

ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

ASSESSMENT OF MARKETING MIX OF LION INSURANCE COMPANY

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**ST. MARY'S UNIVERSITY
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FACULTY OF BUSINESS**

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of _____ . All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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ENDORSEMENT

This thesis has been submitted to St. Mary's University College, School of Graduate Studies for examination with my approval as a university advisor.

Advisor

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ABSTRACT

The purpose of the research was to assess the marketing mix of Lion Insurance Company. Specifically, it examined the product, promotion, premium (price), place, people, physical evidence and process of the Company. In order to obtain the best results, the main research methodology adopted was a survey involving three selected branches in Addis Ababa. Both primary and secondary data was used in this study. Primary data was collected using questionnaire and interview. 178 questionnaires were distributed to the sample respondents and 160 questionnaires were returned and valid for data analysis, making the response rate 90%. Interview was conducted with all employees of Business Development Department. Descriptive statistics, like frequency counts, percentage, etc was used in the analysis of the data. Findings from the research revealed that the promotion made by the company is found to be less attractive and its contribution in influencing customers to purchase additional insurance policy is found to be poor. The process used by the company is not automated; besides it is slow. The premium charged by the company is fair though some customers stated it as expensive. There is a price war in the industry and customers of the company are price sensitive. The company is doing well in delivering insurance policy to customers but the speed with which they settle the claims of the customer is found to be much slower. The equipments used by the company are modern and employees dress and furnishing of the room are found to be attractive to customers. The company is doing well in offering insurance policies that meet the insurance needs of the customers, but the terms and conditions of the policies are not written in plain language and customers are not satisfied with the service of the employees of the company.

Key words: marketing mix, product, price, place, promotion, people, process, physical evidence.

CHAPTER ONE

INTRODUCTION

This chapter presents the background to the study, problem statement, basic research questions, and objectives of the study, significance of the study and scope of the study.

1.1 Back ground of the study

Whether as an individual or an organization we are directly or indirectly involved in marketing daily. Marketing is practiced not only by business organizations but by not-for-profit organizations as well. Insurance companies like other service companies are engaged in marketing insurance policies. Ethiopian insurance industry does not have a long history of development despite the country's long history of civilization. Schaefer (1992) indicated that the emergence of modern insurance in Ethiopia is traced back to the establishment of the Bank of Abyssinia in 1905. The Bank began to transact fire and marine insurance as an agent of a foreign insurance company. Imperial Insurance Company was the first domestic private insurance company that was established in 1951. In the 1960s domestic private companies started to increase in number. In 1962, according to the survey of the Central Statistical Agency (CSA), there were 34 insurance companies in Ethiopia, of which two were domestic and the rest were foreign represented by agents. In other words, the origin of Ethiopia's insurance industry is linked to expatriates and foreign insurance companies (Zelege, 2007)

A sole public insurance company was established under the name Ethiopian Insurance Corporation (EIC), which had a monopoly in the insurance industry. Following the regime change in 1991, there was a shift to a market economy and a new insurance proclamation "Licensing and Supervision of Insurance", No. 86/1994, was issued in 1994. The law allowed private sector participation in the insurance business (Mihretu, 2010). At the present, there are seventeen insurance companies in operation. Ethiopian Insurance Corporation (EIC) is state owned while the rest are private. Lion Insurance Company (LIC) is one of the private insurance companies established in June 2007 by over 300 shareholders. Presently, it is providing a full range of non-life products to the public (www.anbessainsurance.com). The non-life insurance product it is offering to the market includes the following:

Motor Insurance

Cover the owner of the Vehicle (an individual or a company) for loss or damage to the vehicle itself from a number of causes, as well as the insured's legal liability towards a third party in respect of any bodily injury or damage to property caused to them as a result of the insured's/authorized driver's negligence.

Motor insurance cover can be comprehensive cover, third party only cover, and third party fire and theft.

Third party only: - provides cover in respect of liability incurred through death or injury to a third party or damage to third party property.

Third party, fire and theft: - provides the above cover and in addition includes cover for damage to the vehicle from fire or theft.

Comprehensive: - provides cover as above and in addition includes cover for accident, loss of or damage to, the vehicle itself. The cover can be extended by endorsement and extension to cover Passenger Accident Benefit, BSG, Passengers' Legal Liability, territorial limit, malicious damage, etc.

Fire insurance

Protects your building used for business or as dwelling house and the contents of your premises such as machinery, equipment, stock, furniture, etc against damage caused by fire and /or lightening.

Burglary and house breaking

The object of burglary and house breaking policy is to cover loss or damage to property by theft consequent upon actual forcible and violent breaking into or out of a building or any attempt there to. It also covers any resulting damage to the property insured or to the building.

Burglary and House Breaking insurance particularly for stock of merchandize may be arranged for a limit of maximum stock value or on declaration basis. Cover can also be provided on first loss or on full value basis.

Engineering insurance

Provides benefits that guarantee insured's against losses during construction activities. Objects that become insured among others are; all construction activities or civil engineering works, installation of machinery, and electronic equipment installations.

The common types of Engineering insurance policies are:

- Contractors' All Risks Insurance (CAR),
- Contractors' Plant and Machinery Insurance (CPM),
- Erection All Risks Insurance (EAR),
- Electronics Equipment Insurance (EEI),
- Boiler and Pressure Vessel Insurance

Bond insurance

A bond is given by the insurer to accept responsibility for the performance of a contractual obligation by the insured in the event that the insured defaults.

The common type of bonds is use include:-

- Bid Bond
- Performance Bond
- Advance Payment Bond

Fidelity insurance

This policy covers direct financial loss sustained by the insured by acts of fraud or dishonesty committed by any of the employees named in the policy, during the period of indemnity, during the uninterrupted continuance of employment of such employee or in connection with his occupation. Provides cover for the insured against loss caused by fraud or dishonesty of persons holding positions of trust.

Money insurance

This policy is intended to protect industrial or business organizations against loss of money which may be carried by messengers and/or employees of the insured and which may be in transit from one place to another, occurring in circumstances or situations beyond the control of the insured and loss of or damage to safe or strong room caused by burglars or thieves.

1.2 Statement of the Problem

Insurance marketing is basically just the marketing of insurance products. Insurance marketing emphasizes the importance of the customer preferences and priorities. Major objectives of insurance marketing are increasing customer awareness, successful distribution of insurance products, developing corporate image, improving customer service, improving customer base and its spread, etc. Insurer has to analyse the nature of the customer's needs and plan their

products and services in such a way that they can give satisfaction to the customers and face the competitors. Planning needs analysis of the insurance market to take a decision, prediction, and forecasting as to future needs of customers. All these programs involve a number of functions (7Ps), which are to be planned carefully. The combination of these functions is known as insurance service marketing mix. The marketing mix with the 7 Ps is highly appropriate towards businesses that offer services (Zeithaml & Bitner, 2003). The 7Ps of marketing mix have been studied by some researchers in marketing fields (Low & Tan, 1995; Melewar & Saunders, 2000; Pheng & Ming, 1997). As insurance business is becoming complex due to new business concept, the increasing number of competitors, a change in customers sophistication, there is a need to assess, review and redesign the marketing mix so as to remain competitive and survive. The company opened twenty one branches to deliver and communicate these products to the target customers throughout the country.

The marketing mix is a set of controllable marketing factor that an organization uses to produce the response it wants from its various target market. Traditionally, a '4P's (product, price, place and promotion) model is enough for tangible products; the services sector on the contrary uses a '7P's (product, price, place, promotion, people, process and physical evidence) approach in order to satisfy the needs of their customers (Ivy, 2008).

According to the third quarter report of March 31, 2014, the company budgeted premium income of 149.7 million birr but collected only 128.1million birr which was lower by 21.6 million birr or 14.62 %. Besides, significantly large numbers of customers are complaining about the service of the company. No research was done to assess the marketing mix of the company. Hence, it is necessary to study the marketing mix of the company.

1.3 Basic Research Questions

The basic research questions for this study are:

1. To what extent insurance policies offered by the company meet the needs of the customers?
2. What strategy is used by the company in setting insurance premium?
3. What distribution channels are used by the company? How effectively does the company use its distribution channels?
4. How is the company promoting its products?
5. How effective is the process and physical evidence is used by the company?

1.4 Objectives of the Study

The general objective of the study is to assess the marketing mix of Lion Insurance Company.

More specifically, the objectives of the study are:

- to assess the services offered by the company
- to examine the pricing strategy developed by the company
- to investigate the distribution channels employed by the company
- to explore the promotional mix of the company
- to assess the effectiveness of the employees and managers in providing services.
- to examine the process and physical evidences used by the company.

1.5 Significance of the Study

The study enables the management of the company to design appropriate marketing mix elements and resolve the problems of marketing mix elements. The finding of this study contributes a lot towards the effective and efficient utilization of marketing mix elements by suggesting some important practices of marketing which can help specifically the company in achieving its objectives. The study enhances the research skill and knowledge of the researcher and adds value on the existing stock of knowledge. It also serves as a stepping stone for other researchers to undertake further research.

1.6 Scope of the Study

Though marketing is a broad area, this paper is limited to the “7Ps” of the marketing mix; namely product, pricing, promotion, distribution, people, process and physical evidence. In Ethiopia there are currently seventeen insurance industries; this study is confined to Lion Insurance Company. The company is offering insurance products throughout the country; the study is confined to respondents in Addis Ababa as Addis Ababa is the most densely populated part of the country and where majority of the customers are found. Besides, Addis Ababa is a town where the head office the company is located.

1.7 Definition of Terms

Marketing mix: is a tool that can be used by firms to set appropriate strategies to get the responses from their target markets (Goi, 2009).

Four Ps of marketing: is a marketing mix consisting of product, price, place and promotion (McCarty (1964).

Seven Ps of marketing: comprises product, price, place and promotion, people, physical evidence and process (Zeithaml & Bitner, 2003).

Product: is an offering that brings value to target customers and may come in the form of a pure tangible good (product) or a pure service (Kotler & Armstrong 2008).

Promotion: Promotion refers to the activities carried out to communicate the benefits of products or services in order to motivate customers to purchase the products and services (Kotler, Wong, John & Armstrong 2005).

Price: is the amount of money that is charged for either a product or service or the total of values consumers will exchange for the benefits for making use of or having the product or service (Kotler & Armstrong 2008).

Physical evidence: is defined as the environment in which the service is delivered and where the service provider and the customers interact, and any tangible commodities that facilitate performance or communicate the service (Zeithaml & Bitner, 2003).

Process: is policies, procedures, mechanization, employee discretion, customer involvement, customer direction and flow of activities (Rafiq & Ahmed, 1995).

People: refers to employees and customers who are involved in the delivery of service (Woodruffe, 1995).

1.8 Organization of the Paper

The first chapter deals with background of the study, statement of the problem, objectives of the study, scope of the study and significance of the study. The second chapter is confined to review of the related literature, where theoretical and empirical review is discussed. The third chapter is devoted to data presentation and analysis. It covers research design, population, sample and sampling method, and data collection. The fourth chapter covers data analysis and discussion. The fifth chapter focuses on summary, conclusions and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter provides a detail review of relevant literature on marketing mix and seven Ps of marketing mix- product, price, place and promotion, people, physical evidence and process.

2.1 Marketing mix

Marketing mix plays a significant role in marketing of a product and management of marketing mix is considered to be a key marketing activity (Jobber & Fahy 2009: 9). Kotler, Wong, John & Armstrong (2005: 33) have a similar view on marketing mix; they perceive marketing mix as one of the dominant ideas of modern marketing. Marketing mix is the set of marketing tools that can be controlled and mixed together to achieve the desired target. Marketing mix constitutes all the possible activities that a firm can implement to increase the demands of its products (Kotler et al., 2005: 34.) A proper choice of marketing mix is significant to provide higher customer satisfaction at a reasonable price (Jobber & Fahy, 2009: 332).

