Customer Relationship Management Strategies and Organizational Performance A case of Insurance Company of East Africa Lion of Kenya (ICEALION) Mombasa.

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Abstract

In every organization the bottom-line is always maximizing profits at the same time retaining the existing and acquiring new customers. CRM is one of the best tools being used in making customer relations solid and enhancing consumer loyalty thus making re-buy behavior a frequent aspect in consumers` minds. This research project aims at providing a deeper insight on CRM implementation and its effect on company performance specifically in the insurance industry. The insurance industry in various countries around the world is in different stages of their organizational performance, the importance of CRM practices in the achievement of organizational performance has been highlighted in many studies. The purposes of this study are to propose Customer Relationship Management (CRM) and Organizational Performance (OP) model for ICEALION insurance. This research is to investigate what CRM contributes to OP in the insurance industry

Customers have become crucial for every organization. Due to the competitive environment, customer relationship management (CRM) is one of the important business strategies for companies. Insurance firms can benefit from focusing and concentrating on Customer Relationship Management. There is a stiff competition in the insurance industry in Kenya, so insurance firms try to reform their strategies and process to achieve competitive advantage. The customers are an important element that helps the insurance firms to achieve this objective. Insurances try to notice the customer's requirements and needs for satisfying their customers. Insurance firms went through reform from product orientation to customer orientation. More importantly, the banks realized that building long-term relationship with their customer is crucial for achieving sustainable competitive advantage and improving performance. This study examined the link between customer relationship management and different measures of performance on the insurance sector. Data were collected from the insurance firm (ICEALION). Based on extensive review of literature, the sub processes in implementing CRM were extracted and also key sub elements of CRM applied to performance. The results indicated that CRM processes are associated with insurance firm's performance.

1.0 Background information

Customer relationship management (CRM) is the methodology that helps firms in managing customer relationships in a systematic manner (Berry and Parasuraman, 1991) In the international and regional scenes, Customer relationship management (CRM) is a key marketing strategy employed by all companies irrespective of the company`s size, location and the company type. Superior products, superior customer service, organizational public and corporate image and trust form a paramount part of customer satisfaction and they enhance the service encounter enjoyed by the customers; CRM Concepts and Technologies (Buttle, 2009)

Attracting today's customer is a challenge for midsized companies. The economic recession has decreased spending ability amid inflation and job insecurity. Meanwhile, businesses and individuals are leveraging rapid technology changes and pervasive connectivity to become more informed buyers. Seeking better value for their money, they are turning to mobile devices and online tools to help them find it. Empowered by this information, customers expect a purchase experience that matches the ease and speed of the information-gathering experience. Sales, marketing and customer service managers recognize they must be ready to address these trends with a robust customer relationship management (CRM) solution. People today are rewriting the rules on how they interact with midsized businesses. With instantaneous access to information and the expansion of online media and mobile devices, customers need only click a button to find out about a product or other customers' experiences. (Berry and Parasuraman, 1991)

This digital empowerment is happening for clients of all industries: nonprofits are increasingly seeing donors give via digital tools like smart phones and tablets; retailers are increasingly investing in online commerce, as online shopping in the United States is expected to grow to 201.1 million by 2015, up from 178.5 million in 2011 Globally, the scale of e-commerce growth is staggering, expected to reach $680 billion in 2011 and $963 billion by 2013. But it is not just where customers conduct business that is changing; it is also the speed of the decision-making process that has changed. Around the world, customers enabled by the rapidly rising availability of mobile connected devices are moving from product or service awareness, to research and then to taking action in a far shorter time than ever before. (Buttle, 2009)

Currently in the local scenes, the insurance industry is fighting the battle of presenting its public image to the unwilling and highly skeptical buyers who have lost trust with insurance due to the archaic strategies of managing their customers and due to their bad reputation. Thus CRM can be used as the baseline in business operations to providing solutions to the above limitations in insurance industry. (Buttle, 2009)

ICEALION GROUP as the insurance firm under study was established in 1964 and by then it was operating as the Insurance Company of East Africa (ICEA). This was until December 2012 when the insurance regulatory authority (IRA) issued a statement that any composite company managed by one person should not operate separately but under one roof. This led to the merging of the ICEA and the LION of Kenya to form ICEALION GROUP.

