



ASHESI UNIVERSITY

A CUSTOMER RETENTION STRATEGY FOR PHOENIX INSURANCE COMPANY

APPLIED PROJECT

BSc. Business Administration

By

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Applied Project submitted to the Department of Business Administration, Ashesi University in partial fulfillment of the requirements for the award of Bachelor of Science degree in Business Administration.

April 2020

1 DECLARATION

I hereby declare that this Applied Project is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature:

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Candidate's Name:

.....

Date:

.....

I hereby declare that the preparation and presentation of this Applied Project were supervised in accordance with the guidelines on the supervision of Applied Project laid down by Ashesi University.

Supervisor's Signature:

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Supervisor's Name: Anthony Essel-Anderson

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Date:

.....

2 ACKNOWLEDGEMENTS

I am grateful to God for leading me through this project by giving me health and strength. I am also thankful to my friends and family who sustained me in various ways in the making of this report.

Next, I would like to acknowledge my supervisor, Mr. Anthony Essel -Anderson, for his intelligent feedback, which went into the creation of this final project.

I also value the Management of Phoenix Insurance and its staff for making themselves available to help me in this project. Your contributions were significant, and I could not have achieved my final year journey without your humble permission to work with me. Thanks for your tremendous and sincere reception.

3 EXECUTIVE SUMMARY

Phoenix Insurance Company is a Ghanaian-owned establishment that contracts in claim settlement and insurance of properties founded in the year 1995. The key objective of this project is to find the main challenge Phoenix Insurance faces, and to go through needed stages to uncover an adequate result for the challenge.

Phoenix Insurance has suffered customer churn and has difficulty in retaining its clientele. This has led to them having low customer retention and making it problematic to attract new customers.

A qualitative research approach was used to discover the most effectual means by which Phoenix Insurance can retain its customers. Semi-structured interviews were used to gather information from both the workers of Phoenix Insurance and its customers, and a convenient sampling method was used based on the convenience of the interviewees. Findings from the study, such as poor claiming processes and lack of motivation, were used to craft a solution suited to the identified problem of Phoenix Insurance. The solution is a customer retention strategy based on the customer loyalty plan, which involves prospective ways to retain a customer. The customer loyalty plan consists of seven main components, namely, service quality, trust, switching costs, commitment, corporate image, customer satisfaction, and communication. With all these, when implemented, the customer retention strategy will be able to help Phoenix Insurance decrease its customer churn and increase its retention ratio, thus attracting new customers.

The results suggested that there is high customer churn in the company; as a result, claim management processes, product pricing, competition, internal processes, and lack of customer appreciation. The researcher recommends Phoenix Insurance to communicate properly with their customers to gain feedback for improvements, appreciate customers, and work harder to gain customer trust. For reviews, a future reader or researcher can research

deeper into Customer Relationship Management and how it can affect the company. I could not elaborate on Customer Relationship Management because its technicalities, a future researcher, can build a CRM Application for the company for the fast and reliable claim processing.

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1 Chapter 1: Introduction

1.1 Company profile

Phoenix Insurance is a private limited liability insurance company that was introduced in Ghana in the year 1995. Phoenix Insurance underwrites products, which include bonds, fire accidents, engineering insurance, marine, and other ideal products. The insurance company has a combination of local and foreign shareholders. The company aids a cut of individuals, corporate clients, small businesses, and the right customers of Phoenix Insurance. It has a shareholding structure of 94.57% held by CD investments, 1.91% held by Ronnie Bassous 1.27% held by Bassam Sbeil, and 2.25% held by Intermarket Ghana.

The company intends to establish a respected brand in the market and perform five strategic corporate values, which are speed, professionalism, integrity, customer delight, and expertise, which are collectively recognized as SPICE. The company aims to expand its customer base by the end of February 2020 as well as restructuring its insurance packages to make them more attractive to induce more customers.

Phoenix Insurance has several insurance packages that are available to its customers, and these include personal, insurance, and business insurance. The private insurance entails the motor policies, fire policies, and the accident policies while the business policies are made up of the CEPS bonds, fire policies, contractors' bonds, marine cargo policies, and the underwriting support. (Phoenix,2019).

Organizational Chart of Phoenix Insurance.

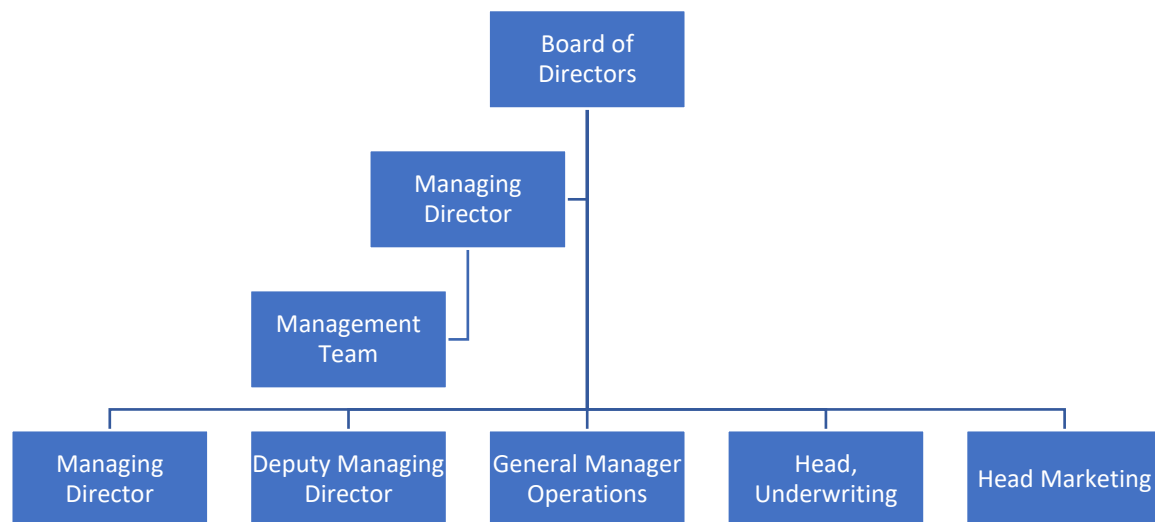


Figure: 1.1

1.2 The rationale for selecting Phoenix Insurance

Phoenix Insurance is a Ghanaian-owned company that contracts in claim settlement and insurance of properties. The company has the foresight to be the first choice insurance company of its potential customers and assumes a mission of seeking to propose insurance services of the highest quality to its customers. An interest in Marketing motivated me to take up this project. I was initially incited to take up an internship with them. Within that duration, I developed my passion for helping the marketing department with measures to control customer churn. The selection of Phoenix Insurance was based on the fact that they had made no careful attempt to establish a customer retention plan for the firm. Conversations with the managing director indicated that there was a need now to design a retention plan as customer churn was increasing. Phoenix Insurance is best known for its remarkable promptness in responding to their customers' claims, and for taking the needs of the customer into great

consideration, it is only right that the company is exposed to more clients, who may be in need of good customer-oriented insurance companies. For this reason, it will be best to help design a plan for them to solve any challenges they are facing in their job to satisfy human wants. It was observed that Ghanaians need more education on insurance, so they do not miss value. The focused attempt to motivate Ghanaians to pursue insurance policies, from a dedicated and trusted insurance company, encouraged me to undertake this study.

1.3 Company Vision:

To be the topnotch insurance company of choice in Ghana.

1.4 Company Mission:

Phoenix Insurance purposes of offering the highest quality of insurance services to its customers by generating an exclusive advanced atmosphere that will set it apart from its rivals. This goal will be achieved by concentrating on the provision of tailored, suitable, and prompt service to customers and the use of mechanized supervising of all its underwriting and claims payment procedures to improve service delivery.

