ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

SCHOOL OF COMMERCE

THE EFFECT OF SERVICE MARKETING MIXES ON CUSTOMER SATISFACTION: A STUDY ON SELECTED PRIVATE INSURANCE COMPANIES IN ADDIS ABABA

BY

BINYAM KETEMA

JUNE 2023

ADDIS ABABA, ETHIOPIA

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APPROVAL SHEET

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Getie A. (Ph.D.). 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.

BINYAN KETEMA

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Name Signature

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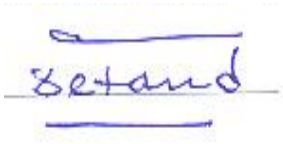
ENDORSEMENT

This thesis has been submitted to Addis Ababa University, School of Business and Economics for examination with my approval as a university advisor.



GETIE ANDUALEM (PhD) 19/7/2023

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Advisor Signature

Addis Ababa University, Addis Ababa June 2023

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ACRONYMS (ABBREVIATIONS)

AMA	American Marketing Association
CIM	Chartered Institute of Marketing
IMOS	Internal Marketing Orientations
MCM	Medical Center Manila
PSS	Proportionate Stratified sampling
SPSS	Statistical package for social science
S.C.	Share Company

ABSTRACT

This research aimed to examine the effect of service marketing mix on customer satisfaction by taking selected five private insurance companies in Addis Ababa as a case. The quantitative research approach along with explanatory research design was applied. Active motor insurance policyholders of five selected insurance companies were considered as a study population. Primary data were collected from a total sample size of315 sample respondents through structured self-administered questionnaires. The scale comprised standard marketing mix and customer satisfaction questions scaled with Likert Scale. In contrast to the conventional Likert Scale analysis method, the Taguchi Signal/Noise ratio method was used to concurrently account for the impact of average and variation as well as satisfaction and dissatisfaction data to accurately determine the direction of improvement of quality attributes. The relationship between components of the marketing mix and consumer happiness was examined using both descriptive and inferential analysis techniques. The data were analyzed by using Pearson correlation and multiple linear regression models. The results showed that the marketing mix elements have a positive and significant effect on customer satisfaction. Specifically, insurance policies had strong statistically significant positive effect on customer satisfaction (B= .251, P< .05) followed by promotion (B= .150, P< .05), premium (B= .137, P< .05), and placement (B= .129, P< .05). Whereas, claim settlement process (B= .113, P< .05), physical evidence (B= .041, P< .05) and people/staff competence (B= .051, P< .05) showed the least contribution to customer satisfaction. The seven service marketing mix aspects can be summed up as being reliable indicators of client happiness. Customer retention, customer satisfaction, and customer attraction are all possible with effective marketing mix implementation. The managements of the insurance companies are recommended to exert maximum effort on the improvement of their staff competence, adopting innovative internal process and the attractiveness of its service facilities.

Keywords: Insurance Companies, Marketing Mix, Motor Insurance Policy Service Marketing,

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Due to the intense competition in the business sector, organizations are forced to compete with one another by providing superior products. Marketing is a set of factors that a business can control and use to influence user buying decisions, as well as a combination of these aspects to promote a product's position in the market (Azimi, 2017).The marketing mix, as described by Kotler and Armstrong (2013), is the collection of controllable marketing factors that a company combines to create a response to consumer demands in a target market. This indicates that the marketing mix is a set of instruments that may be adjusted to meet the targeted market demands. It is an effort made by a company to set itself apart favorably from its rivals by better addressing the demands and desires of its customers in a certain environment (Subhash, 2019).

For a company to successfully conduct its operations, customer satisfaction is a crucial factor (Subhash, 2019). If customer satisfaction is not met, customers will switch to other competitors results in declining revenue and profit level, businesses that have been abandoned by their customers will have serious issues. Failure in fulfilling customer's needs and wants, companies will face harsh marketing situations to keep doing business with their customers. As a result, decreasing customer volume and, consequently, declining revenues and profits lead to bankruptcy. This will hinder organizations to expand and develop in a stiff competition (Gilman, 2015). Thus, firms must always pay attention to the requirement of consumers to meet their expectations by offering services that are more satisfactory than those of competitors.

Studies have shown that successful marketing tactics draw customers and keep them around longer since the marketing mix tool is one of the main determinants of client satisfaction. According to Harsono (2017), businesses can influence consumers to pursue the purchase of their product by having a good product, reasonable price, accessible location, and effective promotion strategy, also known as the traditional 4Ps, increasing the likelihood of creating a satisfied customer. McCarthy (2016) contends that marketers must go beyond the conventional 4Ps of marketing strategy because they are insufficient for implementing in order to gain a competitive edge in the service sector. To that purpose, scholars in the field have long recommended businesses to adopt the concept of the

services marketing mix tool. I.e., the '4Ps' have been enlarged to the 7Ps', the addition of process, physical evidence, and people (Bitner, 2015; McCarthy, 2016).

Private insurance companies in particular have undergone numerous improvements in the provision of high-quality services (Oliver, 2017). For instance, private insurances in industrialized countries are progressively becoming customer-focused and driven by customer expectations, according to Andrew (2019). Approximately 85% of private insurance companies use client satisfaction as a fundamental yardstick for measuring the caliber of their services. By aggressively pursuing ongoing improvements to their marketing mix strategies, a number of public and private insurances in Europe have survived and grown to other regions of the globe (Robert, 2017; Gilman, 2015).

In developing economies' context, studies also confirm the rise of financial sector in Asian countries due to the rise of their economic status. For instance, Jemal (2019) points out that service or product quality and customer satisfaction both have long been considered crucial for success and survival of insurance companies in the competitive market of Middle East countries. Despite the fluctuating service quality in West African countries, insurance service has also shown tremendous improvement in addressing customer demands by minimizing the gap between the emerging technological innovation and traditional marketing mix strategies (Rabin, 2018).

Private insurance companies in developing economies, however, faced significant marketing challenges due to factors such as pressure selling from higher officials to insist walk-in customers purchase insurance policies, weak claim service delivery, lengthy lines, and hectic bureaucratic hassle in the insurance offices (Woldekiros, 2019). According to Adeoye (2012), misreading the expectations of their customers is to blame for the majority of the lengthy lines and subpar service at insurance businesses. The insurance business in Ethiopia is not distant from these realities.

Awash, Hibret (also known as United), NIB, Nile and Oromia insurances S.C.s in Addis Ababa are the top five performing insurance companies in Ethiopia, according to the National Bank of Ethiopia (2020). There are currently seventeen (17) insurance companies operating in Ethiopia. The businesses experience intense competitive pressures that are exacerbated by their strategic rivals. According to the company's annual report for 2021, of the 20,000 new policyholders (customers) that enter the market each year, these five companies hold about 34% of the market share. They were unable to reach the desired number of customers nevertheless. Besides, they couldn't achieve target sales growth due to customers switch over to other insurance companies every year. Ndubisi

(2005) and Pfeifer (2005) argue that if customers don't get something of value with their current insurance company, they could easily switch to other competitors if it costs less.

However, despite carrying out enormous promotional activities, the industry is characterized by customer disappointment due to lack of keeping promises, long waiting time for claim settlement, and less responsive staff attitude which have still been persisted as the main feature of the industry. Such inconsistencies emanate from failing to reconcile the marketing mix theories with innovative marketing practices (Nilsson, 2016). That means, since the variety of services and their charges are almost similar in every insurance, identifying and prioritizing which marketing mix tool is more effective would be the main question than needs to be addressed so as to sustain in the business. This theoretical – practical gap could be addressed by finding solution in both classical and innovative marketing practices to exceed customer expectation.

As a result, the objective of this study is to examine the influence of marketing mix instruments on customer satisfaction using selected insurance companies as a case. The customer's perception regarding the 7Ps is taken into consideration when evaluating and prioritizing the marketing tools. The relationship between marketing mix and consumer satisfaction must therefore be reevaluated.

1.2. Statement of the problem

The Ethiopian insurance sector is still in its infancy, with market prospects being ineffectively taken advantage of (Temesgen, 2015). Among the best opportunities for the sector are the economy's ongoing and rapid growth, the influx of foreign direct investment into various sectors, government protection against foreign insurance investment, and the enforcement of laws requiring third-party insurance for all vehicles. Additionally, the business is more appealing for investment due to the existence of roughly a million current policyholders and the addition of about 30,000 more new motor vehicles each year to the transportation system (National Bank of Ethiopia, 2021). This suggests that when business transactions increase, more assets and liabilities are encouraged to be insured, creating a lucrative market for insurance providers. However, the industry struggles with poor service delivery that falls far short of what customers want (Dawit, 2019).

Insurances, as service providers, play an important role in contributing to countries' economic growth and development (Ashrafi, 2017). Insurance's management should understand the role of marketing mix management in order to provide desirable levels of service. In the literature, service marketing is gaining traction and many insurance companies have recognized it and kept on

working to incorporate it into their daily operations. Despite this, they are experiencing several challenges as a result of prioritizing and selecting the specific marketing mix strategy of the insurance services. According to reports by insurance ombudsmen, a rising number of complaints are being filed as a result of service failures caused by a lack of expertise about how to promote services effectively (Wilinson, 2015).

Insurance businesses are finding themselves in a position where they must compete with strategic rivals as the need for innovative services rises. In order to thrive and flaunt their position as market leaders in the modern age and a globalized world, firms must work to maximize the results of their marketing strategies in addition to benchmarking and corporate quality policies (Wilinson, 2015). Ranking and choosing the appropriate marketing mix tool, though, seems to be a fairly normal yet frequently challenging task. The reason it is difficult to measure how each criterion affects customer satisfaction is that there are typically seven dimensions involved. As a result, it is important to reevaluate how to mitigate the discrepancy between the results of the established marketing mix methods and those of consumer satisfaction.

In this regard, extant researches have been conducted on the contribution of marketing mix strategies for measuring customer satisfaction (Zelealem, 2019). However, the results suffer from lack of consistency in prioritizing the 7Ps according to their individual effect on customer satisfaction. For instance, Isa (2015) found out premium price and variety of insurance products had the highest contribution for customer satisfaction. Oliver (2017) also argues that promoting persuasive marketing messages to a right person at a right time had the highest effect. Mohammed (2019) also illustrated that product, process, and physical evidence were found to be strongly connected to customer satisfaction; however, price, promotion, place, and people were not.

Such inconsistencies emanate from limitation of measuring scales (Taguchi, 2016). For instance, all the above empirical findings were measured using Likert scale for comparing perception of customers towards the marketing mix strategies. Researchers can evaluate qualities and variables using the Likert scale, but this method only considers the average mean value scores, which ignores the simultaneous effects of average and variance. In accordance with Taguchi (2015), a high-quality variable must have a mean that is consistent with the goal values and a smaller standard deviation. The Signal-to-Noise ratio technique maximizes the desired/expected mean values (Signal) while minimizing the variability (Noise), which are distinctive traits not present in other solution methods.

This simply means that by adjusting average values to the target values, it gives greater importance and credit to satisfaction mean ratings compared to discontent mean scores.S/N is used to implement performance comparisons for quality. S/N ratio may therefore quantify relative quality, and its application is straightforward and additive.

Thus, the aim of this study is to examine, using the Taguchi Signal-to-Noise Ratio approach and a case study of a few private insurance companies in Addis Ababa, the impact of service marketing mix strategy on customer satisfaction. It takes into account the variations in how customers perceive various quality features and simultaneously incorporates data on satisfaction and discontent (Signal/Noise ratio) to evaluate service quality performance and establish improvement priorities. The key query, however, is how Taguchi S/N ratio ranks consumer satisfaction according to the 7Ps marketing mix dimensions.

1.3. Research Questions

This can be achieved through addressing the following specific research questions:

1. To what extent does insurance policy affect the customer satisfaction of insurance companies?
2. What is the effect of premium on the customer satisfaction of insurance companies?
3. How do service office locations affect the customer satisfaction of insurance companies?
4. To what extent does promotion influence the customer satisfaction of insurance companies?
5. How does the employee competency affect the customer satisfaction of insurance companies?
6. How does the claim settlement process affect the customer satisfaction of insurance companies?
7. What is the effect of physical evidence on the customer satisfaction of insurance companies?

1.4. Objectives of the Study

1.4.1. General objective

The general objective of the study is to examine the effect of marketing mix tools on customer satisfaction for selected private insurance companies in Addis Ababa.

1.4.2. Specific objectives

i. To examine the effect of insurance policy on customer satisfaction of insurance companies.

ii. To measure the effect of premium price on the customer satisfaction of insurance companies.

iii. To analyze the effect of office location on the customer satisfaction of insurance companies.

iv. To analyze the effect of promotion on the customer satisfaction of insurance companies.

v. To examine the effect of staff competence on customer satisfaction of insurance companies.

vi. To analyze the effect of claim settlement process on customer satisfaction of insurance companies.

vii. To examine the effect of physical evidence on the customer satisfaction of insurance companies.

1.5. Significance of the Study

The results of this study may be significant to a number of stakeholders, including managers at insurance companies and upcoming academics and researchers. This study will add to the body of knowledge on the management of service mix marketing and offer new perspectives for advancing this field of study. Through the use of pertinent literature, it may provide the concerned with the theoretical underpinnings and techniques of service mix marketing strategies. This study will shed light on the Addis Ababa-related service mix marketing topic.

Due to the fact that every company firm need timely, pertinent, and reliable information in order to make the essential decision, the study may be extremely helpful to all financial institutions in maintaining the activities of their business organizations. The findings of this study will help insurance service providers in Addis Ababa to gain a competitive edge by advising them on how to implement service mix marketing into their operations.

To help marketing managers in a related industry properly carry out their marketing duties is of utmost importance. Since marketing entails business operations intended to meet needs and wants through the exchange process, it is also advantageous to each particular branch. Therefore, in order to accomplish their stated goals, every manager requires precise and crucial marketing information.

The results of this study would help managers and other important decision-makers in private insurance companies make wise choices when it comes to decisions involving insurance sales. Their decision-making for improved customer-insurance connections may benefit from the findings.

The results of this study would also be important in that they would give future academics and researcher's literature that they can use to support their claims about what has already been done in the field of service mix marketing and customer happiness. Additionally, it would identify areas for further research so they may add to the body of knowledge on.

1.6. Scope of the study

This study focused on investigating the relationship between service marketing mix elements and customer satisfaction of selected insurance companies in Addis Ababa. The study was conducted in Addis Ababa city. Addis Ababa is the capital city where the highest number of insurance customers is located. Insurance branches in the city could be taken as a representative of the other branches in other regional towns as more than 75% of their branches and head offices are situated. Thus, other branches, located out of the city were intentionally excluded from this study as they were out of the scope. The conceptual scope of this study refers to explaining customer satisfaction based on service marketing mix elements namely product, price, promotion, place, people, process and physical evidence. Methodologically, the research approach applied quantitative along with explanatory research design were used.

1.7. Definition of Key Terms

Marketing mix: It is a company's business management tool that gives you the ability to endure in a highly competitive worldwide economy.(Souar, 2015; p. 183).

Customer satisfaction: It refers to a credible representation of satisfaction that varies from person to person and from product to service, assessing how a company's products and services meet or exceed customer expectations.(Siddiqi, 2011; p. 179).

Product: - What can be offered to the market for attention, acquisition, use, or consumption to meet a desire or need.(Zeithaml, 2003; p. 258).

Price: - is the price paid for a product or service, or the total value exchanged by customers for the advantages of owning or utilizing the product or service.(Zeithaml, 2003; p. 311).

Promotion: - A business's capacity for customer communication is known as promotion. It includes direct marketing, public relations, personal selling, advertising, and sales promotion. (Zeithaml, 2003).

