THE EFFECTS OF CUSTOMER SATISFACTION IN STRATEGIC POSITIONING IN THE INSURANCE INDUSTRY IN KENYA: A SURVEY OF SELECTED INSURANCE FIRMS

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ABSTRACT

The main purpose of this study was to determine the effects of customer satisfaction on strategic positioning in the insurance industry in Kenya .The term strategic positioning is one which is aimed at dealing with the impact on strategy and to meet the expectation and competences of the internal and external stakeholders, internal resources and the environment in general. In the current world of business where competition among firms is becoming more and more fierce it is important for firms to differentiate themselves.The study adopted a cross sectional research design and the target populations were 48 insurance firms operating in Kenya. The insurance companies are classified into four: 10 long-term business insurers, 21 general business insurers, 16 composite insurers and 3 re-insurance companies .For the purpose of the study, the researcher selected randomly 3 representatives from the customer service department, marketing department and finance department based on the insurance classification and the targeted population was 300 , from where a sample of 30 percentage of the entire population (90) was drawn.This study used a purposive sampling; the researcher chooses the sample based on who they think would be appropriate for the study. In carrying out data collection, two techniques were used; questionnaires and interviews. The questionnaires were both open and closed ended. Questionnaire was adopted as the principal data collection instrument and Interviews were carried out using an interview guide that was prepared in advance. The study applied both the qualitative and quantitative data analysis techniques to analyze data. Data analysis was done using statistical package for social science (SPSS) computer package. These results were presented in form of charts and tables. This study will be of significant importance to the insurance industry, investors, the government and other institutions in Kenya.

The information from this study may help all interested parties to position themselves strategically for effectiveness in their operations to ensure customer satisfaction. Profitability, market share, and value adding activities have positive coefficients. This implies that the variables are directly proportional to the strategic positioning of the insurance industry in Kenya. The researcher came up with the following recommendations. A firm should have efficient internal process, superior customer service, deliver quality services to their clients, good corporate reputation and increase level of customer satisfaction.

Key Words: *Insurance Industry, Strategic Positioning, Customer Satisfaction*

INTRODUCTION

Competitive positioning is based largely on the work of Porter (1980, 1985) on value chain analysis, generic strategy and industry analysis. Industries are assessed for their potential profitability, value adding activities are assessed for their effectiveness and efficiency and a generic strategy is developed which creates a strategic fit between the opportunities and threats in the environment and the strengths and weaknesses of the business itself. According to the competitive-positioning school of thought, it is the ability of the firm to choose the appropriate generic strategy for its industry, and to organize its value-adding activities in support of it, which will build competitive advantage.

Competitive advantage is a company's ability to perform in one or more ways that Competitors will not and cannot match (Kotler, 2008) and is realized by the organization's marketing strategy, the implementation of this strategy and the context in which competition unfolds. To succeed in building a sustainable competitive advantage, a firm must try to provide what buyers will, perceive as superior value. This entails either a better quality product that is worth paying more for or good quality product at a low price.

Rao (2005) indicate that competitive advantage is enjoyed by a firm has a three stage life cycle consisting of: build up period where strategic moves are successful in producing competitive advantage; benefit period where fruits of competitive advantage are enjoyed. A long benefit period gives the firm sufficient time to earn above average profits and recoup on investments made to create the advantages and erosion period where the competitive advantage held by the firm is eroded due to imitation, duplication, new technology and attacks by rivals. A particular competitive advantage over rivals in one aspect of competition may help the firm better serve the customer in that particular aspect. To achieve superior performance, especially persistent superior performance, a firm often needs multiple competitive advantages. Beating rivals on multiple strategically important vectors is essential for a winning firm (Ma, 1997).

Strategic positioning in the 21st century has been on the increase in the business. This has been triggered because institutions compete in a complex environment coupled by many challenging factors yet no information exists that conclusively solve all the problems hindering customer satisfaction. The factors have been caused as a result of globalization, the frequency and uncertain changes due to the growing use of information technologies (DeNisi, Hitt & Jackson, 2003). This has been a concern for many scholars and practitioners for the last two decades because in trying to achieve competitive advantage, there has been a major pre-occupation of senior managers in the competitive and slow growth markets (Henderson, 1983).

The strengthening of market positioning is key a business strategy for a large number of organizations which aim to ensure customer satisfaction. In addition, indicate that satisfaction of customers depends on the extent to which their needs and other conditions are met. It is critically relevant to evaluate the extent to which customers are satisfied with services. This is because satisfied customers are likely to buy more products, and remain loyal to a company even when other firms offer the same service.

In order to ensure superior customer service, strategic positioning is key to ensure customer satisfaction. Superior customer service includes provision of a series of activities to its services and products designed to enhance the level of customer satisfaction. The importance of customer service depends on an organizations customer, products and industry. It is necessary for insurance firms to anticipate customer needs as they serve them so as to ensure that they may easily meet their needs for any perceived success (Turban et al., 2002).With strategic positioning, unnecessary activities should not be included which do not add value for the customers and increased efficiency.

Finally in assessing customer satisfaction by insurance institutions, Porter (1985) points out that the increase in growth and the firm's success has been as a result of the power of competitive advantage and distinctive competence. The power of competitive advantage may not be realized unless strategic positioning is implemented which ensures that an institution has a competitive advantage. According to Barney (1991), for a firm to have competitive advantage which is sustainable, there is need to implement a value creating strategy which is different from that of competitors. The strategy must be difficult to be implemented by other firms in order to prevent them from realizing the benefits of this strategy.
Not surprisingly, superior firms are often excellent in multiple aspects. Banking solely on any individual advantages, even highly sustainable ones, may carry the firm through temporarily. Creating a constellation of multiple evolving competitive advantages and renewing such a constellation in a timely fashion, however, will likely make persistent superior performance more readily attainable (Ma, 1997).

Insurance industry in Kenya

The main players in the Kenyan insurance industry are insurance companies, reinsurance companies, intermediaries such as insurance brokers and insurance agents, risk managers or loss adjusters and other service providers (Insurance Regulatory Authority, 2014). There is also self regulation of insurance by the Association of Kenya Insurers (AKI) established in 1987 as a consultative and advisory body to insurance companies and registered under the Society Act Cap 108 of Kenyan law (www.akinsure.com, 15/10/08). The professional body of the industry is the Insurance Institute of Kenya (IIK), which deals mainly with training and professional education. Insurance Regulatory Authority (IRA) was established with the mandate of supervise and regulate the insurance industry players. There were 48 insurance companies operating in Kenya as at the end of 2013. 25 companies wrote non-life insurance business, 12 wrote life insurance business while 11 were composite (both life and non-life). There were 187 licensed insurance brokers, 29 medical insurance providers (MIPs) and 4628 insurance agents. Other licensed players included 134 investigators, 105 motor assessors, 22 loss adjusters and 27 insurance surveyors.

Statement of the problem

Strategic positioning in the 21st century has been on the increase in various organizations. This has been triggered because organizations compete in a complex environment coupled by many challenging (DeNisi, Hitt & Jackson, 2003). Porter (1985) points out that the increase in growth and the firm's success has been as a result of the power of competitive advantage and distinctive competence. The power of competitive advantage may not be realized unless strategic positioning is implemented which ensures that an institution has a competitive advantage. According to Barney (1991), for a firm to have competitive advantage which is sustainable, there is need to implement a value creating strategy which is different from that of competitors.

The strengthening of market positioning is important to ensuring customer satisfaction (Mortazavi et al., 2008). In addition, Asadi et al. (2004) indicate that satisfaction of customers depends on the extent to which their needs and other conditions are met. If organizations can't define their product or service, then a competitor will do it for them (Hamel, G. and Prahalad, G. K. (1996). Low insurance penetration is one of the challenges facing insurance industry in terms of market share, product diversification among other measures (AKI report 2009).

Kenya remains East Africa‘s largest insurance market with an insurance penetration of 3.44 percent and ranks amongst the top five insurance markets in Africa by penetration after, South Africa, Mauritius, Namibia and Morocco. Despite this positive outlook and growing opportunities for industry expansion, the risks faced by industry players remain high to moderate which is generally comparable to other growth markets such as Tunisia, Nigeria and Ghana. (AKI report 2013).

