

Tech-based Services Innovation for Customer Switching Behavior: A case study based on Internationalized Tech-Small and Medium Automobile Insurance Firms in Gampaha District of Sri Lanka.

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Abstract

Financial technopreneurs must developed tech-based services innovation plus couple those to the financial products in order to compete successfully in the present competitive global business environment. The internationalized Tech-Small and Medium automobile insurance industry operators have to build up strong positive relationships with their customers in order to face the rivalry as present customers are more prone to change their automobile insurance behavior with plenty of identical products thus tech-based innovative services offer them a unique identity compared to the mere identical options. This study mainly focused on identifying the impact and the relationship of tech-based services innovation for customers switching behavior in internationalized Tech-Small and Medium scale automobile insurance industry in Gampaha district of Sri Lanka. Data collected through a structured questionnaire from a sample of 170 internationalized Tech-Small and Medium scale automobile insurance companies customers in Gampaha district. Descriptive analysis, Tabulate Statistics Analysis and Uni-varient analysis plus a Logit regression analysis were used. Under the Uni-variant results, Tech based Service Innovation had the maximum impact on switching behavior. The results clearly stated that there is a negative relationship between ‘Customer’s Switching Behavior’ and the Tech based Services Innovation. Moreover, among all the seven factors, the Tech based Services Innovation provides the most important and highest contribution of 16.2459 inference that internationalized Tech-Small and Medium scale automobile insurance

companies in Gampaha district of Sri Lanka must perform more Tech based Services Innovation as to remain their respective customers within their company.

Keywords: *Tech-based Services Innovation, Customer Switching Behavior, Internationalized Tech-Small and Medium Automobile Insurance Firms*

Introduction

With the intense competition and increasing globalization in the financial markets, financial technopreneurs must developed tech-based services innovation abide to the financial products in order to compete successfully in the competitive business environment. Numerous studies have shown that internationalized Tech-Small and Medium scale financial organization is closely associated with technology oriented service innovation which ensures customer retention with a great loyalty(Garland,2002). Maintaining an existing customer is five times cheaper than obtaining a new one as the advertizing, sales and set up costs can be amortized over a longer customer lifetime(Morgan,2007; Clems, Gan and Zheng, 2007; Reichheld Sasser,1990)

The internationalized Tech-Small and Medium automobile insurance industry is a very competitive industry. Than other days, industry operators have to build up strong positive relationships with their customers in order to face fierce rivalry. However, customers are also more prone to change their automobile insurance behavior as they have more identical products hence tech-based innovative services offer them a unique identity compared to the other mere identical options. One to two researches have identified that Sri Lanka's automobile insurance consumers are not brand loyal thus switching to new brands continuously or they haven intention to perform such an action(Brand switching behavior). Therefore, it is significant to identify the tech-innovative service drive with other key drivers that lead consumers for the switching behavior in automobile insurance industry.

This study has mainly focused on identifying the impact and the relationship of tech-based services innovation as a new initiative on customers switching behavior in internationalized Tech-Small and Medium scale automobile insurance industry in Sri Lanka.

Methodology

The sample of this study comprised with 170 internationalized Tech-Small and Medium scale automobile insurance company's customers in Gampaha district and structures questionnaire has used to collect data from the sample. Descriptive analysis, tabulate statistics analysis and Uni-varient analysis were used to determine specific objectives of the research thus an exploratory factor analysis was carried out to determine the proper drivers of the customer's switching behavior. Subsequently a logit regression analysis was used to test the conceptual model with hypothesis. The regression model can be expressed as follows:

$$CSB = A + B1 P + B2 SQ + B3 TSI + B4 SC + B5 IS + B6 EAC + B6 PS + E$$

Whereas,

A : Constant

CSB : Customer's Switching Behavior

B : Beta Value

E : Error Term

P : Price

SQ : Service Quality

TSI : Tech-Service Innovation

SC : Switching cost

IS : Involuntary Switching

EAC : Effective Advertizing Competition

PS : Personal Selling

Results and Discussion

Table 1 : Uni-varient Analysis

Driver	Mean	Standard Deviation
Price	2.7074	0.8800
Service Quality	2.9984	0.8121
Tech-Service Innovation	3.9192	0.8244
Switching Costs	2.8207	0.5393
Involuntary Switching	1.6511	0.7368
Effective Advertizing	2.7654	0.6056
Competition		
Personal Selling	2.9399	1.1017

The Uni-variant results showed that Tech based Service Innovation had the maximum impact on switching behavior. Service Quality and Personal Selling were second and third drivers. Results indicate that the involuntary switching was the least important factor and respondents were almost disagreeing with this factor hence inference that their switching behavior is not depending on this factor.

The fitted regression model can be expressed as follows.

$$CSB = 3.379 + 3.9424P - 6.5546SQ - 16.2459TSI - 5.6849SC - 0.9928IS - 4.6289 EAC + 4.8579PS + E$$

The results clearly stated that there is a negative relationship between ‘Customer’s Switching Behavior’ and the influencing drivers of Service Quality, Tech based Service Innovation, Switching Cost, Involuntary Switching and Effective Advertizing Competition thus there is a positive relationship with Price, and Personal Selling. Among all the seven factors, the Tech based Service Innovation provides the most important and highest contribution of 16.2459 in switching behavior of Customers, With 6.5546, Services Quality has achieved the second place where 5.6849 contribution is from Switching Cost which is the third most highest contributor.

Conclusion

This study's ultimate aim is to identify the impact and the relationship of tech-based services innovation on customers switching behavior in small and medium scale automobile insurance industry in Gampaha District of Sri Lanka. In accordance with the results derived through the analysis, there is a negative relationship between 'Customer's Switching Behavior' and the 'Tech based Service Innovation' plus it is the highest impacting driver out of other drivers. It inferences that Tech based Services Innovation is essential to reduce customers switching behavior hence to remain them in internationalized Tech-Small and Medium scale automobile insurance industry in Gampaha District of Sri Lanka.

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