1.5 Company Objectives

- To settle and pay real claims within days, after all, the essential supplementary credentials have been submitted.
- To keep employees satisfied, to maintain an impeccable customer service quality.
- To design modern products to meet the needs of particular sections of the insurance market.

Key Success Factors:

A functional and robust communication network and good connection with customers

Ensuring that there are incentives to motivate the employees by

creating beautiful packages to induce the general public and the market.

1.6 Company Management:

Phoenix Insurance is a limited liability company managed by a group of board of directors who have the relevant knowledge and technical abilities. They consist of one Chairman and eight directors, with each receiving an equal percentage of the business. (Phoenix, 2019)

1.7 Location and Facilities:

Phoenix Insurance is located at Ringway Estates as the headquarters and has so many branches across the country. Ringway is also in the center of activities in Accra, which makes it highly accessible. It has an excellent road network with a tremendous environmental layout, which makes it appropriate for corporate workers and clients to access the product, which will help increase their customer base.

The Mapped Location of Phoenix Insurance:

Map of Ringway

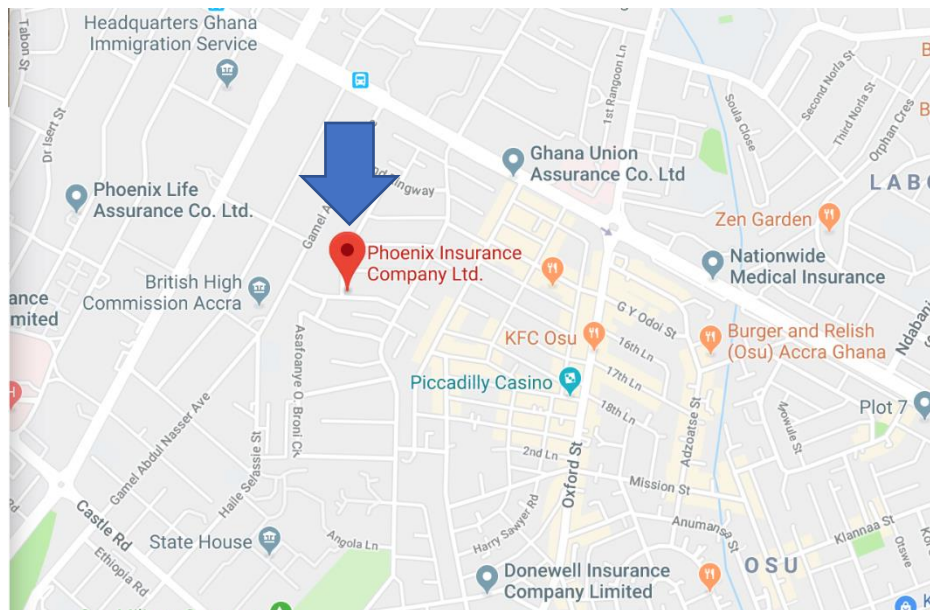


Figure: 1.7

The blue arrow indicates Phoenix Insurance Company.

Source:(Map data 2020)

1.8 Industry Analysis:

The insurance company has many reasons to remain optimistic. A positive economic environment and an evolving middle class have helped boost the sector's assets. Ghana has a range of market sections such as insurance carriers, brokers, and other agencies that provide financial warrant products, As of December 2019, there were 139 regulated entities in Ghana (National Insurance Committee, 2017). The insurance industry is highly regulated, so is the insurance market, which has been made attractive to potential participants mainly because of healthy competition, good demand for insurance products, and active participation of government and prominent industry players. The World Bank forecasted the perpetuation of a robust economic progression in 2019. According to the NIC, the nation's insurance

penetration rate stands at 2% and has vented its purpose to capitalize on the dormant market potential, aiming at a penetration rate of 10% by 2021(Alhassan, 2015). The National Insurance Committee continued to explain that bancassurance, mobile insurance, and micro-insurance should aid bring this goal into reach.

1.9 Market Trends:

Ghanaians are increasing the rates of insuring their properties because it offers safety against dangers to the property, such as theft and fire. As of 2017, the contribution to GDP by the insurance companies was 1.2%, and the main focus of the board of directors of Phoenix Insurance as at now is to increase the penetration rate. As of 2017, the total profit after tax from insurance companies in the Industry was GHS 245m, and only 30% of Ghanaians had an insurance cover. This analysis shows that insurance has a high potential for growth in the upcoming years, and there is a vast market for the insurance company. (National Insurance Committee, 2017)

1.10 External Context using the PESTLE Analysis

PESTLE represents Political, Economic, Social, and Technological, Legal, and Environmental analysis, which defines a structure of macro-environmental features and is the best and common approach for studying the external business environment. (Perera, 2017)

Political Analysis

Ghana has a relatively stable political environment. Insurance in Ghana has faced a significant impact from the government, who is the main investor in the politics of the country. The government promised a sustainable environment for private and public businesses in the country by designing a business-friendly and advanced economy by initiating some tax inducements such as abolishing the 17.5% VAT/NHIL on financial

services. This political environment may create jobs and highlight value add-on to our factory-made goods. (Price Waterhouse Coopers, 2017). The Hon. Deputy Minister for Finance realized that the insurance company had become one of the rapid growing industries in Ghana, and the government has an intention to help the development of the sector given the favorable market Ghana has to offer (Ministry of Finance, 2019) so as to increase the revenue of the country. Phoenix Insurance can take advantage of the stable political environment in Ghana to increase its operations.

Economic Analysis

Ghana has been a developing country in terms of economic performance and is doing much to improve upon it. The President of Ghana, President Akufo Addo, after a peaceful election, marked some promises such as creating jobs and enhancing the economy, an increment in job creation is likely to result in an increment in the income of workers, who ultimately are potential clients. Ghana's economy has kept on expanding from 2019, where the GDP for the first quarter of the year was 6.7% compared to the GDP of the previous year, which was 5.4%.

The increment in GDP indicates economic growth, which may consequently improve the overall standard of living to ensure the dedicated payment of premiums. This high continuous growth was encouraged by an active regaining in the services sector, which grew by 7.2% as likened to 2018, which was 1.2%. The recent account for the first half of the year projected a surplus of 0.1% of GDP. The economic performance for the first half of the year showed a budget shortage of 3.3% of GDP, which was greater than the goal, which was 2.9% of the GDP. The private sector of the country became stronger, primarily reinforced by the banking sector. Inflation prolonged to be in single digits in the first six months of this year growing gradually from 9% in January to 9.5% in April, meaning there was an overall increase in

price and a minor decrease in buying power but reduced to 9.1% in June. The further fall in inflation indicates a positive way for businesses to improve, and especially in the private sector of the country, and Phoenix Insurance can take advantage of this opportunity to increase its profitability (World Bank, 2019).

Social Analysis

The social issues that affect the insurance industry are the latest entrants, social and economic factors, and the digital directive. Ghana's population as of 2017 was 29.12 million people, which shows a 2.2% increase since 2016 (World Bank, 2019). This increase predicts an increase in demand for insurance of the property. The insurance industry in Ghana must create awareness to promote insurance not only through adverts but educating the general public on the importance of insurance so the general public will be able to absorb the culture of insurance and be sure of industry. (Bennett, 2008) With this, Phoenix Insurance can create awareness through traditional marketing methods like adverts.

