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**THE ROLE OF CLIENT INSIGHT
IN MAXIMISING THE EFFECTIVENESS
OF A CLIENT CENTRIC MARKETING STRATEGY
AT SANLAM**

by

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CONFIDENTIALITY CLAUSE

JULY 2005

TO WHOM IT MAY CONCERN

RE: CONFIDENTIALITY CLAUSE

Due to the nature of the information contained in this research, it would be appreciated if the contents remain confidential and not be circulated for a period of five years.

Sincerely,

Nisha Mothilal

DECLARATION

I confirm that this dissertation is my own original work and comprises a synthesis of information from a variety of sources all, which has faithfully been acknowledged in the text along with primary data, gleaned from a survey undertaken by myself.

This research has not been previously accepted for any degree and is not being currently submitted for candidature in any other degree.

Signed:

Date:


27/07/06

106242

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ABSTRACT

This study is about how the use of client insight can maximize the effectiveness of a marketing strategy in an organization. During the study an extensive literature review was done to investigate the role of management in creating a client centric culture by applying theories such as the Five-factor model of personality and the Full Range of Leadership Model proposed by Bass and Avolio (1994). Detailed review on the latest client insight theories and global trends such as neuromarketing, advocacy advertising and law of lens was explored.

A client insight research survey was administered to investigate specific aspects of the client centric culture and the implementation of insight driven marketing strategies within Sanlam.

The survey found that there is high level of awareness of client centricity within the organisation. However, the implementation of client insight driven strategies in most departments surveyed was unfavourable.

Areas identified for improvement were the need for greater awareness, usage of client insight related services and a more active role of management in promoting client centric strategies.

Best practices, policies and recommendations with regards to management's role in using client insight, data mining and market intelligence was suggested for the enhancement of the marketing strategy. It was recommended that change agents be incorporated within Sanlam to catalyze the process of entrenching day-to-day client insight driven work performances and management transformation. Further investigation is suggested regarding the incompatible data management technology, which should enable the company to obtain a single view of the client as well as instituting the virtuous cycle in the market research and information department.

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CHAPTER ONE

1.1 Introduction

The explosion in recent years in the amount of advertising and marketing ‘noise’ coupled with a drop in clients’ free time has caused clients’ patience for traditional marketing efforts to wear thin. Increasing sophistication about where, how and what to buy has led to heightened demands for service, value and personal attention from companies they choose to patronise.

These issues, combined with the fact that technology has now made it possible for companies through data mining and client insight to know more and more about a client’s buying patterns, has increased the boundaries for market expansion, market penetration, cross selling and up selling opportunities.

Despite the seemingly relentless advancement in becoming client data rich, businesses still remains poor on client information and constrained in acquiring insight about their client that would assist them to make critical business decisions, strengthen the clients’ states of mind and their level of commitment to a company. Yet a well-edited, well-constructed set of insights, such as product needs, current and potential value, attrition risk and contact preferences that can provide a solid understanding of individuals who buy the products and services, and the resulting decision framework can drive effective and efficient marketing, sales and service targeting.

In addition to driving a differentiated contact strategy, strategic client insight can shape product strategy, enabling a company to develop a portfolio of offerings that delivers value to clients and to the bottom line.

Today more than ever, companies need to leverage all of their resources on more accurate assumptions and strategies to bring its marketing service to the market that is better and faster than their competitors to ensure continued success.

Within this context, the proposed study will examine the role of client insight in maximizing the effectiveness of a client centric marketing strategy within Sanlam.

Problem statement

The role of client insight in maximizing the effectiveness of client centric marketing strategy within Sanlam.

Hypothesis

This research surveys the opinion of strategic decision makers within Sanlam and the role of management in enabling client insight driven marketing practices to maximise the effectiveness of a target market strategy. The hypothesis formulated is positive in nature in that it proposes that the role of management in implementing client insight in specific market segments will enhance the effectiveness of a marketing strategy.

The following hypotheses are evaluated:

Null Hypothesis:

Management does not play a role in maximizing the effectiveness of a client centric marketing strategy through the use of client insight.

Alternate Hypothesis:

Management plays a role in maximizing the effectiveness of a client centric marketing strategy through the use of client insight.

1.2 Background to Research

The acronym “Sanlam” stands for Suid Afrikaanse Nasionale Lewense Assuransie Maatskapy, was established in 1918 as a life insurer serving specifically the Afrikaaner farmers and the Afrikaaner communities. The onset of the apartheid regime of South Africa further empowered Sanlam in exclusively serving the white, Afrikaans speaking community. Since 1994, Sanlam has repositioned itself as a company of diversity serving all South Africans.

Sanlam Life Marketing has recently transformed to Sanlam Group Marketing to incorporate the various business units (such as Sanlam Personal Portfolios, Sanlam Collective Investments, Sanlam Investment Management, Sanlam Collective Markets, etc.) that

previously operated independently. This infancy stage of the all-encompassing Sanlam Group Marketing, together with the current implementation of an intensive brand audit makes the timing of this research highly appropriate and relevant.

Sanlam Group can exploit its potential in creating marketing strategies in the way they envisage to be highly profitable. A goal directed client centric marketing strategy that tries to appeal to profitable peculiarities of selected client groups by offering specialized services and communication through market segmentation needs to be explored further.

Sanlam operates in a highly competitive life assurance and banking industry and a saturated market environment. The intangible nature of the life assurance industry makes it's positioning in the minds of the clients even more challenging. Figure 1.1 that follows highlights that among the competitors in the life assurance industry, the share of voice of Old Mutual and Liberty is much in the lead compared to Sanlam.

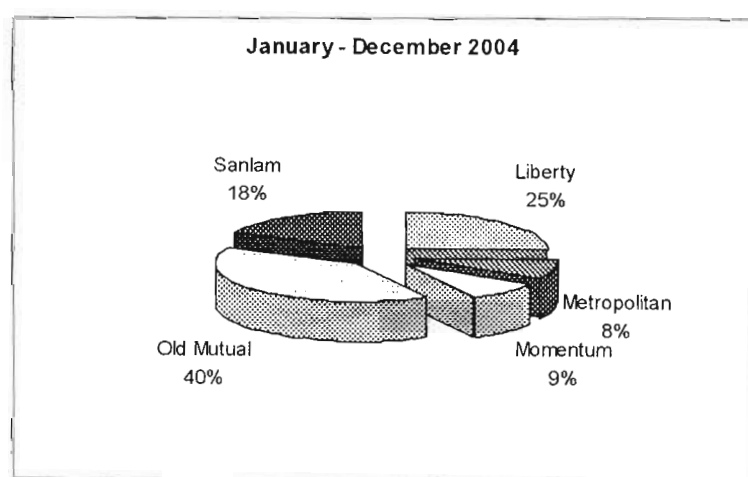


Figure 1.1: Competitive Analysis of Share of Voice
(Source: Brandvision Report, 2004)

This necessitates for Sanlam Group Marketing to supersede its competitors through its marketing strategy through more accurate client insight and data mining to attain a higher return on investment in specific market segments. Improving the performance of the company relative to its competitors; positioning itself in its new markets while still keeping the loyalty of its traditional market; extracting synergies from within the Sanlam Group through closer working relationships, stabilising itself in adverse market conditions and creating a world class organisation remain an overwhelming task for Sanlam.

According to the Research Surveys Report, the Conversion Model (Appendix 1) segments people into one of eight segments according to the strength of the relationship people have with companies within a market. This together with Appendix 2 explains the States of Mind in the insurance category, which will assist in interpreting the graph that follows.

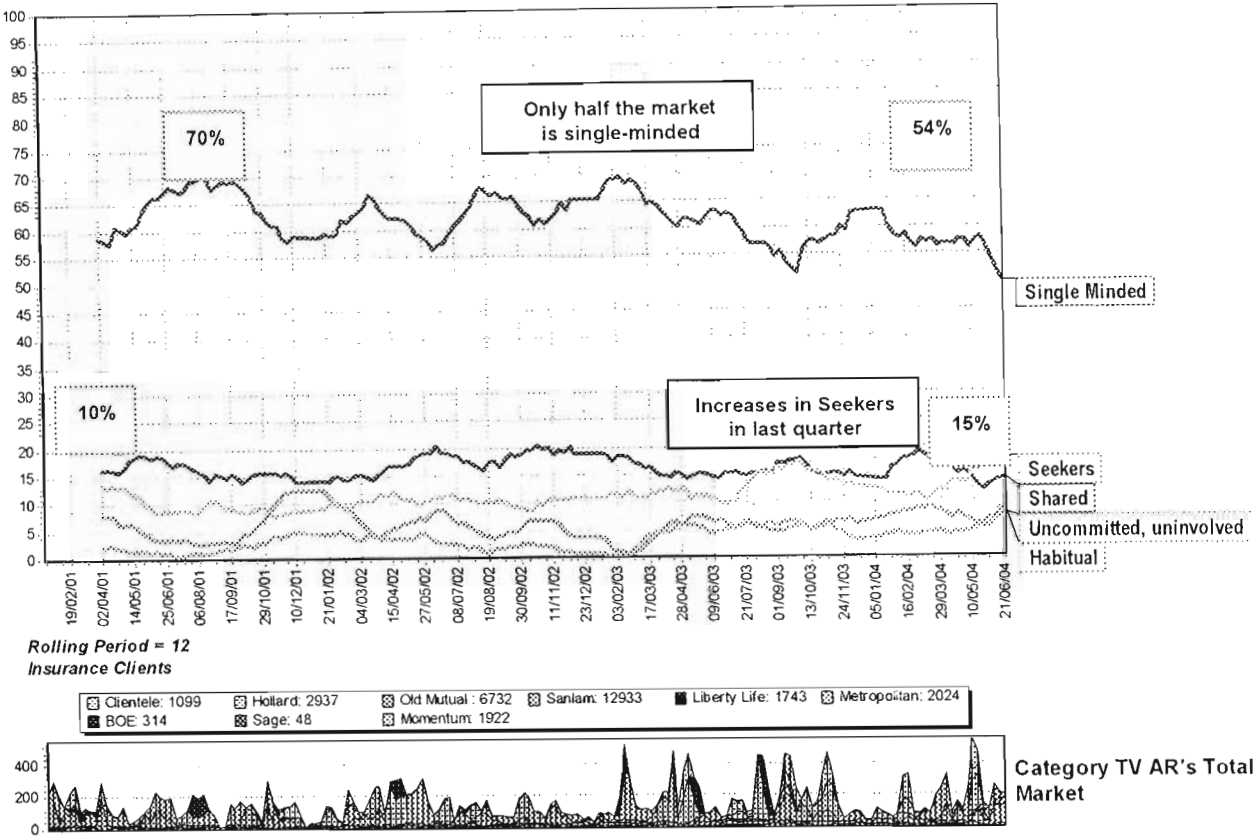


Figure 1.2: States of Mind of Insurance Clients
(Source: Brandvision Report, 2004)

The Brandvision Report conducted by Research Surveys show that only half of the market is single-minded and there is an increase in Seekers. Sanlam has significantly more Seekers and less Single-minded clients than its competitors (Old Mutual, Metropolitan, Liberty and Momentum). One out of five clients is unhappy with the insurance category and who are actively seeking alternatives. The increase in Seekers at Sanlam can be aligned with decrease in client commitment. It is concerning that those clients committed to Sanlam have dropped from 24% in 2001 to 16% in 2004 while the percentage of clients committed the competitor Liberty has increased by 3% since 2001 (Brandvision Report, 2004). The researcher would like to explore further whether the above secondary statistics have any relevance to a client centric marketing strategy in delivering to a clients needs.

Traditional (bash and blast) marketing practices, rather than promoting purchases, are starting to inhibit them. Direct mail tends to induce guilt and creates waste, merchandising and advertising create clutter and invade privacy, pricing elicits scepticism, positioning rings false and distribution channels are failing to get enough of the right product to those who want it when they want it. A targeted client insight driven strategy can result in greater understanding and deliverance of client satisfaction.

The Sanlam Brand Movement (Appendix 3) indicates warning signs that show an increase in the category of “strongly unavailable”, a decrease in the category of “committed clients” and “current usage”. Its competitor Liberty’s brand movement (Appendix 4) on the other hand is showing an increase in both committed clients and current usage. The researcher intends to explore the role of a client insight driven marketing strategy in resuscitating the strength of the company brand.

The proliferation of the channels of communication per income segment indicates that the most basic segmentation method still requires careful insight and planning.

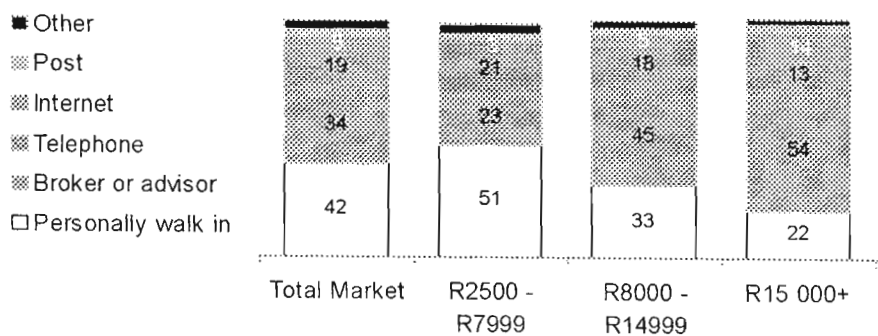


Figure 1.3: Purchase Channels considered for the future in all life assurance companies. (Source: Brandvision Report, 2004)

Figure 1.3 indicates that the preference for consulting a financial advisor/broker and using the internet increases with income. People are less likely to prefer personally walking in or telephone contact as income increases. Client insight on client preferences is important when developing a client centric strategy. This increasing expectation of individualism and customization leaves little room for mass appeals and a greater demand for a client centric strategy.

It is therefore important for Sanlam Group Marketing to use its resources and technology optimally to augment its existing marketing strategy and thereby increase its level of client centricity. The proactive role of management in using precise data mining and accurate client insight can assist in the realignment of the marketing mix thus resulting in more accurate perceptual mapping, client targeting and positioning, brand awareness, loyalty schemes, affinity marketing techniques and finally achieving high client satisfaction levels.

1.3 Motivation of research

An important focus is the further leveraging of the Sanlam Group's relationships where the once independent business units that now fall under Group Marketing, can benefit from one another in cross selling and up selling opportunities and bring more comprehensive offerings to one another's client base.

The need exists to develop a well-defined marketing strategy for identifying attractive niche targets within market segments of all the business units, effectively positioning products and services to these targets and translate its strategy into appropriate tactics for branding, service delivery, communications, advertising, promotions, pricing, acquisition and retention of clients. This can only be achieved through an organizational and management culture that fosters client centricity. The purpose of this research is to provide recommendations on creating and sustaining a client insight driven culture to develop and maintain competitive advantage.

1.4 Value of the project

This study will help Sanlam Group Marketing to develop a leading-edge client centric target market strategy by identifying the most important marketing factors that will add value and improve business in a highly competitive environment, a market that is saturated and clients that are savvy.

Creating an aggressive client insight driven culture can result in an increase in market penetration and expansion using the company's core competencies. This can result in distinguishable success in specific market segments. New product development and product differentiation would further target lucrative niches within each market segment. This could

help significantly to reinvent the current Sanlam Group marketing strategy thereby improving brand loyalty and delivering higher-impact marketing.

1.5 Objectives of the study

- **To determine** how key insights into clients' preferences and behaviours can enable Sanlam marketing to meaningfully customize its offerings, services and marketing mix while rationally allocating resources.
- **To evaluate** the role that the corporate culture and management style plays in extracting synergies from within Sanlam through closer working relationships and its influence on market research and marketing technology in the formation of client centric marketing in achieving marketing precision, agility and accountability.
- **To establish** the recommendations to Sanlam Group Marketing in adapting its overall marketing strategy and best practices to assist in maximising the effectiveness of its target market segment approach to the changing market dynamics and client preferences through the use of client insight.

