

## **Exploring the extent of websites customer service provision in the insurance sector. A case of short term insurance companies in Zimbabwe.**

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**Abstract:** The purpose of this paper was to explore the extent of website service delivery in the short term insurance industry in Zimbabwe. An exploratory and descriptive research design with a judgmental sampling method was used. Observation of websites and questionnaires were used to explore websites service delivery. The findings were that websites are only used to provide information. It was recommended that insurance companies should develop their websites to increase service delivery.

### **1. Introduction**

Websites provide a platform for insurance service providers to provide excellent services to its customers. Many insurance services that were primarily carried out traditionally are being enhanced by the use of websites. These services include the provision of information, interactions with customers, transactions, and customer service and customer relationships building. In developed countries, all the mentioned services can be done online but this is not the same with developing and underdeveloped countries. Empirical studies done to study the state of the art in online insurance services in Europe established that more than 230 insurers use direct channels (mainly online and phone) in all product lines (Yao, 2004) [1]. They interact with their clients and other stakeholders through face book, twitter, LinkedIn, you tube, Pinterest and Goggle+. These platforms provides feedback icon where customers can provide feedback on the service experience. This is contrary to developing countries where websites are only there for providing information or directing clients to their brick and mortar shops. Therefore, this research seeks to establish how website augments customer service delivery in the short term insurance industry in Bulawayo, Zimbabwe.

### **2. Problem Statement**

The insurance industry has invested a lot in setting up websites to improve their service delivery buoyed by the current ICT policy that promotes the purchase of ICT infrastructure (Chibvuri, 2011)[2]. According to Makina (2013)[3]. Makina (2013)[3], emphasised the need for insurance companies in the sector to be innovative in devising other distribution channels that can reach market opportunity in rural and informal traders. This enables insurance services to be affordable to the general public. Muradzikwa (2013)[4], alludes that there is need to invest heavily in awareness campaigns and redirect the insurance sector efforts in creating innovative products that meet ever-changing client's needs

From the above literature the problem statement reads as “*regardless of the establishment of website by the Zimbabwean Insurance sector they are failing to enhance service delivery to reach available market opportunities*”.

### **3. Research Aim**

The aim of the research is to explore the extent of website customer service delivery in the short term insurance industry in Bulawayo, Zimbabwe.

### **4. Literature Review**

Online insurance service provision through the websites was classified by Quelch & Klein (1996) cited in Zeithmal, (2002)[5] into many categories based on technology that enhances interactions, communications, information dissemination and online relationships. There exist a distinction to the services offered on company websites basing on the stage of website development. According to Chaffey. & Smith (2008)[6], the initial level of online service provision by companies on their websites provides information about their products or services on offer including the company's management and contact details. The presence is basically to attract new customers that are referred to the company's offline shop through the contact us details displayed on the website and online promotions (Chaffey. & Smith 2008)[6]. Rowley (2001)[7], also stated that this is the contact stage where the internet is simply an additional channel through which marketing communication can be delivered. Wilson and Abel (2002)[8] added that the website can be used by firms to post more complicated forms of brand building include current news, forums, and articles for customers on various topics of interest, investor information and corporate mission statements. Wen *et al.* (2009)[9], also highlighted that there are attributes that should be present on a website and these are the company history, products and services, logo, colours, address of the firm, instructions on use of the products and or services and facilities for example forms of service. Holbling (2009)[10], added that customers require an informational website that has a secure socket layer for privacy; ease to navigate, with third party validation and contact information like phone numbers and email numbers. Knapp (2012)[11], suggested that viewers on a website look for information that will help them understand the company products and services and the purpose of the company thereby creating customer awareness. This information helps the customer make the decision either to deal with the company or not. Hence the company website should contain relevant information and updated to increase visitor confidence and increase traffic to the website. There exist the need for companies to continuously update relevant information on a company website to attract and retain customers (Chaffey. & Smith 2008[6], Wilson and Abel (2002)[8] and Wen *et al.*, 2009)[9].

