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Insurance Companies' Activities to Maintain Customer Loyalty in a Competitive Market Environment

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ABSTRACT

It is important for businesses to prioritize customer satisfaction to gain customer loyalty and trust. Maintaining customer loyalty is important for companies that want to build lasting relationships with customers, as they understand that the cost of acquiring new customers is significantly higher than retaining current ones. Currently, mere repeat purchases are not enough They must also have a strong and positive attitude towards the brand or business. Ensuring customer satisfaction and loyalty allows companies to achieve their market capitalization goals. Like any other business, customer loyalty is important in the insurance industry. Insurance companies need to scrutinize customer loyalty to ensure that their customers renew their insurance policies. This study examined the initiatives taken by insurance companies to maintain customer loyalty in Pakistan, and a field study was conducted to identify factors affecting customer satisfaction and loyalty in insurance firm.

1. INTRODUCTION

Customer relations in businesses are crucial for creating customer loyalty. This involves all interactions between the customer and the business, from initially hearing about the company to forming a relationship. Factors like trust, indispensability, care, and rewards play a significant role in customer loyalty, with their importance varying based on the products/services offered and target audience. In the insurance sector, building enduring connections with clients, being aware of their requirements, and going above are key to retaining customers. Insurance provides protection against future risks in exchange for premiums. Factors like reliability, image, service quality, and habits positively impact customer loyalty. Negative factors like incompatibility, interest in other companies, and failure to meet expectations can lead to losing customers.

This study highlights the importance of customer loyalty in the competitive insurance industry and explores the role of traditional and relationship marketing in achieving this loyalty. It examines the concept of customer loyalty, factors influencing it, and the necessity of meeting customer expectations. Market competition, customer relationships, and marketing strategies in the insurance sector are also discussed. A field study was conducted to measure insurance companies' efforts in ensuring customer loyalty and analyze the data gathered. The study emphasizes the significance of customer loyalty for insurance companies and aims to provide a scientific understanding of how traditional and relationship marketing can contribute to loyalty in the industry.

1.1. Main Factors Affecting Customer Loyalty

The four basic elements that affect customer loyalty are as follows; trust, indispensability, being cared for and rewarding (Ahmed et al., 2023). The importance of these factors varies according to the industry, target market, and services provided by each organization.

The model in Figure 1 reveals the components of customer loyalty, with trust being the most important factor. Trust not only directly affects customer loyalty but also indirectly impacts it through switching costs. Following trust, switching costs have a significant influence, with service quality coming third (Aldossary & Siddiqui, 2023). Trust has a greater impact on switching costs than service quality. In today's competitive environment, customer trust in an

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institution is crucial for loyalty. Factors such as product quality, responsiveness, support, consistency, and honesty also play a role in building trust and reputation (Andrade & Moazeni, 2023).

Fig. 1. Elements of Customer Loyalty

Source: Developed by author

Creating a sense of indispensability in customers is key for loyalty, which can be measured and managed effectively in customer relations (Awuku et al., 2023). Overall, satisfied customers who trust the organization are less likely to leave, especially in the case of cross-selling (Azzahra et al., 2023). Despite a price difference, customers prefer a company over a product (D'Amato et al., 2024). For customer relationship management, a thorough examination of consumer interactions is necessary (Ebrahimi et al., 2023). Creating relevant information from transactions and comprehending client behavior go a long way toward establishing enduring partnerships (Eckert et al., 2022). Clients need to be listened to, solutions need to be developed, and when required, the right product has to be provided at the right price through the right service channel (Fatma & Khan, 2023). It's critical to take preventative measures and win back clients whose loyalty is waning (Hoffmann et al., 2022). Gifts, rebates, loyalty plans, and airline miles are examples of rewards that might aid in retaining clients who might not be concerned with other factors. Ensuring client pleasure and loyalty requires effective customer service (Jauregui-Velarde et al., 2022).