Technological Analysis

For some years now, the insurance industry has not had a very stable technology to support their works. They have been able to determine some forms of technology to help them gather their data, which are artificial intelligence, database management, telecommunications, cloud computing, and blockchain. These technologies are to reduce costs and provide better coverage and services to policyholders. An Insurance company such as Phoenix insurance will need these tools to make data gathering easier, faster, and convenient.

Legal Analysis

With respect to insurance, there are several issues that Phoenix Insurance would have to consider. Laws pertaining to claim processing, price of packages, licensing, and the like. The National Insurance Commission is the organization in charge of price change monitoring. Several laws govern all insurance companies in Ghana. There is an insurance regulatory law that ensures the certifying and controlling insurance companies, supervising and preserving the financial creditworthiness of the companies, controlling insurance policies and products, monitoring market behavior, and avoiding biased trade exercises. Possible growth in minimum capital requirements has conquered the insurance company, commanding some insurers to express worries over their capacity to meet more strict governing requirements. Growing the industry's capital base has been a desire of sector supervisor of the National Insurance Commission (NIC) for some years, and will likely ensure local insurance industries are secure. Subsequently, there are no frequent changes in the laws that increase legal risk.

Environmental Analysis

Phoenix protection must focus on some ecological factors, for example, environmental change, laws directing natural contamination, perspectives towards sustainable power source, and air and water guidelines in the disaster protection industry. Extraordinary climate conditions represent a tremendous hazard to property safety net providers, yet to wellbeing and life coverage suppliers as well. The achievement of the protection business relies upon effectively envisioning and overseeing hazards.

1.11 Specific sector analysis of Phoenix Insurance using Porter's Five Forces.

Phoenix functions in the insurance industry in Ghana, where this sector will provide a better overview of the problem this project intends to solve.

Porter's Five Forces model is a powerful supervision tool for examining the current industry's effectiveness and attractiveness by using the outside-in view (Dälken, 2014). Michael Porter developed Porter's five forces in 1979, and it is made up of five sections that were critically studied to get the right image of the competition that exists in the sector.

The Threat of New Entrants

The insurance industry consists of many insurance companies, which contribute to about 4% of the total GDP in 2019 (Trading Economics, 2019). The insurance industry has been lucrative over the years and has drawn many people into the industry. The new entrants in insurance bring pressure on phoenix insurance through the lower pricing strategies, lower costs, and better packages where Phoenix will have to regulate all these challenges and create efficient barriers to protect its competitive advantage. Barriers to entry are a limitation to new entrants. Barriers to entry can be in the form of capital requirements, restrictive government policies, supply-side economies of scale, and customer switching costs. The threat of retaliation is also a limitation to new entrants as this explains the capacity of incumbents to fight back.

The Threat of Rivalry

In the insurance industry in Ghana, there are so many insurance companies that serve the same kind of services to the same target market. If firms are similar in the way they operate, competition is less intense, and if firms are different in the way they operate, competition is intense. Phoenix insurance operates in a highly competitive industry. The long-term profitability of the firm is not affected by the competition in the industry anyway.

Buyers Bargaining Power

Buyers often demand a lot by requesting for the most attractive packages available at the lowest price. Phoenix insurance, therefore, falls under much pressure around its effectiveness in the long run. The smaller and influential customer base of Phoenix insurance gives them higher bargaining power and causes them to seek to increase more senior discounts and offers.

Suppliers Bargaining Power

Phoenix Insurance obtains its materials from suppliers, and these suppliers are in a significant position of decreasing the margin Phoenix insurance can procure in the market. These dealers can be the National Insurance Commission. The leading suppliers use their selling power to attain better rates from the firms in the insurance industry. The general influence of greater supplier bargaining power is that it reduces the general success of insurance.

The Threat of Substitutes

The profitability of an industry suffers if there is a new product in the market that satisfies customer needs in different ways. An example is a customer choosing alternative services to insurance, such as derivative instruments, the choice of pension funds, and long-term investments over insurance. The threat of substitutes exists when a company offers a unique service from the existing packages within the insurance industry, as well as the availability of alternative options of insurance.

Conclusion

From the analysis of the Porters Five Forces for Phoenix Insurance, they must:

Build a large customer base to reduce the negotiating power of the clients as it will offer a chance for the firm to adjust its sales and the creation process. Phoenix insurance should

innovate new products such as creating discounts for the customers and come up with new attractive packages as the new packages will reduce the neglect of existing customers.

Phoenix must be service-oriented than just being product-oriented and must understand the needs of the customer rather than just focusing on what the customer is buying. To challenge rivalry in the insurance industry, Phoenix Insurance should build a sustainable differentiation or should be distinct and build a scale so it can compete better and also co-operate with their rivals to expand the market scope than just fighting for minor markets.

1.12 SWOT Analysis

SWOT Analysis

The SWOT analysis talks about the strengths, weaknesses, opportunities, and threats of the company. These data were obtained from an interview with a manager of the firm.

Strengths

Advantageous Location:

Phoenix insurance is located in the center of Accra, which makes more customers get access to its packages and products and gives the market more excellent opportunities to buy from them.

Maximum Quality in Service Delivery:

Phoenix insurance carries out a total quality management system where every staff is dedicated to upholding high values of work in all aspects of the firm's operations.

Efficiency And Customer Reception:

Phoenix insurance is excellent at its brand differentiation in such a way that its customers' needs are responded to on time, and costs are reduced to increase the profitability of the company.

Creative Service Differentiation:

The introduction of new packages makes them extinct from the other insurance companies.

Weaknesses

Little Education Given To Customers About Branches In Remote Areas:

According to the feedback I had from the manager, it was realized that the customers ignorant of other available branches of the company in other regions when the customers traveled to such regions.

Low Market Share:

Low market penetration was a problem faced by Phoenix Insurance. Competitors in the insurance industry predate on potential customers with low prices for their products. Phoenix tends to have high rates, which initially does not make a vast number of customers interested in the new product.

Opportunities

Trusted Industry Player:

One of the top insurance firms in Ghana which gives them a more substantial benefit above the other insurance companies.

Digitization Of Operations:

New technology is an opportunity for Phoenix Insurance as it can make use of artificial intelligence and big data. Customers will also be able to make payments online rather than leaving the comfort of their houses to make payments at any branch.

Threats

Probable Competition:

Threats of competition and threat of new entrants in the economy. New competitors are likely to pose a threat to phoenix insurance, which is already an existing competitor in the industry.

Existing Competition:

Competition is a significant threat for Phoenix Insurance as there are so many firms supplying the few customers with similar goods. Customers can move to different company's if they provide them with better services.

External Risks:

Economic crises such as inflation and increased interest rates can affect Phoenix as increased prices in the economy will allow customers desist from buying the packages.

Rigidity In Legalism:

The company may be faced with novel firm governmental policies such as increment in minimum capital requirement.

SWOT ANALYSIS

<p><u>STRENGTHS</u></p> <p>Location/Proximity To Customers</p> <p>Total Quality Management</p> <p>Brand Differentiation</p> <p>New Products</p>	<p>2 <u>WEAKNESSES</u></p> <p>Customer Retention</p> <p>Low Penetration Level</p> <p>The Dominance Of The Public Sector</p>
<p>3 <u>OPPORTUNITIES</u></p> <p>Identified As One Of The Top Insurance Companies In Ghana</p> <p>New Technology</p>	<p>4 <u>THREATS</u></p> <p>Competition</p> <p>The Threat Of New Entrants</p> <p>Increased Price And Value Transparency</p> <p>Economic Crisis And Global Financial Problems</p>

2 Chapter 2: Needs Assessment

Chapter Overview

This chapter throws light on the course of running the needs assessment of an organization where data was collected to accelerate a richer understanding of a current setback in the marketing processes (customer retention strategy) of Phoenix Insurance.