Place: - A company's capacity to communicate with its customers is determined by its location. It includes direct marketing, public relations, personal selling, advertising, and sales promotion. (Zeithaml, 2003; p. 265).

People: People are those who are engaged in the provision of services. The degree of their training, how well they communicate with others, how discreetly they provide service, and how attractive they are all have a significant impact on customer satisfaction in the insurance industry.(Mohammad, 2015; p. 147)

Process: refers to the process, procedures, or activity flows by which a service is provided to a customer (Mai and Ly, 2013; p. 161).

Physical Evidence: Evidence implies the intangibility of service products, making it difficult for customers to assess service offers, notably quality and value for money, before making a purchase (Al-Debi & Al-Waely, 2015; p. 228).

1.8. Organization of the Study

This study is organized into five main chapters. The first chapter refers introduction of the study which includes the background, problem statement, research objectives, significance and scope of the study. The second chapter contains a review of related literature, which consists of the theoretical background and important findings from different kinds of literature, and the conceptual framework of the study. The third chapter contains the methodologies applied in the study. Evidence of reliability and validity, model specification, variable measurement, and ethical considerations are taken also mentioned in this chapter. The fourth chapter presents demographic characteristics, descriptive and inferential statistics analysis, findings and their interpretations. The last chapter consists summary of major findings, conclusions and recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1. Theoretical Literature Review

2.1.1. Definitions and Concepts of Marketing

In an effort to accommodate new circumstances, numerous definitions of marketing have been proposed throughout the years. The researcher chose a few of these definitions that place a special emphasis on the consumer. From the American Marketing Association: Marketing is the art of organizing, carrying out, and pricing the invention, distribution, and promotion of products, services, and ideas to create exchanges that meet both individual and corporate goals (Ringold, 2007). The processes or actions involved in producing, promoting, delivering, and exchanging goods or services that are valuable to consumers, business partners, and society at large are referred to as marketing. The process of evaluating, planning, organizing, and managing a company's customer-impacting resources, policies, and activities with the goal of gratifying the requirements and desires of specific consumers while making a profit (Kotler, 2005).

2.1.2. The Concept of Marketing Mix

The concept of marketing mix was introduced over 60 years ago (Neil, 1953). In his presidential address to the American Marketing Association, Borden acknowledged it (AMA). Marketers must consider their target market while combining the mix parts. They must understand the wants and needs of the market customer then use these mix elements in constructing and formulating appropriate marketing strategies and plans that will satisfy these wants. To develop and perform out exchanges and reach the target markets, the marketing mix entails

More than 60 years ago (Neil, 1953), the marketing mix concept was first introduced. Borden mentioned it in his presidential address to the American Marketing Association (AMA). While combining the mix components, marketers must keep their target market in mind. They must comprehend the needs and wants of the target market before using the elements of the mix to create and formulate marketing strategies and plans that will meet these needs. The marketing mix comprises effectively and efficiently integrating the four Ps, or product, distribution, promotion, and pricing strategies, in order to establish and carry out exchanges and reach the target markets.

According to Serikien-Abromaityt (2013), the marketing mix is also a collection of interconnected initiatives and solutions designed to satisfy client needs and advance the company's overarching marketing goals. Depending on the company's operations and the characteristics of the target market, several marketing mixes are created. It must be put together in a way that enables the business to fulfill the demands and desires of its clients (Sashi, 2012).

One of the most crucial tools for gauging client satisfaction during the marketing process is the 7ps of services marketing mix. Additionally, it is one of the factors that influence profitability, gaining a competitive edge, and gaining customer loyalty and trust to be loyal to the business and its products, which illustrates the success of the marketing process in a competitive environment (Bu-Moarafi, 2006).A conceptual framework called the marketing mix dictates how managers should set up their services to satisfy customers' needs. (Goi, 2006) It is not a theory.

In the 1960s, Borden (1964) first used the term "services marketing mix." Since then, he has established the four components of the marketing mix—Product, Price, Place (distribution), and Promotion—that apply to the industrial sector. This is because he ignores intangible services and instead focuses on the marketing mix for trainable commodities. Later, (McCarthy, 1964) presented a structural model for the service marketing mix. He claimed that while this model does not apply to all institutions, any institution can modify it to suit its needs and capabilities. The service marketing mix then developed into a concept with seven components, three of which were added to reflect the nature of service activity: physical evidence, people, and process (Lovelock, 2011).

2.1.3. Marketing Mix Tools in Service Sector

2.1.3.1. Defining Service Marketing

A sort of intangible economic activity that is not stored and does not lead to ownership is referred to as a service. the creation of a plan to deal with the provision of services, both in a business-to-business and business-to-consumer setting (Rafiq, 2016). Examples of essential services include telecom, airlines, accounting or tax services, the hotel industry, and expert services like those provided by hairdressers, dry cleaners, or tailors. In the context of conventional physical product sales, customer service and technical support are two instances of services marketing.

2.1.3.2. Fundamental Characteristics of a service

According to Zeithaml (1985) state this. The 7P marketing model is built on the basis of five essential characteristics of a service. These are listed below: First, a service must be intangible, which means that the customer cannot physically hold a tangible result of the service. A consumer does take something with them as they leave. This can be medical testing or legal counsel. The context in which the service is provided allows for the production of tangibility within the experience. Second, diverse; every customer experience is unique. This suggests that a variety of needs must be foreseen and met. factors that are beyond the control of a client or a service provider, like traffic or the weather. Third, Production and consumption A service is referred to as being produced and consumed simultaneously. This indicates that both the customer and the staff are engaged in the procedure and contribute equally to the final result. The fourth option is the storage, return, or resale of perishable services. This suggests that it is both time- and place-bound. Proper procedures must be followed to guarantee that service-providing capacity is utilized to the fullest degree possible in order to reduce times of high or low demand. Finally, the customer has nothing to take away from the service other than their experience because they do not keep custody of a tangible object. This means that as time passes and the memory of the experience fades, comparing brands may become challenging.

2.1.4. Customer Satisfaction

2.1.4.1. Defining Customer Satisfaction

There are situations when the terms client and consumer are misused. Consumers might be customers, but a customer is not someone who makes a purchase. To make this contrast clear, a consumer is someone who uses a product, as opposed to a customer, who makes a purchase. According to Ateba (2015), a customer is a user in an organization who pays in exchange for a service the company provides to meet a demand and increase satisfaction. When a consumer compares the perceived performance or outcome of a product to their expectations, Kotler & Keller (2009) define customer satisfaction as their feelings of contentment or discontent.

Kotler & Keller (2009) assert that the difference between customer expectations and management perceptions can be used to gauge customer satisfaction. Customer satisfaction is a measure of how well a company's products and services meet or surpass consumer expectations, according to Schiffman & Kanuk (2004) in business terminology. Despite the fact that there has been several

researches on contentment, their definitions of satisfaction have never been able to agree on a single standard. Since unsatisfied customers who receive good recovery have more positive behavioral intentions than customers who were satisfied with the initial services, contentment is particularly crucial in the case of service recovery.

2.1.4.2. Measuring Customer Satisfaction

Customer satisfaction has been cited by the company as a key factor in success. The confirmation/disconfirmation process, which occurs when customers feel their expectations have been met, is typically used to gauge customer satisfaction (Simpson, 2006). Similar to this, consumer expectations and perceptions affect their actual experiences, leading to a perceived quality level that is determined by expectations. Both subjective and personal factors, such as the qualities of a product or service, can have an impact on customer satisfaction (e.g., consumer desires and emotions). Using the correct marketing tools in the right place at the right time of service delivery is one of the tactics that helps to satisfy customers in the insurance business. Marketing is defined as a social and management activity that creates, offers, and exchanges value products to provide individuals and groups with what they need and want (Kotler and Armstrong, 2010).

2.1.4.2.1. Customer satisfaction Measurement Scales

The advantages of 7Ps are easy to use and interpret. Customer perception is generally quantified by Likert rating scale and assessed on the basis of the customer satisfaction of most recent transactions. The model still has problems worthy of discussions: the most influential one is the use of averages of Ordered Categorical Data as the major statistical amount for analysis that overlooks the differences in customer perception of different marketing mix attributes. Before implementing major decision-making, use methods of lower accuracy for analysis can easily lead to wrong decisions and cause serious losses (Lee, Yen and Tsai, 2008).

The same average customer satisfaction may have distinct variations when using Ordered Categorical Data as variable data to determine the average customer happiness of marketing mix attributes; as a result, the meanings provided by the data may be completely different. The variance was suggested to be used as the standard for analysis and comparison by Lee, Yang, and Yang et al. (Lee, Yen and Tsai, 2008; Yang, 2013; Yang, Jou and Cheng, 2009).

When the data's variances are the same, customers' happiness with the quality of the services they receive is consistent. It makes sense in this situation to use the obtained average as the foundation for comparison and analysis when using ordered categorical data as the variable data for processing. This only applies in these few exceptional instances, though. If the average quality attribute customer satisfaction level is 3.25 on a 5-point scale, it signifies that neither "or" nor "satisfied" are applicable. As a result, processing ordered categorical data directly as variable data may produce findings that are difficult to interpret in real-world situations. When the distribution of the quality attribute satisfaction varies, using averages as the statistic for analysis and comparison may also result in irrational phenomena, such as data presentation that resembles the normal distribution and uniform distribution that has different meanings (Lee, Yen, and Tsai, 2008).

When service marketing mix attributes have similar averages, the attribute with less fluctuation has a higher quality (Taguchi, 2013). As customers differ at a smaller level in terms of service quality satisfaction, lower variation translates into improved quality consistency (Lee, Yen, and Tsai, 2008). The service marketing mix (7Ps model) analysis results of 7Ps attributes of higher averages would be better in performance when the data have different satisfaction averages and variance, for example, comparing data of higher average satisfaction and bigger variance with data of lower average statistics. Such outcomes, though, would skew the truth. The quality attribute performance would be exactly opposite when taking into account the variance in quality attributes perception of various customers (Lee and Tsai, 2008).

The result of different consumer perceptions is that, even when average satisfaction is the same, quality can be identified more readily. To avoid the difficult circumstance of being unable to judge in the case of the same quality attribute averages (Taguchi, Chowdhury, and Wu, 2005), Yang's study (2009) adopted the variance as the second decision-making criterion of importance. The lower the variation, the higher the quality, indicates that the customer's impression of quality qualities and their cognition are very constant. However, it might be challenging to compare and assess the quality of performance when average satisfaction and variance are different (Lee, 2008). As a result, this study used the S/N ratio to examine the data on customer satisfaction while taking into account both the average and variance.

Furthermore, rather of being transformed into S/N ratio, Ordered Categorical Data are typically analyzed using the cumulative analysis methodology (Taguchi, Chowdhury, and Wu, 2005). First,

accumulative levels and times are defined using the cumulative analysis methodology. The accumulation probability is calculated in the second phase, and then the probability diagram is described for direct comparison. However, there will be some challenges in analyzing the satisfaction problem because not all quality criteria can be represented in a diagram to compare their quality visually. Thus, the Taguchi accumulative methodology was not suggested for analysis in this study.

However, the proportion of satisfaction and dissatisfaction times are thought of as the basic data for service marketing mix assessment (Taguchi, Chowdhury, and Wu, 2005), therefore the accumulative analysis methodology is extremely successful in summarizing the times and probabilities of various scales. However, no assessment technique has ever been put out to include the data on customer satisfaction and discontent with the service marketing mix plan into an indicator. This study therefore suggested the Taguchi S/N ratio methodology to address issues with the conventional satisfaction analysis methodology. The suggested methodology takes into account the effects of average and variation while integrating data on customer happiness and dissatisfaction to evaluate service marketing mix strategy.

2.1.4.2.2. Taguchi Signal-to-Noise (S/N Ratio)

According to Taguchi, a quality attribute's average and target values must be consistent, and a smaller fluctuation in the quality attribute is preferable (Taguchi, 2015). The impact of average and variance should therefore be considered simultaneously in quality assessment. According to Peace (2013), S/N ratio has merged the analytical results from the 2-dimensional model into the one-dimensional model and taken into account both the average and variance's effects when assessing the service marketing mix characteristic. As a result, S/N ratio has excellent additive capabilities for quality evaluation and prediction (Taguchi, 2015).

S/N ratio has the advantage of reflecting the fluctuations in the qualities, according to Fowlkes and Creveling (2015). S/N ratio can independently modify average values to the goal values when implementing service marketing mix strategy improvements. The implementation of the comparison of quality performance is the goal of S/N. As a result, S/N ratio can be used to gauge relative quality, and its application is both straightforward and additive. Since the S/N ratio is derived and modified into the ratio from the loss function (Taguchi, Chowdhury, and Wu, 2005), Taguchi (2015) noted that one benefit of adopting the S/N ratio is its direct connection with the

economics. According to Taguchi, Chowdhury, and Wu (2005), the satisfaction survey used Ordered Categorical Data of the count value data type to categorize S/N ratios into three categories: Smaller is better, Larger is better, and Ordered Categorical Data. In order to evaluate the performance of the service quality, this study used the "Larger the Better and the Smaller the Better attributes of the count values, taking into account the impact of average and variance, and integrating the data of satisfaction and dissatisfaction."

2.1.5. The Relationship between Service Marketing Mix and Customer satisfaction

The core principles of marketing are finding customers, determining their needs and preferences, comprehending the variables that affect their purchasing decisions, and persuading them to purchase goods and services from you rather than a competitor. (CIM, 2015).

2.1.5.1. Product

The first component of the marketing mix is called a product specifically. According to the definition of a product, it is "a combination of tangible and intangible attributes, including packaging, color, price, quality, and brand, as well as the seller's reputation market Cotler and Armstrong (1996). A company's primary offering is reflected in its goods or services. Management must make an effort to satisfy customers because they are seeking value and benefits in the insurance sector.(Kotler & Armstrong, 2013) describe product as everything supplied to a market for attention, use, and consumption with the goal of satisfying customers' requirements and wants. Based on this definition, services are included in the term "product." Life and other insurance-related products are available.

According to Kotler (2000), a product is anything that is put on the market for sale or consumption. The tangible aspect of services must be minimal or nonexistent. According to Taherdoost (2014), a service is a grouping of features and advantages that are pertinent to a specific target market. Insurances are experiencing the necessity to produce personalized goods/services more and more as a result of the more or less uniform nature of insurance products (Kushwaha & Agrawal, 2015)..

2.1.5.2. Price

The total of the values that customers exchange as payment for the benefit of buying or using a product or service is the price (Kotler & Armstrong, 2006). The sole component of the marketing mix that generates income is price; the others are costs. Pricing is also one of the marketing mix's

components that may be changed the most. Price can be changed fast, unlike product attributes and channel commitments, and it must consider consumer value in addition to the other marketing mix activities (Kotler & Armstrong, 2006). The sum a consumer is charged for a good or service is known as a price. Price significantly affects consumer psychology and determines whether they will make a second purchase of a product (Kotler, 2008).

The customer's purchasing power, the cost of the good, and the cost of delivery are some of the elements that affect how much to charge for a product (Parasuraman, 2000). Price is one way that marketers communicate with consumers. Price is seen as revenue-oriented since it is the only component of the marketing mix that creates profits (Winkler, 2009). The definition of "price" is "the sum of money given up in exchange for something." Price could be seen as a need that must be satisfied in order to obtain specific goods or services. In the insurance industry, pricing includes premium, contribution, and service charge (Gerrard and Cunningham, 2004).

