

DRIVERS OF CUSTOMER PERCEIVED VALUE IN B2B INSURANCE SERVICES

DEFINING THE NEEDS OF SMALL AND MEDIUM SIZED ENTERPRISES

Work-in-Progress paper

ABSTRACT

Understanding the basis of customer value is perceived as an important source for competitive advantage and the foundation for long-term buyer-supplier relationships. Despite the fact that creating customer value is considered important in business relationships, only few suppliers can define the value of their products and services for their customers. The purpose of this study is to identify what creates value for small and medium-sized enterprise (SMEs) customers in the field of business-to-business insurance services.

A case study approach was chosen due to the nature of the research. For this study fourteen interviews were conducted with representatives from three insurance companies and nine SMEs. Six value dimensions were identified from the results: the value of the insurance company, the value of property-casualty insurances, the value of life insurances, the value of the account manager, the value of personal/online services and the value of damage compensation. The value of the overall relationship was further analyzed through the four exchanges of the IMP Group's interaction process model: product/service exchange, information exchange, financial exchange and social exchange. The results indicate that considering business-to-business insurances, value seems to be highly related to the contact person, and the social exchange with the account manager, since they provide personal service including the application of knowledge and skills for the benefit of the customer.

This study contributes to the understanding of what creates value for SMEs in their relationship with their insurance company. By identifying the most important drivers of value, insurance companies can focus on improving their way of operating to better fulfill the needs of this customer segment.

Keywords: Customer perceived value, relationship value, insurance services, SMEs

INTRODUCTION

The purpose of this study is to identify the drivers of customer perceived value in the field of business-to-business insurance services. We focus especially on defining the needs of small and medium sized enterprises (SMEs) in their relationship with insurance companies in a Finnish context. SMEs constitute the basis of the Finnish economy as 99.8 % of all companies are SMEs of which most are defined as small businesses, which employ fewer than 50 people (Statistics Finland, 2010). The SME sector is particularly appropriate for research in the insurance sector, because the business owner will typically control the choice of the financial institution based on the perceived value of the offering, in contrast to larger organizations, where multiple decision makers make investigating the reasons for choice of insurance company more problematic (Lam & Burton, 2005, p. 205).

A recent study conducted by EPSI (Extended Performance Satisfaction Index) Rating (2010) indicates that customer satisfaction in the Finnish insurance sector has now reached its lowest point during a six-year reference period. Especially the largest insurance companies were criticized for managing their customer relationships in a remote manner. According to their study, the key to customer satisfaction lies in establishing and maintaining close relationships with customers. It is important that insurance companies understand the different needs of customers and communicate openly with them especially in conflict situations. Customers expect more frequent liaison from their insurance companies concerning, for example, risk surveying when changes take place in the customer company's operations.

In order to increase customer satisfaction, insurance companies should aim to identify what their customers value and improve their performance in these specific areas. The trend of insurance companies shifting from a product-focused view to a customer-focused one has been developing recently as insurance products become increasingly hard to differentiate in fiercely competitive markets (Siddiqui & Sharma 2010, p.171). For example, in the life insurance sector, most of the companies have equivalent offerings. Since the content of insurances is in principal the same regardless of the service provider, we focus especially on the processes embedded in providing insurance services and the relational drivers of value.

Some recent research has been done related to customer value in the field of financial services (e.g. Roig et al. 2006, Maas & Graf, 2008) and customer perceived service quality in the insurance sector (Tsoukatos, 2008; Siddiqui & Sharma 2010). However, there is little evidence on what creates value in the insurance sector especially in business-to-business relationships. The research question can be phrased as following: what are the drivers of customer perceived value in the field of insurance services? This study contributes to the understanding of what creates value for SMEs in their relationship with their insurance company. By identifying the most important drivers of value, insurance companies can focus on improving their way of operating to better fulfill the needs of this customer segment.

The remaining part of the paper is organized in the following way: in the next sections we briefly describe the literature underlying our study. First, we discuss the characteristics of buyer-seller relationships in the field of insurance services, and second, we define the concept of customer perceived value in a service business context. Then we illustrate the research method utilized in this study. In the research findings we present and discuss the findings gained from the study and in the last section of this paper, we draw conclusions from the study including limitations and suggestions for further research.

