

**EFFECT OF RELATIONSHIP QUALITY
DIMENSIONS ON CUSTOMER LOYALTY OF
LIFE INSURANCE POLICY HOLDERS IN
COLOMBO DISTRICT**

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ABSTRACT

Stiff competition in the service market forces service firms to looking for the best approach to attract and create a group of loyal customers. Relationship marketing is a strategy used by many service providers to maintain long-term relationship. Moreover, relationship quality is the manifest of successful relationship marketing activities. Good implementation of relationship marketing strategy can be seen from good relationship quality built between customer and service provider.

With regard to the importance of customers in insurance industry, this research explores to identify effects of the relationship quality dimension on customer loyalty in life insurance industry. Relationship quality consists of interpersonal factors (closeness, communication and special care) and firm factors (commitment, trust and satisfaction). It was used stratified sampling method to select 100 samples of life insurance policy holders who deal with life insurance companies in Colombo district. Primary data were gathered through the adopted questionnaire.

The research findings revealed that there was a positive effect of the relationship quality dimensions (Trust, Satisfaction, Communication, Commitment, closeness and special care) on customer loyalty (adjusted R-square was 81%). Trust was the key drivers which influence on customer loyalty in life insurance industry in Colombo district.

Keywords: Relationship Quality, Customer Loyalty