

A GAP ANALYSIS OF CUSTOMERS' EXPECTATIONS AND PERCEPTIONS ON SERVICE QUALITY IN INSURANCE SECTOR: AN EMPIRICAL STUDY ON SELECTED INSURERS IN SRI LANKA

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Post-war era of the insurance industry in Sri Lanka has led to companies functioning increasingly under competitive pressures. As customers have realized that quality is something that cannot be compromised, an insurers has to survive in the competition by introducing innovative solutions while managing a high value service. Hence, companies are trying to direct their strategies towards increasing customer satisfaction and loyalty through better service quality. This study investigates customer perceptions of service quality in selected leading insurance companies in Sri Lanka. The objectives of the study were to evaluate the quality of service in selected insurers, to identify the gap between customer expectation and their perceptions on service quality and to identify the areas that need to be improved to deliver a quality service. Data were collected from 123 customers of five leading insurance companies based on convenience sampling and a structured questionnaire. The respondents were asked to rate their expectation and perceptions of service offered by the respective insurers. A seven-point Likert scale was used. Gap analysis and multi regression were used to analyze the data using statistical software package of SPSS system. The result of the gap analysis shows that empathy and accessibility show a bigger gap between customer expectation and perception of service quality. The multi-regression analysis shows that the dimensions empathy, reliability, and assurance positively influence the insurance service quality. The findings reveal that insurers should reduce the service gap by giving personal attention to understand customer specific needs and thereby enabling them to deliver a quality service to retain existing customers as well as to attract new customers. The study results would help the managers and decision makers to efficiently allocate among these dimensions on the differential basis, consistent with customer priorities. These findings can be transformed into effective strategies and actions for achieving competitive advantage.

Keywords: Insurance service quality, Service gap, Service quality, SERVQUAL, Sri Lanka