1.1 Statement of the problem

Due to the underperformance of the insurance firms in handling the customer complaints and meeting the customer expectations, the insurance industry has suffered great harm of bad reputation and low sales volume Additionally insurance companies have borne the blunt of the dissatisfied customers in the fronts of; customer attraction and retention, low market penetration, reduced sales volume and lack of repeat businesses due to low customer loyalty. As a result many customers are slow in making decisions to invest or even take insurance covers with insurance firms leading to reduced profitability. ICEALION Customer feedback report, (2013) Thus the research problem is to study the impact of customer relationship management and how it can enhance performance of insurance firms at the same time maximizing profitability and customer satisfaction. (Buttle, 2010)

1.2 Objectives

Based on the problem statement above, the following are the research objectives:

- **i.** To establish the effect of CRM on company performance
- ii. To investigate the relationship between customer satisfaction and organizational performance
- iii. Retention methods applied by insurance firms on organizational performance
- iv. To establish how customer loyalty can influence organizational performance
- v. To establish how customer value influence organizational performance

1.3 Research questions

The following are the research question for the study based on the research objectives

- i. What is the effect of CRM on organizational performance?
- ii. What is the viability of the customer attraction and retention methods applied by the insurance firms on performance?
- iii. How does customer retention influence organizations performance?
- iv. How does customer loyalty influence organizational performance?
- v. How does customer value influence organizational performance?

1.4 Significance of the study

Insurance benefits from increased customer satisfaction and retention. Managing customer relationship effectively improves customer satisfaction and retention rates. Study has shown that retaining the existing customers is less costly than attempting to attract new ones.

CRM moves the company closer to its customers this helps them find new ways to create value for their customers and transforming relationships into one solution finding and partnering rather than one of selling and order taking.

Customers benefits or enjoys services that best satisfy the consumer`s needs and expectations. Additionally customers will also enjoy the warmth of close contacts and relations. This makes the customers feel part and parcel of the company. Satisfied customers remain loyal for long, they make repeat –re-buy processes and normally become good company advocates in favour of the company.

2.0 Literature review

The practice of CRM is also known by other terms such as relationship marketing and global account management, Bohling (2002). The review of literature revealed that CRM has been studied and used in many service organizations like insurance industry, healthcare industry, library, hotel and banking industries.

The literature presented in this chapter aims at providing a broader understanding of the major constructs examined in the research. The literature review will focus on CRM, Relationship marketing, Relationship building blocks, and customer loyalty, customer retention and customer groups. The literature review will further seek to explore the relationship of the variables under study as well as their effects to an organization if CRM is fully implemented and the total organization orientation is in favour of it. Payen, (2006).

2.1 Theoretical review

2.1.1 Value Discipline Model

Porter's "Generic Strategies Framework" alone is not enough to understand the positioning strategies of insurance firms in terms of CRM. Porter's focus on industry structure is a powerful means of analyzing competitive advantage in itself, but it has been criticized for being too static in an increasingly fast changing world. For a deeper understanding, Michael Treacy and Fred Wieserma's "Value Disciplines Model" has been examined. This model is another important strategic framework for market positioning which has the following three positioning strategies; operational excellence, product leadership and customer intimacy. (Payen, 2006).

CRM can be strategically embedded particularly in two of the three value disciplines e.g. operational Excellence, and Customer Intimacy. With customer intimacy, shows how companies can profit from establishing closer, more co-operative customer relationships. With operational excellence, firms aim to have economical, efficient processes whose resulting delivered values to customers are low prices and service convenience. Firms applying customer intimacy focus on knowing the customer and building close relationships with these customers. CRM is often solely related to the customer intimacy value discipline. If CRM is embedded in a customer intimacy strategy, then CRM will be relationship-oriented. Firms embedding CRM in an operational excellence strategy focus on cost- reductions and raising the quality of the customer interaction process through process improvements according to a Baking journal, volume 1(Verhoef and Langerak

2002). This theory was useful in unfolding how relationship marketing and customer value can influence both short term and long term organizational performance.