LITERATURE REVIEW

Buyer-seller relationships in the field of insurance services

In the relationships between customers and insurance companies the concept of service takes on a different meaning as insurances are relatively distinct from traditional services. Certain service-specific characteristics, such as intangibility, heterogeneity, customer involvement, and confidentiality, are inherent to insurances (Maas & Graf, 2008, p. 109). However, insurances differ from most services as the actual service takes place only if a predefined risk is realized. A distinguishing particularity of an insurance service is that the customer regularly pays for a service which, if the customer is free of losses, may remain extremely intangible throughout the relationship (Gidhagen, 2001, p. 1).

The main motivation for a firm to purchase an insurance is to protect itself against property/casualty losses and liability suits (Miller, 1992, p. 322). The primary function of insurance companies is to compensate policyholders if a prespecified adverse event occurs in exchange for premiums paid to the insurer by the policyholder (Saunders & Cornett, 2007, p. 442). If customers buy insurance coverage for housing or health, they do not know if they will ever need it (Maas & Graf, 2008, p. 109). The outcomes of insurance purchases are also often delayed, and thus do not allow immediate post-purchase evaluation (Siddiqui et al. 2010, p.172).

Marketing of insurances requires cautiously elaborated efforts, as the provided services are characterized by high levels of complexity and intangibility (Gidhagen, 2001, p. 1). Corporate customers have a wide range of needs but often, in the case of SMEs, customers might not recognize their needs or are not familiar with different financial services due to their professional backgrounds. In addition, small companies seldom have their own financial department, and especially private entrepreneurs are solely responsible for dealing with financial issues of their company. Because of this, professional skills and advice are often needed from the insurance company in order to evaluate the needs of SME customers and to design a solution that will fit these needs.

The IMP Group (1982, p. 16) proposes that the interaction process in buyer-seller relationships involves four kinds of exchange: product or service exchange, information exchange, financial exchange and social exchange. The exchange of the product or service, or in this case the financial service, creates the foundation of the relationship. The customer has a need, which can be satisfied by the provider with an appropriate service. The provision of financial services often demands very close collaboration between the supplier and the buyer (Hughes et al. 2004, p. 188). Most customer companies have their own appointed account manager in the insurance company. The ability of the account manager to meet the customer's needs depends on the customer's provision of appropriate and timely information. On the other hand, the customer must also be receptive to suggestions and advice provided by the account manager (Binks & Ennew, 1997, p. 85). Thus, the exchange of information is essential in these relationships.

One of the most important exchanges in creating a durable relationship is the social exchange. The episodes of social exchange are critical in the build-up of long-term relationships and they are especially important in reducing uncertainties between the two parties (Håkansson & Östberg, 1975). Maas and Graf (2008, p. 109) emphasize that aspects such as risk, uncertainty, trust and personal relationships play an exceptionally important role in the financial services industry. Having a relationship requires mutual trust and commitment from both parties. Building up this mutual trust is a social process which takes time and must be based on personal experience and on the successful execution of the three other elements of exchange (IMP Group, 1982, p. 17).

As a conclusion, insurances are highly complex services, which are necessary for every company to ensure that they can continue with their business even in case adverse events occur. Because of the complex nature of insurances, the provision and acquisition of business-to-business insurances requires great involvement from both the insurance company and the customer. SMEs often need advice from the insurance company to identify possible risks and select appropriate insurances. Thus, a close and long-term relationship is usually established between the customer and the insurance company.

Customer value in a service business context

Recent marketing literature pays particular attention to customer value because of the potential impact on customer behavior and, ultimately on firm performance (Ruiz et al. 2008, p. 1278). Understanding the basis of customer value is perceived as an important source for competitive advantage and the foundation for long-term buyer-supplier relationships (e.g., Ravald & Grönroos, 1996, p. 19; Ulaga & Chacour, 2001, p. 525; Eggert, Ulaga & Schultz, 2006, p. 20). Anderson, Jain and Chintagunta (1993, p. 3) state that creating customer value should be the cornerstone of every business. Despite the fact that creating customer value is considered important in business relationships, only few suppliers can define the value of their products and services for their customers (Anderson & Narus, 1998, p. 53).