Borden (1965) was the first one to conceive the ideas of marketing mix, but did not formally define the marketing mix (Bennett, 1997). He explained it as important elements or ingredients that makeup a marketing program. Borden's original marketing mix had a set of 12 elements: product planning, pricing, branding, channels of distribution, personal selling, advertising, promotions, packaging, display, servicing, physical handling, and fact finding and analysis. Lazer & Kelly (1962) and Lazer, Culley & Staudt (1973) suggested three elements of marketing mix: the goods and services mix, the distribution mix, and the communication mix. McCarthy (1978) regrouped Borden's 12 elements into four elements and was the first who offered the marketing mix, which is also known as the four Ps. He defined the marketing mix as a combination of all of the factors at marketing manager's command to satisfy the target market. This marketing mix approach has been criticized for being incomplete, because it does not bear in mind services marketing. Booms & Bitner (1981) create 7Ps by adding people, Physical Evidence, and Process to the original 4Ps. Their creation aims to include service in the marketing mix, and therefore the additional Ps are called service Ps. The marketing mix with the 7Ps is highly appropriate towards businesses that offer services (Zeithaml & Bitner, 2003). The 7Ps of marketing mix have been studied by some researchers in marketing fields (Low & Tan, 1995; Melewar & Saunders, 2000; Pheng & Ming, 1997). Still, the expanded marketing mix suggested

by Booms & Bitner (1981) has been considered to be a valuable tool for marketing service. These 7Ps are the suitable marketing mix elements for insurance services.

2.1.1 Product

Kotler & Armstrong (2008) put it clear on what the aspects are under the P of product of the marketing mix. They say it is an offering that brings value to target customers and may come in the form of a pure tangible good (product) or a pure service. As well they say that there can be a combination of both and that today, as more products and services become more commoditized, a lot of firms are moving to a more recent level of creating value for their customers. Instead of simply making products and delivering services, companies are creating and managing experiences for their customers with their product or company. Zeithaml & Bitner (2003) mentioned that companies should not just create an environment of experience, but give meaning to the customer as an individual. Lastly, Zeithaml & Bitner (2003) recognize Product in the Marketing Mix more on basis of services and include aspects like physical good features, quality level, accessories, packaging, warranties, and product lines of product in the marketing mix. The change in technology and customer taste makes products inferior to competitors and thus the product requires additional features to satisfy customers' needs and wants (Jobber & Fahy 2009:9). It is clear that product or service should contain all the necessary features to satisfy customers' needs and wants. Insurance services being the core product in this research, insurance companies need to offer the services which are more convenient and features could be added with the change in technologies and customer taste.

A product is anything that is capable of satisfying customer needs. However, when look at what the customer is buying; it is essentially a service whether the means is tangible or intangible (Jobber, 2007). Moreover, buyer decision is also influenced by the degree of involvement of the products purchased for the first time which require more involvement than frequently purchased products. Woodruffe (1995) found product related criteria to be most important, followed by distribution, price, and promotion. According to Woodruffe (1995), the product element of the marketing mix refers to how the offering is put together; typically this will include aspects relating to quality, styling, colour, design, brand name, packaging sizes, and other features. A service product is anything either in isolation or in combination that an organisation offers to potential customers to satisfy their needs. The service product constitutes the foundation of an organisation's existence (Kandampully, 2002). Insurance companies offer different insurance products with different features to cater different needs of the customers. By means of buying an

insurance product, a customer buys the promise offered because he believes in the promise being made by the insurance company.

2.1.2 Price

Price is the only P in the marketing mix which is a variable which not costs money but generates it; it is the amount of money that is charged for either a product or service or the total of values consumers will exchange for the benefits for making use of or having the product or service. Prices should fall within the borders of too high prices which will not produce enough demand and between too low prices which will not produce enough profit (Kotler & Armstrong 2008). As well the fact those marketers should price their products or services based on the customer's perception of the value of the offered product or service. Therefore companies should use value based pricing instead of Cost based pricing. Cost based pricing is product or service driven. With cost based pricing a firm first designs what is to be perceived as a good product, adds up the cost of producing it and then sets a price that will pay for its cost plus which will add a target profit. Value based pricing concentrates on the buyer's perception of the value, as their way of pricing. With this pricing method, pricing is considered as a marketing mix variable, thereby considered together with the other marketing mix variables before a marketing program is put together (Nagle & Holden 2002). Kotler & Armstrong (2008) as well state that by setting a price it is important to look at its competitor(s) strategies and pricing, especially in homogeneous markets where there is a low difference between the products or services that are offered.

The price element of the services marketing mix is dominated by what is being charged for the delivery of service (Ivy, 2008). Price can also be the indicator of level, quality and therefore seen as customer's own perceived value (Rafiq & Ahmed, 1995). Zeithaml (1988) is of the view that monetary cost is one of the factors that influence consumer's perception of a products value. The price you set for your product or service plays a large role in its marketability. Price, in marketing mix terms, covers all aspects of pricing such as discount pricing, extended credit, list price, and payment period (Woodruffe, 1995). Kandampully (2002) describes pricing in service organizations is less influenced by cost, but more by customer's perceptions of quality, satisfaction, and value. The actual pricing of a service is thus often determined by matching the customer's perception of value. Zeithaml and Bitner (2003) defines three basic marketing price strategies which service companies can attend, the strategies are competition based, cost based, and demand based pricing strategies. Pricing in insurance is somewhat complex as compared to the pricing strategies of other financial products. The price (premium) for an insurance product is

determined by expected claim costs, investment income, administrative costs, and fair profit loading (Harrington & Niehaus, 2004).

2.1.3 Place

Place in the marketing mix defines where the product is sold, through which channel and with what transportation, logistics etc, (Kotler & Armstrong 2008). Although services are not tangible, their delivery may need tangible assets (for example: a client to insurance needs a place to talk to the service employee). Woodruffe (1995) underlines that the distribution (or place) in the marketing mix of services marketing has the main purpose of making services accessible and available. Where accessibility has been defined as the ease and convenience with which services can be bought, used or received and where availability is defined as the extent, to which services are obtainable or capable of being purchased, used or received. The location where the service is produced is an important aspect since some services are inseparable like a hairdresser. Customer needs and wants define how the customer wants its service and through which channels.

Black (2002) found that customers use the same products through different channel because their consumer confidence, lifestyle factors, motivations and emotional responses. Woodruffe (1995) as well describes the importance of geographical location as part of the service since it must be accessible to customers, either when customers have to come to a company or when a company is travelling towards the customer. Lastly, Zeithaml & Bitner (2003) mention that it is important to manage supply and demand and that the experienced waiting time for customers should be decreased making waiting fun, or at least tolerable. In the case of insurance, place is a combination of decisions regarding channels of distribution.

2.1.4 Promotion

Promotion refers to the activities carried out to communicate the benefits of products or services in order to motivate customers to purchase the products and services (Kotler et al, 2005: 34). Promotion in the marketing mix basically exists out of communications (Woodruffe 1995). Target groups need to receive information about the products and services before they can even start to consider making a purchase. Kotler & Armstrong (2008) identify it more deeply as a communication the proposition to its customer in order to build good customer relationships. They as well mention the importance of the promotion mix, consisting of advertising, sales promotion, public relations, personal selling and direct marketing.

Jobber & Fahy (2009: 9-10) discuss similar techniques of promotion but they add internet marketing also as important promotional technique. Promotion is integrated marketing communication that intends to communicate marketing activities to customers. (e.g., special sales, media-distributed coupons, package coupons, rebates, and refunds (Kotler & Armstrong (2008) .All of this can affect consumers as the sequence of events. The customer must first be aware that the product exists, and then be motivated to give some attention to the product and what it may provide. In the next stage, the need is for the consumer to evaluate the merits of the product, hopefully giving the product a try. A good experience may lead to continued use.

Promotional mix is a term used to describe the set of tools that a business can use to communicate effectively the benefits of its products or services to its customers. Market communication performs three basic roles in marketing—to inform, to persuade, and to remind. Traditional promotion employs a variety of methods—including advertising, sales promotion, public relation, and personal selling to attract the attention of existing and potential customers, and to inform them of the products, services, and special offers made available by the firm (Peattie, & Peattie, 1994). Each of the categories of promotion mix has now become familiar in many areas of services marketing. In case of insurance services, promotion is done through a mix of advertising, personal selling, and sales promotion. Promotion communicates with the potential market so as to persuade the prospective customers to try a new insurance product (Periasamy, 2005). Block line advertising in trade journals, industry publications and periodicals is the way to go. Television ads and print ads are excellent forms of insurance marketing. Insurance companies have started using public relation tools to make better image about them in the minds of general public. Personal selling is extremely labour intensive but is the best form as far as insurance is concerned, dealing with one customer at a time.

2.1.5 People

Woodruffe (1995) recognizes in people not only the service employees, but as well the customers and their roles in delivering the service to derive service benefits. The role of the employee is to deliver the service, and companies should through human resource management find and develop the right people to give the service to its customers. Depending on the service, whether it is more a labour intensive service or an equipment based service, the actions of the personal can greatly determine the customer perceptions of the quality of the service. Zeithaml & Bitner (2003) agree that service employees have a great impact on the final service quality which visually reinforces the importance of a company's employees in the ability to keep their promises

and succeed in building customer relationships. Zeithaml & Bitner (2003) mention in their book that in order to carry out promises, companies should apply human resource strategies. These strategies, which are all around the focus of customer oriented service delivery, are based on hiring the right people, retaining the best people, developing people to deliver service quality and to provide needed support systems. Some management experts have even suggested that the company's boundaries be expanded to consider the customer as part of the service system. In services business, because of the simultaneity of production and consumption, the firms' personnel occupy a key position in influencing customer perceptions of product quality. It is important, therefore, to pay particular attention to the quality of employees and to monitor their performance. This is especially important in services because employees tend to be variable in their performance, which can lead to variable quality (Rafiq & Ahmed, 1995). People are the main critical resource in any organisation, particularly service organization. Recruiting the right staff and training them appropriately in the delivery of their service is essential, if the service provider wants to obtain a form of competitive advantage. Insurance companies have to give more attention in training and developing their employees and agents. Building strong relationship with their agents as well as the customers will help in meeting customers' needs and serving them efficiently. Satisfaction depends on the nature of interaction between customers and the people representing insurance companies. Training the employees and agents to introduce new products and use of information technology for efficiency both at staff and agent level are the key areas to look into.

2.1.6 Process

Booms & Bitner (1981) defined process as policies, procedures, mechanization, employee discretion, customer involvement, customer direction and flow of activities (Rafiq & Ahmed, 1995). This factor can relate to consumer such as the process of ordering or acquiring a service. The queuing and delivery times should be acceptable to customers. Furthermore, presence or absence of other customers can be a factor in buyer behavior. The long queues at check outs point can put many customers off from that place (Rafiq & Ahmed, 1995). A process is the method and sequence of actions in the service performance. Unlike goods, services are processes. Services are the end results of deeds, acts, performances, and activities performed by the firm's employees alone or in conjunction with various equipments, machinery, facilities, and so on. In assessing process, customers evaluate whether the service follows a production line approach or whether the process is a customized one in which the customer is given personalized

attention (Bowen & Lawler, 1992). Shostack (1984) points out that since services are intangible and therefore described in words by people, companies have to be really clear in defining the service process. The risks of relying on words alone in describing services are the oversimplification of the service, incompleteness of the description, subjectivity of different readers and the biased interpretation of the words used to describe the service (Shostack, 1987). The process involved in insurance industry should be customer friendly. The speed and accuracy of payment is of vital important. The process methodology of insurers should be such that it provides total ease and convenience to the customers. Badly designed and poor processes lead to slow and inefficient delivery and make it difficult for insurance employees and agents to do their job well. Consequently it will result in low productivity and service failures.