Winer (2011)[12], states that websites build an image in the eyes of the customers, it also increases the general populace's awareness of the organisation and insurance at large and the customers would understand the policies or services offered by insurance companies. Winer (2011)[12], illustrates companies are able to build better relationships with customers than brick and mortar companies due to its abilities to respond directly to customer requests and to provide the customer with a highly interactive, customized experience, companies have a greater ability today to establish, nurture, and sustain long-term customer relationships than ever before. Rowley (2001)[7], went on to say during online interaction, the website provides enhanced information exchange with customers and trading partners. At this stage, Web pages are also providing links to facilitate communication. Websites provide a two-way customer relationship, with full integration of Internet capabilities into the business. Rowley (2001)[7] went on to state that service interface is integrated with delivery and other business operations.

According to Chaffey *et al* (2008)[6] blogs are essential component of the company's online presence. Websites that allow users to create blogs without paying any fee like wordpress.com, Blogspot.com, and blogger.com create customer intimacy. Baruah (2012)[13], adds that social networking site as a web based platform builds social networks or social relations amongst customers since allow the user to create profiles or personal homepages online and build up a social network. Empirical study done by National Association of Insurance Commissioners (2012)[14], established that insurance companies are using social media to increase visibility, enhance familiarity, develop relationships and build trust. This is done through generating exposure providing customer relationship. It is apparent to note that insurance industry builds its foundation on networking and building a good reputation. Accenture (2012)[15], illustrate that insurance industry is driven by customers' trust in their advisors or agents. Customers can express their feelings of security that are so important to an insurer's customer relationships. Greene (2010)[16] argue that the opinion that although social media is good for relationship building, it can work in a pejorative manner wherein postings from angry customers can also appear on the website and the organisation cannot delete the postings. Two way online communications and interactions between the customer and the company enhances the organisation to understand the needs of the

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customer and produce a tailor made service that would serve the specific needs of the customer thereby increasing the relationship between the company and the customers (Greene, 2010)[16].

Websites allow customer to do their purchases online without visiting the brick and mortar shop hence increasing their online shopping experience. Online Interactions allow customers to share information, electronic auctions, price setting, order fulfilment, third party e-marketplace, affiliate marketing and payment facilities are available online (Timmers, 2008)[17]. Rowley (2001)[7] add that an online transaction which includes catalogue order/fulfilment, interaction with trading partners and online insurance consultations remains the future of corporate websites. The online transactional stage of a website can be viewed as the e-commerce stage, where the firms give the opportunity to their customers to view, purchase and pay for their products or services through an interactive website. It involves full integration of order taking with supply chain and the integration of company's revenues Wilson and Abel (2002)[8].

Rosencrance (2011)[18] illustrate that insurance companies should consider establishing payment systems namely, a payment processor and a payment gateway. These payment processors, like PayPal Website Payments Standard and Google Checkout, send a customer to a checkout page that is hosted by the processing company. Payment gateways such as Authorize.net would integrate directly with the shopping cart and the transaction is essentially invisible to your customer (Rosencrance, 2011)[18]. Online Security threats remain one of the biggest concerns to online customers. Survey conducted by National Cyber Security Alliance (2010)[19], found that 45 percent of consumers are worried about identity theft when they buy on the web. 64 % of American online customers have abandoned an online purchase because they were not certain that a web site was secure. Miyazaki (2009)[20], argued that online privacy continues to be an issue of concern for consumers, online organizations, and policy makers. Non-consensual identification through the use of original domain and third-party cookies is a particular privacy concern to consumers. He further highlighted that prior disclosure of cookie usage weakens the negative effects of cookie detection on consumer trust. To effectively carry out online services the website should be secure and there should be guarantee for credit card safety and the privacy policy of the organisation should be published on the website.

Hatami (2005)[21], state that insurance companies can use online transaction processing systems that allow them to submit electronic claims, verify eligibility and authorization, and receive status reports, all without calling the insurance company. This gives insurance providers a simplified, yet comprehensive solution for managing insurance and billing and claims tracking. Insurance companies should have systems that will process the data and be able to interlink with the customers for online service provision to be effective (Hatami, 2005)[21].

