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**STRATEGIES UNDERTAKEN BY HEALTH INSURANCE
SCHEME TO ENHANCE CUSTOMER LOYALTY**

**A CASE STUDY OF NATIONAL HOSPITAL INSURANCE
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Seby Abdul Aziz and Dr. Fridah Theuri

Strategy

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Abstract

Purpose: The purpose of the study was to establish strategies undertaken by health insurance scheme to enhance customer loyalty.

Methodology: The study adopted a descriptive research design. The target population of the study was a total of 175 external customers who belong to the civil service and disciplined forces scheme and are covered under the comprehensive outpatient scheme. The research sample size from the four strata was approximately 120 respondents. Since the population confined to the four strata, the researcher used stratified random sampling. The study used questionnaires for data collection. Data was analyzed using descriptive and inferential statistical methods. Raw quantitative data was analyzed using regression analysis. The use of a computer package by the name of Statistical Package for Social Sciences (SPSS) was put to the test in tabulating and analyzing data. The data was analyzed using frequency tables, percentages, degrees and measures of central tendency.

Results: The results of correlation revealed that pricing strategy, customer communication strategy, product innovation strategy and market research strategy were positively and significantly related. Pricing strategy, customer communication strategy, product innovation strategy and market research strategy were found to be satisfactory variables in explaining customer loyalty in NHIF. This was supported by coefficient of determination also known as the R square of 64.9%.

Unique contribution to theory, practice and policy: The study recommended that while it was necessary to continuously improve on the current strategies, discovering new strategies so as to boost on customer loyalty should be encouraged at NHIF.

Keywords: *Strategies, health, insurance, scheme, customer, loyalty*

1.0 INTRODUCTION

1.1 Background of the Study

NHIF was established in 1966 under CAP 255 under the laws of Kenya a department under the ministry of health. It caters for employees in the formal sector earning Kshs 1000 and above and deductions started at Kshs 30. NHIF became a fully-fledged parastatal in 1998 by N.H.I.F Act No 9 of 1998. It consists of a board which comprises of Central Organization of Trade Union (COTU), Federation of Kenya Employers (FKE), Kenya Medical Association (KMA) and non-governmental organizations in addition to others. The core function of NHIF is to collect revenue and pay out benefits in the form of hospital claims. The vision of NHIF is to be a world social health insurance scheme. The mission of NHIF is to provide accessible, affordable, sustainable, and quality social health insurance through effective and efficient utilization of resources to the satisfaction of stakeholders.

The membership to NHIF requires one to have attained the age of eighteen and above and have an income of Kshs 1000 and above. There is no upper age limit for registration and any Kenyan of any age can register with the fund. For those in the informal sector pay Kshs 160 per month. This has led to establishment of health Insurance Schemes whose purpose is to mitigate this situation (McIntyre et al, 2008). According to ILO (2007) & IMF (2008) self-employment constitutes great share of informal employment (outside agriculture) than wage employment.

NHIF roll out its sleeves in working with organized groups to recruit members. N.H.I.F have registered a total of 415 health facilities to provide outpatient services and the figure is still growing (Jinks, 2012). N.H.I.F has branches countrywide and in areas without branches satellite offices have been established and window offices in respective hospitals. The fund is currently decentralized and any branch is totally independent in carrying out core functions. N.H.I.F contributes less than 4% of total health expenditure and 39% is funded by the Government.

1.1.1 Health Insurance Sector in Kenya Industry

This sector is regulated by the insurance Act, laws of Kenya, chapter 487. Commissioner's office was created under the provision in order to toughen government laws under finance ministry. The Insurance Institute of Kenya (IIK) is the certified body in this sector, which concerns mainly professional education and teaching. The body is mandated to regulate the insurance industry players to supervise them. From the Regulatory Authority's 2015 Industry Report it shows that most health insurers jointly experienced a claim ratio of about 77% with 50% of health insurers not generating underwriting earnings. From the report above, most health insurers have raised a premium rate which has made the market to be highly sensitive with the price.

This sector is at the doorstep of heading to a very stronger and enhanced founded health insurance industry. Majority of the players should focus on reevaluating the whole business structure model from top management, commodities offered, threats, claims and fraud. Every person both within and outside the organization need to work hand in hand with each other plus other players in order to provide and maintain a positive surrounding for expansion of the health insurance coverage , growth and improving the sectors contribution to the entire economy. General challenges facing the health insurance industry in Kenya include: structural weaknesses, (Karimi, 2011); fraud by both clients and employees, (Otieno, 2017), high claims, delays in claim settlement, delayed premium collection, lack of liquidity leading to collapse of some firms, low economic growth, (Ogolla, 2005), poor governance and industry saturation, (Kamiri, 2007).The major environmental challenges facing the industry include; customer demand, political uncertainty, insecurity and money laundering ,terrorism and insurance perception. Others include industry competition and customer awareness, cost of compliance, ICT skills and competencies and cultural barriers (AKI report 2015).