2.1.5.3. Place

The ability of the product to reach the target market, in their opinion (Riaz & Tanveer, 2012), is referred to as the source or place. According to Goi (2009), a company's distribution strategy is how they will get their goods or services to the final consumer. According to Armstrong (2006), it is a network of connected firms that facilitates the process of making a product accessible to customers. The ease of access that a potential customer associated with a service, such as placement and distribution, is stated by them in Hirankitti&Panisa (2009).

A marketer must choose distributors and other intermediaries who can provide value to the distribution process, according to Engle's (2009) idea. The following principles are supported by the fact that the distribution channel's objectives are to effectively make items available to the largest number of consumers at the lowest distribution and selling cost. According to a flurry of study, services differ from products in terms of traits including intangibility, inseparability, ability to expire, and interactivity (Carson, 2007; Taherdoost, 2014).

2.1.5.4. Promotion

Lamb (2004) asserts that promotional approaches have been developed to maximize promotional aspects. Promotion is the practice of making a product more appealing to consumers in order to sell it to them. Customer contact through various forms of advertising is another name for it.

Promotion's primary goal is to bridge the communication gap that forms between a business and its customers as a result of poor communication.

Promotion is a crucial component of the marketing process and an important feature of business, according to (Goi, 2009; Muala, 2012). Promotion is a marketing technique that must be combined with communication (promotion) in order to be effective. Sales promotion, advertising, personal selling, public relations, and direct marketing are all examples of promotions. It assists potential customers in becoming aware of the numerous available product possibilities. A successful product or service will be ineffective if the benefits cannot be adequately conveyed to the target market.

2.1.5.5. People

Another 'P' that has been released is 'people'. People power should be defined, formed, and regulated as a separate element of the market mix, just like the other 4Ps. According to Judd's (1987) claim, an organization's workers serve as its clients' first point of contact. The entire marketing campaign could fail if these employees are not trained on how to deal with in-person client interactions (Salloum and Ajaka, 2013; Anca and Daniel, 2012).A service is a performance, and it can be challenging to distinguish between the persons providing the service and the performance as a whole. The process by which people provide service can be a significant source of differentiation as well as a competitive advantage(Lovelock, 2007; Raj, 2014). These are the reasons why the 'People' component of the 7Ps of services marketing mix is so essential (Shanka, 2012).

2.1.5.6. Process

Processes serve as a representation of the architecture of services (Amin, 2013). Process, which describes the manner and order in which services are supplied, creates the value proposition that has been made available to customers. In high-contact services, customers are a crucial component of the operation, and the process becomes their experience. Poorly designed processes are prone to annoy customers since they frequently lead to expensive, inconvenient, time-consuming, and low-quality service delivery. Process improvement is a key strategy for service industries like insurance, according to Zeithaml (2008). The advent of potent self-service technologies has altered how insurances provide customer support in the financial industry. The financial services sector has used remote distribution channels like the phone and the internet to reach more consumers, eliminate

middlemen, save costs, and increase profitability. Numerous financial services are now available to users from any location, including their home or place of business. (2012 Koehler).

2.1.5.7. Physical Evidence

For insurances, physical proof is especially important since it gives customers a visible representation of the service package. The branch infrastructure should have comfy seats, nice lighting and temperature, powerful computer systems, and network connectivity if insurance wants to present a user-friendly, high-tech, and effective image (Miles, 2012). Since services are intangible, customers frequently struggle to judge their quality. Customers consequently view the service environment as a crucial sign of quality (Shanker, 2002).Service settings, also known as service escape or physical evidence, refer to the design and aesthetics of the physical surroundings as well as other aspects of the customer experience that are visible at locations where services are provided (Klaus, 2012)..

2.2. Empirical Literature Review

Many study papers are computed empirically, and various researchers demonstrate different outcomes. The following are some examples of evidence that support that statement.

In a study by Tarekegn (2018), it was determined how the components of the marketing mix affected consumer satisfaction in the BMET cable industry. The findings show that factors in the marketing mix such product; price, site, and promotion have a significant impact on customer satisfaction. Customer satisfaction only exhibited a weakly negative correlation with pricing, whereas promotion had a weakly positive correlation. The researcher proposes that the business change its pricing strategy in light of the findings, concentrating on internal and external factors that affect pricing decisions as well as its promotion strategy.

Using the service quality dimension, Addo and Kwarteng (2012) evaluate the factors that influence customer satisfaction and the degree of acceptability of the services offered by private banks in Ghana. 140 respondents were polled to get their opinions on the five service quality aspects as they relate to their banks. They used correlation, factor analysis, and descriptive statistics to analyze the data. Their findings suggest that in Ghana's retail banks, all five aspects of service quality are highly important predictors of consumer satisfaction. According to the findings/conclusions of the research mentioned above, providing marketable products is one strategy for banks to gain market share. To

gain a competitive edge, banks must entice clients to open accounts and improve service through new product innovations.

(2018) Teshome Identify the impact of the marketing mix on customer satisfaction in the case of East Africa Bottling S.C. by conducting a study. The results of the study showed that product effects on customer satisfaction were quite positive, while pricing, promotion, and location produced average results. The correlation matrix showed a significant association between the dependent variable (consumer satisfaction) and the independent variables (items, price, promotion, and location). According to the results of the regression analysis, the independent components of the company's marketing mix (product, price, and place/distribution) are found to have an impact on the dependent variable (customer happiness). The promotion mix variable, on the other hand, is not significant in this analysis.

With a value of 0.666, the results show that "Product" is the determinant factor that has the biggest impact or contribution on customer satisfaction among all the independent variables. The updated R2 is.948, which means that the independent variables product, price, promotion, and location explained roughly 94.98 percent of the variance in the dependent variable, customer satisfaction, according to the model summary.

Nmako (2013) looked into how satisfied customers were with the Ghanaian banking sector's internet banking service quality. He discovered that Merchant Bank of Ghana (MBG) clients are happier with the level of internet banking service than Ghana Commercial Bank (GCB) clients. As a result, the connection between location and customer happiness has been proven.

On the subject of customer loyalty and service quality in Indian commercial banks, Lenka (2009) performed study. The study concluded that human components of service quality were found to influence customer satisfaction more than the technical and tangible aspect, which seemed to be a deviation from the studies above. Therefore, it will not be inappropriate for management to coordinate the spatial elements (distribution) in order to provide excellent customer pleasure. Management needs to focus on client orientation and streamline the electronic distribution component.

In order to determine the effect of marketing mix tools on customer satisfaction in Wegagen bank, Haftu (2019) did a study. The majority of the service marketing mix, it appears, has a higher effect on bank customers' satisfaction. The researcher also advises the bank to make a concerted effort to

increase overall customer satisfaction across the marketing mix tools of product, price, place, people, and process by implementing new and diverse process options, fair service charges and commissions, cooperative and skilled employees, enhancing customers' and employees' technology know-how, and introducing quick and modernized services.

Zelealem (2019) conducted a case study of Dashen brewery S.C. to ascertain the impact of the marketing mix on customer satisfaction in the brewers industry. The study found that the company lacks effective promotion activity and continues to use the majority of promotion tools, such as advertising, personal selling, sales promotion, and public relations, ineffectively. The product quality was also found to be consistent and compatible, the price charged for the product was reasonable, but the products were not delivered on time or in the quantity requested. Based on these findings, the report recommends that the business choose distributors who can effectively reach its customers, grow the number of branch or distribution centers and warehouses, and boost its focus on promotions.

Using the MCM General Hospital as a case study, Habte (2020) conducted a study to look at the impact of the marketing mix on patient satisfaction in private hospitals. According to the research, the company continues to use the majority of promotional tools like advertising on radio and television programs and at other events, the product's quality is consistent and consistent, the price charged for the product is expensive, and the company does not engage in good promotion activity. Based on these conclusions, the study suggests that businesses recognize price sensitivity and give adequate consideration when setting pricing; businesses should concentrate more on promotions and expand their branch.

Bahman (2013) looked into how the Saderat bank's marketing mix affected how many clients it attracted in the province of Kermanshah. According to the researchers, the 250 surveys were obtained by stratified random sampling. This study has one primary hypothesis and five supporting hypotheses. The Pearson correlation test was used to examine the hypotheses. It was discovered that components of the marketing mix significantly benefited customer retention. In other words, the bank has a large beneficial effect.

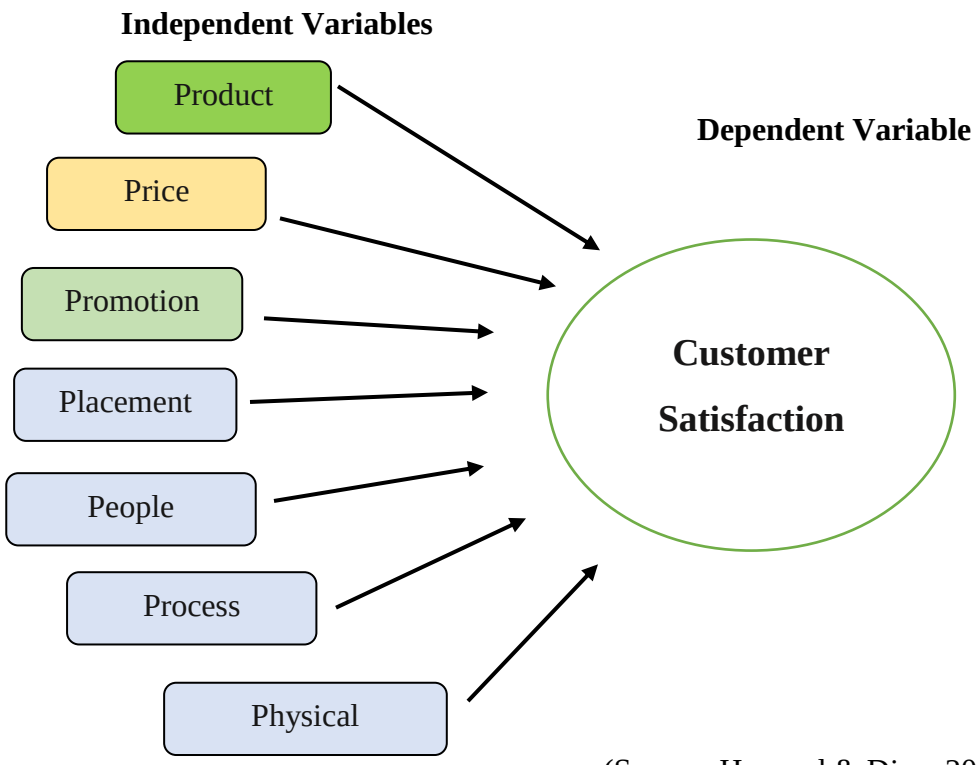
Mohammad (2015) conducted research on the 7Ps marketing mix components used to analyze customer satisfaction among retail bank customers in north-eastern Nigeria. One of the objectives is to examine factors such as product, pricing, place, promotion, people, procedure, and tangible

evidence as predictors of retail bank customer satisfaction. The results showed that customer satisfaction was substantially correlated with product, procedure, and physical evidence, but not with price, promotion, location, or staff. Process was likewise found to be the most important driver, with money being the least important.

2.3. Conceptual Framework and Hypothesis Formulation

2.3.1. Conceptual Framework of the study

The framework was created based on customer satisfaction and service marketing mix tools. Destination product, price, promotion, place, people, method, and physical evidence are all part of the marketing mix.(Bowen, 2013). The diagram on figure 1. Shows the conceptual connections between the independent variables namely product, price, promotion, place/distribution, people, process, and physical evidence, and the dependent variable customer satisfaction. The hypothesis of a strong impact association between the 7Ps marketing mix tools and customer satisfaction in the context of private insurance industry in Ethiopia is also shown in the study.



(Source: Hameed & Dina, 2015)

Figure 1. Conceptual Framework of the Study

2.3.2. Hypothesis of the of the study

Based on the theoretical and empirical literature review, the following hypotheses were proposed:

H1: Product has a positive and significant effect on customer satisfaction

H2: Price has a positive and significant effect on customer satisfaction

H3: Promotion has a positive and significant effect on customer satisfaction

H4: Place has a positive and significant effect on customer satisfaction

H5: People has a positive and significant effect on customer satisfaction

H6: Process has a positive and significant effect on customer satisfaction

H7: Physical Evidence has a positive and significant effect on customer satisfaction

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter refers to the research design and methodology applied. It followed a methodological process to come up with a certain problem's solution. Thus, the methodology used in this study outlines the steps that must be taken in order to gather and analyze the data that has been collected, then interpret and report the findings.

3.1 Research Approach

The research approach is a plan and procedure that consists of the steps of broad assumptions to detailed methods of data collection, analysis, and interpretation. It is, therefore, based on the nature of the research problem being addressed (Croswell, 2010). There are three types of research approaches, qualitative, quantitative, and mixed. The objective of quantitative research is to develop and employ mathematical models, theories, and hypotheses pertain the natural phenomena (Abiy, 2009). In this study, the research design was employed a quantitative research approach the fact that it involves the generation of data in a quantitative form for analysis. Data were quantified and statistical methods used in data analysis to seek evidence about the characteristics or a relationship between variables.

3.2 Research Design

The research design refers to the overall strategy chosen to integrate the different components of the study in a coherent and logical way, thereby, ensuring the study will effectively address the research problem (De Vaus, 2006). It constitutes the blueprint for the collection, measurement, and analysis of data. There are three types of research design namely exploratory, descriptive, and explanatory research. Explanatory research was applied to establish cause-and-effect relationships between variables. Causal analysis is concerned with the study of how one or more variables affect changes in another variable. It is thus a study of functional relationships existing between two or more variables (Kothari, 2004).This study applies both descriptive and explanatory research design as it describes and examines relations between service mix elements and customer satisfaction.

3.3 Population, Sample Size and Sampling Technique

3.3.1. Target Population

A target population is the entire group of people or entities that the researcher is interested in and for which the researcher wishes to draw conclusions (Kothari, 2004).A total of 17 insurance companies are currently operating in Ethiopia of which 16 companies are private owned that holds only 59.83% of the total market share. The rest is dominated by the state-owned company named Ethiopian Insurance Corporation (NBE, 2017). According to National Bank of Ethiopia, based on their financial performance of 2022, the top five best performed private insurance companies are namely Awash, Hibret (United), Nile, Oromia and Nyala Insurances. For this study, thus, customers of these five insurance companies are considered. As insurance is a yearly renewable contract, the period of renewal varies based on customer's preference, only active policy holders during the period of data collection (April – May, 2023) are eligible for this study. Based on the NBE's database (2022), as of December 2022, there are about 400,000 policyholders, of which, over 132,000 estimated active motor (general) policyholders are enrolled. According to National Bank of Ethiopia's Reporter (2023), the population size of the aforementioned five insurance companies' active policy holders who claimed compensation at least once in this fiscal year accounted 34,217. The study, thus, targeted the population of all active policyholder who claimed compensation at least once within the period of April – May 2023.

3.3.2. Sample Size

Sampling is the process of selecting a number of study units from a defined study population (Zikmund, 2010). It is economical to take representative sample for the intended investigation when conducting census is unrealistic. Since the number of the population is known, simplified formula for proportion sample size is determined by the following formula as it stated by Yamane (1967). But alternatively, if the population size is above 10k, Cochran formula for sample size determination for unknown population can be used to estimate the sample size. The calculated sample size is:

$$n = \frac{Z^2 * P * Q}{e^2} = \frac{(1.96^2)(0.50)(0.50)}{0.05^2} = 385$$

Where:

n = required sample size; Z = Degree of confidence (1.96^2); P = Probability of success (0.50); Q = Probability of failure (0.50); e = Tolerable error (0.05^2)

Thus, the sample size of the intended study was a total of a total of 385 policy holders who claimed motor/general insurance coverage for their losses from the five insurance companies. Their proportionate sample distribution is illustrated on Table 1.

