

The Impact Of Sales People’s Interactive Behaviour On Customer Loyalty: Special Reference To Insurance Companies In Batticaloa District

Ms.K.Suganya & Mrs.V.R.Ragel

Department of Management, Faculty of Commerce and Management,
Eastern University Sri Lanka.
kanesansuganya@gmail.com & victoriaragel@yahoo.co.uk

Abstract

This study aimed at investigating the impact of sales people’s interactive behaviour on customer loyalty: Special reference to insurance companies in Batticaloa district. The objectives of the study are to identify the level, relationship and impact of sales people’s interactive behaviour on customer loyalty. The Study had been conducted among 386 life insurance customers in Batticaloa district and stratified random sampling was used. Descriptive statistics, correlation and regression analysis were used to analyze the data. A set of hypothesis were developed and tested by correlation analysis.

The study found that the sales people’s interactive behaviour and customer loyalty were high level in Batticaloa district. Intellectual stimulation behaviour was given more importance than the other sales people’s interactive behaviour. Furthermore, It has been proven that there is a strong positive relationship between them; and sale people’s interactive behaviour significantly influenced customer loyalty of the insurance companies. The study contributes to existing theoretical and practical knowledge by providing evidence about the relationship between sales people’s interactive behaviour and customer loyalty. The life insurance sector is growing rapidly in Sri Lanka. Hence this research has the potential to contribute to the overall insurance companies in terms of how to maintain long term relationship between the insurance companies and their customers.

Keywords: Sales People’s Interactive Behaviour, Idealized Influence Behaviour, Inspirational Motivation Behaviour, Intellectual Stimulation Behaviour,

Individualized Consideration Behaviour, Smart Selling Behavior, Customer Loyalty.

1. Introduction

In today's competitive market, an organization's success depends upon its capability to develop and enhance long term customer relationships through offering amazing customer experience.

Loyal customers are extremely valuable to any business; making customers loyal to the business helps with word of mouth market, customer retention, rate of patronage feedback and competitive advantage. The interactive behaviours of the salespeople can be considered as an effective factor in development and maintaining customers and finally creating loyal customers [1]. The customer's interaction behaviour exhibited by the sales people has been identified as strong influencers of sales performance [2].

Insurance companies have made an immense contribution to the development of the economy, progress and prosperity of the country. It contributes a lot to the general economic growth of the society by providing stability to the functioning of process. Moreover a subset of insurance market, life insurance business in Sri Lanka, exhibits more competitive moves as per the marketing and consumer behavioural perspectives [3].

The long-term insurance industry, also referred to as the life insurance industry, contributes to the Sri Lankan economy in two ways. The savings of customers are invested into capital projects to develop the country, and the income of households is protected against loss of income related to the untimely death of the breadwinner. Insurance interaction tends to be on-going rather than one time encounters and most consumers seek a close, counseling type relationship with sales people. Life insurance is primarily sold by insurance agents, who are the only touch point for the customers in most. Many of the researches are conducted on this field but there are not much researches targeting the aspects of Sales people's interactive behaviour and customer loyalty. As the result the following research problem has been formulated

“Whether the sales people’s interactive behaviours have had an impact on customer loyalty?”

2. Literature Review

2.1 Idealized Influence Behavior

Idealized influence refers to salesperson’s charismatic behavioral characteristics and incorporates characteristics such as high level of confidence, will, too much talent, devoid of internal conflicts and sturdy belief to the objectives [1]. Idealized influence is an indication of whether customers’ trusts, respect, identifies with, and are dedicated to their salesperson [2]. Idealized influence of sales people at its core represents the highest levels of moral reasoning and perspective-taking capacity. Such abilities are willing to sacrifice their own gain for the good of their work group, organization, and community [4].

2.2 Inspirational Motivation Behaviour

Inspirational motivation arises from the use of both effective and communicative styles of influence. The alignment of individual needs with the needs of an organization is a fundamental strategy of inspirational motivation [5]. Inspirational motivation is the measure of the degree to which the sales person provides a clear picture and illustrations of the advantages of their products and services for the customer [2].