1.1.2 Customer Loyalty

Customer loyalty is the point at which a provider gets a definitive reward of his endeavors in cooperating with its client. Client unwaveringness tends the client to deliberately pick a specific item against another for his need. The unwaveringness might be item particular or it might be organization particular. At the point when a dedicated client has monotonous necessity of a similar item, such clients might be portrayed as being 'brand steadfast'. Then again he may likewise require distinctive results of a similar maker. That is to say, he makes huge buys coordinate from an indistinguishable provider and those tallies from the organization particular reliability (Zineldin, 2006). In business, high number of customers leads to improved sales which in turn lead to improved profits. Such customers can be retained if they are loyal to the products or services of the business enterprise.

1.2 Statement of the Problem

As the Kenyan government makes inroads to accelerate achievement of universal health coverage, the informal sector workers must be considered since most are not covered by health insurance programs (Muiya, 2013). The health insurance sector has been marred by health inequalities and poor strategies to be undertaken by the health insurance to enhance customer loyalty access to health care (Kimani *et al.*, 2014). The next big challenge is that many health insurance schemes organizations face challenges when they try to come up with innovation to create real and improved customer loyalty (Philips, 2011). Consequently there has been a gradual but significant shift of clients from the government healthcare facilities to the private health service providers due to poor customer loyalty in government hospitals (Zeithaml *et al.*, 2000).

Consumers of health service insurance scheme have always believed that service provision in government hospitals should have adequate technology facilities, enough resource, effective feedback systems and product innovation strategies. Unfortunately this is not the case. In regard to the above challenges, insurance firms have to formulate competitive intervention strategies for

each to have credible market share. Health insurance schemes are supposed to come up with innovative products to improve customer loyalty. This requires new strategies and new ways of doing things by the executive which can at times be a daunting task.

Philippines is one the most advanced middle-income countries with regard to its achievement in universal health coverage (UHC). Today, 82% of its population benefits from PhilHealth coverage and have access to public and private hospitals services. But still around 18 million Filipinos, mainly informal workers, are excluded from the system (Somanathan, 2014).

Aswani (2010) investigated in general the effects of marketing strategies on performance of insurance companies in Kenya; however this study only utilized sales promotion, market intelligence and product development and innovation as its variables; Masese (2013) identified the factors influencing the uptake of insurance services in Kenya; however this study was limited to Life Insurance service. Kuria (1999) looked at the state of relationship marketing strategy in the Kenyan banking sector. The study established that though awareness of the relationship marketing strategy by bank market marketers was high, its implementation was rather low and unilateral. Thus, this study aimed at investigating the strategies undertaken by the health insurance scheme to enhance customer loyalty.

1.3 Study Objectives

- i. To determine the effect of Pricing strategy in health insurance schemes on customer loyalty
- ii. To investigate the influence of Customer communication strategy in health insurance schemes on customer loyalty
- iii. To evaluate the role of product innovation strategy in health insurance schemes on customer loyalty
- iv. To determine the influence of Market research strategy in health insurance schemes on customer loyalty