2.1.2Michael Porter`s Differentiation strategy

As it can be understood, porter insists that successful firms can only compete with one generic strategy, in isolation of other generic strategies. For many researchers this viewpoint is not accurate. What should be pointed out is that successful firms according to a Banking Journal, volume 1 (Issue 1) tend to compete with multiple strategies. Contingent strategies are important for their survival. (Hall 1983; Ham brick 1983; Wright, 1986, cited in Wright et al 1988) the other critical view for porter's monolithic strategy comes from Wright (1986cited in Wright et al.), he expounds that in a fragmented industry like insurance, where there are many players in different sizes, and it is difficult to be successful with adapting one generic strategy. In insurance industry a sustainable competitive advantage can be gained with a blend of different strategies, but a powerful focus differentiation strategy in service cannot be neglected. Products and price

Can be easily copied. Service is more difficult to imitate than a product because service requires customer input and involvement (Payen, 2006).

Today, building a competitive advantage is based on how well a firm serves its customers, CRM is a differentiation strategy that insurance firms can use to acquire, grow and retain profitable customer relationships, with the goal of creating a sustainable competitive advantage. (Buttle, 2010) This theory was used to demonstrate the various competitive strategies that a firm can employ as a key to success and to help differentiate in a turbulent environment.

2.1.3 Agency Theory

Agency is a supposition that explains the relationship between principals and agents in business. Agency theory is concerned with resolving problems that can exist in agency relationships; that is, between principals (such as shareholders) and agents of the principals (for example, company executives). The two problems that agency theory addresses are: 1.) the problems that arise when

the desires or goals of the principal and agent are in conflict, and the principal is unable to verify (because it difficult and/or expensive to do so) what the agent is actually doing; and 2.) The problems that arise when the principal and agent have different attitudes towards risk. Because of different risk tolerances, the principal and agent may each be inclined to take different actions. (Verhoef and Langerak
2002).
An agency, in general terms, is the relationship between two parties, where one is a principal and the other is an agent who represents the principal in transactions with a third party. Agency relationships occur when the principals hire the agent to perform a service on the principals' behalf. Principals commonly delegate decision-making authority to the agents. Agency problems can arise because of inefficiencies and incomplete information. In finance, two important agency relationships are those between stockholders and managers, and stockholders and creditors. (Buttle, 2010) The theory helped in further explaining how the management and the other staff can and should relate in achieving organizations goals. The CRM strategies cannot be a success if there is no unity of purpose in the entire organization.

2.3 Empirical review

2.3.1 Customer Relationship Management (CRM)

CRM is the overall process of building and maintaining profitable customer relationships by delivering superior value and satisfaction. It deals with all aspects of acquiring, keeping and growing customers in the book (Colin Shaw & John Ivens, 2002)
CRM is a business strategy that maximizes profitability, revenue and customer satisfaction by organizing around customer segments, fostering behavior that satisfies customers and implementing customer centric process (Buttle, 2010) in his book CRM Concepts and Technologies.
The pre-requisites of any customer relationship management are; a willingness from both the company and the customer to stay committed to the relationship which is based on mutual benefits. This is required because organizational process changes may have to be initiated in both organizations and hence top management has to be convinced about customer relationship management to enable them play a leading role in its implementation within the organization (Smith and Taylor, 2005). A business that wants to succeed in the today`s global competitive markets where customers are empowered and brand loyalty erosion is increasing tremendously, will have to move to or employ CRM. According to (Kotler and Keller, 2006) CRM enables organizations to provide excellent real-time customer service through the effective use of individual account information
It is expected that organizations have to employ a more complex approach into investigating customer needs and building strong relationships with both the potential and existing customers to get better feedback and in order for them to satisfy their customer needs (Root man, 2006) The purpose of CRM is to develop appropriate relationships with customers through communication and conflict handling to create long term sustainable profits (Ndubisi, 2007)
CRM promotes an organization from transaction-based to relationship-based model that concentrate on the acquisition development and retention of profitable customer relationship (Glonroos, 2003) Today many successful companies are implementing the IDIC MODEL that is; IDENTIFY, DIFFERENTIATE, INTERACT and CUSTOMIZE in order to build closer cordial relations with their customers enhancing repeat-purchases and customer satisfaction ratings (Pepper and Rogers, 2009)