In the literature on value creation, value is often discussed on a philosophical level (Grönroos, 2010, p. 3) and only few attempts have been made to identify the actual drivers of customer value. While the literature contains a variety of definitions of customer perceived value, some common characteristics can be identified: 1) customer value typically involves a trade-off between what the customer receives (e.g. quality, benefits, worth) and what he or she gives up to acquire or use a product or service (e.g. price, sacrifices), 2) customer value is subjectively perceived by the customer rather than objectively determined by the seller, and 3) value is relative to competition (Eggert & Ulaga, 2002, pp. 109-110).

In the most frequently used approach, value is a relationship between what one benefits and what one sacrifices (e.g., Zeithaml, 1988; Ravald & Grönroos, 1996, p. 21; Kotler, 2003, p. 60). Ulaga and Chacour (2001, p. 530) define customer-perceived value in industrial markets as the trade-off between the multiple benefits and sacrifices of a supplier's offering, as perceived by key decision makers in the customer's organization, and taking into consideration the available alternative suppliers' offerings in a specific-use situation. This definition points out the fact that customer value is subjective and that it depends on what the customer sees as beneficial or unbeneficial for them when choosing a supplier. Customer value is also dependent on the use-situation and thus changes over time (Woodruff & Gardial, 1996, p. 54).

The benefits and sacrifices received from the relationship can be defined in various ways. Kotler (2003, p. 60) defines the total benefits as the customer's total value, which includes product value, service value, personnel value, and image value. The total sacrifices can be divided into financial costs, time costs, energy costs, and emotional costs. Anderson et al. (1993, p. 5) see customer value as the worth in monetary terms of the economic, technical, service, and social benefits a customer firm receives in exchange for the price it pays for a product offering. Their definition represents one of the first efforts to identify and categorize the relational dimensions of the value construct, i.e., social and service benefits (Ulaga, 2003, p. 678). However, from the customers' point of view it might be difficult to put a price on, for example, the social benefits they receive from the relationship. Considering these definitions further investigation should be done in order to

determine what the actual drivers of value are and what actions the supplier should take to create value.

Especially in a long-term relationship with the supplier the benefit concept takes on a deeper meaning (Ravald & Grönroos, 1996, p. 24). Aspects such as safety, credibility, security, and continuity increase the customer's trust in their supplier. Establishing mutual trust and commitment between parties contributes to a reduction of sacrifices for the customer. Palmatier (2008, p. 76) suggests that the value generated from interfirm relationships derive not only from the quality of customer ties (e.g., trust, commitment, norms) as is typically modeled, but also from the number and decision-making capability of interfirm contacts and interactions among relational drivers. He identified three relational drivers of customer value: relationship quality (the caliber of relational ties), contact density (the number of relational ties), and contact authority (the decision-making capability of relational contacts).

Although value assessment studies enjoy a long tradition in business marketing, they typically focus on the value of the physical product, neglecting the exchange of knowledge and the relational dimensions of customer-perceived value (Dwyer & Tanner, 1999; in Eggert et al. 2006, p. 21). In a product-based transactional approach, the exchange of a physical product is considered the basis of creating value for the customer. In this goods-dominant logic, goods are seen as tangible outputs that are embedded with value during the manufacturing process (Vargo & Lusch, 2008, p. 254). Value is only realized by the customer in the usage of the product. However, in a service business context where there is no exchange of a physical product, the drivers of customer value stem from the more intangible attributes of the relationship. In a service-dominant logic, introduced by Vargo and Lusch (2004), service is defined as the application of competences (knowledge and skills) for the benefit of another party. Where goods-dominant logic sees services as units of output, service-dominant logic sees service as a process – doing something for another party. The focus of value creation shifts from the producer to a collaborative process of co-creation between parties.

Prahalad & Ramaswamy (2004) suggest that in order for a company to create superior value, the customer should participate both in defining and creating value. The co-creation of value leads to a situation where the supplier has to understand what creates value for their customers. The involvement of the customer in service production is significant and the service provider must understand the individual and dynamic needs of customers and adapt to them in the final service (Vargo & Lusch, 2004, p. 11). Value co-creation demands a change in the dominant logic for marketing from 'making, selling and servicing' to 'listening, customizing and co-creating' (Payne et al. 2008, p. 89). Wilson (1995, p. 342) adds to this by defining value as outcomes of a collaborative relationship that enhance the competitive abilities of both partners. He views value creation as a process requiring time for the partners to develop the trust and communication needed to find mutually beneficial outcomes from their interaction. At its best the co-creation of value leads to a situation where both parties receive mutual benefits from the relationship.