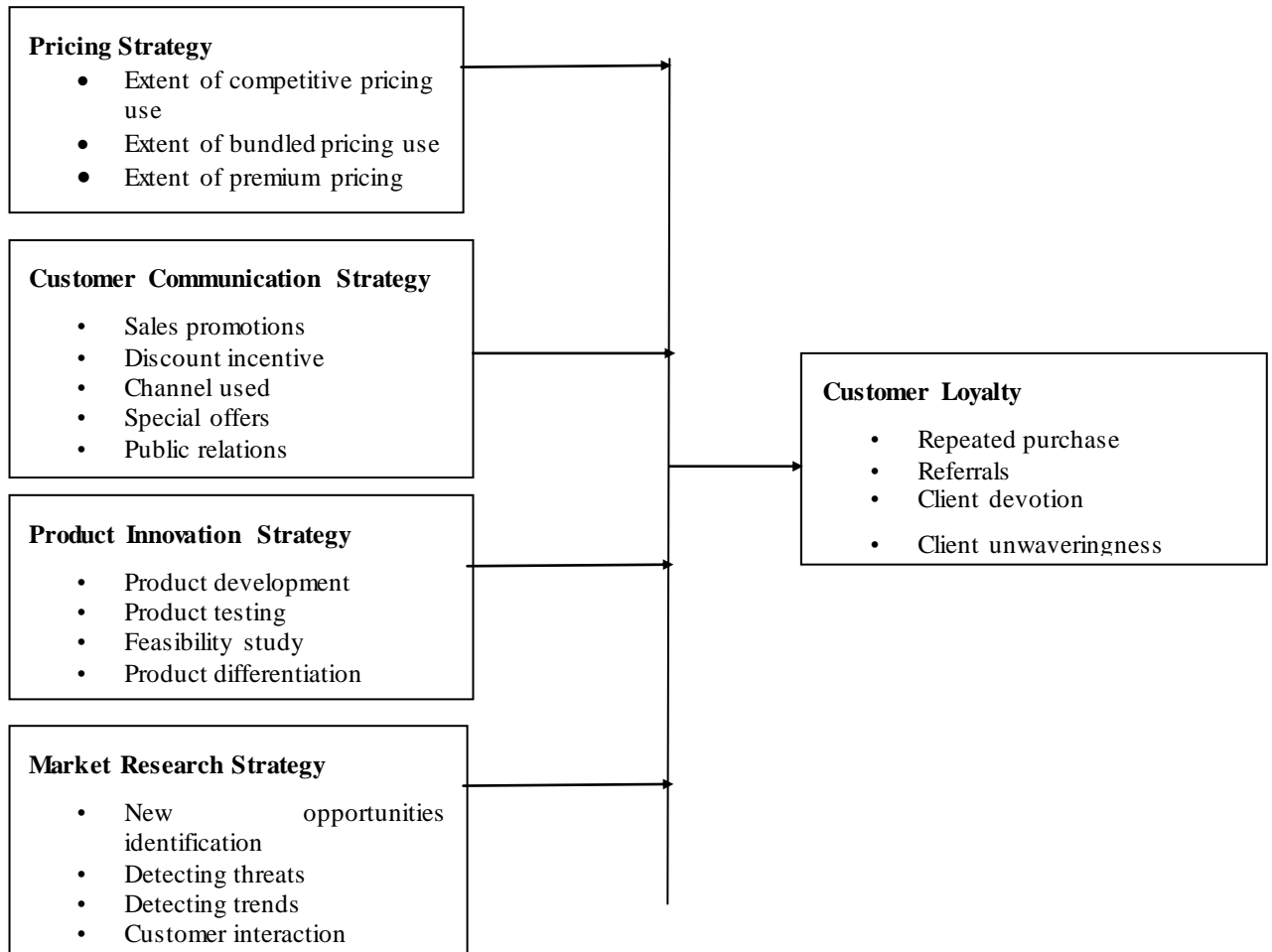
2.0 LITERATURE REVIEW

2.1 Expectation-Confirmation Theory (ECT)

The ECT has been widely used in consumer behavior literature studying satisfaction; repurchase behavior, and services marketing (Anderson & Sullivan, 1993; Oliver, 1980, 1997; Swan & Trawick, 1981; Tse & Wilton, 1988). Oliver (1980) described the process by which consumers reach their repurchase intention. The ECT framework proposes that consumers form an initial expectation about the service, the service is accepted and used, consumers perceptions are formed about its performance. The perceived performance of the service is then assessed based

upon their initial expectation to determine whether their expectation was confirmed, they form a satisfaction or affect based on their confirmation and expectation levels, and satisfied consumers form a repurchase intention or dissatisfied consumers discontinue use of the service. Findings from research of ECT show that customers base their repurchase intent or service continuance upon their satisfaction with prior use of the service or product (Anderson & Sullivan, 1993). Koppius, Speelman, Stulp, Verhoef, and Van Heck (2005) conducted research using ECT to study continuance intention of online airline ticket purchasing. The results of this study showed that there was recurring purchase of online tickets primarily because of their satisfaction with the online booking process and positive attitude toward the system. Loyalty incentives and price initiatives played only a minor role; these results confirm the ECT model. Bhattacharjee (2001) discussed a potential problem with ECT; first, ECT ignores the potential for consumers to change their expectation after their consumption experience. Since consumers pre-purchase expectations are often formed by other's opinions or information shown through outside sources such as the media, they may vary from their post-purchase expectation formed by the actual experience of the consumer firsthand. For example, post-purchase expectations may be enhanced if consumers discover the product or service has benefits beyond their initial expectations (Bhattacharjee, 2001). However, their post-purchase expectations may be lowered if the product or service is found to be less useful. This theory will therefore guide on understanding how NHIF guards post-purchase decisions among its current clientele base. The repurchase intention can only be achieved if customer loyalty or satisfaction was met at the first purchase.

2.2 Conceptual Framework



Independent Variables

Dependent Variable

Figure 1 Conceptual Framework

2.2.1 Pricing Strategy

Kotler (2007) defines price as a cost of producing, delivering and promoting the product or service charged by the organization. Zeithaml (1988) is of the view that monetary cost is one of the factors that influence consumer's perception of a product's value. Price can be stated as the actual or rated value of a valuable product which is up for exchange; some define it as amount of

money paid for product (Kotler *et al*, 2005). The product or service should at all times be viewed as fostering value for money. By this it doesn't mean that the product should be the cheapest one in the available in the market, that customers are ready usually happy to pay extra for a product that really satisfy their needs is among the major principal of the concept of marketing. There are several pricing strategies available to marketers: Penetration pricing is where the firm price their products lowly so as to have a larger market share, after securing a large market they may then start increasing their prices.