Table 1. Sample Proportion

Insurance Company	Total Population	Policyholders	Total Claims	Population Proportion	Sample Proportion
Awash	75,000+	24,750	7,019	0.205	79
Hibret (United)	80,000+	26,400	4,833	0.141	54
Nile	82,000+	27,060	6,705	0.196	75
Oromia	67,000+	22,110	5,333	0.156	60
Nyala	96,000+	31,680	10,327	0.302	116
Total	400,000+	132,000+	34,217		385

Source: NBE Database, 2023

3.3.3. Sampling Technique

There are a number of sampling methods to select the representative sample size from sampling frame. However, they are categorized under three different sub-categories namely probabilistic, non-probabilistic and mixed sampling. Probabilistic sampling is impractical in this case as getting the complete list of corporate customers of every insurance company is utterly difficulty to get it for some reasons even if list of customers exists in NBE's database. Therefore, the convenience non-probabilistic sampling procedure was applied to select the required sample size from the targeted study population even though generalizability of the findings is affected to some extent.

3.4. Source of Data

The source of data for this study is basically primary data source. According to Saunders (2010), the primary data are those which are collected afresh and for the first time, and thus happen to be original in character. Data that have been observed, experienced or recorded close to the event are the nearest one can get to the truth, and are called primary. Thus, primary source of data, which were collected from individual's (customer/policyholder) responses of the selected five private insurance companies, were used in this research for analysis.

3.5. Data Collection Instrument

There are different primary data collection instruments. Among them, self-administered questionnaire was used to collect theprimary data in order to obtain opportunity to probe or ask questions, increase the reliability and credibility of the research data, and makes a judgment of what most people think through asking the sample respondent.

Regarding the questionnaire, it is adopted from Peterson's (2016) dissertation entitled "Marketing mix frame analysis for the customer satisfaction in the case of Nikon private insurance company in Sweden" with slightly modification to suit for this study. It had two parts. The first part comprised general information of the respondents, while the second part refers to the study variables.

The study variables are the 7Ps of service marketing dimensions, whereas and customer satisfaction.

- The 7Ps include product (5 statements), price (5), promotion (5), place (4), people (5), process (5), and physical evidence (5). The scale is adopted from Peterson (2016). The respondents would be asked to describe on a scale with 1 = Strongly Disagreed, 2 = Disagreed, 3 = neither disagreed nor agreed, 4 = Agreed, and 5 = Strongly Agreed.
- Customer Satisfaction (5). It is also adopted from Peterson (2016). While customer satisfaction is rated as 1 = Strongly Dissatisfied, 2 = Dissatisfied, 3 = neither satisfied nor dissatisfied, 4 = Satisfied, and 5 = Strongly Satisfied.

The reliability test of Peterson's (2016) data collection instrument is found reliable the fact that the results of the test scored above the threshold (Cronbach's Alpha > .70).

3.6. Data Collection Procedure

The research was conducted in person and it has been done for the fulfillment of academic requirement. A total of 63 questionnaires were distributed to respective head offices of the five (Nile, Awash, Oromia, United and Nyala) insurance companies accordingly. First, the HR managers were asked for their permission to conduct the survey during the working hours of the office. Once the permission was granted, then the department managers were also asked to assign a coordinator to help or guide the student researcher on how and when to contact the customers so as to not disturb the operation of the office. Then, the targeted respondents were briefed the purpose of the study clearly, and then asked for their consent to fill the survey. After having their full consent, then

distributed the questionnaire.Only volunteer respondents filled the questionnaires accordingly after having their full consent and briefed the purpose of the study.A sum of 315 responses was then expected to collect.

3.8. Data Analysis and Presentations

Regression analysis is a statistical method to deal with the formulation of mathematical model depicting relationship amongst variables which can be used for the purpose of prediction of the value of dependent variable, given the value of the independent (Kothari, 2004). The basic aim is to see the extent to which the service mix practice affects the overall customer satisfaction in terms of coefficient of determination (r^2 value), the regression coefficient (beta coefficient) and the p-values (ANOVA Test) for the significance of each relationship.

Before conducting the regression analysis, regression assumption tests (multicollinearity, homoscedasticity and normality) were carried out; and correlation test was also conducted to quantitatively describe the strength of the association between the variables. According to hair (2016) the Pearson correlation coefficient measures the degree of linear association between two categorical variables. It varies between -1.00 to +1.00, with 0 representing absolutely no associate on b/n the two variables. Empirical model applied in this study is, thus, formulated a multi-regression analysis model for investigating individual effect of each independent variable. To do so, the relationship between the variables is formulated as:

- The effect of service marketing mix elements on customer satisfaction

$$\boldsymbol{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + e}$$

Where: Y = Overall Customer Satisfaction; x_1 = Product; x_2 = Price; x_3 = Promotion; x_4 = Place; x_5 = People; x_6 = Process; x_7 = Physical Evidence; e = error term; β_0 = constant, term; $\beta_{1,\ 2,\ 3,\ 4,5,6,7}$ = coefficient terms of the corresponding listed variables.

The independent variables are the 7Ps of service marketing dimensions, whereas the dependent variable is the customer satisfaction.

- Independent variables included: product, price, promotion, place, people, process, and physical evidence. The scale is adopted from Peterson (2016).
- Dependent Variable – Customer Satisfaction.

The scale to measure both independent and dependent variables areas a 5-point Likert scale rated as 1 = Strongly Dissatisfied, 2 = Dissatisfied, 3 = Neither satisfied nor dissatisfied, 4 = Satisfied, and 5 = Strongly Satisfied.

Both descriptive and inferential statistics are used to analyze the quantitative data gained through structured questionnaire. All the variables were coded and entered into the SPSS 22.0 to analyze data obtained through questionnaires.

Descriptive statistics is used to describe the usefulness of the data set while the inferential analysis for examining the relationships between the variables. In order to describe the data, preliminary descriptive statistics such as frequency, percentages, and mean scores were computed. The descriptive statistics of the study variables, scaled by 5-point Likert scale, need to be ranked (prioritized) by using Taguchi S/N ratio model.

- **Priority Level -** Priority level data can be converted into the data type of count value to distinguish the satisfied and dissatisfied service marketing mix practices. Define satisfied (level 4) and strongly satisfied (level 5) as levels of customer satisfaction about service marketing mix; define dissatisfied (level 2) and strongly dissatisfied (level 1) as customer dissatisfaction. Hence, among collected valid questionnaires, the service marketing mix attribute i's customer satisfaction value is:

  $S_i = y_{i4} + y_{i5}$,

  While the service qualities attribute i's customer dissatisfaction value is:

  $d_i = y_{i1} + y_{i2}$.

  For considering the satisfied and dissatisfied information S/N ratio analysis, the satisfaction coefficient P_{si} and the dissatisfaction coefficient P_{di} should be calculated as shown in Equation (1).

$$P_{si} = \frac{y_{i5} + y_{i4}}{y_t}$$

$$P_{di} = \frac{y_{i2} + y_{i1}}{y_t}$$

  Where:

  i = 1, 2, 3....; n = Service Marketing Mix Attributes; S/N = Signal to Noise Ratio

  After data conversion,

d_i (dissatisfaction coefficient) = S/N ratio can be represented by:

$$S/N_{di} = n_{di} = -10\log(\frac{P_{di}}{1-P_{di}})\text{..... (The Smaller the Better)}$$

S_i (satisfaction coefficient) = S/N ratio can be represented by:

$$S/N_{Si} = n_{Si} = -10\log(\frac{1-P_{Si}}{P_{Si}})\text{..... (The Larger the Better)}$$

As a result, integrated with the i^{th} satisfaction and dissatisfaction data is applied to assess service marketing mix practices.

$$\eta_{ti} = \eta_{si} + \eta_{di}$$

Thus, a greater n_{ti} denotes better service marketing mix practice of i^{th} attribute, therefore, this study used it to analyze the marketing mix attribute and determine the improvement priority.

Inferential Statistics - Multiple regression analysis was performed using the 7p's service marketing mix dimensions as independent variable and the customer satisfaction as dependent variable. The basic aim is to see the extent to which the customer satisfaction is affected by the service marketing mix elements dimensions in terms of coefficient of determination (R^2 value), the regression coefficient (Beta coefficient) and the P-values for the significance of each relationship.

3.9. Scale Validity and Reliability Test

Although the concepts of validity and reliability are closely related, they express different properties of the measuring instrument. Generally, a measuring instrument may be reliable without being valid, but if a measuring instrument is valid, it is also likely to be reliable. However, Reliability alone is not sufficient to ensure validity. Even if a test is reliable, it may not accurately reflect the desired behaviour or quality. For this reason, researchers must test both the validity and reliability of the measuring instrument they intend to use. The measuring instrument must satisfy these two conditions. Otherwise, it will not be healthy for researchers to interpret the research findings. To dos so, a total of 30 questionnaires were distributed to employees of Africa Insurance S.C. to pre-test the validity and reliability of the data collection instrument. Africa Insurance is selected for the fact that it has similar organizational structure as well as insurance services offered to the consumers.

3.9.1. Scale Validity Test

Validity refers to the extent to which data collection method or methods accurately measure what they are intended to measure (Sounders, 2003). Different steps were taken to ensure the validity of the study. Data were collected from the reliable sources, from respondent who have experiences in insurance services. Survey questions were made based on literature review and frame of reference to ensure result validity. In selecting a relevant measure for an outcome variable, it is critical that logical inferences can be made from the operation upon which the measure is based to the theoretical constructs relevant to the study. The content and construct validity were also checked to ensure the quality of the research design. The student researcher had customized the adopted questionnaire in its final version, after highlighting some of the comments and suggestions provided by the participant of the pilot test. Then it was subjected to be reviewed by marketing managers and some specialist in insurance service and scientific research as well. Their comments and recommendations were taken into consideration to clarify the jargons and technical words for ease of understanding.

3.10. Reliability Result

Reliability is essentially about consistency. That is, if something is measured many times and the result is always the same, then we can say that the measurement instrument is reliable (John, 2007). Application of internal reliability refers to the multiple-indicator variables. If a variable is internally reliable, it is coherent. I.e., all the constituent indicators are measuring the same thing (Bryman and Bell, 2003). Cronbach's Alpha is a commonly used test of internal consistency. It essentially calculates the average of all the possible split-half reliability coefficients. Alpha coefficient ranges in value from 0 (denoting no internal reliability) to 1 (perfect internal reliability). Higher results (>.07) are typically employed as a rule of thumb to denote an acceptable level of internal consistency. In this study, Cronbach's alpha test is used to test the internal liability of the study variables.

This questionnaire was adopted from the questionnaire developed by Peterson (2016) for his dissertation entitled "Marketing mix frame analysis for the customer satisfaction of service companies in the case of Nikon private insurance company in Sweden." It was then slightly modified to suit for this study. Preliminary draft of the questionnaire was pre-tested to improve

upon the clarity of the question items and pretested for reliability of the adopted measuring scale with 5-point Likert scale.

Table 2. Reliability Test Results

Measurement	Number of items	Cronbach's alpha
Product	7	.723
Price	5	702
Place	5	.749
Promotion	5	.789
People	5	.873
Process	5	.802
Physical evidence	5	.714
Customer Satisfaction	7	.775
Reliability of all items	44	.915

Source: Own Survey 2023

The pilot test results, as shown on Table 2., the service marketing mix elements that affect the customer satisfaction was measured separately and their overall reliability test (Cronbach's alpha) values were determined. Regarding service marketing mix elements, specifically the Cronbach's alpha coefficient (a) for product, price, place, promotion, people, process, and physical evidence were found .733,.702,.749, .789, .873, .802, and .714 respectively. While the coefficient for customer satisfaction counted a = .775. The overall reliability of the scale is .915 implying that all the questions are in their acceptable level of internal consistency.

3.11. Ethical Considerations

It is important to consider ethical principles when conducting business research. Ethical issues are categorized into four different types: harm to participants, lack of informed consent, invasion of privacy, and deception (Bryman, 2011). In this study, there are descriptive questions about the respondent's age and gender but this information is not enough to identify the person. The second ethical principle to consider is the lack of informed consent. The third ethical principle concerns the invasion of privacy. In this study, the respondent has the opportunity to skip a question if it is judged sensitive. Furthermore, this study is not of a sensitive nature which enhances the respondents' willingness to answer. The fourth ethical principle refers to deception which occurs if respondents are led to believe that research is about something else than what it is. After considering these ethical principles and fully living up to the requirements, it can be classified as ethical.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATIONS

This chapter comprises the data presentation, analysis and interpretation of the primary data collected through self-administered standard questionnaire. Mainly both descriptive and inferential analysis were carried out to address the specific objectives of the study.

4.1. Results

The data collected through self-administered questionnaire, featured personal information of the respondents, seven dimensions of marketing mix and a customer satisfaction attribute.

Table 3. Response Rate

Questionnaires	**Frequency**	**Percentage (%)**
Total distributed	385	100.0
Returned questionnaires	343	89.1
Unreturned questionnaires	42	10.9
Response errors	27	7.0
Total valid and usable	315	81.8

Source: Own Survey 2023

Referring table 2, after distributing 385 questionnaires to the targeted employees, 343 questionnaires were collected. The response rate accounted for 89.1% of the total distributed questionnaires. However, after having screened the collected questionnaires for missing data and other discrepancy, 27(7.0%) responses were rejected and it was found 315(81.8%) valid and usable responses for statistical analysis. Missing data frequently occurs in a situation in which a respondent cannot respond to one or more questions of a survey. In this case, any missing data was considered as incomplete and the response was rejected from further analysis.

4.1.1. Demographic Characteristics of the Respondents

The first part of the questionnaire consists of the demographic characteristics of respondents. This part of the questionnaire requested a limited amount of information related to personal and demographic status of the respondents. Accordingly, the following variables about the respondents were summarized and described in the subsequent table. These variables include sex, age, education, marital status, income, and customer tenure.

Table 4. Demographic Characteristics of Respondents

Category	Frequency	Present
Sex		
Female	151	47.9
Male	164	52.1
Total	**315**	100.0%
Age		
≤30 years	33	10.5
31 – 40 years	117	37.1
41 – 50 years	90	28.6
51 – 60 years	50	15.9
Above 60 years	25	7.9
Total	**315**	100.0%
Education		
Illiterate	25	7.9
Elementary School	38	12.1
High school	73	23.2
First Degree	107	34.0
Masters &above	56	17.8
Others	16	5.1
Total	**315**	100.0%
Marital Status		
Unmarried	94	29.8
Married	144	45.7
Divorced	77	24.4
Total	**315**	100.0%
Income		
Less than 10,000 Birr	24	7.6
10,000 – 20,000 Birr	137	43.5
20,001 – 30,000 Birr	84	26.7
30,001 – 40,000 Birr	52	16.5
Above 40,000 Birr	18	5.7
Total	**315**	100.0%
Customer Tenure		
1 – 5 years	65	20.6
6 - 10 Years	141	44.8
Above 10 Years	109	34.6
Total	**315**	100.0%

Source: Own Survey, 2023

Referring Table -4, male respondents constituted slightly higher percentage 151(47.9%) than their female counterparts 164(52.1%). The numbers of male customers were slightly higher than their female counterparts. With the scope and sample size of this study, it would be premature to make conclusive statements about what this gender disparity means, other than the sampling diversity. Possibly future endeavors with a gender-specific focus could investigate this venue from a gender-related perspective.

In terms of age, 117(37.1%) was found to be within the age range of 31-40 years followed by 90(28.6%) within 41-50 years. Whereas those respondents whose age fallen within 51-60 years and above belonged to 50(15.9%) and 25(7.9%) respectively. Whereas, 33(10.5%) of the respondents represented those participants aged below 30 years old. This implies that the respondents' constitute about 85% of adult customers aged below 40 years old. This can be taken as a positive indication that insurance policyholders were interested people from all age groups, from adolescents to the elderly.