2.1 Needs Assessment

A needs assessment is the means of collecting information about organizations' needs that could be attained by running training. The demand can be a wish to improve on the existing performance or to right a defect. Also, according to Kaufman and Guerra-Lope (2013), a needs assessment is the description of a setback and how to attain a secure condition. The needs assessment is also used to identify the existing gaps in the organization. For this very study, needs assessment is used to refer to the process of establishing the unmet demands of Phoenix Insurance and how best such demands can be prioritized, addressed, and solved. This is responsible for the development of a sustainable solution towards the improvement of the customer retention measures of Phoenix Insurance.

In organizing my needs assessment, data were collected concerning the current condition of the organization. The data collected was examined to establish concrete information about the setbacks of Phoenix Insurance. The retention methods of the firm were reviewed to help identify any prevailing gaps, and this geared towards a solution for improving customer loyalty in Phoenix Insurance.

Research Objectives

- To determine the challenges faced by Phoenix Insurance in retaining its customers

- To analyze the various customer retention frameworks and adapt the most suitable for Phoenix Insurance
- Design an appropriate solution to solve that gap.

2.1.1 Methodology

In conducting research, there are two main approaches, which are qualitative and quantitative. With my study into the needs of the company, I employed a qualitative research approach. This method ensured that there was room created for views of the participants to have a detailed understanding of the marketing function of Phoenix Insurance. In conducting my research, I used semi-structured interviews to collect data for outlining and understanding the problems and gaps in the assessment of organizational needs. The semi-structured interviews have open-ended questions, which makes it more adaptable.

Phoenix insurance had a busy schedule; therefore, a convenient sampling method was used to sample the participants. I interviewed workers and customers of Phoenix Insurance, and a convenient sample was used due to the busy schedule of the workers. The workers and customers were interviewed based on their availability at their workplace upon my arrival. The information from these workers and customers helped much in identifying the problems in the organization accurately. Several problems were identified during the interviews and some of which are lack of customer motivation, customer database problems, high premiums, poor claiming processes, economic hardship of the country, network problems, and competition. The above data collected will help in tackling the project thoroughly.

2.1.2 Key Data Findings.

In the consecutive paragraphs, I elaborate on each question posed to both the customers and the workers of Phoenix Insurance to have a proper understanding of the problem in their perspectives, respectively, during the interview.

2.1.3 Problems Identified (Result of Needs Assessment)

Views from customers

- **Claims Management**

From the interview, most of the respondents cited this is the most significant problem of phoenix insurance. Most of the respondents stated that Phoenix Insurance had poor claims settlement strategies. The customers complained of poor claiming processes; the company also added to that; most customers were the cause of this problem. The customers delayed with the materials needed, which resulted in delayed claiming processes when required; thus, the company hopes to improve this by communicating with its customers well.

- **Economic Hardship of the Country**

Most of the customers complain of financial hardship as an excuse for not paying their premiums. They, therefore, ask for a reduction of premiums, which cannot be reduced since all insurance companies are regulated by the National Insurance Security, which gives a fixed amount of policy to all the companies to comply with. The customers then refuse to pay these premiums in the subsequent years; hence, the company losing customers, causing customer retention problems.

- **Product Pricing**

One of the challenges of the company was product pricing. Customers are rational about the prices of products they buy and the choices of the products they buy based on the costs instead of the quality of the product. Based on this, customers always ask for price reductions

in their renewals. As a result of these price negotiations from the clients, if the company is unable to negotiate with them, they tend to leave to a different company with reductions assured not considering the service of the organization. Even though the National Insurance Commission has price regulations, they are not strict on it as some companies do not comply with them. Some companies have persistently undercut the prices of motor insurance whose insurance forms over 50% of the premium of the company as this is a challenge phoenix insurance is facing in retaining its customers.

Views from Employees

- Competition

Competition is a significant problem that dominated all the answers the respondents(employees) gave during the interviews, which stood as one of the essential causes of customer retention in phoenix insurance. The insurance industry has many players existing within a small market that makes the whole industry fight against each other and use unethical methods to snatch policyholders from the company. This was caused by the massive undercutting by the competitors in the industry that leads to the charging of unsustainable premiums in order to win clients from the other companies. This has affected customer retention ability.

- Internal Processes

The internal processes of Phoenix Insurance have been a challenge since clients' data in the company's system has not been updated, resulting in clients not receiving time notifications. This is because customers change their contacts from time to time without the knowledge of the company leading to these internal process challenges. Clients also forget their renewals leading to high costs in managing resources that are required to inform the client about their renewals status. Since Phoenix has a vast database, the Management can be very hectic and

challenging; therefore, prompt alerts as expected from clients cannot be delivered, resulting in other competitors taking the clients to the companies. There is also a problem of keying in wrong information into the systems resulting in losing contact with customers as the workers put in incorrect data into the database without crosschecking, leading to corrupt databases as well; due to this, customers cannot be contacted leading to customer loss.

- Customer satisfaction/ Motivation/ Appreciation.

Customer appreciation is critical in every organization, as some customers are very particular about that. Phoenix insurance was therefore noted for not appreciating their customers, which resulted in customer loss. Customers will always run to other insurance companies that give appreciation without hesitation; hence, this is also a problem phoenix insurance is facing with customer retention.

Problem to be Addressed

After the interview responses were analyzed, claim settlement management was the most pressing issue of the company and needed to be tackled. For an insurance company, their customers matter to them as customers' needs are essential when developing products and services. Customers are the keen part of the company, and the company's inability to retain them would bring about a financial loss to the company. Therefore they must take up strategies for keeping their customers.

2.2 Study into the Selected Problem

2.2.1 Problem Statement

Phoenix Insurance is experiencing low customer retention for a reasonable period of time due to its poor retention strategies leading to low organizational growth as well as unreasonable revenue and has restricted them from attaining their short and long term goals of satisfying their customers. This has influenced the company's penetration rate leading to low sales.

2.2.2 Research design

In view of the problem stated, I employed a semi-structured interview to get detailed information on customer retention. The interviews were conducted at the work premises, where four employees were interviewed.

2.2.3 Sampling method

The study was directed towards two managers of Phoenix Insurance, which comprised of the Assistant Managing Director and the Marketing Manager in addition to other employees and customers of Phoenix. In organizing my data finding, questions were posed to both the workers and customers of the company to have a deeper understanding of the marketing function of the organization and what the company will do to retain their customers for a more extended period of time, where workers have worked in the organization for a minimum of 4 years as this was essential to validate the data. A convenience sampling method was the most appropriate sampling method to use. A convenience sampling method is a non-probability sampling where participants of a target populace that meet a certain standard such as easy availability or closeness to participate are included in the analysis. (Anon, 2019)

. The rationale for choosing the convenient sampling method was to gather relevant information easily.

2.2.4 Data collection instrument

A semi-structured interview guide was used because of the qualitative nature of the research approach. The interview guide was designed based on the significant themes recognized by .i.e. (competition, economic hardship, claim processes, customer appreciation). These were used to gain insights from the perspectives of the workers and the customers. A semi-structured interview guide was used interviews to collect data for outlining and understanding the problems and gaps of the company, as said in the earlier paragraph and because of the

small number of respondents going to be interviewed with close interactions with each of them.

2.3 Conclusion

From the needs assessment conducted, it was concluded that Phoenix Insurance has an issue with retaining customers, which affected organizational growth. Several reasons for the loss of customers were observed. Identified were competition, financial problems, poor claiming processes where the poor claiming processes was the massive chunk of the problem.

Chapter 3, the next chapter, studies customer retention and its effects on different frameworks to solve the problem.

