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ABSTRACT

Purpose: Customer relationship management may be traced back to the core of all business theories, which agree that all aspects of a company's operations must be centered on its clients and patrons. In point of fact, it came to the conclusion that maintaining a steady flow of new business is essential to maximizing profits. Furthermore, it went on to assert that providing high-caliber customer service is one of the important factors that establishes a company's reputation for dependability. The goal of the research is to determine the effect of digital customer relationship practices on performance of the insurance sector.

Methodology: This was executed through the use of a desktop literature review. The use of Google Scholar was utilized in order to locate seminal references and journal articles that were pertinent to the study. Papers that were published within the past ten years were used in order to meet the inclusion criteria.

Findings: The study results found that there is significant relationship between the digital customer relationship management marketing tactics and customer relationship quality. The research results indicate that thorough implementation of digital customer relationship management marketing efforts will heighten customer loyalty towards insurance sector.

Unique contribution to theory, practice and policy: According to the findings of the study, insurance businesses should endeavor to make use of networks or digital platforms as efficient channels in order to reach genuine rapprochement with clients and construct an experience that the customer views as being amazing. As a result, performance will improve since digital customer interaction practices have a good and significant impact on the performance of the insurance sector.

Keywords: *Digital Customer Relationship, Performance, Insurance Sector*

INTRODUCTION

Relationships are the driving force behind everything in life. It is difficult to conceive of any society or institution thriving without the presence of relationship for its continued existence. This is the unseen connection that creates a one-of-a-kind connection between the consumer and the organization. Companies are aware of the significance of the critical part played by relationships in obtaining and preserving their position in the market environment. Previous study had revealed that the goal of every business should be to increase the number of clients it has, as this provides the company with the opportunity to provide services to those customers. Researchers started discussing more and more about an era that will focus on client retention at the beginning of the previous decade. The customer experience, customer expectations, and customer requirements are all being impacted and transformed by digitalization in today's business world (Parise et al., 2016).

The idea that all aspects of a company's operations should be geared toward satisfying customers is at the heart of customer relationship management, which has its origins in the various business philosophies. In point of fact, it was decided that maintaining a high level of customer satisfaction is essential to increasing profits. Furthermore, it was stated that providing high-quality customer service is one of the important factors that determines a company's reliability. However, the scope of customer relationship management extends even further than simply improving customer service. In addition to focusing on revenue growth, cost reduction, and improved implementation of how customers feel about an organization, customer relationship management covers a much broader range of objectives (Ramaj and Ismaili, 2015).

In the previous years, businesses were scrambling to implement pricey Enterprise Resource Planning solutions (ERP), which primarily work on the bottom line by reducing costs by improving the flow of data and interaction between the business and the consumer. In contrast, in the current year, businesses are moving away from ERP in favor of cloud-based solutions. The fundamental similarities between customer relationship management and customer relationship management led to the development of digital customer relationship management. The growth of information and communication technology has led to an expansion of the scope of digital customer relationship management implementation in business organizations, which has resulted in the development of the idea of digital customer relationship management (Kumar et al., 2021).

Digital customer relationship strategies help to increase customer acquisition, customer development, and customer retention by integrating customer-related procedures through the internet. These practices contribute to improved customer experience. E-mail and other forms of automated response are among the digital customer relationship management tools that are considered to be among the most vital. Due to the fact that email is the primary mode of contact between the firm and the client, it constitutes an essential component in the process of preserving customer relationships. In point of fact, the proliferation of marketing and communications channels that target customer retention is one of the reasons for the growing popularity of digital customer relationship management (Dawn and Chowdhury, 2011).

Technology based on the Internet gives businesses the ability to attract new clients, monitor their activities and patterns of behavior online, and personalize their communications, products, services, and prices. Customer relationship management, also known as CRM, is an essential concept for e-commerce businesses that wish to keep their competitive edge. The subject of digital customer relationship management is becoming more and more important as an indicator of the success of the implementation of customer relationship management. One of the most prominent information systems that enables businesses to contact customers and collect, store, and analyze customer data in order to provide a comprehensive view of their customers is the digital customer relationship management, which has emerged as one of the most prominent information systems in recent years. Increased efficiency in digital customer relationship management can provide an organization with benefits over its competitors (Anshari et al., 2019).

It is possible for technology to play a supporting function, a direct role, a role in coordinating, and a role in restoring customer confidence when it is entrenched in customer relationship management. This is especially true when it is combined with training and other organizational reforms. According to Kumar and Reinartz, digital customer relationship management is concerned with the implementation of database marketing strategies at the customer level in order to cultivate robust relationships between businesses and their clients. Developing distinct interaction tactics for each individual client is a necessary part of managing digital customer relationships. This requires first classifying the various customer demographics. Some examples of such methods include creating better relationships with lucrative customers, locating and luring new consumers who will be profitable, and finding acceptable strategies for profitable clients who are not profitable (Kumar and Reinartz, 2016).