2.2.2 Customer Communication Strategy

Customer communication strategy is becoming an important issue in marketing in order to gain customer loyalty, improve customer retention rates as well as increase profits (Chen, 2004). Customer communication strategy refers to a management approach that seeks to create, develop, and enhance relationships with carefully targeted customers in order to maximize customer value and corporate profitability (Jones, 2007).

2.2.3 Product Innovation Strategy

Kotler and Armstrong (2006) define a product as anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. They further define a consumer product as the product bought by the final consumer for personal consumption. Consumers buy products frequently, with careful planning, and by comparing brands based on price, quality and style. Borden, (1984) sees a product as about quality, design, features, brand name and sizes. Mohammad *et al*, (2012) also say that product is the physical appearance of the product, packaging, and labeling Information, which can also influence whether consumers notice a product in-store, examine it, and purchase it. Past researchers have clearly suggested that product influences have a significant impact on business performance (Kazem & Heijden, 2006; Owomoyela *et al*, 2013).

2.2.4 Market Research Strategy

Market research according to Everett (2008), is "the process of acquiring and analyzing information in order to understand the market (both existing and potential customers); to determine the current and future needs and preferences, attitudes and behavior of the market; and to assess changes in the business environment that may affect the size and nature of the market in the future. Competitive Intelligence describes the broader discipline of researching, analyzing and formulating data and information from the entire competitive environment of any organization. Market research helps in market and customer orientation to promote external focus, identification of new opportunities so as to identify new trends in markets and competitors; one is able to get early warning of competitor moves. This enable counter measures thus minimizing investment risks by detecting threats and trends early, better customer interaction, inherit intensified customer market view better market selection & positioning it enables the company to understand where your offer fits and discover untapped or under-served potential market, more efficient and cost-effective information (Everett, 2008).

3.0 RESEARCH METHODOLOGY

The study adopted a descriptive research design in the research process. The target population of the study was a total of 175 external customers who belong to the civil service and disciplined forces scheme and are covered under the comprehensive outpatient scheme. They include the junior officers from job group A-M who totaled to 105 and senior officers from job group N and above who totaled to 70. Stratified sampling method is the technique that was used. The population was stratified into four homogeneous sub groups which include: Regulation Police, Administration Police, National Youth Service and Ministries. A proportionate sample size of approximately 120 respondents was selected using stratified random sampling technique. The data was gathered from primary sources. The study used questionnaires for data collection. The questionnaires were prepared, structured and had both closed and open ended questions. Data was analyzed using descriptive and inferential statistical methods. Raw qualitative data was analyzed using mean and standard deviation and raw quantitative data was analyzed using regression analysis. The use of a computer package by the name of Statistical Package for Social Sciences (SPSS) was put to the test in tabulating and analyzing data. Data collected were closely scrutinized to check for completeness, consistency, accuracy and uniformity. The questionnaires are checked for any omissions and inconsistencies. Any careless answer is omitted. Supporting evidence from similar case studies was used to make conclusions. The data was analyzed using frequency tables, percentages, degrees and measures of central tendency. Multiple regression analysis models are used as shown by the model;

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon.$$

Y = Customer loyalty

x₁ = Pricing Strategy

x₂ = Customer communication strategy

x₃ = Product Innovation Strategy

x₄ = Market research strategy

ε' = error term

4.0 DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Demographic Characteristics

This section consists of information that describes basic characteristics such as gender of the respondents, their level of education and their current work position in their work place.

4.1.1 Gender

The respondents were asked to indicate their gender. Majority of the respondents were male who represented 53% of the sample while 47% were female. This implies that a majority of workers

who have used the NHIF services are male. This therefore means that gender has a significant relationship with adoption of NHIF services. The results are presented in table 1 below.

Table 1: Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
males	53	53.0	53.0	53.0
females	47	47.0	47.0	100.0
Total	100	100.0	100.0	

4.1.2 Highest Level of Education

The respondents were asked to indicate the highest level of education they had attained. 33% which was the majority indicated to have diplomas, 28% were undergraduates, while 22% had obtained postgraduate qualifications. The least were them that had secondary education at 17%. This implies that the majority the consumers of NHIF services were educated past secondary level education. Education is therefore a significant determinant for a person's capacity to choose NHIF services. The results are shown in table 2 below.

Table 2: Highest Level of Education

	Frequency	Percent	Valid Percent	Cumulative Percent
Secondary	17	17.0	17.0	17.0
Diploma	33	33.0	33.0	50.0
Degree	28	28.0	28.0	78.0
Postgraduate	22	22.0	22.0	100.0
Total	100	100.0	100.0	

4.1.3 Current Position in the Work Place

The respondents were also asked to indicate their work position in their respective organizations. A majority of the respondents, 36%, indicated that they were middle regulation police while the least were in the department of ministries. Administration police had a response rate of 21% and finally respondents from the national youth service were at 24%. These results are shown in table 3 below.

