide to terminate the contract. Those who answering no requested to explain why and majority of the respondents gave reasons: - delay on service, lack of adjustment, insignificant problem solving methods and no more demands are the reasons not to buy more policies. From the above respond EIC’s practice in keeping its clients loyal was rated in adequate. At the result of this majority (66.9%) of the clients are not interested in buying more policies in the future.

In tem 2 of table 9 clients like to switch to another insurance company the answers are the following. Strongly agree 63(35.3%), agree 41(23%), neutral 45(25.2%), disagree 18(10.1%) and strongly disagree 11(6.2%) and the mean value 2.28 also shows majority of clients are on the way to switch on other insurance company. when the received service compared with the service they expected are not match the result might be to switch the company. From the responses we can determine that there is service failure and clients are involuntary switch the service provider.

Table 10-A Clients Relationship Quality

S/ N	ITEM	Clients Respondents		
		Frequency	Percent (%)	Mean
1	My relationship with EIC meets my insurance objectives and fulfills all my expectations			2.7
	A. Strongly agree	22	12.4	
	B. Agree	30	16.9	
	C. Neutral	25	14.1	
	D. Disagree	44	24.7	
	E. Strongly disagree	57	32	
	Total	178	100	
2	I recommend EIC to other people			2.2
	A. Strongly agree	12	6.7	
	B. Agree	7	3.9	
	C. Neutral	29	16.3	
	D. Disagree	88	49.4	
	E. Strongly disagree	42	23.6	
	Total	178	100	

Regarding item 1 of table 10-A EIC meets the clients objectives and fulfill expectation the responses are: 22(12.4%); 30(16.9%); 25(14.1%); 44(24.7%); and 57(32%) that fail strongly agree; agree; neutral; disagree; and strongly disagree respectively. The clients' response shows that their relationship with EIC is not fulfill their expectation as predictable. However managers replied for the question is EIC use different mechanism and build good relationships with its client and fulfill their expectation.

As denoted in item 2 of table 10-A clients respondents recommending EIC for other people strongly agree 12(6.7%), agree 7(3.9), neutral 29(16.3), disagree 88(49.4) and strongly disagree 42(23.6). 73% of the respondents replies they are not recommend EIC to other people which implies there is a gap between expected service by clients and management perception of clients expectation and it leads the clients not to advocate for EIC.

Table 10-B Employees Opinion on Relationship Quality

S/ N	Item	Employees Respondents		
		Frequency	Percent (%)	Mean
1	EIC has strong bond with customers and fulfill clients expectations			2.85
	A. Strongly agree	2	10	
	B. Agree	6	30	
	C. Neutral	1	5	
	D. Disagree	9	45	
	E. Strongly disagree	2	10	
	Total	20	100	
2	Customer are satisfied with the handling procedure			2.45
	A. Strongly agree			
	B. Agree	2	10	
	C. Neutral	8	40	
	D. Disagree	7	35	
	E. Strongly disagree	3	15	
	Total	20	100	

Item 1 of table 10-B shows the employee of EIC responses for questions that EIC has strong bond with customers and fulfill clients expectations 2(10%); 6(30%); 1(5%); 9(45 %); and 2(10%) strongly agree; agree; neutral; disagree; and strongly disagree respectively. As the answers indicate 40% employee respondents agree their relation with clients are strong and fulfill clients expectations but 55% employee are not agreed that their relationship with clients are that much strong and the remaining 5% are not certain if EIC has or has not strong bond with clients. From the mean value results it is difficult to say EIC has strong bond with its clients and fulfill clients expectations.

As described in tem 2 of table 10-B customer satisfaction on handling procedure employees responds 2(10%); 8(40%); 7(35%); 3(15%) and 8(40%); which is strongly agree; agree; neutral; disagree; and strongly disagree respectively. From employees' response of 35% of employees are not assured to give their answer on agree or not disagree and it indicating that employees realize that the client's sentiment on the handling procedure. From the marketing manager response EIC entirely fulfill what required to avoid clients' dissatisfaction because handling procedure is clearly set and clients precede based on that. From employees and marketing manager response we can

infer setting policy of handling and implementing the policy is separate and EIC is not satisfied its client on handling procedure.