Studies that have been done include: Shrafat (2014) studied Consumer Psyche and Positioning Strategies. Qixun (2013) undertook a study on relationships between customer satisfaction and market positioning strategies in the retail sector in an emerging market in china. Local studies have also been carried out on the insurance industry in Kenya however these studies have focused on different contexts. For instance, Ouma (2009) studied the relationship between value chain and competitive advantage. Therefore this study sought to bridge this inherent knowledge gap, by investigating the effects of customer satisfaction on strategic positioning in the insurance industry in Kenya.

Objective of the study

The main objective was to assess the effect of customer satisfaction on strategic positioning in the insurance industry in Kenya. This was supported by the specific objectives which are

i) To determine the effect of profitability on strategic positioning in insurance in Kenya.
ii) To establish the effect value adding activities on strategic positioning in insurance in Kenya
iii) To examine the effects of market share on strategic positioning in insurance in Kenya

Research Questions

i) What is the effect of profitability on strategic positioning in insurance in Kenya?
ii) What is the effect value adding activities on strategic positioning in insurance in Kenya
iii) What is the effects of market share on strategic positioning in insurance industry in Kenya

Scope of the Study

The study was carried out in the 48 insurance firms in Kenya at their headquarters based in Nairobi County.

THEORETICAL REVIEW

a) Resource-based theory of competitive advantage

The resource-based view stipulates that in strategic management the fundamental sources and drivers to firms’ competitive advantage and superior performance are mainly associated with the attributes of their resources and capabilities which are valuable and costly-to-imitate (Mills, Platts & Bourne, 2003; Peteraf & Bergen, 2003). Building on the assumptions that strategic resources are heterogeneously distributed across firms and that these differences are stable overtime. In Hoopes, Madsen and Walker (2003) firm resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive and implement strategies that improve its efficiency and effectiveness.

A firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy (Hoopes, Madsen & Walker (2003). Rugman and Verbeke (2002) argued that to have the potential to generate competitive advantage, a firm resource must have four attributes: it must be valuable, in the sense that it exploits opportunities and/or neutralizes threats in a firm's environment; it must be rare among a firm's current and potential competition; it must be imperfectly imitable; and there cannot be strategically equivalent substitutes for this resource.

The resource-based view contends that the answer to this question lies in the possession of certain key resources, that is, resources having the characteristics of value, barriers to duplication and appropriability (Fahy, 2000).Therefore, the RBV emphasizes strategic choice, charging the firm's management with the important tasks of identifying, developing and deploying key resources to maximize returns (Fahy, 2000).

The resource-based view is indeed an alternative perspective to analyze competitive advantage compared to that put forward by the I/O perspective. As Porter (2006) highlighted, there are four attributes of the proximate environment of a firm that have the greatest influence on its competitive advantage, namely, factor conditions, demand conditions, related & supporting industries, and firm strategy, structure and rivalry. Priem, and Butler (2001) re-affirms the validity of Michael Porter's contribution to the discourse on competitive advantage, but suggests that his (Porter) theory is weakened by its neglect of cultural factors and historical antecedents.

Rugman (2002) proposes the resource based theory of the firm where she discusses the four conditions which must be met for sustainable competitive advantage; superior resources (heterogeneity within an industry), ex poste limits to competition, imperfect resource mobility, and ex ante limits to competition. The view approaches the nature of the firm's resources and how these resources are combined into capabilities. King (2007) states that building of capabilities derives from initial heavy and risky investments which allow firms to exploit the opportunities available for scale and scope.

According to Rugman and Verbek (2002) the foundations of corporate success are distinctive capabilities i.e. architecture, innovation and reputation. Architecture is the network relationships that define a firm and it's the capacity of firms to one, create and store organizational knowledge and routines. Two, capacity of firms to promote more effective cooperation between member so of the firm, three, capacity to achieve an open and easy flow of information between members of the firm and to and from outsiders and lastly capacity to adapt rapidly and flexibly. Reputation is the commercial mechanism for conveying information to consumers about product quality. Investing in and selling on reputation is saying in effect; a firm has a lot to lose if it fails to satisfy.

b) Survival based theory

The concept of survival-based theory or some might call it as "survival of the fittest' theory was originally developed by Herbert Spencer (Miesing & Preble, 1985). It was him who synthesized Darwin's theory of evolution and natural selection with Adam Smith's invisible hands to come up with the idea of Social Darwinism. This theory, which was quite popular during late 19th and early 20th century, emphasized on the notion that by following the principle of nature, only the best and the fittest of competitors will win, which in the end would lead to the improvement of the social community as a whole. Social Darwinism assumed it is normal for the competition to behave in hedonistic ways to produce the fittest business, who survived and prospered by successfully adapting to its environment or become the most efficient and economic producer of all. Hence, ruthless business rivalry and unprincipled politics is acceptable under this assumption.

The survival-based view in strategic management emphasized on the assumptions that in order to survive, organizations has to deploy strategies that should be focused on running very efficient operations and can respond rapidly to the changing of competitive environment (Khairuddin, 2005), since the one that survive is the one that is the fittest and most able to adapt to the environment.

However, some of the proponents of this view argued that selecting a particular set of strategy would not be optimal. Instead, it is better to experiment with several strategies at once and let the process of natural selection choose the best strategy that adapts better to the environment (Lynch, 2000). This view put the survival theory into the typology of emergent theories of strategic management.

The application of this theory in the strategic management is used when firms are facing lots of problems simultaneously, such as financial difficulties, failing products, losing key personnel and many others. These were actually just signs that the company was not running efficiently. As survival-based theory argued, if it is not adapting to the ever-changing environment and become efficient in it, it simply will not survive. Thus the one that really successfully turned-around is the one that operates efficiently and adapting successfully to its environment.

Empirical review

a) Strategic positioning

Positioning strategies are the main source of shaping the consumer preferences toward a brand. It is vital to assess the consumer behavior and psyche how they perceive the offered brand by recalling the company's communications. Right positioning strategy at right time is required to build right image of a brand in the mind of consumer. Questions like "which positioning choice is better" and "which rationale positioning decision should be made" are still unclear" (Fuchs, 2008). There is a positive relationship between the positioning related decision and the brand success that is the success of brand moves around the pivot of positioning choice (Pham& Muthukrishnan, 2002; Punj & Moon, 2002). In short, positioning decisions are potential forces that interpret the selection behavior and consumer's perception (D.A. Aaker & Shansby, 1982; Carpenter, Glazer, & Nakamoto, 1994).

Brand positioning is designed for potential clients as input which results in customer's feedback. Brand positioning plays a very key role to build the customer touch points for instance, brand equity that is driven from customer side, price negotiation (margin) and demand related elasticity (Boulding, Lee, & Staelin, 1994; Carpenter et al., 1994; Keller, 1993; Keller & Richey, 2003). Eventually, the brand which is positioned in a well-mannered way attracts the required segment of the customers by shaping brand loyalty, brand preferences, brand values, brand beliefs, brand attitudes, and brand behaviors.

Companies can easily make the fault of "over positioning" their products and services. As there are three dimensions to establishing value propositions – what it is you do, why it's relevant and how it's different from other firms' .Good product positioning strategy requires looking both internally and externally. First, your business as a whole needs to be properly positioned, then your product or services portfolio needs to be positioned. Some companies fail to recognize that their own offerings need to “hang together” and make sense, relative to one another and to your business overall. When a company has diverging offerings or brands, they might best consider two different company banners. Similarly, when companies try to extend the brand of a product in too many directions they can dilute the value of the offering and confuse the customer. With a product portfolio that makes sense, your business also needs to effectively differentiate each product from its competition (Schiffman &Kanuk, 2010; Trommsdorff & Paulssen, 2005).

b) Customer Satisfaction

Customer satisfaction is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is defined as the number of customers or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals (Farris, et al 2012).Customers switching has emerged as a new challenge in the world of business and competition. These aspects emerge as key factors in shaping up shareholder Value. Customer related outcomes obtained during short run affects a firm’s performance in the long run .Managers in recent times are assigned the task of striking a balance between customer retention policies and customer acquisition. This is done for tracing out the growth prospects of the firm. Brown, (1998).