2.3.2 Relationship marketing

Relationship marketing as an emerging school of thought aims at building a long lasting bonded relationship with customers by identifying, anticipating and satisfying customer needs and wants at profitably according to the American Marketing Association (AMA)
Relationship marketing is a strategy to attract, maintain and enhance customer relationship. It concerns attracting, developing and retaining customer relationship (Gurnmenson, 1995) Relationship marketing ensures that the customer and the firm`s relations graduate from a state of dependence, independence to interdependence whereby the both parties enjoy a mutual benefit from each other due to continued occasional transactions (Buttle,2010) CRM Concepts and Technologies. Relationship marketing stands in contrast to the more traditional transactional marketing approach, which focuses on increasing the number of individual sales. In the transactional model, the return on customer acquisition cost may be insufficient. A customer may be convinced to select that brand one time, but without a strong relationship marketing strategy, the customer may not come back to that brand in the future. While organizations combine elements of both relationship and transactional marketing, customer relationship marketing is starting to play a more important role for many companies.
Relationship marketing is based on the tenets of customer experience management (CEM), which focuses on improving customer interactions to foster better brand loyalty. While these interactions can still occur in person or over the phone, much of relationship marketing and CEM has taken to the Web. Today, relationship marketing involves creating easy two-way communication between customers and the business, tracking customer activities and providing tailored information to customers based on those activities.

2.3.3 Customer Relationship Groups (CRG)

Companies should view customers as valuable assets that need to be managed carefully in order to promote customer equity in a critical manner (Harvard Business Reviews, 2002) A company can classify its customers according to their profitability and manage its relationships with accordingly. According to figure 1.1 customers can be classified based on their profitability and projected and projected loyalty as follows:

Potential profitability		**Butterflies**	**True friends**
	High profitability	Good fit between Company's offering and customer needs, high profit potential	Good fit between company's offerings and customer needs, highest profit potentials.
		Strangers	Barnacles
	Low profitability	Little fit between company's offerings and customer's needs, Lowest profit potential.	Limited fit between Company's offerings and customer's needs; Low profit potential.
		Short term Customers	Long Term customers

Figure 1.1 Customer classification (Kotler, 2006)
According to (Kotler, 2006) each group acquires a different relationship strategy as follows:

Strangers; show low profitability and little projected loyalty additionally there is little fit between company`s offerings and their needs. The relationship management strategy for those customers is; don't invest anything on them

Butterflies; they are profitable but not loyal. There is good fit between the company offerings and the consumer needs. The company can enjoy from them shortly and there after they leave. The company should stop investing in them until the next time they come around.

True friends; they are both profitable and loyal and thus there is a strong fit between the company offering and the consumer needs. The firm should invest in making this relationship sustainable in the long-run in order to make the true friends true believers and company advocates

Barnacles: They are highly loyal but very unprofitable. There is a limited fit between their needs and the company's offerings an example is a small insurance customer who buy insurance and renew policies regularly but do not generate enough returns to cover the cost of maintain their policies. Barnacles are the most problematic customers. The company may improve profitability by selling more to them, raising their fees or reducing service to them however if this doesn't work they should be fired.

Effective creation of strong customer relationships entails identifying the right customers as well as the external partners. While a company' s marketing environment consists of all the major environment forces surrounding the customer relationships, companies should identify with the essence of constantly watching and adopting to the changing environment, according to (Paul Szwarc, 2005) in their work 'Mrs. Market research in practice'

2.3.4 Customer loyalty

Customer loyalty can be denied and measured by two approaches either behavior based or attitude based. Bachelor based customer loyalty is defined in reference to customer purchasing behavior such as continued patronage and buying. Attitudinal loyalty is measured in reference to components of attitude such as beliefs, feelings, and purchasing intention (Butte, 2010) Additionally it sounds contradictory when one says attitude proceeds behavior and behavior proceeds attitude (Dick and Bissau model, 2009).