3 Chapter 3

Mastery of subject matter

3.1 Chapter overview

In this chapter, these research questions would be researched and studied to understand the theory of customer retention.

- How does customer churn affect the organization?
- What influences customer retention in an organization?
- What are the various frameworks or strategies for customer retention?

3.2 Introduction

According to Chatura Ranaweera (Ranaweera, 2003), customer satisfaction has conventionally been considered as a basis of lasting consumer behavior, according to him, the more pleased the consumers are, the higher their retention is. Customers are the most critical people in every business and the strategies that a business organization adopts determines the longevity of its relationship with its customers. The greater the level of fulfillment and trusts, the greater the level of customer retention. Customer Retention, according to K.Chitra, is a progressively persistent issue in the competitive environment, more competition, and increased regulation has made it very difficult for insurance companies to stand out of the multitude. (Chitra, 2011)

3.3 Effects of customer churn on organizational performance.

Effects of customer churn on the organization:

Churn helps the company's competitors- The negative customer review of the company aids competitors to take better and quality decisions to make themselves a better

one and compete against the product. When this happens, the customers will then be pleased with the competitors' products and services.

Churn affects the valuation of the company- customer churn affects the goodwill of your company and affects how shareholders perceive the company. Venture capitals look at capital churn to conclude if the product has stands on the market. High churn rates reduce the Loan-to-value and can make the shareholders doubt the potency of the business.

Churn increases the customer acquisition cost- When the churn occurs, the organization does not only dedicate time and resources trying to bring prospective customers but to refocus their attention to retracting their lost customers which will be costly.

3.4 Factors that affect customer retention.

Customer retention is affected by several factors like customer service, service quality, interpersonal relationships, claims handling processes, customer satisfaction, product mix, and price fairness. Customer satisfaction is the consumers' contentment reply, the level to which the degree of contentment is satisfying; hence, it is the general decision of the service provider(Siddiqui & Sharma 2010).

Service Quality

Service quality is a universal attitude concerning a specific service, the client's general impression of the comparative disadvantage or advantage of the organization, and its services (Fogli, 2006). According to Toran (1993), service quality should be a vital component for insurance service industries. Also, there has been a positive correlation between service quality and the readiness of a customer to pay greater prices for services and customer loyalty(Baker & Crompton, 2000).

Customer Satisfaction

According to Geyskens, Steenkamp & Kumar (1999), customer satisfaction is an essential factor responsible for long term association between suppliers and buyers. If there is customer satisfaction, customer loyalty increases, thereby reducing customer acquisition costs. If consumers are not content with a particular good or service, they are prone to switch to other competitors at any time. Customer service is of great significance because it raises product excellence, increases gains in competitive advantage, and as a result, growing sales and revenue. (Gummersson, 2002).

There are several ways of satisfying a customer, and these are:

- Presenting informational services to customers about the new line of products.
- Communicating services with customers.
- Establishing long term relationships with customers.
- Using trained staff to increase the accountability of the company.
- Detecting and rectifying faults in a product without causing losses for customers.

Trust

Trust is the readiness of a party to be susceptible to the engagements of another party based on potentials that the other will complete a specific action necessary to the trust (Mayer et al. 1995). Alternatively, trust is a necessary element to relationships and denotes the partner's openness in business communications (Morgan & Hunt, 1994).

Commitment

Commitment is a lasting attitude or wish for a specific brand (Moorman et al., 1992). Morgan & Hunt (1994) explained that commitment is a psychological state where a customer has ideas to continue relationships with his current provider. It is the level to which customers are passionately associated with a company, its brand, or product, continued by endless desire to sustain membership.

Corporate Image

Corporate image is the outcome of all occurrences, impressions, opinions, and knowledge that individuals have about a firm(Aaker, 1996). According to (Bosch et al., 2006), the corporate image takes form through client feedback to the tactical intent of the company. (Shlesinger, 1993) predetermined that corporate image affects customers' choice of insurers as well as the known level of price.

Switching Costs

Switching costs are considered as the costs of moving from one supplier to another(Porter, 1998). According to Fornell (1992), there is a positive correlation between switching costs and customer loyalty. Companies must make sure they satisfy their customers to prevent them from switching from their company to another.

Communication.

Communication is a shared conversation between a company and its clients during selling and consuming stages(Anderson & Narus, 1990). Regular interaction with clienteles lowers the dangers of purchasing.(Claycomb & Martin, 2002). Communication also includes rendering reliable information, meeting promises, and notifying in case of supply related problems. Good communications with the customer bring about customer loyalty as a customer can give feedback about services.

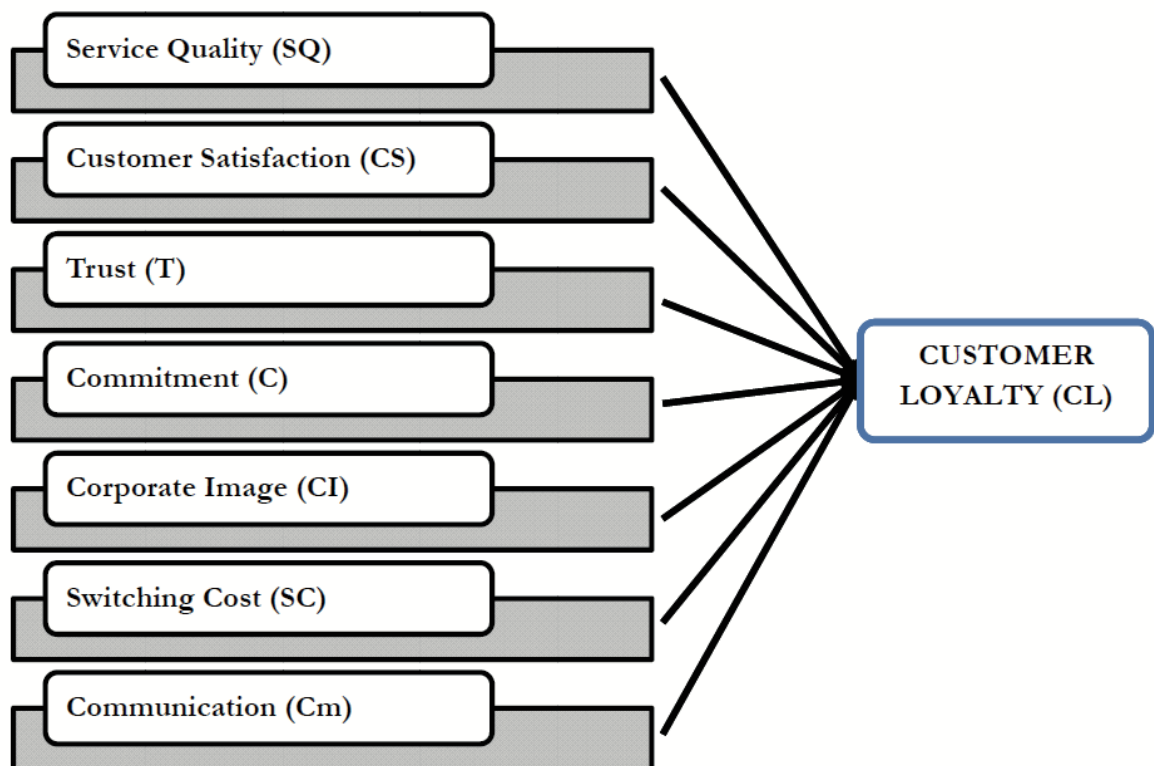


Figure 3.4: Customer Loyalty Framework

Source: Rai & Medha, (2013), research on customer loyalty.