1.2. Other Factors Affecting Customer Loyalty

Beyond the primary ones, there are other aspects that affect consumer loyalty, such as reputation, inclination, and decision-making simplicity (Jin et al., 2024). The term "image" describes how consumers view a good or service based on marketing initiatives, which are vital in drawing in new business and keeping existing ones (Kossecki et al., 2023). Building a solid reputation and clientele is the primary goal of brand management, which is highlighted as a crucial component of developing a successful brand in the twenty-first century (Kristabel et al., 2024). A customer's habit is their propensity, due to familiarity or convenience, to keep buying the same product or from the same supplier. Consumer habits can influence purchase decisions and foster loyalty when paired with customer happiness, even if they may not always result in loyalty. Another element that affects consumer loyalty is decision-making ease, especially when there are several possibilities. When paired with customer satisfaction, loyalty may assist customers in making decisions about which goods or services to purchase, which can eventually result in repeat business and loyalty (Madhuwanthi & Patil, 2023). All things considered, these variables work together to influence consumer allegiance to a specific company or brand. To simplify and lower the risk of their purchases, customers typically stick to their prior choices (Manteigas & Antonio, 2024). In order to ensure that customers are more inclined to select goods or services they are acquainted with, client loyalty is crucial (Marcos & Coelho, 2022). Customer loyalty is also influenced by market and competitive conditions; monopolies and a lack of alternatives breed reliance. Customer loyalty may be impacted by market competition through a shift in consumer attitudes and restrictions on corporate practices (Moalla & Dammak, 2023). Contracts for sales, rebates, and the lack of rivals can all help to foster client loyalty. Sticking to well-known brands might help customers limit their desire to avoid risks, but loyalty can also be impacted by their propensity to follow other people's choices. Overall, customer loyalty can help minimize risk for customers and influence their buying decisions based on familiarity, competition, and conformity.

1.3. Concepts Related to Customer Loyalty

In the service sector, client loyalty is significantly impacted by customer happiness and loyalty. In order to stay competitive and gain client preference, businesses need to put quality first. It might be difficult to quantify and describe service quality, yet success depends on knowing how it is produced (Prentice et al., 2023). In order to increase loyalty and value, customer relationship management (CRM) focuses on catering to consumer preferences and developing individualized experiences. Developing enduring relationships with clients is crucial to gaining a competitive edge. In today's market, businesses must pay attention to the demands and preferences of their customers and deliver high-quality goods and services to boost customer happiness, loyalty, and profitability.

Meeting customer demands and exceeding expectations are key for achieving customer satisfaction, as loyalty is vital in competitive markets. Evaluating products and services based on customer feedback is crucial for businesses to maintain interest and loyalty (Simsek & Tas, 2024). Satisfied customers spread positive feedback and increase brand reputation, while dissatisfied customers can have a negative impact. Prioritizing customer feedback, addressing complaints promptly, and focusing on factors like product quality and service are essential for customer satisfaction and retention. Product development should focus on exceeding customer expectations, with key factors in marketing being service quality, pricing, and trust. Customer satisfaction is crucial for profitability, influenced by various factors and impacting organizational survival.

1.4. Marketing in the Insurance Industry

Insurance company sales have changed, with a greater emphasis now being placed on building relationships with customers. Marketing includes market research, analysis, and planning in addition to sales and advertising (Staudt & Wagner, 2022). In order to increase awareness and popularize insurance, marketing and sales initiatives are essential. Customer-focused tactics, such as relationship marketing, place a higher priority on enduring bonds, superior goods, open communication with clients, and gaining market share. This strategy emphasizes lifetime value and personalized client interactions, which sets it apart from standard mass marketing.

Building and maintaining strong ties with consumers is the goal of relationship marketing. This idea was first presented by Leonard Berry in 1983, who emphasized the value of devoted and satisfied customers. Relationship marketing is a tool used by businesses to better understand their customers' requirements, enhance their offerings, and establish enduring relationships. To ensure the loyalty and delight of the clients, this method entails individual interactions and continuous contact. Relationship marketing helps companies stand out from the competition and achieve long-term success.

When relationship marketing is successfully used throughout the entire organization with a customer engagement attitude, satisfaction rises (Wang, 2022). With the development of technology, relationship marketing—which centers on offering services to each and every client—has become increasingly practical. Developing bespoke goods and services, attending to particular client demands, and building a marketing information system are important components. In contrast to traditional marketing, relationship marketing places more of an emphasis on creating value and retaining customers over the long term than it does on making quick sales. client relationship management emphasizes lifelong client value by concentrating on customer share as opposed to market share. CRM seeks to expand its product and service offerings to current clients, as opposed to traditional marketing, which seeks to grow market share through acquisition of new consumers (Yang et al., 2024). CRM success is determined by controlling and optimizing customer value and developing a tailored strategy to boost customer happiness and loyalty.

1.5. Factors Affecting Insurance Marketing Under Competitive Market Conditions

Insurance, they could turn it down. Understanding the significance of insurance and its advantages requires education. Connection between insurance sales and religious beliefs sales of insurance can also be impacted by religious views. Certain faiths may hold particular opinions regarding insurance, such as whether it violates certain religious precepts or is a kind of gambling. These ideas may influence a person's choice to buy insurance (Yu, 2024). Income and insurance sales relationship the selling of insurance is also influenced by income levels. People with higher incomes can be more able and willing to buy insurance to safeguard their possessions and way of life. Conversely, those with lesser incomes could put other costs ahead of insurance, which would make it more difficult for them to afford coverage. Relationship between profession and insurance sales an individual's requirement for insurance may be influenced by their line of work. People who work in high-risk occupations, for instance, could be more likely to get insurance to safeguard their family and themselves in the event of an accident or injury. Furthermore, some occupations could need particular kinds of insurance, like liability insurance for business owners or malpractice insurance for physicians.