The electronic management of client relationships offers a variety of opportunities for the creation of value for commercial enterprises. The costs associated with contacting customers can be reduced by using digital customer relationship management, and some of the responsibility can be transferred to the customer. This results in lower administrative and operational costs for the business, which ultimately results in an increase in the value of the business. The use of information technology (IT) practices can contribute to improved levels of customer service by making it easier for customers to access additional services, as well as collecting information regarding service performance for the benefit of management. Several competitive roles of information technology in the service industry, such as the construction of entry barriers, the development of productivity, and the generating of income, have been investigated (Hoyer et al., 2020).

E-commerce and the internet are quickly emerging as one of the most important drivers of strategic change for both national governments and businesses. According to the findings of a body of research that has been conducted exclusively on the application of information technology in the insurance sector, the adoption of IT is positively associated to increases in productivity (Agarwal and Wu, 2018).

The insurance market is a vitally essential economic entity that facilitates the transaction of goods and services that are mutually beneficial between customers and insurance providers. Because of the information-heavy nature of the insurance industry, each and every activity along the value chain, from risk assessment to claim management, is impacted. These activities are predicated on an individual's capacity to process information in an effective manner. Because of this, investments in information technology, which account for practically all other types of investments in technical capital, have a greater impact on productivity than investments in any other kind of capital. In addition, interactions between the insurance firm and its clients are uncommon due to the nature of the contracts, which are typically long-term and promissory in character. To now, insurance firms have only provided value-added services to their clientele at the point of truth, which is immediately following the occurrence of a loss. As a direct result of this, buyers begin to question whether or not they made the best choice when purchasing while absolutely nothing takes place (Bodendorf and Schobert, 2017). As a result, maintaining high levels of customer satisfaction has become an increasingly critical and difficult task for established insurance companies.

Digital customer relationship management will be able to manage the enormous database of customers and will make it easier for customers to interact with businesses online. This will enable businesses to provide customers with faster access, superior service, and relevant offers at the appropriate time and to the appropriate customers. Implementing digital customer relationship management is not only an efficient use of resources and time but also a cost-effective activity that will bring long-term solutions to the players in the insurance industry. It integrates data on consumers obtained from several different sources in order to raise sales force productivity (including that of agents), hence improving service quality, customer satisfaction, and customer loyalty. At the same time, the use of e-commerce techniques in customer relationship management makes it possible for insurance companies to identify customers, track their routines and how they use information, and provide customers with improved information and services that are tailored to their specific requirements and purchasing patterns. Applications for digital customer relationship management provide a multitude of benefits; as a direct result of these benefits, digital customer relationship management systems have a positive impact on the insurance industry (Al-Weshah et al., 2019).

In the same vein, digitalization also confers a number of significant benefits on insurance firms in this respect. As insurance companies transition from being purely risk protectors to risk predictors and preventers, digitalization may help improve customer satisfaction by improving the customer experience, bringing policyholders and insurance companies closer together, and expanding the role of insurance companies to become the insured's risk manager (Kelley et al. 2018).

Statement of the problem

It is anticipated that the implementation of digital customer engagement practices would lead to improvements in the performance of the insurance industry. However, digital customer interaction techniques have been inadequately adopted, therefore performance in the insurance business has not considerably improved as a result. It has been determined that the poor implementation of the digital customer interaction practices may be ascribed to the strategic approach utilized by the company's management. As a result, there is a need to provide a solution to this problem because it has an effect on the stakeholders. In order to contribute to an increase in customer satisfaction, managers need to have enough and effective strategies in place. The findings of this study will be of great importance to policy holders, investors, financial analysts, researchers and others who have interest in investigating the effect of digital customer relationship practices.

LITERATURE REVIEW

Innovation Diffusion theory

Rogers came up with the idea in 1995, when it was first considered. Rogers (1995) singled out five unique characteristics of innovations, each of which played an important part in the procedure of innovation adoption. Venkatraman and Price (1990) agreed with Rogers's assertion that there are particular aspects of a product or service that have an impact on the process of product or service diffusion and can play a role in determining the degree to which consumers accept new products or services. According to Rogers (1995), the relative advantage of an innovative product or service is its offering in comparison to other products or services already on the market. This causes the rate at which the target market adopts the product or service to accelerate. The speed with which the product gets accepted by the general public is also partially determined by the routines and practices that consumers engage in on a day-to-day basis.