3.5 Various frameworks or strategies to solve customer retention

Customer retention frameworks are models that are designed to solve the problem of customer churn.

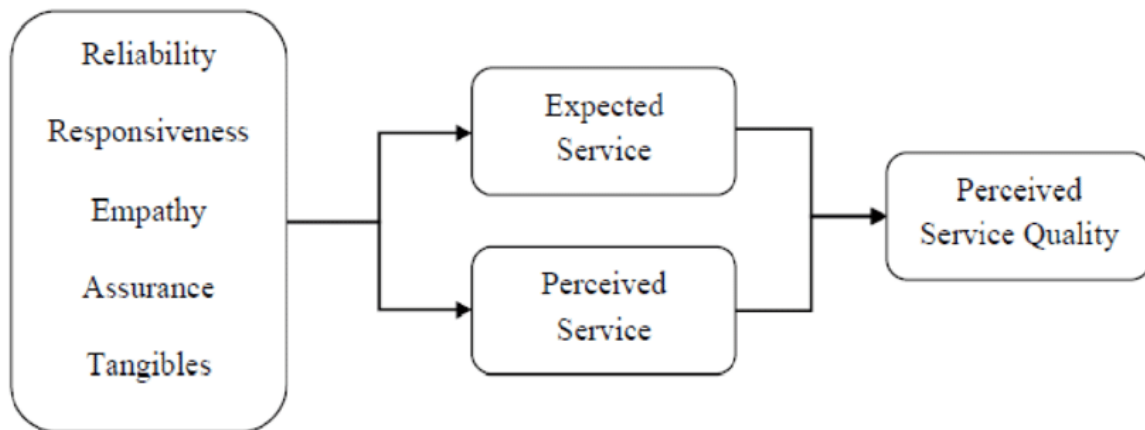
There are several frameworks for customer retention, of which three are the:

- ServQual Model or Rater Model
- The Customer Loyalty Framework
- Customer Relationship Management model (CRM)

SERVQUAL/ RATER MODEL

The Servqual model is a valuable tool for administrators to detect gaps in their service(Seth, Deshmukh & Vrat, 2005). This tool measures five factors, namely: responsiveness,

assurance, tangibles, empathy, and reliability. The SERVQUAL model, as it denoted measures service quality and was developed by marketing gurus called Zeithaml, Parasuraman, and Berry. This model was mainly created for retailers and service companies such as organizations that provide customer service and are concerned with understanding service quality.



Source: SERVQUAL model (Parasuraman et al., 1988)

Expected service is the needs of the customers that they feel the organization should propose, whereas perceived service is the assessment of the organization (Tang, 2000). Researchers discovered that clientele's professed service has a progressive effect on customer satisfaction. The level of customer fulfillment is the effect of customers' judgment of service quality anticipated in a specified service with perceived quality (Looy, 2003). They also observed that if the perceived quality is greater than the predicted, the client will be much content, and if the opposite occurs, then disappointment arises. Customer satisfaction can be achieved by organizations that know their customers' desires and make an effort to provide a competent service (Harris, 2000)

If the organization can undertake all the five dimensions, then it can be guaranteed that there will be an excellent service quality leading to customer retention.

CUSTOMER RELATIONSHIP MANAGEMENT

Customer Relationship Management comprises the plans, procedures, and tools used to assess customer behavior and dealings to promote customer relationships. CRM is an important tool for developing contentment that leads to the recurrence of business and prolonged customer loyalty.

There are three levels of CRM, which are Strategic, operational, and analytical.

Strategic CRM

Strategic CRM is centered around the advancement of client-based business culture. This culture is focused on winning and keeping clients by making and conveying esteem superior to contenders. With the client based culture, assets must be dispensed, where they would best improve client esteem, reward frameworks, and advance representative practices that upgrade consumer loyalty.

Operational CRM

Operational CRM is all the services that a business must take in place to take care of customers' needs.

Operational CRM takes the form mainly in software form. Operational CRM comes in 3 forms, and these are-

- Marketing automation focuses on market segmentation, operation management, and event marketing.
- Salesforce automation focuses on opportunity supervision, contact management, and product configuration.
- Service automation focuses on contact operations, call center operations, and web-based service.

Analytical CRM

This is associated with using client data to improve both client and organizational value. It builds based on client information. Analytical CRM is a necessary part of a successful CRM execution.

Analytical CRM can provide enhanced, more appropriate modified solutions to the client's difficulties, thereby improving customer fulfillment.

4 Chapter 4:Solution and implementation plan

4.1 Chapter Overview

This chapter explains the solution that has been developed based on a strong understanding of Phoenix's present situation. The solution suggested, which is The Phoenix retention package will be in three parts. The first, which is a retention plan is going to help the company attract and keep the right people for the business, which is one of the gaps the solution seeks to tackle. The second is a claim settlement training program for employees of Phoenix to handle customers and claiming processes properly. The last part of the solution is a rewards and benefits package that lines up some policies, benefits, and rewards customers of Phoenix may obtain to be encouraged and content to ensure their properties with Phoenix Insurance.

4.2 Proposed Solution

At the start of this project, Phoenix Insurance did not have a structured approach to its marketing efforts to retain its customers. The purpose of this report was to develop a solution that could work on their retention strategies, thereby helping them retain their customers. To this end, the proposed solution is a customer loyalty plan with steps on how to achieve customer loyalty since loyalty will increase customer retention.

4.3 Model for solution development

The solutions to the customer retention problem experienced by the company were derived from the needs assessment and also from the insights derived from the mastery of the subject matter. The figure below shows the source of the solutions suggested.