Credibility of a firm in terms of performance and profitability in the eyes of stakeholders depends upon the entire performance of the managers (Samaha et al, 2011).Customer relationship has now also emerged as a factor through which stakeholder’s examine a firm in terms of profitability perspectives. Maximizing customer satisfaction makes an important contribution to maximizing profitability, although other factors such as cost control, productivity and marketing strategy also impact the bottom line. By maximizing customer satisfaction, you can increase the opportunity for repeat sales to customers, while reducing the cost of sales and marketing. Customer satisfaction helps to increase customer loyalty, reducing the need to allocate marketing budget to acquire new customers. Satisfied customers may also recommend your products or services to other potential customers, increasing the potential for additional revenue and profit. (Samaha et al, 2011).

c) Profitability

There is a strong positive relationship between positioning and company financial health. If positioning is being done in a right direction then the financial position of a company will be healthy and vice versa (Day, 1998) .In a broad spectrum, positioning is a backbone of a company if being designed in right direction and in a purposive way, a dominated brand will be there in market place; conversely, if positioning is not being designed or done inefficiently then there will be serious consequences on brand life

Positioning strategy, by its very nature, involves your value relative to your competition. What do you do or offer that’s better (or not as competitive) as others who offer similar products and services? When these differences are identified, supported with proof points, and properly merchandised your prospects will have an accurate and compelling basis to compare your company to others. However, there is always more to understanding your offerings that defining them in light of competitive offers. (Anderson, 2004)

Maximizing customer satisfaction makes an important contribution to maximizing profitability, although other factors such as cost control, productivity and marketing strategy also impact the bottom line. By maximizing customer satisfaction, you can increase the opportunity for repeat sales to customers, while reducing the cost of sales and marketing. Customer satisfaction helps to increase customer loyalty, reducing the need to allocate marketing budget to acquire new customers. Satisfied customers may also recommend your products or services to other potential customers, increasing the potential for additional revenue and profit. (Wiesel, 2002).

This shows that is positively correlated with financial performance. It also shows that those firms with a higher customer satisfaction scores enjoy higher profitability. Additionally, focusing on customer satisfaction is more likely to improve profitability through increasing unit profit margins rather than by merely expanding sales. It seems that the use of customer satisfaction measures not only predicts future financial performance but also its changes. Most research results actually showed that customer satisfaction is significantly associated with current and future financial performance. Such researchers as Nelson, Rust, Zahorik, Rose, Batalden, and Siemanski (1992) have found that this positive relationship exists and it is applied to all profitability measures earnings, net revenues, and return on assets. Plenty of empirical research in the last decade showed that customer satisfaction was positively relevant to corporate performance. Andersonet al. (1994) studied the relationships between customer satisfaction and the profitability of Swiss companies. They found that customer satisfaction and ROA (return on assets) are of significantly positive correlation. With the research on customers, operating entities and companies, Ittner and Larcker（1998）discovered that customer satisfaction and future financial performance are highly positively correlated, and that there is evidence showing that the publication of customer satisfaction measure will yield incremental information on stock market. Banker et al.（2000）found the positive correlation between customer satisfaction and financial performance in 18 hotels run by a company. They also discovered that, when non financial measures were included in the payment contracts, managers would attempt to keep in accordance with these non financial measures and finally improve the corporate performance

Businesses in addition have to include the personalization effect in order to differentiate themselves from other potential rivals (Ittner et al., 2003).Customer satisfaction plays a key role in influencing the risks on returns of a company's stocks Sarlak & Fard, 2009 Studies on this have suggested that there exists positive correlation between customer satisfaction and profitability baselines. This has also become the driving factor in the stock markets (Grewal et al., 2010). So before investing, evaluation of performance of the firms including the important criterion of customer satisfaction is equally important as that of returns on stocks. Else the investors might miss out some profit making opportunities (Tuli and Bharadwaj, 2009).

d) Value Adding Activities

A major strategic issue is the organization's focus. If the organization is market-driven, or Customer-driven. An organization that is 100% market-driven need never sell to the same Customer twice. At the other extreme, an organization that is 100% customer-driven sells only to existing customers. While the extremes describe very few firms, it is important to break down sources of revenues and profit by existing versus new customers. It would be a mistake to choose customer surveys at the exclusion of market surveys if an organization relies predominantly on sales to new customers. For the situation analysis, try to determine the relative importance of new and repeat customers. Other major customer factors relate to value creation and value exchange. The notion of value exchange has to do with why your customers and suppliers are in a relationship with you (Hacker, Wilson, with Johnston, 1999, 32). In order to understand an organization's requirements for success, it is imperative to attain clarity about the value sought by customers, especially those granting the license to live. Customers evaluate performance based on how well their expectations of value are being met. Each time a customer obtains or uses a product or service, they compare the value received with the total cost they believe they have invested.

If the cost is too high, the customer will consider other alternatives perceived as providing higher value (Israel, 1992, 2). In reality, the value sought reflects both stated and unstated customer requirements. The situation assessment should identify elements of value sought and perceived customer requirements. In addition, the situation assessment should attempt to evaluate perceptions of performance across these items.

e) Quality Assurance

While it shouldn't be very difficult for organizations to integrate their customer satisfaction measurement processes with their quality system, most firm's efforts fall short. The individual or team (process driver) accountable for development and deployment plays a critical role in the ultimate effectiveness of the satisfaction measurement process. To achieve maximum effectiveness, the process driver must somehow balance the technical approach with the organization's purpose and culture, as well as with the competitive environment. Most organization are beginning to look ahead to the new ISO 9000 / 2000 standard. By determining customer requirements, measuring customer satisfaction, and making sure the organization practices continuous improvement are likely prominent in their present and / or future priorities. Even though the new standard details new practices that may be needed to achieve or maintain certification, it is not prescriptive in how these new practices should be implemented. Besbe, (2004)

On one hand, it may be fairly easy for companies to meet the requirements for the new standard if compliance is their primary intention. If instead the purpose is to create an effective process that goes beyond a cursory fulfillment of the standard, greater emphasis on planning and a situational assessment is needed. With this a backdrop, the following framework is suggested for customer satisfaction measurement (CSM) stakeholders committed to leveraging customer-focus in their organization into action (ittner, 1996)

Most companies are adopting quality management programs which aim at improving the quality of their products and marketing processes, because it has been proven that "quality has a direct impact on product performance, and thus on customer satisfaction" (Kotler et al., 2002, p. 8). The reason for this is to satisfy the customers. But, are the customers satisfied because of the products or service quality? I.e. are the companies providing the actual qualities perceived by the customers/consumers?

f) Internal Process

From the view of operations management, it is obvious that customers play important roles in the organizational process (Lee & Ritzman, 2005, p. 92). Before the placement of strategies and organizational structure, the customers are the first aspect considered by managements. The questions asked in the strategic planning ranges from who will need to consume these offers, where are they and for how much can they buy to how to reach the customers and will it yield them maximum satisfaction? After these questions, the organization will then designs the product, segment the markets and create awareness. This does not only show the importance of customers in the business environment but also the importance of satisfying them. Customers are always aiming to get maximum satisfaction from the products or services that they buy. Winning in today's marketplace entails the need to build customer relationship and not just building the products; building customer relationship means delivering superior value over competitors to the target customers (Kotler et al., 2002, p. 391).

g) Superior customer service

One of the most important customer service skills that can be developed is the ability to understand and effectively respond to the customer's needs and concerns. For a long time, sales have been perceived to be mostly about trying to convince the customer that he needs the product. Excellent customer service starts by first taking the time to get to know the customer, his situation, his vision, his frustrations and his goals. Once you have a good handle on what is on his heart and mind, then you will know how to offer the customer helpful solutions that are attractive to him because they have value to him. 70% of customers hit the road not because of price or product quality issues, but because they did not like the human side of doing business with the provider of the product or service.