2.3 Intellectual Stimulation Behaviour

Intellectual stimulation essentially means innovative, creative and novel ways of doing the conventional. It is defined as the degree to which you persuade others to be creative in approaching the old problems in new ways and build an environment that is tolerant [6]. Intellectual stimulation is the degree to which sales people partner with customers to assess their needs, monitor risks, creatively solve problems and exhibit concern for that customers overall business health [2].

2.4 Individualized Consideration Behavior

Salespeople increase the connections with customers to create a personal relation with each of them and try to understand their worries and take them away. Therefore, individualized consideration is the straggle of the sales person to recognize and meet the customers' individual needs to improve the ability to solve the problems [1]. Individualized consideration is the degree to which the sales person shows interest in the well-being, provide special incentives, and often compliments and praises their customers [2].

2.5 Smart Selling Behavior

Selling behaviour consists of collecting information about a prospective customer, developing a sales strategy based on this information, transmitting messages to implement the strategy, evaluating the impact of these messages, and making adjustments based on this evaluation. Selling skills are required at every step. Now a days, Selling has become a bigger challenge today than it was yesterday as today buyers are having more options and they are more aware & knowledgeable because of Media and wide information availability [7].

2.6 Customer Loyalty

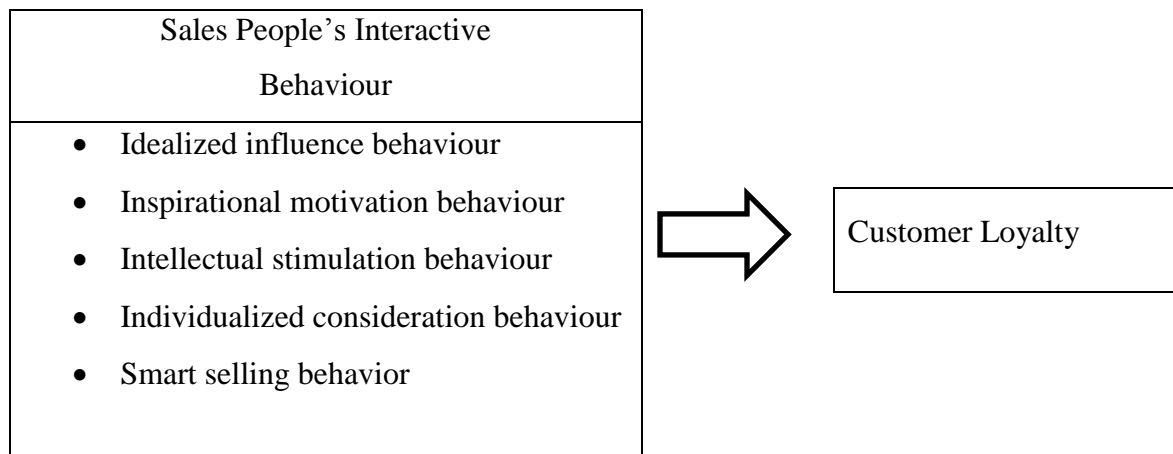
Reichheld [8] states that “when a company consistently delivers superior value and wins customer loyalty, market share and revenue goes up, and the cost of acquiring and serving customers goes down”. In reality loyalty should be explain as a customer commitment to do dealing with a particular firm, buying their products and services and referring it to colleagues. By tradition, customer loyalty is divided into two components one is based on behavior and the other is based on attitudes [9]. Loyalty can be conceptualized by two dimensions, that is behavioural loyalty, indicated by repeat purchase behaviour and attitudinal loyalty referring to the, inherent affective and cognitive facets of loyalty [10]

Customer loyalty as a highly deep commitment to keep on purchasing a product or service in the future regardless of the fact that there are situational factors and marketing efforts, which have been potential to create switching behavior[11]. Loyalty increases

repurchase behavior because loyal customers demonstrate greater resistance to counter persuasion and negative word-of-mouth. Loyal consumers might be less price-sensitive and decrease the risk of defection due to competitors' promotional activities [9].

3. Conceptualization

Figure 1



(Source : Ranjbari et al., 2015)

4. Hypothesis

H₁: There is a positive relationship between idealized influence behaviour of sales people and Customer loyalty.

H₂: There is a positive relationship between inspirational motivation behaviour of sales people and Customer loyalty.

