

The foundations of good customer relationship management: the case of insurance sector

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Abstract:

The present paper gives account of the theoretical foundations of good customer relationship in insurance sector. It proceeds with a brief description of the transition from traditional to modern administration that resulted from making good advantage and use of the latest advances in digital technology to enhance the quality of customer relationship management. The body of paper consists of eight theoretical foundations that constitute the essence of a good customer relationship management. These theoretical approaches are presented in an independent way giving each its worth and highlighting its unique perspective. Mass customization, for instance, focuses on personalizing, and individualizing the customers' offer, whereas relationship marketing concentrates on the importance of the customer relationship itself. Other foundations were also highlighted and their distinct perspectives were described. Each of the eight approaches was described in the context of insurance sector.

Key words: Customer relationship management, relationship marketing, good management, digital technology.

ملخص البحث باللغة العربية:

تتناول هذه الورقة الأسس النظرية الحديثة في إدارة العلاقة مع الزبون في قطاع التأمين . إذ تقدم وصفًا موجزًا للانتقال من الإدارة الكلاسيكية إلى الإدارة الحديثة، من خلال الاستغلال العقلاني للتكنولوجيا الرقمية في تحسين جودة إدارة علاقات الزبائن . تتكون الورقة البحثية من ثمانية أسس نظرية تشكل جوهر إدارة علاقات الزبائن الجيدة. إذ تم تقديم هذه الأسس النظرية بطريقة مستقلة بإعطاء الاهتمام لكل واحدة منها على حدى وتبسيط الضوء على محتواها الفريد. فالتخصيص الشامل،

على سبيل المثال، يركز على إضفاء الطابع الشخصي على عرض الزبون، في حين يركز تسويق العلاقات على أهمية العلاقة مع الزبون في حد ذاتها. إضافة إلى تسليط الضوء على أسس أخرى وتم وصف وجهات نظرها المتميزة، وكذا وصفها في سياق قطاع التأمين. فإذا ما طبقتها الشركات التي تنشط ضمن قطاع التأمين سيساهم حتما في التحسين في إدارة علاقاتها مع زبائنهم، والمحافظة عليها على المدى الاستراتيجي.

الكلمات المفتاحية: إدارة العلاقة مع الزبون، التسويق العلاقي، التسيير الجيد، التكنولوجيا الرقمية.

Introduction.

The management of a company in the global sense is essential within the organization to ensure its good performance. You can meet a lot of very good entrepreneur in their specific field but will experience difficulties in running their business. Indeed, it requires to be successful in a variety of tasks. Moreover, this is the essence of management; it often requires social factors.

A multitude of random events and different natures are constantly intersecting within a company. Therefore, good managers must for example be able to manage the financial aspect of their business while ensuring the good performance of the commercial function and at the same time see the right marketing strategy applied. Even if all the actions do not come from one and only one person, a good manager is often indispensable.

It is important to remember that all companies, regardless of size, i.e. both small and multinational companies, will always have the main objective of ensuring profitability. It is in this context that companies must perfectly set up a good overall management strategy but also a commercial one.

The commercial management of a company allows the management of the company. It is through it that many strategic decisions are made within the company. It will, thus, refer to the relationship with customers.

The stakes of a good commercial management can, thus, be very numerous such as processing of the settlements, quotations, purchases, delivery or even the stock of the company. So, the importance of a good

management and more specifically of a good commercial management is well established.

It should be known that the automation of the management entails first a considerable saving of time. Processes are computerized and save time by processing and analyzing information. This then improves the analysis and information of a company and can significantly improve the image reflected in the company. Indeed, it seems more reliable and safer in its approaches, and one of these approaches is Customer Relationship Management (CRM) which is based on relationship marketing.

Relationship marketing relies on information economy because it can be differentiated, personalized and distributed at a record speed. However, there are two important risks to consider:

- **First**, the power of information is reciprocal: customers, too, can spread it easily and quickly, whether or not it is positive for the business. The increased power of customers requires companies to adapt their communication practices.
- **Second**, collecting information is often expensive. The implementation of relationship marketing has often relied on databases and information systems that are complex and expensive. After having been praised, the programs in question are now entering the age of maturity and questioning their profitability⁽¹⁾.

Businesses are moving from low-volume mass marketing focused on capturing new customers to precision marketing designed to build strong relationships with customers⁽²⁾.

This concept is based on the idea that one of the main vectors of the value of companies lies in their customer portfolio and their relationship capital⁽³⁾.

Nowadays, companies in general and insurance companies in particular, are at the heart of transformation projects because they enrich the vision of prospects, partners and especially customers.