1.6 Research Design and Research Methodology

The proposed study will be exploratory in nature. It will review literature, relevant existing research results and in conjunction with primary data will endeavour to show that management culture has a significant role to play in applying client insight and business intelligence to specific market segments which can maximize business opportunities and improve return on investment of marketing strategies. Primary data will be collected through the administration of a questionnaire and personal interviews.

A formal study to test the hypothesis will be conducted. The proposed nature of the study will be cross-sectional, as the study will be carried out once and will represent a snapshot of a point in time in the company. A case study analysis will be appropriate based on both primary and secondary data as it can extract explicit details on the perception of the role of management together with the use of client insight in maximizing the effectiveness of a client centric marketing strategy.

1.6.1 Sampling Design

A multi stage probability sampling study will be undertaken since the sample criteria are strategic decision makers, senior management and personnel from Sanlam Group Marketing and Non Group Marketing as well as other departments that closely work with influencing client centricity within Sanlam Group Marketing. Their supervisors who will consider the nature of their job relevance to the survey will individually select the participants in the study. This will eliminate systematic variance. A minimal sampling error is expected since no sample can fully represent its population.

The structured questionnaire will be administered to approximately 250 carefully selected employees out of approximately 9000 Sanlam employees. The 250 employees selected were 100% representative of all the strategic marketing and client centric related decision makers required for this survey. An estimated targeted response rate will be 50% of total number of respondents. This expected response rate is much higher than the usual internal Sanlam web based research surveys conducted professionally by the Sanlam Market Research and Intelligence Department which previously obtained an average response rate ranging from 35% to 38%.

1.6.2 Data Collection

Primary data through an interrogation/communication study will be undertaken and data will be collected through the following methods:

- a) A web based questionnaire which is a standard Sanlam survey practice will be used. It will follow strict ethical guidelines and will be administered to selected strategic role players who influence the client insight driven decision making process. This web based data collection method is used instead of a self administered questionnaire because it has a faster response rate; it is easier to send reminders to participants; it easier to process data since responses could be downloaded to a spreadsheet, data analysis package, or a database; option of putting questions in random order; the ability to make complex skip pattern questions easier to follow; the inclusion of pop-up instructions for selected questions; and, the use of drop-down

boxes. These are possibilities that cannot be included in paper surveys (Couper, 2000).

- b) An experience survey in the form of an investigative format (personal interviews) will be conducted with selected strategic decision makers and senior managers.

Sanlam Market Research and Intelligence Department has confirmed that no other research of this topic was conducted or documented previously and therefore looking at the relevance of client insight driven issues at the workplace, the Chief Executive Officer of Sanlam Group Marketing requested that this research topic be undertaken by the researcher. Full support was provided by the CEO, the Market Research and Intelligence Department and senior management of Sanlam as this research results will be used as a working document.

For the purpose of this research the various relevant departments within Sanlam will be classified as:

- Group Marketing which consists of: Retail Marketing, Market Research, CRM, Corporate Sponsorship, Micro-Marketing and Communications.
- Non- Group Marketing which consists of: Product Development, Investment Cluster (Innofin, Sanlam Investment Management, Sanlam Capital Market, Sanlam Private Investments, Sanlam Collective Investments), Direct Marketing, Advisor and Broker Services, Employee Benefits, Group Corporate Affairs, Group Solutions, Group Office, Sanlam Capital Alliance, Sanlam Personal Finance and Client Solutions.

The application of empirical research methods which investigate a contemporary phenomenon within a real life context enables the researcher to get “close” to the business to investigate the research problem. Additional theory acquired from the literature review assists the researcher to a theoretical understanding of the research topic and to expand on the multi-perspective analysis (Pervez, Grongaug and Kristianslund, 1995).

The design is ex post facto, as the researcher will have no control over the variables of the marketing environment and its stakeholders in terms of being able to manipulate them. The interpretation of research results may be influenced negatively by reflexivity, where the

subjects' attempt to please the researcher or guess the hypothesis error by merely behaving less naturally (Pervez, Grongaug and Kristianslund, 1995).

1.6.3 Filter Questions

Two filter questions will be incorporated to validate the members of the population group eligibility to participate in the survey questionnaire.

1. Are you familiar with client insight?
2. Are you familiar with market segmentation?

A reply of "No" will disqualify a participant from the survey questionnaire.

1.6.4 Measurement

The mapping rule for the data that will be collected will be interval data as most attitude scales are presumed to be interval (Pervez, Grongaug and Kristianslund, 1995). Since the hypothesis, which has been formulated is positive, the measuring instrument will be scored positively. There would either be a negative or positive correlation between two variables, which would indicate that the role of management either does or does not maximize the effectiveness of a client centric marketing strategy through the use of client insight. The researcher will ensure that the construct for measurement is valid and reliable however, instruments may yield incorrect readings due to error sources beyond the control of the researcher.

The measurement scale will consist of a 5 point likert scale, a yes/no and a limited number of open ended questions.

1.6.5 Ethics

Respondents to the web based questionnaire and personal interviews will be assured of their confidentiality thereby ensuring that honest responses are provided without fear of victimisation.

1.6.6 Pilot Testing

In order to detect weaknesses in the self-completion questionnaire and personal interview questionnaire, a pilot test will be conducted (Cooper and Schindler, 2001).

The questionnaire will be tested with five non-participants of this research within Sanlam in order to identify ambiguous questions, test for clarity of expression and detect possible problems of interpretation and non-response.

1.7 Data Analysis

The evidence collected will be analysed. This may highlight a correlation relationship, which is the degree of association between two factors. The questionnaire administered to relevant departments within Sanlam will generate quantitative responses. Once the data have been coded, both descriptive and inferential statistics will be used. The responses on the lickert scale will be converted numerically from one to five. Parametric testing, where the researcher makes assumptions about the population from which the sample is drawn, necessitates that the data collected is at least interval level data. The survey questionnaire results will be captured on the Statistical Program for Social Sciences (SPSS) for further analysis and interpretation (Cooper and Schindler, 2001).

1.8 Limitations of the Project

- This research and sample population for the web based questionnaire and personal interview is restricted to the Sanlam Group Marketing Department and Non Group Marketing Department as defined earlier. Broader marketing issues may be inferred to companies in a similar field.
- Due to the researcher being a Sanlam employee, the research could only be administered in Sanlam as its competitors would not want to jeopardize their marketing strategies or co-operate with its competitor.
- The researcher works regularly with some of the interviewees and this may result in the research being sabotaged.
- Restructuring of the various business clusters that once operated with separate marketing departments have recently being merged into Sanlam Group Marketing. The lack of exposure to this new approach of operation could skew the results of the research.

1.9 Structure of the Study

The research will comprise of a total of five chapters, the first chapter will present the proposal of the study, and the remaining four chapters will be as follows:

Chapter Two: Literature Review

A synopsis of pertinent theories, models and current industry information of the most recent literature such as periodicals, marketing regarding client insight driven trends will be explored with particular focus on marketing strategies for niche market segments.

Literature review will be divided into three sections:

- a) Management and Leadership Theories
- b) Marketing and Client Insight Theories
- c) An integrated summary of how the above two literature reviews relate to one another.

Management, leadership and organisational theories will be explored to determine how management influences and fosters a client centric culture. Marketing and client insight and purchasing behaviour theories will further be examined. The relationship between the literature and the problem statement will be investigated. Reference to the various marketing strategies and theories will also be made to determine if any gaps exist and to evaluate if these gaps are positive or negative. The different theories such as client relationship marketing, client buying model, insight driven marketing, branding and other relevant theories will also assist to provide the basis for data analysis in Chapter 4.

Chapter Three: Research Design and Methodology

A study of primary data through interrogation/communication will be undertaken and data will be collated through personal interviews and the administration of a web based questionnaire. For the purpose of this research the sample frame will consist of Group Marketing and Non Group Marketing departments as explained earlier in detail. The qualifying elements will be strategic decision makers from various departments.

Chapter Four: Results and data analysis

A detailed and all-inclusive focus will be given to the analysis of the case study and the primary data captured. The results on how Sanlam management applies client insight

driven strategies and practices will be appraised against the theory so that recommendations can be made to close the negative gaps identified.

Chapter Five: Recommendations and Conclusion

This chapter summarizes significant conclusions and provides recommendations to the Sanlam Group Marketing on diverse strategies that could be implemented to solve the research problem and meet the objectives initially set out. Pertinent features and limitations of this research are discussed. Based on the theory, the primary and secondary data, suggestions and recommendations for future client insight driven strategies and management practices will be presented in order to maximize business potential and profitability.

1.10 Summary

This proposal is an all-encompassing overview of the foundation and what this study intends to achieve has been documented. This will enable the researcher to narrow the investigation and present a detailed report. In order to develop a precise exploratory study, it is important to examine the literature that exists on the topic, the various strategic and marketing tools and theories. The literature review contained in the next chapter will give the reader an explicit understanding of existing global strategic marketing and client insight applications that can enhance client centricity, improve management practices and maximize the effectiveness of targeted and niche marketing perspectives.

CHAPTER TWO: LITERATURE REVIEW

2.1 INTRODUCTION

In this chapter, various theories, latest developments and global trends on the role of management and the application of client insight are explored. The following literature review will be divided into three separate parts:

Part One: Management Theories

The management culture of Sanlam is historically known to be conservative, bureaucratic and hierarchical. The innovation and lateral thinking culture in Sanlam has only recently evolved to a point where employees have a freedom to “think out of the box”, therefore extensive management theories on organisational culture and leadership styles that foster a client centric culture will be discussed. Only selected relevant theories that influence the research problem will be covered.

Part Two: Marketing and Client Insight Theories

Due to the ever evolving and fast cycle nature of the client insight, the researcher has found it necessary to conduct extensive internet searches and consult latest marketing research papers together with various theories. Basic understanding of marketing management and client insight theories expounded by marketing guru, Philip Kotler (2003), client behaviour psychologists, Daniel Katz (1986) and Lynn Kahle (1986), advertising expert, David Ogilvy (1983) and the like will be too exhaustive to cover in this literature review. Therefore, only the most relevant, up to date and modified theories have been collated.

Part Three: An Integration of Theories

A detailed synopsis of the above two fundamental readings i.e. management theories and client insight trends are finally integrated to provide the basis for data analysis as well as to show its relevance in solving the research problem.

Against this backdrop, a critical analysis will be undertaken to compare and contrast findings of the literature and internet searches with the client insight practice within Sanlam. The Brandvision Report 2004, a report on the major South African life assurance

companies and the Sanlam Personnel Survey 2004 which surveyed all employees within Sanlam, will be used extensively for comparative analysis and further investigation when benchmarking practices within Sanlam with national and global client insight standards and trends. Please note that the term “client” as used in the life assurance industry and “customer/consumer” as used in general will be used interchangeably in Chapter 2.

2.2 MANAGEMENT THEORIES

“... Knowledge resides in the user and not in the collection. It’s how the user reacts to the collection of information that matters” (C. West Churchman).

2.2.1 Epistemological Hierarchy

For centuries there has been a debate on what is knowledge as organizations are moving into a knowledge-intensive era. Clearly, the work of the philosophers has helped shape both the language and the conceptual framework that deals with knowledge; it is called epistemology. There is an acceptance of an increasing level of complexity as one passes from data to information and from information to knowledge. There is also an increase in abstraction as client insight moves up the levels of abstraction in becoming more knowledge intensive (Moser, Mulder and Trout, 1998).

Marketing is becoming increasingly proactive and should continuously seek to identify changes and trends in the macro-environment and then translate these into action plans to improve its client centricity. Information is necessary to implement corporate management and marketing strategies. The term Management Information System (MIS) along with the sub-system of Marketing Information System (Mkis) are both necessary to generate and disseminate an orderly flow of pertinent information to marketing managers (Kotler, 2003).

2.2.2 A Unified Organizational Framework

Figure 2.1 that follows shows that by integrating all three of these processes – Diffusion, Abstraction and Formalisation - one can develop an integrated view of all three of the knowledge processes. This integrated framework enables one to look at different organisations and compare them to each other. The more abstract it is the more one permits

knowledge to migrate from being resident from an organic host to a mechanical or computational one. Development of an integrated understanding is where every one that participates in the same community or organisation shares the same knowledge to create value (Moser, Mulder and Trout, 1998).

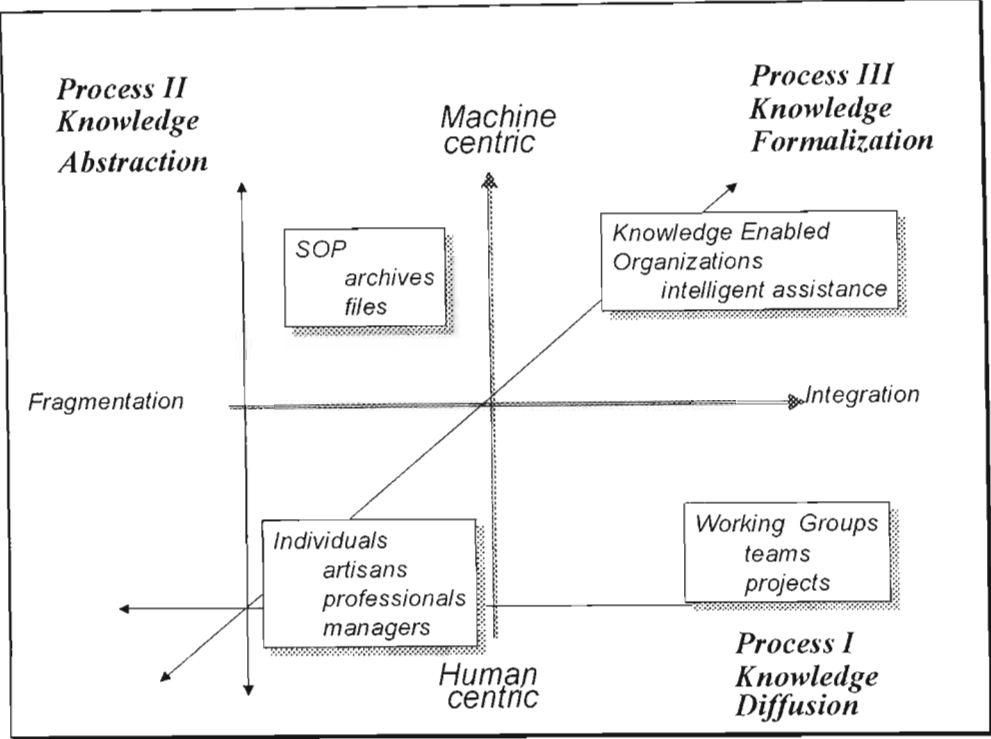


Figure 2.1: Integrated Framework of Knowledge Processes
 (Source: *The Theory of Knowledge: A Thematic Introduction*, 1998)

Autonomous individuals function as part of the whole structure, but they identify themselves as being the system. This is the influence of the eastern philosophy in which each part shares the same information with all members of the system. Original ideas emerge at the individual level; they then diffuse within a team, where after they then become organisational ideas (Moser, Mulder and Trout, 1998).

To implement a client centric marketing strategy in Sanlam, the integration of the various levels of client information in various departments starting from basic raw client data to more intense client data mining techniques will result in an integrated framework as indicated in Figure 2.1. From the viewpoint of knowledge creation, an organisation that is able to develop this kind of knowledge conversion mechanisms is more likely to maintain greater flexibility in the marketplace as it acquires and interprets information and knowledge for decision making.