H₃: There is a positive relationship between intellectual stimulation behaviour of sales people and Customer loyalty.

H₄: There is a positive relationship between individualized consideration behaviour of sales people and Customer loyalty.

H₅: There is a positive relationship between smart selling behaviour of sales people and Customer loyalty.

H₆: There is a positive relationship between Sales people's interactive behaviour and Customer loyalty.

5. Methodology

A questionnaire has been designed to carry out the survey. Primary data was collected through structured questionnaires with closed statements measured with Likert's scale (1= strongly disagree and 5= strongly agree).

The sample has been taken from 386 life insurance customers of 12 Insurance Companies by using stratified random sampling method. Univariate and Bivariate analysis were used. Univariate analysis was to interpret the nature of variables. Bivariate analysis was used to analyze the relationship between the variables. Regression analysis was conducted to understand the impact of Sales people's interactive behaviour on customer loyalty.

6. Results and Discussions

6.1 Nature(degree) of Sales People's Interactive Behaviour

Table 6.1: Sales People's Interactive Behaviour

Dimension	Mean	Standard Deviation	Ranking	Level
Idealized influence behaviour	4.1127	0.7254	5	High Level
Inspirational motivation behaviour	4.1723	0.7465	2	High Level
Intellectual stimulation behaviour	4.1813	0.7595	1	High Level
Individualized consideration behaviour	4.1337	0.7856	4	High Level
Smart selling behaviour	4.1368	0.8083	3	High Level
Overall Sales people's interactive behaviour	4.1474	0.6684		High Level

(Source: Survey Data)

Sales people's interactive behaviours were high level among the life insurance customers in Batticaloa district. Among the sales people's interactive behaviours, the first importance was given to intellectual stimulation behaviour with the mean value of 4.1813, the second importance was given to inspirational motivation behaviour with the mean value of 4.1723, the third importance was given to smart selling behaviour with the mean value of 4.1368, the fourth importance was given to individualized consideration behaviour with the mean value of 4.1337 and the fifth importance was given to idealized influence behaviour with the mean value of 4.1127 by the insurance customers in Batticaloa district

6.2 Nature (degree) of Customer Loyalty

Table 6.2: Customer Loyalty

Dimension	Mean	Standard Deviation
Behavioural Loyalty	4.15	0.829
Attitudinal Loyalty	4.26	0.827
Total	4.20	0.761

(Source: Survey Data)

Customer loyalty was measured by two dimensions, behavioural loyalty and attitudinal loyalty those two dimensions were in high level of its individual characteristics among life insurance customers in Batticaloa district. Behavioural loyalty (Mean=4.15) Attitudinal loyalty (Mean =4.26).

6.3 Relationship between Sales people's Interactive Behaviour and Customer Loyalty

Table 6.3: Correlation between Sales people's interactive behaviour and Customer Loyalty

Hypothesis		H1	H2	H3	H4	H5	H6
Correlation		Idealized influence behaviour	Inspirational motivation behaviour	Intellectual stimulation behaviour	Individualized consideration behaviour	Smart selling behaviour	Sales people's interactive behaviour
Customer Loyalty	Pearson Correlation	.656**	.683**	.698**	.713**	.747**	.801**
	Sig.(2-tailed)	0.000	0.000	0.000	0.000	0.000	0.000

Correlation analysis of this study was used to measure the relationship between the sales people's interactive behaviour and Customer Loyalty. Coefficient of correlation (r) measured the degree of association of sales people's interactive behaviour with customer loyalty. The result of this study proved that there was a strong positive significant relationship between idealized influence behaviour ($r = .656^{**}$, $p < 0.01$), inspirational motivation behaviour ($r = .683^{**}$, $p < 0.01$), intellectual stimulation behaviour ($r = .698^{**}$, $p < 0.01$), individualized consideration behaviour ($r = .713^{**}$, $p < 0.01$), Smart selling behaviour ($r = .747^{**}$, $p < 0.01$), sales people's interactive behaviour ($r = .801^{**}$, $p < 0.01$) and customer loyalty.

6.4 Impact of Sales People's Interactive Behaviour on Customer Loyalty

The impact of sales people’s interactive behaviour on customer loyalty was calculated by using simple regression and multiple regression model.