2.1.7 Physical evidence

The physical evidence is defined as the environment in which the service is delivered and where the service provider and the customers interact, and any tangible commodities that facilitate performance or communicate the service. According to Zeithaml & Bitner (2003) to evaluate services before its purchase and to assess their satisfaction with the service after it is bought customers tend to rely on tangible cues or physical evidence. The appearance of building, landscaping, interior furnishing, equipments, printed materials, and other visible cues all provide tangible evidence of a firm's service quality. This sort of physical evidence provides excellent opportunities for a service firm to send clear and consistent marketing messages regarding the firm's purpose, the intended market segment, and the nature of the service (Bitner, 1992 and 1996). Bitner (1990) suggested that visual inspection of employees dress and nonverbal cues is also formed as the physical evidence. The overall environment including furnishing, color, layout, noise level and facilitating goods can be considered physical evidence (Rafiq & Ahmed, 1995). Physical evidence is important because customers use tangible clues to assess the quality of service provided. Thus, the more intangible dominant a service is, the greater the need to make the service tangible (Shostack, 1987). In case of insurance business, apart from office environment, materials such as brochures, policy documents, and periodic statements are the tangibles, which will influence the customers. Insurance companies and intermediaries need to manage all these physical evidences carefully as they can have a profound impact on the impression of the customers. Although all insurance companies provide similar essential service, the differences that do exist are the physical evidence

2.2 Review of empirical researches

Empirical findings are one of the important components of literature review in research study of any type. This type of literature contributes a lot to the effectiveness of the investigation by revealing the gap that the researcher wants to find out and how the researcher undertakes the study. Here under the researcher reviews some important issues which are directly related to the investigation under study.

Empirical findings on marketing mix:

Sukati, Chin, Satit & Tat (2012) have conducted a study on “The relationship between marketing mix and customer decision making over travel agents” .The aim of this study is to investigate the relationship between the 4Ps, namely price, promotion, place and product, and customer decision making over travel agents in Palembang, Indonesia. Travel agents have seriously considered for these 4Ps activities to ensure that they allocate their resources effectively and efficiently. A total of 215 respondents were selected from customers of three travel agents in Palembang, Indonesia. The data collected was analyzed using three statistical methods, that is, mean analysis, Pearson correlation and regression analysis.

Based on multiple regression analysis, the findings revealed that among the 4Ps tested, that is, price, promotion, place and product, only price and product stood out as the most important marketing mix to affect customers’ decision making over travel agents. Both price and product emerged as two of the strongest predictors. In terms of product, the perception of high product quality and high customer satisfaction will directly lead to high levels of purchase intention and repeat buying thus resulting in increased sales volume. When customers see that travel agents have a complete package of products, they will be more interested to buy from that particular travel agent. Product attributes such as product quality, complete and accurate information, capability to give suggestions and assistance, superior service, and so on may influence customer decision making over travel agent.

On the other hand, travel agents must also remember to offer a reasonably prized tour package in order to gain the trust and satisfaction of their customers. This is extremely important because price reflects customers’ perception of the value of products or services and all other marketing decisions are closely related with the price decision. In this respect, travel agents can retain existing customers by offering an attractive and competitive price, giving special discounts for a certain market that include business markets or customer markets resulting in increased sales.

The impact of price on customer decision making is voluminous and vital. The reason for this is because present day customers are smart and possess the ability to differentiate between good and bad travel agents in terms of the price they pay and the quality of the travel package received.

Owomoyela, Olasunkanmi & Oyeniya (2013) conducted a study on “The impact of marketing mix elements on consumer loyalty: An empirical study on Nigerian breweries Plc”. The research paper investigated the effect of marketing mix elements on consumer loyalty with special reference to Nigerian breweries Plc. The survey method was used in this study. Data was collected from sixty (60) respondents, six managers and ten sales representatives of Nigerian breweries Plc, ten distributors and thirty four consumers from different joints in Ibadan were selected respectively. Correlation coefficient and multiple regression analysis were used to analyze the data. The result indicated that marketing mix elements (price, product, place and promotion) were jointly predictors of consumer loyalty. The predictor variables jointly explained 64% of the variance of consumer loyalty, while the remaining 36% could be due to the effect of extraneous variables. This implies that marketing mix elements have significant effect on consumer loyalty/ retention. McCarthy (1964) also noted that marketing mix is the pillar of any business organization, which means every element of marketing mix plays an important role in influencing consumer loyalty.

Akroush (2011) conducted a study on “The 7ps classification of marketing mix Revised: An empirical assessment of their generalisability, applicability and effect on performance –evidence from Jordan’s service organizations”. The purposes of this research are: (a) to investigate the generalisability of Boom and Bitner's (1981) services marketing mix paradigm (SMM), 7P s, and (b) to examine the effect of service marketing mix on business performance in Jordan’s services organizations. A quantitative methodology was adopted in which a structured questionnaire was developed and distributed to a sample of 164 marketing managers in Jordan's services organizations. With a response rate of 91.2%, 146 questionnaires were returned and were valid for data analysis. Structural equation modeling was used to test the research model and hypotheses. The empirical findings of exploratory and confirmatory factor analyses indicate that the 7Ps of the service marketing mix are found to be only 5Ps in the Jordanian context. Structural paths analyses findings indicate that the 5Ps of SMM have a positive and significant influence on Jordan’s service organizations performance. The findings also indicate that the strongest predictors of the 5Ps model on performance are people (the service providers), service price and service distribution, respectively. A major finding is that the expanded 3Ps (people,

process, physical evidence) of service marketing mix have loaded on only one factor named as "people", meanwhile the 4Ps of traditional marketing mix loaded on four factors as theoretically proposed. Managers should adopt the 5Ps of service marketing mix but the fifth P (people) should include the expanded 3Ps (people, process, physical evidence) as an integrated approach to achieve intended performance levels. However, the research model is developed and tested in Jordan's services organizations which may limit its generalisability to other service industries without further examination. The major contribution of this study is that it is the first quantitative empirical study that has examined the service marketing mix model elements and their effect on business performance in the Jordanian context.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research design

Research methodology refers to the procedural framework within which the research is conducted (Remenyi, Williams, Money, & Swartz, 1998). Research methodology is characterized by procedures and methods for arriving at results and findings and tools for proving or disproving such knowledge (Saunders, Lewis & Thornhill, 2009).

Research design is an outline of systematic and scientific procedures adopted in conducting a study (Saunders et al., 2009). It is characterized with the following components (research purpose, research approach, research strategy, and time horizon).

3.1.1 Research Purpose

The research purpose is a broad statement of what the research hopes to achieve. According to purpose, research could be broadly divided into descriptive, exploratory and explanatory (Saunders et al., 2009; Cooper & Schindler 2006). A descriptive research is a study that seeks to “portray an accurate profile of persons, events or situations” (Robson 2002:59 cited in Saunders et al., 2009). It involves formalising the study with definite structures in order to better describe or present facts about a phenomenon as it is perceived or as it is in reality. An explanatory research tries to establish relationship that exists between variables. It aims at identifying how one variable affects the other; it seeks to provide an empirical explanation to the causality and causes and effects relationship between one or more variables (Cooper & Schindler 2006; Malhotra & Birks, 2007; Saunders et al., 2009). They are also used when the purpose of the study is to answer ‘why’ in a given context. Lastly, research may be exploratory where a study is conducted to explore and find out what is happening or to seek new insights about a phenomenon in a new light (Robson, 2002). Mostly, it is used when a researcher wants to have a deeper understanding of a situation or a problem, or where the area of study is so new or vague that it becomes critically important to examine unknown variable that may affect a particular phenomenon. It, therefore, involves the use of methods like searching for library materials, asking for expert’s opinion, and conducting a focus group interviews. Since the purpose of a study may involve both qualitative and quantitative results, mixed methodology has been proposed by many authors to be appropriate in some cases. Firstly, this study is descriptive in

that it seeks to describe in detail the marketing mix elements of Lion Insurance Company, thus giving an in-depth understanding of the reality of marketing mix elements of the company.

3.1.2 Research Strategy

Research strategy is a general plan of how a researcher intends to answer the research questions. A researcher's strategy determines, to a large extent, the choice of data collection methods. The main research strategies are action research, ethnographic studies, experiment, survey, case study, grounded theory or archival research (Cooper & Schindler, 2006; Malhotra & Birks, 2007; Saunders et al., 2009). Survey is a method in which the opinions of the sample or population is sought by the researcher, usually with a more objective research instrument, say a structured questionnaire. It is usually associated with a deductive approach and is conducted usually in business and management research to prove or disprove certain assumed propositions and hypothesis. It allows for the collection of large amount of data from a large population economically. It is most frequently conducted to answer research questions relating to 'who', 'what', 'how' much and how many' involved in a problem of study.

In this study basically survey strategy was chosen because it seeks the opinion of a population about a specific subject matter, which is the marketing mix element of Lion Insurance Company.

3.1.3 Time horizon

In terms of time horizon, research design can be longitudinal or cross-sectional. A cross-sectional study examines a particular phenomenon at a specific period of time (Saunders et al., 2009). According to Malhotra & Birks (2007) one sample of a population can be taken and studied at a particular time as in a single cross-sectional study or two or more samples of a target population could be studied once as in multiple cross sectional study. Conversely, in terms of time horizon, a study may be longitudinal where a particular phenomenon is studied at different periods of time. Longitudinal study can take the form of a single longitudinal study where only one sample is studied at different time periods or multilongitudinal where two or more samples are studied at different periods of time (Malhotra & Birks, 2007). This study was typically a cross-sectional study in that data was collected from a cross section of customers of Lion Insurance Company once and not for different periods of time.

3.1.4 Research approach

Research may be deductive or inductive. Deductive research approach begins with the development of a theory or hypothesis and later a development of a strategy to test it in a context to verify or reject its claims. So it is thinking from general to specific. On the other hand, the approach is inductive where the research begins with an observation of a phenomenon in an environment, then data is collected upon which a theory is developed or generalisation is made. Thus, thinking from specific to general. This study deductive as existing empirical theories and models of marketing mix elements of the company was used.

3.2 Population, Sample size and sampling

A population is the whole group that the research focuses on. A population consists of all elements, individuals, items or objects whose characteristics are being studied. Sample is segment of the population that is selected for investigation (Cooper & Schindler, 2006).

The target population of the study comprises customers of Lion Insurance Company paying premium of 10,000.00 birr and above during the year 2013/14 at the Main, Raguel and Genet branches .These three branches were selected as 78% of the revenues of the company are obtained from these branches. The total population is 320 customers having a premium of 10,000.00 and above during the year 2013/14.

The following statistical formula was applied to determine the sample size $n=N/(1+N(e^2))$

$$n=320/(1+(.05^2)*320)=178$$

Where n is the sample size ,N is the population size and e is the level of precision (Israel,1992).The sample size for this particular will be determined using the above formula and it is belied to be representative at 95 % level of confidence and .05 precision level. Therefore, a sample size of 178 was used in this study. A convenient sampling technique, which is a non-probabilistic sampling technique, was used to select the respondents.

3.3 Data collection

Both primary and secondary data was used in this in this study. Primary data was collected using questionnaire and interview. Questionnaire was distributed to the respondents. Semi structured interview was conducted with all employees of Business Development Departments, which is

responsible for planning and marketing activity of the organization, as they are three in number. Secondary data was obtained from books, journals, web sites, annual reports, etc.

The questionnaire was used to collect data from respondents. The questionnaire developed by Belay (2013) for a master thesis entitled “Marketing mix frame analysis for Pepsi Cola at Moha soft drinks industry” was highly modified to suit for this study. Preliminary draft of the questionnaire was pre-tested to improve upon the clarity of the question items. A sample of twelve (12) customers from the three selected branches was given the questionnaire to read and comment on the meaningfulness of the question items and their comment was incorporated. The size was guided by the suggestion by Saunders et al., (2009) that minimum of ten (10) members of pre-testing is adequate. Finally after the items are refined the questionnaire was administered to the target population through personal contact by the researcher. In all, respondents were given the questionnaire and they completed and returned in two weeks.