According to (Butte 2010) the aforementioned contradiction is cleared by bringing it out that both attitude and behavior influences each other and one cannot use them separately when defining consumer loyalty. Larger partisans of long term customers than short – term customers' exhibit high profitability, therefore the theory of an overall positive connection between customer loyal and profitability cannot be rejected (Laveran and Liljander, 2006)

Good CRM creates customer delight, delighted customers become loyal and task favorably about the company and its products. Thus the main of CRM is not to create customer satisfaction but also customer delight. Companies are realizing that losing a single customer means more than a single sale and this translates to losing the entire stream of purchase that the customer would stream of purchase that the customer would make over life time of patronage (Paul Szwarc, 2005) in their book; Researching Customer Satisfaction & Loyalty

2.3.5 Customer Retention.

Retaining customers is good for a firm`s economic well-being, however it is well known that move satisfaction does not ensure continued service patronage (David, 1995). Which satisfaction may be one important driver, trust and switching barriers are also likely to influence retention (Ranawera, 2005)

Customer retention strategy aims to keep a high proportion of valuable customers by reducing customer defections (Chum), and a customer development strategy that aims at increasing the value of those retained customers to the company. Customer retention is the number of customers doing business with a firm at the end of a financial year expressed as percentage of those who were active at the beginning of the year (Buttler, 2010). Customer satisfaction has traditionally been regarded as a fundamental determinant of long – term consumer behavior. The more satisfied customers are the greater in their retention (Oliver, 1980).

In terms of customer retention the appropriate data capture access and analysis system enables a firm to determine while customers it is most interested in retaining. Company management soft enables the firm to target the customers and manage a variety of offers to encourage the customers to remain with the firm (Root man, 2006). A sales force or customer service system can identify high value customer to sales and service forces so these customers will benefit from individualized retention activities (Dawkins &Rein held, 1990)

Changing customers from being a one or two item purchaser to purchasing several products can increases your bottom line tremendously. Today's customers are busy, new choices are thrown at them every day. Keep your name on the top of their list by consistently reminding them of their great experiences with your company. Great marketing systems will help the company gain and retain customers (Root man, 2006)

Any company that depends on repeat business absolutely must have a good customer retention system in place in order to thrive in today's competitive environment. What would be your profit margin if you turned occasional customers into frequent customers? Customers who regularly visit your business would also be more likely to refer you to their friends and associates. (Kathleen, 2004).

2.3.6 Customer value.

Attracting and retaining customers can be a difficult task. Customers often face a bewildering array of products and services from which to choose. A customer buys from the firm that offers the highest customer perceived value the customers' evaluation of the difference between all the benefits and all the costs of a market offering relative to those of competing offers. (Kotler, 2006) Customers do not often judge product values and costs accurately or objectively, they get a perceived value.

Customer Value Management was started by Ray Kordupleski in the 1980s and discussed in his book, Mastering Customer Value Management. A customer value proposition is a business or marketing statement that describes why a customer should buy a product or use a service. It is specifically targeted towards potential customers rather than other constituent groups such as employees, partners or suppliers. Similar to the unique selling proposition, it is a clearly defined statement that is designed to convince customers that one particular product or service will add more value or better solve a problem than others in its competitive set

2.3.7 Customer satisfaction.

According to (Dru Scott, 2000) in their book Customer Satisfaction, it is stated that customer satisfaction depends on the products perceived performance relative to buyer`s expectations. If then products performance falls short of expectations, the customer is dissatisfied and vice versa, if the performance exceeds expectations, the customer is delighted. Most studies show that higher levels of customer satisfaction lead to greater customer loyalty, which in turn results in better company performance. Smart company's aim to delight customers by promising only what they can deliver, then delivering more than they promise. Delighted customers hot only make respect purchases but also become the company "Evangelists" who tell others about their good experience with the company products. For companies interested in delighting their customers, exceptional value and service are more than a set of policies or actions. They are a company-wide attitude, an important part of the overall company culture (Kotler, 2006) An Accenture global customer satisfaction report (2008) found that price is not the main reason for customer churn; it is actually due to the overall poor quality of customer service. Customer satisfaction is the metric you can use to reduce customer churn. By measuring and tracking customer satisfaction you can put new processes in place to increase the overall quality of your customer service. Customer satisfaction plays an important role within your business. Not only is it the leading indicator to measure customer loyalty, identify unhappy customers, reduce churn and increase revenue; it is also a key point of differentiation that helps you to attract new customers in competitive business environments.

