

A customer satisfaction survey for the Pokhara branch of the Asian Life Insurance Company

Sharma, Krishna

2016 Leppävaara

Laurea University of Applied Sciences
Leppävaara

**A customer satisfaction survey for the Pokhara branch of the Asian
Life Insurance Company**

Krishna Sharma
Degree Programme in Business Management
Bachelor's Thesis

August, 2016

Krishna Sharma

A customer satisfaction survey for the Pokhara branch of the Asian Life Insurance Company

Year	2016	Pages	50
------	------	-------	----

This study was carried out for the Pokhara branch of the Asian Life Insurance Company and the purpose was to study the level of customer satisfaction and to suggest measures to improve it. This thesis was commissioned by Asian Life Insurance Company, which is one of the leading insurers in the Nepalese life insurance sector.

The theoretical section of this thesis examines the concept of customer satisfaction, including its components and discusses how it can be enhanced.

A quantitative research method was employed by means of questionnaire. Out of 300 questionnaires distributed, 260 questionnaires were returned with a response rate of 86.67%.

A brief description of the case company and its product and well as the analysis and interpretation of the received data are included in empirical part of the thesis.

The result of the study indicates that overall the customers of Asian Life are quite satisfied. However the study also shows that the level of satisfaction shown by the customers isn't enough to expect repeat purchase and to retain their loyalty for a longer period of time. Several recommendations for further improvement are put forward in the report, including agent training, infrastructure development, and increasing benefits.

Keywords: Customer satisfaction, Asian Life Insurance Company, Customer Satisfaction Survey and Customer loyalty

Table of content

1	Introduction	7
1.1	The purpose of the thesis.....	7
1.2	Research question.....	7
1.3	Target customer and research approach.....	8
1.4	Theoretical Approach.....	8
1.5	Framework of the thesis	8
2	Theoretical Background	9
2.1	Customer	9
2.1.1	Definition of customer	9
2.1.2	Types of customer.....	10
2.1.3	Customer defection	11
2.2	Customer satisfaction	12
2.2.1	Customer expectation	13
2.2.2	Perceived value.....	14
2.2.3	Customer satisfaction definition.	14
2.2.4	Objectives/importance of customer satisfaction measurement:	15
2.2.5	Benefit of customer satisfaction	15
2.2.6	Handling customer complaint	16
2.2.7	Customer loyalty	17
2.2.8	Relation between customer satisfaction, loyalty and profit.	18
2.3	Service Quality of Gap Model.	20
2.4	The Kano Model.....	22
2.5	Theoretical Conclusion	24
3	Research Methodology	25
3.1	Research methods and chosen research method	25
3.2	Data sources	26
3.3	Methodology of thesis	26
3.4	Reliability and validity of the data	27
4	Empirical Study	27
4.1	Case company presentation and product description	27
4.1.1	Overview.....	28
4.1.2	Mission and vision	28
4.1.3	Network	28
4.1.4	Product description	28
4.2	Data presentation with comments	29

4.2.1	Demographic	30
4.2.2	Product.....	32
4.2.3	Service	37
4.2.4	Satisfaction, loyalty and Customer perception of company	39
4.2.5	Open end question	40
4.3	Analysis of the data.....	40
5	Conclusion and Recommendation	42
5.1	SWOT analysis.....	42
5.2	Recommendations.....	43
5.2.1	Agent training and monitoring	43
5.2.2	increasing benefits	44
5.2.3	Aadopting new ways of doing things	44
5.2.4	Closing gaps and identifying and studying the influence of product features on customer satisfaction.....	44
5.2.5	Further research.....	44
	List of references	45
	List of figures	47
	List of tables	47
	Appendixes	48

1 Introduction

This thesis is a customer satisfaction survey for the Pokhara branch of Asian life insurance Company. The main objective of this thesis is to examine the level of customer satisfaction of the Pokhara branch of Asian life insurance Company. The study includes customers of three different policies however they are studied together and not treated separately.

Customer are the life blood of the businesses, no corporation can imagine business without its customer. Customer satisfaction has been emerged as major topic in market today. Companies today are more focused than ever before in satisfying customers need, they had now realized that market share isn't the only indicator of company successful operation, but also the customer satisfaction. Life insurance business has been seen as an emerging market in Nepal. And After the recent earthquake of Nepal in 2015 that takes lives of thousands, the importance of life insurance has raised considerably. Recently Asian Life Insurance had experience some sorts of dissatisfaction from its customer and realize that there is some shortcoming in their products and services. They are extremely curious to know the state of customer satisfaction. Thus through this survey, the author will discover the realistic image of company's customer service.

1.1 The purpose of the thesis

The purpose of the thesis is to study the current level of customer satisfaction by means of questionnaire and to make a proposal on how to improve it. The study aims at acquiring valuable data such as customer demographic (gender, age, income level), opinion about products and services, overall satisfaction with the products and services etc. These data are crucial for enhancing and ensuring the smooth operation of the business.

1.2 Research question

The author will study the following research question to measure the level of customer satisfaction

- What is the state of customer satisfaction in Asian Life that is satisfaction with the product(price, benefit, features), customer service
- what factor they consider important when buying the policy
- Why people choose to insured with Asian Life
- what are their expectation from the policy
- In which area the company should work to improve customer experience and shortcoming in services.

1.3 Target customer and research approach

The target customers were those who had bought the following three policies of the company I.e. Asian Endowment Policy, Asian Endowment & Whole Life and Asian Child Assurance and are those customers having higher sum assured. In other words they are the key customers. These are the three top selling policies of the company throughout the country. A brief description about the product is presented on “Case company presentation and product description” section of the thesis.

Quantitative research method was used by means of questionnaire to carry out the research. 300 customers were reached. Research questionnaire were distributed online and in person. Those customers who were accessible online were sent a Google questionnaire via email and for the remaining customer who were not approachable online, a printed questionnaire was forwarded with the help of company's staffs and agents and those completed questionnaire were collected afterward. Google questionnaire were sent to 230 customers and a printed questionnaire were given to remaining 70 customers. Out of 300 customers surveyed, 260 customers responded, the response rate being 86.67%.

1.4 Theoretical Approach

In the theoretical portion author decided to introduce terms related to customer satisfaction such as definition of customers, types of customer, definition of customer satisfaction, importance and benefit of customer satisfaction. The author also discuss about factor affecting customer satisfaction and factors affected by customer satisfaction such as customer expectation, perceived value, customer complaints customers defection etc. What is customer loyalty and the relation between satisfaction, loyalty and profitability have been explained. Beside the author also employs two popular and widely accepted theories of customer satisfaction i.e. service quality gap model and Kano model; the first one indicate the 5 gaps between customers' expectation and customers' experiences that hinders the high level of service delivery and the second one study the influence of product and service features on customers satisfaction.

1.5 Framework of the thesis

This thesis is mainly classified into 5 major sections.

- Introduction: This section include brief introduction about the thesis, explain the purposes, research questions, target customer, research approach and theoretical approach

- **Theoretical Background:** This segment includes the literature part of the thesis that matches introduction and empirical part of the thesis
- **Research Method:** In this section author introduce various research methods, explains chosen method, data sources, reliability and validity and explain in brief how the study was carried out.
- **Empirical Study :** This section deals with thorough interpretation and presentation of collected data and also present the case company and its product in brief
- **Recommendation and Summary:** The final part includes the finding of the research and author suggestion and recommendation based on the finding.

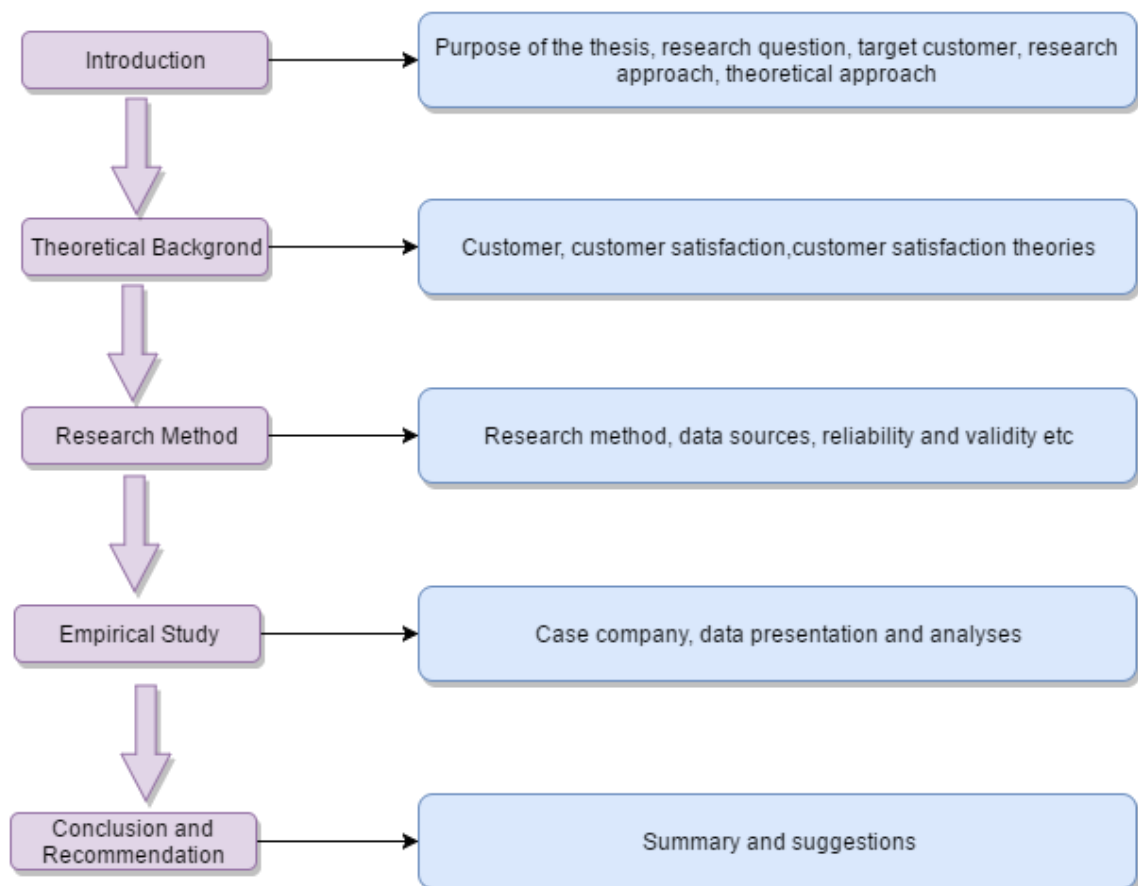


Figure 1 Framework of the thesis

2 Theoretical Background

2.1 Customer

2.1.1 Definition of customer

There are various terms that can be attributed to customer such as consumer, buyer, purchaser, client etc. Customer in general is individual or business who buys products and services from businesses and has ability to choose between different products and businesses.

(Businessdictionary.com, n.d.-a). Attracting customer is a primary aim of all the enterprises as they are the only source for demand of goods and services. Businesses often follow the proverb “the customer is always right” as satisfied customers are likely to give continuity to the businesses for their satisfying their needs and wants. (Investopedia, n.d. -a). At initial level customer is someone who buys products and services, however taking one step further customers can be assigned with the following mention description which are often forgotten or consider irrelevant

- Customers are independent, we are dependent on them
- Customers are the fuel for smooth operation and existence of organization
- Customers are not favoring customers, customers are favoring us
- Customers are not data and numbers, they are humans with emotions and feeling so they deserve most courteous and attentive treatment
- Customers are not someone to argue with.
- Customers are the part of our business, not an outsider. (McNealy 1994, cited in Kanji & Gorst 2005, 41).

2.1.2 Types of customer

Customers can be segmented into various different types on the basis of different factors such as demographic factor, geographic factor, psychographic factor, behavioral factor (Chand, n.d.). On the basis of connection with the firm, customers can be internal and external. External customer are those who consume company’s product and services, but are not part of the company, while internal customer are the members of the company who relies on other members of the company for the successful fulfillment of their jobs, for instance a sales representative needs assistance from customer service representative to place an order. (Joseph, n.d.). External customers are the actual customers while internal customers can be co-worker, another department, distributor etc. (Earl, n.d.)

On the basis of behavior customers are of five types, they are

- Loyal customers: These customers are fewer in number but generate more sales and profit. They are the completely satisfied and repeat customers
- Discount customers: they are also the frequent visitors but only when a discount is offered on products and services and purchase only low cost products. More the discount, more they consume. Attention should be paid to these customers as they contribute notably to the profit of the company.
- Impulsive customers: These are the most challenging and difficult to convince customers as they don’t have any specific item in their product list. Their purchase decision are driven by impulse or caprice

- Need based customers: These customers buy specific products which they need or to which they are habitual.
- Wandering customers: These are the least profitable customers as sometime they are not certain what to buy. They are new to the products and services, investigate the products and services but do not buy them or show little interest in buying. These customers can be attracted by providing positive information about the product so as to arouse a sense of interest in them.

(Management Study Guide. n.d.)

On the basis of level of satisfaction and loyalty customers can be

- Apostles: This customer provides the value to the company. They are the delighted one and express high level of loyalty
- Mercenaries: Highly satisfied but less loyal, their purchase decision depend on which supplier is able to offer them more.
- Prisoners: Those customers whose satisfaction level is low yet tend to be loyal. For various reason they are not able to switch the supplier or products and are in a trap.
- Terrorists: Those customers who shows very low level of satisfaction and no loyalty. These types of customers are more likely to leave the company.

(Vranesevic & Vignali 2003, 130).

