

**STUDY ON CUSTOMER BEHAVIOR BASED ON SERVICE  
FACTORS AND ITS IMPACT ON CUSTOMER RETENTION (WITH  
SPECIAL REFERENCE TO MOTOR INSURANCE INDUSTRY IN  
TRINCOMALEE DISTRICT)**



**By**

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## ABSTRACT

Motor insurance has become highly competitive portion in the insurance sector. Day by day competitiveness goes up and market share also becoming larger. Due to competitiveness many insurance companies try to tap even untouched highly emotional areas. Motor insurance can be delivered very instantly as well as customer can switch also very instantly to other competitive company. Therefore most of the large scale organization highly focus on existing customer retention than attract new customers. In that view insurance companies are following so many strategies to grab the market towards them. This study is investigated the study on customer behavior based on service factors and its impact on customer retention of motor insurance industry.

The study accompanies with quantitative research approach. Primary data as well as secondary data had been practiced by this study. Structured questionnaire was used as the method of data collection and questionnaire consist with two parts as personal information of the respondent and research information. Questionnaire included 26 questions with five Likert scale ranging from strongly disagree to strongly agree. It has been conducted pilot test to test the reliability of the questionnaire. Convenience sampling method was used to make the sampling framework selected 200 motor insurance customers in Trincomalee district as the sample of this study. Collected data were analyzed using SPSS 22.0 analysis. The data were measured using descriptive statistics, correlation and regression analysis.

It has been tries to identify service convenience, customer satisfaction, payment equity, switching cost and trust and customer retention has good reliability and high level. Subsequently, it has strong positive relation with customer retention. Furthermore, above independent variables significantly influenced customer retention. Results showed that these service factors are highly influencing changed customer behavior and its impact on customer retention of motor insurance industry. This research contribution for insurance providers. Therefore, insurance providers should pay their attention on these factors when designing appropriate marketing strategies.

**Keywords:** Service Convenience, Customer Satisfaction, Payment Equity, Switching Cost, Trust, Customer Retention

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