Table 11-A Information/Communication from clients view

S/ N	ITEM	Clients Respondents		
		Frequency	Percent (%)	Mean
1	EIC provide timely and trustworthy information regarding to its new services			3.4
	A. Strongly agree	40	22.4	
	B. Agree	59	33.1	
	C. Neutral	20	11.3	
	D. Disagree	50	28.1	
	E. Strongly disagree	9	5.1	
	Total	178	100	
2	EIC clarifying steps needed to solve the problems			2.6
	A. Strongly agree	15	8.4	
	B. Agree	37	20.7	
	C. Neutral	29	16.2	
	D. Disagree	51	28.6	
	E. Strongly disagree	46	25.8	
	Total	178	100	

In item 1 of table 11-A about providing timely and trustworthy of information regarding to the new services the clients' replies as follows. 40(22.4%); 59(33.1%); 20(11.3%); 50(28.1%); and 9(5.1%), which are Strongly, agree; agree; neutral; disagree; and strongly disagree respectively. From the mean value 3.4 we can infer that EIC let the client know when there is new service development. Additionally, from the outcome of interview with marketing manager EIC uses sales agents and advertisement and introduce the new services to their clients on time.

According to the information in item 2 of table 11-B respondents provide their answer about EIC clarifying steps needed to solve problems. Based on this 15(8.4%); 37(20.7%); 29(16.2%); (28.6%); and 46(25.8%) strongly agree; agree; neutral; disagree; and strongly disagree respectively. This result shows that 54.4 % of the respondents are agreed that EIC is not clarifying steps needed to solve problems. On the other side EIC marketing managers response for related questions EIC assigned hierarchical body to solve the problem. Based on the responses of clients and manager responses we can determine that clients are not aware steps needed to solve problems but they practiced it at the time of problem.

Table 11-B Information/Communication from employee view

S/ N	ITEM	Employees Respondents		
		Frequency	Percent (%)	Mean
1	EIC has set clear communication and understanding among employees when serving customers			3.8
	A. Strongly agree	4	20	
	B. Agree	10	50	
	C. Neutral	3	15	
	D. Disagree	3	15	
	E. Strongly disagree	-	-	
	Total	20	100	
2	Making awareness to customers about the procedure of claim handling			
	A. Yes	9	45	
	B. No/please explain the reason/	11	55	
	Total	20	100	

As represent in item 1 of table 11-B for the question EIC set clear communication and understanding among employees when serving customers employee responds 4(20%); 10(50%); 3(15%); and 3(15%) that fail strongly agree; agree; neutral; and disagree respectively. This shows that more than half of the employee respondents agree that EIC set clear communication and understanding between employees when serving clients. According to the interview of the marketing manager EIC set pull system to perform its activity and set clear communication and understanding among employees how to serve clients.

Item 2 of table 11-B shows EIC make awareness to its clients about procedure of claim handling. From 20 employees of EIC 9(45%) replied EIC make awareness and 11(55%) are replied that EIC is not making awareness the procedures of claim handling. Those who answered no give their reason clients practiced claim handling procedure at the time of proceeding. From employee respondents that we infer clients are not aware the procedure of claim handling before hand.

Table 12 - Resolving Conflicts

ITEM	Clients Respondents		
	Frequency	Percent (%)	Mean
EIC has the ability to openly discuss and tries to avoid and solve manifest conflicts when problem arises			3.8
A. Strongly agree	28	15.7	
B. Agree	100	56.1	
C. Neutral	35	19.6	
D. Disagree	15	8.4	
E. Strongly disagree	-	-	
Total	178	100	

As shown in table 12 clients' responses EIC ability to resolve conflicts are as follows. 28(15.7%); 100(56.1%); 35(19.6%); and 15(8.4%), which are strongly, agree; agree; neutral and disagree respectively. Majority of the clients agree that EIC has ability to discuss and solve conflicts when problem arise. Marketing manager response for similar question is at the time of conflict EIC hierarchical body assigned to avoid and solve problems. From the answer of clients and marketing manager we can infer that EIC give time to perceive the clients problem and discuss on it when problem arises.

Table 13 - Employee Knowledge

ITEM	Employees Respondents		
	Frequency	Percent (%)	Mean
Employees have knowledge at the time of underwrite or claim handling			3.6
A. Strongly agree	5	25	
B. Agree	7	35	
C. Neutral	2	10	
D. Disagree	6	30	
E. Strongly disagree	-	-	
Total	20	100	

Table 13 aimed about employees knowledge at the time of under write and handling the employees responds 5(25%); 7(35%); 2(10%); and 6(30%) that fail strongly agree; agree; neutral; and disagree respectively. Service encounter are likely to be longer and more frequent and it needs knowledgeable employee to have good relation. As it shows 12(60%) employees agree employees have knowledge and 6(30%) disagree the remaining 2(10%) have doubt employees are qualified or not. Based on the majority of employees' response one can infer that EIC assigned employees who are qualified at the time of underwrite or claim handling.