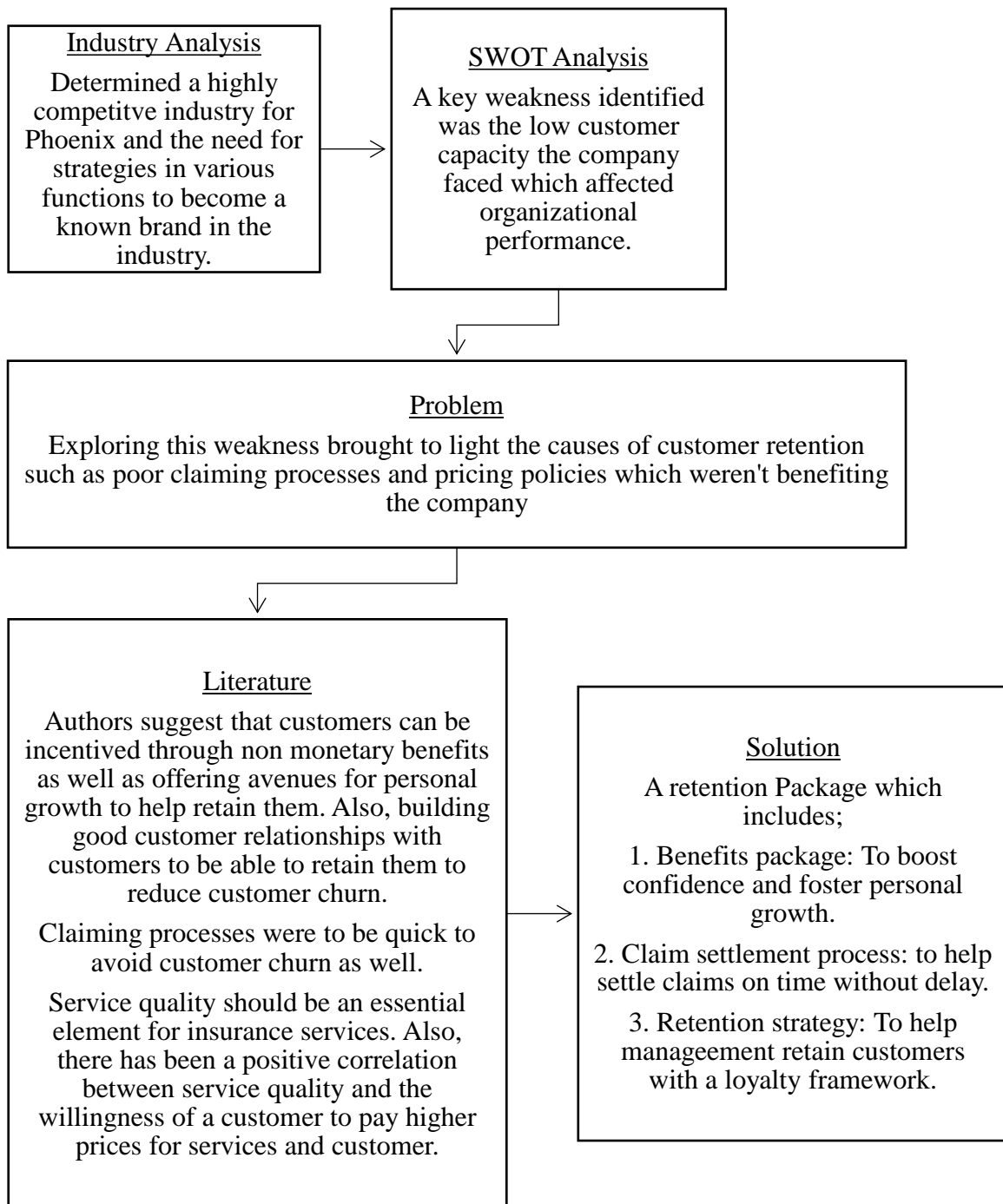


Figure 4.3: Synthesis of Solution derivation

Phoenix retention package

4.3.1 The customer loyalty framework

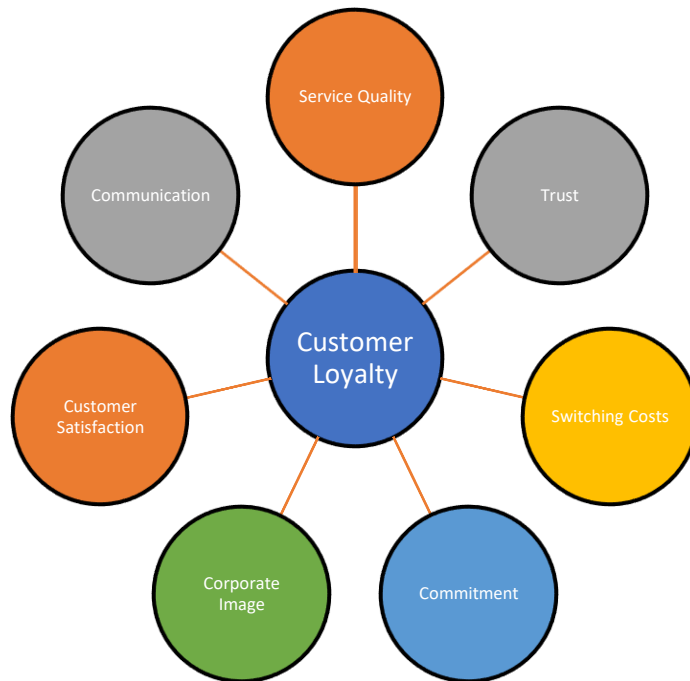
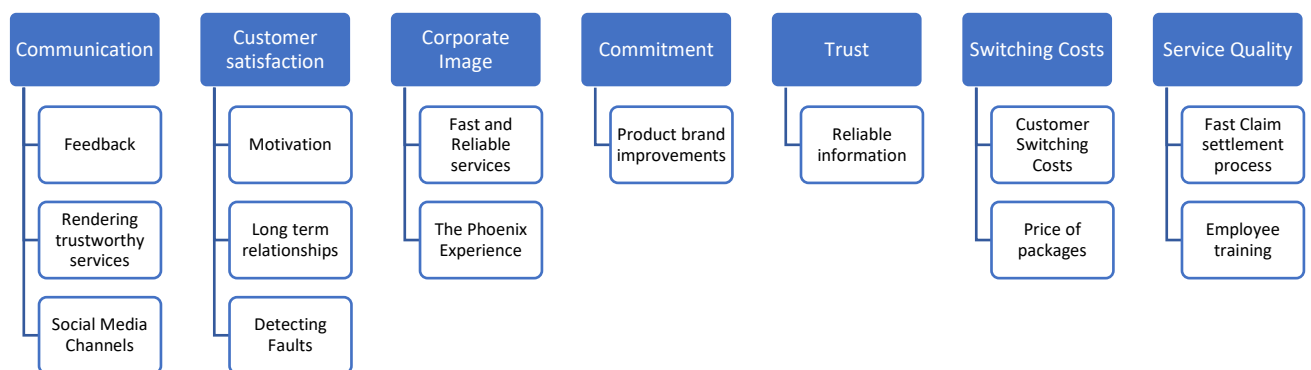


Figure 4.3.1: Customer Retention Framework



Communication

Communication builds an expressive relationship between the customers and the organization in relation to its brand, which is prolonged by the desire of the customer to sustain involvement. Feedback is an aspect of communication that Phoenix Insurance has to improve on. Phoenix Insurance can build brands through emotional engagement by listening to the voice of the customer. Analyzing client feedback about their prospects for products and services in actual time gives the insurer the chance to recognize consumer demands, develop both product and customer service and create a chance for chats that will deepen the relationship. This can be done through surveys, focus groups, structured interviews, online feedback forms, or SMS surveys; the voice of the customer will enable the company to identify missed opportunities.

Rendering trustworthy services is a way of communicating reliable information to customers. Phoenix Insurance communicates to its customers the structure of their business model and how they make their money through risk assessment, premiums, and investments. The company must align their interests with the interests of the customers and informing the clients about all services which can be done through the customer service channels such as the website, company blog and other social media channels. Phoenix insurance should try as much as possible to advertise its products on social media platforms such as Twitter and Facebook, as it has become vital to the insurance business.

Customer Satisfaction

Customer satisfaction is important for long term relationships between the organization and the clients. Customer satisfaction increases customer loyalty. Phoenix should take time to motivate its clients; there are several ways Phoenix insurance can motivate its customers which are: personal service, discounted rates, policy payout, and explain benefits and options.

- **Personal Service-** Phoenix Insurance can increase retention rates by providing the customers with a better degree of modified customer service to current policyholders. This means assigning a single representative to handle the needs of individual customers, giving clientele a contact person to relate with if they have difficulties or concerns about their policy, coverage, or renewal options.
- **Policy Payout-** Clientele may be encouraged to change insurance companies if they have a challenging time filling and gathering on genuine claims. Phoenix might repeatedly deny claims due to technical problems, but a client who is deprived of genuine treatment to get the benefits due to him may be more liable to seek attention through another organization in the future. As soon as that happens, Phoenix should pay policy proceeds on the eligible claims to help preserve a good relationship with the client.
- **Discounted Rates-** Phoenix insurance can increase retention rates by offering discounts for customers who are entitled to more than one policy with the company. An example is, a client who has a motor, health, and life insurance with Phoenix will be motivated to renew a contract if only they are offered a favorable rate on all the three policies rather than a client who only pays for one policy. Bundling insurance products will help the customer save money and make it very difficult for them to drop the company.
- **Explain Benefits and Options-** The jargons in the insurance company can be very difficult to understand, Phoenix should take time to educate its clients about their benefits, responsibilities, and rights, and be willing to answer questions at any time, especially during policy renewal talks. Phoenix Insurance should also introduce new products that may be beneficial to their customers.