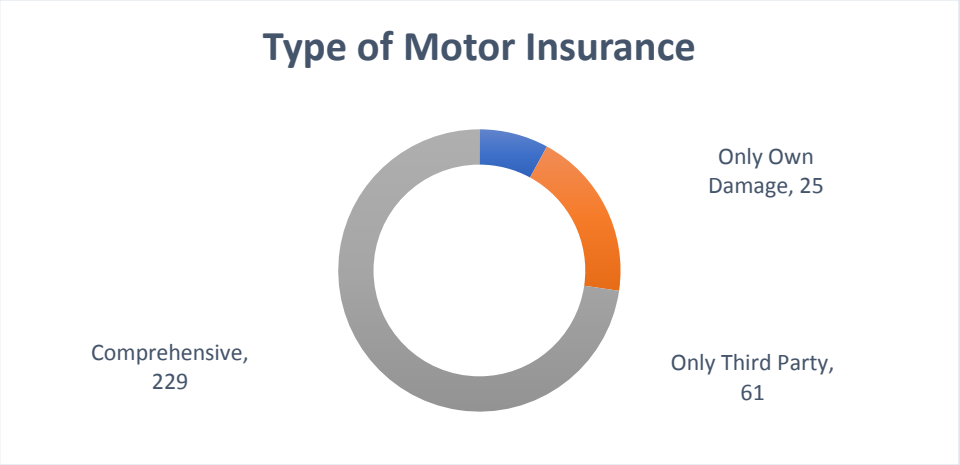
Regarding their educational background, 107(34.0%) were first degree holders, followed by 56(17.8%) were master's degree & above. While, 38(12.1%) and 73(23.2%) were from elementary and high school respectively. The rest 25(7.9%) were illiterate and 16(5.1%) were other qualifications holders. This indicates that the majority of the respondents were well-educated and very capable to understand the contents of the questionnaire which helps to get reliable or credible data.

The marital status of the respondents also showed that 144(45.7%), 94(29.8%) and 77(24.4%) were married, unmarried and divorced respondents respectively. The marital status of the respondents indicates that the policyholders were from different social status that can be taken as a positive indication for marketers to consider the diversification of customers that need to be targeted according to their specific demands. The insurance companies could take it as a good opportunity for the company to target heterogeneous consumers.

As far as the respondent's monthly income status is concerned, the results revealed that 137(43.5%) earned in the range of Birr 10,000 – 20,000, while 84(26.7%), 52(16.5%), 24(7.6%) and 18(5.7%) represented those who got from Birr 21,001 - 30,000, Birr 30,001 – 40,000, less than Birr 10,000 or more than Birr 40,000 respectively. This implies the majority of the respondents were in good

financial status that can also be taken as diversified or heterogeneous customers with different financial capability that demands different services of the insurances.

Regarding customers' subscription tenure in their current insurances, the results reveal that the respondents who have been subscribed for 6 – 10 years took relatively the highest share 141(44.8%), followed by 109(34.6%), and 65(20.6%)with the tenure ranging from 1 – 5 years, or above 15 years respectively. Almost one-fourth of the respondents have relatively long subscription years, implying that they would have more information/experience regarding the service provided by the insurances.



(Source: Own SPSS Output, 2023)

Figure 2. Service offered by Insurance Companies

Referring the type of motor insurance policy offered by the selected insurance companies in Figure 2, the majority of the respondents subscribed for comprehensive insurance which accounted 229(72.7%), followed by 61(19.4%) for only third part insurance and 25(7.9%) for only own damage coverage. This also implies the insurances provided different motor insurance policies which were preferred by different customers which could be seen as the diversified opportunity the market accommodated.

4.1.2. Descriptive Statistics of Study Variables

The description of the study variables namely product, price promotion, place, people, process, physical evidences and customer satisfaction are presented with mean and standard deviation descriptive statistics to compare the respondents' perception of the variables. The mean indicates to

what extent the sample group averagely agrees or disagrees with the different statements. The scale is set in such a way that respondents strongly disagreed if the mean scored value is in the range of 1.00 – 1.80; disagreed within 1.81 – 2.60; neither agreed nor disagreed within 2.61 - 3.40; agreed if it is in the range of 3.41 – 4.20; while strongly agreed when it falls within 4.21 – 5.00. In addition, standard deviation shows the variability of an observed response. Besides, regarding their ranking based on Taguchi S/N ratio method, the highest five (1^{st} – 5^{th}) and least ranked (33^{rd} – 37^{th}) attributes were considered the areas that the respondents were most satisfied or dissatisfied with respectively. That means, the first five ranks are the areas the insurances should keep up with, whereas, the least five ranks are the areas that require the immediate attention of the operation managers of the respective insurance companies.

4.1.2.1. Motor Insurance Product

Table 5.Descriptive Statistics of Motor Insurance Product

Description	Mean	Std.	Rank
The insurance facilitates ease of subscription, renewal, discontinuance or replacement of auto insurance policy.	4.38	1.272	3
The company evolves its policy to suit the customers' lifestyle change.	3.64	1.036	6
The company often develops/introduces innovative goods/service.	2.66	1.307	34
The company offers quality insurance service compared to competitors.	4.13	1.455	11
The insurance offers me a wide range of auto insurance products.	3.29	1.291	27
The company offers me a flexible option; thus, I can choose what I need.	4.10	1.544	12
The insurance policy is designed to meet customers' needs.	3.26	1.787	30
Average Mean	**3.64**	**.859**	

Source: Own Survey, 2023

Referring Table 5, the respondents strongly agreed that the insurances facilitate ease of subscription, renewal, discontinuance or replacement of auto insurance policy (mean = 4.38, std. = 1.272). Similarly, they also agreed that the companies offered quality services compared to competitors (mean = 4.13, std. = 1.455) and flexible option to choose what customers want to have (mean = 4.10, std. = 1.544). But they slightly agreed with evolution of policies to suit the life-style change of the policyholders (mean = 3.64, std. = 1.036). The high variation in their perception is evidenced as the standard deviation was found above the threshold (Std = 1.000).On the other hand,

they had neutral (neither agreed nor disagreed) stand on the offer of wide variety of motor insurance policies (mean = 3.29, std. = 1.291); even the current policies are designed to meet customer demand (mean = 3.26, std. = 1.787); and development or introduction of new policies based on customers' needs(mean = 2.66, std. = 1.307). Regarding, the ranking of the attributes under product dimension, flexibility of subscription, renewal, discontinuance or replacement of auto insurance policy is ranked on 3rd place; while provision/ developing of innovative motor insurance policy was on 34thrank. Overall, the majority of the respondents perceived the insurance policy offered weak positive (mean = 3.64, std. = .859) which implies that current policies are the area that requires the attention of the insurance marketers for further improvement.

4.1.2.2. Price/ Premium

Table 6.Descriptive Statistics of Price/ Premium

Description	Mean	Std.	Rank
The premium charge is fair compared to competitors.	4.23	1.355	4
The company offers flexible premium pay schedules (single pay, monthly, quarterly, semi-annually, or yearly).	4.21	1.050	1
The increment of premium charges every year is fair.	3.51	1.453	20
The premium is fair compared to the risk associated with my property	3.33	1.430	25
The components of the premium charges are clear to understand.	2.55	1.366	37
Average Mean	**3.57**	**.904**	

Source: Own Survey, 2023

The results in Table 6 also shows that the respondents strongly agreed with the insurance servicecharge is fair compared to competitors (mean = 4.23, std. = 1.355) and the insurances offer flexible premium pay schedules like single pay, monthly, quarterly, semi-annually, or yearly (mean = 4.21, Std. = 1.050). Since they are ranked 4th and 1st place respectively, it implies that these two attributes are the areas with which the respondents were most satisfied. They also slightly agreed that the increment of premium charges every year is fair (mean = 3.51, std. 1.453) but had doubts on the premium fairness compared to the risk associated with my property (mean = 3.33, std. 1.430). Whereas they disagreed with clarity of the details regarding the premium charges (mean =

2.55, std. 1.366) which is ranked 37th place. That means, it is one of the five price/ premium attributes that demanded the immediate attention of the managements. Overall, the premium charges were perceived slightly positive as the average mean scored 3.57 with Std. .904. This implies that majority of the respondents acknowledged that insurances charged fair premium compared to other competitors but didn't believe in its fairness or the premium commensurate the cost of the property insured. The price strategy of the insurances is also the area that requires manager's attention for further improvement.

4.1.2.3. Place/ Service Location

Table 7.Descriptive Statistics of Place/ Service Location

Description	Mean	Std.	Rank
The company has easily accessible branches.	3.77	1.625	19
The company has sufficient service outlets.	3.93	1.540	13
The company provides service using multi-distribution channels (branches, agent, websites, etc.).	4.32	1.219	2
The insurance company has branches nearer to my location.	3.75	1.442	14
The company has convenient working hours.	2.79	1.695	33
Average Mean	**3.71**	**1.069**	

Source: Own Survey, 2023

Referring the Table 6, the results revealed that majority of the respondents strongly believed that the insurances provided services using multi-distribution channels (branches, agent, websites, etc.) as the mean value scored 4.32 with std. 1.219. They also agreed that the insurances had sufficient outlets (mean = 3.93, std. 1.540), easily accessible branch offices (mean = 3.77, std. 1.625), and nearer to their neighborhood (mean = 3.75, std. 1.442). The perception of the majority of the respondents had positive attitude toward the accessibility and convenience of the outfit branches (mean = 3.71) even though they had varied stands in this regard (std. 1.069). In this regard, provision of service through multi-distribution channels is one of the areas that the respondents were most satisfied with as ranked in 2nd position, while having convenient service hours compared to other competitor insurance companies were perceived among the least attributes – ranked in 33rd position. The placement strategy of the insurances has still room for further improvement.

4.1.2.4. Promotion

Table 8.Descriptive Statistics of Promotion

	Mean	Std.	Rank
The insurance uses different advertising media such as TV, newspaper, and magazines to promote its products	3.92	1.712	16
The insurance offers various sales promotions like gifts, discounts, etc.	3.80	1.628	21
The insurance sponsors special events like sports, charities, etc.	3.98	1.641	15
The insurance promotes its company image via publicity/public relations.	3.82	1.685	18
Overall, the insurance promotes its services adequately/effectively.	4.17	1.507	5
Average Mean	**3.94**	**1.205**	

Source: Own Survey, 2022

As far as the promotional practices of the insurance companies is concerned, the results in table 8 illustrates that the insurances promote their products adequately/effectively (mean = 4.17, std. 1.507). This is also one of the most satisfying attributes ranked at the 5th place. Similarly, they also acknowledged the utilization of different commercial media (TV, radio, etc.) to promote their products (mean = 3.92, std. 1.712), their sponsorship for special events such as sports, charities, etc. (mean = 3.98, std. 1.641), and effectively adopting publicity/ public relations to enhance their image (mean = 3.82, std. 1.685). Offering of various sales promotions such as gifts, discounts, lottery draws, etc. (mean = 3.80, std. 1.685), which is found the least mean score compared to other promotion attributes. However, they had varied stands regarding the promotional schemes of the insurances as the standard deviation was found above the threshold (Std. = 1.000). Despite the overall promotional activities of the companies were perceived positively (mean = 3.94, std. 1.205), the results imply that their promotional strategies were also one of the areas which requires management attention to promote their products/services by using different medias to disseminate marketing information to their respective customers.

4.1.2.5. People/ Staff

As shown in table 9, the respondents were asked about their level of agreement on the employee's competence at their respective insurance companies. The results illustrate that the employees of the insurance firms had sufficient product knowledge (mean = 3.77, std. 1.790).

Table 9. Descriptive Statistics of People/ Employees

Description	Mean	Std.	Rank
The employees of the insurance firm have sufficient product knowledge.	3.77	1.790	22
The employees are often available to handle customer queries.	3.14	1.792	32
The employees always provide prompt services to solve problems	2.60	1.922	35
The employees try to understand customer needs	3.16	1.929	31
The insurance has enough employees in every branch to serve the customers	2.46	1.887	36
Average Mean	**3.03**	**1.581**	

Source: Own Survey, 2023

Nonetheless, the respondents disagreed with the insurance companies had sufficient employees in every branch to serve the customers (mean = 2.46, std. 1.887) and they were always in a position to provide prompt services to solve problems (mean = 2.60, std. 1.922). These two attributes were also the areas that the respondents most dissatisfied with as ranked 35th and 36th place respectively. On the other hand, they have doubts on employees 'availability to handle any customer inquiries (mean = 3.14, std. 1.792) as well as employees' ambition to understand customer's specific needs (mean = 3.16, std. 1.929).In this regard, overall, the majority of the respondents neither agreed nor disagreed with overall staff competency in providing quality insurance services. This also implies that the insurances had limitations in making customers count on the staff of the insurance companies.

4.1.2.6. Process

Table 10.Descriptive Statistics of Process

Description	Mean	Std.	Rank
The company uses flexible procedures in responding to customer needs	4.11	1.533	7
The insurance has a system of complaints handling mechanisms	4.13	1.539	9
The company provides me error-free service records.	3.59	1.590	24
The company uses modern equipment to simulate tasks for fast services.	3.66	1.216	10
The company has good communication with its branches to deliver prompt service.	3.55	1.352	17
Average Mean	**3.81**	**1.085**	

Source: Own Survey, 2023

As far as the process dimension of marketing mix strategy is concerned, the results in Table 10 also shows that the majority of the respondents believed that the insurance companies had complaints handling mechanisms (mean = 4.13, std. 1.539). It scored relatively the highest mean amongst the attributes of 'processes. They also agreed with the companies adopted flexible systems/ procedures in responding to customer needs (mean = 4.11, std. 1.533), but slightly agreed with the provision of error-free records/service (mean = 3.59, std. 1.590). Similarly, they utilized less advanced technology (mean = 3.66, std. 1.216) and standard communication procedures to simulating service provision (mean = 3.55, std. 1.352). Overall, the respondents perceived the process of the insurances positively as the grand mean scored 3.81 with std. 1.085. This implies that the managements of the insurance companies exerted effort on improving the service delivering process even though they had varied stands on the issue (std. > 1.000). It can be taken as the good opportunity to revise their processes and working procedures for better improvement.

4.1.2.7. Physical Evidence

Table 11. Descriptive Statistics of Physical Evidence

Description	Mean	Std.	Rank
The insurances offer original spares for replacement of damaged parts.	4.12	1.516	8
The insurances deal with garages which adapt modern equipment to maintain damaged cars.	3.32	1.865	28
The interiors of the insurances' offices are attractive.	3.69	1.793	23
The exteriors of the insurances' offices are well maintained.	3.59	1.648	26
The insurances have adequate quarantine system for damage cars.	3.11	1.915	28
Average Mean	**3.57**	**1.198**	

Source: Own Survey, 2023

As far as the physical evidence is concerned, the results in Table 11 revealed that the majority of the respondents acknowledged the insurance companies offered original parts for the replacement of damaged parts (mean = 4.12, std. 1.516). However, the interiors and exteriors of their office buildings were less attractive (mean = 3.69, std. 1.793) and well maintained (mean = 3.59, std. 1.648). On the other hand, they had neutral stand regarding insurances maintained damaged cars at garages with modern facility (mean = 3.32, std. 1.865) along with providing adequate quarantine

system for recovery of damaged property (mean = 3.11, std. 1.915).These two attributes of physical evidence had the least scored mean values amongst others. The overall physical evidence of the insurances was perceived slightly positive as the grand mean value scored 3.57 with std. 1.198. This indicates that the majority of the respondents believed that the insurances had less appealing office buildings with insufficient quarantine system which requires more improvement in the future.