According to Shahram Gilaninia et al., (2012) all the components of relationship marketing namely trust, commitment, communication, conflict handling and competence all impact on customer satisfaction. Competence, commitment, communication, and conflict handling have a direct association with trust and relationship quality, as well as an indirect association with customer loyalty and customer satisfaction. In this environment of rivalry, businesses need to ensure that the customers are more interested in their product or service and not that of their rivals. Successful marketing strategies for customer retention involve creating a psychological attachment of the Customer towards the firm's product. Appealing and convenient loyalty programs are now being undertaken by many firms so as to win consumer's confidence and preserve their loyalty (Ashley et al., 2011). Besides such psychological attachment bonding, relationship benefits, competence, alternative attractions, extension of customization and shared values are considered to be equally important for satisfying customers (Homburg etal., 2011). This factor contributes largely in maintenance of long term relationships with customers.

Customer satisfaction is influenced by quality of the product, service delivery, and nature of staff interaction, the reputation of the firm and the cost of the product or service. Marketing is one of the key function and aggregation of processes in an organization aimed at creating and delivering values to the customers. It creates effective relationships with the customer besides successful communication on behalf of the organization. This proves beneficial to the firms and stakeholders (Tuli and Bharadwaj, 2009).

h) Corporate Reputation

A good corporate reputation differentiates a company from its competitors and is thus an important strategic asset to a firm not only because of its value creation potential, but also because it's intangible character makes it difficult for competing firms to replicate (Roberts &Dowling, 2002). Jones (2005) suggested that brand value is created by fully satisfying all stakeholder expectations, not just those of customers. What most stakeholders expect is a company with a good reputation. Thus a good corporate reputation can improve the brand equity of its products. According to Sanchez and Sotorrio (2007), a good corporate reputation is ''a top-level factor for achieving sustained competitive advantage for the organization".

To bring about the benefits of demanding a higher price premium for company offerings, Company reputation serves as a signal for the underlying quality of a firm's products and services. The payment of lower prices on its purchases due to lower contracting and monitoring costs attracting more qualified people in the labour market because of the association of good corporate reputation with high self-esteem. Increased loyalty from employees is because employees prefer to work for highly reputable firms, whereas greater loyalty from customers is because customers value associations (Sanchez & Sotorrio, 2007).

According to the resource-based view, a good corporate reputation differentiates a company from its Competitors and is thus an important strategic asset to a firm not only because of its value creation potential, but also because its intangible character makes it difficult for competing firms to replicate (Roberts & Dowling, 2002). Developing a stakeholder model of brand equity establishes the sources of brand value. Jones (2005) suggested that brand value is created by fully satisfying all stakeholder expectations, not just those of customers. What most stakeholders expect is a company with a good reputation. Sabate and Puente (2003), surveying the empirical analysis literature of the relationship between reputation and financial performance, also demonstrated that prior research about corporate reputation's influence on financial performance is largely positive.

i) Consumer Loyalty

Products and services of a given brand are the principle factors that influences customer loyalty to a given brand; even when they have many choices, they will not choose, alternative brands. Customers are highly unlikely to change brands for price reasons. A satisfied customer would always take pain to get a brand (Kotler, 2007). Branding is used to differentiate one product or service from another using a symbol, name or design. Branding can be used for customers to identify a product or service making the introduction of new products into the market easier, at the same time building brand equity or the value a company can leverage off the brand. More importantly whilst branding makes it easier for consumers to identify products, it also makes it easier to develop brand loyalty (Pride et al., 2006).

Although brand loyalty will vary depending on the item and consumer, brand trust is a major component of loyalty; consumers have faith in the product or service they are purchasing.

Loyal customers don't represent just customers with ongoing sales but profitable customers as well. The relationship between loyalty and market share was indicated (Fader & Schmittlein, 1993). According to Fader and Schmittlein (1993), loyal customers are less -price sensitive, and they improve the reputation of the firm by passing on a positive recommendation about the brand, and spend more with the company.

The product/service satisfaction and dissatisfaction literature is one of the earliest literatures which initiate the topic of brand loyalty. Satisfied customers don't necessarily reflect potential loyal customers. Customer claiming to be satisfied or very satisfied, between 65 percent and 85 percent may switch to other brands. The auto industry has shown a good example of this phenomenon, where 85 percent to 95 percent of their customers report satisfaction, the percentage of customers who switched to another brand was 60 percent to 70 percent (Dowling & Uncles, 1997).

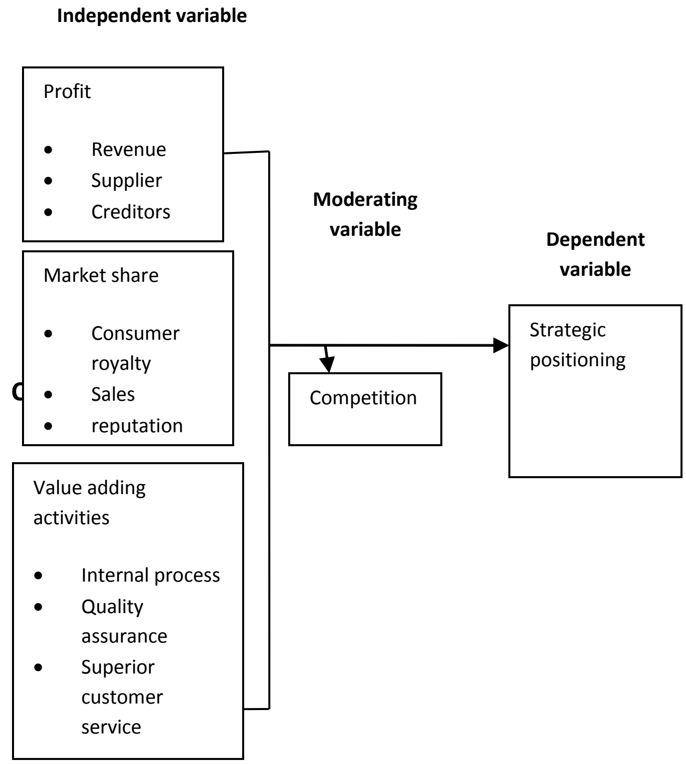
j) SALES

Regardless of company size, the fundamentals still hold. And it doesn't matter if you call it customer satisfaction, customer experience, customer delight or anything else. The more satisfied your customers are the more often they'll return and the more they'll recommend you to others. All of which drives sales growth without you having to spend an extra penny on advertising, marketing or sales. Customer satisfaction has been proven to drive sales growth. Improving your customer satisfaction really will boost your sales success. (Turban et al., 2002).

The success of a business or a sales career depends on relationships selling and customer loyalty. In today's competitive market, customers are very difficult and expensive to acquire and they can represent tremendous value to an organization. In fact, customer satisfaction can be the most valuable single asset that a company can acquire during its lifetime. Your job, no matter where you are as an organisation, is to attract, acquire and keep customers indefinitely. They make all the difference between success and failure. Sanchez & Sotorrio, 2007).

The key to building customer loyalty is customer satisfaction. Total quality management has been defined as, “Finding out what the customer wants, and then giving it to him.” There is no mystery to it. 84 percent of all sales in America originate from word of mouth and from customer satisfaction. Almost everything you buy is bought after you have heard someone else say that they bought it and were satisfied. Most of your new customers should come from your satisfied existing customers. A referral to a new customer is worth ten times a cold call. It is 16 times easier to sell a satisfied customer something new than it is to sell something to a brand new prospect. Your commitment and dedication to service your customers in such a way that you keep them for life and build incredible customer loyalty is one of the smartest and most profitable things that you could ever do. Kotler, 2007).