Table 3: Current Position in the Work Place

	Frequency	Percent	Valid Percent	Cumulative Percent
regulation police	36	36.0	36.0	36.0
administration police	21	21.0	21.0	57.0
national youth service	24	24.0	24.0	81.0
Ministries	19	19.0	19.0	100.0
Total	100	100.0	100.0	

4.2 Descriptive Statistics

4.2.1 Pricing Strategy

The study sought to establish the effect of pricing strategy on customer loyalty in the NHIF. Various statements were used to establish this. The first statement was on whether NHIF had used competitive pricing to a great extent. Majority of the respondents were agreeing with this statement as shown by a means of 1.75 and a standard deviation of .925. Secondly, the respondents were asked pertaining whether NHIF had adopted bundled pricing. Majority of them agreed with this statement as shown by a means of 2.30 and a standard deviation of .980. In addition, majority of the respondents were in agreement with the statement that premium pricing had been applied by NHIF as shown by a means of 1.90 and a standard deviation of 1. Consequently, majority of the respondents were in agreement with the statement that NHIF had been using a pre-determined rate for their pricing as shown by a means of 1.95 and a standard deviation of .999. The question on whether Price discrimination had been used by NHIF according to the market segments they serve received a great agreement from the respondents as shown by a means of 1.86 and a standard deviation of .921. On average the study established that majority of the respondents were in agreement with many of the statements as shown by a means of 1.952 and a standard deviation of .965. The results are shown in the table 4 below.

The findings of this study were in agreement with those of Colpan,(2006), Doole *et al.*, (2006) and Owomoyela *et al.*, (2013) who established a significant relationship relationship between price and business performance. The price you set for your product or service plays a large role in its marketability.

In addition, the findings of this study that competitive pricing had been used to a great extent at the NHIF was in agreement with the study of Jones (2007) who stipulated that pricing for products or services that are more commonly available in the market is more elastic, meaning that unit sales will go up or down more responsively in response to price changes.

Moreover, the significant relationship between pricing strategy and customer loyalty in the NHIF was in agreement with other studies for instance, Owomoyela *et al.*, (2013) who posited that there is more or less a positive association between innovations and firm performance.

Nevertheless, the findings of this study were in disagreement with those of Capon *et al.*, (1990) whose studies indicated a negative link or no link at all between innovations and firm performance.

Table 4 Pricing Strategy

	strongly agree	agree	undecided	disagree	strongly disagree	Mean	Std. Deviation
NHIF has used competitive pricing to a great extent	45.0%	43.0%	12.0%	0.0%	0.0%	1.75	.925
NHIF has adopted bundled pricing	16.0%	62.0%	22.0%	0.0%	0.0%	2.30	.980
premium pricing has been applied by NHIF	41.0%	42.0%	17.0%	0.0%	0.0%	1.90	1.000
NHIF has been using a pre-determined rate for their pricing	35.0%	51.0%	14.0%	0.0%	0.0%	1.95	.999
Price discrimination has been used by NHIF according to the market segments they serve	40.0%	39.0%	21.0%	0.0%	0.0%	1.86	.921
Average						1.952	.965

4.2.2 Customer Communication Strategy

The study sought to establish whether NHIF had adopted customer communication strategy and its impact on customer loyalty. Several questions were tested on this variable. Respondents were asked to indicate their view on the statement that Sales promotions had been adopted by NHIF to reach its clients and majority of them were in agreement with this as depicted by a means of 1.21 and standard deviation of .518. Secondly regarding the statement on whether NHIF offered discount incentives, majority of the respondents were in agreement with it as shown by a means of 1.49 and a standard deviation of .674. In addition, majority of the respondents were in

agreement with the statement that NHIF uses radio and TV as channels of conveying their information. This is supported by a means 1.51 of and standard deviation of .718. Regarding whether special offers are common with NHIF to its clients, majority of the respondents were in agreement with this statement as shown by a means 1.57 of and standard deviation of .782. Finally on the statement of whether public relations in NHIF are active and vibrant, majority of the respondents were in agreement with it as supported by a means of 1.53 and standard deviation of .761. On average, majority of the respondents were in agreement with many of these statements as shown by an average of 1.53 and a standard deviation of .690. The researcher therefore concluded that customer communication strategy had a significant effect on customer loyalty in NHIF. These results are shown in the table 5 below.

The findings of this study were in agreement with those of Fenech (2013) who conducted a research on internal corporate communication on strategy and employee commitment and stipulated that that top-down and primarily one-way internal corporate communication conveying strategy met the employees' needs better than lateral and two-way internal strategy communication". The needs were recognized to include gaining strategy knowledge, gaining ability to use the knowledge and reducing equivocality and uncertainty.