2.2.3 Chaos Strategy

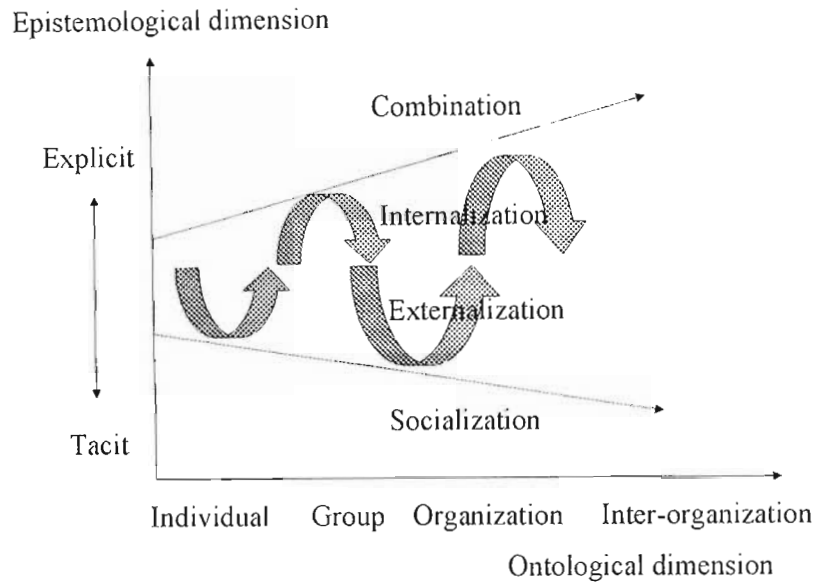


Figure 2.3: Knowledge Construction Strategies

(Source: Strategic Management in an Enlightened Organisation, Robert J Garigue, Decision Analysis Laboratory, Carleton University, April 23, 1998)

A requirement for the knowledge spiral to work is the presence in the individual, group, or organisations of disruptions that offer the opportunity to generate new structures. Such fluctuations can be best described as chaos strategy or creative chaos. Fluctuation is different from complete disorder and hence is the requirement for creativity as a strategic issue. If organisations adopt an open attitude towards environmental signals, they can exploit those signal in terms of their ambiguity (what is the client trying to tell us?), in order to improve their own knowledge system. As clients and other agents are also involved in trying to create their own knowledgeable organisation, recurring activities offer the advantage of some kind of predictability. When fluctuations are introduced into an organisation, there is a concomitant breakdown of routines, habits, and/or cognitive framework. When an individual, group or organisation faces a breakdown, the senior decision-makers have the opportunity to revisit their fundamental thinking and perspectives. In other words, organisations begin to question the validity of its basic attitudes towards the world. In response they adopt an open stance and are willing to learn from other individuals, groups and organisations (Garigue, 1998).

Japanese companies often resort to the purposeful use of ambiguity and creative chaos. Senior management often employs ambiguous visions or intentionally creates a fluctuation within the organisation. It is important to note that the benefits of creative chaos can only be realised when organisational members have the ability to reflect upon their action and make changes within their environment. Without reflections, continuous fluctuations tend to lead to destructive chaos. When someone reflects while in action he becomes a researcher in the practice sense. The knowledge-creating organisation is required to institutionalise this “reflection in action” in its attempts to make chaos truly creative (Garigue, 1998).

To implement a truly client marketing strategy, organizations should ideally foster levels of collaboration and knowledge creating and sharing that go beyond the rules, leveraging informal as well as formal interactions of employees and business units across all boundaries.

High performance businesses understand the need to build distinctive capabilities—ones that are demonstrably better than their competitors’ and, in the short term at least, inimitable. A continuous renewal mindset is driven by its requirement that all employees spend at least four hours per month “client listening,” which ensures the company to drive important differences in behaviour that lead to better business outcomes (Sawhney, 2002).

2.2.4 Management Culture: Leadership Style and Influence

A leadership style can be interpreted as an overt signal about how managers’ influence tactic strategies are related to targets focusing on two extremes in terms of leadership. On one side of the continuum are transformational leaders who use inspirational motivation who stimulate others to action by articulating a clear, appealing, and inspiring vision (Bass and Avolio, 1985). Vision is the common element in virtually every theory of transformational or charismatic leadership. Laissez-faire leadership, however, tends to be the least effective leadership behavior, displaying negative correlations with leadership effectiveness (House and Shamir, 1993).

Since inspirational leaders articulate appealing visions of the future and talk optimistically and enthusiastically about future improvements, their behavior likely sends a signal that they too would resonate with an enthusiastic appeal to personal values or an exciting

challenge. Thus, individuals wishing to influence a transformational leader should be more likely to employ tactics that emphasize inspirational appeals (e.g., using stirring, emotional language to build enthusiasm) over 'hard' influence tactics such as pressure tactics. To formulate an appropriate (inspirational) appeal, the manager must have insight into the values, hopes, and fears of the person or group to be influenced (Katz and Kahn, 1986).

According to Sanlam Personnel Survey, March 2004, management is perceived as not always acting ethically and fairly, not keeping their promises, not treating staff equally, not allowing staff to decide with them on their department's activities and not having their interest at heart. Management is also seen as not being in continuous contact and lack visibility among their staff members in general as well as among personnel in managerial positions. This is indicative of a laissez faire type of leadership style. This lack of confidence in management within Sanlam is not conducive to delivering and fostering an optimal client centric culture. Based on this, the researcher will further investigate the impact of the internal management-employee relationships on building a client centric culture within Sanlam. This is done in the primary research instrument, question 8 (a-z) and question 10(a-f) (Appendix 6).

2.2.5 CHANGE MANAGEMENT

2.2.5.1 TRANSFORMATIONAL LEADERSHIP

To alter "the way we've always done things," one may have to engage employees throughout the organization in concrete, meaningful ways. Leadership should also come from the lower echelons of the company, not just from the executive suite. Indeed, the entire workforce needs to become involved in dealing with the business challenges facing the company. And to keep old ways and bad habits from reasserting their dominance, you have to instill mental disciplines in employees, so that they internalize the new principles you want to shape their behavior (Kellogg Leadership Studies Project: Transformational Leadership, 1997).

One also has to take into account the subtleties of the employer-employee relationship. Formal documents such as job descriptions and performance agreements capture only part of the relationship between companies and workers. There are also unwritten psychological and social dimensions to the "personal compact" that each employee makes consciously or unconsciously, with their employer. Only by addressing these dimensions can a change

effort hope to build the kind of followership it needs (Kellogg Leadership Studies Project: Transformational Leadership, 1997).

In Fortune 1,000 companies, transformational change efforts fail between 50% and 80% of the time. The problem is not with the change programs and strategies themselves, rather, it is with their shallow design and execution as they are not envisioned or communicated in a way that builds followership among middle managers and frontline employees. Indeed, in most change efforts, only a few senior managers really understand or support what is happening. For major organizational change to occur, the initiative must not only spread out and down but across organizational boundaries and down through hierarchies to individual employees. It must also “spread in”, that is it must touch upon employees’ fundamental attitudes and psychological motivations for working in the organization (Kellogg Leadership Studies Project: Transformational Leadership, 1997).

For Sanlam to meet the constantly evolving market challenges and improve its client satisfaction levels to match and exceed its rivals, its management must be resilient and foster a culture of change and adaptability. Internal synergies and resources within Sanlam need to be explored to appropriately create a client insight driven culture.

2.2.5.2 Kotter's Eight-Stage Process of Change Management

According to John Kotter, recognized as one of the leading gurus in Change Management, leaders of change need to use an eight-stage process to achieve successful change (Kotter, 1996). These eight stages are:

1. Bringing about a sense of urgency within the organization.
2. Creating a leadership team as a 'Guiding Coalition'.
3. Deciding a clear Vision of the way forward.
4. Communicating the Vision clearly, simply and frequently.
5. Empowering employees to work towards the Vision by removing barriers to action.
6. Achieving Quick Wins to show that change is working.
7. Keeping the momentum of change going and consolidating gains.
8. Anchoring (or embedding) changes within the organizational culture.

The management of change can be successfully implemented by leaders of businesses and organizations using the model above and interpreting it appropriately using judgments

about ones own industry or sector and combined with experience from elsewhere (Kotter, 1996).

According to the Sanlam Personnel Survey 2004, nearly a third of personnel in managerial positions and significant percentage personnel in Marketing, Operations, Sanlam Employee Benefits, Client Solutions, Client Contact Center, Information Technology and New Business do not set work goals with their manager. A disconcerting percentage of personnel in some departments are not inspired by their managers to do their job better. A company requires strong and influential leadership to successfully reposition itself and evolve to keep up to market forces. The research instrument will investigate change management within the context of the ever-changing client needs. The report also indicates that more than a third of personnel feel that the company's support structures are set up in such a way that they do not often get the opportunity to use their creativity in their job.

Further investigation with regard to how these broad organisational trends influence an insight driven marketing culture is further explored in the research questionnaire.

2.3 CLIENT INSIGHT THEORIES

2.3.1 Definition of Client Insight

"Aligning the resources within your organization to effectively respond to the ever-changing needs of the client, while building mutually profitable relationships" (Craig Bailey, 2005).

2.3.2 The Shifting Marketing Landscape

Marketers are constantly challenged with the best way to identify, attract and retain clients, and to differentiate a product or service against a competitor. Even the savviest marketing organizations have trouble consistently delivering results to become a truly dominant organization (Gitomer, 1999).

Marketers face a number of interconnected and rapidly changing forces that impact marketing effectiveness, weaken differentiation, and slow the creative process. Few of the significant forces that marketers must regularly face are:

1. Business "velocity" is increasing.

2. Marketing channels are proliferating.
3. Clients are more discerning.
4. Regulatory scrutiny is increasing.
5. The marketplace is expanding.
6. External vendors are more relevant than ever.

Niche target segmentation necessitates for the business to develop a tactical marketing strategy that require positioning its product appositely to client behavioral trends and needs. A successful marketing strategy requires a highly evolved and integrated marketing mix of product, price, promotion, place, people, process and physical environment (Gitomer, 1999). The organization needs to communicate with the client through the strategic window. The relationship between the client and the product provider often defines the success of the product provider, which requires consistent experiences at the various client touch points. The moments of truth experienced by the client give the client a snapshot of the company's service quality, contributing to the client's overall satisfaction and the likelihood of continuing the interaction with the company in the future. Analyzing and understanding the constantly changing client perceptions and expectations are therefore paramount to a client centric strategy.

Clearly, marketing organizations must adapt its existing business processes, management and team structures and technologies for the rapidly changing business landscape.

2.3.3 Strategic decisions taken based on 'gut feel'

It is the researcher's perception that strategic decisions within Sanlam are based on gut feel. Further literature review undertaken on this showed that a research study "The Fact Gap: The Disconnect Between Data and Decisions" conducted by Business Week Research Services and Business Objects was highly relevant to the researcher's concerns. It showed that more than half of the critical business decisions made in organizations are based on 'gut feel' and experience, rather than sound and verifiable information and 77 percent - indicated that they were aware of bad business decisions made within their organization because of insufficient information (<http://www.businessobjects.comfactgap>).

This "gut feel" perception in Sanlam will be tested in question 8a of the client insight questionnaire administered (Appendix 6).

2.3.4 Benchmarking Client Insight and Business Intelligence

With the exponential growth in client choice and markets more competitive than ever, the need for acting upon deep client insight has never been more important to high performance. They are also more receptive than ever to innovative products and services that improve their personal and professional lives.

Given the vortex of economic, client and competitive forces in which companies are caught today; it's absolutely vital for businesses to excel at developing, sustaining and growing their relationships with clients. In our experience, the route to superior long-term operating and financial performance begins and ends with understanding the individual needs of one's clients.

According to secondary data from the Brandvision Report, client satisfaction levels of Sanlam in comparison to its competitors is similarly to previous years, where Old Mutual clients are more satisfied with Old Mutual than what Sanlam clients are with Sanlam.

Both Sanlam and Old Mutual show downward trends in being associated with "known to understand its clients' financial needs". Metropolitan's current levels of association with this aspect are 4 percentage points lower compared to 2003. Liberty and Momentum are at similar levels compared to 2003 although Liberty's current levels are up on those of 2001. This is proving to be a competitive advantage to Liberty especially in the affluent market (Brandvision Report, 2004).

Building robust client relationship objectives should include reducing the cost of acquiring new clients, cross-selling and up-selling to existing customers, closing more sales, targeting more lucrative markets, and creating conditions to make those goals more obtainable and thus being able to achieve a competitive advantage. In order for Sanlam to become truly client-centric rather than just paying lip service to the notion may have to reengineer fundamental business processes and change prevailing attitudes altogether.

2.3.5. Client Advocacy

Client Advocacy strategy aims to build deeper relationships with clients by earning greater levels of trust and commitment. According to Chris Lawer, Founder, The OMC Group, it can be defined as "doing what is best for the client" even if this sometimes entails recommending a competitor's product. This may seem counter-intuitive yet the logic is

quite clear. By acting as the client's advocate in a market, a company has a greater chance of earning more trust, sustaining better relationships, creating positive word-of-mouth, reducing marketing costs, increasing brand value and achieving profit and growth (OMC Customer Advocacy Report, 2005). Client advocacy reflects a cultural shift towards an advanced and mature client orientation that requires the following:

- Achieve better alignment between their client relationship management, marketing and branding efforts and sometimes step outside the boundaries of the company's offer to consider the whole context in which client's use its products and services.
- Demand a focus on the experience and emotion of providing successful outcomes.
- Educating business partners to align with the advocacy strategy.

In doing so, the company is responding to their customer's demand for more proactive thought-leadership, increased knowledge transfer, tailored offerings, and consistent quality.

- Enabling choice transparency. This component of client advocacy concerns the transparency of the firm's offering and its willingness to do what is best for the client, even if the recommended solution is provided by the competition. Choice transparency, where the client is provided with even the competitors' prices can be achieved through either online tools such as price comparison services, choice boards and personal decision-making guides or simply through employee recommendations derived from their own or the company's knowledgebase (OMC Customer Advocacy Report, 2005).

In 2003, Forrester Research asked 6,000 US clients to assess the client advocacy of their financial providers. They discovered that the firms with the best advocacy scores strongly correlate with higher satisfaction, greater cross-sell potential and deeper client relationships.

To get into client advocacy game, firms must have high levels of product and service quality and brand trust, a highly embedded client-oriented culture, and their business partners must be aligned and aware of the strategy. Besides independent brokers, Sanlam has Independent Financial Advisers (IFA) who are financial advisers certified to sell competitors products. This is truly client focused as IFAs provide services and products based on the needs of the clients rather than only what is available within Sanlam. Marketing material produced has not yet evolved to a level where competitive product and price comparisons are made available to external clients.

2.3.6 Consensual Marketing/Invasion of Privacy

Clients are sending a clear signal about their privacy preferences and the way they want to be communicated with – but many marketers are not listening.

Companies trying to develop ongoing relationships with clients need to recognize that how they handle the new regulations and satisfy clients' desires for privacy and control can be a brand differentiator (Harris, L and Westin, F 1997).

2.3.7 Right-Time Marketing

Companies practicing right-time marketing recognize the importance of moving away from "interrupt-driven" driven practices to client-driven marketing. These companies are reaching clients when they are most receptive to information, such as when the client contact them or when they are delivering email order confirmations or account status updates. These latter two forms of email are the most valued and read according to a 2003 survey conducted by Nielsen/NetRatings and Quris (Meyers, 2004).

2.3.8 E-Intelligence: Turning Client Insight into Business Opportunities

E-intelligence is a group of applications that marry e-commerce and business intelligence technologies in the quest to establish brand while acquiring, up selling and retaining clients in the hyper-competitive e-business marketplace.

Integrating client information culled from multiple systems inside and outside the company to provide clients with personalized sales, marketing and support. Still others are aggregating point-of-sale and inventory data so that suppliers can better forecast manufacturing demand and manage logistics operations as well as benchmark their performances against competitors and clients' expectations.