Conceptual framework



RESEARCH METHODOLOGY

Research Design

A research design is a Program” or “blueprint” that guides the investigator as he or she collects analyses and interprets observation (Orodho & Kombo, 2002). The study employed a Cross-sectional design. Identified with survey research where scientists ask a random sample to respond to a set of questions.Yields data that can be used to examine relationships between properties & dispositions (relationship between some characteristic or quality of a person (property) and a corresponding attitude or inclination (disposition).Main advantage of cross-sectional studies is that they are carried out in natural settings enabling researchers employ random probability samples which then allows for statistical inferences to broader populations. This design is considered appropriate as it enabled the researcher to deal with many respondents in a population where it is not possible to study all of them and hence calling for a study of a representative sample and generalization of findings and inferences on the entire population. (Kothari, 2004

Target Population

According to Cooper, 2000 target population is the entire group of people, objects or entities that are of interest to the researcher, target population will be the whole set of individuals who meet the criteria of concern to the researcher .The target population was 48 insurance companies operating in Kenya . The insurance companies are classified into four: 10 long-term business insurers, 21 general business insurers, 16 composite insurers and 3 re-insurance companies (AKI 2014). For the purpose of the study, the researcher selected randomly 3 representatives from the customer service department, marketing department and finance department based insurance classification. This made a total of six employees from each classification of insurance companies.

Sampling procedure

A sample is a subset of the population which is selected to represent the population during the study, whereas sampling procedure is the process of selecting a sample from a population (Mugenda & Mugenda, 1999; Kothari, 2004; Kasomo, 2006). The purpose of the study, purposive sampling was adopted. The employee's respondent was selected based on purposive sampling. This is because they are the preferred target to provide the required relevant information to achieve the stated objectives. The power of purposive sampling lies in selecting information from rich samples for in-depth analysis related to the central issues being studied Saunders, Lewis & Thornhill, 2009, p. 90). Gay (1992) states that 10% of a population is considered a minimum while (Kilemi, 1995) states that minimum sample size in research is 30%.For this study 30% of the sample size was considered to give a clearer picture of the findings that can be subsequently used to arrive at justified generalizations on the findings from the study .

Table 1 Sample frame

Population category	**Target population**	**Computation**	**Sample size**
long-term business insurers,	**60**	**60*30/100**	**18**
general business insurers	126	126*30/100	38
composite insurers	96	96*30/100	29
re-insurance companies	18	18*30/100	5
TOTAL	300		90

Data collection methods and instruments

The study used both primary and secondary data sources of data. Primary data was collected by means of administered questionnaires to selected employee and Secondary data was sourced from textbooks, academic journals, websites and any other literature that was relevant to the study. A questionnaire and interview were used to acquire the information. An interview guide was prepared in advance. The questions were both open ended and close ended as they were easy to analyze and fill in to get adequate information in conducting the research. It was a useful method; particularly the questions were straight forward enough to comprehend without verbal explanation. There was a pretest of the questionnaire on a different sample but with similar characteristics of the main sample. This helped in identifying shortcomings that were going to be experienced in the actual study (Kombo, 2006).

Methods of Data Analysis

The data was first checked for errors of omission and commission. The collected data was thoroughly examined and checked for and tabulated. Then it was classified and coded accordingly. Descriptive analysis was carried out first for each variable to describe that variable and how it related to strategic positioning in the insurance industry. This analysis was achieved using descriptive statistics. Descriptive statistics was applied to help establish patterns, trends and relationships, and to make it easier for the study to understand and interpret implications of the study.Descriptive statistics especially, frequencies and cross tabulation was used to help establish patterns, trends and relationships, and to make it easier for the study to understand and interpret implications of the study. The various methods for analyzing data include: bar graphs and pie charts, tables, and editing (Aneshensel, 2004).

Thereafter, regression was carried out to estimate a model to assess the effect of customer satisfaction on strategic positioning in the insurance industry in Kenya in terms of profitability, value adding activities and market share. The regression was achieved using multiple analysis to establish the nature of the relationship based on the model;

$BYi = \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4$

Where

BYi is strategic positioning (dependent variable).

X1 is profitability

X2 is value adding activities

X3 is market share

β1 are the slope coefficients

An index was obtained for each study variable indicator using the ordinary least square method. Then a mean was obtained for each study variable (by combing the indicators) to obtain the respective variables (strategic positioning) and independent variables (value adding activities, market share and profitability). The means were regressed to estimate the study model. The Statistical Package for Social Sciences (SPSS) software version 20.0 was used to analyze the data. The data was presented in tables and charts, and the results explained in a narrative.

Validity and Reliability of Research

The researcher carried out a pilot test on a sample with similar characteristics to the actual sample to test for validity and reliability. Reliability is a measure of the degree to which a research instruments yields consistent results or data after repeated trials. (Mugenda 2008).To ensure both validity and reliability the questionnaire were carefully composed questions to avoid ambiguity and in order to enable respondents answer all the questions with ease

3.9Ethical Consideration

Ethical issues is defined as a branch of philosophy which deals with one's conduct and serves as a guide to one's behavior (Mugenda & Mugenda ,2003). The study adhered to ethics by getting consent from the respondent. All material information obtained was strictly used for education purposes and was treated with utmost confidentiality from the respondents. The researcher did not disclose any names of the respondents. This research protected all the participants involved. The participation was voluntary and consent was required. All the information was anonymous, which protected the participant‘s confidentiality. Participants come from a range of cultural backgrounds and had the right to decide their own actions. The core role of participation was to provide equal opportunities for all the people involved in the research process. The participant‘s role in this instance was to complete a questionnaire.

FINDINGS AND DISCUSSIONS

Response rate

The questionnaire was distributed to 90 respondents out of which 80 responded representing a 89% response rate and the remaining 11% did not respond. All those who responded answered all the questions in the questionnaire quite well without leaving any questions unanswered. The study total response rate shows was 89% of the sample population. According to Mugenda and Mugenda (2003), a study response Rate above 69% was high and very good. This is to say that the study response for the present study was high and good. Mugenda and Mugenda (2003) indicate that such a high response would yield favourable results, which means going by this, the results from the present study would be favourable and accurate. It should further be noted that the response rate exceeded 30 subjects and Kombo and Tromp (2006) indicate that in a descriptive survey the sample size should be at least 30 elements. Considering that the study response was 80, it is above the threshold.

Market share

a) Corporate reputation

The respondents were asked if Good corporate reputation is ‘‘a top-level factor for achieving sustained competitive advantage for the organization The majority of the respondents (71%) strongly agreed that Good corporate reputation is ‘‘a top-level factor for achieving sustained competitive advantage for the organization while 11%agreed,11% neutral,7% disagreed and finally 3% strongly disagreed. The mean was 2.14 and a standard deviation 1.377 .Corporate reputations brings about benefits of demanding a higher price premium for company offerings. Corporate reputation with high self-esteem; greater loyalty from employees because employees prefer working for high-reputation firms; greater loyalty from customers because customers value associations and transactions with high-reputation firms.

b) Company Differentiation.

The respondents were asked if Good corporate reputation differentiates a company from its competitors and is thus an important strategic asset to a firm(48%) strongly agreed that Good corporate reputation differentiates a company from its competitors and is thus an important strategic asset to a firm while 22.4% agreeded,19.4% neutral,7.1% disagreed and finally 3.1% strongly disagreed. The mean was 1.95 and standard deviation 1.116.This is because of its value creation potential, but also because it’s intangible character makes it difficult for competing firms to replicate.

c) Brand Equity.

The respondents were asked if they agree that good corporate reputation can improve the brand equity of its products. The majority of the respondents (46.9%) strongly agreed that, good corporate reputation can improve the brand equity of its products while 22.4%agreeded,10.2% neutral,10.2% disagreed and finally 10.2% strongly disagreed**.** The mean was 2.14 and standard deviation 1.377.A brand value is created by fully satisfying all stakeholder expectations, not just those of customers. What most stakeholders expect is a company with a good reputation.

d) Linking Corporate Reputation and Perception

The respondents were asked if they agree that a good corporate reputation will make consumers have the following perception about the company. On good experience with the firm 34.8 strongly agreed while 26.1 agree ,29%were

Neutral,10.1disagree,and 0%disagree.on the issues of differentiate from others 30.4 strongly agreed while 44.9 agree ,24.6%were Neutral,0%disagree,and 0%disagree. On the issue of Long term future with the firm 50.7 strongly agreed while 24.6% agree ,24.6%were Neutral,0%disagree,and 0%.on the issue of company shares growing 37.7% strongly agreed while 17.4% agree ,36.2%were Neutral 8.7%disagree,and 0% and on the company's margin increasing 37.7% strongly agreed while 17.4% agree ,36.2%were Neutral 8.7%disagree,and 0% strongly disagree. This shows that a good corporation reputation has positive impact on image, future relationship, and market share and even company margins growing.