Table 14 – Complaint Handling

S/ N	ITEM	Clients Respondents			Employee Respondents		
		Frequency	Percent (%)	Mean	Frequency	Percent (%)	Mean
1	Employees understand problems from each customers point of view			2.1			3.9
	A. Strongly agree	14	7.9		9	45	
	B. Agree	9	5.1		5	25	
	C. Neutral	46	25.8		-	-	
	D. Disagree	13	7.3		6	30	
	E. Strongly disagree	96	53.9		-	-	
	Total	178	100		20	100	
2	Employee acknowledge customer feeling, admit mistakes and are not argue to defense			2.47			3
	A. Strongly agree	13	7.3		1	5	
	B. Agree	28	15.7		4	20	
	C. Neutral	50	28.1		9	45	
	D. Disagree	26	14.6		6	30	
	E. Strongly disagree	61	34.2		-	-	
	Total	178	100		20	100	
3	EIC keep customers informed of progress on complaints			3			4
	A. Strongly agree	22	12.4		6	30	
	B. Agree	50	28.1		8	40	
	C. Neutral	45	25.2		6	30	
	D. Disagree	36	20.2		-	-	
	E. Strongly disagree	25	14		-	-	
	Total	178	100		20	100	

As depicted in item 1 of table 14 employees understand problems from each customer's point of view the clients respond 14(7.9%); 9(5.1%); 46(25.8%); 13(7.3%); and 96(53.9%) fail in strongly agree; agree; neutral; disagree and strongly disagree respectively. Clients' responds shows that 61.2 % of clients are not agree that employees understand problems from each customer's point of view. However, Employees' answers for this similar question are 9(45%); 5(25%); and 6(30%) strongly agree; agree; and disagree respectively. Most of employees agree employees understand problems from each customer's point of view. This infers that employee's perception of clients' expectations and clients' expectations are contrast and it shows there is misinterpretation of perception from employees' side.

Item 2 of table 14 Employee acknowledge customer feeling, admit mistake and are not argue to defense clients responds 13(7.3%); 28(15.7%); 50(28.1%); 26(14.6%); and 61(34.2%); which is strongly agree; Agree; neutral; disagree; and strongly disagree respectively. From the above answer majority of clients respondents are not accept that employee acknowledge customer feeling, admit mistake and are not argue to defense. From employee respondents 1(5%); 4(20%); 9(45%); and 6(30%) which is strongly agree; agree; disagree and neutral respectively. From 20 employees only 5(25%) of employees agree that employees are not defensive and 6(30%) are not agree the remaining 9(45%) are not certain those employees are defensive or not. This implies that employees are not admitting mistake, argue and defense to protect their corporations.

As it is demonstrated in item 3 of table 14 EIC keep customers informed of progress on complaints clients responses are 22(12.4%); 50(28.1%); 45(25.2%); 36(20.2%); and 25(14%) which fail strongly agree; agree; neutral; disagree; and strongly disagree respectively. From clients responds 72(40.3%) are agreed and 61(34.2%) are not agreed. The remaining 45(25.2%) select neutral which indicate that they are not confident that EIC informed of progress on complaints. Whereas, for the similar question employee response are 6(30%); 8(45%); and 6(8%) which fails strongly agree; agree; and neutral respectively. Majority of employee respondents ratified EIC keep customers informed of progress on complaints. The mean value of 3 and 4 clients and employees responses respectively implies that EIC informed of progress on complaints.

Table 15-A Clients' Evaluation on Handling Approach

ITEM	Clients Respondents	
	Frequency	Percent (%)
EIC complaint handling approach		
A. Short	10	5.6
B. Moderate	47	26.4
C. Lengthy	121	67.9
Total	178	100

As it revealed in table 15-A about handling approach of EIC clients respondents short 10(5.6%), moderate 47(26.4%), lengthy 121(67.9%) and this shows majority of clients respondents response EIC complaint handling approach is extended and problem is not solved as promised. Furthermore, from the marketing manager interview the time consumed handling approach is regulated based the circumstance.