## **5. Research Methodology**

### **5.1. Research design**

The researcher used both exploratory and descriptive designs. Exploratory research was used to give a better understanding of the research problem (Zikmund, 2003)[22]. Descriptive design was used to describe the online insurance services offered on insurance companies' websites in Zimbabwe.

### **5.2. Population**

In this study, the target population studied includes the 27 non-life insurance companies registered with the Insurance and Pensions Commission as per the report ended 31 December 2013 and the entire insurance company clients.

### **5.3. Sampling**

Selection of sampling elements was done using judgmental sampling method for people with the online insurance knowhow, the justification being that there are specific individuals who have the required information and cannot be randomly selected. 3 participants were chosen from each of the 22 insurance companies in Zimbabwe. The insurance policyholders with whom questionnaires were administered were chosen randomly and the questionnaires were distributed to 100 clients.

### **5.4. Data collection techniques and instruments**

Both primary and secondary data was used in this study. The secondary data sources used in this research include desk and internet research, written documents like books, journal and magazine articles,

newspapers, organisations’ websites and reports and minutes of insurance committees. Primary data that provided empirical data were used like observation and administration of questionnaires. Questionnaires were distributed to the executive management; people who have information on online service provision who are the marketing director/managers, the branch managers and the Information Technology managers. The other questionnaire was distributed to the insurance company clients to find out the extent of online insurance awareness, experience and how they perceive online insurance services.

**6. Data Analysis and Presentation**

**6.1. Response Rate**

Instrument	Respondents	Sample Size	Questionnaires Returned Observations done	Percentage of Return
Questionnaire	Individual customers	100	82	82%
	Insurance Company Representatives	69	52	75%
Observation	Websites	23	16	70%

Table 6.1 Questionnaire and observation response rates

A total of 69 questionnaires were distributed to the short term insurance companies 52 questionnaires were successfully completed giving a response rate of 75%. A total of 100 questionnaires were distributed to insurance clients, 82 questionnaires were successfully completed giving a response rate of 82%. A total of 23 questionnaire were prepared to study the content of insurance company websites in Zimbabwe and of the 23, 16 insurance companies have working websites giving a response rate of 70%. These response rates are more than 50%, hence, the results of this study may be considered representative of the sample selected for the study.

**6.2. Demographic Results**

**6.2.1. Respondents by number of years in Insurance**

The researcher went on to analyse the number of years respondents have been in the insurance industry. The period in the insurance industry would assist the researcher to establish the trends that have occurred with regards to online insurance provision since the dollarization period. The figure below summarises the period that the respondents have been in the insurance industry.