3.4 Validity and Reliability

In order to reduce the possibility of getting the answer wrong attention was paid on two particular research designs: reliability and validity (Saunders et al., 2009).

3.4.1 Validity

Validity is concerned with whether the findings are really about what they appear to be (Saunders et al., 2009). Validity is defined as the extent to which data collection method or methods accurately measure what they are intended to measure (Saunders et al., 2009). Yin (2009) states “no single source has a complete advantage over others”. The different sources are highly complementary and a good case study should use as many sources as possible (Yin, 2009). The validity of scientific study increases by using various sources of evidence (Yin, 2009).

The following prudent and different steps are taken to ensure the validity of the study:

- data was collected using close ended questions
- data was collected from reliable and credible individuals and business customers who are currently and actively working with the company.
- interview questions were made based on literature review and frame of reference to validate the results.
- questioners pretested on 12 customers.
- data was collected over two weeks limiting the chances that major events can change the results.

3.4.2 Reliability

Reliability is concerned with the question of whether the results of a study are repeatable. Also reliability refers to the consistency of measurement (Bryman, & Bell, 2003). There are two prominent factors that involved when considering whether a measure is reliable (Bryman & Bell, 2003).

3.4.2.1 External Reliability

This consideration entails asking whether or not measure is stable over time, so that we are confident that the results relating to that measure for a sample of respondents do not fluctuate. This means that, if we administer a measure to a group and then re-administers it, there will be little variation over time in the result obtained (Bryman & Bell, 2003).The most obvious examination of external reliability is to test for test-retest reliability. This means that sometime after we administer our scale, we re-administer it and examine the degree to which respondents' replies are the same for the two sets of data. But the difficulty with this method is that there are no guidelines about the passage of time that should elapse between the two waves of administration. If the passage of time is too long, test-retest reliability may simply be reflecting change due to intervening events (Bryman & Bell, 2003). From the difficulty of time period it is decided not to use test-retest method because it is not reliable enough in this research. So the next reliability is considered

3.4.2.2 Internal Reliability

This meaning of reliability applies to multiple-indicator variables. If a variable is internally reliable it is coherent. This means that all the constituent indicators are measuring the same thing (Bryman & Bell, 2003). Cronbach's alpha is a commonly used test of internal reliability. It essentially calculates the average of all possible split-half reliability coefficients. A computed alpha coefficient will vary between 1 (denoting perfect internal reliability) and 0 (denoting no internal reliability).The higher result is typically employed as a rule of thumb to denote an acceptable level of internal reliability. In this research Cronbach's alpha is used to test the internal reliability in Part two of the questionnaire. The result of Cronbach's alpha by SPSS is presented in the table below.

Table 3.1:- Reliability statistics

Chronbach's Alpha	Number of items
0.817	35

From table 3.1, Number of items =35 are the total of P questions. The Cronbach's alpha = 0.817 that means all questions are acceptable level of internal reliability.

3.5 Data Analysis Method

Descriptive statistics, like frequency counts, percentage, etc was used in the analysis of the data.

3.6 Ethical Issues

Marketing research requires serious ethical considerations. Cognizant of this fact the researcher took precautions while securing the necessary information for the accomplishment of the research objective. The researcher exerted effort to get the consent of the organization under study prior to the collection of data .Besides, the employee who participated in the interview have been informed in advance about the objective of the study so as to insure their voluntariness.

Customers who are the subject of the survey were briefed about the importance of the study and their valuable contribution in providing information. These people were treated with respect and care at the same time they were assured that the data obtained from them is kept confidential and only be used for academic research. The researcher took maximum effort to avoid conflict of interest that may arise as a result of working in the organization.

CHAPTER FOUR

RESULTS AND DISCUSSION

In this chapter data that have been collected through questionnaire and interview are presented, interpreted and discussed. The data collected from customer survey were analyzed using descriptive statistics whilst the information from interview is presented in a narrative form.

4.1 Survey results and discussion

The questionnaire has a two parts; the first part is about demographic variable of respondents and the second part deals with marketing mix elements. 178 questionnaires were distributed to the sample respondents and 160 questionnaires were returned and valid for data analysis, making the response rate 90%.

4.1.1 General demographic variables of respondents

Table 4.1:- Demographic variable of respondents

S/NO.	Variables	Number of respondents	% of respondents
1.	Sex		
	a)male	93	58.13
	b)female	67	41.87
	total	160	100.00
2.	Age		
	a)below 20 years	18	11.25
	b)20-29 years	23	14.38
	c)30-39 years	50	31.25
	d)40-49 years	35	21.87
	e)50 and above years	34	21.25
total	160	100	
3.	Occupation		
	a) civil servant	26	16.25
	b) business man or women	72	45.00
	c) student	8	5.00
	d) employee of private organization	54	33.75
	e)other	-	-
Total	160	100.00	
4.	Academic qualification		
	a) elementary school	16	10.00
	b) secondary school	29	18.12
	c) Diploma holder	62	38.75
	d) Degree holder	46	28.75
	e) Master and above	7	4.38
	f) other	0	0.00
Total	160	100.00	

Source: Survey, 2014

As one can notice from the above table about 58% of the respondents are male and the remaining 42 % are female, from this one can infer both male and female individuals buy insurance policy. Hence Lion Insurance Company can target its marketing efforts on both sexes. Concerning the age, close to 11 % and 14% of the respondents' age is below 20 years and between 20-29 respectively, whereas about 31% and 22% of the respondents' age is between 30-39 and 40-49 respectively, while nearly 21% of the respondents' age is 50 years and above. This depicts that insurance customers are found in all age groups. With respect to their occupation, about 16% and 45% are civil servants and business men and women respectively .Close to 5% and 34% are student and employees of private organization respectively. This indicates that insurance customers can not be attributed to a specific occupation.

Regarding education level, nearly 10% and 18% of the respondents are elementary school and secondary school respectively; whereas close to 39% and 29% are Diploma holder and Degree holder respectively, while only about 4% of the respondents have Master's degree and above . This implies that customers buy insurance irrespective of their levels of education.

4.1.2 Marketing mix of Lion Insurance Company

4.1.2.1 Product dimension

Table 4.2:- Insurance policy of the Company in meeting customers' insurance needs.

Valid	Frequency	Valid percent	Cumulative Percent
Excellent	13	8.13	8.13
Very good	93	58.13	66.26
Good	43	29.37	95.63
Poor	7	4.37	100.00
Very poor	0	0.00	100.00
Total	160	100.00	

Source: Survey, 2014

Table 4.2 above depicts insurance policy of Lion Insurance Company in meeting customers' insurance needs. Nearly 8% and 58% of the respondents selected excellent and very good respectively. Close to 29% and 4% of the respondents selected good and poor respectively, while

none of the respondents selected very poor. This implies that the company is doing well in providing insurance policies that meet its customers' needs.

Table 4.3:- Comparison competitors' policies' and policies' of the Company.

Valid	Frequency	Valid percent	Cumulative percent
Much better	6	3.75	3.75
Somewhat better	21	13.13	16.88
About the same	133	83.12	100.00
Somewhat worse	0	0.00	100.00
Much worse	0	0.00	100.00
Total	160	100.00	

Source: Survey, 2014

Table 4.3 depicts comparison of competitors' policies' and policies' of Lion Insurance Company in meeting customers' needs. Nearly 3% and 13% of the respondents selected much better and somewhat better respectively. About 83% of the respondents selected about the same, while none of the respondents selected worse and much worse. This tells us that compared to competitors the insurances policies' of the company are about the same in meeting customers' needs and even better in meeting customers' needs.

Table 4.4:- Attributes of the company that influence customers.

Valid	Frequency	Valid percent	Cumulative percent
Convenience of location of the branch	71	44.37	44.37
The image of the company	9	5.63	50.00
The Service of the company	17	10.63	60.63
The terms and the condition of the policy	57	35.62	96.25
Claims handling efficiency and effectiveness	6	3.75	100.00
Total	160	100.00	

Source: Survey, 2014

Table 4.4 above shows attributes of the company that influence customers. About 44% and 6% replied convenience of the location of the branch and the image of the company respectively influenced them. Close to 11% and 36% replied it is the service of the company and the terms and the conditions of the policy respectively that influenced them. Only about 4% of the respondents replied it is the claim handling efficiency and effectiveness of the company that influenced them. This clearly shows that convenience of the location of the branch and the terms and conditions of the policy played significant role in influencing the customers. However, claim handling efficiency and effectiveness, service of the company and image of the company are weak in influencing the customers.

Table 4.5:- Customers' continuation of buying insurance policy of the Company.

Valid	Frequency	valid percent	Cumulative percent
Highly unlikely	25	15.62	15.62
Unlikely	78	48.75	64.37
Unknown	21	13.13	77.5
Likely	23	14.38	91.87
Highly likely	13	8.12	100.00
Total	160	100.00	

Source: Survey, 2014

Table 4.5 above illustrates customers' continuation of buying insurance policy of Lion Insurance Company. Nearly 16% and 49% of the respondents selected highly unlikely and unlikely respectively. Close to 13% and 14% selected unknown and likely respectively, while only about 8% of the respondents selected highly likely. This shows that great majority of the customers do not want to continue doing business with the company, while some of the customers want to continue doing business with the company.

Table 4.6:- Customers' perception of the image of Lion Insurance Company.

Valid	frequency	Valid percent	Cumulative percent
Unpopular	15	9.37	9.37
Less popular	101	63.13	72.5
Neither popular nor unpopular	3	1.87	74.37
Popular	41	25.63	100.00
Very popular	0	0.00	100.00
Total	160	100.00	

Source: Survey, 2014

Table 4.6 above illustrates Customers' perception of the image of Lion Insurance Company. Close to 9% and 63% selected unpopular and less popular respectively. About 2% and 26% of the respondents selected neither popular nor unpopular and popular respectively, while none of the respondents selected very popular. This indicates that the company is less popular, but some customers stated that it is popular.

4.1.2.2 Price dimension

Table 4.7:- Current insurance premium of Lion Insurance Company

Valid	Frequency	Valid percent	Cumulative percent
Very cheap	0	0.00	0.00
Cheap	16	10.00	10.00
Fair	95	79.38	89.38
Expensive	14	8.75	98.13
Very expensive	3	1.88	100.00
Total	160	100.00	

Source: Survey, 2014

Table 4.7 above presents how customers evaluate current insurance premium of Lion Insurance Company. About 10% and 79% the respondents evaluated that the insurance premium as cheap and fair respectively; whereas close to 9 % and 2% of the respondents evaluated it as an expensive and very expensive respectively, while none of the respondents evaluated it as very cheap. This shows that the insurance premium charged by the company is fair .However; there are respondents who evaluated the premium as expensive.

Table 4.8:- perception of customers about the insurance policy as compared to its premium

Valid	Frequency	Valid percent	Cumulative percent
Very good	23	14.38	14.38
Good	93	58.13	72.51
Average	36	22.50	95.00
Poor	8	5.00	100.00
Very poor	0	0.00	100.00
Total	160	100	

Source: Survey, 2014

Table 4.8 above depicts perception of customers about the insurance policy as compared to its price. Just about 14% and 58% of the respondents selected very good and good respectively. On the aggregate, 23% and 5% of the respondents selected average and poor respectively, whilst none of the respondents selected very poor. This tells us that insurance policy of the company is good compared to its premium; however, some customers have the opinion that compared to premium insurance policy of the company is average.

