

Proximity & Effects of Customer Relationship Marketing on Customer Retention: An Empirical Study Based on Sri Lankan Life Insurance Companies

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The purpose of this research is to identify the relationship between Customer Relationship Marketing (CRM) and Customer Retention within the life insurance industry. In the current environment, insurance businesses heavily rely on marketing strategies. Without an effective marketing plan, it is challenging for an insurance company to remain competitive and defend its market position. Customer Relationship Marketing is utilized by insurance companies to understand customer needs and foster effective communication and cooperation. This approach ensures the acquisition and retention of the most profitable customers using the most effective methods. The research is based on information gathered from both primary and secondary sources. Quantitative data were collected through questionnaires from a sample of 385 respondents and analyzed using SPSS Version 23. Regression analysis was employed to test the impact of CRM approaches on customer retention. The study concluded that CRM practices such as empathy, communication, trust, and responsiveness have a statistically significant positive effect on customer retention. However, the impact of commitment on customer retention was found to be positive but statistically insignificant. Therefore, it is recommended that insurance companies enhance their CRM strategies to improve customer retention.

Keywords: *Commitment, Communication, Customer Relationship Marketing, Customer Retention, Empathy, Life Insurance, Responsiveness, Trust*