2.1.3 Customer defection

Customer defection also known as customer churn or customer attrition is simply the loss of customers either fully or partially by the company. Kotler, Armstrong, Wong & Saunders define customers defection as “The loss of customers to alternative suppliers of a similar or the same service (2008, 386). Before in the past companies took their customers for granted, the possible reason behind it were customers had few alternative supplier to choose or other suppliers were poor in quality and service or the market was growing in a fast pace that the firms were not worried about satisfying and retaining them, as they were easily getting new customers. Such companies operating on a leaky bucket theory of business were unaware of the fact the cost of customer defection or in other word the cost of acquiring a new customer is far more costly than retained the existing customer. Traditional marketing theory focus on attracting new customers rather than retaining existing customer and emphasis more on transactions rather than relationship, today companies have realize the importance of customer retention. Organizations should closely monitor its customer defection rate and undertake measures to minimize it. It should identify the causes of defection, determine which of the defecting factor can be reduce or eliminate for instance not much can be done about the customer who leave the region, yet much can be done about the customer who is likely to defect owing to poor product and service or high price. By reducing customer churns by only 5%

companies can increase their profit anywhere from 25 to 100 percent (Kotler et al. 2008, 385-386).

Some interesting fact on why companies lost customer is mention below

- 1% customers dies
- 3% customers move away
- 4% just naturally float
- 5% are influenced by friend and switch to another supplier on friend's recommendation
- 9% buy the same product on cheaper price somewhere else
- 10% are chronic complainers or the dissatisfied customers
- 68% go elsewhere because of shortcoming in customer service (Martin, 2009).

Companies spends significant amount of money to earn customers, offers incentives such as discounts to retain the customers who are likely to defect, yet businesses often fail to take into account the total value of the customers they focus only on a customer's probability to churn. The ultimate goal of reducing the customer defection or retaining the customer should be maximizing the profitability of the customer.

If a company offers incentives to likely defectors, they may not leave the company, what important is, whether or not the move is profitable for the company. It makes sense to target high value customer who are likely to defect, but if a high value defector is not likely to respond to the incentives, there is no point in offering the incentives to those churner. So to reduce customer defection the company should not only focus on customer's likelihood to defect but also on how much customer worth, customer's probability to respond to offered incentive and the cost of the offer (Gerdeman, 2013).

2.2 Customer satisfaction

There are two types of purchases; initial purchase and repeat purchase. Initial purchase is mostly driven by expected value while repeat purchase is driven by perceived value. Increase in sales in the result of increase in either initial purchase or repeat purchase or both; however for the long term survival repeat purchase is more important. High level of customer satisfaction will reduce elasticity of price as customers are willing to pay more and likely to tolerate the increase in price, while low level of satisfaction signals a fluctuation of customer and higher cost of acquisition. Customer satisfaction is the leading indicator of company's success with certain product and service in the future. Satisfaction leads to loyalty to brand, it indicate customer's positive feeling on the use of product and service, which ensures them that they had made right decision by choosing that supplier among various alternatives avail-

able in the market. It is important to find out what creates customer value and what drives satisfaction. (Vignali & Vranesevic, 2003, 117-122). Satisfied customers are the assets and the opportunity of the company, while dissatisfied customers are the biggest threat to the company as research shows that very few customers express their dissatisfaction to the company. In this section the author will discuss about customer expectation and perceived value, their connection with customer satisfaction, customer satisfaction, its importance, factors affecting customer satisfaction, handling customer complaint, customer loyalty and linkage between customer satisfaction, loyalty and profitability

2.2.1 Customer expectation

Customer expectations are the desires and wants of the customers; it is what customer expects from company and its products and services i.e. what customers think the company should offer them. These expectations are often different from what customer received in real-life from the company (Awoke, 2010, 7). Customer expectation plays a crucial role in forming customer satisfaction, they expect quality products and service; companies in response try to offer what is expected by its customer. Customer expectation is the prediction made by the consumer about what is likely to receive during transaction. Oliver (1981) defines customer expectation as a defined probability of the occurrence of positive and negative events. Firms in order to control rising expectation have to deliver its service properly from the first time; expectation is likely to rise if the service is not delivered as promised. It affects customer's measurement of performance; hence companies can increase customer satisfaction by reducing customer expectations (Angelova & Zekiri, 2011). There are five major factors that formed customer expectation:

- Competitors: There are many suppliers of products and services in the market, if a rival company is providing better product and service, then the customers will expect the same or even superior product and service from its supplier.
- Advertising: Through advertisement, companies are promoting their product and services, offering new promises; by doing so they are raising their customer's expectation. Failed to carry out these promises will result in customer dissatisfaction.
- Past experience: If the customer has used the company before, they will have idea what level of service they will receive and build their expectation accordingly.
- Friends and relatives experience: If the friends and relatives had good or bad experience with a certain supplier, they are likely to pass this information. Research shows that customer having reason to complain are far more likely to spread to their friends than those who have good experience.
- Reports / documentaries on companies: Reports and news on companies can have impact on customer expectation. A lot depends upon how much the customers believe on the products that appear in media and how true their belief in the past has been regarding these products. (Kanji & Gorst, 2005, 35-36).

2.2.2 Perceived value

Perceived value is the customer's opinion about how much certain product and service is worth to them. Customer perceived value affect the price of products and service; consumers are unaware of the actual value of the products and service, they simply set their own value for the products and services. Higher the customer perceived value higher will be the price of the products and services (Investopedia, n.d. -b). Customer perceived value differs from person to person; what is expensive for someone may not be expensive for other. Customer's residence, earning, cultural background etc affect the perceived value. There are two sides of the concept of perceived value; price and quality. If the product and service fails to deliver promised quality then the customers will go elsewhere regardless of how cheap the price of the product is. Similarly if the company offers very high quality product and service even superior than the one offered by its competitor; the customer can still switch to other supplier if the price of the product and service is too high.(Kanji & Gorst, 2005, 40).

2.2.3 Customer satisfaction definition.

Customer satisfaction simply is the measure of how well the delivered products and service meet or surpass customer expectation. Customer satisfaction can be increase by decreasing the price and improving its quality but it may result in lower profit. It is generally considered that satisfied customers are more likely to return and stay loyal. But day are gone when satisfying customers was enough, nowadays it is more and more important to delight them. Organization can do so by promising want can be deliver and delivering beyond promises. Customer satisfaction is the extent to which product's perceived performance matches customer's expectation. if the performance equals to expectation the customer is satisfied, if the performance falls short of expectation the customer is dissatisfied and if the performance surpass expectation then the customer is delighted. (Kotler et al. 2008, 11)

Customer satisfaction is defined in two basic ways; customer satisfaction as end result after the consumption of products and customer satisfaction as a process of perceiving and evaluating a consumption experience. Customers can experience satisfaction with products and services, company's conduct of transaction (sales presentation, delivery, complaint handling etc), representatives and departments of the organization, pre and post purchase relationship with company. Satisfied customer are likely to remain longer as a customer, spread positive word of mouth and increase their share of spending.(Vavra, 2002,). According to Grigoroudis & Siskos (2010, 4), Oliver in 1997 states that "Customer satisfaction is the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under or over fulfillment".

2.2.4 Objectives/importance of customer satisfaction measurement:

- To examine whether the products and services delivered meets customer's expectation.
- To improve communication with the customers
- Customer satisfaction measurement helps business organization to identify customer behavior , expectation , needs and desire
- Identify potential market opportunity
- Majority of dissatisfaction customer never complain or express their dissatisfaction to supplier; customer satisfaction measurement helps company identify customer's problem.
- It helps companies to analyze their current position against competition, helps them adopt right measure for future.
- It helps identify the difference between management and customers regarding service quality perception
- To reveal strength, weakness, opportunity and threat of the company against competition based on customer understanding and perception (Grigoroudis & Siskos 2010, 2-3)

2.2.5 Benefit of customer satisfaction

Customer satisfaction is the measure of performance against the expectation. It is the overall impression of customers towards its supplier's products and service. It is part of the customer experience that reveals supplier's behavior on costumer's expectation. Customer satisfaction is important because it provides businesses with metric that they can use to manage and improve their performance. Some major benefits of customer satisfaction is as follow.

- Increased retention: satisfied customers are more likely to stay. Retaining a customer cost 4-5 times less than acquiring new customer.
- Reduce defection: Satisfied customers are very less likely to defect. Only 4% dissatisfied customers complain directly to the company, while over than 90% dissatisfied customer no longer wish to do business with the company. The main reason for customer attrition is poor quality service not the price. Customer satisfaction act as a tool to reduce customer turnover. By measuring and tracking customer satisfaction, businesses can place new process to increase overall quality of the service.
- Positive word of mouth: Satisfied or delighted customer will spread their experience with their friends and relatives, while dissatisfied customer will do the exact opposite thing. According to the study every satisfied customer will tell five other people about a good product or service on the other hand each dissatisfied customers will on

average tell nine other people about his/her dissatisfaction. Study also shows that opinions of friends/acquaintances are useful for 61% people and not very useful for 12% people.

- Increases customer life time value: study reveal that fully satisfied customer contribution to the company's revenue is 2.6 times more than that of somewhat satisfied customers. Further a totally satisfied customer generates 14 times more revenue than a somewhat dissatisfied customer.
- Repurchase and loyalty: Customer satisfaction is the best indicator of customer repeat purchase; company can expect repurchase from satisfied customer. Customer loyalty is the result of customer satisfaction. However merely satisfied customer can defect and highly satisfied or delighted customers are likely to be loyal.
- Increase profit: Increase in retention, decrease in defection leads to decrease in cost and increase in sale, which is a clear cut indicator that the overall profit of the company will rise. (Vranesevic & Vignali 2003, 122-123; Beard, 2104).

2.2.6 Handling customer complaint

"People who do complain and have their problem taken care of tend to be more loyal to the company than the people who were satisfied in the first place". (Barsky 1995, cited in Kanji & Gorst 2005, 42)

The above statement emphasizes the importance of handling customer complaint. But how can the complaint to handle to get satisfactory outcome. Through complaints customers are giving companies chance to shine and to turn their dissatisfaction into satisfaction. TARP research in US indicate that for every 20 received by the organization there are further 480 people who feel that they have reason for complaint (McNealy 1994, cited in Kanji & Gorst 2005, 42).

Study shows that 34% of customers who complained because of major fault in products and services will repeat their purchase if their problem get solved through complaints in relation to 52% who complain for some minor fault. If complaints are solved quickly 52% of customer (in case of major shortcoming) will buy again and up to 95% (in case of minor shortcoming). Companies have acknowledged the importance of monitoring the customer complaints and are using various methods to make it easier for customer to complain. Companies should be able to convince its customers that their complaints will be taken into consideration. Complaints are not only the opportunity to turn dissatisfaction into satisfaction but also a major source of learning what makes customer dissatisfied. Complaint acts as an indicator for monitoring customer satisfaction. Improvement in customer satisfaction is observed by monitoring complaints, if the complaints continue to appear this means that either the problem is not

solved or handled poorly. If customers complaints are handled properly and solved it will lead to satisfaction, positive word of mouth and even loyalty, yet the percentage of customer who wish to complain are very few. (Vranesevic & Vignali 2003, 135-137).

People complain because they are not happy with what they are receiving or experiencing. Reason for complaining differs hugely from individual to individuals. Yet some people complains for almost everything no matter how ordinary it is while there are some people who never complain regardless of how bad the experience was. If complains are not dealt properly it will leads to customer churn. It could be more damaging to the company if that customer starts spreading negative word of mouth. (Kanji & Gorst 2005, 42-43).

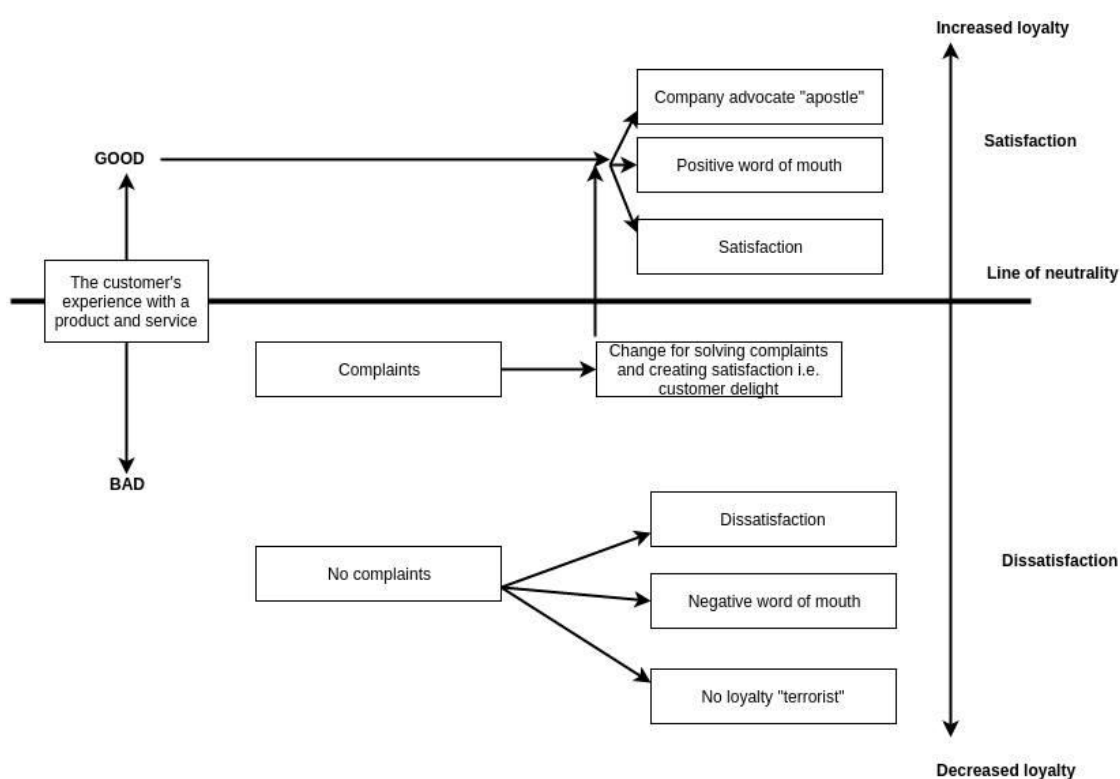


Figure 2 From complaint to satisfaction
(Vranesevic & Vignali 2003, 137)

2.2.7 Customer loyalty

Lawfer (2004) argues that all the profit comes from loyal customers as repeat customers are the only source of profit for any business. Attracting loyal customers require low cost and less time, are easier t deal with and are more predictable. Customer loyalty also reduces cost and time that is required to attract new customer through word-of-mouth marketing. Loyal customers are the company's best advocate and customer's advocacy of product and service is not only free but also much effective and credible than the company's actual marketing ad-

vertisement. Customer loyalty is customer's activities of buying and recommending on a repeat basis. Loyal customer are always valuable, they are never a problem rather a solution. Customer loyalty is not a destination; it is a journey- a continuous life long process. There is no guarantee that a customer will remain loyal forever (Lawfer 2004, 16-31).