In addition, the findings of this study concurred with those of Aidoo (2012) who showed that the practice of internal communication was not effective enough whenever there is no documented communication strategy and consequently employees fail to fully understand the vision and mission of the organization.

Moreover, the findings of this study were in agreement with those of Fenech (2013) who posited that effective internal communication contributed to the achievement of an organization's goals and objectives by way of better coordination and so on, but the Grapevine was a major challenge to the flow and exchange of information and needed to be monitored and perhaps capitalized upon.

Table 5 Customer Communication Strategy

	strongly agree	agree	Undecided	disagree	strongly disagree	Mean	Std. Deviation
Sales promotions has been adopted by NHIF to reach its clients	84.0%	11.0%	5.0%	0.0%	0.0%	1.21	.518
NHIF offers discount incentives	61.0%	29.0%	10.0%	0.0%	0.0%	1.49	.674

NHIF uses radio, TV as channels of conveying their information	62.0%	25.0%	13.0%	0.0%	0.0%	1.51	.718
Special offers are common with NHIF to its clients	61.0%	21.0%	18.0%	0.0%	0.0%	1.57	.782
The public relations in NHIF is active and vibrant	36.0%	41.0%	23.0%	0.0%	0.0%	1.87	.761
Average						1.53	.690

4.2.3 Product Innovation Strategy

The study sought to establish whether product innovation strategy had any significant effect on customer loyalty. Several questions were asked to test on this. In the first place, respondents were asked whether NHIF has been introducing new insurance products. Majority of them agreed with this question as depicted by a means of 1.76 and a standard deviation of .740. The statement that NHIF has considerable range of insurance products was agreed with by majority of the respondents as shown by a means of 1.90 and a standard deviation of .644. Moreover, the statement that NHIF uses customer service as a central element in the insurance service strategy was agreed with as shown by a means of 1.82 and a standard deviation of .730. It was also established that NHIF is always conducting product testing to improve on quality of their services since majority of the respondents agreed with this statement as shown by a means of 1.67 and a standard deviation of .697. Finally the statement that Product differentiation had been witnessed at NHIF was agreed with even as it is shown by a mean of 1.76 and a standard deviation of .740. On average, majority of the respondents were in agreement with many of the statements even as it is revealed by a means of 1.43 and a standard deviation of .562. The researcher therefore concluded that product innovation strategy had a significant effect on customer loyalty. These results are shown in the table 6 below.

The results of this study were in agreement with results of past researchers who have clearly suggested that product influences have a significant impact on business performance (Kazem & Heijden, 2006; Owomoyela *et al*, 2013).

Table 6 Product Innovation Strategy

	strongly agree	agree	undecided	disagree	strongly disagree	Mean	Std. Deviation
NHIF has been introducing new insurance products	42.0%	40.0%	18.0%	0.0%	0.0%	1.76	.740
NHIF has considerable range of insurance products	26.0%	58.0%	16.0%	0.0%	0.0%	1.90	.644
NHIF uses customer service as a central element in the insurance service strategy	37.0%	44.0%	19.0%	0.0%	0.0%	1.82	.730
NHIF uses customer service as a central element in the insurance service strategy	46.0%	41.0%	13.0%	0.0%	0.0%	1.67	.697
NHIF is always conducting product testing to improve on quality of their services	67.0%	20.0%	13.0%	0.0%	0.0%	1.46	.717
Product differentiation has been witnessed at NHIF	42.0%	40.0%	18.0%	0.0%	0.0%	1.76	.740
Average						1.43	.562

4.2.4 Market Research Strategy

The researcher sought to establish whether market research strategy had any significant effect on customer loyalty in NHIF. The first statement was that of whether NHIF is keen on opportunities identification and whether this keeps their clients satisfied. Majority of the respondents were in agreement with this statement as depicted by a means of 1.90 and a standard deviation of .644. Secondly, majority of the respondents were in agreement with the statement that NHIF is fast at detecting threats and this has reduced customer dissatisfaction as revealed by a means of 2.25 and a standard deviation of .957. It was also confirmed that detecting trends had been a virtue of NHIF and this had helped them understand their clients as shown by a means of 1.59 and a standard deviation of .683. Customer interaction was always encouraged by NHIF with its clients as shown by a means of 2.24 standard deviation of 1.138. In addition majority of the respondents were in agreement with the statement that market selection had been adopted by NHIF and this helped determine the services to offer and at what rate. This was supported by a means of 1.92 a standard deviation of 1.002. Moreover, majority of the respondents were in agreement with the statement that market positioning had been fulfilled by NHIF in that it is always rebranding its services as shown by a means of 1.43 standard deviation of .714. On average, majority of the respondents were in agreement with many of the statements as shown by a means of 1.888 standard deviation of .856. The researcher therefore concluded that market research strategy had a positive and a significant effect on customer loyalty in NHIF.