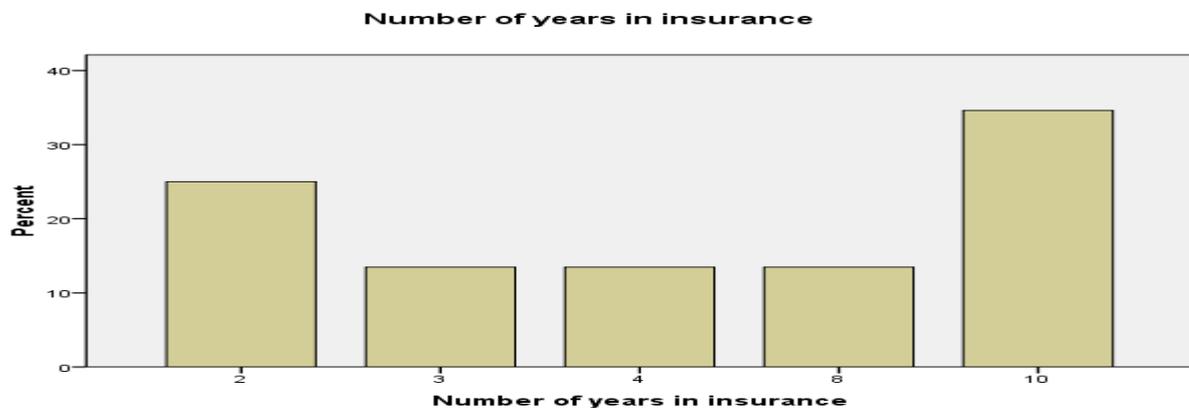


Figure 6.1. Number of Years in Insurance

Figure 6.1. Above shows that the biggest number respondents had 10 years' experience in the insurance industry with 34.6%, which made it easy to collect information on the period of study 2012 to 2014. The respondents had the required data and know the trends that occurred at their organizations. The second highest was 2 years with 25% and the rest with 13.5% each. This may indicate that the respondents have the required information pertaining to the period of study.

### 6.3. Insurance Website Content Analysis

An analysis of the insurance company websites was carried out by observing the insurance company websites to find out the content of the websites. It was found that of the 23 insurance companies 16 have existing and functional websites. It is evident that the insurance industry has not made progress on online insurance. Website feature for provision of information are persistent. It is still regarded as a one way communication of product information and company image save for very few companies that have migrated to other levels. Table 6.3 below summarising the content of insurance company websites

Table 6.2

Insurance Company	Evaluation Criteria				
	Information Provision	Interactivity	Transactional	Relational	Total
Nicoz Diamond	10	2.2	0	0	12.2
Cell	6.6	4.4	0	0	11
Tristar	6.9	3.3	0	0	10.2
Zimnat	7.7	2.2	0	0	9.9
Tetrad	6.9	2.2	0	0	9.1
Heritage	6.2	2.2	0	0	8.4
Credsure	6	2.2	0	0	8.2
CBZ	6.9	1.1	0	0	8
Allied	5.4	2.2	0	0	7.6
Altfin	6.9	0	0	0	6.9
Alliance	5.4	1.1	0	0	6.5
RMI	6.2	0	0	0	6.2
Hamilton	3.8	2.2	0	0	6
Eagle	4.6	0	0	0	4.6
Clarion	3.8	0	0	0	3.8
Total	99.5	26.4	4	0	129.9
Percentages per category	77%	20%	3%	0%	100%

As indicated in Table 6.2. Above much of the insurance company websites are used for online information provision which constitutes 77% of the insurance companies' website content, 20% of the website content is interactive, 3% is transactional, only two insurance companies have the Ecocash payment plan for payments to be done on real time and there are no features to build customer relationships with 0%. This may indicate that much of the insurance company's website content is informational.

### 6.4. Online insurance information provision to create awareness

Insurance companies in Zimbabwe's websites are mostly informational sites where customers are directed to an offline store. According to Table 6.2 above information provision constitutes 77% of website content.

**6.4.1. Awareness of the insurance company website**

Customers were asked if they were aware of whether their insurance company had a website or not. This was used to test the level of customer awareness of the existence of online insurance websites. Figure 6.2 below summarises the respondents according to whether they know of the existence of their insurance company website or not.

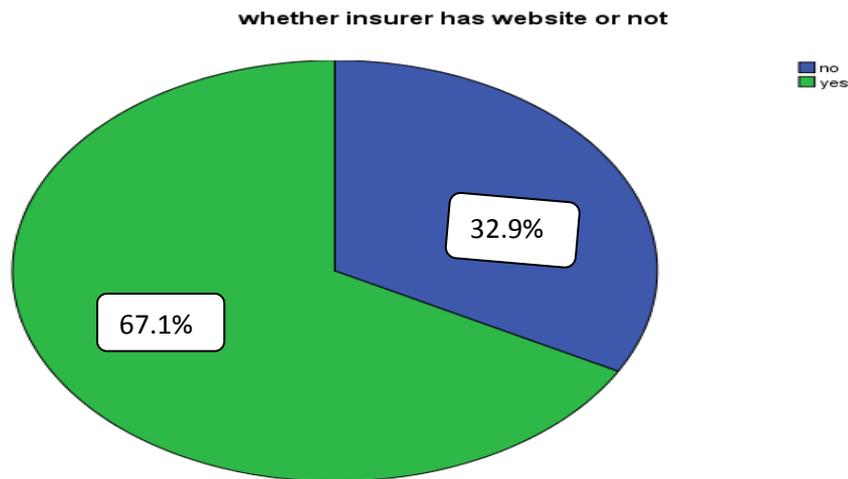


Figure 6.2

According to Figure 6.2 above 67.1% of the respondents indicated that they were aware of their insurance company website and 32.9% indicated that they were not aware. From this survey it is evident that a number of customers are now aware of online insurance services provided by the insurance companies.