Merely satisfying customer isn't enough to win customer loyalty, it is necessary to impress them. Etherington & Robinson (2006) defines customer loyalty as "An emotional and attitude-based preference resulting in the behavior of spontaneous personal recommendation and / or purchase" (Robinson & Etherington, 2006, 4-5)

According to Kanji & Gorst (2005, 44) "Loyalty is the degree to which a customer will choose a particular company again over a rival company".

2.2.8 Relation between customer satisfaction, loyalty and profit.

There is no denying in the fact that satisfied customers are more loyal than dissatisfied customers yet some satisfied customer defect. There are generally three level of impression customer have towards the company

- Satisfaction: it is the condition when there is no gap between expectation and experience. In this condition the customer is just satisfied
 - Dissatisfaction: It is when expectation exceeds experience.
 - Delight: It is when experience surpasses expectation; customers are highly satisfied.
- There are different levels of customer satisfaction and this affects the companies in different ways. Highly satisfied customers are most likely to be the loyal customer.

Hill, Roche & Allen (2007, 5) states that satisfaction is the main driver of loyalty and they had also acknowledge that mere satisfaction is not enough, customer have to be highly satisfied in order to be loyal. Companies having poor knowledge about satisfaction-loyalty relationship unable to distinguish between satisfied and very satisfied customer and express surprise to the fact that satisfied customer are not always loyal. According to Hill et al. (2007, 6), Jones & Sasser states that satisfied customer defect cause they are not satisfied enough.

Since there is a considerable difference between satisfied and a loyal customer, their contribution to the profitability is also different. Loyal customers are more profitable, they are the one who repurchase and recommend company's products to others. A research conducted by Xerox using a scale 1(low)-5(high), reveals that customer scoring their satisfaction as 5 (very satisfied) were six time more likely to repurchase than the customers who scores their satisfaction as 4(satisfied) (Robinson & Etherington, 2006, 3)

O'Keefe (1996, argues that "Customer loyalty is the major determinant of a company's business future. Another author Reichheld (1996) states loyalty as a key to growth within a company (Kanji & Gorst, 2005, 44). Study shows that 5% increase in customer loyalty result to 25% to 85% increase in profit. (Heskett, Jones, Loveman, Sasser, Jr. & Schlesinger, 2008). Increase in profit occurs as a result of fewer defection, higher loyalty, long term relation with customer and high volume of sales of similar product from the same company. (Vranesovic & Vignali, 2003, 123)

High level of satisfaction is the indicator of increased loyalty. Loyalty leads to repeat purchase and recommendation this leads to increase in sales and on other hand loyalty reduce cost as loyal customers are easy to attract and more predictable and through word of mouth they also helps in reducing the cost of attracting new customers. Increase in sales and reduction in cost will ultimately leads to higher profit.

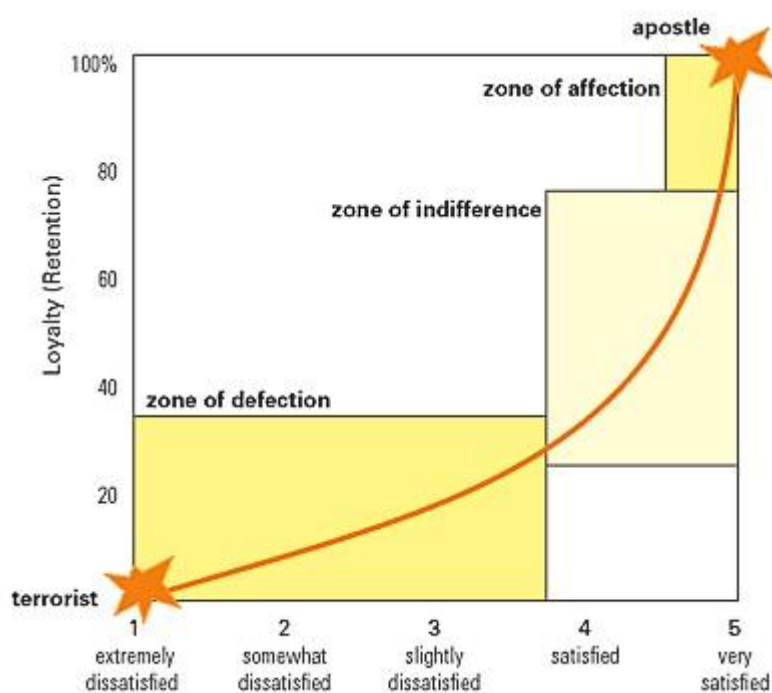


Figure 3 Satisfaction loyalty relationship
(Heskett, Jones, Loveman, Sasser, Jr. & Schlesinger, 2008)

The above figure 3 shows the relationship between loyalty and satisfaction. The relationship is divided into three zones; zone of defection, zone of indifference and zone of affection. Customers demonstrating extreme dissatisfaction to low satisfaction remains in zone of defection, customers expressing moderate satisfaction stay in zone of indifference and custom-

ers voicing very high level of satisfaction stay at zone of affection. The figure also shows two type of customer; customer at the bottom of the zone of defection is terrorist also called saboteur while the customer at the top of the zone of affection is apostle. The orange line drawn from the bottom of the zone of defection to the top of zone of affection reveals that loyalty is directly proportional to the satisfaction.

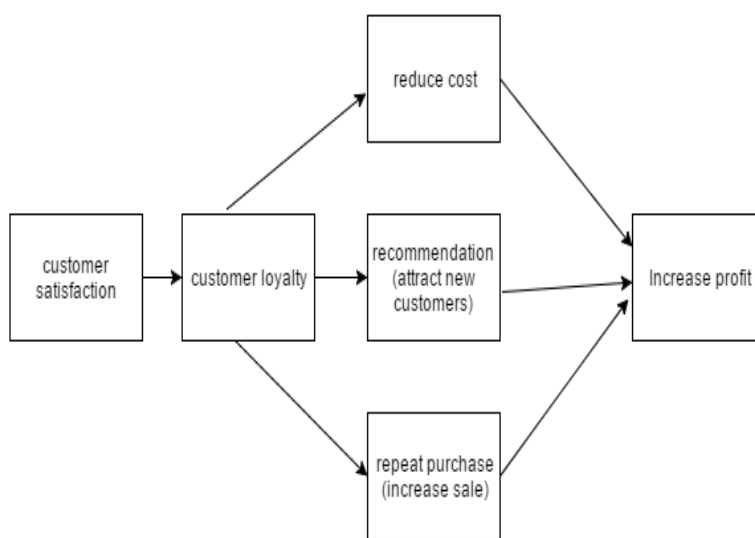


Figure 4 Satisfaction,loyalty & profitability relationship

2.3 Service Quality of Gap Model.

This model was developed by Parasuraman, Zeithaml and Berry in 1985 and is based on the assumption the service quality is the difference between expectation and experience relating to quality and these differences are termed as gaps. This gap model conceptualize 5 gaps which are

- Management perception gap (gap 1): this is the gap between management perception of customer expectation and actual customer expectation. the supplier may think they knows want customers want and what to be deliver but in contrast customers may expect something different from what supplier perceive. For example hotel management may think customer wants better food and in-house facilities but customer may be more concerned about the cleanliness of their room. This gap may be the result of poor conduction of market research or wrong interpretation of market research and communication gap between employee dealing with customers and management (decision maker).

- Service quality specification gap (gap2). This is the gap between management perception and service quality specification. Even if the suppliers have right understanding of the customer expectation, this does not necessarily means that they will be delivered accordingly. For instance insurance company instructs its agent and employee to respond fast to the queries of customer but does not specify how fast.
- Service delivery gap (gap3): it's a gap between service quality specification and service delivery. Even if the products and services are well designed and specified, this still does not means that it will be deliver in a desired manner. This gap occurs due to poor training of the employee and incapability or unwillingness to meet predefined service standard.
- Communication gap (gap 4): it's a gap between service delivery and external communication. Promises made by supplier during communication with its customer via different medium such as advertisement etc, influence customer expectation. This gaps arise when these expectation are not fulfilled at the time of delivery i.e. when promises mismatch delivery.
- Customer gap or service gap (gap 5): this is the gap between expected service and received service. This gap occurs as a result of one or more of the above mention gaps. (Awoke 2010, 15-16; Vranesevic & Vignali 2003, 84-85; Boundless n.d.)

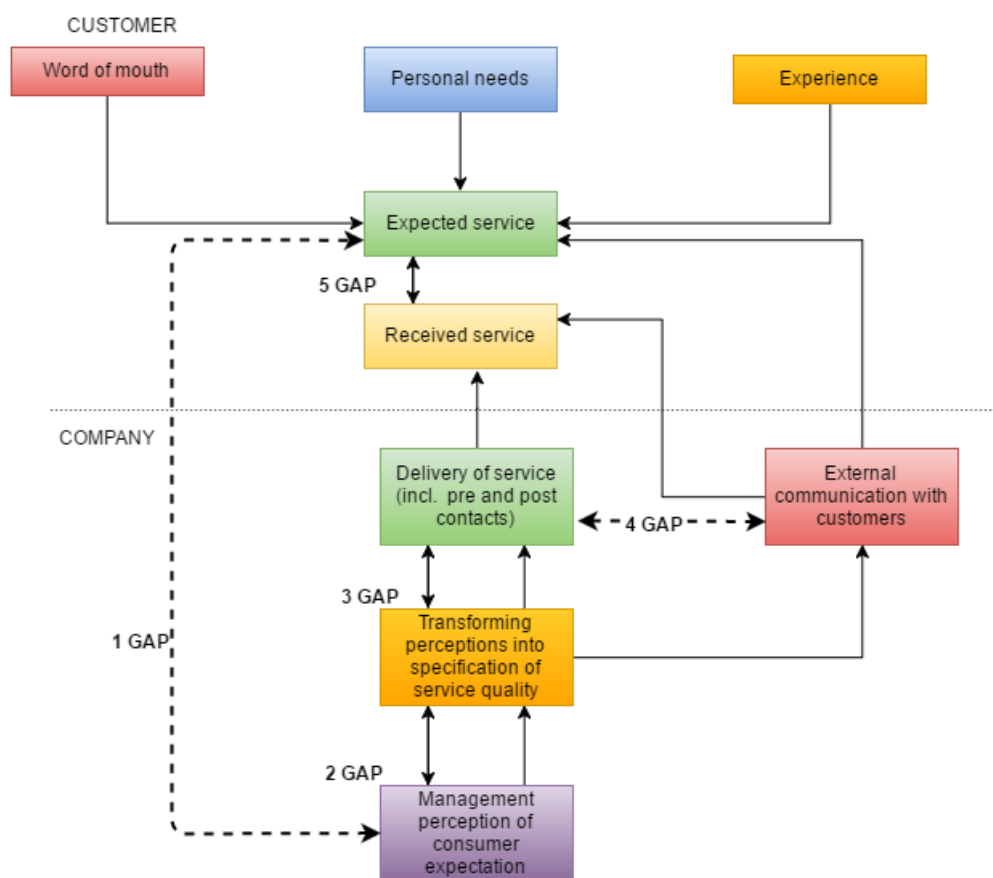


Figure 5 SERVQUAL model as a basic prerequisite of the concept of the gap between expected and received value.

(Vranesevic & Vignali 2003, 85)

2.4 The Kano Model.

- The Kano model was developed by Professor Noriaki Kano which studies the influence of products and services attributes on customer satisfaction. According to Professor Kano there are three different types of products attributes
- Basic attributes: These features are the basic prerequisite or a must-be features. These features are taken for granted and expected by customers. They do not generate any satisfaction yet the absence of these features results in great dissatisfaction. These features do not give companies any competitive advantage as they are the very core of the product and service and all competitors offer them.
- Competitive attributes: Competitive features are the strong weapon in the battle for gaining customer satisfaction. If the influence of these features on customers is high, it will lead to satisfaction. Similarly if the influence of these features is low it will result in customer dissatisfaction.
- Exciting attributes: These attributes arouse the customer's excitement, their high level of satisfaction and delight. Dr. Kano originally called these attributes as attractive. They will delight the customer if their influence is high and even their complete absence or very low level of influence will not dissatisfy the customers.

The long term objectives of the company are to provide exciting attribute. However what is important here is the fact that features that are considered as exciting or attractive today may not be the same in the future. It will gradually turn to competitive features and then to basic feature. This is because of change in expectation, innovation in technology etc. For instance cameras and internet access on cell phones, free Wi-Fi in coffee shops etc, all these things were great and unique innovation at one time but are common practice today. Also the same feature may be exciting for someone and competitive for someone at the same time.

