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ANTECEDENTS OF CUSTOMER RETENTION WITH SPECIAL REFERENCE TO MOTOR INSURANCE INDUSTRY IN SRI LANKA

D.N.E. Lakmal
Research Fellow
Sri Lanka Institute of Marketing

Abstract

This study examines the antecedents of customer retention with special reference to motor insurance industry in Sri Lanka and identifies appropriate retention strategies. To achieve these objectives, six hypotheses were developed and tested. Based on the literature review, the researcher identified five independent variables, namely customer satisfaction, payment equity, service convenience, trust and switching cost, that could impact on customer retention. The primary data was collected from a sample of 150 adult motor insurance policy holders in Sri Lanka. Correlations, One-Way Anova and regression tests were performed to test the hypotheses. Findings of the study revealed that service convenience, customer satisfaction and customer trust have significant impacts on customer retention in the Sri Lankan motor insurance industry. Therefore, insurance providers should pay special attention to these dimensions when designing appropriate marketing strategies. Since other dimensions have no significant impact on customer retention, the above dimensions could be identified as the antecedents of customer retention in the Sri Lankan insurance industry.

Key words: Access Convenience, Customer Retention, Payment Equity, Service Convenience, Trust

Introduction

Today, the insurance companies have to face the toughest competition ever. All the firms today are engaged in the process of offering additional services to add to customers' delight and relationship with customers (IBSL 2012). Most of the Sri Lankan insurance companies are focusing on building trust with the consumers as well as creating and conveying brand messaging, education and service delivery which more consumer-oriented. In addition to these strategies, maintaining an effective customer retention function is becoming essential for insurers. If nothing else it helps keep the level of switching lower rather than creeping higher. Retention efforts should be integrated with overall improvements on how providers engage with existing customers. Like in many competitive industries, in the insurance industry too, the consumer is free to choose their insurer. Their decision is based on a complex combination of price, service, personal preference, convenience, and many other issues. Within this environment, it is particularly important to understand which customers are leaving and why, so that customer retention initiatives can become more focused.

Insurance products have become largely commoditized, and customers often choose their insurer purely on the basis of price. Due to the rapid growth of the Internet and the proliferation of online insurance aggregators, customers now have a greater choice than ever before for insurance quotations. With little differentiation between product offerings, it is extremely challenging for insurance companies to retain customers, and this results in poor loyalty levels and increased costs.

To meet customer expectations, insurers need a deep understanding of the varying needs of individual customer groupings. While older customers tend to value personal contact during the service process, younger consumers are more concerned with speed of settlement. Consumers across all age groupings may rely on a variety of communication channels — phone calls, email or texts to keep them informed as a service progresses. Investment in service processes and technology should not be driven by the belief that it will help to improve retention, but by the desire to improve efficiency for both the customer and the insurer (Global Consumer Insurance Survey 2012). The marketing research problem identifies the retention determinants and their impact on customer retention, with special reference to Motor Insurance Industry in Sri Lanka. Research questions are identified as 01). What are the antecedents which have impacts on customer retention? 02). What is the nature of impact of the key determinants? 03). Does Consumer Retention vary across demographic factors?

Literature Review

The literature review is focused on a critical assessment of determinants of customer retention with special reference to the motor insurance industry in Sri Lanka.

Service convenience

Existing empirical findings focusing on convenience indicate that convenience plays a decisive role in the relationship between customers and their service providers. Inconvenience has been shown to be a reason that customers exit a relationship (Keaveney, 1995; Pan & Zinkhan, 2006), and convenience has been shown to be a major reason that customers intensify a relationship (Seiders at al., 2007). More than 20% of customers who defect from a relationship with a service provider indicate inconvenience as one major reason (Keaveney, 1995). The research has focused on critical incidents that have led customers to switch their service providers, not on a certain type of service provision or industry. Consequently, service convenience has a positive effect on customer retention. This is consistent with empirical studies that show that service convenience positively affects customer retention (Moeller at al., 2009). In previous conceptual research, convenience was defined as the consumer's perceived degree of avoidance of time and effort and was exhibited as a multidimensional construct covering the entire service process (e.g. Berry at al., 2002). According to Farquhar and Rowley (2009) service convenience is defined as a judgment made by consumers according to their sense of control over the management, utilization and conversion of their time and effort in achieving their goals associated with access to and use of the service.