Table 4.9:- Insurance premium of the Company compared to its competitors

Valid	Frequency	Valid percent	Cumulative percent
Very cheap	0	0.00	0.00
Cheap	13	8.13	8.12
About the same	124	77.5	85.63
Expensive	18	11.25	96.88
Very expensive	5	3.12	100.00
Total	160	100.00	

Source: - Survey, 2014

Table 4.9 above depicts perception of customers about insurance premium of Lion Insurance Company as compared to its competitors. About 8% and 78% of our respondents selected cheap and about the same respectively. Close to, 11% and 3% of the respondents selected expensive and very expensive respectively, whilst none of the respondents selected very cheap. This indicates that compared to its competitors insurance premium of the company is about the same, but some customers stated that the insurance premium of Lion Insurance Company is expensive compared to its competitors.

Table 4.10: The importance of premium in buying insurance policy

Valid	Frequency	Valid percent	Cumulative percent
Less important	14	0.00	8.75
Unimportant	0	0.00	8.75
Neither important nor unimportant	3	1.88	10.63
Important	83	51.87	62.5
More important	60	37.5	100.00
Total	160	100.00	

Source: Survey, 2014

Table 4.10 above shows how important is price to customers in buying insurance policy. Close to 8% and 2 % of our respondents selected less important and neither important nor unimportant respectively. Nearly 52 % and 38% of the respondents selected important and more important respectively, whilst none of the respondents selected unimportant. This clearly indicates that premium charged by the company important in buying insurance policy, implying that customers are price sensitive.

Table 4.11:- Reaction of customers to reduction in price or premium

Valid	Frequency	Valid percent	Cumulative percent
Very less	0	0.00	0.00
Less	7	4.37	4.38
Moderate	37	23.13	27.50
High	70	43.75	71.25
Very high	46	28.75	100.00
Total	160	100.00	

Source: Survey, 2014

Table 4.11 above shows reaction of customers to reduction in insurance premium. Close to 4% and 23 % of our respondents selected very less and less respectively. Nearly 44 % and 29% of the respondents selected high and very high respectively, whilst none of the respondents selected very less. This shows that customers of Lion Insurance Company are sensitive with reduction in insurance premium.

4.1.2.3 Distribution or place dimension

Table 4-12:- convenience of the location of the branches in providing the services.

Valid	Frequency	Valid percent	Cumulative percent
Less convenient	30	18.75	18.75
Not convenient	8	5.00	23.75
Convenient	109	68.12	91.87
Very much convenient	13	8.13	100.00
Total	160	100.00	

Source: Survey, 2014

Table 4.12 above points out opinion of customers about the convenience of the location of the branches in providing the services. About 19% and 5% of the respondents replied less convenient and not convenient respectively in connection with the convenience of the location of the branch; whereas, 68% and 8% of the respondents replied convenient and very much convenient on the same issue. This indicates that the location of the branch is convenient to customers, but some customers found out that the location of the branch is less convenient to them.

Table 4.13:- Who initiated customers to buy insurance policy.

Valid	Frequency	Valid percent	Cumulative percent
Agents of the company	51	38.88	38.88
Insurance brokers	29	18.12	57.00
Customers of the company	13	8.12	65.12
Managements and employees	67	41.88	100.00
Others	0	0.00	100.00
Total	160	100.00	

Source: Survey, 2014

Table 4.13 depicts about who intimated customers to buy insurance policy. The result shows that about 39% and 18% replied agents of the company and insurance brokers respectively initiated them to buy insurance policy .Nearly 8% and 42% replied customers of the company and managements and employees of the company respectively initiated them to buy insurance policy. This tells us that agents of the company, insurance brokers and management and employees of the company play significant role in initiating customers to buy insurance policy, while customers of the company play insignificant role in initiating customers to buy insurance policy.

Table 4.14:- suitability of the opening and closing time.

Valid	Frequency	Valid percent	Cumulative percent
Not suitable	17	10.62	10.62
Less suitable	53	33.13	43.75
Suitable	64	40.00	83.75
Very much suitable	26	16.25	100.00
Total	160	100.00	

Source: Survey, 2014

Table 4.14 above shows the suitability of the opening and closing time in suiting the life style of customers. The response of the respondents is mixed, about 11% and 33% of the respondents replied not suitable and less suitable respectively on the suitability of opening and closing time of the company. Whereas, close to 40% and 16% replied to the above issue as suitable and very much suitable respectively. This indicates that the opening and closing hours of the company is convenient to customers, but there are quite significant numbers of customers that have expressed that the opening and closing time of the company less convenient to them.

Table 4.15:- delivery of the insurance policy of Lion Insurance Company.

Valid	Frequency	Valid percent	Cumulative percent
Excellent	27	16.87	16.87
Very good	103	64.38	81.25
Good	30	18.75	100.00
Poor	0	0.00	100.00
Very poor	0	0.00	100.00
Total	160	100.00	

Source: Survey, 2014

Table 4.15 above shows customers' experience of the delivery of the insurance policy of Lion Insurance Company. Close to 17% and 64% of the respondents selected excellent and very good respectively. About 19% of the respondents selected good, while none of the respondents selected poor and very poor. This implies that Lion Insurance Company is very good at delivering its insurance policies to its customers, that is, customers do not face any difficulty in receiving their insurance policies.

Table 4.16:- Comparison of competitors and the Company in offering insurance policy.

Valid	Frequency	Valid percent	Cumulative percent
Strongly agree	68	42.50	42.50
Agree	89	55.63	98.13
Neutral	3	1.87	100.00
Disagree	0	0.00	100.00
Strongly disagree	0	0.00	100.00
total	160	100.00	

Source: Survey, 2014

Table 4.16 above illustrates comparison of competitors and Lion Insurance Company in offering insurance policy quickly and efficiently. About 42% and 56% of the respondents' strongly agree and agree respectively with the idea that Lion Insurance Company offers its insurance policy quickly and effectively compared to its competitors. Only about 2% of the respondents are neutral with the above idea, while none of the respondent disagree and strongly disagree with the above idea. This indicates that Lion Insurance Company is very good compared to competitors in offering its insurance policy quickly and efficiently.

4.1.2.4 Promotion Dimension

Table 4.17:- media that created customers' awareness about the service of the Company.

Valid	Frequency	Valid percent	Cumulative Percent
TV, Radio and News Paper	98	61.25	61.25
Billboard	5	3.13	64.38
Web site	0	0.00	64.38
Broachers and Fliers	57	35.62	100.00
Internet and Email	0	0.00	100.00
Total	160	100	

Source: Survey, 2014

Table 4.17 above shows the type of media through which customers came to know about the services of Lion Insurance Company. About 61% and 36% of the respondents came to know about the service of the company through TV, Radio and News Paper and brochures & fliers respectively. Only about 3 %of the respondents confirm that the company is using billboard though it is believed that these advertising tools have a constant exposure, low cost, broad coverage and very diverse audience segments. The above table also shows that the website or any electronic media which is the most versatile tool to market insurance service is totally ignored. In addition to web sites there are a number of ways a business can create an effective promotional campaign which involves integrations of a number of tools like blogs, social networks and social media

Table 4.18:- Customers' evaluation of Lion Insurance Company's promotion campaign.

Valid	Frequency	Percent	Valid percent	Cumulative percent
unattractive	83	54.37	54.37	54.37
Less attractive	43	26.88	26.88	81.25
Neither attractive nor unattractive	23	14.37	14.37	95.62
Attractive	7	4.38	4.38	100.00
More attractive	0	0.00	0.00	100.00
Total	160	100.00	100.00	

Source: Survey, 2014

Table 4.18 above illustrates customers' evaluation of lion Insurance Company's promotion campaign. Close to 54% and 27 % of the respondents indicated that the promotion campaign of the company is unattractive and less attractive .About 14% and 4 % of the respondents evaluated the promotion campaign of the company as neither attractive nor unattractive and attractive respectively, while none of the respondents evaluated it as more attractive. This indicates that the promotion campaign used by the company is not attractive in attracting its customers.

Table 4.19:- Contribution of the company's promotion to customers' decision to purchase additional insurance cover

Valid	Frequency	Valid percent	Cumulative percent
Strongly agree	0	0.00	0.00
Agree	5	3.13	3.13
Neutral	7	4.37	7.5
Disagree	103	64.37	71.87
Strongly disagree	45	28.13	100.00
Total	160	100.00	

Source: Survey, 2014

Table 4.19 above shows that about 64 % and 28% of the respondents disagree and strongly disagree respectively with the idea that the company’s promotion initiates their buying decision to have additional insurance cover. Close to 4 % of the respondents are neutral with the idea that the company’s promotion initiates their buying decision to have additional insurance cover .Only 3 % of the respondents agree with this idea. This response clearly indicates that the company is not doing well its promotional mix to familiarize its existing and potential customers to influence its customers to purchase additional insurance covers.

Table 4.20:- Customers’ recommendation others to have insurance policies of the company.

Valid	frequency	Valid percent	Cumulative percent
strongly agree	9	5.63	5.63
Agree	57	35.63	41.26
Neutral	7	4.37	45.63
Disagree	87	57.37	100.00
Strongly disagree	0	0.00	100.00
Total	160	100.00	

Source: survey, 2014

Table 4.20 above shows whether existing customers’ recommend others to have insurance policy provided by the company. Close to 6% and 36 % of the selected strongly agree and agree respectively .About 4% and 54 % of the respondents selected neutral and disagree respectively, while none of the respondents selected strongly disagree. The above result shows that majority of the customers do not recommend others to have insurance policy of the company, whereas some customers recommend others to have insurance policy of the company.

Table 4.21:- Promotion effort of the Company compared to competitors

Valid	frequency	Valid percent	Cumulative percent
Excellent	0	0.00	0.00
Very good	11	6.87	6.87
Good	32	20.00	26.87
Poor	117	73.13	100.00
Very poor	0	0.00	100.00
Total	160.00	100.00	

Source: Survey, 2014

Table 4.21 above points out promotion effort of Lion Insurance Company compared to competitors. About 7% and 20% of the respondents selected very good and good respectively. Close to 73% selected poor, while none of the respondents selected very poor and excellent. This implies that the company's promotion effort compared to its competitor is weak.

4.1.2.5 People dimension

Table 4.22:-The response of employees' to telephone calls quickly.

Valid	Frequency	Valid percent	Cumulative percent
Strongly disagree	34	21.25	21.25
Disagree	37	23.13	44.38
Neutral	5	3.13	47.51
Agree	41	25.63	73.14
Strongly agree	43	26.87	100.00
Total	160	100.00	

Source: Survey, 2014

Table 4.22 above depicts out the response of employees' to telephone calls quickly. The response of respondents is mixed; about 21% and 23.13 % strongly disagree and disagree respectively on the idea that employees of the company respond to your telephone calls quickly. On the other hand, close to 26% and 27% agree and strongly agree to the above idea .Only about 3% of the respondents are neutral on the above issue. This shows that some of the customers get quick response to the telephone calls, while a large number of customers do not get quick response to their telephone calls.

Table 4.23:- The speed with which the employees' of the company settle customers' claim.

Valid	Frequency	Valid percent	Cumulative percent
Very quickly	0	0.00	0.00
Quickly	22	13.75	13.75
Neither quickly nor slowly	4	2.5	16.25
Slowly	83	51.88	68.13
Very slowly	51	31.87	100.00
Total	160	100.00	

Source: Survey, 2014

Table 4.23 illustrates the speed with which the employees' of the company settle customers' claim. About 13% and 3% of rated quickly and neither quickly nor slowly respectively. Close to 52% of respondents and 32% rated slowly and very slowly respectively, while none of the respondents rated very quickly. This tells us that the speed with which the company handles the claim of the customers is slow.

Table 4.24:- Employees' and agents' ability in explaining the terms and conditions of the policy.

Valid	Frequency	Valid percent	Cumulative percent
Excellent	0	0.00	0.00
Very good	13	8.13	8.13
Good	27	16.87	25
Poor	86	53.75	78.75
Very poor	34	21.25	100.00
Total	160	100.00	

Source: Survey, 2014

Table 4.24 above employees' and agents' ability in explaining the terms and conditions of the policy. About 8% and 17% of the respondents selected very good and good respectively. Close to 54% and 21% selected poor and very poor respectively, while none of the respondents selected excellent. This shows that employees and agents of the company are not doing well in explaining the terms and conditions of the policy.