4.1.2.8. Customer Satisfaction

Table 12. Descriptive Statistics of Customer Satisfaction

Description	Mean	Std.
I want to remain a customer of this insurance company because I genuinely enjoy my relationship with them.	3.78	1.382
The insurance companies take a short time to resolve my claims.	3.22	1.160
The insurance service consistently meets my expectations.	3.29	1.024
The staffs are always willing to help me when needed.	4.02	.691
The branches have sufficient number of employees.	4.13	1.455
I am satisfied with the overall service offered by the insurance companies.	3.39	1.209
I feel that the staff of the company believe in the betterment of their customers	4.24	1.015
Average Mean	**3.73**	**.755**

Source: Own Survey, 2023

Results of the findings, Table 12 show that the respondents were very satisfied with the employees' ambition to work in favour of customer's betterment (mean = 4.24, std. 1.015). Same vein, they were also satisfied because of sufficient employees' availability (mean = 4.13, std. 1.455), their enthusiasm to help customers when needed (mean = 4.02, STD . . . 691), and creating genuine relationship with customers (mean = 3.78, std. 1.382). However, the respondents had neutral stand regarding insurance services' capability to consistently meet customer's expectations (mean = 3.29, std. 1.024); took relatively short time to resolve claim settlement (mean = 3.22, std. 1.160); and whether they satisfied with the overall insurance service provision (mean = 3.39, std. 1.209). Nonetheless, the average mean value of the customer satisfaction dimension (mean = 3.75, std. .755) shows the majority of the respondents were satisfied with the overall insurance service. This implies that the service of the insurances exceeded the customer's expectation but still

inconsistency is observed in their perception. This might be because of completing a questionnaire without comprehending the items, typically in self-reported questionnaires when the participants are unmotivated or the questions are sensitive. This requires future investigation on the internal consistency of the measuring instrument for the reason that no method is available for adjusting the internal reliability due to inconsistent responses.

Table 13. Descriptive Statistics of Customer Satisfaction

Marketing Mix	R_{mean}	Mean	Std.	$R_{Taguchi}$
Product	4	3.64	.859	3
Price	5	3.57	.904	2
Place	3	3.71	1.069	1
Promotion	1	3.94	1.205	4
People	7	3.03	1.581	7
Process	2	3.81	1.085	6
Physical Evidence	6	3.57	1.198	5

Source: Own Survey, 2023

In summary, the comparison of ranking was carried out based on mean values and Taguchi results. The ranking results as shown in table 13, the ranking of the marketing mix elements with grand mean values shows that promotion is the marketing strategy that the respondents were most satisfied. Whereas, promotion is ranked 4th place by Taguchi. Similarly, process is the 2nd place but Taguchi placed it on 6th place. On the other hand, price is placed on 5th place when compared to mean values; whereas 2nd place by Taguchi. Product, people and physical evidence had relatively similar positions when compared with both mean and Taguchi. These imply that ranking with Taguchi and mean values have significant difference for prioritizing marketing mix elements.

4.1.3. Inferential Analysis

Inferential statistics uses sample measurements of the subject and make generalization about the larger population. It comprises different test such as correlation test among variables and assumption of data test for their suitability or fitness to the intended regression analysis model namely normality, collinearity, linearity and homoscedasticity. Finally, the multiple regression analysis in terms of model summary, ANOVA test and determination of beta coefficients are conducted to address the objectives of this study.

4.1.3.1. Correlation Analysis

This study employs correlation analysis, which investigates the strength of the relationships between the studied variables. Pearson correlation analysis was used to provide evidence of convergent validity. Pearson correlation coefficients reveal magnitude and direction of relationships (either positive or negative) and the intensity of the relationship (-1.0 + 1.0). Correlations are perhaps the most basic and most useful measure of association between two or more variables (Festinger, 2005). To interpret the direction and strengths of relationships between variables, the guidelines suggested by Field (2005) were followed. His classification of the correlation coefficient (r) refers 0.1– 0.29 is weak; 0.3 – 0.49 is moderate; and $\geq$ 0.5 is strong. Based on this scale, the responses of the respondents are summarized as below.

Table 14indicate indicates the relationship of customer satisfaction with insurance service marketing mix elements. As discussed earlier, the service marketing dimensions are product (motor insurance policy), price (insurance premium), place (locations of head office/branch offices), promotion, people (employees), process (claim settlement), and physical evidence (office layouts, policy document, renewal notices, etc.).

Table 14. Pearson Correlation Matrix

Correlations								
	PRO	PRI	PLA	PRM	PPL	PRS	PHY	CSAT
Product – PRO	1							
Price – PRI	**.527****	1						
Place – PLA	**.377****	**.280****	1					
Promotion – PRM	**.680****	**.482****	**.360****	1				
People – PPL	**.394****	**.378****	**.253****	**.391****	1			
Process – PRS	**.465****	**.341****	**.258****	**.249****	**.187****	1		
Physical Evidence – PHY	**.151****	**.207****	**.152****	**.113***	**.192****	**.210****	1	
Customer Satisfaction – CSAT	**.729****	**.588****	**.500****	**.666****	**.459****	**.491****	**.251****	1
**. Correlation is significant at the 0.01 level (2-tailed). *. Correlation is significant at the 0.05 level (2-tailed).								

Source, Own Survey, 2022

The results show that customer satisfaction had positive and strong with Product (r = .729, p< 0.01), Price (r = .588, p< 0.01), Place (r = .500, p < 0.01), and promotion (r = .666, p< 0.01). That means, an improvement in product quality, price, promotion and placement would result in more customer

satisfaction. Similarly, People (r = .459, p< 0.01) and Process (r = 0.491, p< 0.01) had positive and moderate relationship with customer satisfaction. Whereas. on the other hand, physical evidence (r = .251, p< 0.01) had the least/ weakest positive relation with customer satisfaction. The result of the relational values implies that the service marketing mix elements are good predictors of customer satisfaction of the selected insurance companies in Addis Ababa.

4.1.3.2. Multiple Regression Assumption Tests

Linear regression (Ordinary Least Square) is an analysis that assesses whether one or more predictive variables explain the dependent (criterion) variable. The assumption test is the underlying assumption that the accuracy of a specified model predicts the outcome variable with minimum possible error induced. For a given multiple regression model, to take it as a credible model, it shouldn't violate the following assumptions. These assumptions are Multicollinearity (highly relatedness of predictor variables), Normality (symmetric distribution of data based on given mean and variation), and Homoscedasticity (uniform/ random distribution of error terms).

4.1.3.2.1. Multicollinearity

Multicollinearity refers to the situation in which the independent/predictor variables are highly correlated. Tolerance and variance inflation factors (VIF) values for each predictor are means of checking for violation of collinearity assumption. Tolerance value below 0.1 and VIF above 10% indicate a multicollinearity problem(Robert, 2006).

Table 15. Collinearity Diagnostics

Coefficients [a]

Model		Collinearity Statistics	
		Tolerance	**VIF**
1	Product	.410	2.440
	Price	.646	1.548
	Place	.813	1.230
	Promotion	.487	2.053
	People	.771	1.297
	Process	.734	1.363
	Physical Evidence	.917	1.091

ı. Dependent Variable: Customer satisfaction

Source, Own Survey, 2023

In this study, the results in Table 15, shows that the collinearity statistics analysis of variance inflation factors (VIF) value ranges from 1.093 to 2.440 and Tolerance value ranging with 0.410 to 0.917 indicated that there was no collinearity problem. This could be taken as a confirmation that there were no multi-collinearity problems to proceed for regression analysis. That means, when independent variables are highly related (r > .80 in most cases), there is the possibility of variables' "overlap" or sharing of predictive power or they would have been basically measuring the same thing or they both convey essentially the same information (Robert, 2016).

4.1.3.2.2. Homoscedasticity –

Testing for Homoscedasticity lies with an assumption in regression analysis that the residuals at each level of the predictor variable(s) have similar variances. Using the plots of ZRESID against ZPRED, the distribution is checked whether the graph looks like a random array of dots evenly dispersed around zero. This is to mean that at each point along with any predictor variable, the spread of residuals should be fairly constant.

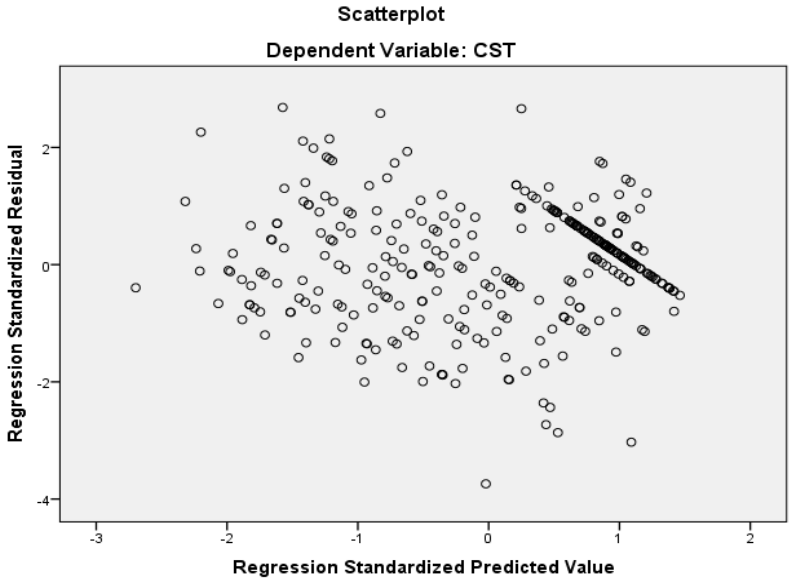


Figure 3.Homoscedasticity Test

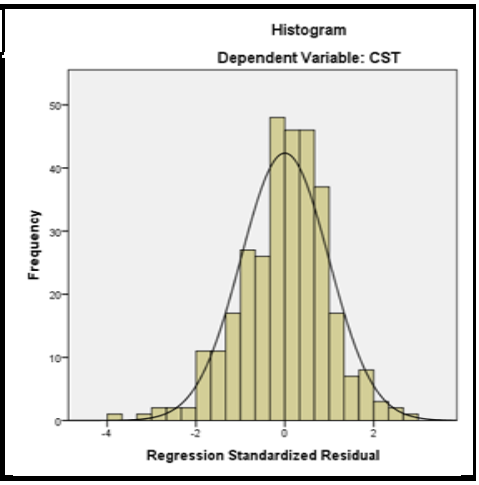
Figure - 3, shows each of the predictor variables against the standard residual values. The plot depicts how the points are randomly and evenly dispersed throughout the plot. And, these patterns are indicatives of a situation in which the assumption of homoscedasticity has been met.

4.1.3.2.3. Multivariate Normality –

To check that distribution of scores is normal, it needs to look at the values of Kurtosis and Skewness. The values of skewness and kurtosis should be zero in a normal distribution. Positive values of skewness indicate a pile-up of scores on the left of the distribution, whereas a negative value indicates a flat distribution. The further the value is from zero, the more likely it is that the data are not normally distributed. Both of which have an associated standard error.

Table 16.Normality Test

	N	SKEWNESS		KURTOSIS	
	STAT	STAT	STD.	STAT	STD.
Product	315	-.702	.137	-.693	.274
Price	315	-.662	.137	-.259	.274
Place	315	-.803	.137	-.226	.274
Promotion	315	-.942	.137	-.433	.274
People	315	.111	.137	-1.532	.274
Process	315	-1.158	.137	.241	.274
Physical Evidence	315	-.463	.137	-1.032	.274
Customer Sat	315	-.420	.137	-1.020	.274



Source, Own Survey, 2023

As shown in Table 16, except people, all the other six service marketing mix dimensions' z-scores skewed to the right side and were found to be within an acceptable range (skewness within -2.0 to 2.0; and Kurtosis within -2.0 to 2.0). Therefore, it is pretty clear then that the numeracy scores are negatively skewed, indicating a pile-up of scores on the right of the distribution.

4.1.3.2.4. Linearity –

The linearity assumption can easily be checked using scatter plots or residual plots: plots of the residuals vs. either the predicted values of the dependent variable or against (one of) the independent variable(s). The scatter plots of standardized residuals versus the fitted values for the regression models were visually inspected from figure 4.

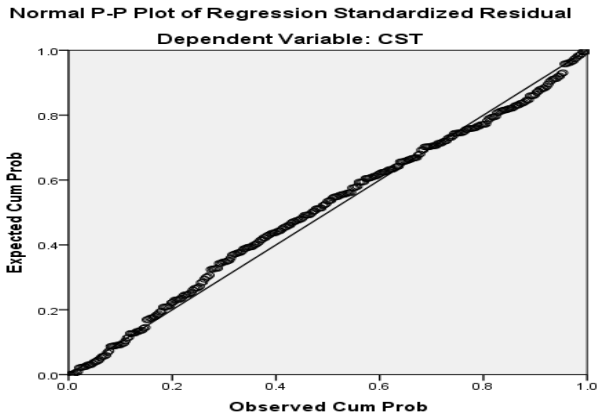


Figure 4. Linearity Test

4.1.3.2.5. No Auto-correlation/Independent of Errors

Field (2005) suggested that for any two observations the residual terms should be uncorrelated (or independent). This eventuality is sometimes described as a lack of autocorrelation. This assumption can be tested with the Durbin–Watson test, which tests for serial correlations between errors. Specifically, it tests whether adjacent residuals are correlated. The test statistic can vary between 0 and 4 with a value of 2 meaning that the residuals are uncorrelated. Therefore, as in this study the result 2.118 is almost closed to 2, it can be confirmed that no autocorrelation issue.

4.1.4. Regression Analysis

Multiple regression analysis in this research was used to model the value of the construct variable (customer satisfaction) based on its linear relationship to two or more predictors (product, price, place, promotion, people, process and physical evidence). In order to indicate the impact that each predictor has on the construct variable, the unstandardized coefficients are checked.

Table 17. Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin–Watson Test
1	.836[a]	.698	.691	.41951	2.118

a. Predictors: (Constant), PHY, PRO, PCS, PLC, PEO, PRC, POS

As indicated in the model summary of the analysis on Table 17, the value of R = .836 indicated relations of the seven independent variables with the dependent one which are accounted for approximately 69.8% (R^2) of the variation in customer satisfaction. However, the remaining percent (30.2%) was explained by other variables not included in this study.

Table 18.ANOVA Analysis

ANOVA [a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	125.094	7	17.871	101.543	.000[b]
	Residual	54.029	307	.176		
	Total	179.123	314			

a. Dependent Variable: CST

b. Predictors: (Constant), PHY, PRO, PCS, PLC, PEO, PRC, POS

As indicated in Table -18 of ANOVA test, F value of 101.543 is significant at $p < 0.001$. Therefore, it can be inferred that with 69.8% (R^2) of variance, service marketing mix element is significant and the model appropriately measured the dependent variables – customer satisfaction. In short, the regression model predicts customer satisfaction, and has been significantly explained by the seven independents (service marketing mix elements).