Table 15-B Employees Evaluation of Solving Problem

ITEM	Employees Respondents		
	Frequency	Percent (%)	Mean
EIC acts quickly to solve problems			2.35
A. Strongly agree	1	5	
B. Agree	4	20	
C. Neutral	1	5	
D. Disagree	9	45	
E. Strongly disagree	5	25	
Total	20	100	

Table 15-B EIC shows employees' responses for questions EIC acts quickly to solve problems are strongly agree 1(5%), agree 4(20%), neutral 1(5%), disagree 9(45%), and strongly disagree 5(25%). The mean value 2.35 shows employees agreed that EIC is not solving problems quickly. Furthermore, from interview with manager also for this similar question even solving problems quickly is their one of approach to satisfy their clients

because of their integration with courts, hospitals, police station when there is delay of report EIC is not enabled to solve its problem as needed.

Table 16- Regaining Good Will

ITEM	Employees Respondents		
	Frequency	Percent (%)	Mean
EIC persevere to regain customer good will			3.4
A. Strongly agree			
B. Agree	9	45	
C. Neutral	10	50	
D. Disagree	1	5	
E. Strongly disagree			
Total	20	100	

The last table is about EIC persevere to regain customer good will. For these question employees response are 9(45%), 10(50%) and 1(5%) that fail strongly agree; neutral and disagree respectively. It implies that 10 (50%) of employees cannot tell that EIC’s determination to persevere and regain customer good will. From interview of marketing manager EIC work to take corrective action and provide customer an efficient and reliable insurance service to regain good will.

3.3 Issue Related to Respondents Personal Opinion

Clients Opinion

The clients’ respondents provide a chance to forward their suggestions, comments and opinions related to the customer relationship management. And the answers are reviewed as follows: -

- ❖ For question that is forwarded to clients to explains benefits offered by EIC beside from getting payment on time and good customer service: - Most of the clients replied there is no benefit they got from EIC. Few clients mentioned that EIC offered some benefit like on site training and Ex-Gratia payment at the time of accident, which is not enclosed on policy.

- ❖ For questions problems identifying on practicing customer relation management: the response is that EIC is not focused on satisfying the need of clients. After selling the policies they are not support them at the time of problem.
- ❖ Major strengths of EIC clients mentioned are: - Location, reliability because it is governmental organization, financial strength to settle high payment.
- ❖ Weakness of EIC should have to improve: - the company should reexamine its level of customer relationship, EIC has to handle customer complaint properly and delay on service should have to give emphasis are the answers for open-ended question.

Employees Opinion

The employees are asked to explain their opinion about client satisfaction on CRM.

- ❖ Clients are not satisfied on practice of CRM of EIC
- ❖ EIC should have to work hard and fill the gap between clients' need and performance of EIC build good relationship.

3.4 Major Finding From Interview

The student researcher interviewed a marketing officer of EIC about the customer relation management activities of the corporation. Most of the questions raised and the response by marketing manager dispersed on the question above. Question that is not raised above are summarized follows:

For the question “what kind of CRM programs does EIC apply to build good relationship with clients?’ the interviewee disclosed that the CRM program which are implemented are developed national Bank of Ethiopia. Concerning the importance of such programs, the manager believes that they are so important for the corporation to reach its goal. The business company management ought to design such programs so as to meet customers’ expectations and obtain long lasting relationships. The major problem not to do some business that benefits both parties government’s policy, which does allow investing only on bond, real estate, and bank.... (And it has shares with MOENCO, Africa Import & Export Bank, Africa Insurer and Africa Bank) this regulation prohibited EIC not to be flexible to practice such programs to on its own initiative in order to design and apply new programs that can influence its clients.

For the question “how EIC evaluate customer relation management practice?” is the officer responded that they evaluate the overall activities of EIC regularly. CRM practices in EIC are evaluated by comparing the plan to actual performance. CRM main objectives must consider making both parties profitable. Based on the objectives they plan what to achieve, how to achieve, when and where to achieve and perform based on the plan. When the actual performance is positive they consider it as success and if it is not they examine to identify the reason for their failure and improve their performance by modifying their activities and correcting inaccuracies. But if the problems are need changes in strategies it is beyond their authority and report to upper body.