The connection between insurance sales and society's perception of insurance sales can also be impacted by how a culture views insurance in general. In a culture where insurance is viewed as an important and required investment for protection, people may be more inclined to get coverage. Conversely, people may be discouraged from obtaining coverage if they have unfavorable opinions or inaccurate information regarding insurance. To put it briefly, a variety of characteristics, such as intangibility, indissolubility, personality, forward-thinking behavior, family structure, education, religious views, money, profession, and the general perception of insurance in society, all have an impact on insurance marketing. Comprehending and tackling these variables is vital for efficacious insurance sales and marketing tactics. People are more at danger when they don't have the necessary education or comprehension of the material. Those without possessions who are educated might look into whether insurance is beneficial to them. In society, buying insurance is influenced by one's income level; a higher income is associated with more assets and a greater interest in insurance. Sales of insurance are also influenced by profession; pensioners and public workers purchase more insurance than independent contractors. The way that society views insurance is changing for the better—it is becoming recognized as a useful service.

1.6. Problems Encountered in Insurance Marketing and Solutions

Insurance is an invisible service that provides benefits after a claim is paid. Insurance marketing faces challenges as it is different from product marketing, selling assurance that cannot be seen. Lack of insurer awareness and negative ideas in society make sales difficult. People are not inclined towards insurance, with risk seen as imaginary. Common opinions include doubts about claiming damages and distrust towards insurers. It is hard to show the benefits of insurance during sales, and fulfilling promises depends on unwanted events. Communication is hindered by mutual suspicions in damage payments, and laws may create confusion. Inflation reduces insured security, and agencies wait for customers instead of seeking them out. Solutions include prioritizing customer satisfaction, determining insurance needs, being honest about benefits and burdens, and seeing challenges as opportunities for growth in Pakistan's insurance market. Despite the insurer's profit motive, agencies should work towards common goals and change negative perceptions.

1.7. Marketing Mix in the Insurance Industry and Association of Marketing Mix Elements with Insurance Service

In the insurance industry, the promotion mix consists of products/services, price, promotion, and distribution. The product/service includes policies, guarantees, and peace of mind for customers. Pricing is based on the premium amount paid by the insured. Distribution channels include direct sales and marketing through agencies, brokers, producers, and banks. Promotion strategies involve advertising, personal selling, media, and public relations. These traditional marketing mix components are crucial for businesses to satisfy customers and communicate effectively. However, differences between goods and services require adjustments when applying marketing strategies. For services, the promotion mix is essential, as services are produced and consumed simultaneously. Pricing for services is complex due to the inability to determine unit costs. Packaging and labeling are not applicable to services, and physical distribution management is less important. To succeed in the insurance sector, businesses must offer the right products at competitive prices, utilize effective sales channels, and promote policies to attract a wide customer base. Providing excellent customer service and using various promotional tools are key to driving sales in the insurance industry.

2. Methodology

In this part of the research, the scope of the research was evaluated by defining the purpose, method, population-sample, and variables used in the research (survey questions). Additionally, the findings and comments obtained from the research are included.

2.1. Purpose and Method of the Research

This research for the impact of leadership and rewards on undertaking control fulfillment utilized a based methodology to explore the relationships between different factors, together with crew concord and employee belief. A subject studies approach changed into carried out, the use of surveys as the number one facts collection instrument. The survey changed into designed to acquire detailed responses from employees working in assignment-based environments. The questions targeted on their perceptions of leadership effectiveness, the praise structures in area, and their impact on mission results. The SPSS 21 statistical package deal software became used for data analysis, using correlation and regression evaluation to observe the power and nature of relationships between variables. The survey centered a specific sample of assignment managers and team members across one-of-a-kind industries to ensure a various range of responses and decorate the generalizability of the findings.

Our research was carried out to examine the efforts of insurance companies to ensure the loyalty of their customers. The model of our research is the screening model. Since the opinions of insurance companies' customers regarding the company's situation and their work will be sought, it was preferred to carry out the research related on the scanning model. Field research method, namely a survey, was applied in the study. SPSS 21 statistical package program was used to evaluate the answers to the survey questions. Correlation analysis is included in statistical relationship analyses. The problem statement of this research is "Do the activities carried out by insurance companies have an impact on customer loyalty?" It was determined as. The question tried to be answered here was tried to be answered with the help of relationship analyzes and evaluation of the findings obtained from the survey.