In this study, we use the IMP Group's interaction process model introduced earlier in order to evaluate the customer perceived value gained from the relationships between SMEs and insurance companies. As mentioned in the previous chapter, this model involves four kinds of exchange: product or service exchange, information exchange, financial exchange and social exchange. By doing this, we aim to explore more on the value of the relationship, which has previously been neglected in empirical studies and has not been examined in the insurance sector.

RESEARCH METHOD

The aim of this study is to define the needs of small and medium sized enterprises and to answer the following research question: what are the drivers of customer perceived value in the field of insurance services? A case study approach was selected due to the nature of the research. Case study is a research approach that focuses on understanding the dynamics present within single settings (Eisenhardt 1989, p. 534). Case studies are useful when developing new theory or testing particular issues or aspects of an existing theory (Meredith, 1998, p. 445). They are also recognized as being especially valuable in explorative research looking for new variables and relationships not conceived of in the original theory (McCutcheon & Meredith, 1993 in Auramo et al. 2004, p. 171). Additionally, the case study approach is a good choice when little previous empirical research is available on the subject (Eisenhardt, 1989, p. 536). The first focus of this research was to understand how the buyer-supplier relationships work in the case of SMEs and insurance services. Since there was not a lot of empirical research done on this topic the aim was to explore the dynamics between these two parties and how value could be created for the customer by interviewing both sides.

The empirical part of this study was conducted in two stages. The aim of the first stage was to increase our understanding of the phenomenon of customer perceived value in the insurance sector. During the first stage, initial interviews were conducted with representatives from three insurance companies and four SMEs. The interviewees from each insurance company were from different levels of management; Vice President, Business Manager, Area Manager and Sales Manager. The insurance industry is classified into two major groups: life and property-casualty insurances (Saunders and Cornett, 2007, p. 442). Life insurance provides protection in case of e.g. untimely death, illnesses, and retirement. Property insurance protects against e.g. personal injury and liability due to accidents, theft, fire, and other catastrophes. In our sample, one insurance company was focused only on property-casualty insurances and two companies were focused also on life insurances.

Data from the customers' point-of-view was gathered through interviews with four small business customers of one of the largest insurance companies operating in Finland. Participants were contacted through the Vice President of corporate customers in Central Finland. The first round of interviews was conducted during November and December 2010. The interviews were semi-structured to allow the interviewees answer the questions in their own words and as broadly as possible. An interview guide was used, which included questions related to the buyer-supplier relationship and which aspects are perceived important in establishing and maintaining these relationships. More specific questions were addressed considering the role of the account manager in creating value for customers.

The second round of interviews was conducted in June 2011. Additional data was gathered with seven interviews among SME customers. The aim of the second stage was to get a more detailed view of the drivers of value in the insurance sector. More emphasis was put on distinguishing the value drivers considering property-casualty insurances and life insurances. Based on the initial findings gathered from the first round of interviews, a more specific interview guide was constructed with questions considering the choice of property-casualty insurance company and life insurance company and how different aspects affect the value of the overall service. These aspects included, for example, the size and service concept of an insurance company, the price of insurances and the steadiness and predictability of insurance premiums, the rate and simplicity of damage compensation service, the risk surveying service provided by insurance companies, the personal service provided by account managers, and the usage of online-services. Considering all interviews conducted in this study, questions were e-mailed to each interviewee prior to a scheduled interview to inform the individual of topics to be covered. All interviews were tape-recorded, transcribed and

content analyzed through a process of open coding (Strauss & Corbin, 1998). The characteristics of all interviewees are illustrated in table 1.

Table 1. Characteristics of interviewees.