For the question “what are the challenges often observed in the practice of customer relation management?” The response is: - Policies and strategies are designed at corporate level and it is not easy to revise them as needed. EIC being organized as a governmental organization and help it to own the largest market shares in the insurance business because many giant organization like Ethiopian Airlines, Ethiopian Shipping lines, etc.... are forced to use EIC services. It has about 46% market share on insurance business .the respondent identified this as one of the reasons why EIC is reluctant to practice creative CRM strategies. But now a day there emerged private insurance companies, which is threat to EIC and some of their major clients switch to those private insurance companies because EIC is not flexible as private insurance company. Private Insurance companies customize their service based on the clients need whereas EIC does not do this. The other challenge in practicing CRM is employee’s skill. There are disputes between employees and clients because of lack of skill while delivering services or settling claims.

For the final question related to the strength and weakness of EIC’s 38 years of experience on insurance business, financial strength, branches available in every corner of Ethiopia identified as strength by marketing manager. On the other hand lack of flexibility, government limited its performance, uncontrollable factors which causes loosing its client identified as weakness.

CHAPTER FOUR

SUMMARY, CONCLUSION AND RECOMMENDATION

4.1 Summary of the Major Findings

The primary purpose of the data interpretation and analysis has been to explore problems that prevent the organization to adopt and apply the best CRM system. It is from this analysis part that the following findings were discovered.

- ❖ Majority of clients know about EIC from sales agents and they do not prefer service quality as a reason to stay with EIC. Furthermore majority of clients have not long time relation with EIC.
- ❖ Concerning EIC effort to know customer preference of policies, the majority of respondents 67.9% believe that EIC does not show a keen interest. Similarly, 53.3% of respondents stated that the corporation doesn't regularly assess customer satisfaction. The marketing manager has also supported this fact.
- ❖ Sixty five percent of employee response EIC is not use customer satisfaction survey to track and measure customer satisfaction. The mean value of 3.45 supports the response of majority of employee, which that agreed EIC use complaint & suggestion system to track and measure customer satisfaction. Based on the study more than 50% of employee are agree EIC is not measure its lost customer analysis frequently.
- ❖ Fifty four percent of clients' respondents assert that EIC is not give special incentives/privileges to regular/loyal clients.
- ❖ About 61.2% clients agree that EIC is not carefully evaluating evolving needs of clients and more than half of clients' respondents believe EIC is not value their suggestions as input for improving its relationships. Based on the study more than half of employees respondent believe EIC is committed and design rules and regulation, which support

objective of CRM. Moreover, 45% employee are not agree EIC is not improving its performance based on the need of customer and also 25% employee are not given their answer. It enables to conclude it is difficult to say EIC improving its performance based on the need of customer.

- ❖ Regarding the employees' consideration about CRM 65% of employees are disagree that EIC is performed based on the promise. And also majority of employees do not think EIC measure its service quality regularly. For the question EIC exerts its effort to improve quality of its service the mean value 2.45 shows the efforts is not satisfactory. From the clients considerations of CRM 57.3% of clients agree that EIC is not make adjustments to suit clients' requirement. On the other hand 60.6% clients responds EIC is not offer personalized/customized insurance service to meet the client need. According to clients response how customer rate the CRM practice of EIC in keeping its customer loyal majority of respondents response it is not adequate.
- ❖ About 66.9% clients' respondents do not wish to buy more policies from EIC. Moreover, 58.3% clients need to switch the service provider.
- ❖ From analysis 2.7 the mean value of clients respondents it is difficult to say the relationship between clients and EIC is not satisfactory. Beside that 130(73%) clients decide not to recommend EIC to other people, which shows clients are not satisfied with EIC. From 11(55%) of employees respondents also infer that customers have no strong bond with EIC. Half of employees' respondents agree those customers are not satisfied with handling procedure of EIC.
- ❖ Based on the study 128(71.8%) of clients respondents agree that EIC has the ability to openly discuss and tries to avoid and solve manifest conflicts when problem arises. Marketing manager response for similar question is at the time of conflict EIC hierarchical body assigned to avoid and solve problems.

- ❖ Regarding the clients response for employees understand problems from each customers point of view are 109(61.2%) are not agreed employees perceived their problem from their point of view. Whereas employees respond for this similar question is 14(70%) are not agreed with the response of clients' response. About employees acknowledge customer feeling, admit mistakes and are not argue to defense clients responds the mean value 2.47 shows employees are defense and argue. An employee responds for this similar question the mean value 3 shows employs are not defended but admit mistake. For the question EIC determination to keep customer informed of progress on complaints the mean value 3 shows the clients response which that EIC is informed progress on complaints. As clients' response employees' response mean value shows 4 which agree with clients responds.
- ❖ From the majority of clients' response EIC complaint handling approach is lengthy. Furthermore 14(70%) of employees also agree that solving problems in EIC is not quick.
- ❖ From the employee responses and the mean value 3.4 we can infer that EIC persevere to regain customer good will. According to the marketing manager EIC work to provide customer an efficient and reliable insurance service and gain good will.
- ❖ Clients' personal opinion shows after selling the policies there is no support at the time of problem. Furthermore, EIC should have to measure the level customer of relationship.
- ❖ Employees opinions indicate EIC should have to work hard and fill the gap between clients' need and performance of EIC build good relationship.
- ❖ Finding from interview. Rules, regulation and polices imposed limited their activities.