According to Rogers (2009), the decision of whether or not to adopt an innovation is based on the perceived benefits of the innovation, the degree to which it is compatible with already established systems and processes, the degree to which the innovation is complex, the degree to which it is simple to test out, and the degree to which the outcomes of adopting the innovation are easily visible. This model is appropriate for this research because it sheds light on the steps involved in the adoption of digital customer relationship as well as the factors that encourage insurance companies to adopt digital marketing. According to Kithinji (2014), there are a variety of benefits associated with the utilization of digital customer relationships, some of which include greater brand awareness, increased sales, and enhanced customer relations.

The Technology Acceptance Model (TAM)

In 1986, David Fred was the one who came up with the idea of using Technology Acceptance Model (TAM) to better understand and forecast how people will react to new technology. The theory proposes that what determines usage of a new technology system is affected either directly or indirectly by the user's attitude and intentions, as well as the user's perception of the usefulness of the system and their perception of how easy it is to use. Additionally, the theory proposes that what determines usage of a new technology system is affected directly or indirectly by the user's perception of the system's ease of use (Davila et al., 2003). Due to the fact that digital customer interaction is still a relatively new occurrence on a worldwide scale, this theory is suitable for this research that is being conducted. The majority of the tactics that are discussed in this article are simple, and those who are familiar with various forms of technology should have no trouble putting them into practice (Minama, 2016). According to TAM, the rate of adoption of a technology, in this case digital marketing, is driven by the perspective that the user has on the utility and convenience of usage of the technology.

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Empirical Review

Research by Oghojafor, Aduloju, and Olowokudejo (2018) focused on Information technology (IT) and customer relationship management (CRM) in some selected insurance companies in Nigeria. In Nigeria's insurance business, they investigate how information technology (IT) may improve firm performance in the areas of customer service and organization profitability. The Nigerian Insurers Association, a 49-member umbrella group of insurance businesses, was used to draw their sample size of 90. There were 90 copies of the questionnaire for IT, marketing, and underwriting managers in total, with each company receiving three copies. The Kolmogorov-Smirnov test was used to evaluate their three hypotheses. Despite the fact that most companies have a comprehensive database of their customers, the researchers found that only a small percentage of those companies allow their customers to conduct major transactions online because customer relationship management and information technology are not fully integrated. This leads to better customer service and greater profitability for the business.

As a result of their research, Hendriyani & Auliana (2018) conducted a literature review to better understand how an organization can better connect its consumers across the many stages of the transformation of their relationship. This study used a qualitative rsearch with descriptive approach. A literature review was used as a data collection strategy. Electronic relationship marketing management is designed to promote client loyalty, profitability, sales growth, customer retention, and engagement in the long run. With the advent of online service, clients may now interact with businesses at any time of day or night through the medium of the internet.

E-banking service researcher Mosa (2022) set out to uncover the impact and correlation between digital customer relationship management (CRM) and the whole customer experience. A sample of 472 customers from commercial banks in the Basra Governorate, Iraq, who use E-services was polled using a pre-designed questionnaire. Digital customer relationship management was shown to be an essential factor in creating a distinct customer experience. According to the findings, banks should look to networks and digital platforms as efficient means of connecting with their consumers and creating a memorable experience for them.

Customers' loyalty is influenced by internet-based customer relationship management, according to a study conducted by Lam, Cheung, and Lau (2016). In Hong Kong's banking industry, this study examines the link between digital customer relationship management marketing activities and client loyalty. 119 valid questionnaires were collected from 150 respondents using a quantitative approach. They are all customers of the Hong Kong and Shanghai Banking Corporation Limited (HSBC), which is Hong Kong's largest financial institution. The correlations between numerous independent and dependent variables were discovered through the use of reliability testing and multiple regression analysis. According to the findings, direct mail, human communication, preferred treatment, and tangible rewards all play an essential part in fostering customer relationships. The quality of customer relationships was also linked to digital customer relationship management marketing approaches. According to the findings, the latter increases consumer loyalty. According to the findings of the study, HSBC customers will be more loyal to the bank if digital customer relationship management marketing initiatives are fully implemented.

Odisha, Dash, Mohanty, and Das (2014) looked at the influence of CRM on the insurance industry. The study looked at how businesses provide service and how they facilitate it. The perception of customers was analyzed through the use of a structured questionnaire, and the retention of customers was measured through the use of factor analysis and group statistics. In a study, promotion and distribution, reaching sales goals, and integration were shown to be the most important variables in retaining long-term clients.

Varalakshmi (2017) investigated the impact of customer relationship management methods on the insurance industry and how these practices contribute to increased client retention. The findings indicate that customer relationship management methods do have a substantial impact on the insurance industry; nevertheless, achieving the intended results requires both a strategic approach to customer relationship management and enough technical assistance.