The author has included two different figures of the model the first one includes three separate diagrams of all three features and in the second figure combines the whole features in one figure. In the figures below the vertical axis represents the level of satisfaction; on top is higher satisfaction and bottom is great dissatisfaction and neutral in the middle. Similarly the

horizontal axis represents the level of influence of the products and services, right hand side represent high influence while left hand side shows low influence. The both axis intersect each other at the point of neutrality.

(Vranesevic & Vignali 2003, 72; Discovering the Kano model, 2014)

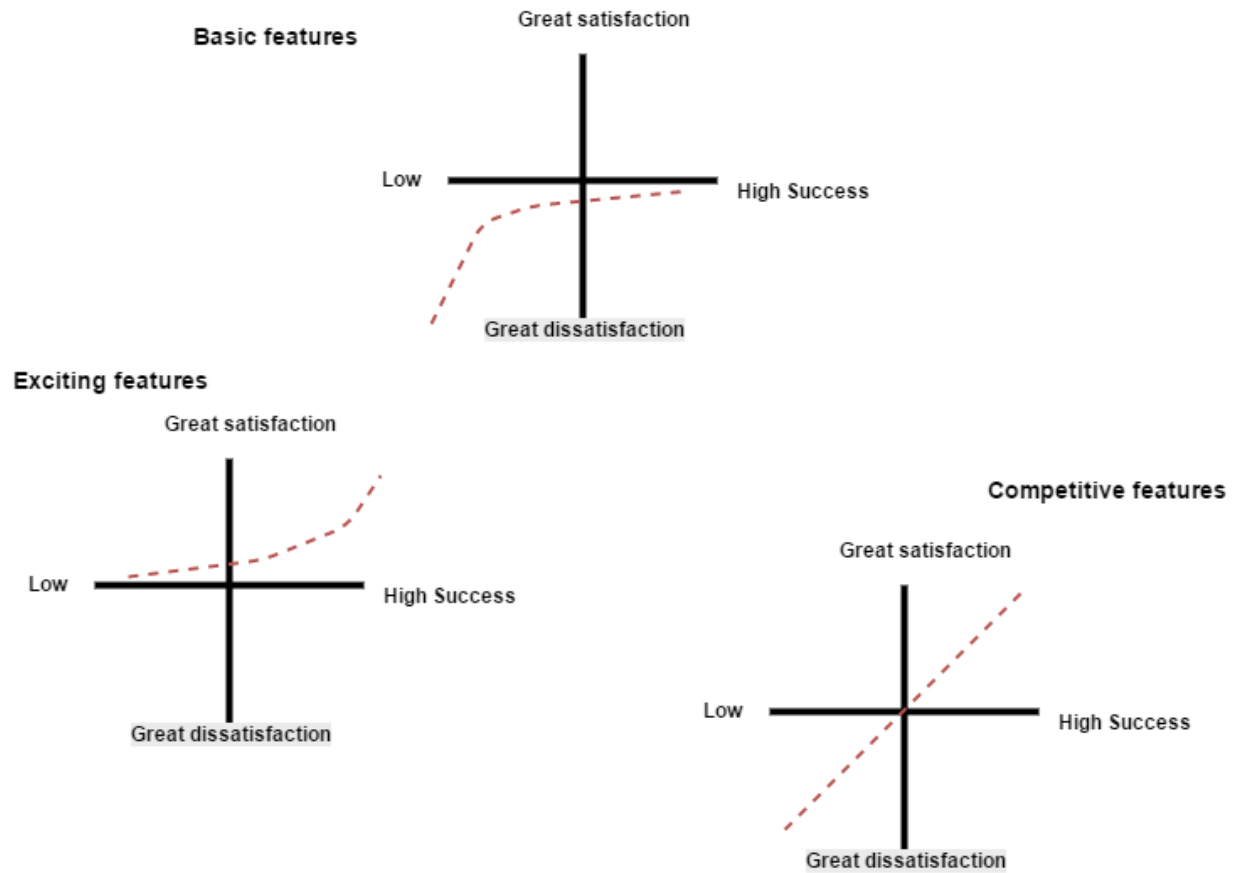


Figure 6 Kano's model of the influence of product or service features on customer satisfaction (Kessler 1996, 60 adopted from Vranesevic & Vignali 2003, 73)



Figure 7 Kano model combined

2.5 Theoretical Conclusion

The primary objectives of any business organization are to attract customers as they are the only source of income. Customers are of various kinds and should be treated accordingly. Cost of customer defection is far more expensive than cost of retaining them. The company should identify the causes of defection and must take necessary measures. However total value of the customer, customer's probability to churn, customer's probability to respond to offered incentives and the cost of offered incentives.

Customer expectation plays a vital role in forming customer satisfaction. Customer satisfaction is the measure of how well the product and service supplied meet or exceed the customer's expectation. Highly satisfied or delighted customers are more likely to be loyal and purchase repeatedly while merely satisfied and dissatisfied customers are less likely to be loyal and more likely to defect. Majority of dissatisfied customers never express their dissatisfaction, through customer satisfaction measurement companies can identify their problems. Customer's complaints if handled properly results in repeat purchase as well as faster the complaints solved higher the number repeated purchase will be. Yet the number of customer who complains is very low. Also reason for complaining differs from person to person and should be handled accordingly. Satisfaction, loyalty and profitability have a unique relationship. Satisfaction leads to loyalty, loyalty leads to repeat purchase, low cost, positive word of mouth etc which ultimately leads to profitability-

The gap model theory indicates that there are 5 major gaps between customer's expectation and experience. These gaps must be identified and solved in order to ensure successful delivery of service. The Kano model is another theory discussed in this thesis, which studies the influence of product's features on customer satisfaction. According to Kano model there are 3 major features of the product i.e. basic, competitive and exciting. Basic features don't satisfy

customer but its absence leads to great dissatisfaction, competitive feature is a major tool for competing and satisfying customers. Similarly exciting features are the unique feature, this feature will delight the customer yet its absence will not lead to any dissatisfaction. However the influence of the product feature changes with the time, what is exciting or competitive today may not be the same yesterday, also what is basic for someone might be competitive or even exciting for others at the same time.

3 Research Methodology

Research methodology is the process of collecting data and information for business decision making purpose and includes various research techniques such as publication research, interviews, surveys etc (Businessdictionary.com, n.d.). In this section the author will discuss about various research methods, sources of data, how research was carried out, research problem, limitation of the research and about the reliability and validity of the data.

3.1 Research methods and chosen research method

Research method can be qualitative or quantitative or a combination of both. Therefore it is important that the author first decide which method to be used before commencing the actual research. Both research methods have their own benefits and limitation. Quantitative research method is concerned with measurement as it deals with numbers and quantity for example height, weight, age, literacy rate, income level etc. It is used to measure the size of a market, validate a finding arising from another sources, test hypotheses etc. On the other hand qualitative research method is concerned with observation as it deals with description and qualities, where the meanings are expressed through words and images. It can be used to further investigate the finding emerging from the quantitative research (Szwarc, 2005)

Customer satisfaction survey is the method of finding whether or not the customer are satisfied with the product and service offered by the company, it can be carried out in various ways for instance face to face interview, via email, phone or by means of printed questionnaire. Once the response is received from the customer, they are then thoroughly analyzed to find of if there is a need for improvement or not. Customer satisfaction survey helps both the company and the customers, through customer satisfaction survey, company become more conscious about the needs and expectation of the customer and turn their attention on the area where the improvement is need and by doing so they will have more satisfied and loyal customer which will ultimately lead to profitability, which is the primary goal of every business organization and on the other hand customer will be benefited through better products and improved services.

This customer satisfaction research was conducted using quantitative research by means of questionnaire. The research was carried out by two means i.e. Paper based questionnaire and online based questionnaire. The reason for using quantitative research method for this survey was to acquire the data in fastest, convenient and economical way as it is much cheaper compared to other methods and it allows respondent to complete the survey at a convenient time.

3.2 Data sources

The sources of data can be either primary or secondary. Primary data are the original data that a researcher obtains from his/her survey or research. Secondary data are the existing data which are already collected by someone else other than researcher. Examples of secondary data are books, journals, research papers, media, internet etc. the only source of primary data is the first hand data obtain form the research. Primary and secondary data can be both qualitative and quantitative. Obtaining primary data is more expensive and difficult compared to secondary data yet primary data as often more useful to the researcher than secondary. Secondary data sometime are too old and not specific to the need of the researcher.

The theoretical part of this thesis is completed using secondary data i.e. information from books, journal, websites etc; while the research part of the thesis is completed through primary data i.e. data obtain form the distributed questionnaire.

3.3 Methodology of thesis

The research is conducted only among the customers of three different insurance policies (Asian Endowment Policy, Asian Endowment & Whole Life and Asian Child Assurance) and they are studied combined and not treated separately. The researcher took only one and half month to distribute and acquire the data. The research was conducted from 15th of Feb to 25th of Mar 2016. The researcher completed the distribution of the questionnaire within the first 10 days of the research period and remaining 30 days were allocated for collecting the response. The research reached out to 300 targeted customers. Google questionnaire were sent to 230 customers and printed paper questionnaire were sent to 70 customers. Out of 230 questionnaires forwarded to customer via Google questionnaire only 198 customers responded, similarly out of 70 customers to whom the printed questionnaire is served, 62 customers return the questionnaire to the Asian Life Insurance's office. Thus in total 260 customers respondent to the research which accounts to 86.67%. All the target customers were selected by the company's authority. A brief description about the target customers had been mentioned in the Introduction section of this thesis.

Customer's level of satisfaction was measured using 5 Likert scale (strongly disagree, disagree, neutral, agree and strongly agree; unimportant, slightly important, neither important nor unimportant, important and very important). After receiving data from customers from both sources (paper questionnaires and online questionnaires), both data were combined to get the actual figure. The frequencies of the data were converted into tables and figures with percentages using excel spreadsheet.

3.4 Reliability and validity of the data

Reliability and validity are the very important element of any research as it affects the findings and recommendations. Reliability is the degree to which the research survey yields stable and consistent result. Validity means how well the survey measures what is supposed to be measured. (Phelan & Wren, 2006). reliability means the result of the research must be repeatable and other researcher must be able to perform same research under similar condition and get the similar outcome. Reliability reinforces the outcome or finding of the research. Validity includes the entire research concept and shows whether the result gained from the survey meet all the requirement of the scientific research method. (Shuttleworth, 2008) For a research to be valid it must be reliable and for the research to be reliable it must be valid. Research can be treated as reliable and valid because

- The goals and objectives of the research were clearly defined and the research questionnaire was created based on the research objectives and chosen theories.
- The research was completed by the active participation of the customers
- The questionnaires were designed in a way that it will be easy for a customer to understand. Also the questionnaires were forwarded to and approved by the management of the company before initiating the research.
- The respondent were not chosen randomly but were a predefined customer i.e. chosen by the company for the research.
- Although a combined research was conducted among the customers of three different insurance policies the result of the research was quite interesting.

4 Empirical Study

In this chapter the case company and the insurance products of the company will be introduced. This is followed by the presentation of the results of study with analysis.

4.1 Case company presentation and product description

4.1.1 Overview

Asian Life Insurance Company got its operating license from Beema Samiti (which is a insurance regulatory authority of Nepal) as per the insurance Act 2049 on 27th February 2008 and commenced its operation on 3rd April 2008. As of 2015 its authorized capital was Rs 1000 million, of which 521.29 million is currently paid up capital (70% contributed by promoters and remaining by general public). There are 68 promoters, 6 of them are financial institution and others are individual promoters. Since initiation, the company had focused on customer satisfaction and is well equipped modern technology to operate its business in a professional manner and to provide excellent customer service to all types of customers. Its policies have reached to more than 1% of Nepalese population, having sold 313468 policies within the first 2 year and 3 months of its commencement. The firm has a strong presence and is one of the leading players in life insurance market with more than 40,000 active agents. The company is reinsured with Scor Global Life of France. (Asian Life Insurance Company, 2015a)

4.1.2 Mission and vision

Its mission is to promote and to develop Asian life as a brand leader in Nepalese life insurance business by offering quality product and service so to surpass customer expectation. Its vision is to produce excellent human resource to offer perfect customer service, create awareness among Nepalese citizen about the importance of life insurance and its benefits and to promote equality and transparency in customer service and company management (Asian life insurance Company, 2015b).

4.1.3 Network

The organization has 20 branches and 71 sub-branches. It has branches in almost all the major cities of Nepal and the sub-branches are in different parts of the country and operate under the supervision of its nearest branch. For example Baglung, Beni, Walling, Damauli and Kushma sub-branches function under the supervision of Pokhara branches. (Asian Life Insurance Company, 2015c). This research is focused to reveal the customer satisfaction of Pokhara branch.

4.1.4 Product description

Asian life insurance offers various different types of policies to its customers. But here the author will describe only those three best selling product of the company that is cover by this study.

- Asian endowment plan

This is one of the endowment policy of the company, where minimum and maximum age at entry are 16 years and 60 years respectively also minimum and maximum term of the policy is 5 years and 50 years respectively. The maximum maturity age for this policy is set as 65 years. The minimum sum assured for this product plan is Rs 25000 and the maximum sum that can be assured for this policy depend on the financial background of the person to be assured. Minimum Total sum assured along the Bonuses earned during the period is payable on the date of maturity which is referred as a maturity benefit and the maturity benefit is same for all the policies. And in case of death of the policy holder any time after the commencement of the policy total sum assured with vested bonuses will be paid (Asian Life Insurance, 2015d)

- Asian endowment and whole life

This is the only endowment and whole life policy that the company issues. The minimum and maximum age at entry for this policy is 16 and 65 years respectively, similarly the minimum and maximum term of the policy is 5 and 54 years respectively. Likewise maximum maturity age is 70 years and the minimum maturity age would be 21 years. The minimum sum assured for this policy is Rs 50,000 and the maximum that can be assured is similar to that of Asian endowment policy. In case of death of life assured only basic sum assured plus vested bonus up to the death is paid (Asian Life Insurance, 2015e).