4.2 Conclusion

The following conclusion is made based on the analysis and findings of both questionnaire and interview presented to the clients, employees and marketing manager of Ethiopian insurance Corporation respectively.

- ❖ Ethiopian Insurance Corporation formulates strategy and acquires clients by using advertisement and sales agents. Most of government organization clients acquired by the rules and regulation of their organization that forced them to utilize only Ethiopian Insurance Corporation services. EIC's mechanisms to keep its clients are not applicable to all clients and it caused for dissatisfaction of clients, which make them to switch the provider. Government permitted EIC to do business with selected clients and EIC have no authority to do what it considers profitable for the corporation. According to marketing manager EIC has 46% of market share in insurance business but this share is not obtaining from winning the competition but because of the government organization involuntary be the client of EIC. Based on the finding Customer Relation Management of EIC is affected by the government policy, rules and regulations.
- ❖ The program and strategies that are being currently implemented are developed in collaboration with the National Bank of Ethiopia. According to the interview made with the marketing manager, the corporation believes that developing such programs and a strategy enables it to reach its goals and to influence customers. To this end, a new vision /vision 2020/ is under development, which will include different goals, programs and strategies.
- ❖ As it is observed from analysis customer are not satisfied in their relation with EIC. Among them major reasons of not being satisfied are: - not considering their information as input, lack of adjustment, delay on service, lack of motivations and customer handling problems. Absence of clients survey also prevented EIC to know dissatisfaction of clients on time. Lost customer surveys also are not conducted deliberately but identified when the contract is canceled or lapsed. So EIC is not able perform its CRM adequately.
- ❖ Customers evaluate company's offer and complain to the concerned body when there

is a Gap. EIC facilitate complaint and handling method and resolve conflicts but Stakeholders' activities are the major barriers to perform as it should be and delight the clients. Furthermore, even the steps are not clarify how to move to explain the complain clients experienced at the time of the problem which is another trigger to dissatisfaction of clients.

- ❖ According to the finding of the study, EIC persevere to regain customer good will by improving its work and provide customer an efficient and reliable insurance for 2020. But from the information of the study the overall relationship between clients and EIC is not appealing.

4.3 Recommendations

Based on the investigations made and the conclusions drown from the study the student researcher suggests the following alternative solutions:

- ❖ In order to have good relationship with clients EIC has to revise its market strategy and focus on attracting and keeping customers by creating and delivering better values like reducing the rate of customer defection, increase the longevity of the customer relationship, making low-profit customers more profitable by improving its service quality.
- ❖ EIC should have to be customer centered and increase the relationship quality using enhancing clients to stay with EIC and decrease the rate of customer loss by providing different benefits like lower prices for greater service user or for those who stay with EIC longer, social and interpersonal bonds, customization bonds and quick responses for problems.
- ❖ The role of CRM program is reaching goals and meeting customer expectations is Unquestionable. Thus, EIC needs to design such programs as continuity marketing program which make the client to use the membership and loyalty card program and reward for their long relationship, making partnering relationship program, one –to–one marketing to satisfy each customer need in a unique and individual manner and

integrated telephone marketing programs with the involvement of different stakeholders like the National Bank of Ethiopia and clients. Benchmarking the best practice of well-experienced insurance companies can help the corporation to come up with tested and workable programs.

- ❖ EIC must measure its service quality regularly and identify the gap. There must be take immediate corrective action when the gaps are identified to avoid conflicts with clients.
- ❖ EIC has to be assuring its policyholder by providing its on time service. Reduce the time of solving problem, compensate the damage on time by motivating its employees and increasing their initiatives are some methods. In addition to that EIC have to make awareness to its stakeholders the value of satisfied clients and negative consequence when they are not satisfied.
- ❖ EIC should strive to improve its overall performance and growth strategy; the corporation needs assessment and customer's satisfaction survey. The assessment of need helps to identify the problem and take corrective actions and to recover if lost client and competitive in the insurance business.