Table 7 Market Research Strategy

	strongly agree	agree	undecided	disagree	strongly disagree	Mean	Standard Deviation
NHIF is keen on opportunities identification and this keeps their clients satisfied	26.0%	58.0%	16.0%	0.0%	0.0%	1.90	.644
NHIF is fast at detecting threats and this has reduced customer dissatisfaction	26.0%	33.0%	31.0%	10.0%	0.0%	2.25	.957
Detecting trends has been a virtue of NHIF and this helps understand their clients	52.0%	37.0%	11.0%	0.0%	0.0%	1.59	.683
Customer interaction is always encouraged by NHIF and its clients	35.0%	26.0%	19.0%	20.0%	0.0%	2.24	1.138

Market selection has been adopted by NHIF and this helps determine the services to offer and at what rate	41.0%	38.0%	10.0%	10.0%	1.0%	1.92	1.002
Market positioning has been fulfilled by NHIF in that it is always rebranding its services	67.0%	25.0%	7.0%	0.0%	1.0%	1.43	.714
Average						1.888	.856

4.2.5 Customer Loyalty

Respondents were tasked regarding their loyalty on the services of NHIF. Various questions were asked to test on customer loyalty. In the first statement, respondents were asked whether they have had repeated purchase for the services of NHIF. Majority of the respondents were agreeing with this statement even as portrayed by a means of 2 and a standard deviation of .804. The second question was that of whether one has recommended several individuals to the services of NHIF. Majority of the respondents were in agreement with this statement even as shown by a means 1.95 and standard deviation of .702. Thirdly, majority were in agreement with the statement that they are well devoted client of NHIF services as indicated by a means of 1.81 and a standard deviation of .861.

The findings of this study were in agreement with those of Zineldin (2006) who posited that Client devotion urges purchasers to shop all the more reliably, spend a more prominent share of wallet, and feel positive about a shopping background, pulling in buyers to well-known brands notwithstanding a focused situation.

Pertaining whether attitudinal dedication has been observed due to satisfaction derived from NHIF services, majority of the respondents were in agreement with this statement as shown by a means of 1.75 and a standard deviation of .716. Finally, majority of the respondents were in agreement with the statement that client unwaveringness has been solved due to the satisfaction from NHIF services as shown by a means 1.96 of and standard deviation of .695.

The findings of this study were in agreement with those of Coelho and Henseler, (2012) who stipulated that attitudinal dedication/ unwaveringness spotlights on how solid the mental duty or connection is to the brand. On average the variable got a means of 1.894 and a standard deviation of .756. This clearly shows that majority of the respondents were in agreement with many of the statements.

Table 8 Customer Loyalty

	strongly agree	agree	undecided	disagree	strongly disagree	Mean	Standard Deviation
I have had repeated purchase for the services of NHIF	27.00%	51.00%	17.00%	5.00%	0.00%	2.00	.804
I have recommended several individuals to the services of NHIF	27.00%	51.00%	22.00%	0.00%	0.00%	1.95	.702
I am a well devoted client of NHIF services	42.00%	41.00%	11.00%	6.00%	0.00%	1.81	.861
Attitudinal dedication has been observed due to satisfaction derived from NHIF services	41.00%	43.00%	16.00%	0.00%	0.00%	1.75	.716
Client unwaveringness has been solved due to the satisfaction from NHIFN services	26.00%	52.00%	22.00%	0.00%	0.00%	1.96	.695
Average						1.894	.756

4.3 Inferential Statistics

Inferential analysis was conducted to generate correlation results, model of fitness, and analysis of the variance and regression coefficients.

4.3.1 Correlation Analysis

Table 9 below presents the results of the correlation analysis. The results revealed that Pricing Strategy and customer loyalty in NHIF were positively and significantly related ($r=0.651$, $p=0.000$).

The results further indicated that customer communication strategy and customer loyalty in NHIF were positively and significantly related ($r=0.481$, $p=0.000$).

It was further established that product innovation strategy and customer loyalty in NHIF were positively and significantly related ($r=0.524$, $p=0.000$).

Finally the study established that there was a positive and significant correlation between market research strategy and customer loyalty in NHIF ($r=0.515$, $p=0.000$). These results are shown in table 9 below.