- Asian child assurance

It is one of the endowment policies of the company targeted for children where the minimum age at entry is 0 year and maximum is 15, in the same way minimum and maximum term of the policy is 10 and 30 year respectively. Similarly minimum and maximum maturity age is 16 and 30 year respectively that means the policy holder having minimum term i.e. 10 years must be of the age of 6 years or above at the time of entry. The minimum sum assured for this policy is Rs 50,000 and unlike above two policies it has a pre defined maximum sum assured of Rs 2 million. In this policy Date of Commencement and Commencement of Risk is not same. Death benefit for this policy is total sum assured plus vested bonuses, it is paid if the death occurs any time after the commencement of risk. Risk of the child commence either 2 years after the date of commencement or from the date of commencement falling immediately after the completion of age 6 of child but in case the child enters into the policy at maximum age at entry (15 years), risk will commence one year after the date of commencement of policy (Asian Life Insurance, 2015f)

4.2 Data presentation with comments

The questionnaire includes 11 questions which are structured into 5 different sections; demographic, product, service, customer perception of company and open end question.

4.2.1 Demographic

This section includes 3 questions relating to gender, age and income level.

- What is your gender?

Gender	frequency	percent	cumulative percent
Male	210	81%	81%
Female	50	19%	100%
Total	260	100%	

Table 1 Gender demographics

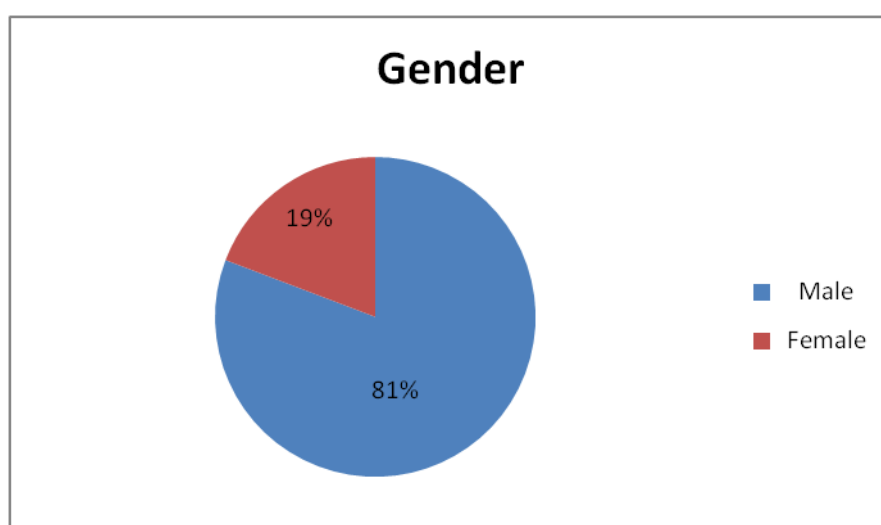


Figure 8 Gender demographics

According to the survey 81% of the respondents were male and 19% were female. A Nepalese society is still a male dominated society and the head of the family are generally male. The fact that 19% of the targeted customer is female is noteworthy taking into account that Nepal is a male dominant society.

- Which age group you belongs to

Age group	frequency	percent	cumulative percent
20-28	27	10%	10%
29-37	80	31%	41%
38-46	103	40%	81%
47-55	50	19%	100%
Total	260		

Table 2 Age group

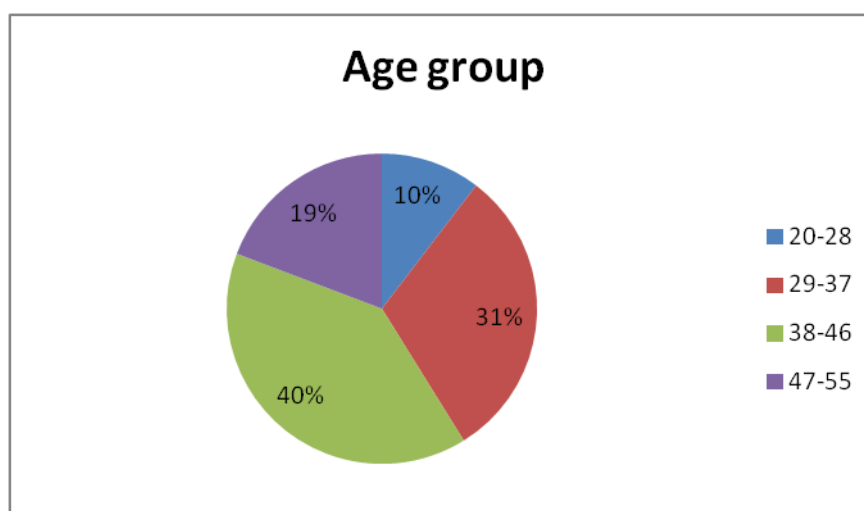


Figure 9 Age group

The questionnaires were distributed to the buyer of the policy only and not to whom the policy is meant to (insured). That's why the age group 0-19 is not included even though the policy purchase by the customers includes child assurance policy. The result shows that the highest number of the customers comes from the age group 38-46 accounting 40%, second highest comes from the age group 29-37 which totals 31%, these age groups are the most productive age groups most of them have jobs and are capable financially to cover the cost of insurance and tend to invest for future and combined (29-46) they accounts 71% of total customers. While the youngest age group i.e. 20-28 constitutes the lowest numbers of customer and which is obvious as most of the people of this age group are student and less likely to have job to cover the cost of their insurance. The final age group accounts 19% of customers; this age group is not productive compared above two groups i.e. 29-37 & 38-46 yet a considerable number of customers represent this age group.

- What is your monthly income

Income level	frequency	Percent	cumulative per-cent
Rs. 50000-Rs. 100000	58	22%	22%
Rs. 100001-Rs. 150000	49	19%	41%
Rs. 150001-Rs. 200000	76	29%	70%
Rs. 200001 and above	77	30%	100%
Total	260	100%	

Table 3 Income level

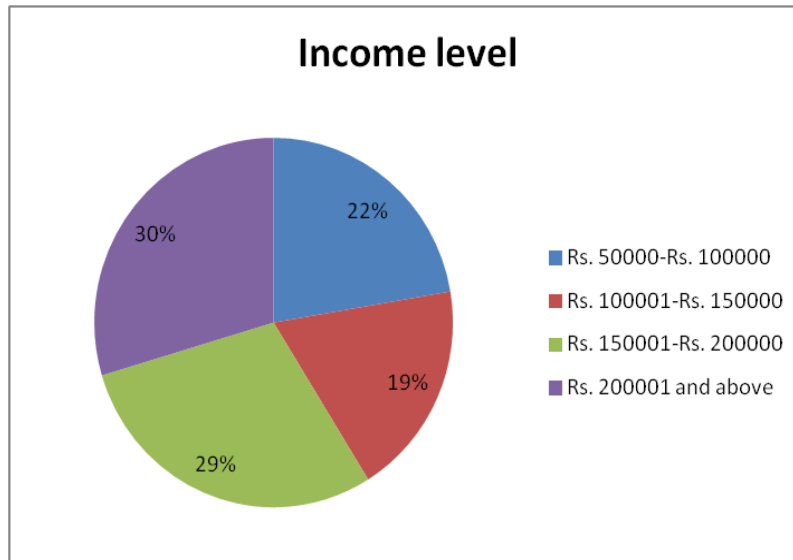


Figure 10 Income level

As the research is focused on high paying customers, the research outcome reveals that number of customer is directly proportionate to level of income. Higher the income level more the customers. The customers with the income level Rs. 50000-Rs. 100000, Rs. 100001-Rs. 150000, Rs.150001-Rs. 200000 and Rs.200001 and above represents 22%, 19%, 29% and 30% of total customers respectively.

4.2.2 Product

The product here refers to the life insurance policy brought by the customer. This section include 4 question each of them includes various sub question and multiple options. The customer's degree of agreement regarding the policy features were intended to be measured

- Please choose the option that correspond with your opinion

	strongly disagree	disagree	neutral	agree	completely agree
the price I am paying for the premium is value for money					
Terms and conditions of the insurance policies are clear					
Maturity benefit claim procedure is uncomplicated					
Death benefit claim procedure is uncomplicated					
The penalty charged for the delay in payment of the premium fee is reasonable					

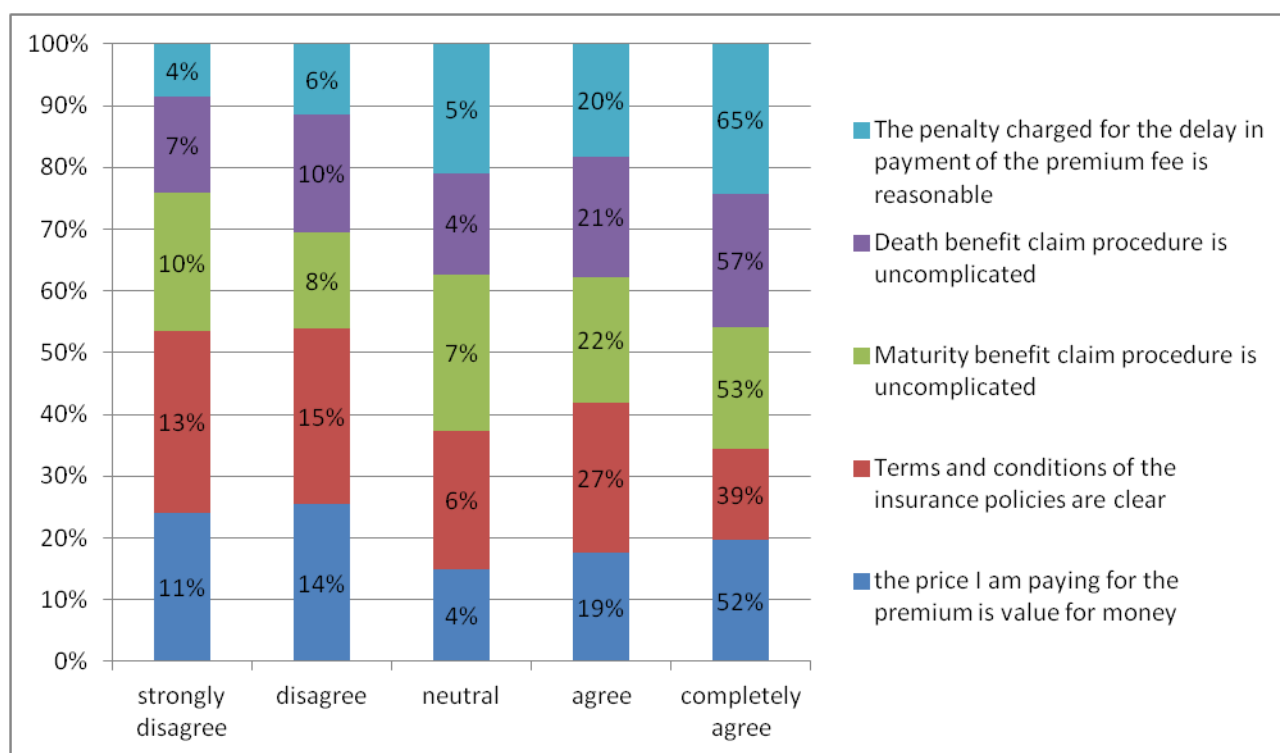


Figure 11 Customer's opinion about product

The result states that majority of customers (52%) are completely satisfied with the price they are paying as a premium for policy while 19% were just satisfied 4% remains neutral and 14% and 11% customers were disagree and strongly disagree respectively that the price they are paying is value for money. The common practice of determining the price of the premium is by considering the age, income level, health status, total sum assured, mode of payment etc. Similarly when it comes to clarity of terms and conditions of the policy customer's level of agreement where as follow 13%, 15%, 6%, 27% and 39% strongly disagree, disagree, neutral, agree and completely agree respectively. Likewise majority of customers express high level of agreement when asked "Is benefit (maturity & death) claiming procedure uncomplicated. Maturity benefit claiming procedure is much easier compared to death claim. For claiming maturity benefit customers only need to submit original policy bond, proof of age if not mention on the policy and discharge voucher issued by the company. (Asian Life Insurance Company, n.d.-g) Claiming of death benefit isn't really complicated yet require many paper works compared to maturity claiming which researcher believe is pretty much the same everywhere. Asian Life Insurance authority claim that they charge minimal amount delay in payment of premium and the same thing is reflected by the research as only 10% combined (strongly disagree & disagree) voices disagreement.

- How important do you find following factors when buying an insurance policy?