Target companies	- Micro company (L) - Small company (D, G, H, I, J) - Medium-sized company (E, F, K)	- Insurance companies (A, B, D)
Industry	- Manufacturing industry (D, H, K) - Service industry (E, F, G, I, J, L)	- Property & casualty insurances (A) - Property & casualty insurances / life insurances (B, C)
No. of interviews	- 11 (1-2 per company; 1-2 persons each)	- 3 (1 per company; 1-2 persons each)
Interviewees	- General manager (F, H, J) - Financial manager (F, G) - Managing director (D, E, G, I, K, L)	- Vice President (A) - Area manager (B) - Sales manager (B) - Business manager SMEs (C) - Business manager of customer offerings (C)
Interview durations	20 - 55 minutes (avg. 35 min)	55 – 75 minutes (avg. 62 min)

RESEARCH FINDINGS

In this section, we report the findings from the qualitative interviews. The results were first coded into six dimensions of value in order to further analyze them through the interaction process model. The six value dimensions identified from the results were: the value of the insurance company, the value of property-casualty insurances, the value of life insurances, the value of the account manager, the value of personal/online services and the value of damage compensation.

Drivers of customer perceived value

From the suppliers’ point of view, the most important drivers of customer perceived value relates to risk identification and how the insurance company can help their customers minimize the risks that might occur in the customers’ business operations. All three insurance companies perceived SMEs as important customers for them. Since there is keen competition between insurance companies, it is also in their best interest to keep customers satisfied by providing good service and the right kind of insurances for different types of risks. Insurance company A points out that:

“We strive for that, whenever situations change in a customer company, we actively discuss with them and seek for new solutions. Not just on what they should do, if something happens, and how different insurances work. But what we could do together in order to prevent risks from occurring.”

The focus here is on trying to understand the needs of customers in altering situations and taking preventative actions by offering the right type of insurances for risks that cannot be eliminated. This particular insurance company has a person in charge of safety management who evaluates risks in customer companies. From their opinion, customers have

found it valuable that this is done by an external evaluator. Assessment of each customer company's situation is usually done on an annual basis, or more often if necessary. From the SMEs' point of view, risk assessment was seen as an important part of the overall service provided by the insurance company. They found that it is of great advantage for them, that the insurance company might identify risks that could have otherwise remained unrecognized and uninsured. Only two companies stated that they are able to identify all of the risks on their own without any assistance.

Considering property-casualty insurances and life insurances, different regularities apply in the selection of the insurance company. Since property-casualty insurances are mostly obligatory and life insurances non-mandatory, different aspects are perceived as important in the relationship with the insurance company. For example, considering the value of the property-casualty insurance company, customers perceive important that the company has a long history in providing business insurances and that they are experts in their own field. Those companies which offered also banking services found it valuable for customers to be able to acquire all financial services from one place and to engage in one-stop-shopping. However, from the SME's point of view it was perceived more valuable that the insurance company focuses only on insurances. None of the interviewed companies acquired all banking and insurance services from one service provider, since they feared that they would be too dependent on that provider and that it would limit their power in negotiating the prices and terms and conditions of insurances. Company K pointed out that:

“Our insurance company provides both banking and insurance services, but we only buy insurances from them. I don't really see the benefits in getting all of our financial services from one place. I feel that we might become too dependent on that single provider if we put all our eggs into one basket. “

However, two of the customer companies acquired their life insurances from their primary bank. This was mainly because their bank had been more active in selling life insurances products for these customers.

For the medium-sized companies of the interviewed SMEs it was important that the property-casualty insurance company is large enough to provide compensation if damages occur. In case of a conflagration that would destroy the customer's premises, the company needs adequate compensation in order to continue doing business. Also, the insurance company should have a wide range of services to fit all needs of customer companies. The question of purchasing insurances from a domestic company was not perceived essential in choosing an insurance company although it was usually a good plus, when all other aspects including price were otherwise equal.

One of the most important drivers of value considering property-casualty insurances is that the insurance company is reliable and the prices of insurances are competitive. Customers have to be able to rely on the insurance company to look after the customer's best interest. Considering statutory property-casualty insurances, customers are very price-conscious and many companies put insurances out to tender once every other year. However, price is not the only thing that matters. Instead the overall service has to match up to the price paid. Customers also value the fact that these insurances can be tailored to fit the needs of the customer company.

When it comes to life insurances, SMEs are clearly not as price sensitive, and only one of the interviewees had compared the offerings of three or four service providers when making their purchasing decision. All of the other companies had bought their non-mandatory life insurances as a result of active sales efforts of the account manager. Four out of six companies that had bought either pension insurances, medical expenses insurances,

group life assurances or a combination of these, had not considered buying life insurances before the account manager or another sales representative had introduced the products. In most cases, the purchase decision was made on the spot without comparing offerings from alternative service providers. Company D hadn't considered buying life insurances, until they were contacted by their insurance company:

"They just contacted me and said that they had something exciting to tell me and then they came by. I didn't even compare their products with other insurance companies."