Table 4.25:- complaint handling of employees of the company.

Valid	frequency	percent	Valid percent	Cumulative percent
Highly satisfied	0	0	0	0
Somewhat satisfied	46	28.75	28.75	28.75
Satisfied	18	11.25	11.25	40
Poorly satisfied	68	42.5	42.5	82.5
Never satisfied	28	17.5	17.5	100.00
Total	160	100.00	100.00	

Source: Survey, 2014

Table 4.25 shows customers' satisfaction of the complaint handling of employees of the company. About 29% and 11% of the respondents selected somewhat satisfied and satisfied respectively. Close to 43% and 17% of the respondents selected poorly satisfied and never satisfied. This shows that great majority of the customers are poorly satisfied with the complaint handling of the employees of the company, while some of them are somewhat satisfied.

Table 4.26:- services of the employees of the company.

Valid	frequency	percent	Valid percent	Cumulative percent
excellent	0	0.00	0.00	0.00
Very good	17	10.62	10.62	10.62
Good	29	18.13	18.13	28.75
Poor	62	38.75	38.75	67.50
Very poor	52	32.50	32.50	100.00
Total	160	100.00	100.00	

Source: Survey, 2014

Table 4.26 above shows perception of the customers' about employees of the company in providing the necessary services. About 11% and 18% of the respondents selected very good and good respectively. Close to 39% and 32% of the respondents selected poor and very poor respectively, while none of the respondents selected excellent. This implies that generally the service provided by the employee is poor, while some of the respondents stated that it is good.

4.1.2.6 Process dimension

Table 4.27:- Quickness of the process used by the company in handling customers' claim.

Valid	Frequency	Valid percent	Cumulative percent
Very quickly	0	0.00	0.00
Quickly	18	11.25	11.25
Neither quickly nor slowly	6	3.75	15.00
Slowly	102	63.75	78.75
Very slowly	34	21.25	100.00
Total	160	100.00	

Source: Survey, 2014

Table 4.27 above depicts out quickness of the process used by the company in handling customers' claim. About 11% and 4% of the respondents rated the process used by the company in handling customers claim as quick and neither quick nor slow respectively. Nearly 64% and 21% of the respondents rated the process used by the company in settling claim as slow and very slow respectively. This indicates that the speed in handling claim is basically slow, while some of the respondents stated that it is quick.

Table 4.28:-Automation of the process used by the company.

Valid	Frequency	Valid percent	Cumulative percent
No	158	98.75	98.75
Yes	2	1.25	100.00
total	160	100.00	

Source: Survey, 2014

Table 4.28 shows whether the process used by the company is automated. Nearly 99% of the respondents replied that the company does not use automated process. About 1% of the respondents' response indicates that the company uses automated process. This tells us that the company does not use automated process.

Table 3.29:-The acceptability of the queuing and delivery time of the company.

Valid	frequency	Valid percent	Cumulative percent
strongly agree	0	0.00	0.00
Agree	78	48.75	48.75
Neutral	4	2.5	51.25
Disagree	52	32.5	83.75
Strongly disagree	26	16.25	100.00
Total	160	100.00	

Source: Survey, 2014

Table 3.29 above shows the acceptability of the queuing and delivery time of the company. Nearly 49% and 3% of the respondents selected agree and neutral respectively. About 33% and 17% of the respondents selected disagree and strongly disagree, while none of the respondents selected strongly agree. This implies that about half of the customers have the opinion that the queuing and delivery of the service is not acceptable to the customers, while about half of the customers stated that the queuing and delivery time is acceptable to them. Queuing and delivery times should be acceptable to customers. The long queues at check outs point can put many customers off from that place (Rafiq & Ahmed, 1995).

Table 3.30:- Customer friendliness and well defined process used by the company.

valid	Frequency	Valid percent	Cumulative percent
Strongly agree	0	0.00	0.00
Agree	17	10.62	10.62
Neutral	5	3.13	13.75
Disagree	110	68.75	82.5
Strongly disagree	28	17.5	100.00
Total	160	100.00	

Source; Survey, 2014

Table 4.30 above shows about the customer friendliness and well defined process used by the company. About 11% and 3% of the respondents selected agree and neutral respectively. Nearly 69% and 18% of the respondents selected disagree and strongly disagree respectively, whilst none of the respondents selected strongly agree. This indicates that the process used by the company is not user friendly and well defined and customer friendly, though some customers stated it is well defined and customer friendly. Shostack (1984) points out that since services are intangible and therefore described in words by people, companies have to be really clear in defining the service process.

Table 4.31:- Comparison of the process used by the company with competitors.

Valid	Frequency	Valid percent	Cumulative percent
Very quick	0	0.00	0.00
Quick	46	28.75	28.75
Neither quick nor slow	4	2.5	31.25
Slow	78	48.75	80.00
Very slow	32	20.00	100.00
Total	160	100.00	

Source: Survey, 2014

Table 4.31 above depicts out comparison of the process used by the company with competitors. Nearly 29% and 3% of the respondents selected quick and neither quick nor slow respectively. About 49% and 20% of the respondents selected slow and very slow respectively, while none of the respondents selected very quick. This indicates that great majority of the customers have the opinion that the process used by the company compared to competitors is slow and, though some customers indicated that the process used by the company is quick compared to competitors.

4.1.2.7 Physical evidence dimension.

Table 4.32:- Modernity of equipment used by the company

Valid	Frequency	Valid percent	Cumulative percent
Excellent	20	12.5	12.5
Very good	38	23.75	36.25
Good	102	63.75	100.00
Poor	0	0.00	100.00
Very poor	0	0.00	100.00
Total	160	100.00	

Source: Survey, 2014

Table 4.32 above illustrates modernity of equipment used by the company. About 13% and 24% of the respondents selected excellent and very good respectively. Close to 64% of the respondents selected good, while none of the respondents selected poor and very poor, while none of the respondents selected poor and very poor. This implies that the equipment used by the company is modern.

Table 4.33:- Attractiveness of logo used by the company.

Valid	Frequency	Valid percent	Cumulative percent
highly attractive	30	18.75	18.75
Attractive	94	58.75	77.50
Less attractive	36	22.50	100.00
Not attractive	0	0	100.00
Total	160	100.00	

Source: Survey, 2014

Table 4.33 above depicts out attractiveness of logo used by the company. About 19% and 59% of the respondents rated the logo used by the company as highly attractive and attractive respectively. Close to 23% of the respondents rated the logo used by the company as less attractive. This implies that the logo used by the company is attractive, but there are customers that rated the logo as less attractive

Table 4.34:-Attractiveness of the insurance policy offered by the company.

Valid	Frequency	Valid percent	Cumulative percent
Excellent	0	0.00	0.00
Very good	18	11.25	11.25
Good	42	26.25	37.50
Poor	64	52.50	90.00
Very poor	16	10.00	100.00
Total	160	100.00	

Source: Survey, 2014

Table 4.34 above illustrates attractiveness of the insurance policy offered by the company. About 11% and 26% of the respondents selected very good and good respectively. Close to 53% and 10% of the respondents selected poor and very poor respectively, while none of the respondents selected excellent. This indicates that great majority of the respondents have the opinion that the attractiveness of the policy used by the company is poor and very poor, although some of the respondents rated it as very good and good.

Table 2.35:- Attractiveness of employees dress and furnishing of the room.

Valid	Frequency	Valid percent	Cumulative percent
Strongly disagree	0	0.00	0.00
Disagree	0	0.00	0.00
Neutral	9	5.62	5.62
Agree	124	77.5	83.12
Strongly agree	27	16.88	100.00
Total	160	100.00	

Source: Survey, 2014

Table 2.35 above points out attractiveness of employees dress and furnishing of the room. Nearly 6% and 78% of the respondents selected neutral and agree respectively. About 17% of the respondents selected strongly agree, while none of the respondents selected disagree and strongly disagree respectively. This tells us that employees dress and furnishing of the room are attractive to customers.

Table 2.36:- Clarity of the insurance policy wordings.

Valid	Frequency	Valid percent	Cumulative percent
excellent	0	0.00	0.00
Very good	3	1.88	1.88
Good	87	54.37	56.25
Poor	54	33.75	90.00
Very poor	16	10.00	100.00
total	160	100.00	

Source: Survey, 2014

Table 4.36 above shows clarity of the insurance policy wordings to policy holder or insured. Nearly 2% and 55% of the respondents selected very good and good respectively. About 34% and 10% of the respondents selected poor and very poor respectively, while none of the respondents selected excellent. This implies that large numbers of the customers have the opinion that the policy wordings are not clear; this is partly because the policy wordings have jargons as they are developed internationally. Insurance policy is one of the physical evidence used by the insurance industry. This sort of physical evidence provides excellent opportunities for a service firm to send clear and consistent marketing messages regarding the firm's purpose, the intended market segment, and the nature of the service (Bitner, 1992 and 1996).

4.2 Interview results and discussion

As per the interview made with business development employees, the company does not have a well written marketing strategy and plan. The company is currently offering a full range of non-life insurance products to the public at large and has a plan to offer life insurance policies to the

public in the very near future. The non - life insurance policies it is offering to the public include: motor, marine, fire, engineering, bond, money and fidelity insurance. The company is not engaged in developing new policies and did not carry out formal study to assess the needs of its customers' rather the company is engaged in reaching customers through the existing policies by opening different branches in different parts of the country.

In insurance company premium is the amount of money paid for the insurance policy or cover. The company employs cost based and competition based policy. In the industry the competition is basically based on the price or premium. As a result there is a price war in the industry; moreover, the customers are price sensitive. Frequent premium revision was not done by the company.

The company is opening different branches in different parts of the company to offer its insurance policies to the public. The employees and the managements of the company, insurance agents of the company, and insurance brokers are involved in offering insurance policies of the company. The company recruits insurance agents and training and license is given to these insurance agents by the National Bank of Ethiopia (NBE) with fees paid by the company .It is after they obtained the training and license that they are engaged in marketing activities. No effort was made by the company to measure their effectiveness and efficiency. The company pays commission for the sales agents based on the commission rate provided by the insurance association. Insurance brokers are professionals who are engaged in insurance operation for a long period of times. Insurance brokers unlike the sales agents can work with all insurance companies. They are offered with commissions like sales agents based on the rate provided by the insurance association. For the company sales though agents and brokers is costly. Some of the branches of the company are located on the major roads where there is a major constriction of the road is taking place, this created inconvenience for the customers to get the service of the company.

The promotion media which is mostly used by the company is news paper, radio, and give away articles. Sometimes the company is using TV for advertisement but it is an expensive media. Sponsorship and billboards are the other means the company is using to promote itself. The company has a website but recently due to the disagreement between the company and the company that developed the website it is not functioning. The company does not use social media as a means of promotion. Public relation is not well performed by the company due to

problem of budget. No attempt was made by the company to evaluate the effectiveness and the efficiency of the promotional mixes employed by the company.

Human resource is the most important resource for any organization, particularly for service organization as these organizations are labour intensive. The employees, management and sales agents play vital role in offering services of the company. In the industry experienced employees are scarce, and there is high turnover rate due to different reasons. Because of these the company is not offering the desired service to its customers. Training is usually given to new employees joining the company, but the required change was not much observed. No effort was done to evaluate the effectiveness of the training give by the company. No survey was conducted to investigate the effectiveness and efficiency of employees, management and sales agents in providing the required services.

Booms and Bitner (1981) defined process as policies, procedures, mechanization, employee discretion, customer involvement, customer direction and flow of activities. Though there is not written procedures with respect to the process used by the company ,the employees of the company tells to the customers what documents are required ,where the customers have to go and what forms they are required to fill. The major problem the company is facing is that as the company does not have automated process and due to infrastructure problem of the country the branches out of Addis Ababa will not get quick service that the customers are requesting and this will impede the efficiency of the company in offering the required service. The company has a plan to automate the processes used by the company in order to offer effective and efficient service to its customers.