Table 2 Linking Reputation and perception.

	Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree
Have Good experience with the firm.	(34.8 %)	(26.1 %)	(29 %)	(10.1 %)	0(0%)
Differentiate it from others.	(30.4 %)	(44.9 %)	(24. 6%)	0(0%)	0(0%)
Long-term future with firm	(50.7 %)	(24.6 %)	(24. 6%)	0(0%)	0(0%)
Company's sales will grow	(37.7 %)	(17.4 %)	(36. 2%)	(8.7%)	0(0%)
Company's margin will increase grow	(37.7 %)	(17.4 %)	(36. 2%)	(8.7%)	0(0%)
performance will be good will go up	(44.9 %)	(44.9 %)	(10. 1%)	0(0%)	0(0%)

Consumer Loyalty.

a) Consumer Demands

The respondents were asked if consumers demand more out of organizations than simply a quality product at a low price. The majority of the respondents (38.8%) strongly agreed that consumers demand more out of organizations than simply a quality product at a low price while 30.6%agreed, 10.2% neutral, 10.2% disagreed and finally 10.2% strongly disagreed. The mean was standard deviation1.336.This indicate that Customer always searches for some benefits from company. So, when the company's ethical behavior exceeds customer expectation it will have a positive correlation with purchase intention of customer.

b) Consumer Consideration on Products and Services.

The respondents were asked if to what extend you agree that loyal customers will have following perceptions about a product. First choice brand majority 34.8% strongly agree, while 26.1%agree, 29% Neutral, 10.1%disagree and0.0% strongly disagree. On the issue on trusting a brand majority 30.4% strongly agree, while 44.9%agree, 24.4% Neutral, 0%disagree and0.0% strongly disagree. On the issue the only alternative brand 50.7% strongly agree, while 24.6%agree, 24.6% Neutral, 0%disagree and0.0% strongly disagree. A good quality brand 37.7% strongly agree, while 17.4 %agree, 36.2% Neutral, 8.7%disagree and0.0% strongly disagree. A brand that will function well, 37.7% strongly agree, while 17.4 %agree, 36.2% Neutral, 8.7%disagree and0.0% strongly disagree. A reliable brand majority responded by 44.9 % strongly agree, while 44.9 %agree, 10.1% Neutral, 0.0%disagree and0.0% strongly disagree.

Table 3 Consumer Consideration on Products and Services.

	Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree
First choice brand	(34.8%)	(26.1%)	(29%)	(10.1%)	0(0%)
A brand that they trust	(30.4%)	(44.9%)	(24.6%)	0(0%)	0(0%)
The only alternative brands	(50.7%)	(24.6%)	(24.6%)	0(0%)	0(0%)
A good quality brand	(37.7%)	(17.4%)	(36.2%)	(8.7%)	0(0%)
A Brand that will function well	(37.7%)	(17.4%)	(36.2%)	(8.7%)	0(0%)
A Brand that is very reliable	(44.9%)	(44.9%)	(10.1%)	0(0%)	0(0%)

c) Company Consumer Evaluation.

The respondents were asked if to what extend you agree that Consumers can choose to evaluate a company based on whether the organization acts in a manner consistent with supporting the welfare of the community and society. The majority of the respondents (41.8%) strongly agreed that Consumers can choose to evaluate a company based on whether the organization acts in a manner consistent with supporting the welfare of the community and society. while 22.4% agreed, 13.3% neutral, 12.2% disagreed and finally 10.2% strongly disagreed And mean was 2.22 and standard deviation 1.336. This shows that people or consumers like those company which fulfill the social need of people. Company image come from the combination of a person's trust, feelings and impressions about a company. Consumers' perceptions of this responsibility influence their beliefs and attitudes about new products manufactured by a company.

Sales

Table4 The respondent were asked to what extend do you agree to the statement below

Business result	Frequency	Percent
During the last years, the business result has improved		
strongly disagree	2	3.40
Disagree	6	6.90
Neither	18	22.40
Agree	29	36.20
strongly agree	25	31.10
Total	80	100.00
During the last years has the effectiveness of the organization has improved		
strongly disagree	4	5.10
Disagree	11	13.80
Neither	15	19.00
Agree	28	34.50
strongly agree	22	27.60
Total	80	100.00
During the last years, the use of resources has improved		
strongly disagree	5	6.80
Disagree	4	5.20
Neither	4	5.20
Agree	37	46.60
strongly agree	30	36.20
Total	80	100.00
Business result has improved compared to other similar businesses		
strongly disagree	1	1.44
Disagree	8	10.30
Neither	7	8.60
Agree	23	29.30
strongly agree	40	50.00
Total	80	100.00
Advertising and promotion effectiveness		
strongly disagree	1	1.80
Disagree	9	10.30
Neither	6	6.90
Agree	22	27.60
strongly agree	42	53.40
Total	80	100.00

Source: Research data (2015)

Regardless of company size, the fundamentals still hold. And it doesn't matter if you call it customer satisfaction, customer experience, customer delight or anything else. The more satisfied your customers are the more often they'll return and the more they'll recommend you to others. All of which drives sales growth without you having to spend an extra penny on advertising, marketing or sales. Customer satisfaction has been proven to drive sales growth. Improving your customer satisfaction really will boost your sales.

a) Breadth of Product line

The respondent were asked the breadth of their product line the product ranged from medical insurance, motor generals, domestic covers, specialty covers like agriculture life cover and pensions.

b) Sales distribution

The respondents were asked how effective their sales distribution was.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Effective	50	62.5	62.5	62.5
	Not effective	30	37.5	37.5	100.0
	Total	80	100.0	100.0	

The response indicates that their distribution systems are working and are very efficient.

c) Key Account Advantages

The respondents were asked what the key account advantages are.

1. Large incomes of premium
2. Referrals for other accounts
3. Business opportunities

Value adding activities

a) Quality assurance

Table 5 The respondent were asked to what extend do you agree to the statement below

Business result	Frequency	Percent
To build a good corporate image, we offer products and services that please and impress our customers, gain their strong trust, and ensure their peace of mind.		
strongly disagree	2	3.40
Disagree	6	6.90
Neither	18	22.40
Agree	29	36.20
strongly agree	25	31.10
Total	80	100.00
We maintain a quality information system that enables the sharing of quality information and prevention of problems before they occur, and prevents recurrence of quality problems.		
strongly disagree	4	5.10
Disagree	11	13.80
Neither	15	19.00
Agree	28	34.50
strongly agree	22	27.60
Total	80	100.00
we capture and analyze quality assurance activities quantitatively, using reliable data, and use the analysis to make continuous improvements		
strongly disagree	1	1.80
Disagree	9	10.30
Neither	7	8.60
Agree	23	29.30
strongly agree	40	50.00
Total	80	100.00
We respond to our customers' requests and inquiries with sincerity and speed, and reflect their valuable comments in our products and services.		
strongly disagree	1	1.80
Disagree	9	10.30
Neither	6	6.90
Agree	22	27.60
strongly agree	42	53.40
Total	80	100.00

To achieve maximum effectiveness, the process driver must somehow balance the technical approach with the organization's purpose and culture, as well as with the competitive environment. Determining customer requirements, measuring customer satisfaction, and making sure the organization practices continuous improvement should be prominent in a firm's present and / or future priority.

b) Superior customer service.