	Unim- portant	slightly im- portant	neither im- portant nor un-	important	very im- portant
--	------------------	-------------------------	--------------------------------	-----------	---------------------

			important		
Maturity benefit					
death benefit					
Tax benefit					
Premium (Price)					
Policy term					
Riders Benefits					

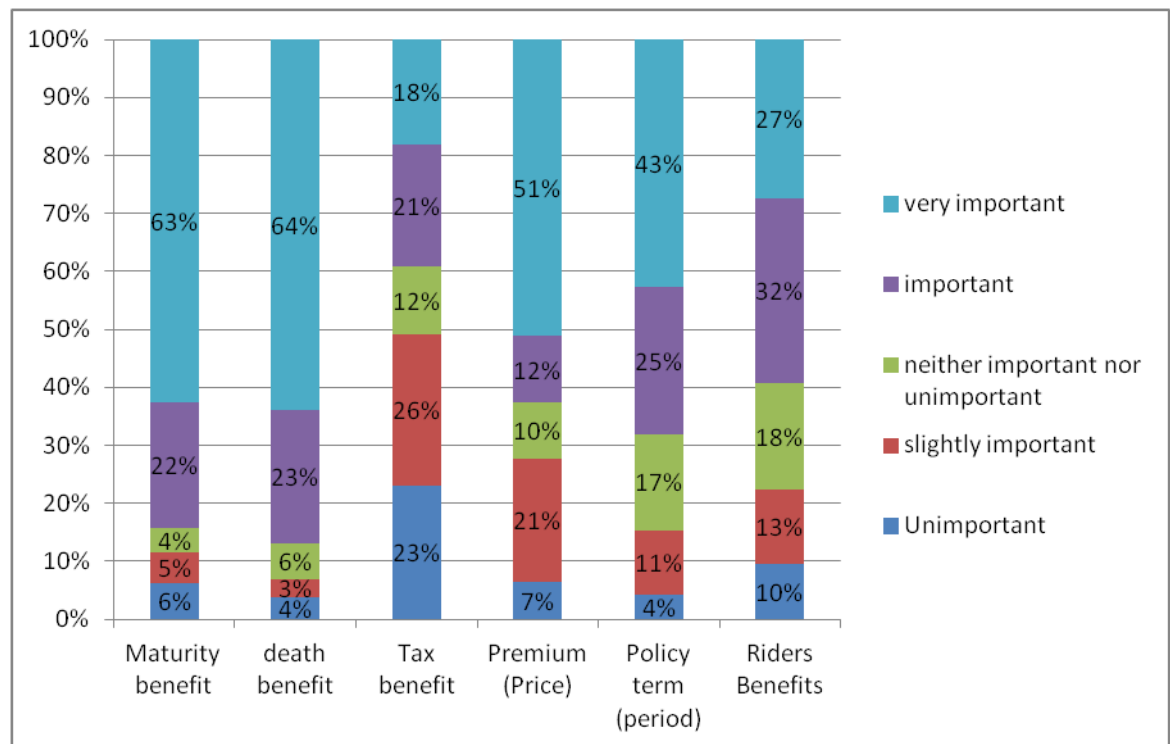


Figure 12 Factor's importance in buying decision

The study reveal that majority of customers believe that maturity and death benefits are very important component to be consider before buying a policy and fewer believe that these are not important and a considerable number of customer wanted to remain neutral about these factors 22% for maturity benefit and 23% for death benefit. Similarly price of the premium was found to be third most important factor as 51% states it as very important, 12% as im-
portant, 10% remain neutral 21% as slightly important and 7% as unimportant. Likewise policy term was another major element where customers demonstrate high level of importance 43% and 25% rate it as very important and important and only 11% and 4% find it slightly important and unimportant, while 17% remains neutral. There is a diverse reaction from the customers when it comes to tax benefit as 18% states it as very important, 21% express it as important,

12% stays neutral, 23% believe that it is slightly important and 23% consider it to be unimportant. In the same way for rider benefits (additional benefit that can be acquire by paying additional cost) 27%, 32%, 18%, 13% and 10% states it as very important, important, neither important nor unimportant, slightly important and unimportant respectively.

- Give reason for choosing Asian Life as your insurance partner?

	strongly disagree	disagree	neutral	Agree	strongly agree
Company image					
Agents					
Recommendation from friends and relatives					

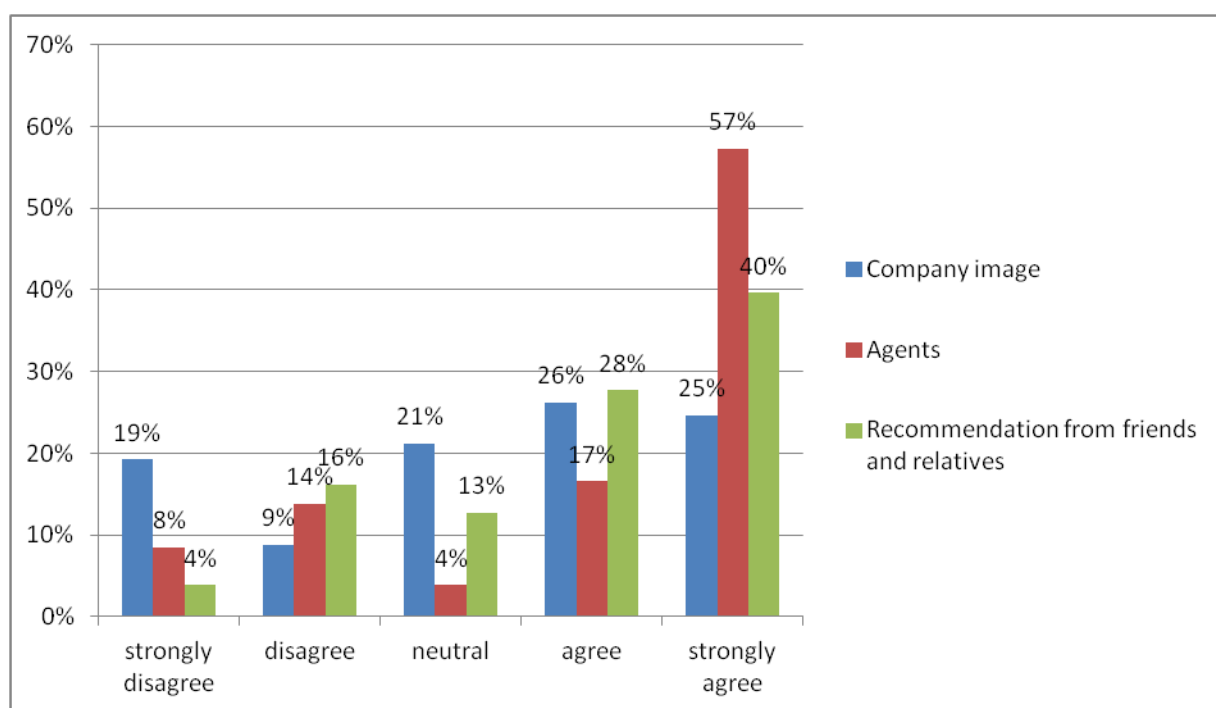


Figure 13 Reason for choosing Asian Life as insurance partner

The reason for including this question was to find out how and why the customers choose Asian Life out of many alternative service providers available in the market place. The research shows that majority of the customer agree with the facts that they choose Asian Life because they were convinced by the agents to insured with Asian Life as 57% strongly agree and 17% agree with this fact and only 8% strongly disagree, 14% only disagree and 4% remains neutral. It shows the most of the customers insured with the company through agents. This research also shows how influential are positive referrals as 40% strongly agrees and 28% agree that they choose Asian life because of their friends and family recommendation, yet 4%

strongly disagree, 16% only disagree and 13% remains neutral about it. Company image was found to be least popular aspect for choosing a company as 21% remains neutral, only 25% strongly agree, 26% just agree while 19% strongly disagree and 9% disagree.

- What you expect from your policy?

	strongly disagree	Disagree	neutral	agree	strongly agree
individual risk coverage					
family's risk coverage					
Return on investment					

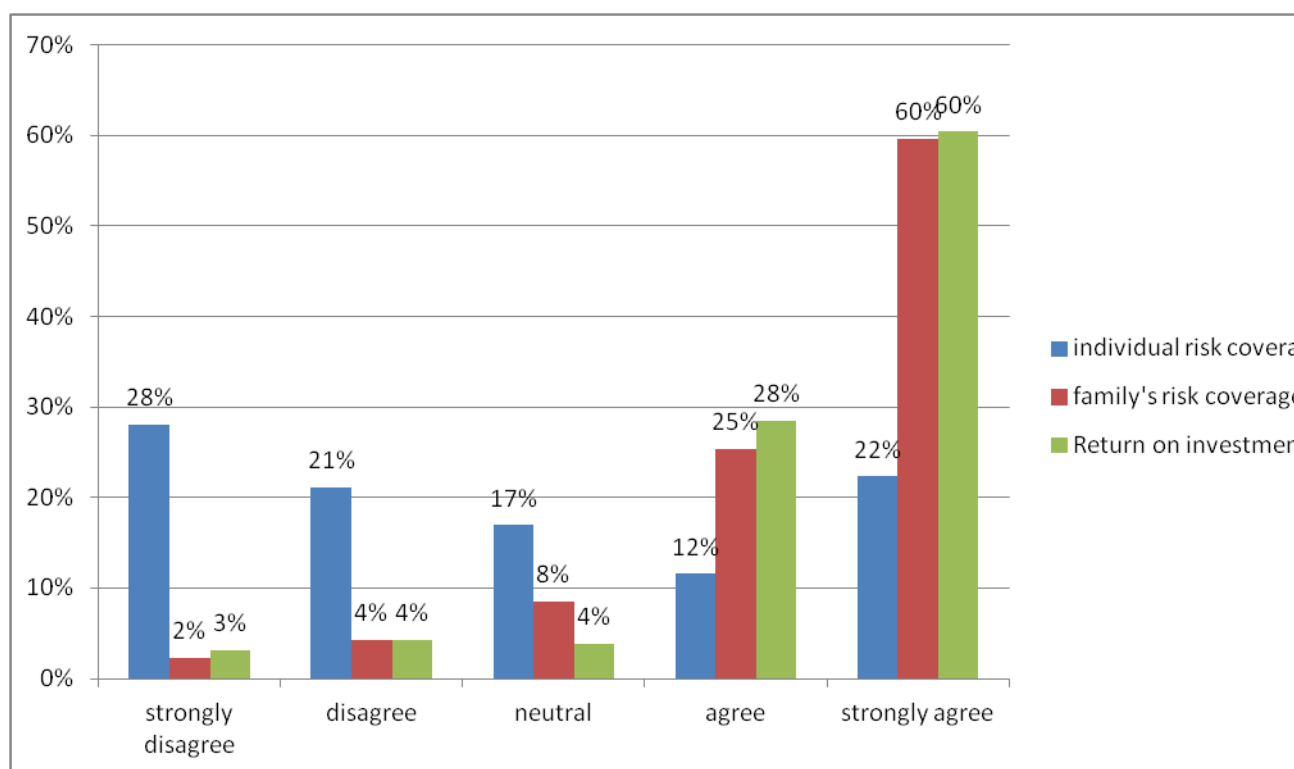


Figure 14 Expectation from the policy

The above figure shows that majority of customers are buying the insurance policy with the expectation that it will be a return on investment and cover family's risk, fewer think that they have purchased the policy for covering their own risk. 60% strongly agree and 28% just agree that they expect return on investment from the policy, only 4% remain neutral while very few 3% and 4% strongly disagree and disagree that they expect return on investment. Similarly 60% strongly agree and 25% agree that they expect the policy will cover their family risk, 8% stays neutral and only 6% combined disagree with this fact. Likewise 28% strongly disagree and 21% disagree that they buy policy for covering their own risk, 17% remains neutral, only 22% strongly agree and 12% agree that they expect their own risk coverage from the insurance policy.

4.2.3 Service

This section includes two questions both of them having different sub question. These questions are designed to measure customer's degree of agreement with the offered services and treatment.

- Agents inform and guide me at regular intervals about

	strongly disagree	disagree	neutral	agree	strongly agree
policy status					
due date of premium					
new products and services					

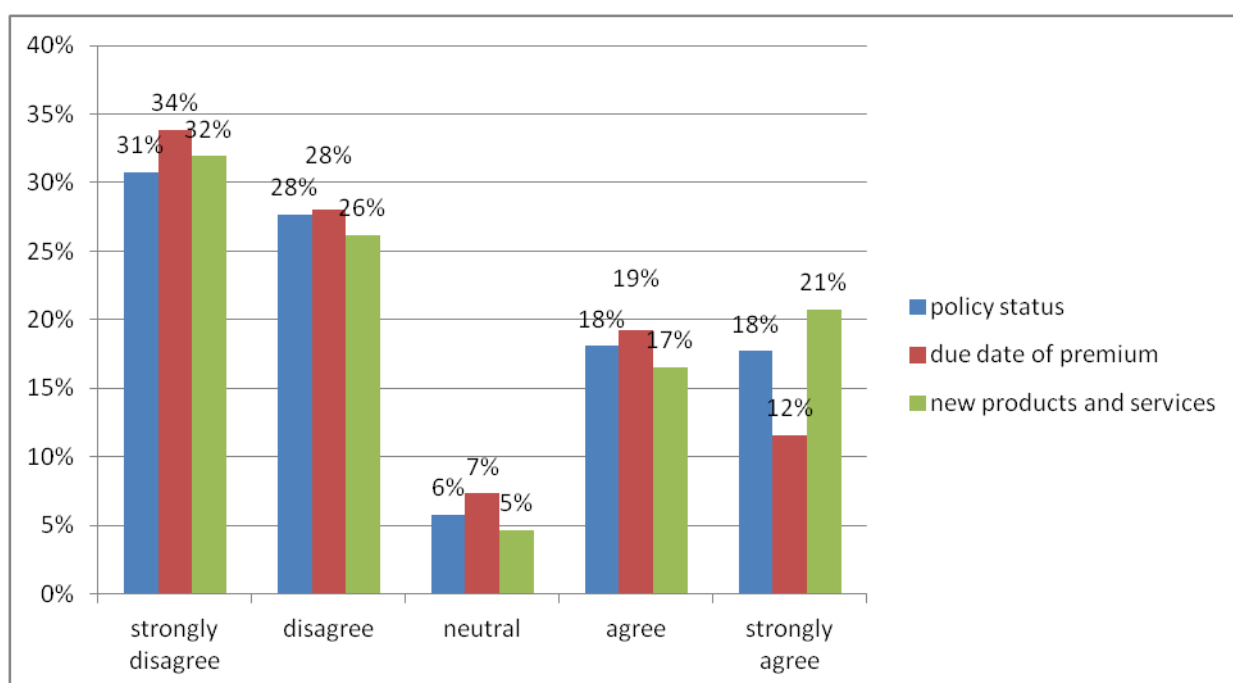


Figure 15 Level of agreement with agent's service

Figure 15 shows the customers have clearly express their dissatisfaction towards the service provided by company's agents. Customers have voices their dissatisfaction in all three services that the agents are obliged to delivered to the customers. According to the company's authority it is the duty of the agent to inform customers about their policy status, due date of premium and new products as agent get certain percent of the premium as a commission. Nepal is still a developing country. Businesses there are not well equipped with modern facilities,

Paying bills online is still a new thing in Nepal. So for paying the premium the customers have to visit company branches (any), or meet agents. Since the premium is paid either yearly, half

yearly or quarterly and there is no practice of informing customer about the due date of the premium via post or email. The survey reveals that 31%, 34% and 32% customers strongly disagree that agents inform them about policy status, due date of premium, new product and services respectively. Numbers of customers who just disagree are also fairly large; 28%, 28% and 26% about policy status, due date of premium and new products and services respectively. Fewer remain neutral in this case. Only 18%, 12% and 21% strongly agree the fact that agent notify them about policy status, due date of premium and new product and services respectively. Percentage of customers just agreeing these facts where as follow 18%, 12% and 21% policy status, due date of premium and new products and services respectively.