Berry et al.(2002) presented a conceptual model of service convenience which consists of five constructs of decision convenience (i.e. customers who desire a particular performance devote time and effort on deciding how to obtain the particular performance), access convenience (i.e. customers' perceived time and effort expenditures to initiate service delivery), transaction convenience (i.e. customers' perceived expenditures of time and effort to effect a transaction), benefit convenience (i.e. customers' perceived time and effort expenditures to experience the service's core benefits), and post-benefit convenience (i.e. customer's perceived time and effort expenditures when reinitiating contact with a firm after the benefit stage of the service). In summary, service convenience can be influenced by various factors in relation to firms, such as physical environment (Baker and Cameron, 1996; Bitner, 1992), company's brand name (Berry, 2000), and the design of service system (Meuter et al., 2000).

Customer satisfaction

Customer satisfaction is defined as a customer's overall evaluation of the performance of an offering to date (Johnson and Fornell 1991). This overall satisfaction has a strong positive effect on customer retention (Fornell 1992; Fornell et al. 1996). As an overall evaluation that is built up over time, satisfaction typically mediates the effects of product quality, service quality, and price or payment equity on retention (Bolton and Lemon 1999; Fornell et al. 1996). It also contains a significant affective component, which is created through repeated product or service usage (Oliver 1999). In a service context, overall satisfaction is similar to overall evaluations of service quality. Compared with more episode-based or transaction-specific measures of performance, overall evaluations are more likely to influence the customer behaviors that help a firm, such as positive word of mouth and repurchase (Boulding et al., 1993).

For more than two decades, customer satisfaction has been an intensively discussed subject in the areas of consumer and marketing research. Customer satisfaction has gained new attention within the context of the paradigm shift from transactional marketing to relationship marketing (Gronroos, 1994; Sheth & Parvatiyar, 1994), which refers "to all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges" (Morgan & Hunt, 1994, p. 22). In numerous publications, satisfaction has been treated as the necessary premise for the retention of customers, and therefore has moved to the forefront of relational marketing approaches (Rust & Zahorik, 1993). Kotler sums this up when he states: "The key to customer retention is customer satisfaction*' (Kotler, 1994, p. 20). Consequently, customer satisfaction has developed extensively as a basic construct for monitoring and controlling activities in the relationship marketing concept. This is exemplified through the development and publication of a large number of company, industry-wide, and even national satisfaction (Anderson et al., 1994; Fornell, 1992; Fornell et al., 1996)

The link between satisfaction and the long-term retention of customers is typically formulated by marketing practitioners and scholars in a rather categorical way, and is therefore treated as the starting point, rather than the core question of the analysis (see, for the practitioners' side, e.g., Naumann & Giel, 1995; Quartapelle & Larsen, 1994, and for the academics, e.g., Engel, Blackwell, & Miniard, 1993; Kotler, 1994; Woodruff, 1993). Or, as LaBarbera and Mazursky point out: "The assumption that satisfaction/dissatisfaction meaningfully influences repurchase behavior underlies most of the research in this area of inquiry" (1983, p. 400). Consequently, only a few researchers have investigated the nature and extent of the relation between satisfaction and retention itself (Bloemer & Poiesz, 1989; Dewasiri & Tharangani, 2014).