Finally the student researcher wants to emphasize that EIC can attract and retain customers as well as add more value by going through the above recommendations.

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- C. 7-10 years D. Above 10 years

PART TWO

1. How did you know about Ethiopian Insurance Corporation?

- A. Reference (from friends/family)
B. Advertisement
C. Sales Agents
D. Other (Please specify) _____

2. What motivates you to keep using the service of EIC?

- A. Good Quality Service B. Low premium charges
C. Location D. Other (Please Specify)

3. Do you think EIC shows a keen interest in knowing clients preferences of policies?

- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree

4.. Did EIC regularly assess customer satisfaction for improving its insurance services/or policies?

- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree

5. EIC gives special incentives/privileges to regular/loyal clients?

- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree

6. EIC makes use of the appropriate technologies to enhance customer service?
- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree
7. EIC carefully evaluates evolving needs of the clients?
- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree
8. Does EIC values client's suggestions as input for improving its relationship?
- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree
9. EIC makes adjustments (time, premium etc) to suit client requirement?
- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree
10. EIC offers personalized/customized insurance service to meet the client need?
- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree
11. How do you rate the customer relation management practice of EIC in keeping you its loyal customer?
- A. Excellent B. Very good C. Good
D. Poor E. Very poor
12. Beside from getting payment on time and good customer service did EIC offer you other benefits?

13. Is there is any problem you identify on practicing customer relation management that you thought it need an improvement?

14. Do you wish to buy more policies in future from EIC?

A. Yes B. No

15. If your answer is “no” for question no. 14 please explain why?

16. I am very likely to switch to another insurance company that is more competent in designing/offering insurance policies/services

A. Strongly Agree B. Agree C. Neutral

D. Disagree E. Strongly Disagree

17. My relationship with EIC meets my insurance objectives and fulfills all my expectations?

A. Strongly Agree B. Agree C. Neutral

D. Disagree E. Strongly Disagree

18. Because of your relationship with EIC is desirable/attractive you recommend EIC to other people?

A. Strongly Agree B. Agree C. Neutral

D. Disagree E. Strongly Disagree

19. Did EIC provide timely and trustworthy information regarding to its new services?

A. Strongly Agree B. Agree C. Neutral

D. Disagree E. Strongly Disagree

20. EIC clarifying the steps needed to solve the problem?

A. Strongly Agree B. Agree C. Neutral

D. Disagree E. Strongly Disagree

21. EIC has the ability to openly discuss and tries to avoid and solve manifest conflicts when problem arises?

- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree

22. Employees understand problems from each customer's point of view/

- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree

23. At the time of complain Employee acknowledge customer feeling, admit mistakes and are not argue to defense?

- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree

24. EIC clarifying the steps needed to solve the problem and keep customers informed of progress on complaints?

- A. Strongly Agree B. Agree C. Neutral
D. Disagree E. Strongly Disagree

25. At the time of complaints EIC complaint handling approach is:-

- A. Short and Fast C. Lengthy and steady
B. Moderate

26. What are the major strengths of the EIC in terms of CRM?

27. What is the weakness of EIC you observed in practicing customer relation management?

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Appendix B
St. Mary's University
Faculty of Business
Department of Marketing Management

Questionnaires to be filled by Ethiopian Insurance Company Employees

Dear Respondents:-

The objective of this questionnaire is to assess customer relation management practice of EIC in comparison with the standard principles. This study is meant for academic purpose and the information you supply will be kept strictly confidential. I therefore, kindly request you to fill the questionnaire honestly and accurately. I thank you in advance for sparing your precious time in filling this questionnaire and want to explain the accuracy of the response will have vital significance for the conclusion and recommendation of the research.

Note: -

- It is not necessary to write your name.
- Put mark for the answer you chose and write your answer on the space provided.