**6.4.2. Customer online frequency**

The researcher asked the customers how frequently they go online so that the researcher could find out the entire online market that the insurance companies can target. Ability to go online would also indicate availability of internet connection gadgets and the internet broadband. Table 6.3 below shows how frequently the respondents go online.

**Table 6.3 how frequent the customer goes online**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Always	24	29.3	29.3	29.3
	Frequently	39	47.6	47.6	76.8
	Seldom	15	18.3	18.3	95.1
	Never	4	4.9	4.9	100.0
	Total	82	100.0	100.0	

The table above shows that the highest frequency, frequently goes online with 47.6% of the respondents, followed by 29.3% of the respondents who indicated that they always go online, 18.3% of the respondents indicated that they seldom go online and only 4.9% indicated that they have never gone online. The results shows that almost 95% of the respondents goes online which creates a lucrative target market for the insurance companies to target since almost everyone goes online.

**6.4.3. Insurance company website visits**

The researcher asked respondents whether they have visited their insurance company websites or not. This question was to understand whether the respondents are aware of the information on their insurer’s website. Table 6.4 below indicates whether the respondents have visited the insurer’s website or not.

**Table 6.4 whether customer has visited insurer`s website**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid no	31	37.8	37.8	37.8
yes	51	62.2	62.2	100.0
Total	82	100.0	100.0	

Table 6.4 above indicates that 62.2% of the respondents have visited their insurance company websites and they are aware of the services offered online. They know the content of the insurance company websites. 37.8% have not visited the insurance company website. This information helped the researcher to test the level of customer awareness of online insurance services. The results may indicate that insurance clients are aware of their insurers’ websites.

**6.4.4. Information update frequency**

The researcher analysed the frequency of information update on the insurance website. This helped the researcher to understand the currency of the information on the website because information that is given to the customers should be current and relevant. Table 6.5 below shows the frequency of which insurance companies update information on their websites.

**Table 6.5 Information update frequency**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Weekly	7	13.5	13.5	13.5
Monthly	31	59.6	59.6	73.1
Never	14	26.9	26.9	100.0
Total	52	100.0	100.0	

13.5% of the respondents indicated that they update their websites once every week, the highest being the monthly updates of 59% and the respondents that indicated that the website is never updated constituted 26.9%. This information may indicate that much of the insurance websites have data that is not updated. The websites just act as directories where clients would look for the phone number and the contact details. Stale information does not add value to the customers.

**6.5. Online information increases customer awareness**

The researcher asked the respondents if they believe online information provision increases customer awareness of insurance services. Figure 4.3 below indicates whether respondents strongly agree, agrees, neutral, disagrees and strongly disagrees to the above assertion.



Figure 6.3

Figure 4.3 above shows that 29.3% of the respondents strongly agree with the statement that online information provision increases the level of awareness of insurance services and products to the customers, 52, 4% agrees to the above statement and only 18.3% were neutral. The results of the study indicate that most of the respondents agreed or strongly agreed that online information increases customer awareness. Insurance companies can use online information provision as a medium to raise customer awareness.

## 7. Conclusion

Providing information on websites increases customers' awareness of the company, products and services on offer, provide confidence to the customers to deal with a certain organization. Interactions and communications online increases customer bondage and creates customer to company relationships, customers are involved in new product development which brings a sense of ownership in the customers. The study also recommends that the insurance industry needs to build the consumer's awareness and understanding of insurance products and services through online information provision. Insurance companies should invest in technological infrastructure like transactional processing systems, IT infrastructure, skills training and payment systems.

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