The physical evidence is defined as the environment in which the service is delivered and where the service provider and the customers interact, and any tangible commodities that facilitate performance or communicate the service. The company uses rented building to offer its services. Most of the rented buildings do not have parking places for the customers of the company, besides the offices rented by the company are not found on the front side of the building and these created inconvenience for the customer to access the company. The company is currently on the way to acquire its own building and this problem will be minimized in the future. The billboards used by the company are not found on sites visible to customers. The company has a logo, but no effort is made to evaluate its attractiveness and effectiveness in attracting customers. The company offers different non-life policies to its customers, without evaluating its

attractiveness and effectiveness to customers. The company purchases different furniture and equipments to offer its services. These furniture and equipments are purchased from reliable suppliers and are modern. The company has a dressing code, though most employees do not adhere to this code.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

This section summarizes major findings of the study based on the analysis and discussion made in the previous chapter about the marketing mix of Lion Insurance Company.

The following are the major summaries obtained based on the results and discussions made in the previous chapter:

- Majority of the respondents indicated that the insurance policies offered by the company is found to be very good in meeting their insurance need .When compared with competitors ,the insurance policies of the company is found to be about the same in meeting the insurance needs of the customers. Majority of the respondents indicated that the company is less popular, while some of them stated it as popular.
- Based on the result of the customer survey most of the respondents evaluated the current insurance premium of Lion Insurance Company as fair, but some respondents evaluated it as cheap and expensive. Majority of the respondents have the opinion that compared to competitors the premium charged by the company is about the same, but some customers perceived that the premium is expensive than competitors.
- Majority of the customers stated that the opening and closing time of the company suitable to them while some of the customers stated less suitable and even some of them stated unsuitable. Majority of the customers indicated that the Company is very good in delivering insurance policy to customers, while some of the customers even stated it is excellent in this respect and some customers indicated it as good
- Radio, TV and news paper are the most widely used media used by the company in promoting its products. Broachers & fliers and billboards are also used by the company in promoting itself. Website, internet and social media are not used by the company for promotion.
- Majority of the respondents stated that the promotion employed by the company is unattractive. Besides the promotion made by the company played minor role in influencing customers decision to purchase additional insurance cover and the promotion

of the company is poor compared to competitors, while some of the customers rated it as good.

- Managements and employees of the company, agents of the company and insurance brokers played major role in initiating customers to buy insurance policies of the company, while customers of the company played minor role in influencing customers to buy insurance policy of the company.
- Majority of the respondents indicated that the location of the branch is convenient to the costumers, whereas some of the customers stated that it is less convenient. Majority of the customers indicated that the opening and closing time of the company is suitable to them, while some of them stated that it is less suitable to them
- Majority of the customers indicated that employees' and sales agents ability in explaining the terms and conditions of the policy is poor and some of the respondents indicated they are even very poor. Majority of the customers are not satisfied with services of the employees, whilst some of the customers are satisfied with the services of the employees.
- The process used by the company is not automated. Majority of the respondents indicated that the process used by the company in handling customers claim is slow and some of the respondents stated that it is very slow, while some of the respondents stated that it is quick. Majority of the respondents disagree about the customer friendliness of the process used by the company, they also indicated that the process used by the company is not well defined, while some of the customers indicated that it is user friendly and well defined.
- The equipments used by the company are modern. Majority of the respondents indicated that the logo used by the company is attractive and about on fifth of them said it is even highly attractive, while more than one fifth of them stated it as less attractive.
- Employees dress and furnishing of the room are attractive to customers. Majority of the customers stated that clarity of the insurance policy wordings is good, whilst some of them stated as poor.

5.2 Conclusions

Marketing mix plays a significant role in marketing of a product and management of marketing mix is considered to be a key marketing activity and proper choice of marketing mix is significant to provide higher customer satisfaction at a reasonable price (Jobber & Fahy 2009: 9). Marketing mix with four Ps is not adequate for service organizations'; consequently marketing

mix with seven Ps is adopted for service businesses. Therefore it is possible to conclude that same applies to Lion Insurance Company as it is one of the service businesses. Consequently the following conclusions have been reached from the analysis made in the previous chapter.

- The company is doing well in delivering insurance policy that meets the needs of the customers. Majority of the customers stated that the company is less popular, but some of the customers stated that it is popular.
- The study indicated that the premium charged by the company is fair but some of the customers considered it expensive and in the industry the competition is basically based on the premium or price .The premium charged by the company is about the same as competitors but some customers indicated that the premium is expensive than competitors. The study also shows that premium or the pricing policy adopted by the company is both cost based and competition based.
- The company is promoting its products using radio, television, news papers, brochures & fliers, give away articles, and billboards. The study showed that radio, television and news papers are found to be the most widely used promotion tools. The billboards used by the company are not effective in promoting customers as they are not located on visible sites. Internet, website and social medias are not used it promoting the company. The promotion made by the company is found to be less attractive and it is also less attractive compared to competitors, consequently its roll in attracting customer is not satisfactory.
- The result of the study showed that the ability of the employees and agents in explaining the terms and the conditions of the policy is found to be poor but some of the customers stated it as good. Majority of the customers are not satisfied with the service of the employees, but there are customers that are satisfied with the service of the employees of the company.
- The process used by the company is not automated, besides it is slow. Majority of the customers indicate d that the process used by the company is not customer friendly, while some of the customers stated as customer friendly.
- The study showed that employees dress and furnishing of the room are attractive to customers. Majority of the customers stated that clarity of the insurance policy wordings is good, whilst some of them stated as poor

5.3 Recommendations

The following recommendations and suggestions are brought forward based on the conclusion made earlier so as to allow the managements of the company to take appropriate actions to resolve the problems identified in the study.

- Although the application of seven Ps principles is under way to manage the marketing of the company, there is no written document in this regard to guide the overall activity. Therefore, the company should design a comprehensive marketing strategy and plan that can help in serving its target customers well and there by achieve its overall objectives.
- The company should engage in offering new policies after conducting a survey of the needs of its customers and use information technology in offering its products to customers as today's customers are more informed and their needs change from time to time.
- As confirmed in the study price or premium is an important variable in making decision to buy insurance policy. The company should seriously consider this situation in order that it could gain the advantage of setting fair market price or premium .Because, doing so would enable the company to boost the market share.
- Continuous skill and development training should be given to employees, management and sales agents in providing the service .These would definitely help in improving the quality of service that these members of the company could provide to the customers. Survey has to be conducted about the appropriateness of the training offered to its employees.
- Extra effort should be made to make the promotion of the company attractive to customers and to reverse the less attractive perception existing in the customers mind. Survey has to be conducted to evaluate the effectiveness of the promotion employed by the company. On top of these the company has to perform public relation activities by engaging in community based services and internet, social media and the website of the company should be used to promote the services of the company.
- Clear, well defined and written process has to be developed by the company to enable the customers in getting the services. In addition the company needs to automate the processes so that customers get the services effectively and efficiently.

- When opening new branches the company has to look for buildings that are convenient to customers in terms of location and parking and locate its billboards on the sites that are visible to customers.
- The company should work hard to make its logo attractive to customers and build good image in the minds of the customer through offering quality services to its customers.

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APPENDIX A

Questionnaire on assessment of marketing mix of Lion Insurance Company.

Dear respondents,

Prior to all I would like to extend my deepest gratitude for allotting your time to provide me with invaluable information .This is a questionnaire designed for data collection to conduct an academic research.

The information obtained will be kept confidential and used only for the purpose of achieving the objectives of the research.

I would like to bring your consideration that as the quality of the research highly dependent on the quality of data to be generated, pleas answer the questions to the best of your knowledge.

In case you have any query, please contact me through Mob. 0911-70-92-75

Girma Zerefu

Thank you very much.

Direction: please select your answer by encircling the appropriate response category.

Part One: Demographic profile of the respondents

1. What is your gender?

- a) male b) female

2. Select your age group:

- a) below 20 b) 20-29 c) 30-39 d) 40-49 e) 50 and above

3. What is your occupation? a) civil servant b) business man or women c) student d) employee of private organization e) others, please specify.....

4. Select your highest academic or professional qualification? A) elementary school
b) secondary school c) diploma d) bachelor degree e) master degree and above f) others, specify.....

Part two: Marketing mix questions

I.Questionnaire on product dimension

1. How do you rate the insurance policy of Lion Insurance Company in meeting your insurance needs?

- e) excellent b) very good c) good d) Poor e) very poor

2. Compared to competitors the insurance policies' of Lion Insurance Company in meeting your insurance need is:

- a) much better b) somewhat better c) about the same d) somewhat worse e) much worse

3. What attributes of the company influence you more?
- a) convenience of the location of the branch b) the image of the company c) the service of the company d) the terms and the conditions of the policy e) the claim handling efficiency and effectiveness of the company.
4. Based on your experience will you continue buying insurance policy of Lion Insurance Company?
- a) highly unlikely b) unlikely c) unknown d) likely e) highly likely
5. How do you perceive the image of Lion Insurance Company?
- a) unpopular b) less popular c) neither popular nor unpopular d) popular e) very popular

II. Questionnaire on price dimension

1. How do you rate the current insurance premium of Lion Insurance Company?
- a) very cheap b) cheap c) fair d) expensive e) very expensive
2. What is your perception about the insurance policy as compared to its price?
- a) excellent b) good c) average d) poor e) very poor
3. How do you evaluate the insurance premium of lion Insurance Company as compared to its competitors?
- a) very cheap b) cheap c) about the same d) expensive e) very expensive
4. How important is premium to you in buying Insurance policy?
- a) less important b) unimportant c) neither important nor unimportant d) important e) very important
5. How much would be your reaction to reduction in insurance premium?
- a) very less b) Less b) moderate c) high d) very high

III. Questionnaire on distribution dimension

1. What is your opinion about the convenience of the location of the branches in providing the services?
- a) less convenient b) not convenient c) convenient d) very much convenient
2. Who initiated you to buy insurance policy?
- a) the agents of the company b) insurance brokers c) customers of the company d) employee and management of the company e) others, specify.....