Reflective E-intelligence applications analyze the effectiveness of Web site designs, e-commerce storefronts and marketing campaigns by measuring customers' Web site behaviours. E-intelligence applications draw client information from order entry systems, point-of-sale transactions; call centres trouble tickets and other operational applications.

Proactive E-Intelligence applications use a broad range of client information in real time or near real time to better acquire, cross sell/up sell, retain and support clients.

Once companies lay down their basic e-business infrastructure, a competitive differentiator will be how well companies understand and act on the unique needs and desires of their clients (Ville B, 2001).

2.3.9 Opportunity Scanning

2.3.9.1 Data Mining

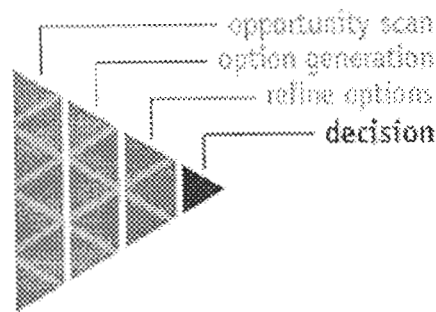


Figure 2.4: Data mining Opportunity Scan for Decision Pathway

(Source: <http://www.powerdecisions.com>)

A key component to client insight is opportunity scanning which is data mining to uncover marketing information to find opportunities. It should be done before or concurrently with a major external market research study to scan for market opportunities. Data mining can uncover emerging usage patterns within a newly defined market segment; high margin clients with increasing buying velocity; or an undetected trend in client account losses. Data mining is often used to gauge the client lifetime value in direct marketing efforts. Procedures include: association, looking for patterns where one event is connected to another event; sequence or path analysis, looking for patterns where one event leads to a later event; classification, looking for new patterns; clustering, finding and visually documenting groups of facts not previously known; and forecasting, discovering patterns in data that can lead to reasonable predictions about the future. For example, it can show who the best clients might be, which clients are likely to defect (churning), or, if the right data is gathered, which carry the risk of adverse reaction to marketing offers (<http://www.powerdecisions.com>).

2.3.9.2 Segmentation going beyond Demographics

Client insight is gaining traction by going beyond demographic target marketing. A survey based motivational segmentation could be accomplished more efficiently when targeted just at best clients. Marketing resources should be focused on the most profitable clients through "best client analysis" by combining predictive modelling and motivational segmentation thus obtaining the most valuable insights. One can hypothesize drivers of client behaviour through "behavioural" and "motivational" segmentation. Predictive segmentation identifies predictive variables such as past purchase patterns, life- stage variables, etc. that are drivers of the dependent variables.

The essential role of market segmentation in new product development is to divide a larger market into smaller segments with different preferences and subsequently adjust the product to the preferences in the different segments, which will reduce the overall distance between what is being offered to the market and what the market requires. By doing so the marketer improves his competitive position. Developing an excellent understanding of the relevant markets and clients is fundamental to good growth strategies.

Client Portraits are used to synthesize the information a company has or needs to have to create an integrated picture of their clients, that is, a picture of how and why they buy, how they act, and what motivates them to act as they do (Hansen and Hooley, 1993).

2.3.9.3 On Trend with Tribes

According the ACNielsen Report on Tribes, Brands and the Fate of Marketing, the tendency of the American social landscape to grow increasingly hard-wired (or as sociologists call it, "ethnocentric") in the choices groups of people make to respect (and purchase) the preferences of their social peers and reject the preferences of those who are not their peers (Taylor, 2005).

The tribes can be organized by at least three key social variables: value-orientation, relative social class and age:

- Value-orientation will refer to a bundle of values— political, religious and social— that distinguishes conservatives (CVs) from progressives (PVs). Relative social class refers to a bundle of variables (income, occupational rank, investment

portfolio, etc.) that distinguish individuals with a relatively high level of discretionary income (HDs) from those with little or virtually no discretionary income (LDs).

- Age refers to the physical age and health age of the individual and his or her spouse—for example, dividing the population between tending young (TYs, 22–45 or so) and tending mature (TMs, 46–90).

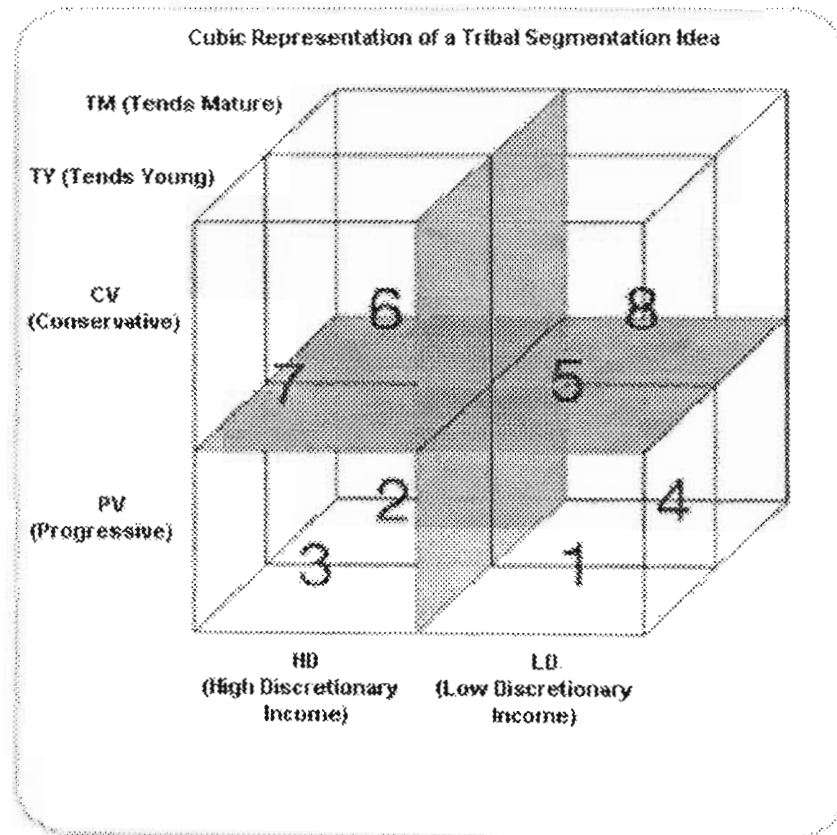


Figure 2.5: Cubic Representation of Tribal Segmentation
(Source: AC Nielsen Report, 2004)

Similarities within a tribal stratum create membership solidarity. Differences create “territorial irritations” that yield inevitable, complex culture clashes. A brand that is iconic for one group is iconoclastic for another. The greater the distance between two cells in the matrix, the greater their mutual distaste for both one another and the objects they possess. Hence, culture war. Also, there are risks: winning in one tribal market creates distaste in another. Rolex watches are despised by RobbinsHoods (Weinstein, 2004).

It is a challenge for Sanlam to avoid a tribal culture clash especially trying to balance its traditional Afrikaans client base and its growing future non-Afrikaans client base. This is clearly reflected in Sanlam trying to perform a balancing act of still supporting its traditional market through certain niche sponsorship projects. It is concerning to see that despite its Afrikaans client retention efforts, the proportion of English speaking clients continues to increase while the proportion of Afrikaans speakers continues to decline (Brandvision Report, 2004).

2.3.9.4 Generational Theory

For decades, most product marketers and advertisers have relied exclusively upon classic demographic factors such as age, gender, ethnicity, income and education level for guidance in developing products and marketing messages, overlooking the profound impact of generational values. There are currently five living generations (The G.I. Generation, The Silents, Baby Boomers, Generation X and The Millennials), four of which are active within the workplace today (Weinstein, 2004).

According to the PricewaterhouseCoopers Global Data Management Survey of 2001, “Companies that manage their data as a strategic resource and invest in its quality are already pulling ahead in terms of reputation and profitability.” Data should be treated as a strategic resource (<http://www.btimes.co.za/97/1005/survey/survey10.html>).

By combining razor-sharp strategic insight, deep client insight through exhaustive market research, and intense creative delivery management of companies can reach the target audience with higher impact and lower cost.

2.3.9.5 Hazard to Survival Data Mining for Client Insight

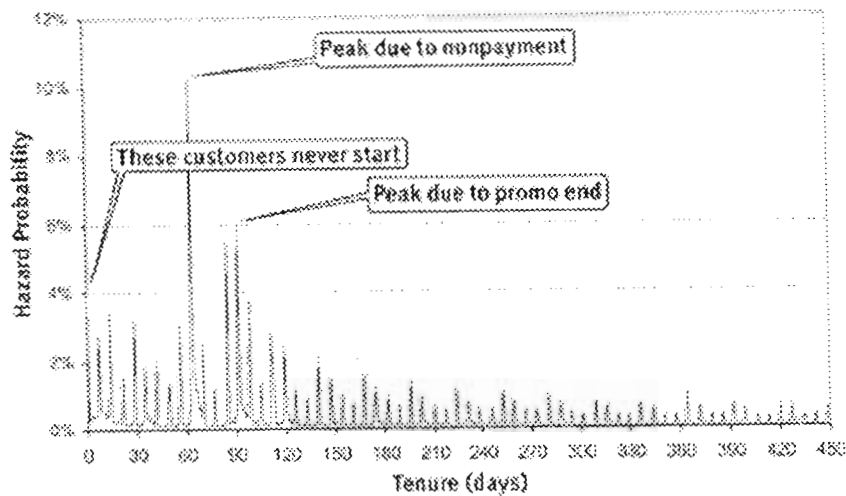


Figure 2.6: Hazard probabilities for clients

(Source: Predictive Data Mining, 1997)

- Hazard Probability

The basis of survival data mining is hazard probability: that is, the chance that someone who has survived for a certain length of time (called client "tenure") is going to stop, cancel, or expire before the next unit of time.

- From Hazards to Survival

If hazard curves provide an X-ray into the client life cycle, survival curves provide a more holistic picture. The survival at time t is simply the likelihood that a client will survive to that point in time. This is calculated directly from the hazards, by taking the cumulative probability that someone doesn't stop before time t that is, by multiplying one minus the hazards together for all values less than t .

- Churn Rate

This is competing risks for voluntary and involuntary churn. A clear example of competing risks is the distinction between voluntary and involuntary churn. Some customers are forced to leave (typically due to non-payment) whereas others leave voluntarily. When looking at churn, sometimes models are built leaving out one or the other group of client. This, however, results in a biased model, which is an important issue when developing payment risk models separate from voluntary churn models (Weinstein, 2004).

Although the canonical example is voluntary versus involuntary churn, estimating competing risks is useful in other situations. For instance, some customers may churn because they migrate to a higher value product. A wireless customer upgrading to more advanced technology may count as churn on the old technology. A cable subscriber who switches to digital cable may count as churn on her previous account. These examples suggest including migration as a competing risk for understanding these clients (Weiss, 1997).

2.3.10 Customer Relationship Management (CRM)

2.3.10.1 Challenges for Customer Relationship Management (CRM)

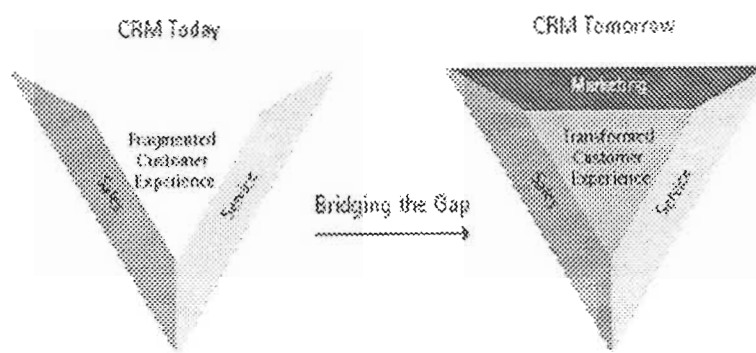
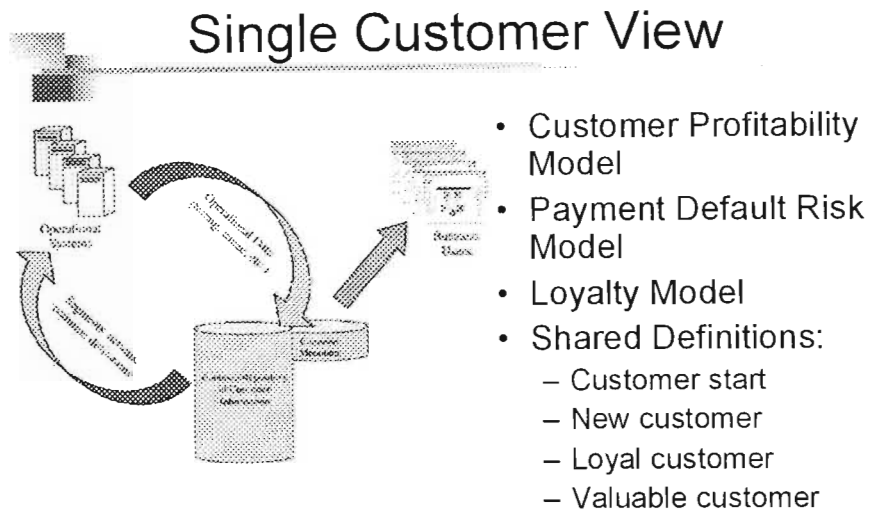


Figure 2.7: Transforming the Client Experience

(Source: <http://www.accenture.com/xdoc/en/newsroom>)

Once clients are linked to core Customer Relationship Capabilities capabilities – companies will be able to create seamless, consistent and real-time responses across marketing, sales and client service. The result will be lasting client relationships and that elusive construct: superior brand value.

Client centricity and insight driven marketing requires high-level vision and leadership to drive a relentless focus on the client. It involves difficult changes to processes, culture and organization. It requires a strategy to capture accurate client data, analyse it, distribute it to the right people and act on it effectively. It poses technical challenges such as multichannel alignment, system integration and data quality (<http://www.accenture.com/xdoc/en/newsroom>).



8

Figure 2.8: Single Client View

(Source: A Practical Guide to Call Centre Technology: Waite, 2001)

Implementing a Client Relationship Management (CRM) strategy involves a complex interplay of factors across the enterprise, as part of a broad initiative to understand client preferences — and to use that information to drive improved service levels, revenue and profits. The goal is to provide the enterprise with a competitive advantage by creating a unified, enterprise wide view of the client, and by presenting a “single face” to the client (Waite, 2001).

The promise lies in the business benefits and competitive advantages that enterprises can gain from superior knowledge of, and intimacy with, their client. Enterprises that are succeeding in their CRM initiatives are achieving improved profitability, revenue and client satisfaction by organizing around client segments, fostering behaviour that satisfies their clients and implementing client-centric processes (Waite, 2001).

2.3.10.3 The Role of CRM in Acquiring Client Insight

In order to achieve this high level of client understanding, it's critical to capture and analyze many different types of client data: attitudinal, behavioral, transactional, and more. Many companies use their sales force automation, call center, e-commerce, and CRM systems to identify client demographics, track purchases, monitor shopping habits, and identify product preferences. Website behavioral targeting is a growing technological trend that enables marketers to extract "actionable" information from raw data on web visitor click streams through the recency, frequency, and duration variables (Swift, 2001).

2.3.10.4 Global Trends in CRM

Today's client is less "value-taking", i.e. accepting whatever is offered to them as a passive recipient of company offers and marketing messages and more "value extracting", that is, defining value on their own terms according to their personal needs and then taking more control of how this value is created, delivered and ultimately used. Such behaviour means that "conventional wisdom" Client Relationship Management and relationship marketing approaches are becoming less effective (Swift, 2001).

The following five trends are important when benchmarking Sanlam's client insight strategies.