The small number of existing studies in this area can be classified into three groups. Most researchers use monetary data, such as revenues or profit, as dependent variables (Reichheld & Sasser, 1990; Anderson et al., 1994). Thus, the individual level of analysis is substituted by an aggregated company-wide level. The validity of such a procedure for the investigation of the satisfaction-retention relation seems to be considerably limited for two reasons. First, the aggregation of data renders any analysis on the individual customer level impossible. Second, profit and revenues are determined by a multitude of variables, which in addition are highly correlated. Therefore, a valid assessment of the relationship investigated here seems barely possible with this research design. A second group of studies on an individual level utilizes repurchase intentions of customers to investigate the link between satisfaction and retention (Bitner, 1990; Oliver, 1980; Oliver & Bearden, 1985; Oliver & Swan, 1989). This approach is also accompanied by two primary limitations. Because satisfaction values and intention measures are normally obtained through the same questionnaire, the data are inherently correlated. This may lead to an overestimation of the strength of the relationship. Furthermore, previous research in the area of customer loyalty shows that the predictive validity of intention measures "varies depending on the product, the measurement scale, the time frame, and the nature of the respondents" (Bolton, 1995, p. 2; see also Morwitz & Schmittlein, 1992) and, altogether, must be seen as rather low (LaBarbera & Mazursky, 1983; Oliva, et al., 1992). Closely related to the problem of intention measures is the usage of other inadequate operationalization.' Finally, a few studies use real purchasing data on an individual level to examine the satisfaction-retention relationship. This is the main group of interest here, because it avoids the problems mentioned above. These studies consistently show only a weak (or, in some of the analyses, even nonexistent) link between both variables. So, in an early investigation using Multiple Classification Analysis (MCA), Newman and Werbel found an explained variance of 0.06 to 0.07, depending on the operationalization of both constructs (Newman & Werbel, 1973). Through correlation analysis, LaBarbera and Mazursky ascertained correlations for different product classes from 0.18 to 0.22 (LaBarbera & Mazursky, 1983). In an experimental study by Bolton, "overall satisfaction" explained 7% of the variance of the length of the company—customer relationship. She even found no significant relationship between the transaction-specific satisfaction appraisal and the length of the relationship (Bolton, 1995). According to Reichbeld, the percentage of satisfied migrants is even higher; he reports that "between 65% and 85% of customers who defect say they were satisfied or very satisfied with their former supplier" (Reicbheld, 1993, p. 71).

Condensing the results from these studies, skepticism seems to be well-founded as to the widespread conceptual view of a strong satisfaction-retention relationship. Therefore, it seems necessary to critically examine the need of a close relation between customer satisfaction and customer retention, and identify the causes for the existing divergence of both constructs (Stauss & Neuhaus, 1996).

Payment Equity

Payment equity is defined as a customer's perceived fairness of the price paid for the firm's products or services (Bolton and Lemon 1999, p. 173) and is closely related to the customer's price perceptions. Payment equity is mainly affected by the firm's pricing policy. As a result of its grounding in fairness, a firm's payment equity also depends on competitors' pricing policies and the relative quality of the offered services or products. Higher payment equity (i.e., price perceptions) leads to greater perceived utility of the purchased products or services (Bolton and Lemon 1999). As a result of this greater perceived utility, customers should be more likely to remain with the firm. Consequently, payment equity should have a positive effect on customer retention. This is consistent with empirical studies that show that payment equity positively affects customer retention (Bolton et al., 2000; Varuki and Colgate 2001).

Trust

The researcher conceptualized trust based on Morgan and Hunt's (1994) interpretation of the construct in their seminal study of commitment-trust theory of relationship marketing. Morgan and Hunt conceptualized trust as existing when one party has confidence in a partner's reliability and integrity. Indeed, trust could exist at the individual level (see Rotter, 1967) or at the firm level (Moorman et al., 1993). Furthermore, trust, when conceptualized as a dimension of service quality, could also be thought of as "trust in the service itself" (see Parasuraman et al., 1985, 1988). In the current study, we look at a customer's trust in his/her service provider, and thus, in the firm.

Parasuraman et al. (1985, 1988) has used trust (together with assurance) as a dimension of the service quality construct. Gremler and Brown (1996) proposed trust as a conceptual antecedent of customer loyalty. Hart and Johnson (1999) offered anecdotal evidence in support of a similar argument. Gwinner et al. (1998) suggested trust as a relational benefit. More specifically, they proposed trust as a confidence benefit rated highly by customers in long-term relational exchanges with service firms. Tax et al. (1998), in their seminal paper on service recovery, studied trust in the context of consumer complaint management. Based on an analysis of both qualitative and quantitative data, they found trust, together with commitment (an indicator of future customer behavioural intentions) to be a consequence of satisfaction with complaint handling. Levesque and McDougall's (2000) recent findings, however, indicate that service recovery (similar to complaint handling in Tax et al., 1998) could have a qualitatively different impact on trust from that on satisfaction. These numerous uses of the trust construct in business to customer relationships are likely to have at least partly contributed to the lack of an extensive body of literature on trust as a mediating construct in models of customer retention.

