DETERMINANTS OF SWITCHING BEHAVIOR OF MOTOR VEHICLE INSURANCE POLICY HOLDERS IN PUTTLAM DISTRICT

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A Project Report

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ABSTRACT

With the intense competition and increasing globalization in the financial markets, financial managers must develop customer-oriented strategies in order to compete successfully in the competitive business environment. However, customers are also more prone to changing their automobile insurance behavior when they can purchase nearly identical financial products provided by the competitive companies. In order to stay competitive, insurance company managers need to understand the factors that influence and determine consumers' automobile insurance switching behavior.

The objectives of the study are to find the demographic characteristics and other factors that influence the consumers in switching the service provider and to delve into finding out the likeliness of switching the service provider. The area covered under this study was puttlam district in Sri Lanka due to availability of all the the fifteen insurance branches in there. A well-structured questionnaire was designed and administered to collect samples across puttlam district. The sample size was 150. The variables considered for the study are Consumer demographics and related factors with existing service provider. Factors influencing the switching behavior and factors that affect the switching behavior of consumers were grouped into 6 categories namely price, service quality, switching cost ,involuntary switching, effective advertising competition and personnel selling. it can give conclusion that there were weakly positive correlation between DSB and SBVP.As per the results of regression analysis it can give conclusion that there were positive impact of DSB on SBVP. It is found that there is a relation between switching the service provider and the factors for switching. After analyzing the findings of the study, researcher proposes that the insurance companies should concentrate to develop appropriate strategies base on the important factors that had been found by study.

Keywords: Customer switching behavior, automobile insurance policy, price, service quality, switching cost, involuntary switching, effective advertising, personnel selling

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