Table 6 The respondent were asked to what extend do you agree to the statement below

Business result	Frequency	Percent
A firm's ability to attract and hold employee is key to its success		
strongly disagree	2	3.40
Disagree	6	6.90
Neither	18	22.40
Agree	29	36.20
strongly agree	25	31.10
Total	80	100.00
A firm's ability to hold employee turnover is key to its success		
strongly disagree	4	5.10
Disagree	11	13.80
Neither	15	19.00
Agree	28	34.50
strongly agree	22	27.60
Total	80	100.00
A firm's reputation as an employer is key to its success		
strongly disagree	5	6.80
Disagree	4	5.20
Neither	4	5.20
Agree	37	46.60
strongly agree	30	36.20
Total	80	100.00
Relevant training will impact on firms performance		
strongly disagree	1	1.80
Disagree	9	10.30
Neither	7	8.60
Agree	23	29.30
strongly agree	40	50.00
Total	80	100.00
Competence of the employees is maintained and developed in a systematic way.		
strongly disagree	1	1.80
Disagree	9	10.30
Neither	5	6.90
Agree	22	27.60
strongly agree	43	53.40
Total	80	100.00
Employees participate systematically in the development of the business.		
strongly disagree	1	1.80
Disagree	9	10.30
Neither	5	6.90
Agree	22	27.60
strongly agree	43	53.40
Total	80	100.00

Successful marketing strategies for customer retention involve creating a psychological attachment of the Customer towards the firm's product. Appealing and convenient loyalty programs are now being undertaken by many firms so as to win consumer's confidence and preserve their loyalty. Excellent customer service starts by first taking the time to get to know the customer, his situation, his vision, his frustrations and his goals. Once you have a good handle on what is on his heart and mind, then you will know how to offer the customer helpful solutions that are attractive to him. How organizations treat their employee will make them attract and retain the best employees who will in turn offer the best to clients.

c) Internal process

Table 7

	Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree
Core processes are identified and documented	(34.8%)	(26.1 %)	(29%)	(10.1%)	0(0%)
core processes are measured and evaluated	(30.4%)	(44.9 %)	(24.6 %)	0(0%)	0(0%)
development and improvement of the Core process	(50.7%)	(24.6 %)	(24.6 %)	0(0%)	0(0%)

Before the placement of strategies and organizational structure and internal processes the customers are the first aspect considered by management. The questions asked in the strategic planning ranges from who will need to consume these offers, where are they and for how much can they buy to how to reach the customers and will it yield them maximum satisfaction. When a firm is coming up with process they should have customer in mind .if it is working for the best interest of the customer then it is a good process and opposite is true. Core processes should be identified, documented, measured, evaluated, developed and improved on regular basis in this competitive era.

Profitability

a) Revenue

Table 8 The respondents were asked if in their last financial year revenue (premiums) exceed claim

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	60	75	75	75
	NO	20	25	25	100
	Total	80	100	100	

Table 9 The respondents were asked if they think their firms cost of raw material based on the market rate are competitive.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	75	93.75	93.75	93.75
	NO	5	6.25	6.25	100
	Total	80	100	100	

Table 10 The respondents were asked to what extend do they agree that firms revenues have gone up in the previous years

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	43	53.40	53.40	53.4
	Agree	22	27.60	27.60	81.0
	Neutral	5	6.90	6.90	87.90
	Disagree	9	10.30	10.30	98.2
	Strongly Disagree	1	1.80	1.80	100.0
	Total	80	100.0	100.0	

Table 11 The respondent were asked to what extent they agree that firms expenses are on downward trend for the previous years?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	43	53.40	53.40	53.4
	Agree	22	27.60	27.60	81.0
	Neutral	5	6.90	6.90	87.90
	Disagree	9	10.30	10.30	98.2
	Strongly Disagree	1	1.80	1.80	100.0
	Total	80	100.0	100.0	

Suppliers

Maximizing customer satisfaction makes an important contribution to maximizing profitability, although other factors such as cost control, productivity and marketing strategy also impact the bottom line. By maximizing customer satisfaction, you can increase the opportunity for repeat sales to customers, while reducing the cost of sales and marketing. Customer satisfaction helps to increase customer loyalty, reducing the need to allocate marketing budget to acquire new customers. Satisfied customers may also recommend your products or services to other potential customers, increasing the potential for additional revenue and profit. creditors and suppliers will determine if an organization is doing well or not .As a firm all your creditors and suppliers should be chosen in a competitive process so as increase your profits and be able to meet the demands of customers .

Inferential Analysis

The regression was achieved using multiple analysis to establish the nature of the relationship The regression will be achieved using multiple analysis to establish the nature of the relationship based on the model;

BYi = β_1+ β_1X1 + β_2X2 + β_3X3 + $\mathcal{E}$

Where

Where

BYi is strategic positioning (dependent variable).

X1 is profitability

X2 is value adding activities

X3 is market share

β1 are the slope coefficients

β1 are the slope coefficients of X1, X2, and X3

$\mathcal{E}$ = Error of prediction

An index was obtained for each study variable indicator and then a mean was obtained for each study variable (by combing the indicators) to obtain the respective variables (Strategic positioning) and independent variables value adding activities ,market share , market rated, and profitability). The means were then regressed to estimate the study model. The study obtained result shown in Table below

Table 12 Regression Results of Dependent Variable against Predictor Variables

Predictor Variable	Coefficient	P-Values
Constant	-0.205	0.037
Profitability	0.298	0.018
Market share	0.557	0.000
Value adding activities	0.242	0.046
Size (N) = 35 R^2 = 0.913 Adjusted R^2 = 0.812 p-value 0.000		

Source: Research Data (2015)

The estimated equation is: **BYi = -.205+ .298X1 + .557X2 + .242X3**

This shows that profitability, market share, and value adding activities have positive coefficients. This implies that the variables are directly proportional to the strategic positioning of the insurance industry in Kenya. i.e. an increase in any of these variables; market share, profitability, and value adding activities is a result of customer satisfaction which will enable an insurance firm to have a strategic position in market and in the mind of the consumer .When considering of the effects of customer satisfaction table above 81.20% of variation in strategic positioning in the insurance industry Kenya is explained by profitability, market share and value adding activities.

Table 13 Summary of Inferential Results Related Objectives

Objective	Result
Objective 1 To determine the effect of profitability on strategic positioning in insurance in Kenya.	p=0.018 which is less than 0.05.
Objective 2 To establish the effect value adding activities on strategic positioning in insurance in Kenya	p=0.000 which is less than 0.05
Objective 3 To examine the effects of market share on strategic positioning in insurance in Kenya	p=0.046 which is less than 0.05.

From table 9 the following conclusions:

On objective 1 the study concludes that effect of profitability on strategic positioning in insurance in Kenya.

On objective 2 the study concludes that effect value adding activities on strategic positioning in insurance in Kenya

On objective 3 the study concludes that effects of market share on strategic positioning in insurance in Kenya.

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

Summary

The main aim of the study was to assess the effect Customer satisfaction on strategic positioning in the insurance industry Kenya. This study would be useful to investors and insurance industry in

Kenya. This would provide them with knowledge and information of understanding the effect of customer satisfaction on strategic positioning. Three objectives that were pursued to determine the effect of profitability on strategic positioning in the insurance industry in Kenya, to establish the effect of market share on strategic positioning in the insurance industry in Kenya and the effect of value adding activities on strategic positioning in the insurance industry in Kenya.

The estimated equation is: **BYi = -.205+ .298X1 + .557X2 + .242X3**

This shows that profitability, market share, and value adding activities have positive coefficients. This implies that the variables are directly proportional to the strategic positioning of the insurance industry in Kenya. i.e. an increase in any of these variables; market share, profitability, and value adding activities is a result of customer satisfaction which will enable an insurance firm to have a strategic position in market and in the mind of the consumer .When considering of the effects of customer satisfaction 81.20% of variation in strategic positioning in the insurance industry Kenya is explained by profitability, market share and value adding activities

The study concludes that,

On objective 1 the study concludes that effect of profitability on strategic positioning in insurance in Kenya.

On objective 2 the study concludes that effect value adding activities on strategic positioning in insurance in Kenya

On objective 3 the study concludes that effects of market share on strategic positioning in insurance in Kenya

Discussions of the findings.

a) Market share

In the current world where competition among firms is becoming more and more fierce it is important for firms to differentiate themselves to increase market share and invest substantial resources to increase customer satisfaction.

b) Corporate Reputation.