However, Garbarino and Johnson (1999) did look at trust as a driver of customer behavioral intentions. In a study of theatre customers, they segmented consumers based on their relational (purchased season tickets covering a longer period of time) and transactional orientation. They found that for relational customers, trust, as opposed to satisfaction, mediates the relationship between component attitudes and future intentions. These findings suggest that where customers maintain long-term contractual relationships (similar to the context of the current study) with their telecommunications service provider, trust is likely to be a strong driver of customer retention.

Switching cost

Bansal and Taylor (1999) defined perceived switching barriers as the consumer's assessment of the resources and opportunities needed to perform the switching act, or alternatively, the constraints that prevent the switching act. Keaveney's (1995) critical incident study was one of the first to examine switching barriers as a determinant of customer switching behaviour. Subsequently, Gremler and Brown (1996) used in-depth interviews to develop a model that included switching costs as an antecedent of customer loyalty. They defined switching costs as the investment of time, money and effort that, in customers' perception, made it difficult to switch. Among the examples of switching costs they listed habit, inertia, set up, search, learning, contractual and continuity costs. Since then, Bansal and Taylor (1999) and Lee et al. (2001) among others have tested and confirmed the positive effect of Customer retention switching barriers on customer retention.

Demographic factors

Ghazizadeh et al. (2010) emphasized that customer satisfaction and demographic factors such as age and level of education influenced customers' propensity to stay with their current insurance companies in the Iranian context. There is a paucity of studies conducted in investigating the demographic influence on the customer retention in the insurance industry.

Customer Retention

Retention can be defined as "a commitment to continue to do business or exchange with a particular company on an ongoing basis" (Zineldin, 2000, p.28). A more elaborated definition is to define retention as the customers' liking, identification, commitment, trust, willingness to recommend, and repurchase intentions, with the first four being emotional, cognitive retention constructs, and the last two being behavioral intentions (Stauss et al., 2001). According to Sherden (1994) Customer retention is imperative in modern business a strategy whose objective is to keep a company's customers and to retain their revenue contribution. Primarily it aims to prevent customers from defecting to alternative brands / going to the competition. The benefits of retention are lower cost for the company, less price sensitivity, favorable word of mouth, greater market share and increased profit.

Conceptual Model

The conceptual model is developed based on previous literature on customer retention. In this model, researcher identified customer retention as the dependent variable and service convenience, payment equity, satisfaction, switching cost and trust as the independent variables.

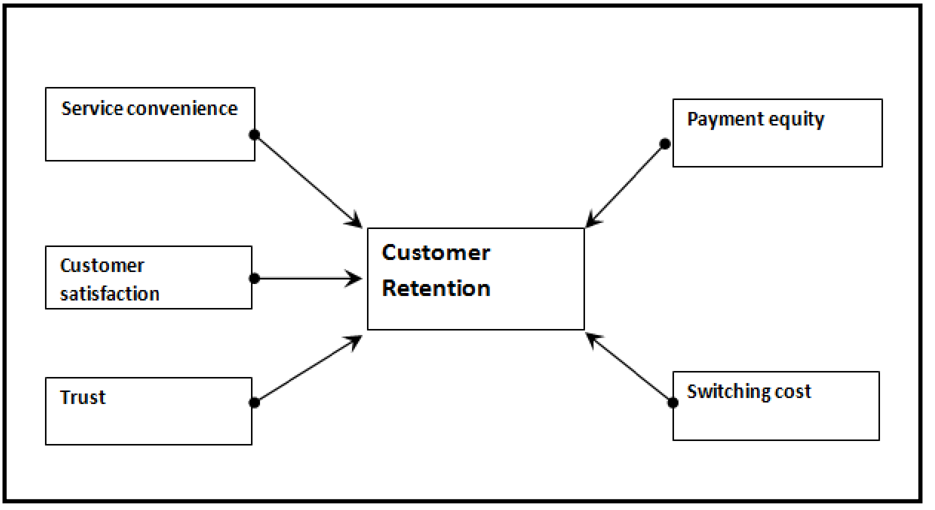

Figure 01: Conceptual Model
Source: Author has developed the same based on previous literature

Research Hypotheses

The research hypotheses were developed based on the rigorous literature review to achieve research objectives of the current study

H_1: Service convenience has a positive impact on customer retention
H_2: Payment equity has a positive impact on customer retention
H_3: Trust has a positive impact on customer retention
H_4: Switching cost has a positive impact on customer retention
H_5: Customer satisfaction has a positive impact on customer retention
H_6: Customer retention vary across demographic factors