Compared to property-casualty insurances, the most important aspect of life insurances is the value of the products themselves. For instance, pension insurances are usually purchased to ensure an adequate pension for the owners/managers. Also, it is often provided for key employees as well to secure their pensions and to keep them working for the company for a longer period of time. In addition, medical expenses insurances are acquired to provide better healthcare for employees, which is something that seems to be valued to a great extent especially in jobs with a high risk of injury. This is also valuable for the company since it takes less time for employees to get a diagnosis and the right kind of treatment in case of illness.

One important driver of value considering all insurances was that the terms and conditions of insurances should be comprehensible from the customer's point of view. The insurance companies see that it is their responsibility to ensure that the customer understands how different insurances work. Insurance company C states:

"It is also a matter of professionalism that we can communicate these things in a way that they are understandable. Our insurance terms and conditions are hard to comprehend and invoke passion in very few people."

Since insurances are highly complex, customers often require advice from the insurance company, in order to make the right decisions. Having an appointed account manager is perceived valuable especially in receiving personal advice considering insurances. It is perceived important that the account manager knows the customer's business and is able to identify the customer's needs. The account manager also works as a linkage between the customer and the insurance company's experts. This makes it easier for SMEs to obtain the right kind of expertise when needed as the account manager can ask the right questions from the right person. The customer doesn't have to put time and effort into finding the right people to solve their problems in case the account manager cannot answer all questions. It is also important that the customer can rely on the fact that the account manager does not try to sell unnecessary insurances to the customer. Customer company F comments on this issue in the following way:

"I think that especially since we are not professionals in the insurance business, that he (the account manager) should provide us with the information we need in order to make the right decisions and be assured that everything is as it should be."

One of the most essential aspects in creating value is how and through which channels the service is provided. The most common strategy seems to be that small and medium sized companies have their own appointed account manager, but for micro companies with personnel of less than 10 people, insurance companies provide call centers and online internet services. The trend is that customers are directed into using online self-

service channels. This kind of service model divides opinions among customers as some are very willing to use internet services whereas others prefer having a personal relationship with an account manager. Customer company G has clearly two different opinions between the younger financial manager and the older CEO who is about to retire in the near future:

”Here we have a clear generation gap, since I represent the one that is retiring. I’m annoyed with the fact that, whether it is bank or insurance issues, the one who pays does all the work. Somehow I’m annoyed by it. Of course it is easy, and I have also done it online myself, but still. This kind of face-to-face contact is much more convenient and the service is personified.”

Considering personal service, customers value that the personnel of the insurance company is professional and service-minded. If the personnel are not willing to be of service to the customer, the customers often feel themselves neglected. Receiving bad service or not receiving service at all might lead to the customer switching for another insurance company. The insurance company should also contact the customer on a regular basis and have a functioning substitute system for account managers. One issue that causes most annoyance is when the customer is not able to contact their account manager. Since the account manager is usually the person who provides the personal service it is important for customers that the account manager is always available. This means that the customer doesn’t have to use a call center and that if the account manager is absent then he or she has an appointed substitute who can take care of the customer’s needs.

Since the service provided by insurance companies is shifting more towards online services, customers find it valuable that the user interface in internet services is easy to use. This is especially important in the case of damage compensation applications. It should be made as easy as possible to apply for damage compensation and that the applications are handled in a timely manner. However, in most cases, the interviewed SMEs contacted the account manager when in need of damage compensation and online services were used only in minor cases. To summarize, the dimensions and drivers of value are presented in Table 2. The value dimensions were divided into the value of the insurance company, the value of property-casualty insurances, the value of life insurances, the value of the account manager, the value of personal/online services and the value of damage compensation.

Table 2. The dimensions and drivers of customer perceived value in B2B insurance services.