Trend 1: Loyalty "management" programs replace loyalty "rewards" programs. The concept of "loyalty" must include the presence of a positive attitude. "Rewards" programs dwell on the behaviour side only and are more likely to "trap" clients and/or reduce/cheapen the value they should perceive they're receiving

Trend 2: The Web provides real-time, ongoing access to loyalty information. The web economics are too powerful to ignore. Companies need to be proactive in gathering e-mail addresses and moving more of commerce to the Web. Conducting client surveys can become the impetus to get that task done.

Trend 3: Place decision-making information into the hands of the people who can act upon it to enhance loyalty.

In order for client feedback to be valued at the right level, we must see positive action come from it. One of our leading marketing researchers once said, "the worst thing management

can say about research is it's interesting." Audit whether key people in operations, client service, fulfillment, sales, and the other affected "process areas" are familiar with the results. Ask whether or how they integrate this data with other information they use to run the business.

Trend 4: The most important users of loyalty information will be senior management.

Make sure your senior management gets at least an annual look at the high-level outputs – the loyalty matrix, key drivers, and strategic improvement priorities. Also, be sure the short list of key organizational objectives senior management has established line up with your results.

Trend 5: Client loyalty will be understood across the dimensions of the customer lifecycle.

For high-value client, review the account report to ensure he or she is managing that client's loyalty directly based on their feedback. For larger groups of clients, begin segmenting them into logical categories (e.g. first-time purchasers, infrequent purchasers, no purchase in past six months), study them in these segments and look for differences.

The power of the information age is here where technology, science, and competitive markets are providing the opportunity to deliver tremendous insights and value to businesses (www.accenture.com).

2.3.10.5 Loyalty Marketing Versus Client Loyalty Management

As clients began searching for added value in commodity shopping, companies simultaneously began searching for ways to increase client loyalty. Loyalty marketing tends to attract clients wherever the incentive increases the value offered by one competitor over another is becoming viciously competitive (Chedley, 2001).

Clients' loyalty is driven by their reliance on the company or brand for reasons beyond receiving extra perks and rewards. When customers are more interested in relationship criteria than in points and perks, and when they are less inclined to buy multiple brands or use more than one vendor at a time, then the primary marketing strategy should be client loyalty management. Such clients usually offer their loyalty to vendors who understand and service them best versus those who reward them the most. This difference is important to note when implementing a client centric marketing strategy.

2.3.10.6 An Integrated Approach

Despite being two distinctive marketing approaches, loyalty marketing and relationship management are not always mutually exclusive. A better-integrated approach would be to reward your most loyal clients. This can be particularly effective when clients have other brand choices and can switch back and forth easily (Chedley, 2001).

Whilst price savings may motivate clients to switch, a company that has excellent client service and a loyalty scheme that offers ongoing, pertinent rewards will not just keep valuable clients – it will unlock further revenue from those clients that are currently thinking about buying extra services or products (Chedley, 2001).

2.3.11 Client Insight Shaping Product Strategy

Key insights into client preferences and behaviours enable financial services companies to meaningfully customize offerings to those clients while rationally allocating resources. In addition to driving a differentiated contact strategy, strategic client insight can shape product strategy, enabling a company to develop a portfolio of offerings that delivers value to clients and to the bottom line.

2.3.11.1 Improving Endemic Supply Chain Problems

A fresh look at product life cycle management should embrace a client centric strategy by showing how it can now provide what for many companies has been the missing product development link: the capability to truly integrate existing enterprise resource management and client relationship management capabilities with integrated and real-time product information. By doing so, it brings the informed input of every relevant constituent into a product's planning, definition, design, development, manufacture, sale, movement, support and even retirement (Chedley, 2001).

Four particular areas in which product life cycle management can help resolve long-standing hurdles to client centric innovation, productivity and profitability:

- **Knowing which product to pursue.** Without the tracking, analysis and planning of product features and customer requirements, companies often expend resources on dead-end ideas before they get the right product completed. By aggregating key

insights and capturing known facts, dramatic new approaches to what to do and when to do it are possible.

- **Long product cycle times.** Margin erosion, excessive discounting and erratic materials management and inventory profiles are common signs that product delivery performance is too far behind a market window. The only answer is to do it right the first time and get it done faster. This requires an unprecedented degree of enterprise-wide synchronization, concurrent development, work management, and data and configuration control.
- **High product-development and launch costs.** High recurring and non-recurring product costs often indicate an over-reliance on internal solutions, squandering of resources on developmental dead-ends and not managing evolving insights in a way that allows the true enterprise costs of certain decisions to be determined. Product life cycle management provides a foundation for building these vital links.
- **Substandard product quality.** Excessive failure rates often point to a breakdown in requirements definition at the front end and weak engineering change-order mechanisms after the problem has surfaced. Product life cycle management provides access to key insights early, facilitates bringing the right parties to the table at the right time, and accelerates by factors of 10 the ability to process a change when it is required.
- **Faster Introductions, Better Products**
Product life cycle management fundamentally changes the nature of product development. All parties work collaboratively—particularly while the product’s design is still in a position to be influenced (Chedley, 2001).

2.3.11.2 Digital Client Insight to Analyse Blogs, Message Boards and Other Client Generated Media for Market Intelligence

The latest solution by Cymfony helps marketing, branding, research, marketing communications and competitive intelligence professionals analyze client discussions, trends and sentiment expressed in blogs, message boards, client feedback sites, client emails, usenet groups and other consumer content to gain immediate market intelligence. Many companies are starting to proactively evaluate this information to gain real-time

market intelligence and to measure how their company is perceived in the "blogosphere" (<http://www.cymfony.com>).

2.3.11.3 Neuromarketing

"Bridging the gap between mind and behaviour through cognitive neuroscience is thus one of the key challenges that face marketers today," Brammer says. Neuromarketing claims to go beyond traditional selling techniques and claims to actually drive the decision-making process. Neuromarketing aims to map brain patterns and provide a more direct path to human decision-making. This is the deepest level of understanding and predicting (Zabin, 2004).

When clients or competitors perceive a potential gain in the environment, the brain's ancient system of reward approach motivation is set into action. Scientists have shown that this 'reward approach system' exists even in life forms as primitive as amoebas. It is the most basic motivator of activity in the brain, and potential gains appeal to it in specific ways. The neuroscience approach is gaining traction. The American Marketing Association nominated "Sales Brain" as "the next big thing in marketing" ([http:// www.commercialalert.org](http://www.commercialalert.org)).

2.3.12 Brand Management

2.3.12.1 Brand Activation

A great brand is a set of consistent, positive associations and perceptions that have been created through the sum total of their interactions with that company, product, or service. Simply put, client experience is at the core of every brand. When companies exceed their customers' expectations, the reward comes back in the form of brand preference and client loyalty that translates into revenue. Client interactions need to be seamlessly and effortlessly aligned toward a mutually desired set of experiences (Keller, 1998).

Brand activation addresses the question of how to best embed the brand intent output throughout the company over time, so that the entire organization moves toward a set of guiding behaviours that consistently provide clients with desired brand experiences. The ultimate state of brand activation occurs when all key interactions between the company and its clients are in total alignment with the brand intent output.

Experience by design defines a roadmap to making the necessary organizational changes to deliver "on-intent" client experiences across all the major touch points (Keller, 1998).

2.3.12.2 Brand Metrics

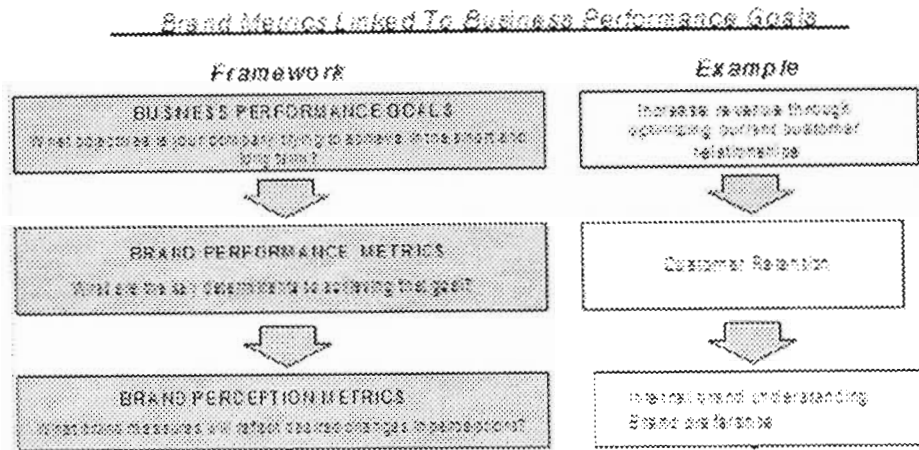


Figure 2.9: Brand Metrics Linked to Business Performance Goals

(Source: <http://www.monitor.com>)

Brand metrics can be divided into two categories: performance metrics and perception metrics.

- **Performance metrics** diagnose the brand's impact on business performance and range from price premium to loyalty to lifetime value of a client. Perception metrics diagnose how clients and key stakeholders perceive the brand and include brand relevance, awareness, and preference within each target market.
- **Brand perception** metrics such as internal brand understanding may be well suited to gauge progress against business and brand goals. An internally focused metric has the power of ensuring internal understanding and alignment should not be underestimated.

Linking the importance of various image attributes the brand's performance enables us to identify those that need to be strengthened to improve overall performance within each target group. This is taken a step further in competitive analysis when we compare your brand's performance versus competitors within each target group. The outcome of this analysis is the identification of key messages per target group to motivate them to switch to your brand. Two important points to emphasize about the brand range is key points-of-difference in each product category as well as points-of-parity become critical.

The result of all client centric strategies eventually compounds into the perception of the brand, and when positive increases the return on investment of a client centric marketing strategy (www.monitor.com).

2.4 MANAGEMENT AND CLIENT INSIGHT THEORIES INTEGRATED

Chapter one explains that objective of this study to determine how key insights into clients' preferences and behaviours will be further explored to enable Sanlam management to meaningfully customize its offerings, services and marketing mix while rationally allocating its resources.

2.4.1 CLIENT CENTRICITY BOUND BY STRATEGY

Management within a company is responsible for enabling client centricity. This requires a unified conversation spanning marketing, sales, and service and reaches across media, from the web to voice and print. It has five basic components; each plays an integral role in creating value from client conversations. These components are data gathering, data analysis, optimisation, campaign management, and personalisation.

For a technology enabled client centric strategy to be a success, the four principle components of technology, people, business process and culture are required to be bound by strategy.

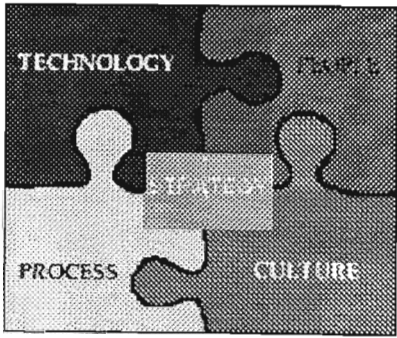


Figure 2.10: Four Main Components Bound By Strategy
(Source: www.crm.insightexec.com)

Insight driven marketing requires a client-centric business philosophy and culture to support effective marketing, sales, and service processes. The effective managing of relationships

with clients is only possible provided that an enterprise has the right leadership, strategy, and culture.

In order to begin managing clients effectively, there must be an understanding of real objectives within a larger business strategy. It's about aligning internal processes to meet client needs. Internal brand alignment, collaboration and a client's information culture are essential features (www.crm.insightexec.com).

2.4.2 Integration of Strategy and Market Knowledge Insight

2.4.2.1 Information Pyramid: Insight into Action

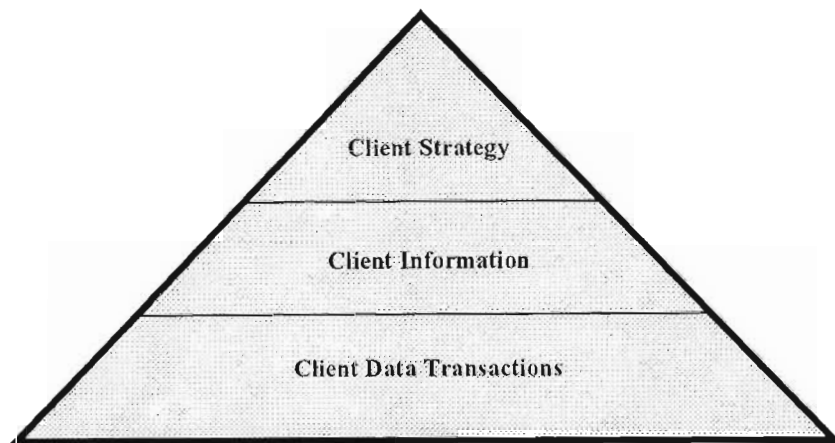


Figure 2.11: Information Pyramid

(Source: Law of the Lens, B. Vincent 1990)

The above figure is a pyramid that shows the basic steps of client data being converted into information and then into a client centric marketing strategy.

The diagram that follows is built on the basis of this information pyramid. It consists of five main sections, all expanding on the Information Pyramid. It recognises that strategy does not always automatically come together with information. A link is needed between market knowledge/insight and strategy – the LAW OF THE LENS.

2.4.3 Law of Lens Principle

The Law of the Lens takes lens theory (i.e., looking closely at something from both a minuscule/particle point of view as well as considering the whole) and notes that wisdom

and common sense need also to be applied to the client insight before it becomes a client action/policy. There are thus four steps (not necessarily linear) in this process:

- RAW DATA or the capturing of individual responses
- INFORMATION or the summarization into reports of those responses
- KNOWLEDGE or how information becomes knowledge by understanding of the business environment and strategies
- POLICY or the decision or strategy to be taken by the client (Vincent, 1990).

It notes that communication and relationships are also absolutely critical to the success of the client centric process. Communication is all encompassing therefore internal and external clients; suppliers and any other relevant parties should all be part of the process. Internal research departments too often act as gatekeepers and do not allow other relevant parties (whose contribution could be hugely beneficial) to be part of the debate. These lenses can be successfully applied in all types of businesses (Vincent, 1990).

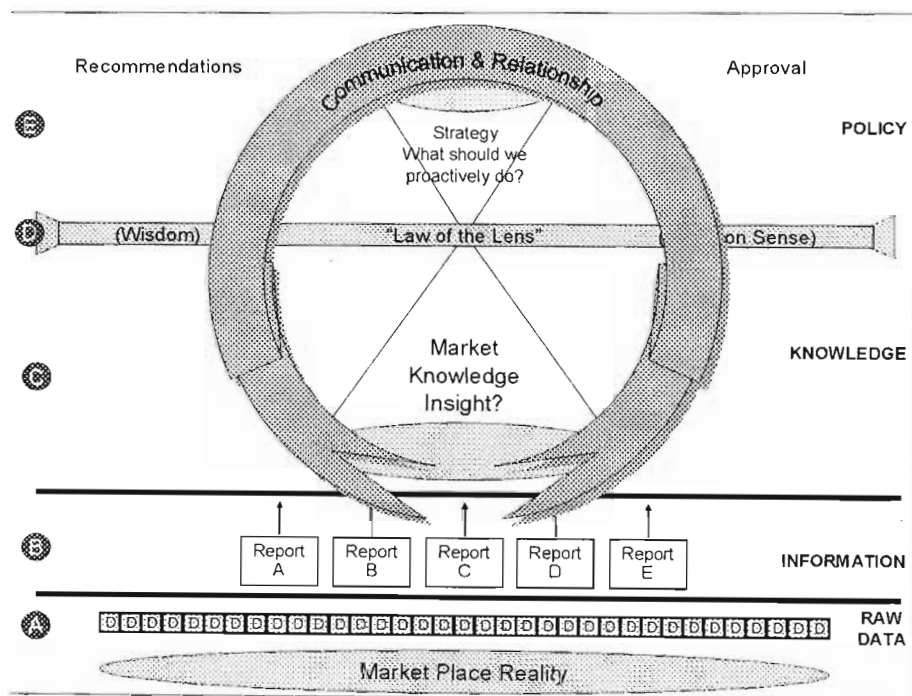
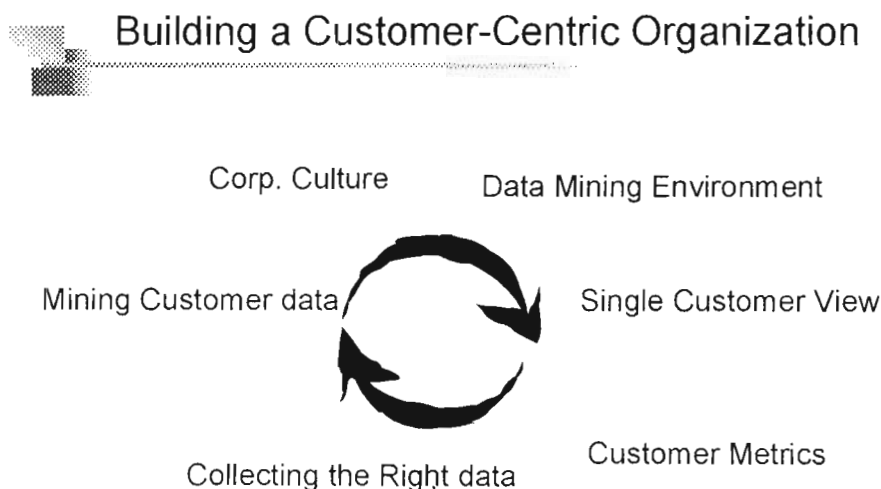


Figure 2.12: Law of the Lens
(Source: Law of Lens, Vincent, 1990)

2.4.4 Client Centric Organizational Culture

It is important that consistent behavior towards the client across all touch points is practiced to ensure the client experiences positive interactions within those channels as clients quickly form lasting views of how they are dealt with known as the 'moment of truth'.

