



**IMPACT OF RELATIONSHIP DRIVERS MODEL
AND TRUST ON CUSTOMER COMMITMENT
IN LIFE INSURANCE INDUSTRY IN PADANG**


A Thesis Draft for the Bachelor's Degree

By

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**Impact of Relationship Drivers Model and Trust on Customer Commitment
in Life Insurance Industry in Padang**

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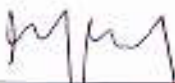

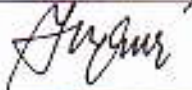
ABSTRACT

Presents the previous research of customer commitment, this research purpose to examine the influence of relationship drivers model and trust on customer commitment. The relationship drivers model used in this research are: economic value, customer recognition, switching cost, confidence benefit, shared value, and preferential treatment. There are 150 respondents from life insurance industry in Padang comprehended in this research. The respondents which involved are taken by using convenience sampling. The data is analyzed by examining the questionnaires have been distributed, using SPSS program. The findings can be taken as marketer's consideration which the most valuable key motivations why customers engage in a commitment of an insurance company. The estimated impact of each relationship driver offers important financial and managerial implications to marketers who must make trade-offs of competing marketing investments to build customer relationships on the basis of maximizing customer lifetime value.

Keywords: Relationship drivers, Trust, Customer commitment.

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CHAPTER I INTRODUCTION

1.1 Background

In developing countries in general, including Indonesia, micro and small enterprises employ a significant portion of the labour force, even though in "survivalist" employment and in the informal economy. Besides providing low incomes, the informal economy provides very limited formal means to manage risk. In order to manage many of risks, insurance is one of qualified way. There are many kind of insurance that offered, depend on our needs and wants. But, life insurance actually purposed for all people elements. There has been much research on fair valuation of embedded options in life insurance contracts, including Bacinello (2001, 2003a, 2003b), Ballotta et al. (2006b), Briys and de Varenne, (1997), Grosen and Jørgensen (2000, 2002), Hansen and Miltersen (2002), Tanskanen and Lukkarinen (2003). A comprehensive review of this literature can be found in Jorgensen (2004). These authors use the appropriate concept of risk-neutral valuation of insurance contracts to price insurance liability risk; however, they do not consider risk measurement or management strategies within this process.

Insurance, in such circumstances, is close to betting and, as such, was attractive in a society already well known for its love of gambling (Ruffat, Caloni and Laguerre, 1990). It sprang from the private initiative of medieval sea merchants who, having forsaken their age-old custom of travelling with their wares settled in ports and got involved with any ancillary business that appeared to offer an opportunity (Goff, 1986). The merchant would just as well go into insurance, ship ownership, banking or brokerage, if such opportunities arose.

Versatility was a crucial element in diversifying their business and reducing their exposure to risk.

Insurance industry will become profitable (Kompas, 2008). By looking the market population who really understand to the function of insurance is only 5 percent, the real policyholder is 17 percent (Rochma, 2007), it will be profitable to search the best way of entry insurance market. The average of annual insurance industry growth, about 25 percent (AAJI, 2007) will contribute to the successful of insurance industry. In global crisis era, insurance companies are different toward another financial institution, where they may gain "benefit" in crisis because insurance companies are risk and protection business. By looking the data of Indonesia life insurance policyholder only 34 million in 2007, it is still 15% from the total of population of Indonesia (Kompas, 2008). It becomes excellent opportunity if discuss about insurance industry because the percentage is still small, thus, if we know the appropriate strategy, involving in insurance industry will become profitable.

In order to increase the insurance awareness in Padang, it can be searched by discussing with the loyal policyholder in insurance company. The research can be done by using Relationship Drivers Model which demonstrates that the process of rapport building is fundamentally shaped by the relationship's contents (Morgan, 2000). The framework of the model argues that it is the combination of economic, social and resource drivers that result in customer commitment, through the application of the commitment-trust theory of relationship marketing (Morgan and Hunt, 1994).

CHAPTER V

CONCLUSION, LIMITATION, AND RECOMMENDATION

5.1 Conclusion of the Research

According to the data analysis and the result performed within this research, writer concludes that:

1. The research is conducted to observe the relationship marketing relationship toward customer commitment. The respondents are the policy holder of insurance company in Padang.
2. Most of the respondents are the entrepreneur which in the most level of age 36 – 40 years old. Most of the respondents choose the insurance company because of their own reason not because of company's corporation.
3. According to the result and the equation regression, there are three independent variables which influence the customer commitment in insurance company. They are: trust, shared value, and preferential treatment. But the others, economic value, customer recognition, switching cost and confidence benefit, the negatives independent variables value, they do not influence the customer commitment. This research study attempt to build on existing relationship marketing theory by providing linkage between key motivations regarding why customer engage becoming a part of marketing relationship and customer commitment to the firm. From a theoretical standpoint, this research offers fellow researchers a framework for elaboration of relationship drivers of customer commitment. Practitioners of relationship marketing need to understand

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