Research Methodology

Based on literature review, the researcher identified the dimensions and variables which have an impact on customer retention. Therefore the purpose of this study was to test empirically how the service convenience and other retention determinants and demographic factors influence the degree of CR in the Sri Lankan insurance industry. A field survey conducted by a tested questionnaire was used to gather data. To test the hypotheses, Correlation, Regressions and Anova tests were performed. The purpose of this study is to fill the gap in the knowledge of Consumer Retention (CR) and the determinants of CR in the Sri Lankan context. This study was conducted in the natural environment with less interference of the researcher. As the type of this study is descriptive, the data were collected in the natural setting under a field survey. Hence, the study-setting of this study is non-contrived (Sekaran, 1999; Baker et al., 2019). Dewasiri et al. (2018), Dewasiri et al. (2017), and Dewasiri and Weerakoon (2016) emphasized that the quantitative methodology is appropriate when research questions are stated in 'what' form. Accordingly, this study employs the quantitative methodology.

The present study was based on both primary and secondary data. The data necessary for testing the hypothesis were basically primary data and the definitions and discussions of concepts were based on the literature review, which included books, periodicals and journals. Primary data was collected from a sample of 150 adult motor insurance policy holders in Sri Lanka.

Demographic characteristics

Gender

This variable was measured using a single question with two possible answers labeled "Male" and "Female".

Age

An individual's age was defined in the survey as the number of years completed at the last birthday prior to the field visit. Age was measured using the scale employed by the Central Bank of Sri Lanka to collect the consumer finance and socio-economic data in the country. Under that, five age categories were employed. The age category of less than 19 years was excluded as they are not engaged in purchasing the product considered under the study.

Education

Education was measured by answering the highest completed level of formal education with three possible answers (up to G.C.E (O/L), passed G.C.E. (O/L) or (A/L), and obtained a bachelor's degree or an equivalent professional qualification and above adopted by the Central Bank in conducting the consumer finance and socio-economic survey.

Occupation

Occupation was measured based on the level of employment as 'Employee', 'Business', Unemployed or Retired.

Income

Respondents' individual monthly income before taxes and other deductions were measured for the study. Six categories (lowest as below Rs. 25,000 and the highest as over 85,001 with intervals of Rs. 15,000) were used.

Marital states

This was measured using the scale employed by the Central Bank of Sri Lanka to collect the consumer finance and socio- economic data in the country. Two possible answers labeled with "unmarried" and "married" were given to the respondents to answer.

Validation of Measurement Properties

Validation of Measurement Properties - The concepts and constructs measured in this study were operationalized based on the rigorous literature survey conducted by the researcher. Hence, constructs and concepts used in the survey consist of high content validity. Table 1 represents the validity and reliability of the constructs.

Table 1: Validity and Reliability of the Constructs

Dimension	Indicators	Factor Loadings	Reliability (Cronbach's) Alpha)
Service convenience	SC1	0.858	0.846
	SC2	0.851	
	SC3	0.816	
	SC4	0.814	
	SC5	0.873	
	SC6	0.870	
Customer satisfaction	CS1	0.827	0.816
	CS2	0.861	
	CS3	0.874	
	CS4	0.706	
	CS5	0.765	
Trust(TR)	TR1	0.967	0.924
	TR2	0.911	
	TR3	0.927	
Switching cost (SWI)	SW1	0.955	0.919
	SW2	0.909	
	SW3	0.895	
	SW4	0.87	
	SW5	0.902	
Payment Equity (PE)	PE1	0.931	0.846
	PE2	0.798	
	PE3	0.904	
Customer Retention (CR)	CR1	0.816	0.802
	CR2	0.907	
	CR3	0.878	

There are several measures to ensure construct validity, but the researcher of this study proceeded with the confirmatory factor analysis considering the easiness of its interpretation. Here, the factor analysis tends to confirm how the indicators are operationally defined and its suitability in terms of validity. Accordingly, the indicators were selected for each dimension if the component values were greater than 0.7 benchmarks as emphasized by Sekaran (2007). Moreover, the researcher used inter-item consistency reliability in assessing the reliability of the constructs. Here, the researcher used Cronbach's alpha in measuring the same (Cronbach, 1946). Convergent validity is demonstrated by each factor ensuring loadings in excess of 0.5 (Moyano-Fuentes et al, 2012). Table 1 reflects the validity and reliability of the constructs investigated in the current study.