2.3.8 Organizational performance and Balance score card:

The balanced scorecard is a management framework which developed by Kaplan and Norton (1992). It is a system that assesses and shows an overall view about organization performance (Ricciardi, E., 2005). BSC tries to consider benefits of all stakeholders such as management, customer, employee and society (Stewart, R.A., Mohamed, S., 2001*)*. Measuring organizational performance just by financial measures is not enough for an organization so the BSC is more noticeable (Huerta, E., Villanueva, F., 2006). One of the most important problems that companies face when they just use financial indexes for measuring their performance is that these indicators do not obviously show how successful an organization will be in the market, how successful it will be within a competitive environment. Kaplan and Norton, (1996) emphasis that BSC is as a temple and it should consistent with special concept in an organization so this research considers this point for measuring the performance. The balanced scorecard translates vision and strategy into four viewpoints. Kaplan and Norton, 1992 believed, these factors reflected the following perspectives of the strategy: Financial; Customer; Internal business processes; and Organizational learning and growth. This article tries to extract the indicators that are related to each viewpoint about performance based on the literature of CRM and also the experts view. This will in better evaluating and rating the actual organizational performance against the the expected performance.

2.3.9 CRM and Performance

Different researches have been done about CRM frameworks but there has been limited academic effort about the issue of the CRM process and firm performance. Some researches tried to understand the consequences of CRM (Ryals & Knox, 2001; Ryals & Payne, 2001) .There is some evidence focus on CRM's impact on organizational performance (Reinartz, Krafft, & Hoyer, 2003; Day & Van den Bulte, 2002). Different articles showed the positive impact of CRM on different aspects of performance, for example aspects that are related to the company (Palmatie, 2007) or aspect that are related to customers(Gustafson, Johnson, & Roos, 2005; Mithas, Krishnan, & Fornell, 2005).

Reinartz, (2004) attempts to relate CRM activities that lead satisfaction to a different business performance measures. There are some other studies that show a relationship between the activity of customer satisfaction Customer Relationship Management and organizational Performance: A Conceptual Framework www.iosrjournals.org pg. 20 and business performance (Kamakura, de Rosa, & Mazzon, 2002). There is also some study that expresses the association between activities that lead to customer loyalty and commitment - profitability and retention (Reinartz & Kumar, 2000; Verhoef, 2003). Reinartz, (2004) also tried to establish a link between CRM and organizational performance. As mentioned before they found CRM has three distinct customer relationship-related stages: initiation, maintenance, and termination. They found CRM has an impact on perceptual performance across the three stages. In the initiation and maintenance stages, some support was found for CRM's impact on Performance, but little support was found for CRM's impact on the termination stage. Some researchers stress that sales force efficiency and effectiveness will improve by applying the CRM process (Jones, Sundaram, & Chin, 2002). Believed an organization can Develop time of product modification for a customer compared to competition and increase a number of newly introduced products compared to the competition. She also expressed CRM cause increase sales volume of individual customers and also sales revenue with individual customers. Customer satisfaction and loyalty is as consequences of CRM process too. K I m, S u h & w a n g (2003) also suggested a model that emphasizes CRM process can improve customer satisfaction, increase customer loyalty, reduce customer cost and increase customer revenue and profit for organizations. The length of interaction with customers will be increased and also the time of delivering services to customers will be decreased for organizations that apply CRM (Khirallah, 2004). La Valle & Scheld (2004) expressed that CRM can decrease the marketing and sale cost. It can also decrease the customer loose rate and increase customer value. Customer relationship management helps to improve customer perception about product and service. So it can lead the increment of revenue (Dutu & Halmajan, 2011). Chang (2007) emphasis that customer relationship management can impact on different measures of performance. He showed CRM can decrease the marketing and service cost. The revenue of the company also increases by cross /up selling. CRM process stress on customer segmentation based on customer needs and information. So the company can improve product /service quality. Ullah & Al-Mudimigh, 2009 and O, Reilly, 2000 expressed if companies notice on CRM process, it can help them to increase their profit and also the shareholder revenue. Due to one of the important activities of CRM process is gathering data about current and potential customers and creating a database, so the employee has access to important information about customers and their needs and can improve their service based on their requirements so it can leads employee satisfaction

2.4 Conceptual framework

The diagram below shows two variables; the independent and the dependent variable. The dependent variable is the company performance while the independent variables are the key elements contributing to CRM such as; customer retention, customer satisfaction, customer loyalty, customer value, relationship marketing. The above independent variables are integrated to achieve the company desired ends that is the outstanding performance and the bottom line profitability.