Standards must be applied across all channels pertaining to client experience and based on these high standards organizations must work towards integrating the channels in order to create and present a 'single unified view' of the client. The level of integration must be driven by clients' needs and enable the organization to gather and deploy relevant information from all channels to enhance and develop the delivery of the total client experience. Being client focused enables organizations to be in a position to know what new services, products and innovations are required in the future (Chedley, 2001).



7

Figure: 2.13 Building a Client Centric Organisation
(Source: Precision Marketing, Zabin, 2004)

Some of the business benefits include:

- The identification of cross selling and up selling opportunities within the existing client base from a "single view" of the client and the ability to perform detailed client profile searches.

- The ability to track all interactions with and actions undertaken on behalf of clients enabling better risk management and compliance.
- Cultivation of a "client-centric" as opposed to a "product centric" culture by cross-selling multiple products and gain increase "wallet share" from existing and new clients.
- Provides a consistently speedy service to clients by client managers who will have instant access to the clients' interaction and transaction history. Therefore also providing the same services to clients regardless of which client manager they contact (Chedley, 2001).

2.4.5 The Disconnect View of Value

The diagram below illustrates that there is a growing disconnect between the firm's and the client's view of value.

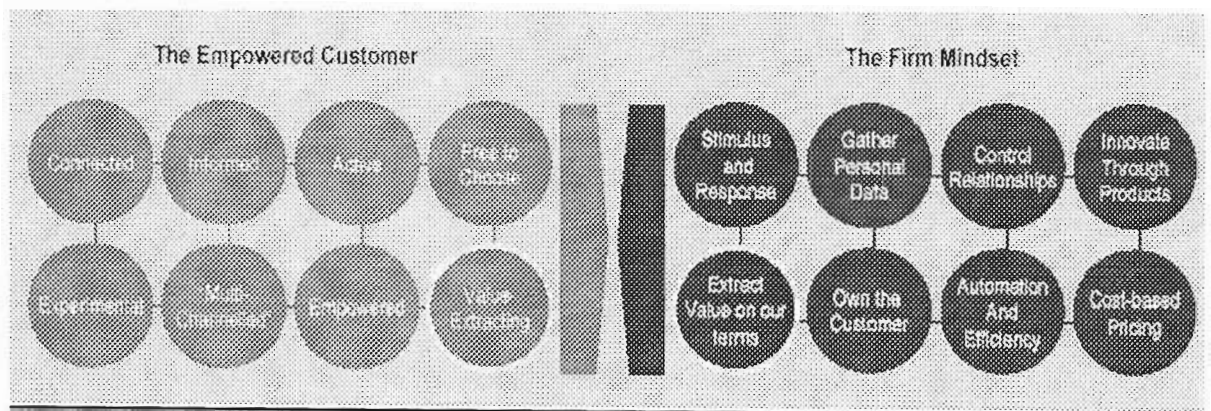


Figure 2.14: The Disconnect View Between The Empowered Client And The Firm Mindset (Source: www.theomcgroup.com)

Bridging the above disconnect view of the business and the client view of value can be bridged. Developing client related measures through client advocate meetings consisting of large cross-functional teams should meet to review key statistics concerning client responsiveness such as abandonment rates, time lag in processing orders. Such meetings immerse and involve everyone emotionally in the organization in process of satisfying clients (Zairi,1999).

Complaints are an invaluable source of information on where processes breakdown therefore a structured approach to complaints should be adopted. Reverting potential defectors and managing client dissatisfaction will lead to an increase in client satisfaction (Zairi, 1999).

Client relationship management requires high-level vision and leadership to drive a relentless focus on the client. It involves difficult changes to processes, culture and organization. It requires a strategy to capture accurate client data, analyse it, distribute it to the right people and act on it effectively. It poses technical challenges such as multichannel alignment, system integration and data quality (Zairi, 1999).

2.4.6 Strategic Growth through Value Chain Analysis



Figure 2.15: Strategic Growth through Value Chain Analysis
(Source: Accelerating Customer Relationships)

In our new global economy of competition and frequent change, one key competitive advantage is to know clients individually and better than anyone else does, and to be able to offer them what they want, when they want it, how they want it. This means providing them financial, emotional and other behavioral incentives to stay, and offering personalized, valued services and add-ons, while constantly engaging with them to deepen relationships and discover their behavioral buying patterns (www.ecrmguide.com).

Most important for good CRM is to have an offensive strategy, not a defensive one. Waiting until competitors threaten you, then responding to them or copying them is a recipe for failure. You need to take time out to create the vision.”

And that vision includes developing an analytical attitude towards customers’, staff and client behavior (www.ecrmguide.com).

Successful companies are those that incorporate their cultural values at the core of their everyday business operations, implement values-based management practices. A more holistic view of business combining these two concepts elevates the importance of the cultural and emotional well being of a company and its people – the emotional quotient – alongside organizational objectives such as return on investment. The right mix of these should ensure that companies celebrate success (www.ecrmguide.com).

2.5 Conclusion

This chapter has extensively reviewed various forms of literature and internet searches with regard to the role of organisational and management culture in optimising the use of client insight driven strategies. Latest existing internal and external surveys, relevant reports, different models and theories were explored to provide background understanding to the research problem. The literature review has to a great extent influenced the depth and breadth of the questions presented in the research instrument.

Due to the unique needs of testing the insight driven practices and culture within Sanlam, a primary research will be undertaken. Chapter three describes the process by which a customized Client Insight Survey was developed and administered to Sanlam personnel to obtain primary data.

CHAPTER THREE: RESEARCH METHODOLOGY

This chapter discusses the choice of the research method employed in obtaining results of the study. This includes a discussion on the research design, sampling technique employed, method of data collection as well as the statistical techniques used to analyse the primary data. An appropriate research design has been created from which constructive and accurate interpretations, conclusions and recommendations can be made. It details how to effectively measure the management culture and its influence on effectively using client insight as business practice.

3.1 Research Design

Chapter two explored the management trends and client insight theories together with the analysis of internal company information such as the Sanlam Personnel Surveys, Competitive Intelligence Surveys as well as an industry wide Brandvision Reports. This Client Survey Insight questionnaire will be used to obtain primary data focusing on specific details on the commitment of management to applying client insight practices as required by high performance organisations.

Qualitative methods are used in conjunction with quantitative methods in this research survey. An integration of these two methods plays an important part in developing, maintaining and improving this survey quality as well as assessing vital issues that field pre-tests and pilot surveys alone can not address. They are better able to identify the problems experienced by respondents in answering questions because they place a more systematic and in-depth spotlight on each question (Pervez, 1995).

Qualitative research in the form of personal interviews and examination of secondary data (Brandvision Report & Sanlam Personnel Survey) indicated that a more detailed anonymous research was required at Sanlam. A survey format was decided as the most appropriate method for this data collection. A cross sectional design is where individuals are assessed at a single time in their lives was chosen in order to find a snapshot of the particular situation. Future research could then be done using the same questions to measure over a period of time after the recommendations have been implemented (Pervez, 1995).

Due to the significance of this research survey, Margaret Jenks, Chief Executive of Sanlam Group Marketing officially endorsed this research project as being of company benefit. The Market Research and Intelligence Department supported the construction of the questionnaire and the web based set up on the intranet.

The degree to which the research question has been crystallized and the research design chosen acknowledges that Sanlam is in a volatile and competitive industry, especially because of the interwoven fabric of the South African client. An exploratory research was undertaken in chapter two due to the unstructured nature of the problem. The current study will also conduct descriptive research, which aims to describe the characteristics of an existing phenomenon (Pervez, 1995).

Method triangulation, which is the application and combination of several research methodologies in the study of the same phenomenon, is used in this research. By combining multiple observers, theories, methods, and empirical materials, the researcher can hope to overcome the weakness or intrinsic biases and the problems that come from single method, single-observer and single-theory studies (Pervez, 1995).

The survey was conducted through a web based questionnaire for the following reasons:

- a) Sanlam Market Research and Intelligence Department assisted with the administration of this research and uses the web based method as a standard for all its internal research surveys. Interviewees are comfortable with this quick and efficient survey method.
- b) This web based data collection method is used instead of a self administered questionnaire because it has a faster response rate; it is easier to send reminders to participants; it is easier to process data since responses could be downloaded to a spreadsheet, data analysis package, or a database; option of putting questions in random order; the ability to make complex skip pattern questions easier to follow; the inclusion of pop-up instructions for selected questions; and, the use of drop-down boxes. These are possibilities that cannot be included in paper surveys (Couper, 2000).

- c) Potential problems were anticipated due the recently announced centralised Group Marketing that is currently in the midst of finding a way forward. It was therefore envisaged that the web based questionnaire researcher would facilitate the process as each questionnaire could be tailored to individual respondents or departments (McDonald and Adam, 2003).

The Market Research and Intelligence Department of Sanlam was used in designing and rewording the questions. Questions were carefully phrased not to influence the results in terms of reactivity preventing participants from giving socially desirable responses.

3.2 Language choice

Although the majority of Sanlam employees are Afrikaans speaking, a decision was made to use the business medium of English only for the questionnaire. The survey was sent out to heads of departments and senior employees of the company. Proficiency in communicating in English is expected of this profile of respondents. This saved time as well as prevented additional costs for translation services.

3.3 Pre-testing of the Measuring Instrument

Pre-testing of the Client Insight Survey questionnaire was undertaken by firstly testing a draft copy of the questionnaire with non-respondent from the Actuarial department, Policy Services department and 3 Masters in Business Administration graduates to identify ambiguous questions, test for clarity of expression and detect possible problems of interpretation and non-response. The necessary amendments were made.

In order to detect weaknesses in the self-completion questionnaire and personal interview questionnaire, a pilot test was conducted (Cooper and Schindler, 2001). The responses were merged with the rest of the total survey responses.

3.4 Sampling Technique

A multiple stage sampling is a technique that consists of sampling within clusters, thus dividing the population into a series of levels or stages of sampling units. As this survey is more qualitative in nature, this multi stage sampling technique was chosen to administer the

survey so that conclusions could be accurately drawn across departments within Sanlam that directly influenced strategic marketing and client insight related business decisions. This technique also increases the sample's statistical efficiency and to provide sufficient data for analysing the various subpopulations. It was also selected to identify behavioural characteristics of the various target groups (Cooper and Schindler, 2001).

3.4.1 Definition of Sample Universe

For the purpose of this survey, the sample universe has been clustered into sub categories for precise analysis of relationships between the various business units.

The sample universe is made up of:

- **Group Marketing which consists of:** Retail Marketing, Market Research, Client Relationship Management, Corporate Sponsorship, Micro-Marketing and Communications.
- **Non Group Marketing which consists of:** Product Development, Investment Cluster (Innofin, Sanlam Investment Management, Sanlam Capital Market, Sanlam Private Investments, Sanlam Collective Investments), Direct Marketing, Advisor and Broker Services, Employee Benefits, Group Corporate Affairs, Group Solutions, Group Office, Sanlam Capital Alliance, Sanlam Personal Finance and Client Solutions.

For this research, the universe is comprised of specialists, managers and senior strategic decision makers from various departments who have an influence on the client insight driven marketing strategies.

3.4.2 Sampling frame for the questionnaire

According to the Sanlam Human Resource Department a record of 9000 employees are on the Sanlam payroll.

Executive Officer of Sanlam Group Marketing, the Sanlam Market Research and Intelligence team working on this specific client insight research as well as the researcher undertaking this research identified a total number of 28 main businesses. These 28 departments were selected on the basis of having a strategic influence on client centricity within the various business clusters in Sanlam. Due to the hierarchical structure of Sanlam,

the heads of the 28 selected business sections were approached by the researcher together with the support of Chief Executive Officer and asked to personally identify and provide a list of managers under their supervision that were relevant to the nature of this research. In the case where there were no structured teams, relevant individuals were identified by managers and included in the sample. A letter (Appendix 5), summarising the intent and objectives of the research together with a clear guideline on how to identify the appropriate respondents was then sent out to the selected heads of departments. An electronic reminder to submit the names was sent a day before final date.

Finally, a total of 300 interviewees made up the second stage sample of the multiple sampling technique used in this research. This intense type of multiple stage sampling process of Group Marketing and Non Group Marketing departments were done over a two-week period and would not have been possible without the endorsement of the chief executive and support of the heads of the various departments.

Potential sampling errors could have occurred if the line managers failed or wrongfully identified the respondents.

3.5 Measuring Instrument

According to the Market Research and Intelligence Department, no similar survey was conducted within Sanlam previously therefore; it was given full support by the Chief Executive and Market Research and Intelligence Department. The results of this survey will be used by the company as a working document and later archived.

With regards to the questionnaire, the researcher had no control over the variables of the marketing environment and its stakeholders in terms of being able to manipulate them and the subjects were not assigned to treatment and control groups in advance. The nature of the study was cross sectional which means that it was undertaken once and represents a snapshot of a point in time of the company (Cooper and Schindler, 2001).

This structured qualitative research questionnaire consisted of Yes/No questions, open ended questions and statements with responses based on a five point Likert Rating Scale. This means that the ranges were from rated from 1 to 5. This scale is often assumed to

possess interval scaled properties enabling statistical analysis using means and standard deviations (Cooper and Schindler, 2001).

The questionnaire (Appendix 6) was designed in seven main parts. A motivating letter (Appendix 6) was attached to the questionnaire informing participants as to why the survey is being conducted as well as assuring participants' anonymity.

- Part 1 comprising of question 1 to question 7, required demographic information of importance such as age, job description, years of service, post grade, etc.
- Part 2 comprising of question 8a to 8z and 10a to 10f comprised of questions testing the management culture with regard to the application of client insight.
- Part 3 comprising of question 12a to 12e and 13a to 13d explored cross selling and up selling opportunities.
- Part 4 comprising of question 15a to 15c tested the influence on product development.
- Part 5 comprising of question 17a to 17n exploring the awareness of Group Marketing and specifically data mining services to all in the sample. Question 18a to 18n and 20a to 20n was administered to only Non Group Marketing personnel. The electronic SNAP (Survey 'N' Analysis Package) program used facilitated this controlled type of questioning depending which department the respondent selected, then only the appropriate sections would appear.
- Part 6 and 7 comprising of questions 22, 23 and 25 testing the usage of the market research and data mining services, the level of understanding cross functional roles as well as client insight terminologies to cross check and test the validity of the responses that indicate a high awareness and practice of client insight as a business practice.