According to Table 1, it is evident that all the items contribute above the accepted minimum level of factor loadings of 0.5 as emphasized by Moyano-Fuentes et al (2012) in ensuring the convergent validity. Moreover, the reliability is ensured achieving higher Cronbach's alpha (>0.7) values for each dimension.

Data Analysis and Discussion

The purpose of the study is to examine the antecedents of Customer Retention with special reference to motor insurance Industry in the Sri Lankan context. To achieve this broader purpose, one hundred & fifty (150) respondents were taken in to the sample. Hence, this chapter is dedicated to present and analyze the survey data in relation to objectives and hypotheses of the study. The data will be presented and analyzed to see whether or not the demographic factors affect CR. As a second step, the data will be presented and analyzed in relation to the impact of key determinant on Customer Retention. Table 2 represents the results of the appropriate tests conducted in determining the relationship between the Policy holder's demographic factors and customer retention. Table 2 shows the results of the Independent Sample t-tests (IS t-t) and one-way ANOVA tests in assessing the said relationship. The results of the Independent Sample t-tests and one-way ANOVA tests reveal that there is no significant relationship between the demographic factors and the Customer Retention with special reference to motor insurance Industry in the Sri Lankan context.

Table 2: Influence of Demographic factors on Customer Retention

Demographic Factor	Appropriate Test for the Relationship with Customer Retention and Its p-value	Significance
Gender	IS t-t, p-value: 0.774	Insignificant
Age	ANOVA, p-value: 0.770	Insignificant
Income	ANOVA, p-value: 0.785	Insignificant
Education	ANOVA, p-value: 0.632	Insignificant
Occupation	ANOVA, p-value: 0.318	Insignificant
Marital status	IS t-t, p-value: 0.724	Insignificant

Impact of independent variables on customer retention

The multiple regression model was used to investigate the antecedents of customer retention with special reference to the motor industry in Sri Lanka.

Y= β0 + β1 X1 + β2 X2 + β3X3 + β4 X4 + β5 X5 + €
Where
Y = Customer retention (CR)
X1= Trust (TR)
X2= Switching cost (SWI)
X3= Payment equity (PE)
X4= Customer satisfaction (CS)
X5= Service convenience (SC)
€= Error

The findings of the regression analysis reveal that the significant value is lessr than 0.05 in the ANOVA results, implying that the regression model results are better prediction of customer acceptance. Hence, it can be concluded that, $\beta j \neq 0$ for at least one j (j = 1, 2, 3, 4, 5). According to the results stated in the model summary, the adjusted R squared is 0.666. Therefore it could be concluded that 66.6% of the model fitness can be explained by the fitted regression model. The Durbin Watson value is (1.880) closer to 2, hence it is possible to state that the error terms are uncorrelated. Table 3 represents the coefficient results of the regression model in determining customer retention.

The results indicated in the Table 3 stated that p-values of Trust (0.000), Customer satisfaction (0.000) and Service convenience (0.000) are less than 0.05. Hence the results reveal that perceived trust, customer satisfaction and service convenience show a significant impact on customer retention with special reference to the motor insurance industry in Sri Lanka.

Table 3: Coefficient Results in determining customer Retention

Variable	**Standardized Coefficients**	**Sig. (p-value)**
Trust	0.201	0.000
Customer satisfaction	0.421	0.000
Service convenience	0.453	0.000
Switching cost	0.008	0.803
Payment equity	0.043	0.236

Based on the coefficient analysis it can be said that Trust, Service convenience and Customer satisfaction show a positive relationship. Further Service convenience has a higher impact (0.453) on customer retention than Customer satisfaction (0.421) and Trust (0.201). Service convenience (0.453) shows the highest impact on customer retention with special reference to the motor insurance industry in

Sri Lanka. This is consistent with the finding of Moeller et al.,(2009). Customer satisfaction (0.421) shows the least significant impact on customer retention. The results support the findings of Fornell (1992) and Bowen & Chen (2001). Moreover, perceived trust shows a least significant impact on customer retention and this is consistence with the finding of Lin & Wu (2011).