3. How do you rate the suitability of the opening and closing time suiting your life style?

a) not suitable b) less suitable c) suitable d) very much suitable

4. Based on your experience how do you rate the delivery of the insurance policy of Lion Insurance Company?

a) excellent b) very good c) good d) poor e) very poor

5. Compared to competitors Lion Insurance Company offers insurance policy quickly and efficiently:

a) strongly disagree b) disagree c) neutral d) agree e) strongly disagree

IV. Questions on promotion dimension

1. Through which media did you know about the services of Lion Insurance Company?

a) TV, radio and news paper

b) billboard

c) website

d) brochures and fliers

e) internet and email

2. How do you evaluate Lion Insurance Company's promotion campaign?

a) unattractive b) less attractive c) neither attractive nor attractive d) attractive e) more attractive

3. The promotion of the company contributes to your decision of buying additional insurance cover:

a) strongly agree b) agree c) neutral d) disagree e) strongly disagree

4. You recommend others to have insurance policy provided by the company:

a) strongly agree b) agree c) neutral d) disagree d) strongly disagree

5. How do you see the promotion effort of Lion Insurance Company compared to competitors?

a) excellent b) very good c) good d) poor e) very poor

V. Questions on people dimension

1. The employee of the company responds to your telephone calls quickly:

a) strongly disagree b) disagree c) neutral d) agree e) strongly disagree

2. How do you rate the speed with which the employees of the company settle your claim?

- a) very quick b) quick c) neither slow nor quick d) slow e) very slow

3 The ability of the employees and agents in explaining the terms and conditions of the policy are:

- a) excellent b) very good c) good d) poor e) very poor

4. To what extent are you satisfied with the employee of the company in handling your complaint?

- a) highly satisfied b) somewhat satisfied c) satisfied d) poorly satisfied d) never satisfied

5. Your perception about employees of the company in providing the necessary services is:

- a) excellent b) very good c) good d) poor e) very poor

VI. Questions on process dimension

1. The process used by the company in handling your claim is:

- a) very quick b) quick c) neither slow nor quick c) slow d) very slow

2. Did the company use automated process?

- a) yes b) no

3. The queuing and delivery time of the company is acceptable:

- a) strongly disagree b) disagree c) neutral d) agree e) strongly disagree

4. The process used by the company is well defined and customer friendly:

- a) strongly disagree b) disagree c) neutral d) agree e) strongly disagree

5. The process used by the company compared to its competitor is:

- a) Very quick b) quick c) neither slow nor quick c) slow d) very slow

VII. Questions on physical evidence dimension

1. How do you rate the modernity of the equipment used by the company?

- a) excellent b) very good c) good d) poor e) very poor

2. The logo used by the company is:

- a) highly attractive b) attractive c) less attractive d) not attractive

3. In your opinion the attractiveness of the insurance policy offered by the company is:

- a) excellent b) very good c) good d) poor e) very poor

4. Employees dress and furnishing of the room is attractive:

- a) strongly disagree
- b) disagree
- c) neutral
- d) agree
- e) strongly agree

5. How do you rate the clarity of the insurance policy wordings to policy holder or insured?

- a) excellent
- b) very good
- c) good
- d) poor
- e) very poor

Any other opinion on Lion Insurance Company

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APPENDIX B

Questionnaire on assessment of marketing mix of Lion Insurance Company Amharic Version

በመልስ ሰጪዎች የሚሞላ የገበያ ጥናት መጠይቅ

ውድ መልስ ሰጪ

ከሁሉ አስቀድሜ ይህንን መጠይቅ ለመሙላት ውድ ጊዜዎን ስለሰጡኝ ከልብ አመሰግናለሁ። መጠይቁ የተዘጋጀው ትምህርታዊ ጥናት ለማዘጋጀት መረጃ ለማሰባሰብ ነው።

በዚህ መጠይቅ አማካይነት የሚሰበሰበው መረጃ ሚስጥራዊነቱ ተጠብቆ የሚያዝ መሆኑንና ለታሰበው ጥናት ብቻ እንደሚውል ላረጋግጥ እወዳለሁ። ከሚደረገው የገበያ ጥናት የሚገኘው ውጤት ጥራቱ በሚሰበሰበው መረጃ የሚወሰን በመሆኑ የቀረቡትን ጥያቄዎች በግልፅና በትክክል በመመለስ ትብብር እንዲደረግልኝ እጠይቃለሁ።

ምንም አይነት ጥያቄ ወይም ግልፅ ያልሆነ ነገር ካጋጠምዎ ግርማ ዘረፉ ብለው በ0911 70 92 25 ላይ ቢደውሉልኝ መልሱን በፍጥነት እሰጣለሁ።

በድጋሚ ከልብ አመሰግናለሁ።

ማሳሰቢያ:- በክፍል አንድና በክፍል ሁለት ለቀረቡት ጥያቄዎች አንዱን መርጦ በማክበብ መልስ መስጠት ይቻላል።

ክፍል 1: ስለ መልስ ሰጪው አጠቃላይ መረጃዎች

1. ያታዎ የቱ ነው?

ሀ. ወንድ	ለ. ሴት
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2. እድሜዎ የሚገኘው:-

ሀ. ከ20 በታች	ለ. ከ20-29	ሐ. ከ30-39
መ. ከ40-49	ሠ. 50 እና ከዚያ በላይ	
3. ሥራዎ ምንድን ነው?

ሀ. የመንግስት ሰራተኛ	ለ. ነጋዴ	ሐ. ተማሪ
መ. የግል ድርጅት ሰራተኛ	ሠ. ሌላ ከሆነ ይግልፁ _____	
4. የትምህርት ደረጃዎ የትኛው ነው?

ሀ. አንደኛ ደረጃ	ለ. ሁለተኛ ደረጃ	ሐ. ዲፕሎማ
መ. የመጀመሪያ ዲግሪ	ሠ. ሁለተኛ ዲግሪና ከዚያ በላይ	
ረ. ሌላ ካላ ይጥቀሱ _____		

ክፍል ሁለት: የገበያ ክንውን ጥያቄዎች

I. ምርትን ወይም አገልግሎትን የተመለከተ

1. የአንበሳ ኢንሹራንስ ኩባንያ የመድን ውሎች የእርሶን የመድን ፍላጎት የማርካት ብቃታቸውን እንዴት ይገመግሙታል?

ሀ. እጅግ በጣም ጥሩ ናቸው	ለ. በጣም ጥሩ ናቸው
ሐ. ጥሩ ናቸው	መ. ደካማ ናቸው
	ሠ. በጣም ደካማ ናቸው

2. የአንበሳ ኢንሹራንስ ኩባንያ የመድን ውሎች ከሌሎች የንግድ ተወዳዳሪ ኢንሹራንሶች ጋር ሲነፃፀሩ የእርሶን የመድን ፍላጎት የማርካት ችሎታቸው፡-

ሀ. በጣም የተሻሉ ናቸው	ለ. በመጠኑ የተሻሉ ናቸው
ሐ. አንድ አይነት ናቸው	መ. የባለባቸው ናቸው
ሠ. በጣም የባለባቸው ናቸው	
3. ከድርጅቱ መለያዎች ወይም ባህሪያት እርሶን በጣም ያነሳሳዎት የትኛው ነው?

ሀ. ቅርንጫፍ የሚገኝበት ቦታ ምቹነት	
ለ. የድርጅቱ ገዕታ	ሐ. የድርጅቱ አገልግሎት አሰጣጥ
መ. የመድን ውሎ ግዴታ እና ሁኔታ	ሠ. የካሳ ክፍያ አገልግሎቱ ጥራትና ቀልጣፋነት
4. እርሶ ካለዎት ልምድ ከዚህ በኋላ የአንበሳ ኢንሹራንስ ኩባንያ የመድን ውሎችን መግዛት ይቀጥላሉ?

ሀ. በጣም እቀጥላለሁ	ለ. እቀጥላለሁ
ሐ. እቀጥላለሁ ወይም አልቀጥልም ለማለት ያስቸግራል	
መ. አልቀጥልም	ሠ. በጭራሽ አልቀጥልም
5. የአንበሳ ኢንሹራንስ ኩባንያን ገዕታ እንዴት ይመለከቱታል?

ሀ. ታዋቂ አይደለም	ለ. በመጠኑ ይታወቃል
ሐ. ታዋቂ ነው ወይም አይደለም ለማለት ያስቸግራል	
መ. ታዋቂ ነው	ሠ. በጣም ታዋቂ ነው

II. አረቦንን (ዋጋን) በተመለከተ

1. አሁን ያለውን የአንበሳ ኢንሹራንስ ኩባንያ አረቦን (ዋጋ) እንዴት ይመለከቱታል?

ሀ. በጣም ርካሽ ነው	ለ. ርካሽ ነው	ሐ. ተመጣጣኝ ነው
መ. ውድ ነው	ሠ. በጣም ውድ ነው	
2. ከአረቦን ክፍያ አንፃር የመድን ዋስትናው እንዴት ይመለከቱታል?

ሀ. እጅግ በጣም ጥሩ ነው	ለ. በጣም ጥሩ ነው	ሐ. ጥሩ ነው
መ. ደካማ ነው	ሠ. በጣም ደካማ ነው	
3. የአንበሳ ኢንሹራንስ ኩባንያ አረቦን ከሌሎች ኢንሹራንስ አረቦን ጋር ሲነፃፀር እንዴት ይታያል?

ሀ. በጣም ርካሽ ነው	ለ. ርካሽ ነው	ሐ. አንድ አይነት ነው
መ. ውድ ነው	ሠ. በጣም ውድ ነው	
4. የአንበሳ ኢንሹራንስ መድን ለመግዛት በሚያደርጉት ውሳኔ የአረቦን ክፍያ ምን ያክል አስፈላጊ ነው?

ሀ. በትንሹ አስፈላጊ ነው	ለ. አስፈላጊ አይደለም
ሐ. አስፈላጊ ነው ወይም አይደለም ለማለት ያስቸግራል	
መ. አስፈላጊ ነው	ሠ. በጣም አስፈላጊ ነው
5. የአንበሳ ኢንሹራንስ አረቦን ቅናሽ ቢደረግ የእርሶ ምላሽ ምን ይሆናል?

ሀ. በጣም አነስተኛ	ለ. አነስተኛ	ሐ. መካከለኛ
መ. ከፍተኛ	ሠ. በጣም ከፍተኛ	

III. ስርጭትን የተመለከተ

1. የአንበሳ ኢንሹራንስ ኩባንያ ቅርንጫፍ ቢሮዎች ወይም ክፍሎች የሚገኙበት ቦታዎች ምቹነት እንዴት ይመለከቱታል?

ሀ. በመጠኑ ይመቻሉ	ለ. አመቺ አይደሉም
ሐ. አመቺናቸው ወይም አይደሉም ለማለት ያስቸግራል	
መ. አመቺ ናቸው	ሠ. በጣም አመቺ ናቸው

VII.ዕቃዎች፣ መሳሪያዎችና ሰነዶችን የተመለከተ

1. ድርጅቱ የሚገለገልባቸውን መሳሪያዎች ዘመናዊነት እንዴት ይገመግሙታል?
ሀ. እጅግ በጣም ጥሩ ነው ለ. በጣም ጥሩ ነው ሐ. ጥሩ ነው
መ. ደካማ ነው ሠ. በጣም ደካማ ነው
2. ድርጅቱ የሚጠቀምበት አርማ
ሀ. በጣም የሚስብ ነው ለ. የሚስብ ነው
ሐ. በመጠኑ የሚስብ ነው መ. የሚስብ አይደለም
3. በእርሶ አስተያየት ድርጅቱ የሚሰጣቸው የመድን ውሎች የመሳብ ችሎታ፡-
ሀ. እጅግ በጣም ጥሩ ነው ለ. በጣም ጥሩ ነው
ሐ. ጥሩ ነው መ. ደካማ ነው ሠ. በጣም ደካማ ነው
4. የሠራተኞቹ አልባሳትና የቢሮዎች እቃዎችና ጌጦች ማራኪዎች ናቸው፡፡
ሀ. በጣም አልስማማም ለ. አልስማማም
ሐ. እስማማለሁ ወይም አልስማማም ለማለት ያስቸግራል
መ. እስማማለሁ ሠ. በጣም እስማማለሁ
5. የመድን ውሎ የተፃፋባቸው ቃላት ግልፅነትና ኃላፊነት እንዴት ይመለከቱታል?
ሀ. እጅግ በጣም ጥሩ ናቸው ለ. በጣም ጥሩ ናቸው
ሐ. ጥሩ ናቸው መ. ደካማ ናቸው ሠ. በጣም ደካማ ናቸው

ስለ አንበሳ ኢንሹራንስ ኩባንያ ያለዎትን ማንኛውም ተጨማሪ አስተያየት ይግለፁ፡፡

APPENDIX C

Interview check list

1. Does the company have marketing strategy and plan?
2. Do you continuously modify the existing policies and develop new policies to meet your customers' needs? And is there any mechanism to measure for measuring the effectiveness and efficiency of your insurance policies?
3. What factors are considered in determining your premium rates? And do you continuously perform competitive analysis?
4. What distribution means are employed by the company? How do you evaluate their effectiveness?
5. Which promotional mixes are used by the company? And how do you evaluate their effectiveness and efficiency?
6. Do you have qualified and trained employees and management that provide the necessary service?
7. Do you have clear, automated and user friendly process to offer your service?
8. What physical evidence is used by the company? How do you evaluate their effectiveness?