6.4.1 Simple Regression Analysis

Table 6.4: Model Summary of the Impact of the Sales People’s Interactive Behaviour on Customer Loyalty

Model	R	R Square	Adjusted R Square	Std.Error of the estimate
1	0.801 ^a	.642	.641	.45543
a.Predictors: (constant),Sales people’s interactive behaviour b.Dependent Variable: Customer Loyalty				

(Source: Survey Data)

Table 6.5: Coefficients^a

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std.Error	Beta		
1 (constant)	.423	.146		2.898	.004
Sales people’s interactive behaviour	.912	.035	.801	26.262	.000
a. Dependent Variable: Customer Loyalty					

(Source: Survey Data)

According to table 6.4, The model summary of simple regression shows, R(0.801) was correlation coefficient between independent variable and dependent variable. It indicates that there was a strong positive correlation between sales people’s interactive behaviour and customer loyalty.

R square was 0.642, the researcher concludes that 64.2% of variance of customer loyalty was accounted by the sales people’s interactive behaviour. In the other words, 35.8% of variance of customer loyalty was affected by other variables.

Coefficient result shows a significant positive influence of sales people’s interactive behaviour on customer loyalty ($t=26.262$, $p<.05$, $\beta=.912$). The high β coefficient shows that Sales people’s interactive behaviour has a large predictive value for the dependent variable of customer loyalty. This result is confirmed by a very large correlation ($r=.801$, $p<.05$) between Sales people’s interactive behaviour and customer loyalty.

Therefore, the regression equation model is as follows:

$$\text{Customer Loyalty} = 0.423 + 0.912 (\text{Sales people's interactive behaviour})$$

6.4.2 Multiple Regression Analysis

Table 6.6: Model summary of the Impact of Sales People’s Interactive Behaviour on Customer Loyalty

Model	R	R Square	Adjusted R Square	Std.Error of the estimate
1	0.807 ^a	.651	.646	.45543

a.Predictors: (constant), Idealized influence behaviour, Inspirational motivation behaviour, Intellectual stimulation behaviour, Individualized consideration behaviour and Smart selling behaviour

(Source: Survey Data)

Table 6.7 Coefficients

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std.Error	Beta		

1	(Constant)	.487	.147		3.336	.001
	Idealized influence behaviour	.083	.052	.080	1.598	.111
	inspirational motivation behaviour	.129	.053	.127	2.461	.014
	Intellectual stimulation behaviour	.206	.049	.206	4.161	.000
	Individualized consideration behaviour	.187	.050	.193	3.708	.000
	Smart selling behaviour	.291	.051	.309	5.696	.000
a. Dependent Variable: Customer Loyalty						

(Source: Survey Data)

The model summary of multiple regression shows, $R(0.807)$ was correlation coefficient between idealized influence behaviour, inspirational motivation behaviour, intellectual stimulation behaviour, individualized consideration behaviour and smart selling behaviour and dependent variable customer loyalty. It indicates that there is a positive correlation between each five dimension of sales people's interactive behaviour and customer loyalty.

R square is 0.651, therefore, the researcher concludes that 65.1% of variability in customer loyalty is accounted by combine of idealized influence behaviour, inspirational motivation behaviour, intellectual stimulation behaviour, individualized consideration behaviour and smart selling behaviour. In other words 34.9% of variance of customer loyalty is affected by other variables

According to Table 6.7 inspirational motivation behaviour, intellectual stimulation behaviour, individualized consideration behaviour, smart selling behaviour have positive

significance influence on the customer loyalty of insurance companies in Batticaloa district.

The high β coefficient of smart selling behaviour ($t=5.696$, $p<.05$, $\beta=.291$) shows that it has a large predictive value for the dependent variable of customer loyalty than the inspirational motivation behaviour ($t=2.461$, $p<.05$, $\beta=.129$), intellectual stimulation behaviour ($t=4.161$, $p<.05$, $\beta=.206$), individualized consideration behaviour ($t=3.708$, $p<.05$, $\beta=.187$).