Value dimensions	Value drivers
Insurance company	<ul style="list-style-type: none"> • The insurance company provides risk surveying • The insurance company is focused only on insurances • The insurance company is large enough to provide compensation when damages occur • The insurance company has a wide range of services
Property & casualty insurances	<ul style="list-style-type: none"> • The price of insurances is competitive • The insurance premium is steady/predictable • The terms and conditions of insurances are comprehensible • Insurances can be tailored to fit the needs of the customer company
Life insurances	<ul style="list-style-type: none"> • The terms and conditions of insurances are comprehensible • Insurances can be used to secure an adequate pension for owners and key employees • Insurances can be used to keep key employees in the company • Insurances can be used to provide better healthcare for employees

Account manager	<ul style="list-style-type: none"> • The customer has their own personal account manager • The customer has good personal chemistry with the account manager • The account manager knows the customer's business • The account manager understands and identifies the customer's needs • The account manager does not sell unnecessary insurances to the customer • The account manager brings out important new insurances for the customer
Personal / Online Service	<ul style="list-style-type: none"> • The personnel of the insurance company is professional • The personnel of the insurance company is service-minded • The insurance company contacts the customer on a regular basis • It is easy to contact and keep in touch with the account manager • The insurance company has a functioning substitute system for account managers • The internet services are easy to use
Damage compensation	<ul style="list-style-type: none"> • It is easy to apply for damage compensation • The applications for damage compensation are handled in a timely manner • The decisions concerning applications for damage compensation are equitable

The value of the relationship

As argued before, only few attempts have been made to examine the overall value of the relationship. For this reason, we aim to explore the relational drivers of value by using the IMP Group's interaction model. The results gained from this study are analyzed through four kinds of exchange: product or service exchange, information exchange, financial exchange and social exchange. Here we compare the value enablers and disablers of each exchange from the viewpoint of the SME customer.

The value of the insurances as products/services stems from the fact that they protect the customer company against property/casualty losses and liability suits. As mentioned before, the primary function of insurance companies is to compensate policyholders if a prespecified adverse event occurs in exchange for premiums paid to the insurer by the policyholder. The value of the product-casualty insurance is that the customer company is able to continue its business with the help of damage compensation. On the other hand, the value of life insurances is that the customer company can provide incentives for their personnel by securing an adequate pension for selected personnel or providing better healthcare. One enabler of value was also that the insurance company provides risk surveying, which is helpful considering especially property-casualty insurances. The downside of these exchanges is that the customer company might not ever need the insurance it has purchased, and "pay for nothing". In addition, some insurances might overlap, which leads to a situation where the customer pays for a double insurance that they do not need.

Considering the exchange of information, both parties are able to make the right decisions when adequate information is available from both sides. The account manager is better able to understand and identify the customer's needs and the customer knows which insurances are valuable for them and why. If there is a close relationship, information is exchanged often enough, which ensures that the account manager is aware of all changes occurring in the customer company and can ensure that all risks are being insured. The disablers of value include the fact that the terms and conditions are often difficult to comprehend, which leads to a situation where the customer has to put a lot of trust on their account manager to act in their best interest.

The financial exchange includes the price premium paid for insurances but also the compensation paid for the customer in case of damage or loss. Since there is keen competition between insurance companies, the prices of insurances stay competitive which is valuable for customers. In addition, the insurance premiums are usually steady and predictable which makes it easier for customers to budget these expenses. Also, one of the most important drivers of value considering the financial exchange is that the insurance

company is able to provide compensation when damages occur. However, the customer might not ever need or receive compensation for the price they have paid or the compensation might not be adequate enough compared to the damage.

As the last exchange under examination, the social exchange is one of the key factors considering the overall value of the relationship. The social exchange reduces uncertainties between parties and, through time, helps create mutual trust. In the case of SMEs and insurance companies, having an account manager enables social exchange between these parties. Having good personal chemistry was perceived extremely important since it helps strengthen the overall relationship. On the other hand, having poor personal chemistry might impair the overall relationship and lead to a situation, where the customer is more willing to change its insurance company. The transition to using online-service automatically decreases the amount of social exchange. This leads to the question of where do these relationships evolve and what is the value of the relationship, if the social exchange decreases in the future.

Table 3. Enablers and disablers of value in the interaction process exchanges between SMEs and insurance companies.