The majority of the respondents also indicated that (71%) strongly agreed that Good corporate reputation is ‘‘a top-level factor for achieving sustained competitive advantage for the organization while 11%agreed,11% neutral,7% disagreed and finally 3% strongly disagreed and 48% strongly agreed that good corporate reputation differentiates a company from its competitors and is thus an important strategic asset to a firm while 22.4%agreed, 19.4% neutral, 7.1% disagreed and finally 3.1% strongly disagreed and 46.9%) strongly agreed that, good corporate reputation could improve the brand equity of its products while 22.4%agreeded, 10.2% neutral, 10.2% disagreed and finally 10.2% strongly disagreed. A good corporate reputation is ‘‘a top-level factor for achieving sustained competitive advantage for the organization’’ (Sanchez &Sotorrio, 2007. Sabate& Puente (2003) surveyed the empirical analysis literature of the relationship between reputation and financial performance, also demonstrated that prior research about corporate reputation’s influence on financial performance is largely positive. Keim (1978) suggested that brand value is created by fully satisfying all stakeholder expectations, not just those of customers. What most stakeholders expect is a company with a good reputation. Thus a good corporate reputation can improve the brand equity of its products. The findings are positive and indicate that corporate reputation effect brand performance in the sense that corporate social responsibility involves going beyond the legal requirements. By investing in customer satisfaction, corporations can secure competitive advantages, financial benefit. It takes extensive time to develop an outstanding reputation; yet reputations can be damaged in an instant. Corporate reputation can be injured quickly given increasing media scrutiny and global coverage and communication via the internet.

Good reputation is one of the most critical strategic assets of a company. In recent years many studies investigated this issue and it is mentioned that corporate reputation positively impacts on performance. Corporate reputation is an intangible asset that increasingly researched as sources of sustainable advantages. Schwaiger (2004) argued that in fact corporate reputation is a factor that can evaluate brand equity (Chibuike, 2011). The information that stakeholders receive about corporation build corporate reputation. They obtain these from other people, advertisement, media, or by interaction with corporation (Fomburn and Van Reil, 2004). Stakeholders compare what they know about a corporation to some standards to evaluate if the corporation meets their expectations or not (Coomb, 2007) based on Lloyd and Mortimer components of corporate reputation are: performance, identify, image, brand, management and ethical leadership (Chibuike, 2011).

c) Consumer Loyalty.

The respondent indicate that 38.8% strongly agreed that consumers demand more out of organizations than simply a quality product at a low price while 30.6%agreed, 10.2% neutral, 10.2% disagreed and finally 10.2% strongly disagreed. Consumers can choose to evaluate a company based on whether the organization acts in a manner consistent with supporting the welfare of the community and society. while 22.4%agreed, 13.3% neutral, 12.2% disagreed and finally 10.2% strongly disagreed. Customer always searches for some benefits from company. According to Fader &Schmittlein (1993), loyal customers are less -price sensitive, and they improve the reputation of the firm by passing on a positive recommendation about the brand, and spend more with the company. In fact, when company's ethical behaviour exceed customer expectation it will have a positive correlation with purchase intention of customer (Brown, 1998).The result might have turned out the way they did is because consumers increase the frequency of purchase of those products on which they believe and trust to secure the future. Consumers are not only economic beings but also members of a community. They can decide to evaluate a company based on whether the organization acts in consistence with the welfare of the community and society.

Customer always searches of some benefit from company. (Benezra, 1996) and consumers' perceptions of this responsibility influence their beliefs and attitudes about new products manufactured by a company (Brown and Dacin, 1997). Because people or consumers like those company which fulfil the social need of people. Company image come from the combination of a person's trust, feelings and impressions about a company (Van Rekom, 1997).

d) Sales

The response about business result improving the response was 31.15% strongly agreed while 36.2 %agreed, 22.40 % neutral, 6.90 %disagreed and finally 3.4% strongly disagreed. On the issue of Effectiveness of the organization improving the response was 27.6 % strongly agreed while 34.5 % agreed, 19.0 % neutral, 13.8 % disagreed and finally 5.1 % strongly disagreed. The response on the use of resources improving 36.20 % strongly agreed while 46.60 % agreed, 5.2 % neutral, 5.2% disagreed and finally 6.8 % strongly disagreed **.**The response on Business result improving comparing with other similar businesses the response was 50 % strongly agreed while 29.30 % agreed, 8.6 % neutral, 10.3 % disagreed and finally 1.44 % strongly disagreed **.** The response on the issue of effectiveness of Advertising and promotion 53.4 % strongly agreed while 27.60 % agreed, 6.9 % neutral, 10.30 % disagreed and finally 1.80 % strongly disagreed

Rose, Batalden, and Siemanski (1992) have found that this positive relationship exists and it is applied to all profitability measures earnings, net revenues, and return on assets. Plenty of empirical research in the last decade showed that customer satisfaction was positively relevant to corporate performance. Andersonet al. (1994) studied the relationships between customer satisfaction and the profitability of Swiss companies. They found that customer satisfaction and ROA (return on assets) are of significantly positive correlation. With the research on customers, operating entities and companies, Ittner and Larcker（1998）discovered that customer satisfaction and future financial performance are highly positively correlated, and that there is evidence showing that the publication of customer satisfaction measure will yield incremental information on stock market

Customer satisfaction has been proven to drive sales growth. Improving your customer satisfaction really will boost your sales. Success (Turban et al., 2002).The success of a business or a sales career depends on relationships selling and customer loyalty. In today's competitive market, customers are very difficult and expensive to acquire and they can represent tremendous value to an organization. In fact, customer satisfaction can be the most valuable single asset that a company can acquire during its lifetime. Your job, no matter where you are in the private sector or public sector as an employee or employer is to help your company attract, acquire and keep customers indefinitely. They make all the difference between success and failure.

e) Profitability

There is a strong positive relationship between positioning and company financial health. If positioning is being done in a right direction then the financial position of a company will be healthy and vice versa (Day, 1998) .In a broad spectrum, positioning is a backbone of a company if being designed in right direction and in a purposive way, a dominated brand will be there in market place; conversely, if positioning is not being designed or done inefficiently then there will be serious consequences on brand life Maximizing customer satisfaction makes an important contribution to maximizing profitability, although other factors such as cost control, productivity and marketing strategy also impact the bottom line. By maximizing customer satisfaction, you can increase the opportunity for repeat sales to customers, while reducing the cost of sales and marketing. Customer satisfaction helps to increase customer loyalty, reducing the need to allocate marketing budget to acquire new customers. Satisfied customers may also recommend your products or services to other potential customers, increasing the potential for additional revenue and profit. (Wiesel, 2002).

This shows that is positively correlated with financial performance. It also shows that those firms with a higher customer satisfaction scores enjoy higher profitability. Additionally, focusing on customer satisfaction is more likely to improve profitability through increasing unit profit margins rather than by merely expanding sales. It seems that the use of customer satisfaction measures not only predicts future financial performance but also its changes. Most research results actually showed that customer satisfaction is significantly associated with current and future financial performance.

f) Value adding activities

The notion of value exchange has to do with why your customers and suppliers are in a relationship with you (Hacker, Wilson, with Johnston, 1999, 32). In order to understand an organization's requirements for success, it is imperative to attain clarity about the value sought by customers, especially those granting the license to live.

Customers evaluate performance based on how well their expectations of value are being met. Each time a customer obtains or uses a product or service, they compare the value received with the total cost they believe they have invested.

If the cost is too high, the customer will consider other alternatives perceived as providing higher value (Israel, 1992, 2). In reality, the value sought reflects both stated and unstated customer requirements. The situation assessment should identify elements of value sought and perceived customer requirements. In addition, the situation assessment should attempt to evaluate perceptions of performance across these items.

Recommendations.

The researcher came up with the following recommendation to ensure that there is customer satisfaction in the insurance industry which will help in strategic positioning

1. Ensure that they have efficient internal process, superior customer service and the deliver quality services to their clients
2. Ensure that they have a good corporate reputation and get loyal customers
3. Ensure that Creditors and suppliers are satisfied with services and are acquired competitively

Suggestion for future research.

The researcher could not cover all possibilities. The researcher therefore suggests further research on the following:

The research can be directed towards investigating the phenomenon in different industries Such as in service industries, health sector and industries where high involvement purchase decisions are concerned. Further Studies can also be directed towards investigating its relationship with different stakeholder groups in governmental and private organization and also replicate the research on the private sectors in Kenya.

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