Therefore the regression equation model is as follows:

$$\text{Customer Loyalty} = 0.487 + 0.129 (\text{Inspirational motivation behaviour}) + 0.206 (\text{Intellectual stimulation behaviour}) + 0.187 (\text{Individualized consideration behaviour}) + 0.291 (\text{Smart selling behaviour})$$

7. Conclusion

This study considers sales people's interactive behaviour as an independent variable, and the Customer loyalty as dependable variable. Both variables individually have a high level of contribution, and further, it is illustrated by the Pearson's correlation analysis, which indicates a strong positive significant relationship between these two variables.

According to simple regression analysis 64.2% of variance of customer loyalty was accounted by the sales people's interactive behaviour. Based on the multiple regression analysis 65.1% variance of customer loyalty was explained by combine of idealized influence behaviour, inspirational motivation behaviour, intellectual stimulation behaviour, individualized consideration behaviour and smart selling behaviour. Thus clearly shows that sales people interactive behaviour has positive and significant influence on Customer Loyalty.

8. Recommendations and Implications of the Study

The study further recommends that the insurance companies need to conduct regular training sessions for sales people on proper customer relationship practices and the insurance companies should use sales people interaction as the major tool.

The key practices having an effect on customer retention among them is that the insurance companies strive to provide a range of quality products, appropriate to the customers' needs and being speedy and efficient in handling customer complaints up to and including provision of personalized telephone insurance company services.

The management of the insurance companies should keep careful eye on the claim procedures as it is the most important part implicit to the customer to retain the customers..

According to the importance of the lack of the emphasis on an intended policy by the sales people, and its positive impact on customer loyalty, sales people are recommended to allow customers in choosing their intended policies and do not insist on their(sales people's) choice.

9. Direction for Future Research

This research has only been confined to the insurance companies. Therefore the same research can be extended to other service sector entities such as finance companies, banks, service sectors and also manufacturing entities, etc. It will give findings as to how Sales people interactive behaviour impact on customer loyalty of other business sector. Thus comparative studies can be done in the different industries and will fill methodological gap.

10. References

1. Ranjbari, M., Ahmadi, M., Gholami, A., & Shirzad, S. (2015). Relationship between Salespeople's Interactive Behavior towards Customers and Customer Loyalty.

2. Davis, D. D. (2008). The influence of salesperson leadership as a customer interaction behavior on sales performance, Nova Southeastern University.
3. Gunawardane, N., Munasinghe, A., & Dissanayake, D. M. R. (2016). Relationship between Perceived Brand Equity and Purchase Intention of Life Insurance Brands in Sri Lanka: A Concept Paper.
4. Ogola, M. G. O., Sikalieh, D., & Linge, T. K. (2017). The Influence of Intellectual Stimulation Leadership Behaviour on Employee Performance in SMEs in Kenya.
5. Ngaithe, L. N., K'Aol, G. O., Lewa, P., & Ndwiga, M. (2016). Effect of Idealized Influence and Inspirational Motivation on Staff Performance in State Owned Enterprises in Kenya.
6. Anjali, K. T., & Anand, D. (2015). Intellectual stimulation and job commitment: A study of IT professionals. *IUP Journal of Organizational Behavior*, 14(2), 28-41.
7. Sethi, A., & Chandel, A. (2015). A Study on Adaptive Selling Behaviour of Retail Salesperson in Punjab. *Researchers World*, 6(3), 78-88.
8. Reichheld, F. F. (1993). Loyalty-based management. *Harvard business review*, 71(2), 64-73.
9. Pezhman, R., Javadi, M. H. M., & Shahin, A. (2013). Analyzing the Influence of Ethical Sales Behavior on Customers Loyalty through Customer Satisfaction and Trust in Insurance Company. *International Journal of Academic Research in Business and Social Sciences*, 3(9), 754-763.
10. Chitty, B., Ward, S., & Chua, C. (2007). An application of the ECSI model as a predictor of satisfaction and loyalty for backpacker hostels. *Marketing Intelligence & Planning*, 25(6), 563-580.
11. Rizan, M., Warokka, A., & Listyawati, D. (2014). Relationship Marketing and Customer Loyalty: Do Customer Satisfaction and Customer Trust Really Serve as Intervening Variables?. *Journal of Marketing Research & Case Studies*, 2014(1), 1-12.