Conclusion

The first objective of the study was to investigate the effect of determinants on Customer Retention. According to the findings of the regression performed, it implied that the p value of the service convenience was 0.000 at the 5% significant level, and the researcher has rejected the null hypothesis. The coefficient was 0.453 and it implies that service convenience has a substantive positive impact on customer retention that is closer to a high level of effect compared with the other variables. Besides findings revealed that the p value of customer satisfaction was 0.000 at the 5% significant level, and as a result the researcher has rejected the null hypothesis. The coefficient was 0.421 and it is implied that customer satisfaction has a substantive positive impact on customer retention.

Further, the results revealed that the p value of Trust was 0.000 at the 5% significant level; and the researcher has rejected the null hypothesis. The coefficient was 0.201 and it is implied that Trust has a substantive positive impact on customer retention. The Second objective of the study was to examine whether or not Customer Retention varies across demographical factors. It was clearly identified that all significant values were greater than 0.05 at the 5% significant level in the performed Anova test and independent sample T tests. Hence we could conclude that there are no significant effects from demographic factors on customer retention. Finally it could be concluded that Trust, Service convenience and Customer satisfaction have major impacts on customer retention in the Sri Lankan insurance industry.

Implications and Recommendations

The implications and recommendations are presented in accordance with the objectives of the study. The first objective of the study was to investigate whether or not the retention determinants have an impact on customer retention. According to the research findings in objective one, it implies that customer satisfaction, trust & service convenience have significant impacts on customer retention. Service convenience has a major impact on customer retention than the other determinants. It implies that the marketers should focus more on Service convenience in order to retain their customers. Since customer satisfaction has a medium level effect on customer retention the marketers should focus on customer satisfaction when implementing strategies to market their products. Since trust also has a lower/medium effect on customer retention, the marketers should address this in the marketing process.

The second objective of the study was to examine whether or not Customer Retention varies across demographical factors. The findings disclose that the demographic factors do not have any significant impact on customer retention. According to the finding of this research, the Sri Lankan insurance providers should focus more concern on Trust, Service convenience and Customer satisfaction. Based on the findings of the study, it is recommended that Customer Satisfaction, Service convenience and trust have major effects on customer retention and that can be considered as the antecedents of customer retention in the Sri Lankan insurance industry. In order to have better results, the marketers should focus more on service convenience, customer satisfaction and trust than switching cost and payment equity.

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Appendix 1: Operationalization of the Variables

Dimension	Indicator	Code
Service convenience Berry et al.(2002)	The insurance provider was available when I needed to talk to them.	SC1
	The insurance provider is accessible through various ways (online, telephone, and in person).	SC2
	I was able to get the benefits of the service with little effort.	SC3
	The time required to receive the benefits of the service was reasonable.	SC4
	When I have questions about my service, my insurance provider is able to resolve my problem.	SC5
	I was able to complete the claim of my service quickly and easily.	SC6
Customer satisfaction Peter C. Verhoef (2003)	I am satisfied with the personal attention of the company.	CS1
	I am satisfied with the willingness of the company to explain procedures.	CS2
	I am satisfied with the service quality of the company.	CS3
	I am satisfied with the response of the company to requests.	CS4
	I am satisfied with the relationship of the company.	CS5
Trust Morgan And Hunt (1994)	My insurance provider can be trusted at all times.	TR1
	My insurance provider always does the right things.	TR2
	My insurance provider has high integrity.	TR3
Switching cost Chathura and Jaideep (2003)	There are difficulties associated with changing my insurance provider.	SW1
	I am concerned about not being able to keep my money when changing insurance provider.	SW2
	Changing insurance provider is costly.	SW3
	Changing insurance provider requires a lot of effort.	SW4
	I might have changed my insurance provider if I could do so without any hassle.	SW5

Payment equity Bolton, Kannan, and Bramlett (2000)	I have no objections on the premium of my insurance Policy.	PE1
	I have no objections on the payment methods of my insurance provider.	PE2
	The Taxes and other charges are at a reasonable level in my insurance policy.	PE3
Customer retention Hennig and Klee (1997)	I will retain my current service provider in future.	CR1
	I will not switch my insurance provider for any reason.	CR2
	I will spread positive word of mouth about my insurance provider.	CR3