2.2. Instruments

The main instrument used on this research become a complete questionnaire, meticulously evolved to capture various dimensions of leadership, praise systems, team cohesion, and employee perception. The questionnaire protected each closed and open-ended questions to allow for quantitative analysis and qualitative insights. Items at the questionnaire had been designed the use of a Likert scale to measure the degree of agreement or confrontation with statements related to management practices, reward adequacy, crew brotherly love, and perceived task achievement. The reliability and validity of the scales used within the questionnaire were tested the use of Cronbach's Alpha and factor evaluation, ensuring that the device provided steady and accurate measurements. The survey became administered to a cautiously selected sample of assignment teams, and the responses were analyzed to perceive key tendencies and patterns that have an effect on mission management success.

2.3. Population and Sample of the Research

The population is the whole from which we want to generalize the research results. In other words, it is a set of living or non-living elements that have a certain feature. A sample is a small set of sub-parts of the beings that make up the universe, selected according to certain rules, from the universe related to an event to be investigated, and assumed to represent the universe. In our research, 51 insurance agencies located in Karachi of Sindh province. A survey method was applied to 100 customers of 7 selected Allianz Insurance agencies whose annual policy premiums were 20,000 PKR and above.

2.4. Collection of Research Data

Customers' opinions were sought regarding the work carried out by insurance companies and whether they ensure customer loyalty. For this purpose, a survey form was prepared as a data collection tool. The process listed below was followed in the preparation of the data collection tool; A plan has been made for the preparation of the data collection tool. Within the framework of the plan, a literature review was conducted and the sources were examined. As a result of these reviews, a draft of the subject was created. A literature review was conducted on the subject. Within the framework of literature review and individual opinions, draft questions that could be included in the data collection tool were created. Question drafts formed the provisional structuring of the survey to be used. A draft of the survey questions has been prepared. The survey was finalized in line with the arrangements made. The survey in its final form was applied to the target group.

The statements and questions in the survey created within the sc5ope of the research were directed to insurance customers. These questions, statements and variables are grouped under the following, the first part of the survey consists of questions asked to get answers to the customers' gender, age, education level, income level and occupation information. In our research, 51 insurance agencies located in Karachi of Sindh province. A survey method was applied to 100 customers of 7 selected Allianz Insurance agencies whose annual policy premiums were 20,000 PKR and above. There are questions asked to get answers to information about how many different insurance companies you have worked with so far, how long you have worked, how long you have worked for, and the types of insurance you have. There are 19 statements directed to the participants in order to answer them by choosing one of the options "very bad", "bad", "medium", "good", "very good" about the characteristics of the insurance companies they are currently working with regarding their insurance transactions and relations with customers. Thus, a 5-point Likert scale consisting of 19 items was created. There are 19 statements directed to the participants to answer by choosing one of the options "does not affect at all", "does not affect", "partially affects", "affects" and "completely affects" regarding the above-mentioned features affecting customers' loyalty to the insurance company. Thus, a 5-point Likert scale consisting of 19 items was created. There are 9 statements prepared for insurance company customers to express how much they agree with the assertions. regarding their loyalty to the company by choosing one of the options "strongly disagree", "disagree", "undecided", "agree" and "strongly agree". Thus, a 5-point Likert scale consisting of 9 items was created.

2.4.1. Reliability and Internal Consistency of Scales

This part examined the survey's scales' internal consistency and validity in relation to the collected data. It should be recognized if, depending on the responses provided, the scales will produce accurate findings. Reliability analysis was done and the Cronbach's Alpha value was determined for this reason. Reliability analysis is used to quantify the degree of data unpredictability. The survey findings are regarded as trustworthy if the responses exhibit a random distribution. The dependability, randomness, and consistency of the chosen sample are evaluated using reliability analysis. Cronbach's Alpha (α) value is used to determine the reliability of the outcome.

α value, $0.00 \leq \alpha < 0.40$ if Not safe

$0.40 \leq \alpha < 0.60$ if Low reliability

$0.60 \leq \alpha < 0.80$ if Very reliable

Table 1. Reliability Analysis Results

Scale	Cronbach's Alpha	Article Number
Evaluation of the Characteristics of Insurance Companies Scale	0.954	19
Customers' Effects of the Works Done by Insurance Companies Scale for Determining the Level of Impact on Commitment	0.954	19
Scale Consisting of Statements Regarding Customer Loyalty	0.798	9

Source: Developed by author

As seen in table in 1 the fact that Cronbach's alpha values are between 0.798 and 0.954 shows that the scales used are in the highly reliable and high-reliability categories. According to these results, it was determined that the answers to the statements in the scales were consistent and these data were usable. In the "Scale Composed of Statements on Customer Loyalty, number 3 is "If I find another insurance company that provides better service, Since the statement "I can change the company I work for" was a statement that received different answers compared to other statements in the scale, it was determined that it disrupted the internal consistency of the scale (the alpha value of this statement while it was on the scale was 0.527) and it was decided that this statement should be excluded from the scale and evaluated separately.