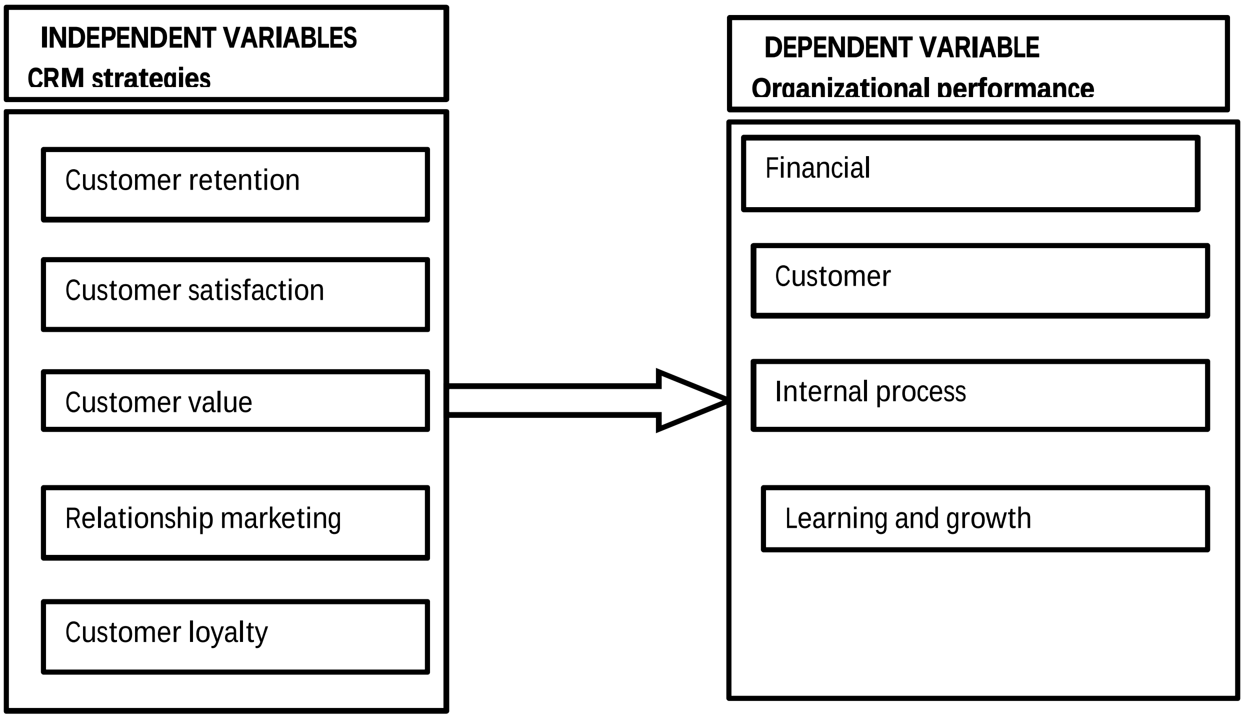

Figure 1:2 Conceptual Framework

3.0 Research methodology

3.1 Research Design

The study used descriptive research design to study some of the CRM practices in the ICEALION insurance Mombasa and further answer questions concerning the same. The study applied a descriptive research design, Cooper & Schindler (2006), descriptive research design is a non-experimental since it deals with the relationships between non manipulated variables in a natural settings rather than laboratory setting. Using stratified random sampling 25 respondents were chosen as the sample size to represent the entire population this is 25% of the target population.
This method was preferable because it is more likely to give a better sample representation of the entire population under study.