- Please inform how much you agree with following statements

	strongly disagree	disagree	neutral	agree	strongly agree
I am treated with courtesy by the Asian Life customer service					
Asian Life values me as a customer					
Agent are competent enough to provide professional assistance					

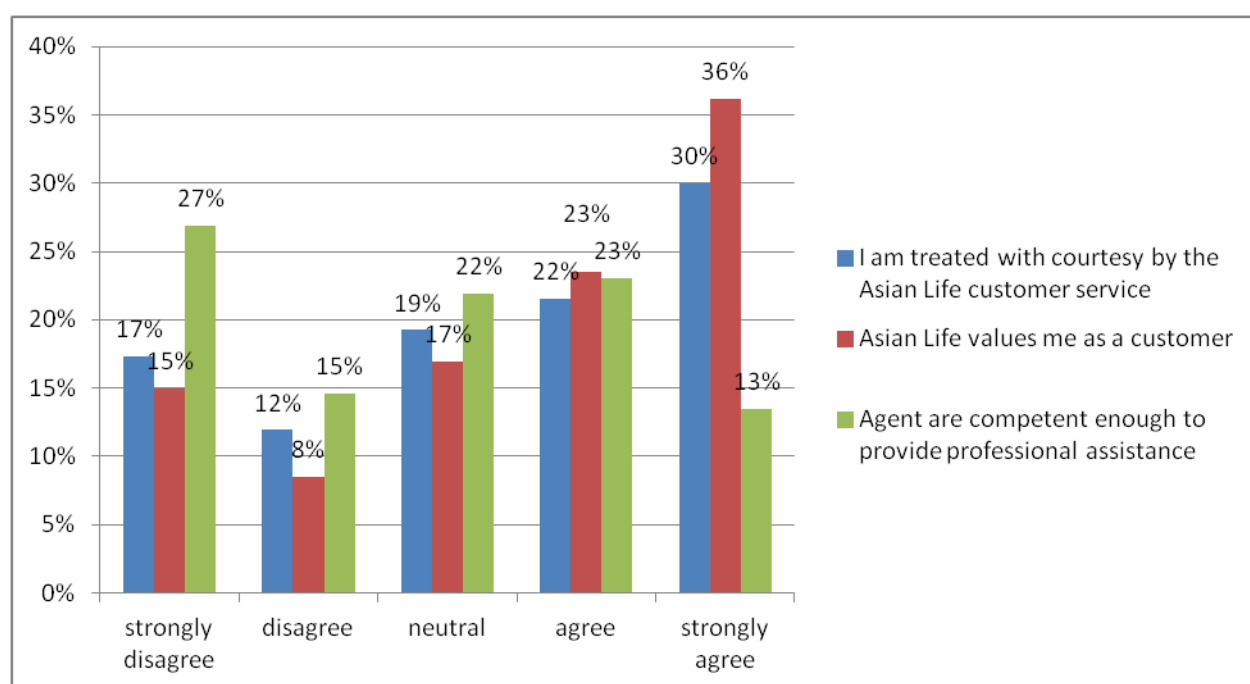


Figure 16 Satisfaction with company's service, treatment and valuing

The above figure shows that customers were quite satisfied when it comes to courtesy and valuing them and less satisfied with the fact that agent are competent enough to provide professional assistance as only 13% of customers strongly agree on that, while 27% and 15% of customers strongly disagree and disagree respectively on that fact and also total disagreed

customers (27%+15%) exceed total agreed customers (23%+ 13%). Sizable proportion of the customer remains neutral on the facts that they are well treated, valued and agent are competent enough to provide professional assistance. 36% strongly agree and 23% agree that they are valued as customer by Asian Life while 15% strongly disagree, 8% just disagree and 17% remains neutral. 30% strongly agree and 22% only agree that they were treated with courtesy, whereas 17% strongly disagree and 12% just disagree and 19% remain neutral. The research plainly pointed out that measures need to be taken not only to improve agent competency but also to progress on treating and valuing customers.

4.2.4 Satisfaction, loyalty and Customer perception of company

This section measures customer view about the company, it also assess customer's satisfaction with company products and services and customer's loyalty towards company

- Please inform how much you agree with following statements

	strongly disagree	disagree	neutral	Agree	strongly agree
Asian life is a financially sound company					
Asian Life is a very professional company					
I will continue to buy insurance at Asian Life					
I will recommend Asian Life to others					
Overall I am satisfied as a customer of Asian Life					

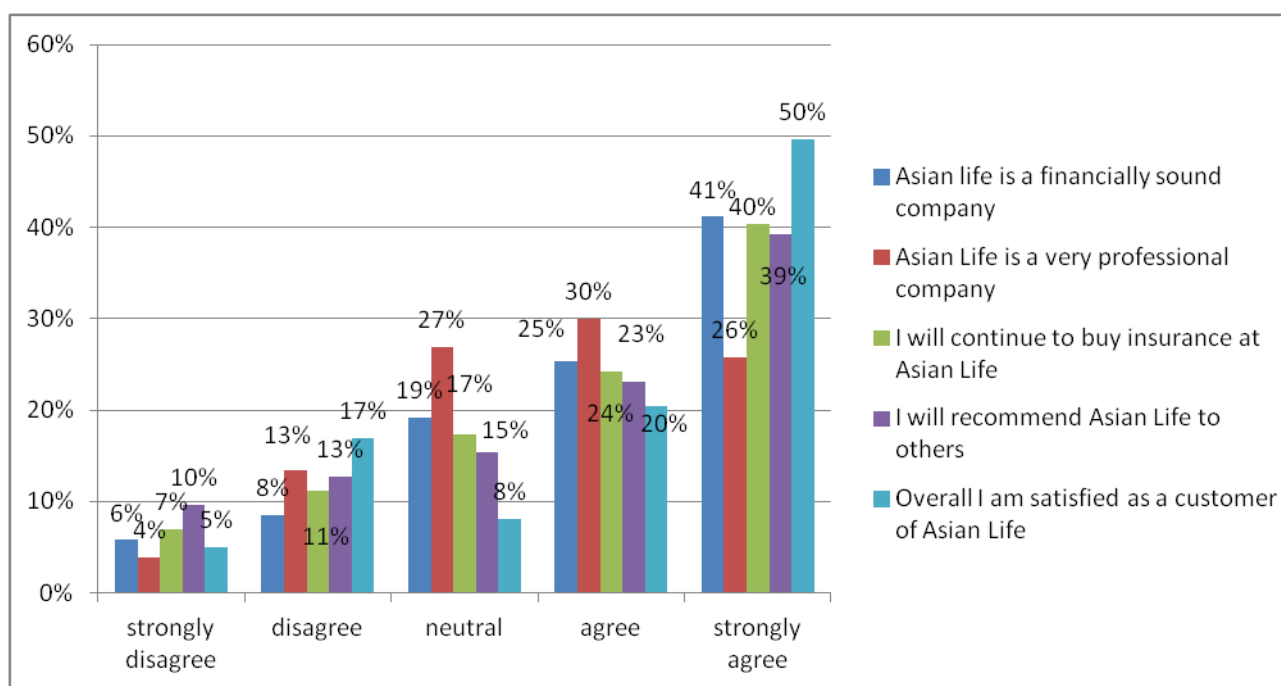


Figure 17 Customer perception of company, satisfaction & loyalty

According to the figure the customer's financial perception of company is quite good as 66% combined agrees that Asian Life is financially sound while only 14% combined disagree and although 19% remains neutral. When it comes to professionalism, Asian Life did not perform well. 26% strongly agree and 30% just agree that Asian Life is very professional, only 4% strongly disagree and 13% only disagree however record 27% remain neutral and that cannot be ignored. About giving continuity to the Asian life 40% strongly agree and 24% agree that they will continue to buy from Asian Life, here also a considerable proportion of customers neither agree nor disagree about giving continuity while 7% strongly disagree and 11% only disagree about giving continuity. Similarly 39% strongly agree and 23% agree that they will recommend Asian life to other, 15% remain neutral while 10% strongly disagree and 13% disagree about recommending Asian Life to others. Overall satisfaction as a customer is quite high as 70% combined agrees that they are satisfied as a customers and fewer remain neutral (only 8%) yet 22% combined disagree that they are satisfied.

4.2.5 Open end question

In this section customers were urged to provide their valuable comments, suggestions and recommendation for further improvement of products and services and attainment of their satisfaction. The reason to include this question in the survey is that customers can express anything that they felt missing. Most of the customers did not respond to this question. And most of those who answer this question had voices their dissatisfaction with the service provided by the agents. Some states that the websites of Asian life insurance is not informative and they do not update the website often. While some customers suggest that the company should increase the benefits currently provided on its policy. There were few who mention that the company operates with poor infrastructures and less qualified staffs.

4.3 Analysis of the data

As mention earlier the research was conducted by two means i.e. Paper based questionnaire and online questionnaire. After receiving the responses from both means, they were then combined and the result was presented in tables and figures with percentage using excel spreadsheet. A total of 11 questions where included which were categorized into five different sections. The first three questions were related to the customer's demographic and do not really tell anything any about the customer's level of satisfaction. The remaining questionnaires were design to measure the level of customer's satisfaction. The questionnaires were design based on the research question.

The first research question was “what is the state of customer satisfaction with product and customer services”. From the above research it can be concluded that the customers were quite satisfied with the product but not the with the customer service. As majority of customer were satisfied with the price, terms and benefits claiming procedure of the policy, while majority of the customers were dissatisfied with the service of the agent. But the interesting fact was that majority of customers were overall satisfied with the company, were likely to give continuity to the company, holds positive view about company’s financial position and were likely to recommend the company to others. The second research question was “what factor customers consider important before buying the policy”. The result shows that customer had given importance to price and death & maturity benefit and lesser importance to tax benefit and rider benefit. The third question was “Why people choose to insured with Asian Life”. The research shows that majority of customers choose Asian life through agents. Similarly the majority of customers also agree that company image and recommendation have influence on their decision to choose Asian life as an insurance partner. The fourth question was “what is their expectation from the policy”. The result indicate that majority of customer had purchase insurance as a investment and to cover family’s risk and fewer believe that they had purchase the insurance policy for covering his/her own risk. The final question was to determine where the company should work to improve customer experience and shortcoming in services. It is clear that the company should immediately work on improving agent’s service. More about this topic is discussed in conclusion & recommendation section.

The author had further conducted a correlation analysis of between prices paid for the policy, customer’s overall satisfaction, customer’s likelihood to give continuity and customer’s likelihood to recommend as all this data are measured using same Likert scale i.e. 1 strongly disagree 5 strongly agree. The value of correlation coefficient lies between -1 to 1. If the coefficient is equal to zero then there is no relationship between the variables, value closer to 1 indicate strong positive correlation (increase or decrease in one variables causes increase or decrease in other variables) while closer to -1 indicate strong negative correlation (increase in one causes decrease in other and vice versa). The result shows that there is a strong positive correlation between these variables.

	<i>price</i>	<i>satisfaction</i>	<i>continuity</i>	<i>recommendation</i>
price	1			
satisfaction	0.767336661	1		
continuity	0.706171053	0.563420623	1	
recommendation	0.629940788	0.605456452	0.888994102	1

Figure 18 Calculation of coefficient of correlation

5 Conclusion and Recommendation

The main purpose of this thesis as mention earlier was to measure the level of satisfaction of customer of Asian Life Insurance Company and identify the problem to find out if there is any need for improvement or not. The result of the study indicates that overall the customers of Asian Life are quite satisfied. However the study also shows that the level of satisfaction shown by the customers isn't enough to expect repeat purchase and to retain their loyalty for a longer period of time and had indicated some room for improvement. The degree of disagreement and neutrality was not so high yet considerable in most of the questions asked. These disagreements can be seen as both opportunity and threat. It can be opportunity because through disagreement customers are directly telling the company where they should work to improve to their experience in order to increase their satisfaction and gain loyalty. On the other customers disagreement also mean that they are dissatisfied and will switch the supplier if their problem aren't address soon. The research disclose that customers are mainly concerned the price and the benefit of the policy. The customers have clearly demonstrated their dissatisfaction with agent's services be it about notifying policy status or due date of premium or new products and services also many believes that agents are incompetent. Despite the negative impression on agents, customers have shown significant loyalty towards the company.

5.1 SWOT analysis

Before proposing recommendation to the company, the author also find it important to perform a SWOT analysis to better understand the organization's internal strength and weakness as well as external opportunity and threat.