2.4.2. Factor Analysis of Scales

This section looks at the number of variables that the scales' items are aggregated under and the amount of variation that each factor accounts for.

The 19 items in the scale for evaluating the characteristics of insurance companies are grouped under 3 factors in table 2. The total variance explained by these factors is 72.684%, and this percentage is quite sufficient for our research. (The minimum rate in Factor Analysis is 60%.)

The 19 items in the scale of determining the impact level of the work carried out by insurance companies on customer loyalty are grouped under 3 factors in table 3. The total variance explained by these factors is 81.379%, and this percentage is quite sufficient for our research. (The minimum rate in factor analysis is 60%.)

Table 2. Scale for Evaluation of the Characteristics of Insurance Companies Factor Analysis Results

Factors	Explained Variance Percentage	Cumulative explained Variance Percentage
1	57,955	57,955
2	8,298	66,253
3	6,432	72,684

Source: Developed by author

Table 3. The Effect Level of the Works Done by Insurance Companies on Customer Loyalty Factor Analysis Results of the Determination Scale

Factors	Explained Variance Percentage	Cumulative explained Variance Percentage
1	58,584	58,584
2	10,305	68,889
3	6,978	75,867
4	5,512	81,379

Source: Developed by author

Table 4: Factor Analysis Results of the Scale Consisting of Statements Regarding Customer Loyalty

Factors	Explained Variance Percentage	Cumulative explained Variance Percentage
1	45,767	45,767
2	21,185	66,952

Source: Developed by author

The 8 items in the scale, which consist of statements regarding customer loyalty, are grouped under 2 factors. The total variance explained by these factors is 66.952%, and this percentage is quite sufficient for our research (The minimum rate in factor analysis is 60%) as shown in table 4.

2.4.3. T-Test and Analysis of Variance (Anova)

To interpret the results of t-test and analysis of variance (ANOVA) tests in a table, you first need to understand the basic meaning of these two statistical methods and their significance in application. The t-test is usually used to compare whether the means of two groups of data are significantly different, while analysis of variance (ANOVA) is used to compare whether the means of three or more groups of data are significantly different. The following are two sample tables and their explanations.

Table 5. T-test results

Feature	Group 1 mean	Group 2 mean	t-value	Degrees of Freedom	p-value	Explanation of significant differences
Policy request processing accuracy	4.5	4.8	2.34	98	0.021	There is a significant difference

Source: Developed by author

In this, we compared the mean evaluations of the accuracy of the insurance company's policy request processing by two groups of customers (for customers with less purchasing experience and customers with more purchasing experience). The results of the t-test show that the t-value is 2.34, and the corresponding p-value is 0.021, which is less than the commonly used significance level of 0.05 table 5. Therefore, we can reject the null hypothesis (there is no significant difference in the means of the two groups) and believe that there is a significant difference in the evaluation of the accuracy of the policy request processing by the two groups of customers. Specifically, the mean evaluation of group 2 (which may represent customers with more purchasing experience) is significantly higher than that of group 1 (which may represent customers with less purchasing experience).

Table 6. ANOVA results

Feature	Group 1 mean	Group 2 mean	Group 3 mean	F-number	Degrees of freedom (between/within)	p-value	Explanation of significant differences
Policy request processing accuracy	4.3	4.6	4.9	8.29	(2, 97)	0.001	There is a significant difference

Source: Developed by author

In this, we compared the mean evaluations of the accuracy of the insurance company's policy request processing by three different groups (for customers with different years of purchase). The results of ANOVA show that the F value is 8.29, and the corresponding p value is 0.001, which is much smaller than the commonly used significance level of 0.05 as shown table 6. Therefore, we can reject the null hypothesis (no significant difference in the means of the groups), and believe that there are significant differences in the evaluations of the accuracy of the policy request processing by the three groups of customers. In order to determine which specific groups, have differences, further post hoc comparisons (such as Pakistan HSD tests) are needed. However, based on the results of ANOVA, we can be confident that there are significant differences in the means of at least two groups.

3. RESULT AND DISCUSSIONS

Tables displaying the frequency and percentage distributions of survey responses are displayed in this section. Correlation analyses are also given, along with the outcomes.