In addition, the players in the insurance sector are really put in position to use customer relationship management (CRM) as an

opportunity for progressive reform of operations involving many parallel projects. These projects are both technological and even strategic, where the least activity is backed by a computer application ⁽⁴⁾.

1- Adaptation to the digital challenges.

The digital revolution seems to open a new chapter in human history and seems likely to be more prominent ⁽⁵⁾. And while some large companies have been able to prepare for this new trend, most companies seem to be undergoing innovations. But digital technology can become an effective tool if we can understand its issues and master it. It is mainly in the area of customer relationships that we can see the strong influence of digital transformation.

However, to succeed in this way, professionals will need to review their objectives, reorganize internal production processes and modernize practices. As an alternative, they can always opt for a solution that will make it easier for them ⁽⁶⁾.

We will be more directly interested in the digital technology to the client technology itself, but rather in the way of governing it in its interactions with other worlds in the insurance sector.

2- The foundations of customer relationship management.

Customer relationship management puts the customer at the center of the company's strategy. As such, it represents an important opportunity to recognize the marketing function.

The convergence of new technologies, new marketing methods, interaction channels, tools to collect, analyze and exploit data represents an opportunity for marketing, customer service and commercial functions.

In the current hyper-competitive environment, it is no longer conceivable to leave the sales or customer service process without means to control its effectiveness. This pressure requires better integration of the upstream marketing function with the production functions and downstream with the customer support functions, relying on information systems ⁽⁷⁾.

This change in marketing is based on the integration of the eight pillars, which must be provided by insurance companies to ensure the proper management of customer relationships and maintain them, as well as the increase in the turnover.

2.1 Process reengineering. Companies are led to review the organization of their processes. They need to determine how to simplify, recompose and optimize them to facilitate the manufacturing and delivery of products and services to the customer. Thus, Reengineering has been a close partner of information technology. Technology enables the processes that are the essence of reengineering to be redesigned. The two have a symbiotic relationship: Without reengineering, information technology delivers little payoff; without information technology, little reengineering can be done ⁽⁸⁾. For example the Internet demands new ways of working, and reengineering is the tool that can create them ⁽⁹⁾.

2.2 Mass customization. Is an action that personalize, adapt and individualize the offer. Joseph Pine detailed the reasons for moving from mass production to a necessary personalisation. It is true that, in view of the evolution of consumer expectations, evolution seems inevitable since this mass personalization can be considered as a production technique allowing the production of large quantities of products that retain each specific characteristics matching the expectations of customers⁽¹⁰⁾.

Furthermore, mass customization has the potential and is expected to become a major competitive strategy in the financial sector, and businesses in this sector acknowledge its importance to their competitiveness and their customer's satisfaction ⁽¹¹⁾.

2.3 Relationship marketing. It is certainly the most important revolution for marketing ⁽¹²⁾. It shows how the company will establish and maintain profitable customer relationships ⁽¹³⁾ through three main factors :

- Organizational competence, including the ability to do, skills and knowledge recognized.
- The presentation of quality service offers.
- The development of a relational optics – means to select the very good customers-⁽¹⁴⁾.

Relationship marketing has a place in the insurance industry especially in the area of customer satisfaction and retention. This will indirectly impact the performance of the organization and increase the financial bottom line in terms of customer base and continuing existence⁽¹⁵⁾.

2.4 Improving Customer satisfaction. Among the tools that improves satisfaction of customers is Customer Claims dashboard, and this is one of key tools for customer relationship management, since it will help at monitoring and improving the effectiveness of the complaints⁽¹⁶⁾. It objectively measures the importance of customer dissatisfaction - in number and type -and the performance of the treatment process put in place⁽¹⁷⁾.

Customer satisfaction delivers both operational and strategic benefits to insurance industry:

- Operationally, the solution allows insurers to enable the right individuals and teams within their organizations to respond to feedback quickly and collaboratively, and provide clear visibility to relevant stakeholders into such information like which customers are dissatisfied and why, what actions have been or need to be taken.
- Strategically, the solution enables insurers to invest in the areas with highest payoffs, and increase customer retention, win more new customers, improve productivity, and raise profits⁽¹⁸⁾.

2.5 The reactivity. Reactive management involves a marketing that collaborates with various interlocutors such as suppliers, customers, commercial that falls under the category of collaborative marketing which is based on the establishment of a point interaction platform, between customers and one or more functions of the company.

Stefan Thomake and Eric Von Hippel talk about customers by becoming innovative, by recommending to involve this customer as early as possible in the development process, in order to be able to conceive, to develop and to commercial goods and services that will be less likely to fail because they are better adapted to the needs and wishes of those they are intended for⁽¹⁹⁾.