Table 9 Correlation Matrix

		Customer loyalty	price	Customer communication	Product innovation	Market research
Customer loyalty	Pearson Correlation	1	.651**	.481**	.524**	.515**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	100	100	100	100	100
price	Pearson Correlation	.651**	1	.165	.143	.129
	Sig. (2-tailed)	.000		.100	.156	.202
	N	100	100	100	100	100
Customer communication	Pearson Correlation	.481**	.165	1	.688**	.623**
	Sig. (2-tailed)	.000	.100		.000	.000
	N	100	100	100	100	100
Product innovation	Pearson Correlation	.524**	.143	.688**	1	.719**
	Sig. (2-tailed)	.000	.156	.000		.000
	N	100	100	100	100	100
Market research	Pearson Correlation	.515**	.129	.623**	.719**	1
	Sig. (2-tailed)	.000	.202	.000	.000	
	N	100	100	100	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

4.3.2 Regression Analysis

The results presented in table 10 present the fitness of model used of the regression model in explaining the study phenomena. Pricing strategy, customer communication strategy, product

innovation strategy and market research strategy were found to be satisfactory variables in explaining customer loyalty in NHIF. This is supported by coefficient of determination also known as the R square of 64.9%. This means that pricing strategy, customer communication strategy, product innovation strategy and market research strategy explain 64.9% of the variations in the dependent variable which is customer loyalty in NHIF. These results also imply that the model applied to link the relationship of the variables was satisfactory.

Table 10 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.806 ^a	.649	.634	.40979

Table 11 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variables are good predictors of customer loyalty in NHIF. This was supported by an F statistic of 43.953 and the reported p value (0.000) which was less than the conventional probability of 0.05.

Table 11 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	29.523	4	7.381	43.953	.000 ^b
1	Residual	15.953	95	.168		
	Total	45.476	99			

4.3.3 Coefficients

Regression of coefficients results in Table 12 shows that Pricing strategy and customer loyalty in NHIF are positively and significantly related ($r=0.508$, $p=0.000$). A unit change in Pricing strategy would lead to a change in customer loyalty by 0.508 units.

The results further indicate that customer communication strategy and customer loyalty in NHIF were positively and significantly related ($r=0.126$, $p=0.000$). These results imply that a unit change in customer communication strategy would lead to a change in customer loyalty by 0.126 units. Product innovation strategy and customer loyalty were also found to be positively and significantly related ($r=0.250$, $p=0.025$). A similar relationship was established between market research strategy and customer loyalty ($r=0.235$, $p=0.013$). This shows that a unit change in market research strategy would lead to a change in customer loyalty by 0.235 units.

Table 12: Regression of Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.108	.162		6.840	.007
price	.508	.055	.575	9.322	.000
1 Customer communication	.126	.024	.101	5.259	.000
Product innovation	.250	.117	.208	2.135	.025
Market research	.235	.093	.228	2.526	.013

a. Dependent Variable: customer loyalty

Thus, the optimal model for the study is;

Customer loyalty in NHIF = $1.108 + 0.508 \text{ price} + 0.126 \text{ customer Communication} + 0.250 \text{ Product Innovation} + 0.235 \text{ market research}$

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The main purpose of this study was to establish the strategies undertaken by health insurance scheme to enhance customer loyalty, a case study of National Hospital Insurance Fund, Ukunda Branch Office. The results revealed that pricing strategy and customer loyalty in NHIF were positively and significantly related ($r=0.651$, $p=0.000$). The results further indicated that customer communication strategy and customer loyalty in NHIF were positively and significantly related ($r=0.481$, $p=0.000$).

It was further established that product innovation strategy and customer loyalty in NHIF were positively and significantly related ($r=0.524$, $p=0.000$). Finally the study established that there was a positive and significant correlation between market research strategy and customer loyalty in NHIF ($r=0.515$, $p=0.000$).

Pricing strategy, customer communication strategy, product innovation strategy and market research strategy were found to be satisfactory variables in explaining customer loyalty in NHIF. This is supported by coefficient of determination also known as the R square of 64.9%. This means that pricing strategy, customer communication strategy, product innovation strategy and market research strategy explain 64.9% of the variations in the dependent variable which is customer loyalty in NHIF. These results also imply that the model applied to link the relationship of the variables was satisfactory.

Regression of coefficients results showed that pricing strategy and customer loyalty in NHIF are positively and significantly related ($r=0.508$, $p=0.000$). A unit change in pricing strategy would lead to a change in customer loyalty by 0.508 units.

The results further indicated that customer communication strategy and customer loyalty in NHIF were positively and significantly related ($r=0.126$, $p=0.000$). These results imply that a unit change in customer communication strategy would lead to a change in customer loyalty by 0.126 units. Product innovation strategy and customer loyalty were also found to be positively and significantly related ($r=0.250$, $p=0.025$). A similar relationship was established between market research strategy and customer loyalty ($r=0.235$, $p=0.013$). This shows that a unit change in market research strategy would lead to a change in customer loyalty by 0.235 units.

5.2 Recommendations

It is recommended that the health insurance sector to further enhance strategy implementation in its endeavors to boost on customer loyalty. Measures need to be undertaken to boost on pricing strategy, customer communication strategy, product innovation strategy and market research strategy.

It is also necessary to continuously improve on the current strategies while at the same time discovering new strategies so as to boost on customer loyalty. While achieving the level of strategy implementation required is not easy in any organization, training can be used to either instill or enhance the required skills to enhance effectiveness of the strategy adopted.

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