Strength	Weakness
<ul style="list-style-type: none"> ➤ A reputed insurance company till date ➤ Various types of insurance policies (i.e. endowment, whole life, money back etc) ➤ Branches and sub branches in different part of the country ➤ Qualified staffs ➤ More than 40,000 agents ➤ Level of autonomy given to sub branches ➤ New products 	<ul style="list-style-type: none"> ➤ Relatively incompetent and dishonest agents ➤ Company is incompetent to provide standard marketing skill development training to produce quality agents ➤ Company's incompetence to open sub branches or employ marketing representatives in different places as planned. ➤ Lack of routine maintenance of office equipment, mainly IT infra-structures

	<ul style="list-style-type: none"> ➤ Old school strategy of marketing and business operation
Opportunity <ul style="list-style-type: none"> ➤ Increasing awareness among the citizens about the importance of life insurance (thanks to recent earthquake of 2015) ➤ Nepal still is an unsaturated market for life insurance business. And there are only 9 life insurance companies in Nepal so far. 	Threat <ul style="list-style-type: none"> ➤ New entrants and old competitors ➤ Government instability

Figure 1: SWOT analysis

5.2 Recommendations

On the basis of the finding the research, theory and information provided by the company, researcher have propound following recommendations

5.2.1 Agent training and monitoring

According to the authority of Asian Life most of the client come to insured with them via agent and this fact has to a greater extent proven by the research as well; as 57% of them strongly agree that they were persuaded by the agent to choose Asian Life as their insurance partner. This fact had highlighted the importance of agents in acquiring new customers; they act as a bridge between company and the customer. So their influence is very high, in other word they represent the company. If the agents do not have adequate knowledge and information about insurance and insurance policy, they will surely spread wrong information about the insurance and its policy which is very damaging for the company. Research shows that agents lack necessary knowledge and skills to provide professional assistance i.e. agents are not adequate enough to tell the customers will policy will best fit the customers need and why. So it is highly recommended to organize an agent training program in a regular interval of time and also assess the improvement.

According to Asian life they have around 50 thousand active agents and numbers of corporate agents. This shows that Asian Life is highly dependent on its agents. This dependency cannot be easily reduced and neither will author suggest to do so but agent and company relationship can be enhance through effective monitoring of the customers. As stated earlier it is the duty of agent to inform customers about due date, new product and services and policy status. Through supervision company can find out how well the agents are doing their duty. This way company can punish the disloyal agent and reward committed agents.

5.2.2 increasing benefits

Besides price, benefits are the major element in life insurance to compete among each others. The survey shows has how much importance to the benefits that the policy will deliver to them especially the maturity benefit and death benefit. The company should focus its attention on improving or increasing these two benefits. Other benefits such as tax benefit and rider benefit were not that affective among customers as tax benefit is determined by the government and for getting rider benefit customer have to pay additional premium. That's why customers are demonstrating less importance in them.

5.2.3 Aadopting new ways of doing things

Innovation in operating and delivering service is what sets a company apart from its competitors. It is undoubtedly the major competitive tool. The author recommend to company revolutionize the work place by increasing the use of internet and computer in workplace as different application form are still filled up manually, updating websites and software frequently, training staff especially the customer service staff, improving physical facilities, easing the payment system by notifying customers about due date of premium via mail or email, or allowing customers to deposit the premium in company bank account.

5.2.4 Closing gaps and identifying and studying the influence of product features on customer satisfaction

The author strongly recommend that the company should focus its attention to close those five gaps (see figure 5) between customers perception and performance. Author further recommend that the company should identify products features as basic, competitive and exciting by measure its influence on customer satisfaction (see figure 6).

5.2.5 Further research

This research was a combined satisfaction survey of customer of three different policies i.e. Asian Endowment Plan, Endowment& Whole Life and Child Assurance. Their levels of satisfaction on various aspects were studied jointly not separately. For instance this research will tell what percent of customer strongly agree that the price of the premium is value for mon-

ey, but it does state what percent of child assurance policy holder customer strongly agree with above statement. So it is recommended in future to study these groups separately. It is also recommended to conduct similar research of customers of other least popular policies.

List of references

- Angelova, B. & Zekiri, J. 2011. Measuring customer satisfaction with service quality using American customer satisfaction model (ACSI Model). 1, (3), 239-240. Article from Human Resource Management Academic Research Society. Accessed 14 April 2016.
<http://www.hrmars.com/admin/pics/381.pdf>
- Asian Life Insurance Company. 2015a. Overview. Accessed 19 March 2016.
<http://www.asianlife.com.np/en/about/>
- Asian Life Insurance Company. 2015b. Mission & Vision. Accessed 19 March 2016.
<http://www.asianlife.com.np/en/about/mission.php>
- Asian Life Insurance Company. 2015c. Network. Accessed 19 March 2016.
<http://www.asianlife.com.np/en/network/branches.php>
- Asian Life Insurance Company. 2015d. Asian endowment plan. Accessed 25 March 2016.
<http://www.asianlife.com.np/en/products/AsianEndowmentPlan.php>
- Asian Life Insurance Company. 2015e. Asian endowment & whole life. Accessed 25 March 2016.
<http://www.asianlife.com.np/en/products/AsianEndowmentWholeLife.php>
- Asian Life Insurance Company. 2015f. Asian child assurance. Accessed 25 March 2016.
<http://www.asianlife.com.np/en/products/child-assurance-plan.php>
- Asian Life Insurance Company. 2015g. Frequently asked questions. Accessed 24 May 2016.
<http://www.asianlife.com.np/en/faq/>
- Awoke, H. 2010. The quality of service delivery and customer satisfaction: The practice and case of banking industry. MSc. Business administration. Mekelle University.

Beard, R. 2014. Client Heartbeat. Why customer satisfaction is important(6 reasons). Accessed 14 April 2016. <http://blog.clientheartbeat.com/why-customer-satisfaction-is-important/>

Boundless. No Date. The gap model. Accessed 3 May 2016. <https://www.boundless.com/marketing/textbooks/boundless-marketing-textbook/services-marketing-6/service-quality-51/the-gap-model-254-4140/>

Businessdictionary.com, No date.-a. Customer. Accessed 15 March 2016. <http://www.businessdictionary.com/definition/customer.html>

Businessdictionary.com, No date.-b. Research methodology. Accessed 23 May 2016. <http://www.businessdictionary.com/definition/research-methodology.html>

Chand, S. No date. Top 4 Bases for Segmenting Consumer Market. Accessed 15 March 2016. <http://www.yourarticlelibrary.com/marketing/market-segmentation/top-4-bases-for-segmenting-consumer-market/32293/>

Discovering the Kano Model. 2014. New Product Development Process. Accessed 14 May 2016. <https://www.youtube.com/watch?v=Gm-UgLKxdzk>

Earl, D. 2004. What is internal customer service? A definition and case study. Accessed 15 March 2016. <http://www.donnaearltraining.com/Articles/InternalCustomerService.html>

Gerdeman, D. 2013. A smarter way to reduce customer defections. Accessed 4 April 2016. <http://hbswk.hbs.edu/item/a-smarter-way-to-reduce-customer-defections>

Grigoroudis, E. & Siskos, Y. 2010. Customer satisfaction evaluation: Methods for measuring and implementing service quality. New York. Springer Science & Business Media. Accessed 14 April 2016. <https://books.google.fi/books?id=WsFigUeZ01YC&pg=PA7&dq=Consequently,+alternative+definitions+of+customer+satisfaction+vary+with+regard+to+the+object+focus+and+the+level+of+specificity.+These+levels+include+mainly+the+following&hl=zhCN&sa=X&ei=IQywT7z1Fcfb4QsX74jFCQ&ved=0CDEQ6AEwAA#v=onepage&q&f=false>

Heskett, J.L. , Jones, T.O. , Loveman, G.W. , Jr, Sasser, W.E. & Schlesinger, L.A. 2008. Putting the service-profit chain to work. Article from Harvard Business Review. Accessed 19 April 2016. <https://hbr.org/2008/07/putting-the-service-profit-chain-to-work>

Hill, N., Roche, G. & Allen, R. 2007. Customer satisfaction: The customer experience through the customer's eyes. London. Cogent publishing.

Investopedia, No date. -a. Customer. Accessed 15 March 2016. <http://www.investopedia.com/terms/c/customer.asp>

Investopedia, No date. - b. Perceived value. Accessed 13 April 2016. <http://www.investopedia.com/terms/p/perceived-value.asp>

Joseph, C. No date. What is an internal customer and a external customer? Accessed 15 March 2016. <http://smallbusiness.chron.com/internal-customer-external-customer-11698.html>

Kanji, G. K. & Gorst, G.K. 2005. Customer satisfaction in service industries. Leeds: Wisdom House

Kotler, P. , Armstrong, G. , Wong, V. & Saunders, J. 2008. Principles of marketing. 5th European edition. London: Pearson Education Limited.

Lawfer, M.N. 2003. Why customers come back: How to create lasting customer loyalty. Franklin Lakes. Career Press.

Management Study Guide. No date. Different types of customers. Accessed 15 March 2016.
<http://www.managementstudyguide.com/types-of-customers.htm>

Martin, W. 2009. Quality customer service Satisfy customer: Its everybody's job. 5th edition.
 United States: Axzo Press.

Phelan, C. & Wren, J. 2006. Exploring reliability in academic assessment. Accessed 24 May 2016.
<https://www.uni.edu/chfasoa/reliabilityandvalidity.htm>

Robinson, S. & Etherington, L.. 2006. Customer loyalty: A guide for the time travelers. New York. Palgrave Macmillan.

Shuttleworth, M. 2008. Validity and reliability. Accessed 27 May 2016.
<https://explorable.com/validity-and-reliability>

Szwarc, P. 2005. Researching customer satisfaction & loyalty: How to find out what people really think. London. Kogan Page Limited.

Vavra, T.G. 2002. Customer satisfaction measurement simplified: A step by step guide for ISO 9001:200 certification. Milwaukee: ASQ Quality Press. Accessed 14 April 2016.

https://books.google.fi/books?id=2hYUgDDtO_IC&pg=PA29&dq=different+types+of+customers&hl=en&sa=X&redir_esc=y#v=onepage&q&f=false

Vranesevic, T. & Vignali, C. 2003. Customer satisfaction "Research & management". London. Foxwell & daves UK ltd.

List of figures

Figure 1 Framework of the thesis.....	9
Figure 2 From complaint to satisfaction	17
Figure 3 Satisfaction loyalty relationship.....	19
Figure 4 Satisfaction, loyalty & profitability relationship	20
Figure 5 SERVQUAL model as a basic prerequisite of the concept of the gap between expected and received value.	22
Figure 6 Kano's model of the influence of product or service features on customer satisfaction	23
Figure 7 Kano model combined.....	24
Figure 8 Gender demographics	30
Figure 9 Age group.....	31
Figure 10 Income level	32
Figure 11 Customer's opinion about product	33
Figure 12 Factor's importance in buying decision	34
Figure 13 Reason for choosing Asian Life as insurance partner	35
Figure 14 Expectation from the policy	36
Figure 15 Level of agreement with agent's service	37
Figure 16 Satisfaction with company's service, treatment and valuing	38
Figure 17 Customer perception of company, satisfaction & loyalty	40
Figure 18 Calculation of coefficient of correlation	41

List of tables

Table 1 Gender demographics	30
Table 2 Age group.....	30
Table 3 Income level	31

Appendixes

Appendix 1 Customer satisfaction research Questionnaire

Customer satisfaction research Questionnaire:

This survey is conducted as the partial fulfillment for the completion of Bachelor of Business Management at Laurea University of Applied Sciences. The purpose of the thesis is to measure the level of your satisfaction with the company and its products and services and identify the problem you are facing and to suggest measures to improve it. So I kindly urge you to participation in this survey by filling up this questionnaire.

- Demographic

1. What is your gender?

- a) Male
- b) Female

2. Which age group you belongs to

- a) 20-28
- b) 29-37
- c) 38-46
- d) 47-55

3. What is your monthly income

- a) Rs. 50000-Rs. 100000
- b) Rs. 100001-Rs. 150000
- c) Rs.150001-Rs. 200000
- d) Rs.200001 and above

- Product

4. Please choose the options that correspond with your opinion

	strongly disagree	disagree	neutral	agree	completely agree
the price I am paying for the premium is value for money					
Terms and conditions of the insurance policies are clear					
Maturity benefit claim procedure is uncomplicated					
Death benefit claim procedure is uncomplicated					
The penalty charged for the delay in payment of the premium fee is reasonable					

5. How important do you find following factors when buying an insurance policy?

	Unim- portant	slightly im- portant	neither im- portant nor un- important	important	very im- portant
Maturity benefit					
death bene- fit					
Tax benefit					
Premium (Price)					
Policy term					
Riders Ben- efits					

6. Give reason for choosing Asian Life as your insurance partner?

	strongly dis- agree	disagree	neutral	agre e	strongly agree
Company image					
Agents					
Recommendation from friends and relatives					

7. What you expect from your policy?

	strongly disa- gree	disagree	neutral	agree	strongly agree
individual risk coverage					
family's risk coverage					
Return on investment					

- Service

8. Agents inform and guide me at regular intervals about

	strongly disa- gree	disagree	neutral	agree	strongly agree
policy status					
due date of premium					

new products and services					
---------------------------	--	--	--	--	--

9. Please inform how much you agree with following statements

	strongly dis- agree	disagree	neutral	agree	strongly agree
I am treated with courtesy by the Asian Life customer service					
Asian Life values me as a customer					
Agent are competent enough to provide professional assistance					

- Customer perception of company; satisfaction and loyalty.

10. Please inform how much you agree with following statements

	strongly dis- agree	Disagree	neutral	agree	strongly agree
Asian life is a financially sound company					
Asian Life is a very professional company					
I will continue to buy insurance at Asian Life					
I will recommend Asian Life to others					
Overall I am satisfied as a customer of Asian Life					

- Open end question.

11. Comments, suggestions and recommendations for improving our service and attaining your satisfaction.