2.6 Customer centricity. It focuses more on customer developments in designing its strategies. Clearly, the customer-centered company is in a better position to identify new opportunities and set long-run strategies that make sense. By watching customer needs evolve, it can decide what customer groups and what emerging needs are the most important to serve. Then it can concentrate its resources on delivering superior value to target customers ⁽²⁰⁾.

In the insurance sector, the real challenge of customer-centricity is to move away from the product-driven push and to develop the corporate ability to truly understand the customer's stated and tacit needs, to generate new ones, and to provide highly personalized solutions and remarkable experiences that are relevant to each individual's preferences, circumstances and point in time ⁽²¹⁾.

2.7 The modification of the marketing mix. In the last few decades, marketing mix has undergone a sea change, while the customer enters in the marketing process for better value, which gives that a new vision to adapt new marketing mix model in terms of "Value", which is represented in four Values :

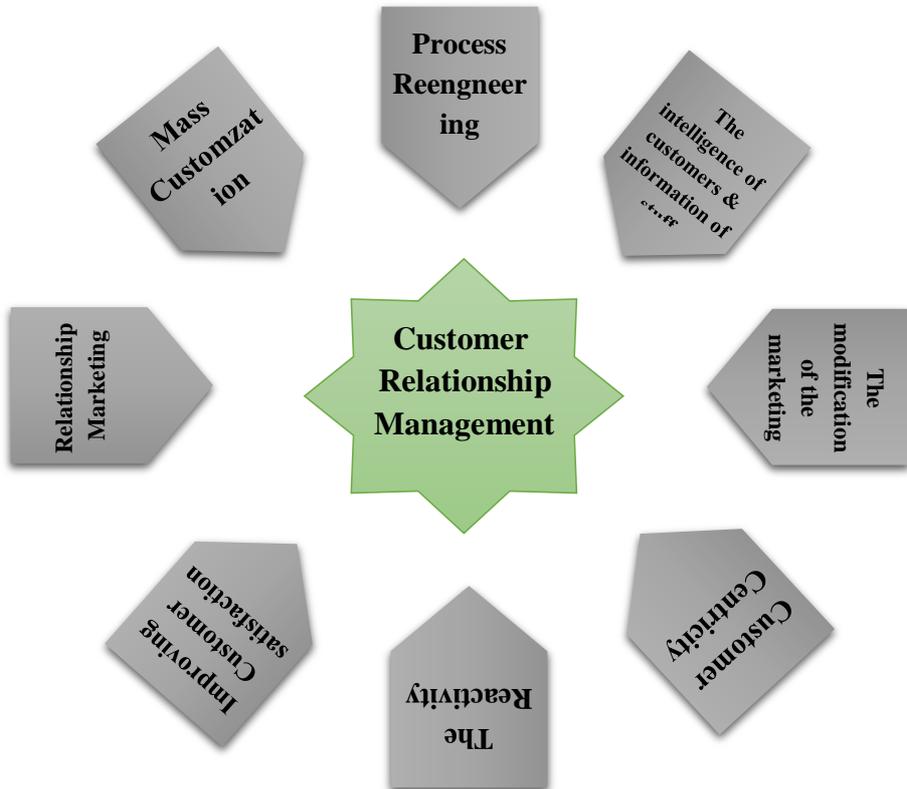
- **Valued customers;** and it is very important to know who your customer is.
- **Value to the customers;** and it means what is being offered to customer. It includes value proposition offered to customer but the marketer has to go beyond value proposition ⁽²²⁾.
- **Value to society;** that means what is being offered to society. Marketing offers benefits to society by informing and educating consumers. It may have persuasive intent, but it generally begins with customers need and satisfaction of the need.
- **Value to the marketer;** it defines what it brings to marketer through for example to fetch profit, to create brand value and brand equity ⁽²³⁾.

2.8 The intelligence of customers and information of staff. All teams and managers must fully participate in the implementation of

customer relationship processes. In parallel, we find the intelligence of customer means this customer requires more professionalism from its providers. For instance, face to customer consumption mode change who demands remote solutions – nonphysical -, companies must develop digital solutions, like the bancassurance BPCE has launched the initiative “*Mon banquier en ligne*” a virtual 100% digital agency and remotely⁽²⁴⁾.

The figure (1) below sums up what has been tackled so far.

Figure (1): Theoretical approaches in Customer relationship management.



Source: realized by the researcher based on above-mentioned approaches.

Conclusion.

The eight approaches such as mass customization, process reengineering, and the others, should adopt and post-adopt them by the insurance sector, to improve the customer relationship and maintain it for a long time, in terms of reconsideration on the modern management pattern. Furthermore, to demonstrate their commitment to innovation and evolution, but also a safe investment in information and communications technology. to sum up, these foundations are a way to show professionalism.

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