A pilot study of the questionnaire undertaken, necessitated for changes in the original design. The researcher was given special consent to make use of the expertise of the Market Research and Intelligence Department in constructing the questionnaire. The researcher created the original draft of the questionnaire. This was subsequently professionally rephrased to remove all possible ambiguities and misinterpretations.

The pilot test results indicated a few problems areas. An ambiguity problem was detected in question 8b, 8w and 10a. This was subsequently reworded. In the original design of the

questionnaire no open-ended questions were included based on the assumption of the researcher that open-ended questions were time consuming and would therefore not be answered by respondents. However, the pilot study indicated that all the desired answers could not be included hence, 8 open-ended questions (questions 9, 11, 14, 16, 19, 21, 24 and 26) were incorporated in the final questionnaire. These general comment sections were to cater for an elective not specified in the alternatives. The Likert scale was used extensively for most of the questions with a limited use of “yes/no” options. The questionnaire consists of a number of statements and respondents had to indicate to what extent they agree or disagree with each statement – they could indicate that they strongly disagree, disagree, agree, and strongly agree that they are unsure or that the statement is not applicable to them. This was to make the respondent comfortable in choosing an option that reflected the intensity of his/her response.

The questionnaire was developed for the first time for the specific needs of conducting this client insight survey. It gives reasonable coverage of the issues surrounding research problem and provides an indicative rather than definitive insight into employees’ opinions.

3.6 Method of Data Collection

3.6.1 Web Based Questionnaire

A web based questionnaire which is a standard Sanlam survey practice was be used. It followed strict ethical guidelines and was be administered to selected strategic role players who influenced the client insight driven decision making process. This web based data collection method was used instead of a self administered questionnaire because it has a faster response rate; it is easier to send reminders to participants; it easier to process data since responses could be downloaded to a spreadsheet, data analysis package, or a database; option of putting questions in random order; the ability to make complex skip pattern questions easier to follow; the inclusion of pop-up instructions for selected questions; and, the use of drop-down boxes. These are possibilities that cannot be included in paper surveys (Couper, 2000).

An internal software programme called SNAP (Survey 'N' Analysis Package) was used to facilitate this process. The questionnaire was made available to the sample universe via a special uniform resource link (URL) created on the intranet. The URL link was e-mailed to the sample universe. Once the respondent clicked on the link, the survey was made

available. This was to ensure that the e-mails did not bounce back due to some personnel having limited memory space on the e-mail.

3.6.2 Distribution and Return of the Survey

This SNAP (Survey 'N Analysis Package) survey programme is quick and effective as with a just a click on the appropriate block, an option could be selected. Finally, a click on the “submit” button ensured that the response automatically and anonymously returned to the researcher’s e-mail inbox. Management agreed with the researcher that the survey process in itself could be used as an exercise to create more awareness of client insight issues as a business practice.

3.7 Proposed Analysis of Data

Sanlam uses the SNAP program to capture the raw data of the web-based questionnaire. The raw data from the completed questionnaires was captured, coded and directly entered into on SNAP program. Due to the researcher wanting to do her own analysis as well as having a better understanding of the Statistical Programme for Social Sciences (SPSS) database, the data was then exported from SNAP into SPSS for statistical analysis. This gave the researcher greater control when analysing the results of the survey independent to the Market Research and Intelligence Department.

The following checks were then made to ensure the accuracy of the raw data entered:

- Firstly the data was checked for responses that were outside the expected range.
- These were flagged and checked against the relevant survey questionnaire.
- Corrections were made accordingly.
- Finally, random responses were chosen and the coded answers double-checked for accuracy.

Once the raw data had been checked for accuracy, it was then statistically analysed.

3.8 Reliability and Validity

The face validity of a measuring instrument is determined by whether it appears to measure what it is supposed to. If the instrument contains a representative sample of the universe of the subjects concerning the matter of interest, then the content validity is good (Cooper and

Schindler, 2001). The survey used in this study has both face and content validity as it measures the specific aspects of client insight driven practices within Sanlam that were deemed to be of interest. These are knowledge on client insight services within Sanlam, perceptions about management's commitment to client insight practices, and the effectiveness of Sanlam's existing client centricity practices. Since the survey questions were created and refined by a combination of reputable sources and then screened for appropriateness by the Market Research and Intelligence Department, the measurement error of a badly designed questionnaire was reduced. The questionnaire was also checked by the Chief Executive of Group Marketing, Market Research experts as well as academic personnel to check for systematic biases.

Central tendency bias occurs when the respondent hesitates to give extreme ratings. This tendency was found to occur in the sample data. The use of frequency analysis as the predominant means of investigation, and collapsing the five-point scale to a three-point scale when calculating percentages that agree or disagree, reduced the unwanted effects of this tendency (Cooper and Schindler, 2001).

Interpretation errors were avoided as far as possible by using simple, well-understood concepts for the statements asked in the questionnaire. Only question 25 deliberately presented specialised and technical concepts to test the extent to which client insight is truly understood and to benchmark against the standards that Sanlam is striving towards. It is also very likely that a form of 'good subject effect' was present in a survey of this nature. The anonymous nature of the survey was stressed when administering the survey, in an attempt to avoid any form of bias or fear of victimisation (Cooper and Schindler, 2001).

3.9 Factors Affecting Response Rates

It should be noted that web-based surveys generally suffer from low response rates especially when there is only one submission date as in this case. It was therefore, imperative that the response rate for the Client Insight Survey be substantial in order to make the analysis of responses valid and representative of the population. This would also result in meaningful results especially when analysing and comparing the various sub population and categories.

Sanlam conducts regular internal surveys and there is a strong perception that personnel do not believe that participation in such surveys would result in worthwhile outcomes. This could be strongly associated with the uncertainty among employees due to the downsizing program and the associated retrenchments within Sanlam.

Typical response rates for previous web based Sanlam internal surveys conducted were between 30 – 50%. It was decided that not to use incentives such as lucky draw prizes/rewards to increase the response rate.

3.10 Summary

In this chapter the research method employed in obtaining the results of the study have been discussed. This included a discussion on the basic research design, the sampling and the data collection as well as the statistical techniques used to analyse the results. The degree with which the research question has been crystallized required an exploratory study designed to glean a comprehensive understanding of client insight trends and management culture in order to determine if similar experiences can be predicted based on studies undertaken internationally. This is a statistical study that attempts to describe the likely characteristics of the population by making inferences from the sample characteristics. This study used a multiple stage sampling technique based on a sampling frame guideline provided by the researcher. The customised questionnaire was developed for the specific needs of Sanlam with respect to its client insight driven practices.

The main findings of the survey are illustrated and discussed in the next chapter.

CHAPTER 4: DATA ANALYSIS AND PRESENTATION OF RESULTS

4.1 Introduction

This chapter presents primary data results obtained from the web based questionnaire the advantages of which were discussed in chapter three. An in depth investigation is undertaken to determine the extent to which client insight driven culture prevails within Sanlam together with a comparative analysis to theory and secondary data trends.

4.2 Analysis Protocol

Results are analysed and presented in both tabular and graphical format. Detail analysis of the results in terms of comparing Group Marketing and Non Group Marketing will be undertaken. Since Group Marketing plays an influential role in insight driven marketing strategies as well as client centricity, it is important to evaluate Group Marketing on its own and make comparisons with the Non Group Marketing business units. Within the eleven Non Group Marketing Departments, Product Development, Direct Marketing and the Investment Cluster have a strongest influence on client centricity. Their results will be included in both tabular and graphical format to illustrate and make comparisons on their responses to one another.

The questionnaire design, data capturing and cross analysis was done using SNAP and SPSS.

Please note: Even though sample sizes of certain business units appears to be small, in reality they are large when the results are averaged to the total population size of each business unit on a senior and strategic level, hence they are significant enough to draw conclusions.

It is also important to note that no other client insight research study has been previously conducted or documented within the Sanlam Group.

4.3 Results of Survey

Research results response rates for full completion (those who reached the final part of the questionnaire) among all sent invitations or exposed to invitations via the web-based questionnaires are highly variable from 1% to 90%, with an average of 39% (Dillman, 2000). Out of the 300 web-based respondents a total of 132 (41% response rate) was received. This 41% response rate is considered a very good average when benchmarking against reports on web-based survey response rates averaging 39% and the regular internal survey conducted by the Sanlam Market Research and Intelligence Department averaging 40%. Taking this into consideration and that the completion of the survey is voluntary and with no incentives provided, the 41% web-based response rate is therefore considered substantive enough to draw conclusions (Lodata and Ghadialy, 2005).

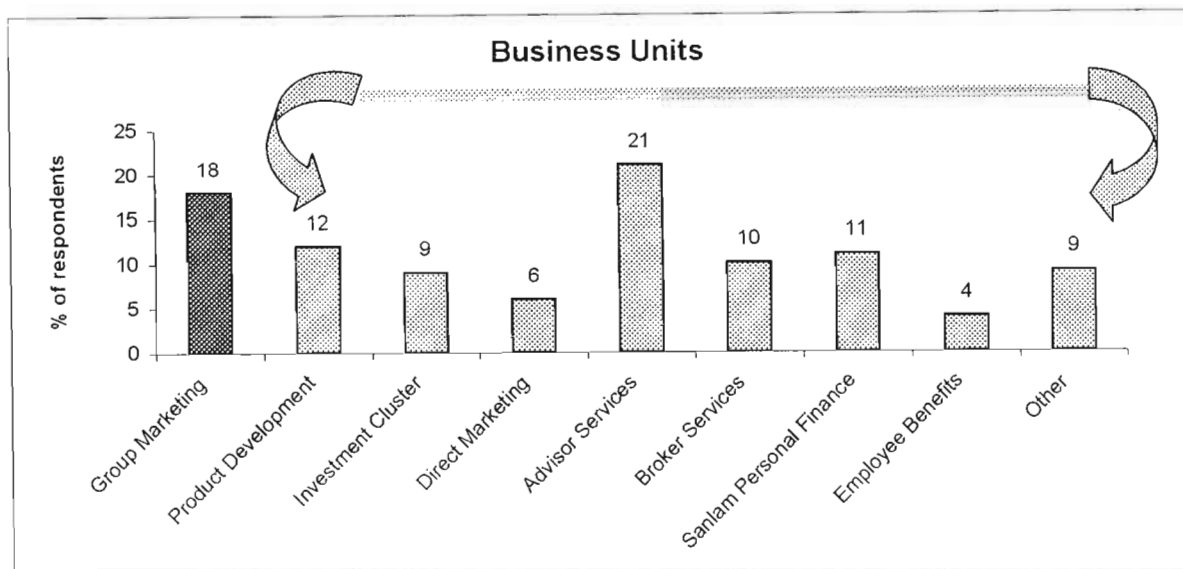
4.3.1 Profile of Respondents

To achieve a fully client centric culture, Group Marketing needs to evaluate its level of client centricity as well as its ability to influence Non Group Marketing to carry through the company's client centric strategy.

The following structural breakdown was obtained from the Sanlam Human Resource Department.

Group Marketing consists of: Retail Marketing, Market Research and Intelligence, Client Relationship Management, Corporate Sponsorship, Micro-Marketing and Communications.

Non-group consists of: Product Development, Investment Cluster (Innofin, Sanlam Investment Management, Sanlam Capital Market), Direct Marketing, Advisor and Broker Services, Employee Benefits, Group Corporate Affairs, Group Solutions, Group Office, Sanlam Capital Alliance, Sanlam Personal Finance and Client Solutions.



Other: Group Corporate Affairs, Group Solutions, Group Office and Sanlam Capital Alliance

Figure 4.1: Respondents per business unit

Group Marketing plays an influential role in insight driven marketing strategies as well as client centricity therefore, it is important to evaluate Group Marketing on its own and make comparisons with the Non Group Marketing business units. Within Non Group Marketing, Product Development, Direct Marketing and Investment Cluster have a strong influence in implementing client centricity and the rest of the investigation will explore this further.

4.3.2 Job Description

Respondents from this survey were categorized according to job description of being a manager, specialist or production/administration support with managers being higher than specialists and specialist being higher than production/administration employees on a level company hierarchy, authority and often salary scale. The researcher intends to find trends that may influence the implementation of a client insight driven culture.

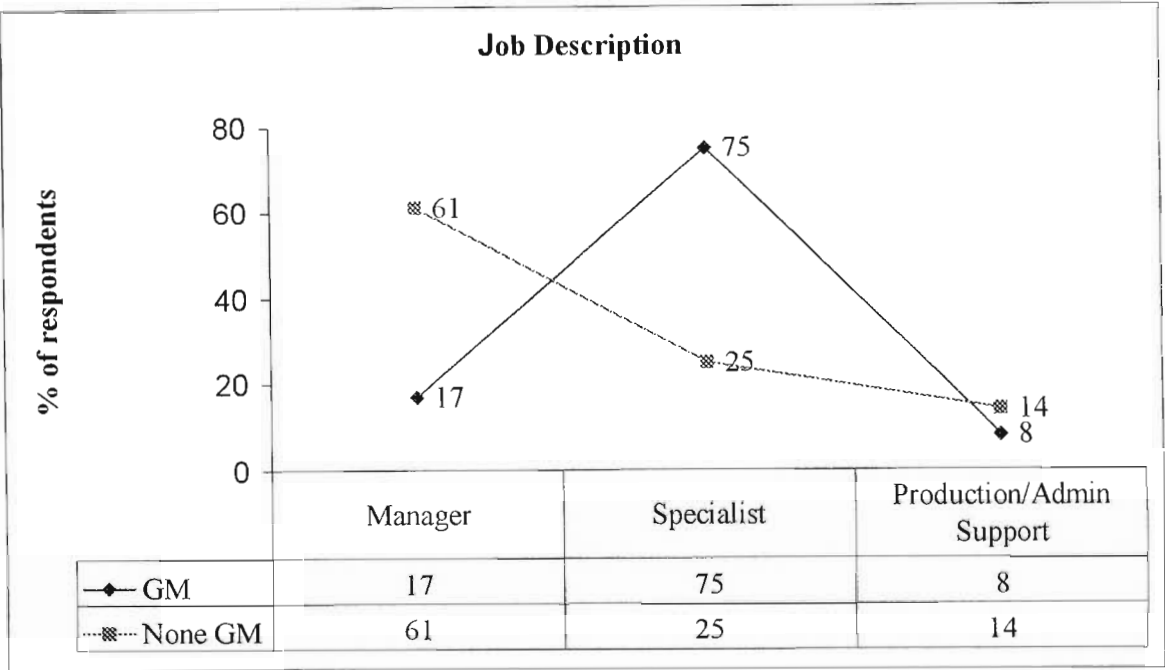


Figure 4.2: Job Description

Figure 4.2 above highlights that employees in managerial roles in Sanlam are on a higher salary scale and have more authority than specialists. This tends to make managers more resistant to taking instructions or advice from specialists who are perceived to be lower than managers than vice versa. The graph above indicates that 17% of Group Marketing respondents are specialists whilst 61% of Non Group Marketing consists of managers and Group Marketing who are the drivers to initiate and implement client centric change within Sanlam. It is clear that to implement a client centric change, a minority of 17% of managers from Group Marketing will be instrumental in influencing a majority of 61% of managers in Non Group Marketing. This is likely to result in managers from Non Group Marketing resisting client centric strategic change coming from a greater number of specialists in Group Marketing. This is would make it difficult for managers would find it difficult to accept such changes from specialists who are perceived to be lower than managers in a company’s hierarchical structure.