3.1. Demographic Characteristics of Participants

In the first section of the survey, tables and graphs were used to display and explain the frequency and percentage distributions of the responses provided to questions on the customers' age, gender, income level, education level, and occupation as provided in table 7.

Table 7. Frequency and Demographic Characteristics of Insurance Customers Participating in the Survey Percentage Distributions

Feature		Frequency	%
Gender	Male	45	45.0
	Woman	55	55.0
Age (Mean=38.48±1.32)	Between 20-30 Years Old	38	38.0
	Between 31-40 Years Old	29	29.0
	Between 41-50 Years Old	16	16.0
	51 Years and Over	17	17.0
Education level	Primary education	1	1.0
	High school	29	29.0
	Bachelor’s Degree	56	56.0
	Master's Degree and Above	14	14.0
Income Level	10000 PKR and below	11	11.0
	Between 10001-15000 PKR	36	36.0
	Between 15001-20000 PKR	21	21.0
	Between 20001-25000 PKR	4	4.0
	25001 PKR and above	28	28.0
Job	Public Employee	6	6.0
	Private Sector Employee	77	77.0
	Self-employment	8	8.0
	Retired	7	7.0
	Student	2	2.0

Source: Developed by author

Although the average age of the participants was 38.48±1.32, our sample group consisted of 38% between 20-30 years of age, 29% between 31-40 years of age, 16% between 41-50 years of age, and 17% of people aged 51 and over. 1% of the participants in our research have a primary education level, 29% have a high school education, 56% have a bachelor's degree, and 14% have a master's degree or higher. 11% of the participants have an income of 10000 PKR and below, 36% have an income between 10001-15000 PKR, 21% have an income between 15001-20000 PKR, 4% have an income between 20001-25000 PKR and 28% have an income of 25001 PKR and above.

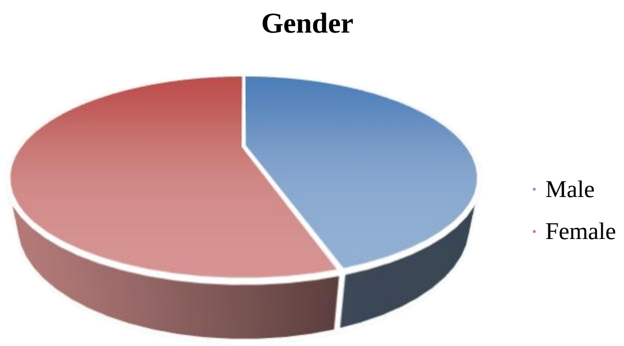

Fig. 2. Demographic Characteristics Feature of Gender

Source: Developed by author

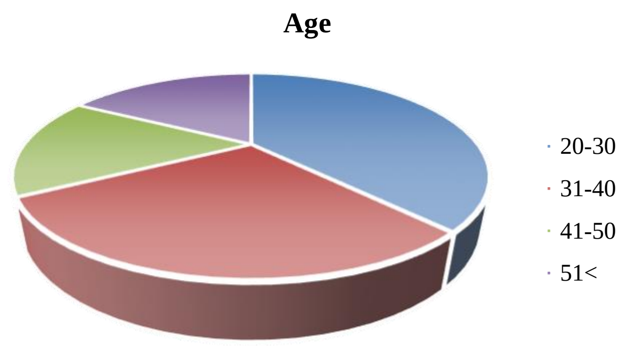

Fig. 3. Demographic Characteristics Feature of Age

Source: Developed by author

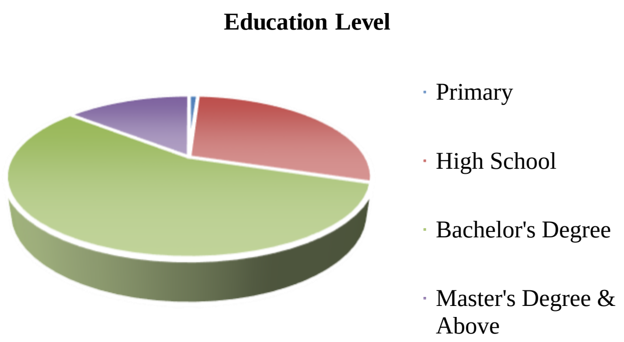

Fig. 4. Demographic Characteristics Feature of Education Level

Source: Developed by author

They are people with income levels. When the participants were examined according to their professions, it was seen that 6% were public employees, 77% were private sector employees, 8% were self-employed and 9% were not working, 7% were retired and 2% were students. 45% of the insurance customers participating in our research are male and 55% are female.