Table 19. Estimated Regression Coefficients

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.522	.133		3.935	.000
	Product	.251	.043	.285	5.824	.000
	Price	.137	.033	.164	4.194	.000
	Place	.129	.025	.183	5.260	.000
	Promotion	.150	.028	.239	5.328	.000
	People	.051	.018	.102	2.869	.004
	Process	.113	.025	.163	4.455	.000
	Physical Evidence	.041	.021	.065	1.996	.047

a. Dependent Variable: Customer satisfaction

Source: Own Survey 2023

The table 19 shows the constant, beta, and significance level of each variable. It indicates that the seven variable which are product, price, place, promotion, people, process and physical evidence influence customer satisfaction significantly at 95% confidence interval with a p< .05 sig. level.Based on the results, substituting the results in the model yields:

$$CSAT = .522 + 251PRO + .137PRI + .129PLA + 150PRM + .051PPL + .113PRS + .041PHY$$

Where:

PRO = Product, PRI = Price, PLA = Place,

PRM = Promotion PPL= People, PRS= Process

PHY = Physical evidence. CSAT = Customer satisfaction;

The regression analysis shows that all service marketing mix elements have positive and significant effect on customer satisfaction. Based on these findings, the interpretations are presented as follows:

- The constant term (B_0 = 0.522) illustrates that the nil effect of product, price, promotion, placement, people, process and physical evidence dimensions. That means, in a situation where all independent variables are zero, customer satisfaction as dependent variable is predicted to be 0.522.
- In situation where other variables are constant, if product improves by one unit customer satisfaction is predicted to be increased by 0.251 units. This shows that product has a positive and significant effect on customer satisfaction at p < .05. Thus, hypothesis-1 is supported.
- Keeping other variables constant, if service charges/price improves by one unit, customer satisfaction is predicted to be increased by 0.137 units. This shows that price has a positive and significant effect on customer satisfaction at p < .05. Thus, hypothesis-2 is supported.
- In condition where other variables are constant, if placement increases by one unit, customer satisfaction is predicted to be increased by 0.129 units. This shows that placement has a positive and significant effect on customer satisfaction at p < .05. Thus, hypothesis-3 is supported.

- Keeping other variables constant, if promotion increases by one unit, customer satisfaction is predicted to be increased by 0.150 units. This shows that promotion has a positive and significant effect on customer satisfaction at $p < .05$. Thus, hypothesis-4 is supported.
- Keeping other variables constant, if people/ staff competence increases by one unit, customer satisfaction is predicted to be increased by 0.051 units. This shows that staff competence has a positive and negligible significant effect on customer satisfaction at $p < .05$. Thus, hypothesis-5 is supported.
- In condition where other variables are constant, if claim settlement process increases by one unit, customer satisfaction is predicted to be increased by 0.113 units. This shows that process has a positive and significant effect on customer satisfaction at $p < .05$. Thus, hypothesis-6 is supported.
- Keeping other variables constant, if physical evidence increases by one unit, customer satisfaction is predicted to be increased by 0.041 units. This shows that physical evidence has a positive but negligible significant effect on customer satisfaction at $p < .05$. Thus, hypothesis-5 is supported

4.3. Discussion

This part elaborates the findings of the results in line with the objectives of the study. This study sought to investigate the effect of marketing mix tools on customer satisfaction of selected insurance companies in Addis Ababa. The discussion focuses on the major findings of product, price, promotion, place, people, process and physical evidences and their relationship with the overall satisfaction of insurance policy holders.

Based on the results of the findings, insurance product has relatively higher positive and significant effect on customer satisfaction (B = .251). It promotes the exact service the customers would receive and to provide the exact service customers expect, that means variety of motor insurance policies offered by the companies have positive impact on attaining the expectation of the policyholders. The finding is in line with Bahman's (2013) study. The study investigated the impact of marketing mix in attracting customers to Saderat Insurance in Kermanshah province. It was found that well-designed insurance policies as a marketing mix strategy had a significant favorable

impact on customer satisfaction. That is to say, the insurance service (both tangible and intangible) has a substantial positive impact on their customers' satisfaction.

The findings also revealed that Price/ insurance premium (B = .137) has significant and positive effect on customer satisfaction. When fair premium that worth the service value is set, then the number of customers would increase results in an increase in sales volume implying that the number of new or existing customers who demanding the service would increase. This finding supported by Rajkumar (2014) that innovative insurance policies and fair premiums were the basis for the sustainability of private insurance companies in Mumbai, India as the service quality assessment results showed continuous increment customer satisfaction.

Next to product, the results also revealed the existence of relatively highest effect of promotion (B = .150) on customer satisfaction. Usage of different commercial advertising and updating their customers through different communication channels enhances the overall customer satisfaction of the insurances. This finding is also supported by Khan and Indumathi (2016) who concluded that information from the internet and advertising are affecting sales volume, annual sales target, overall sales growth and profitability of the companies. One cannot deny this fact that every component of promotional mix needs to be well designed to get the best out of it for the reason that promotions are particularly ridden with risk as they are attractive and often profitable for the consumer.

Place or service outlet location has also relatively higher positive and significant effect on customer satisfaction (B = .129).Availability of products within a convenience place/service outlets is an important marketing mix that has a significance influence on customer satisfaction. This is also in line with a findings of Haftu's (2019)studyconducted on examining the impact of marketing mix tools on customer satisfaction in private general insurance companies in Addis Ababa. According to the findings, the majority of the service marketing mix has a greater impact on insurance customer satisfaction. Furthermore, the researcher suggests that the insurances make a concerted effort to improve overall customer satisfaction by placement marketing mix tools enhancing customers' and employees' technology knowhow, and introducing fast and modernized services.

People also relatively the least positive and significant effect on customer satisfaction (B = .051). Responsiveness and guidance by the staff members, reputation of the company while making decision. Mathur & Tripathi (2014) explain that people have impact on choice for the insurance selection. It is also supported by Mathur (2014) that professionalism and credibility of employees

are affecting consumer purchase decision results in improved customer satisfaction. Also supported by Rajkumar (2014) who posits persuasive skill of agent is affecting consumer purchase decision.

Process also relatively higher positive and significant effect on customer satisfaction (B = .113). Customers are interested to get serviced with simple and friendly insurance claim process. In the insurance industry, the claim process in particular is the major bottleneck for insurance companies that hinders customer friendly, easy and convenient services due to highly subjected to frauds, as suggested by Stead (2010). However, in this study, it was found that claim process had relatively moderate effect on customer satisfaction. This might be due to lack of focus or inconsistencies of the respondents while filling the survey questionnaires. This can be taken as one of the limitations of this study which requires further investigation regarding the internal consistency of the scale.

Finally, physical evidence like office layouts, equipment, policies, etc. has also relatively lower effect (B = .041) on customer satisfaction. This finding is against the findings of Mathur and Tripathi (2014), on their study, it was found that physical evidence in terms of use of modern equipment and infrastructures of the insurances have impact on insurance selection or their consideration for policy renewal. However, it is in line with the findings of Mohammad (2012), who found that physical evidence had less contribution forcustomer satisfactionof insurance policyholders.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

In this chapter of the study, summary of the major findings, conclusion and recommendations of the study is presented.

5.1. Summary of Major Findings

Based on the analyses, the major findings are summarized and presented below. These are:

Regarding the descriptive analysis, the top five attributes were found to be the areas/ the insurances offer that the respondents were most satisfied based on Taguchi S/N ratio method:

The effect of product

- Less offer of wide variety of motor insurance policies (mean = 3.29)and lack of development/introduction of new policies based on customers' needs (mean = 2.66).
- Motor insurance policy has positive and strong significant relationship with (r = .729) and relatively highest effect customer satisfaction (Beta = .285)

The effect of Price

- Clarity of the details regarding the premium charges is insufficient (mean = 2.55, std. 1.366) which is ranked 37th place.
- Positive and strong relationship between customer satisfaction and price (r = 0.588) but rice had relatively less effect on customer satisfaction (Beta = .164).

The effect of Place

- the insurances provided services using multi-distribution channels like branches, agent, websites, etc. (mean = 4.32) and had sufficient outlets (mean = 3.93).
- Place has positive and strong relationship with customer satisfaction(r = 0.500) but relatively moderate effect Place (Beta = .183) on customer satisfaction.

The effect of Promotion

- The insurances promote their products adequately/effectively (mean = 4.17). This is also one of the most satisfying attributes ranked at the 5thplace.
- There is a positive and strong relationship between promotion and customer satisfaction (r = .666) and promotion also has strong effect on customer satisfaction as well (Beta = .239)

The effect of People

- The insurance companies had insufficient employees in every branch to serve the customers (mean = 2.46) and they were always in a position to provide poor services to solve problems (mean = 2.60).
- People/ staff competence has positive and moderate relationship with customer satisfaction (r = .459, p< 0.01) but relatively the least effect on satisfaction (Beta = .102)

The effect of Process

- Utilized less advanced technology in their process (mean = 3.66) and standard communication procedures to simulating service provision (mean = 3.55).
- Process has also positive and moderate relationship with (r = 0.491) and also moderate effect (Beta = .163) on customer satisfaction.

The effect of Physical Evidence

- Insurances maintained damaged cars at garages with outdated facilities (mean = 3.32) along with providing inadequate quarantine system for recovery of damaged property (mean = 3.11).
- Physical evidence has positive and weak relationship with customer satisfaction (r = .251) as well as the least effect on customer satisfaction.

5.2. Conclusions

With increasing competition in providing innovative service, insurance companies found themselves struggling to survive and sustain against strategic competitors. Nonetheless, prioritizing which marketing mix tool seems relatively common, but yet often difficult task. It is complicated measuring the impact of each criterion (marketing mix strategies) on customer satisfactions they are large number (seven dimensions). Several studies in the area resulted in inconsistencies in prioritizing marketing mix strategies due to methodological gap. Hence, mitigating the mismatch between the implemented marketing mix strategies and their outcomes should be reassessed with the help of Taguchi Signal/Noise ratio method to overcome the limitation of Likert scale. This study, thus, sought to examine the effect of marketing mix on customer satisfaction with Signal/Noise ratio approach.

According to the results of this research, the direct relationship between marketing mix elements and customer satisfaction was confirmed. From the customers' perspective, the dimensions of the marketing mix elements had significant relationship with customer satisfaction. Specifically, motor insurance policies had relatively higher contribution on their customers' satisfaction. Same vein, fair premiumcharges that worth the service value as well have offering the service at accessible and convenient location also increase renewal of policies for longer period with specific companies. Promoting these competitive advantages through different media also resulted in an increasing in sales volume due to new or existing customers who demanding the service would increase. Innovative insurance policies, fair premiums, convenient distribution places and promotion were the basis for the sustainability of private insurance companies.

It can be concluded that the customer satisfaction is a key to achieve the use of an insurance product or service for the reason that this satisfaction has a positive relation with the intention of re-purchasing and positive word of mouth. Also, satisfied customers are less sensitive to price, are less influenced by competitors and remain loyal to the company. This competitive advantage is achieved when there is an effective communication with customers, and this is achieved when it is possible to analyze the behavior of potential and actual consumers from various dimensions. So, insurance companies can apply customer-oriented attitude in the community. In this regard, in the selected companies' context, the product mix namely product, promotion, price and place have better contribution compared to the 3Ps extension – people, process, and physical evidences - the

marketing mixes strategic areas that required more attention of the management for further improvement.

5.3. Recommendations

Thus, based on the major findings and conclusions, the following possible recommendations are forwarded:

- Provision of better-quality and innovative policies compared to competitors based on customers' needs are the areas that require the attention of the management. The research and development staffs should to work on investigating new or innovated insurance products/services by bench-marking different international insurance companies' experience.
- The customers acknowledged that insurance charged fair premiums but they had doubts about its fairness compared to competitors. To improve the sales volume and attain its sales target, the managements should seriously set reasonable fair market price or service charge that match quality of service in detail.
- The company has less convenient working hours. The managers of the insurance companies should extend working hours by staggering staff day-off so as to have extended working hours at night.
- Promotion is one of the strong predictors of customer satisfaction. The insurance managers should promote their products adequately/effectively through different commercial and social media to create more awareness on customer.
- The HR managers of the insurance companies assure the availability of sufficient labour force to deliver the service in time. Besides continuous skill and development training should be given to employees, managers and sales agents to enable them to provide prompt service.
- Utilization of advanced technologies is essential for simulating insurance claim process. Therefore, the managers of the insurance companies should incorporate online subscription and damage claim reporting mechanism.

- The physical environment wasn't the concern of the respondents as it had least significant effect on the customer satisfaction. However, managements should work on physical evidences of their main and branches offices to inspire their customers. Thus, the management needs to improve its physical environment so as to escalate its sales performance and market share at large.

5.4. Limitations and Suggestion for Future Research

This study has several limitations. Amongst them, the major limitations were consideration of selected five insurances in Addis Ababa. Exclusion of other branches in another regional cities as well as other private and government owned insurance companies would affect the wholeness of the findings. Respondents of this research limited only specific customers (individual customers of motor insurance). Whereas, organizational customers also have their own perception towards the service marketing mix strategies of both life- and non-life insurances. Inclusion of organizational customers would have yielded different results.

Addressing the relationship between marketing mix strategy and customer satisfaction contribute the literature in Ethiopian insurance industry along with introducing signal/ration approach which minimizes the influence of noise (dissatisfaction) and promote the signal (satisfaction) values. The output of this study also helps managers of insurance and other service companies/industries to prioritize the marketing strategies accordingly.

Based from this limitation, if any other researcher wants to further study about this topic, student researcher suggests inclusion or consideration of respondents/ users of the aforementioned organizational customers, policyholders other than motor insurance in different regions. So that, the research can cover by many consumers characteristic and the result can be more comprehensive. On top of that, there are several factors like service quality that could affect customer satisfaction. Future researches can use those elements hence, the result can be more comprehensive that could help companies to make more competitive strategy to gain more share on the market.

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Appendices

Appendix – Survey Questionnaire

ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

Questionnaire to be filled by customers of General Insurance Policy Holders

Dear Respondent,

My name is Binyam Ketema, a postgraduate student of Addis Ababa7btr5fg85gfgttedrrtttt4 University, College of Business and Economics, Department of Marketing Management. I am conducting my study entitled "The effect of marketing mix on customer satisfaction: the case of selected private insurance companies in Addis Ababa." This questionnaire aims to gather data regarding how the marketing mix elements in terms of price, product, promotion, place, people, process, and physical evidence affect customer satisfaction. Your honest and sincere responses to this questionnaire will play a great role in making the research successful. I assure you that all the responses will be treated confidentially and only be used for academic purposes. Participation is purely voluntary and no need to write your name.

I thank you in advance for offering your golden time and if you have any questions, please feel free to contact me at the below contact:

Binyam Ketema

Phone: +251 910504630

Email: binyamketema22@gmail.com

General Information

Your Participation is Voluntary

Do not write your name on the Questionnaire

I. Demographic Profile of Respondents

Direction: The following statements are about your personal information. Please write the necessary information on the blank space provided and, in the optional items, indicate your answer by putting a "X" mark in the box.

1. Sex — 1. Male ☐ 2. Female ☐

2. Age (Years) — 2. ≤ 30 ☐ 2. 31 - 40 ☐ 3. 41 - 50 ☐ 4. 51 – 60 ☐ 5. 60 and above ☐

3. Marital Status — 1. Single ☐ 2. Married ☐ 3. Divorced ☐ 4. Widowed ☐

4. Education — 1. Illiterate ☐ 2. Elementary School ☐ 3. High School ☐ 4. 1st Degree ☐ 5. 2nd Degree and Above ☐ 6. Others, please specify _____

5. Income — 1. Less than 10,000 Birr ☐ 2. 10,000 – 20,000 Birr ☐ 3. 20,001 – 30,000 Birr ☐ 4. 30,001 – 40,000 Birr ☐ 5. Above 40,000 Birr ☐

6. How long have you been a customer of this insurance company?

1. 1 – 5 years ☐ 2. 6 – 10 years ☐ 3. > 10 years ☐

7. Type of motor insurance policy most preferred?

Own damage ☐ Third party ☐ Comprehensive ☐

II. Questions Regarding Study Variables

Hereunder the questions with regard to the marketing mix elements and customer satisfaction, therefore, you are kindly requested to put "X" mark on the box which represents your degree of agreement.