3.2 Data collection instruments

The study used Primary data. This collection of primary data was through structured questionnaires. A questionnaire for the insurance members was structured with closed-ended questions only. The selected interviewees filled in the questionnaire. The questionnaire was in three; the personal details of the respondents and the questions in groups of the study variables.

3.2.1 Questionnaire

Questionnaires were administered to the respondents to give their answers. This was a major tool the researcher used to collect data. The questionnaire method enabled the researcher to get comprehensive and raw data which was ideal for the development of project. Depending with the nature of the target respondents, questionnaire method was the most suitable method of collecting the desired data.

3.3 Data analysis and processing

Statistical and mathematical analytical methods and inferential statistics were used in conducting data analysis and this assisted in logical interpretations. The researcher primarily wanted the research findings as main part of a research project, its major conclusions and recommendations all presented as part of project work. The findings were ideal for decision making and to underscore the rationale of the researcher in taking plunge in research work. The presentation was easy, clear, non-technical, brief and well structured

Summary

Relationship building is the hall mark of customer retention and satisfaction with a percentage score of 40% on the rating while customers' attitude towards CRM strategy is very favorable, posting a rating of 80%. Organizations should fully embrace the use of CRM as strategy to manage customer database for organizational profitability. It is clear that the company`s use of relationship marketing and customer attraction and retention methods is the same in rating with the majority saying that the company embraces the practices

Companies should fully implement relationship marketing if the customer attraction and retention methods are to be viable and profitable to the company.

Lack of trust by the public is the largest reason as to why the insurance industry is negatively reputed while collectively all the factors mentioned contribute to 3% of the bad public image. If the insurance industry could concentrate in improving the level of trust with the public then it could by far improve its bad reputation currently in the market.

Conclusions

The study from the data was able to help the researcher come up with various conclusions. Customer relationship management primarily benefits are; improved marketing methods, better customer retention, customer profitability and market share growth.

CRM id about recognizing customers as important assets and forming long-term business relationship with them, where there is a mutual benefit between the customer and the firm

CRM is a potential tool in differentiating firms` offering from those of competitors as well as enabling an organization to secure a favorable position in the mind of customers.

Recommendations

In anytime in the business life cycle, CRM plays an important role. For new business relationships with customers is exceptionally vital; some way a growing business has to build up more relationships with existing and potential customers; even a declining business for fixing its deteriorating business and improving market positions can count on CRM to achieve this.

Organizations must teach employees that they are all service providers and emphasize their vital role in attraction and retention of customers. Customers receive the best service under two conditions. When service providers are empowered to act on behalf of customers in a timely manner and when the organization has a system to listen and respond to customer information gathered by those closest to the service providers.

In every organization CRM should not be left at the hands of the customer care or marketing department. All departments in any given organization should integrate efforts in satisfying and retaining customers since without customers there is no business. The researcher therefore

recommends this task to be handled by every employee in the organization, from the chief executive officer to the most junior staff as they all interact with customers in their day-to-day work. The organization should ensure that systems and procedures work in tan den with customer expectations.
According to the findings of the researcher it is true that customers do not take topflight services for granted. He therefore recommends that organizations to clearly differentiate themselves on the basis of the level of service they provide to customers.
The researcher recommends a holistic approach to CRM and effective and efficient CRM policy to be adopted by organizations. This approach includes training of employees, a modification of business process based on customer`s needs and adoption of relevant IT-system.
The researcher recommends organizations to concentrate on hearing customer`s unique voices to define exceptional service that resonates with customer`s needs and wants
The researcher recommends a shift in emphasis from managing product portfolio to managing portfolios of customer in order to understand customers better and establish long-term profitable relationship with them.
The researcher recommends that management need to examine existing processes and methods in which service is offered, and where necessary make changes which can improve the service for customers.
It is further recommended that in any implementation, it is necessary to identify, differentiate and then interact with customers in order to provide customized services. Continuous interaction with the customers are necessary in order to enhance relationship activities over long-term.

Recommendation for Further Studies

The study recommends further studies to investigate on mediation variable and moderation variables on the relationship between the independent variable and dependent variable. The study also recommends research of marketing of insurance firms in other cities and major towns apart from Mombasa for comparison purpose.

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