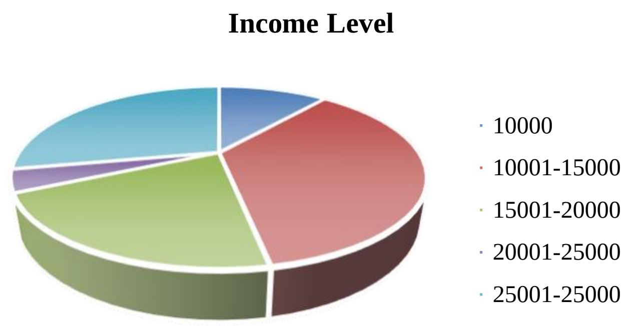

Fig. 5. Demographic Characteristics Feature of Income Level

Source: Developed by author

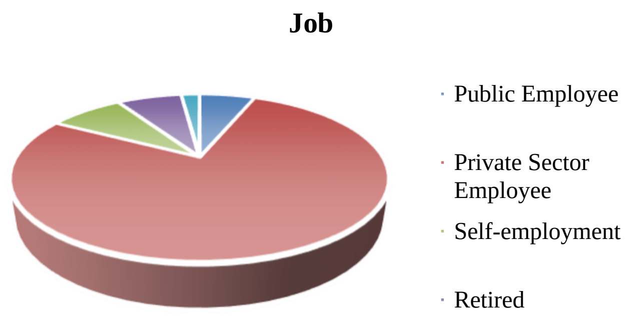

Fig. 6. Demographic Characteristics Feature of Job

Source: Developed by author

The section provides information on the participants' insurance history and the insurance companies they work with. Tables present data on the number of insurance companies worked with, duration of work, and loyalty indicators. Results show that participants have worked with multiple insurance companies, with 4% never working with any, while 28% worked with only one. On average, participants worked with 2.63 insurance companies, with a maximum of seven. In terms of duration, 35% have been with their current insurance company for 5 years or more. Loyalty is indicated by the majority working with their current insurance company for a significant period of time. Various types of insurance are also highlighted based on customer numbers as seen visual representation in figures 2-6. Participants evaluated the insurance companies they are currently working with based on various characteristics. Overall, 59.6% of participants rated the companies' work as very good. The most positively evaluated features include the company's reputation, provision of accurate information, quality service, employee interactions, and overall success. On the other hand, negative evaluations were mainly focused on price practices, offering special coverage, and promotions and discounts. Promotions and discounts were the most negatively evaluated feature, with a mode of 3-medium and an average rating of 3.72. In contrast, features like providing quality service and ensuring customer satisfaction received the highest average ratings and were considered positively by participants.

3.2. The Effect of the Work of Insurance Companies on Customer Loyalty

Insurance customers' evaluations on the effects of various features on their loyalty to the insurance company were examined. Participants mostly viewed studies and characteristics of insurance companies as significantly affecting customer loyalty. Most impactful features included addressing customer complaints, accurate communication, employee behavior, customer satisfaction, quality service, timely needs fulfillment, customer trust, accessibility in case of damage, and expertise in insurance. Those who considered these features impactful totaled 95% or more. Promotions, discounts, special coverage, and word of mouth had lower impacts on loyalty. Notably, even the least impactful features had an impact of at least 83% on loyalty. Giving importance to customer complaints, accurate communication, employee behavior, timely needs fulfillment, and quality service were found to have the highest impacts on customer loyalty. A correlation analysis was conducted to assess the relationship between insurance companies' situations and customer loyalty, revealing strong relationships.

Correlation coefficients indicate how strongly two variables are related; they range from -1 to +1. When one variable rises, the other rises as well, according to positive coefficients; negative coefficients demonstrate the opposite connection. The relevance of the relationship informs the formation of hypotheses. The null hypothesis (H0) is accepted if the p-value is more than 0.05 and rejected if it is less than 0.05. Customer service, prompt policy delivery, and promise fulfillment are just a few of the aspects of an insurance firm that have been discovered to have a statistically significant and favorable link with customer loyalty. Fulfilling promises had the greatest influence on customer loyalty, while the company's price had the least. It was discovered that other elements, such discounts and promotions, had no discernible impact on client loyalty. These correlations varied in strength from 11.9% to 56.5%.

3.3. Examining Levels of Participation in Statements Regarding Customer Loyalty

In this section, the level of agreement of insurance company customers with statements about their loyalty to the company is examined. Participants generally answered as strongly agree (51.2%) and agree (29.6%). The statements most answered as strongly agree were related to after-sales support (82%), high trust (70%), and personalized service (60%). Statements most answered as agree were about customer loyalty efforts (43%), recommending the company (38%), and being a regular customer (38%). The statement with the most undecided response was about changing companies despite price increases (43%). The statement with the most disagree responses was about switching for better service (29%), while the statement with the most strongly disagree responses was about changing for a company offering better insurance (17%).