5 = strongly agree, 4 = agree, 3 = neutral, 2 = disagree, 1 = strongly disagree.

Items		Scale				
	[POS] Product/Service	Strongly Disagreed	Disagreed	Neither Agreed or Disagreed	Agreed	Strongly Agreed
POS1	The insurance facilitates ease of subscription, renewal, discontinuance or replacement of auto insurance policy.					
POS2	The company evolves its policy to suit the customers' lifestyle change.					
POS3	The company often develops/introduces innovative goods/service.					
POS4	The company offers quality insurance service compared to competitors.					
POS5	The insurance offers me a wide range of auto insurance products.					
POS6	The company offers me a flexible option; thus, I can choose what I need.					
POS7	The insurance policy is designed to meet customers' needs.					
	[PRC] Price					
PRC1	The premium charge is fair compared to competitors.					
PRC2	The company offers flexible premium pay schedules (single pay, monthly, quarterly, semi-annually, or yearly).					
PRC3	The increment of premium charges every year is fair.					
PRC4	The premium is fair compared to the risk associated with my property					
PRC5	The components of the premium charges are clear to understand.					

	[PRO] Promotion					
PRO1	The insurance uses different advertising media such as TV, newspaper, and magazines to promote its products					
PRO2	The insurance offers various sales promotions like gifts, discounts, etc.					
PRO3	The insurance sponsors special events like sports, charities, etc.					
PRO4	The insurance promotes its company image via publicity/public relations.					
PRO5	Overall, the insurance promotes its services adequately/effectively.					
	[PLC] Place					
PLC1	The company has easily accessible branches.					
PLC2	The company has sufficient service outlets.					
PLC3	The company provides service using multi-distribution channels (branches, agent, websites, etc.).					
PLC4	The insurance company has branches nearer to my location.					
PLC5	The company has convenient working hours.					
	[PEO] People					
PEO1	The employees of the insurance firm have sufficient product knowledge.					
PEO2	The employees are often available to handle customer queries.					
PEO3	The employees always provide prompt services to solve problems					
PEO4	The employees try to understand customer needs					
PEO5	The insurance has enough employees in every branch to serve the customers					
	[PCS] Process					
PCS1	The company uses flexible procedures in responding to customer needs					
PCS2	The insurance has a system of complaints handling mechanisms					
PCS3	The company provides me error-free service records.					
PCS4	The company uses modern equipment to simulate tasks for fast services.					
PCS5	The company has good communication with its branches to deliver prompt service.					
	[PHY] Physical Evidence					

PHY1	The insurances offer original spares for replacement of damaged parts.					
PHY2	The insurances deal with garages which adapt modern equipment to maintain damaged cars.					
PHY3	The interiors of the insurances' offices are attractive.					
PHY4	The exteriors of the insurances' offices are well maintained.					
PHY5	The insurances have adequate quarantine system for damage cars.					
	[CST] Customer Satisfaction					
CST1	I want to remain a customer of this insurance company because I genuinely enjoy my relationship with them.					
CST2	The insurance companies take a short time to resolve my claims.					
CST3	The insurance service consistently meets my expectations.					
CST4	The staffs are always willing to help me when needed.					
CST5	The branches have sufficient number of employees.					
CST6	I am satisfied with the overall service offered by the insurance companies.					
CST7	I feel that the staff of the company believe in the betterment of their customers					

Many thanks!!!

Appendix – II Amharic Version of Survey Questionnaire

Appendix – III SPSS Output

Descriptive Statistics

	N	Mean	Std. Deviation
POS	315	3.6372	.85942
PRC	315	3.5670	.90374
PLC	315	3.7137	1.06856
PRO	315	3.9390	1.20512
PEO	315	3.0260	1.51811
PCS	315	3.8102	1.08512
PHY	315	3.5657	1.19791
CST	315	3.7256	.75528
Valid N (listwise)	315		

Product

Descriptive Statistics

	N	Mean	Std. Dev.
The insurance facilitates ease of subscription, renewal, discontinuance or replacement of auto insurance policy.	315	4.38	1.272
The company evolves its policy to suit the customers' lifestyle change.	315	3.64	1.036
The company often develops/introduces innovative goods/service.	315	2.66	1.307
The company offers quality insurance service compared to competitors.	315	4.13	1.455
The insurance offers me a wide range of auto insurance products.	315	3.29	1.291
The company offers me a flexible option; thus, I can choose what I need.	315	4.10	1.544
The insurance policy is designed to meet customers' needs.	315	3.26	1.787
Product	315	4.38	1.272
Valid N (listwise)	315		

Price

Descriptive Statistics

	N	Mean	Std. Dev.
The premium charge is fair compared to competitors.	315	4.23	1.355
The company offers flexible premium pay schedules (single pay, monthly, quarterly, semi-annually, or yearly).	315	4.21	1.050
The increment of premium charges every year is fair.	315	3.51	1.453
The premium is fair compared to the risk associated with my property	315	3.33	1.430
The components of the premium charges are clear to understand.	315	2.55	1.366
The premium charge is fair compared to competitors.	315	4.23	1.355
The company offers flexible premium pay schedules (single pay, monthly, quarterly, semi-annually, or yearly).	315	4.21	1.050
PRI	315	3.6372	.85942
Valid N (listwise)	315		

Placement

Descriptive Statistics

	N	Mean	Std. Dev
The company has easily accessible branches.	315	3.77	1.625
The company has sufficient service outlets.	315	3.93	1.540
The company provides service using multi-distribution channels (branches, agent, websites, etc.).	315	4.32	1.219
The insurance company has branches nearer to my location.	315	3.75	1.442
The company has convenient working hours.	315	2.79	1.695
PLC	315	3.7137	1.06856
Valid N (listwise)	315		

Promotion

Descriptive Statistics

	N	Mean	Std. Dev.
The insurance uses different advertising media such as TV, newspaper, etc.	315	3.77	1.625
The insurance offers various sales promotions like gifts, discounts, etc.	315	3.93	1.540
The insurance sponsors special events like sports, charities, etc.	315	4.32	1.219
The insurance promotes its company image via publicity/public relations.	315	3.75	1.442
Overall, the insurance promotes its services adequately/effectively.	315	2.79	1.695
PLC	315	3.7137	1.06856
Valid N (listwise)	315		

People

Descriptive Statistics

	N	Mean	Std. Dev.
The employees of the insurance firm have sufficient product knowledge.	315	3.77	1.790
The employees are often available to handle customer queries.	315	3.14	1.792
The employees always provide prompt services to solve problems	315	2.60	1.922
The employees try to understand customer needs	315	3.16	1.929
The insurance has enough employees in every branch to serve the customers	315	2.46	1.887
PEO	315	3.0260	1.51811
Valid N (listwise)	315		

Process

Descriptive Statistics

	N	Mean	Std. Deviation
The company uses flexible procedures in responding to customer needs	315	4.11	1.533
The insurance has a system of complaints handling mechanisms	315	4.13	1.539
The company provides me error-free service records.	315	3.59	1.590
The company uses modern equipment to simulate tasks for fast services.	315	3.66	1.216
The company has good communication with its branches to deliver prompt service.	315	3.55	1.352
PCS	315	3.0260	1.51811
Valid N (listwise)	315		

Physical Evidence

Descriptive Statistics

	N	Mean	Std. Dev.
The insurances offer original spares for replacement of damaged parts.	315	4.12	1.516
The insurances deal with garages which adapt modern equipment to maintain damaged cars.	315	3.32	1.865
The interiors of the insurances' offices are attractive.	315	3.69	1.793
The exteriors of the insurances' offices are well maintained.	315	3.59	1.648
The insurances have adequate quarantine system for damage cars.	315	3.11	1.915
PHY	315	3.8102	1.08512
Valid N (listwise)	315		

Customer Satisfaction

Descriptive Statistics

	N	Mean	Std. Dev.
I want to remain a customer of this insurance company because I genuinely enjoy my relationship with them.	315	3.78	1.382
The insurance companies take a short time to resolve my claims.	315	3.22	1.160
The insurance service consistently meets my expectations.	315	3.29	1.024
The staffs are always willing to help me when needed.	315	4.02	.691
The branches have sufficient number of employees.	315	4.13	1.455
I am satisfied with the overall service offered by the insurance companies.	315	3.39	1.209
I feel that the staff of the company believe in the betterment of their customers	315	4.24	1.015
CST	315	3.7256	.75528
Valid N (list wise)	315		

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.836[a]	.698	.691	.41951

a. Predictors: (Constant), PHY, PRO, PCS, PLC, PEO, PRC, POS

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	125.094	7	17.871	101.543	.000[b]
	Residual	54.029	307	.176		
	Total	179.123	314			

a. Dependent Variable: CST

b. Predictors: (Constant), PHY, PRO, PCS, PLC, PEO, PRC, POS

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.522	.133		3.935	.000
	POS	.251	.043	.285	5.824	.000
	PRC	.137	.033	.164	4.194	.000
	PLC	.129	.025	.183	5.260	.000
	PRO	.150	.028	.239	5.328	.000
	PEO	.051	.018	.102	2.869	.004
	PCS	.113	.025	.163	4.455	.000
	PHY	.041	.021	.065	1.996	.047

a. Dependent Variable: CST

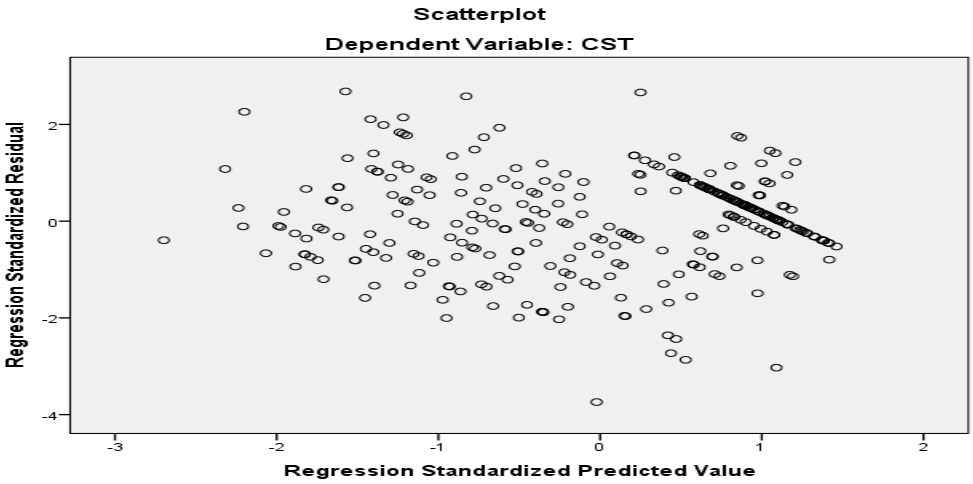
Descriptive Statistics

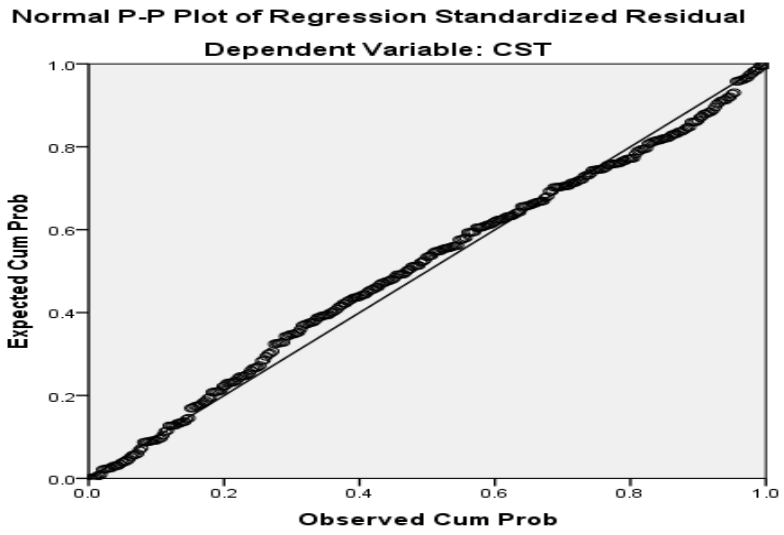
	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
POS	315	-.702	.137	-.693	.274
PRC	315	-.662	.137	-.259	.274
PLC	315	-.803	.137	-.226	.274
PRO	315	-.942	.137	-.433	.274
PEO	315	.111	.137	-1.532	.274
PCS	315	-1.158	.137	.241	.274
PHY	315	-.463	.137	-1.032	.274
CST	315	-.420	.137	-1.020	.274
Valid N (listwise)	315				

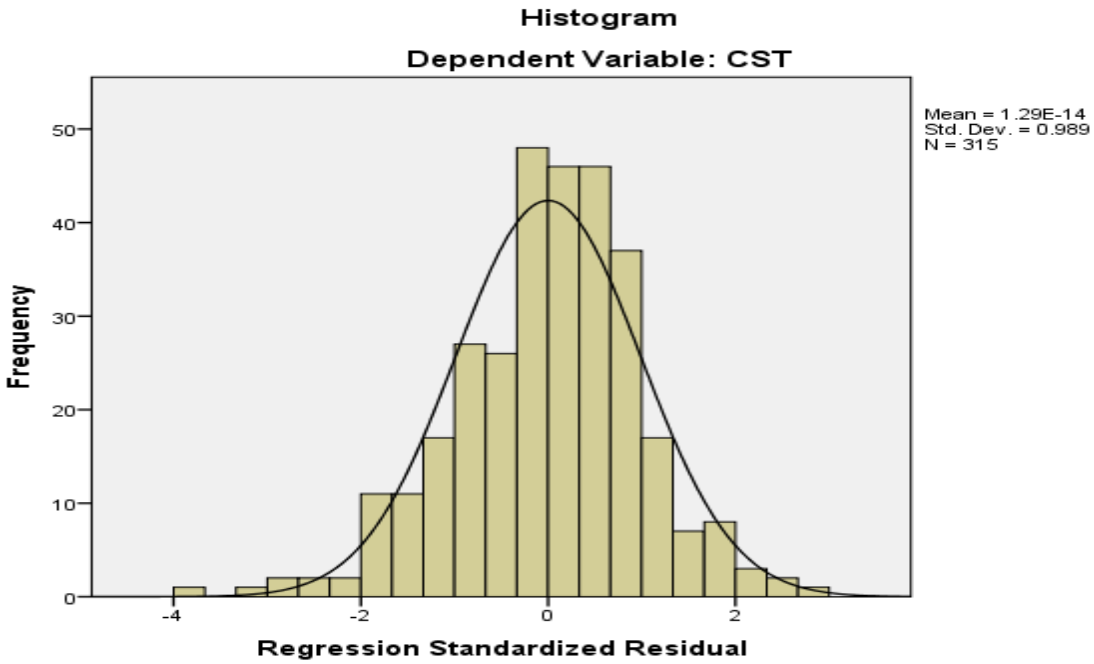
Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	POS	.410	2.440
	PRC	.646	1.548
	PLC	.813	1.230
	PRO	.487	2.053
	PEO	.771	1.297
	PCS	.734	1.363
	PHY	.917	1.091

a. Dependent Variable: CST




Normal P-P Plot of Regression Standardized Residual
Dependent Variable: CST
Expected Cum Prob
Observed Cum Prob
0.0
0.2
0.4
0.6
0.8
1.0


Histogram
Dependent Variable: CST
Mean = 1.29E-14
Std. Dev. = 0.989
N = 315
Frequency
Regression Standardized Residual
0
10
20
30
40
50
-4
-2
0
2