In their research on Indian health insurance, Sharma and Pahuja (2015) conducted a study in which they compared and contrasted businesses that make use of customer relationship management software with those that don't make use of such software. According to the findings of their research, businesses who make use of customer relationship management software are superior to those that do not in terms of their ability to keep a customer base. The private sector is significantly more focused than the public sector.

Olowokudejo and Fagbemi (2012) wanted to determine whether or not there was a correlation between the management of customer relationships and the organizational performance of the insurance business in Nigeria. Primary sources were used in the collection of data (questionnaire). According to the findings, customer relationship management and organizational performance move in the same direction; however, the image of the company and the branch network are also factors that influence organizational performance.

Hassan et al. (2015) carried out a study with Shell Pakistan for the purpose of determining whether or not customer relationship management (CRM) is effective in the retention of customers and the provision of satisfactory services to those customers. According to the findings of this study, customer relationship management has a considerable impact on the level of satisfaction experienced by customers, and the two variables share a positive association. If a firm makes its customer relationship management as robust and trustworthy as possible, its clients will be more content with the service they receive and be more likely to stick with the same provider. According to the findings of the study, customer relationship management (CRM) plays a significant part in expanding market share. CRM also boosts productivity and employee morale, improves an organization's in-depth customer knowledge, and results in higher customer satisfaction and improved customer loyalty. Additionally, businesses that implement CRM will have a better understanding of who their customers are, what their needs are, and what will make them feel more satisfied.

In his article, Soliman (2011) sets out to investigate the theoretical underpinnings of customer relationship management and its relationship to marketing success from a variety of vantage points. Specifically, he is interested in the relationship between the two. The concept of customer relationship management was developed through a methodical examination and comparison of the pertinent relationship marketing literature. In addition, there are additional aspects of customer relationship management that relate to the significance of concentrating on the most important customers, the organizational effectiveness, and the customer knowledge management elements, as well as their impact on how well marketing is carried out. According to the conclusions of the study, a favorable association exists between customer relationship management and the performance of marketing.

In the banking business, Kumar et al. (2021) carried out a research study to investigate the connection between electronic customer relationship management (E-CRM) and customer satisfaction by focusing on the role that customer experience played as a mediator. The information was gathered from customers of 10 different banks in Delhi, India, including 5 public sector banks and 5 private sector banks. In total, there were 836 usable structured questionnaires filled out, and the data were analyzed by AMOS utilizing structural equation modeling (SEM). In line with the hypothesized model, the findings showed that the relationship between electronic customer relationship management and customer satisfaction was mediated by the customer experience.

METHODOLOGY

A desktop methodology was used in the study. A desk study is a type of research that does not necessitate a trip to the field. Desk research is a relatively low-cost technique compared to field research, as the main costs are incurred by the executive's time, telephone charges, and directories. As a result, the research was based on previously published work. The online journals and the library made it simple to get at this secondary information.

RESULTS

The findings were organized into a variety of research gap categories, including methodological gaps and knowledge gaps.

Knowledge Gaps

Studies by Oghojafor, Aduloju, & Olowokudejo, (2018), Hendriyani, & Auliana, (2018), Mosa, (2022), Lam, Cheung, & Lau (2016), Dash, Mohanty & Das (2014), Varalakshmi (2017), Sharma & Pahuja (2015), Olowokudejo & Fagbemi (2012), Hassan et al. (2015), Soliman (2011) and Kumar et al. (2021) had a knowledge gap. In addition, they did not establish the effect of digital customer relationship practices on performance of insurance sector. Therefore, the current study seeks to address these knowledge gaps.

Methodology gaps

Studies by Oghojafor, Aduloju, & Olowokudejo, (2018), Hendriyani, & Auliana, (2018), Mosa, (2022), Lam, Cheung, & Lau (2016), Dash, Mohanty & Das (2014), Varalakshmi (2017), Sharma & Pahuja (2015), Olowokudejo & Fagbemi (2012), Hassan et al. (2015), Soliman (2011) and Kumar et al. (2021) had methodological gap. In addition, all the mentioned studies did not employ desktop review methodology. Therefore, the current study seeks to address these methodology gaps.

CONCLUSION

According to the findings, digital customer relationship management is a crucial factor to consider when developing a customer experience that the customer would recognize as being unique. According to the findings of the study, there is a considerable connection between the marketing strategies for digital customer relationship management and the quality of the customer relationships. According to the findings of the research, a comprehensive application of digital customer relationship management marketing activities will heighten the level of consumer loyalty towards the insurance sector.

RECOMMENDATIONS

According to the findings of the study, insurance businesses should endeavor to make use of networks or digital platforms as efficient channels in order to reach genuine rapprochement with clients and construct an experience that the customer views as being amazing. As a result, performance will improve since digital customer interaction practices have a good and significant impact on the performance of the insurance sector.

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