	Value enablers	Value disablers
Product/service exchange	<ul style="list-style-type: none"> • Insurances enable customers to continue their business even when adverse events occur • Insurances can be used to provide incentives for key employees • Insurance companies provide risk surveying in order to assure that all risks are being insured 	<ul style="list-style-type: none"> • The customer company might not ever need the insurance it has purchased • Some insurances might overlap, which leads to the customer overpaying
Information exchange	<ul style="list-style-type: none"> • By the exchange of adequate information the account manager is better able to understand and identify the customer's needs • In a close relationship, information is exchanged often enough to ensure that all changes in the customer company are noticed and insured • The account manager is the one who informs the customer of important new insurances 	<ul style="list-style-type: none"> • The terms and conditions of insurances are often difficult to comprehend • Customers have to base a lot of trust on their account manager, that they will provide adequate information for the customer
Financial exchange	<ul style="list-style-type: none"> • Due to competition, insurances companies have to keep the prices of insurances competitive • The insurance premiums are usually steady and predictable, which makes it easier for customers to budget these expenses • The insurance company is able to provide compensation when damages occur 	<ul style="list-style-type: none"> • The customer might not ever need or receive compensation in exchange for the price premiums • The compensation might not be adequate compared to the damage
Social exchange	<ul style="list-style-type: none"> • The social exchange reduce uncertainties between parties and enables building mutual trust • Having an own account manager enables social exchange between two parties • Having good personal chemistry strengthens the overall relationship 	<ul style="list-style-type: none"> • The transition to using online-services decreases the amount of social exchange • Having poor personal chemistry complicates the social exchange and impair the overall relationship

To sum up these findings, it can be noted that although the exchange of the product or service is the foundation for a relationship, and the exchange of information and money are the factors that enable the relationship to continue, it is the social exchange that has the most effect on which direction the relationship will evolve between SMEs and insurance companies. This confirms the role of the account manager and personal service in creating value for customers.

CONCLUSIONS

The purpose of this study was to identify the needs of small and medium sized enterprises and to answer the following research question: what are the drivers of customer perceived value in the field of insurance services? The results from the interviews were categorized into six value dimensions: the value of the insurance company, the value of property-casualty insurances, the value of life insurances, the value of the account manager, the value of personal/online services and the value of damage compensation. The issue that raised discussion the most was the way in which service is provided. Customers value personal service to a great extent and could be more satisfied if they were not forced to use a channel chosen by the insurance company, but instead would have the opportunity to use the channel they prefer, whether it is personal or online services.

Considering the value of the overall relationship, the IMP Group's interaction process model functioned well in analyzing the value enablers and disablers of value in SME-insurance company relationships. It also helps in describing the industry-specific characteristics that influence the drivers of value. It was found in this study that the unique characteristics of insurances influence the importance of single value drivers, such as the importance of the terms and conditions of insurances being comprehensible.

Considering business-to-business insurances, value seems to be highly related to the contact person, i.e. the account manager, since they provide for the application of knowledge and skills for the benefit of the customer. Reflecting on the work done by Palmatier (2008, p. 76), it could be noted that the value generated from interfirm relationships between SMEs and insurance companies was also related to the number and decision-making capability of interfirm contacts and interactions among relational drivers. In this study as well, the caliber of relational ties, contact density and the decision-making capability of account managers had a great influence on the value perceived by the customer. Also, it could be noted that SMEs based a lot of trust on their account manager and valued the fact that the account manager could make it easier for the customer to deal with insurance issues.

LIMITATIONS AND FURTHER RESEARCH DIRECTIONS

As in any research, the choices made in this study imply limitations in the interpretation of the results. The results provide a rather general view of what is valuable for SME customers. However, this study does bring out several useful results for insurance companies on what is perceived valuable from the SME point of view and how service should be provided for them. Although basically the same questions were addressed considering both property-casualty insurances and life insurances, the results differed a lot as the responses considering the value of property-casualty insurances focused more on the relational ties with the insurance company and service provision and the responses considering the value of life insurances focused on the value of different life insurance products. This limited the ability to compare the results between these two insurance groups.

As the results are based on 14 interviews, three on the service provider side and eleven on the customer side, broad generalizations cannot be made. While the results are not representative, they are indicative of potential areas for management actions. These specific areas could be investigated in more detail by using quantitative methods in order to provide a reliable database for making and communicating management decisions. Since the data for this research is mostly based on the customers' perspective of value creation in buyer-supplier relationships, a wider perspective of customer value from the supplier side could provide interesting results. Additional research could examine potential gaps between both parties' value perceptions.

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