Corporate Image

Phoenix Insurance's corporate image is the general impression the clients have about them. It can either be positive or negative in terms of attitudes, ideas, and feelings.

Fast and reliable customer service creates lifelong customers, avoids bad word-of-mouth, and differentiates the company from other competitors. The company must listen and address the concerns of the customers in a timely manner. To earn a reputation, Phoenix must be consistent and dependable. Claims must be processed on time, and if the company promises 24/7 live customer support, then it must make sure it is a promise that can be kept.

The Phoenix Experience is a strategy for keeping customers and making them feel welcomed. Phoenix Insurance must be quick, convenient, friendly, and have a very clean environment. These attributes will keep customers happy and willing to spend more time with the company. Every part of this operation should be crafted around human interaction. For instance, when a customer says, "thank you," the employees should respond with "My pleasure!". Employees should deliver services with a smile, asking if customers are satisfied with their services. Little touches like these will elevate the insurance experience.

Commitment

Phoenix is to make sure they create a promising brand for its customers and improve on any defects and a continuous desire to maintain relationships with their customers.

Product brand improvements- when people trust and know the brand, they are most likely to assign positive standards to the company than harboring negative feelings. Phoenix should make changes to its products and services when the majority of its customers want it in a particular way that will benefit both the company and its customers, so they do not run at losses too.

Trust

Trust is an essential tool for insurance companies as they are seen as being untrustworthy by customers. The media is blamed for this, particularly in movies where there are failed insurance claims. In reality, insurance companies do not make failed insurance claims. Insurance companies are paying more insurance claims more often than not. Phoenix insurance can convince their customers in these following ways;

- Clear communication to customers-The Phoenix team must be trained and supervised to make sure every customer is treated well and explain to them why the negative stereotypes are not going to happen to them. With this, worried clients can give orders on how their claims can get paid when something happens.
- Phoenix must disclose their statistics- with numbers, and the customers will have a good reason to trust the company. Phoenix can improve the company's relationship with customers by disclosing their payout rates and reasons why claims are being denied to their customers.
- The pricing model of the company must be clear.
- Phoenix should explain its business model to their customers- Phoenix should explain to their customers how they make their money through risk assessment, premiums and investments; with this customers are at ease knowing they are safe. Phoenix must make sure they align the company's interests to the interests of their customers. This is a matter of informing the clients, and this can be done through the Phoenix website, the company blog, the customer service channels, and social media channels as well. Investing in trust and clear communications pay off in the long run.

Switching Costs

Switching costs are costs that a customer has to incur when switching to another service provider. If Phoenix wants positive switching costs, Phoenix must make sure they are not too expensive as customers might switch to a less expensive or cheaper alternative. Phoenix must have goodwill and low damage history claim history.

Service Quality

Service Quality, as its name denotes, is how a company makes sure it provides good quality products and services to its customers. Claim settling management was a big chunk of the problem of Phoenix Insurance. Claims settlement is not difficult when the company has all the required details they need. Let us take, for example, the car insurance claims process. To speed up the entire claims process, the evidence of the accident scene is important in addition to it some personal data. Personal information like the names, numbers, home, and email addresses of everyone at the accident scene might be needed. People such as drivers, passengers, and bystanders. Pictures of the accident scene must be submitted and make sure there was police evidence.

Phoenix Insurance must communicate to the customers that without some vital information, the claims cannot be settled; if not, Phoenix Insurance can build an app that will make claim settlement easy. Phoenix must crosscheck the information of the customer several times to make sure it is correct and will not bring about any problems in the near future before inputting it in their systems for final records.

Phoenix Insurance must also train their customers on how to relate with the customers in a nice way to prevent customer churn. Employee training brings about quality outputs and lower wastages of resources.

4.3.2 Implementation plan

Solution	Who is Involved?	Implementation
Retention Strategy	Management	Go through the step by step process of ensuring successful retention of customers by using the customer loyalty framework.
Customer Benefit Package	Management	Customers' will be motivated and recognized in decision making since they are an important part of the insurance company while they will be recognized at least once in the year.
Claim Settlement Process	Claims department and Management	Management should create a channel to improve communication between employees and customers, discussing the documents necessary for claim settlement to prevent delays.

Reviews and Future Amendments: In my opinion, the marketing department of Phoenix Insurance should be reviewed and divided into subsections. Where one remains the marketing department, and the other remains a customer retention department.

For reviews, a future reader or researcher can research deeper into Customer Relationship Management and how it can affect the company. I could not elaborate on Customer Relationship Management because of its technicalities for a business student. A future researcher can build a CRM application for the company for fast and reliable claim processing.

5 Chapter 5: Conclusions and Recommendations

5.1 Chapter Overview

This Chapter gives a conclusion on the entire project and summary of the insights gathered through the duration and some problems the organization should look out for and some limitations that come with the tool.

5.2 Recommendations

In an attempt to improve the overall performance and customer retention of Phoenix Insurance, the following suggestions were established.

The first would be to create a retention department that will aid in preventing customer churns. This department will facilitate customer-firm communications for good decision making. This department will solely work on the claims of customers and communicate with them all the needed documents for quick claim settlement.

The second recommendation is for the company to take advantage of social media to increase their customer base and tell the general public about its salient brands and packages. I suggest Phoenix insurance should update their website and put more important details there like the prices of the insurance packages, the types, and the documents needed to request for a claim.

Last but not least, Phoenix Insurance can alter its approach to handling customer relations by the use of advanced technology. While other insurance firms wait to be approached by their customers, Phoenix Insurance can take the proactive step by using notifications and reminders to prompt customers to settle claims. The introduction of a rapid virtual system with a sophisticated database system would enable customers to process their claims quickly.

It is by this type of tactical decision making that Phoenix Insurance may engage customers in active interaction and consequently be head of its competitors.

5.3 Conclusion

This project was intended to provide Phoenix Insurance with a customer retention strategy that would be used to decrease customer churn and attract new customers. The solution developed based on the customer loyalty model will be used as a guide by Phoenix Insurance in starting to practice its retention.

5.4 Limitations and challenges

The distance from Ashesi (Berekuso) to Phoenix Insurance(Ridge) was a challenge for me because of transportation costs and time. Interviewing the customers was a bit challenging since I had to visit the homes of some of them, which was not comfortable. Out of 30 customers, I planned to interview, and I only had the opportunity to interview just 15.

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7 Appendix

Interview Guide for the employees

1. What percentage of new clients do you get in a year? what percentage of clients do you lose in a year?
2. What percentage do not renew with you?
3. What contact information do you take from customers
4. What do you do to appreciate customers?
5. What do you do to stand out?
6. Do you change your strategy? What has been your strategy for competing?
7. Do you plan to change it? Why?
8. Does the company have a retention department? If Yes, what methods that it use to retain customers?
9. How long has this strategy been in place?
10. Are they reviewed? If yes, how frequent?
11. Has there been an improvement in customer retention since the strategy was introduced?
12. Have you faced any challenges in retaining customers?, If yes, what are the main challenges encountered in the retention of customers?

Interview guide for Customers

1. Are you employed ?
2. How do you finance your motor insurance? Is it from your salary?
3. Has there been a time you've defaulted to pay your insurance? if yes why?, if no why do you think it is good to default?

4. Do you think your premium charges are fair or too high? Why do you think it is high?
5. Will it affect willingness to reinsure?
6. How long have you used the insurance policy of phoenix insurance.
7. Is there any service you expect the company to provide that it is not providing now?