3.4. Examining Participants' Evaluations of Factors Affecting Customer Loyalty According to Various Variables

The study examined if participants' evaluations of factors affecting customer loyalty were influenced by the number of insurance companies they had worked with, the duration of their current insurance company, and the longest-serving insurance company. Parametric tests were not applicable due to the non-normal distribution of data. Consequently, the Kruskal-Wallis H test was used for non-parametric analysis. Hypotheses were set to determine if there were significant differences in impact levels of factors on customer loyalty based on different variables. The decision to accept or reject a hypothesis was based on the p-value; rejecting H0 indicated a significant difference, while failing to reject it suggested no significant difference.

3.5. Examining Participants' Evaluations of Factors Affecting Customer Loyalty According to the Number of Insurance Companies

The impact levels of factors affecting customer loyalty were examined based on the number of insurance companies' participants worked with. Participants were divided into 4 groups: those who never worked with an insurance company, worked with 1 company, 2-3 companies, or 4 or more companies. Except for customer loyalty, all features were statistically significantly different in impact level between groups. Participants who had not worked with any insurance company rated all features as less impactful on customer loyalty.

The impact levels of factors affecting customer loyalty were analyzed based on the duration of time participants had been working with their current insurance company. Participants were grouped into categories based on their working period: less than 6 months, 6 months-1 year, 1-2 years, 3-4 years, and 5 years and above. The study found differences in the impact of various features on customer loyalty depending on the insurance company and length of employment. Features such as receiving policy requests on time and providing quality service had varying levels of impact for participants based on their time working with the insurance company. Overall, there were fewer differences between groups based on duration of employment compared to the number of insurance companies worked with study analyzed factors influencing customer loyalty based on the length of time working with an insurance company. Participants were divided into groups based on their duration with the company, from less than a month to over 5 years. The impact levels of factors on customer loyalty were evaluated across these groups. Differences were found based on the insurance company and employment duration, with statistically significant variances in most features except for employee treatment and meeting requirements on time. Those with shorter employment periods perceived less impact on customer loyalty compared to longer-tenured individuals. Variances in evaluations highlight the importance of the company's characteristics and duration of work in shaping customer loyalty.

4. CONCLUSION

Insurance companies today offer a range of services through various channels, involving in-house employees, agencies, brokerage firms, producers, and bank agents. Reinsurance transactions play a crucial role in large insurance businesses to mitigate risks and ensure claims can be paid. Businesses must adapt to changing market conditions and customer expectations, shifting towards customer-centered marketing strategies to build long-term relationships and loyalty. Customer Relationship Management is vital for retaining customers and fostering loyalty in a competitive environment. Field research on the impact of insurance company practices on customer loyalty revealed demographic information and participant evaluations. The majority of participants were women, with varying age groups represented. Establishing good customer relationships, understanding their needs, and adapting strategies accordingly are key to long-term business success in today's customer-centric market.

Most participants in the study were working in the private sector, with high school graduates being the most common educational background. Over 77% of participants had a monthly income of over 10000 PKR, with most having been with their current insurance company for five years or more. The most common types of insurance held by participants were vehicle insurance, life insurance, and home insurance. Participants generally rated their insurance company positively, especially in terms of customer service and trustworthiness. However, negative evaluations were more common regarding pricing and special offers from insurance companies. Overall, participants had worked with an average of 2.63 insurance companies and the majority had worked with two or three different companies. The survey highlighted the importance of customer feedback in improving insurance services.

The impact of various factors on customer loyalty was evaluated, with a focus on insurance companies. It was found that aspects such as handling customer complaints, employee behavior, customer satisfaction, and quality service significantly influence customer loyalty. On the other hand, promotions, special coverage, and reputation had a lesser impact. Analysis showed a positive correlation between positive evaluations of insurance company characteristics and customer loyalty. The study also revealed that individuals working with fewer insurance companies and for shorter durations perceived less impact on customer loyalty. Overall, factors like meeting customer needs, timely responses, accurate information, and customer confidence were identified as key drivers of customer loyalty in the insurance industry, with statistical significance supporting these findings. Participants were asked about their agreement with statements on customer loyalty in a survey. They believed that after-sales support, high trust, and personalized service from the insurance company led to customer loyalty. Although not all participants responded, those who did felt the company's efforts were sufficient, recommended the company to others, and wanted to remain a customer. On the other hand, low participation in certain statements indicated that customers may switch companies if prices increase or if they find a better service elsewhere. Overall, participants valued the efforts made by their insurance company to ensure their loyalty, but potential factors like price and service quality could influence their decision to switch companies.

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