PART ONE

Personal Bio-Data

4. Gender

A. Male

B. Female

5. Age

A. Less than 25

B. 25-34

C. 35-44

D. Above 45

6. Educational Background

A. 12th grade complete B. Diploma

C. 1st Degree D. Masters and above

7. Year of experience in EIC

A. Less than 2 years B. 3-6 years

C. 7-11 years D. 12-15years

E. More than 16 years

Part Two

In relation to CRM

1. How often does EIC use Customer satisfaction survey to track and measure customer satisfaction?

A. Very Often B. Often

C. Sometimes D. Rarely

E. Very Rarely

2. How often does EIC use complaint & suggestion system to track and measure customer satisfaction?

A. Very Often B. Often

C. Sometimes D. Rarely

E. Very Rarely

3. How often does EIC use lost customer analysis to track and measure customer satisfaction?

A. Very Often B. Often

C. Sometimes D. Rarely

E. Very Rarely

4. EIC use appropriate technologies, which helps you to have good relation with customer.

- A. Strongly Agree B. Agree
- C. Neutral D. Disagree
- E. Strongly Disagree
5. Do you agree the physical facilities in EIC enable you to accomplish your activities on time?
- A. Yes B. No
6. If your answer for question no. 5 is yes, please explain the benefit you perceived from it
-
7. EIC design rules, regulations, procedure manual and policies support the objective of customer relation management?
- A. Yes B., No
8. EIC has been improving its performance on the bases of need of customer.
- A. Strongly Agree B. Agree
- C. Neutral D. Disagree
- E. Strongly Disagree
9. EIC performs the service based on promises.
- A. Strongly Agree B. Agree
- C. Neutral D. Disagree
- E. Strongly Disagree
10. Do you think EIC measures the quality of its service regularly?
- A. Yes B. No
11. EIC exerts its utmost effort to improve the quality of its service?
- A. Strongly Agree B. Agree
- C. Neutral D. Disagree

- E. Strongly Disagree
12. EIC has strong bond with customers?
- A. Strongly Agree B. Agree
- C. Neutral D. Disagree
- E. Strongly Disagree
13. Customers are satisfied with the handling procedure of EIC.
- A. Strongly Agree B. Agree
- C. Neutral D. Disagree
- E. Strongly Disagree
14. EIC set clear communication and understanding among employees when serving customers?
- A. Strongly Agree B. Agree
- C. Neutral D. Disagree
- E. Strongly Disagree
15. Do you make awareness to Customers about the procedure of claim handling?
- A. Yes B. No
16. If your answer is No for question no. 15 please explain the reason _____

17. Employees assigned to give service for customer have knowledge at the time of under write or claim handling.
- A. Strongly Agree B. Agree

- C. Neutral D. Disagree
- E. Strongly Disagree
18. Employees understand problems from each customer's point of view
- A. Strongly Agree B. Agree
- C. Neutral D. Disagree
- E. Strongly Disagree
19. At the time of complain employee acknowledge customer feeling, admit mistakes and are not argue to defense?
- A. Strongly Agree B. Agree
- C. Neutral D. Disagree
- E. Strongly Disagree
20. EIC clarifying the steps needed to solve the problem and keep customers informed of progress on complaints?
- A. Strongly Agree B. Agree
- C. Neutral D. Disagree
- E. Strongly Disagree
21. EIC acts quickly to solve problems
- A. Strongly Agree B. Agree
- C. Neutral D. Disagree
- E. Strongly Disagree
22. Do you believe EIC persevere to regain customer good will?

- A. Strongly Agree B. Agree
- C. Neutral D. Disagree
- E. Strongly Disagree

23. Do you believe the customer are satisfied by your customer service and related system? Please explain how they are satisfied?

24. Please provide general comment that you think to be addressed in relation to EIC CRM:

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Appendix C

Interview Forward to the Marketing Manger

1. How do you evaluate customer relation management practice?
2. What are the challenges often observed in the practice of customer relation

management?

3. What are the efforts done by EIC to acquire, retaining and grow customers?
4. What kind of CRM programs applied by EIC to create good relationship with customers?
5. What are the effort taken by EIC management to build good relationship between the customer and employees?
6. What are EIC determinations to keep its service quality?
7. How do you measure customer satisfaction?
8. What are the resolutions by EIC to keep its promise in service delivery?
9. What are the means of complaint handling system in EIC?
10. How EIC communicate its customer to share some information that the customers should have to know?

DECLARATION

I the undersigned, declare that this senior essay is my original work, prepared under the guidance of Instructor Terefe Feyera. Sources of material used for the manuscript have accordingly acknowledged.

Name:- Yenenesh Wondimagegnehu

Signature:_____

Place of Submission: St. Mary's University

Date of Submission_____

ADVISOR'S DECLARATION

This paper has been submitted for examination with my approval as the university advisor.

Name: - Instructor Terefe Feyera

Signature:-_____

Date:-_____