4.3.3 Effect of Number of Years of Service on Change Flexibility

Together with the hierarchical power being a factor that impedes change implementation as discussed earlier, the greater the number of years worked in a specific company can result in a superiority complex of having knowledge attained over many years and a resistance to change in general and specifically, if catalyzed by employees who have a shorter service period in the company.

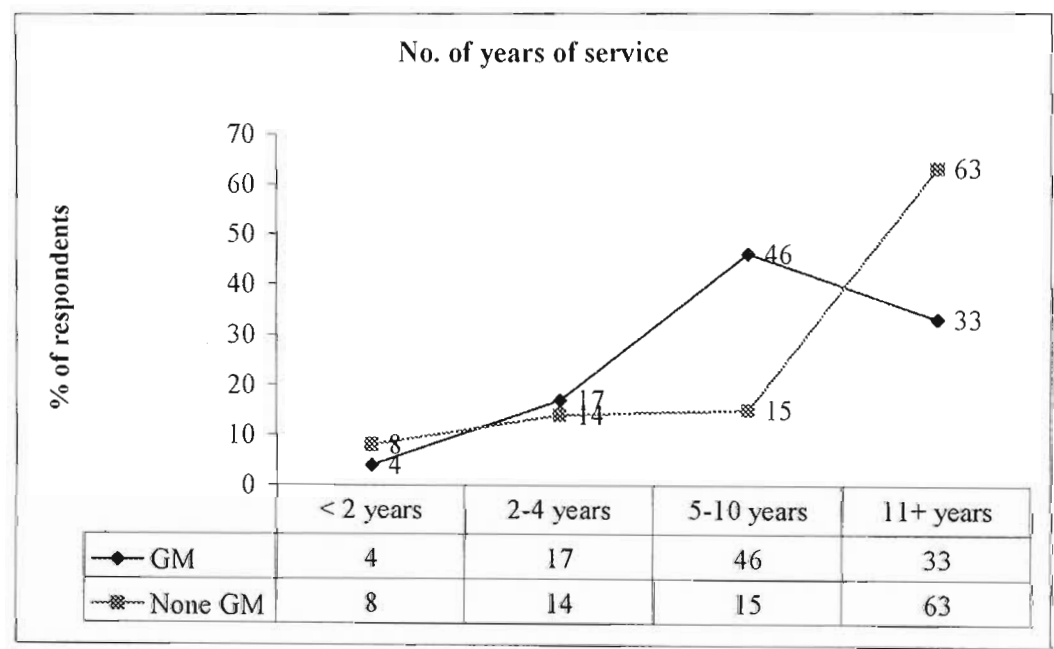


Figure 4.3: Effect of Years of service of Employees on Change

Figure 4.3 shows that nearly half (46%) of Group Marketing respondents have been in Sanlam for 5 – 10 years, whilst nearly two thirds (63%) of Non Group Marketing indicated 11+ years of service. This, together with the imbalance of positional power that comes with job description indicated earlier, makes client centric change implementation by Group Marketing on Non Group Marketing a difficult task with a higher expectancy of resistance from Non Group Marketing.

4.3.4 Age as Barrier to Change

Age plays an important role when implementing a client centric change. It can act as a barrier especially as the older one gets the more difficult it becomes to accept change. This can be further aggravated should a younger workforce generation be exercising change on the older workforce generation.

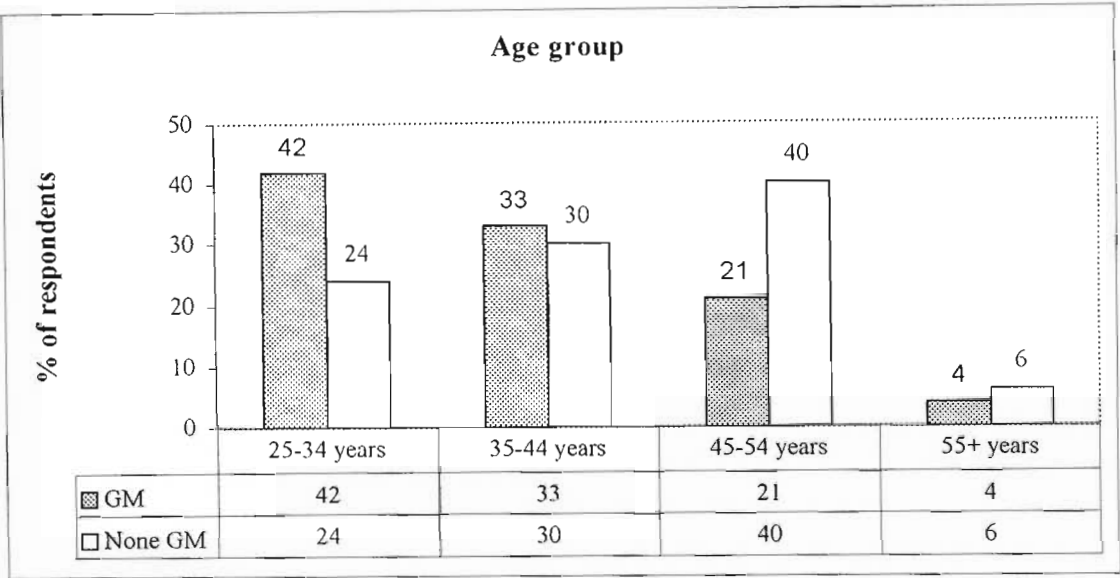


Figure 4.4: Age as a Barrier to Change

Figure 4.4 above indicates a significant percentage (42%) of Group Marketing in age 25 – 34 years age bracket and more than third (40%) of Non Group Marketing between 45-54 years age bracket. The respective age percentages clearly correlate with the seniority in position and job grades.

The change process implemented by the younger age bracket percentage of Group Marketing on the older age bracket percentage of Non Group Marketing generally results in resistance and difficulty in facilitating a client centric corporate culture.

4.3.5 Gender Distribution

While women have made progress toward equality in the workplace, gender issues such as gender discrimination in the workplace and gender stereotypes about work still continue to surface in today’s work environment. The following diagram illustrates the male and female ratio of employees in both Group Marketing and Non Group Marketing.

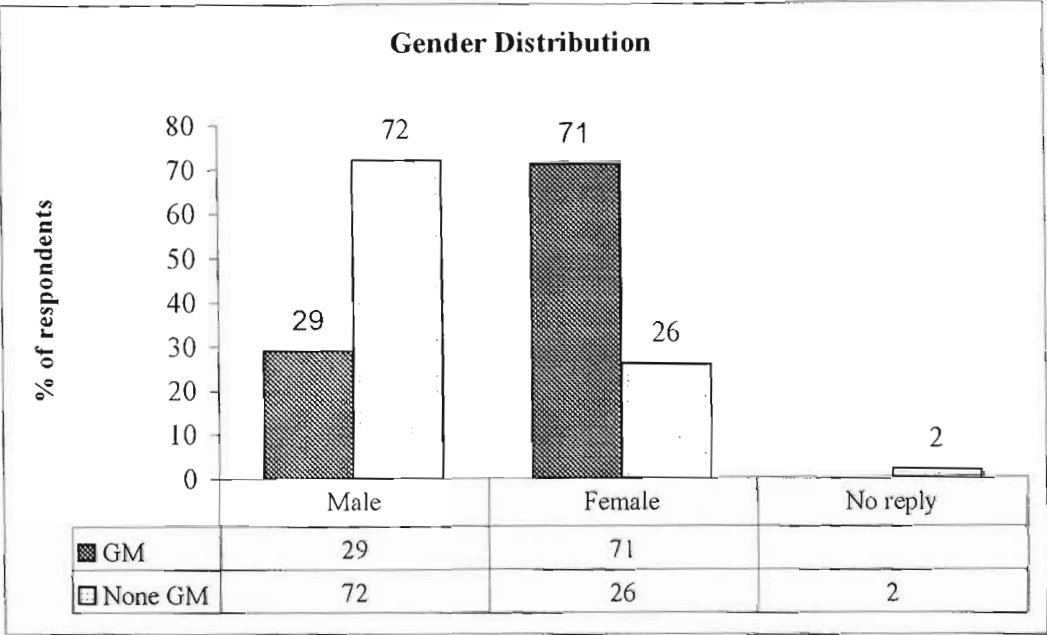


Figure 4.6: Gender Distribution

A striking observation is that Group Marketing is 71% female dominated as opposed to Non Group Marketing being 72% male dominated. Sanlam is patriarchal in nature which also makes change implementation by a female dominated Group Marketing on a more male dominated Non Group Marketing more difficult when considering the stereotypes associated with gender inequality. Implementation of client centric change can easily be misconstrued as “typically female” and be easily rejected as it leans more towards the emotional quotient (EQ) of business rather than just the intelligence quotient of a business.

4.4 Core Questions Analysis

For the purpose of analysis, Question 8 has been sub divided into Client Centricity, Management Culture, Ideas and Innovation and Client Research. These 4 sections play a pivotal role in testing the perceptions and processes of client centric strategies that exist within the various business units.

Important: The researcher together with the Market Research Department has decided not to include the percentage of non-responses in the tables for analysis. The totals may therefore be less than 100% and not always total to 100%. For the purpose of this research only the “Agree”, “Unsure” and “Disagree” responses will be analysed.

4.4.1 Perception of Client Centricity in Various Business Units

A rift exists between low-level tactical decisions and high-value decision making, with a majority of time spent on routine, day-to-day tactical decisions, rather than on strategic decisions with the greatest impact on business success. The table below test various attributes such as perceptions, attitudes of personnel on client centricity at their work environment.

Perception of Client Centricity												
	Group Marketing			Product Development			Direct Marketing			Investment Cluster		
	Agree	Unsure	Disagree	Agree	Unsure	Disagree	Agree	Unsure	Disagree	Agree	Unsure	Disagree
Statements	%	%	%	%	%	%	%	%	%	%	%	%
f) Client needs/preferences are sufficiently taken into consideration when making decisions.	63	-	33	75	-	25	75	-	25	75	8	17
g) There is generally a high awareness of the value of client information.	67	-	33	62	-	38	88	-	12	83	-	17
l) Staff generally does not use client research information sufficiently to aid them in their actions.	50	-	50	94	-	6	37	-	63	50	-	50
m) When communicating with clients we take into consideration communication from other departments to avoid duplication.	37	-	63	56	6	38	88	-	13	50	-	50
o) Day to day work operations is given greater priority than spending time researching client trends.	67	3	30	88	-	12	38	12	50	75	-	25
z) Marketing actions are generally truly client centric.	58	4	38	63	12	25	75	13	13	75	-	25

Table 4.1: Perception of client centricity in strategic business units

Overall personnel are aware of the importance of the client centricity issues however little or no effort is made to use client centricity information in their work activities. The following was noted and is of concern:

- ⇒ A majority (94%) of respondents from Product Development indicated that staff does not use client research information sufficiently to aid them in their actions. True client centric product development creates its product around the needs of the client as opposed to creating products first and then pushing them onto the clients. 88% of Product Development respondents agreed that day to day work operations is given greater priority than spending time researching client trends. This is indicative of a task driven environment where long term research and planning on client needs tend to get neglected due to basic tasks being a priority.
- ⇒ Nearly two thirds (63%) of respondents from Group Marketing indicated that they do not take into consideration communication from other departments to avoid duplication. Duplicating communication or sending out inconsistent or contradictory messages due to lack of communication can result in clients' feeling frustrated and disrespected. The company is also perceived as unprofessional when there is little or no internal communication thus becoming an obstacle to client centricity.

From the results, it is clear that a chasm exists between low-level tactical decisions and high-value decision making, with a majority of time spent on routine, day-to-day tactical decisions, rather than on strategic decisions with the greatest impact on a client centric business success.

4.4.2 Perception of Management Culture

The following questions test the role management plays with regard to client information. Management plays a key role in fostering a client centric culture among personnel.

Theory explains that customer focus is about providing a tailored service to individual clients (Zairi, 1999). It signals the organization's willingness to challenge the status quo and embrace new concepts and management disciplines. Management tactics and styles have implications for individual managers because some tactics are more effective than others, but also have important ramifications for the culture and the types of interpersonal interactions that eventually differentiate one company from another (Zairi, 1999).

Perception of Management Culture												
	Group Marketing			Product Development			Direct Marketing			Investment Cluster		
	Agree	Unsure	Disagree	Agree	Unsure	Disagree	Agree	Unsure	Disagree	Agree	Unsure	Disagree
Statements	%	%	%	%	%	%	%	%	%	%	%	%
n) My manager often discusses the importance of satisfying client needs.	71	-	29	88	-	12	100	-	-	75	-	25
p) Promoting client centric products/services is part of my key performance areas (KPA).	71	-	25	63	6	31	87	-	13	67	-	33
q) My manager trusts my knowledge on client needs and therefore leaves me to make my own decisions.	79	4	17	87	-	13	74	13	13	100	-	-
r) When I have questions on new market trends I usually ask my manager.	38	-	59	44	-	56	50	-	50	42	-	58
u) I feel free to discuss controversial matters relating to my job openly and honestly.	58	-	38	81	-	19	87	-	13	75	8	17
v) I can give my opinion freely, most of the time.	63	-	33	81	-	19	100	-	-	100	-	-

Table 4.2: Perception of management culture in strategic business units

The results shown above indicate that management in general do discuss client centric related matters with staff. Encouraging, is a significant percentage of respondents in Direct Marketing and the Investment Cluster who mentioned that they are positive about their manager's role in promoting client centricity.

It is worth highlighting that 31% of Product Development respondents disagree that promoting client centric products/services is part of their key performance areas (KPA). A common trend is seen in that more than three quarter of respondents in all the business units shown above are of the opinion that their manager trusts their knowledge on client needs and therefore leaves them to make their own decisions. Incongruously, more than half of

those respondents disagreed that when they have questions on new market trends they ask their manager.

A major concern area for Group Marketing is the 38% of respondents who disagreed that they feel free to discuss controversial matters relating to their jobs openly and honestly and the 33% of respondents that said that they could not give their opinion freely most of the time.

A parallel can be drawn to the secondary data from the internal Sanlam Personnel Survey, where negativity of personnel towards management in general is evident. The fundamental reasons were that management is perceived as not always acting ethically and fairly, not keeping their promises, not treating staff equally, not allowing staff to decide with them on their department's activities and not having their interest at heart. Management was also seen as not being in continuous contact and lack visibility among their staff members in general as well as among personnel in managerial positions (Sanlam Personnel Survey, 2004). This secondary data implies that the overall management culture is not conducive to fostering a client centric driven culture.

According to the literature review in chapter two, in winning companies everyone works at the highest level. These organizations design and support a culture that encourages outstanding individual and team contributions, one that holds employees, not just managers, responsible for success. The best way to hold people to such high standards, therefore, is to recognize and reward achievements (Kotter, 1992).

4.4.3 Ideas and innovation culture in various business units

The definition of innovation is the “introduction of a new idea into the marketplace in the form of a new product or service or an improvement in organization or process” (www.business.gov/phases/launching/are_you_ready/glossary.html).

Companies striving to improve their level of client centricity will require an innovative culture to constantly address the changing needs of their clients and the marketplace.

An innovative culture together with client information is central to initiating and implementing customer insight driven strategies. The following table tests to what extent the various departments exercise their ideas and innovation.

Ideas and Innovation Culture												
	Group Marketing			Product Development			Direct Marketing			Investment Cluster		
	Agree	Unsure	Disagree	Agree	Unsure	Disagree	Agree	Unsure	Disagree	Agree	Unsure	Disagree
Statements	%	%	%	%	%	%	%	%	%	%	%	%
s) People at my level often probe deeper into client needs.	54	4	42	63	-	31	87	-	13	58	8	33
t) People at my level initiate special research to learn more about specific client trends.	50	8	38	62	-	38	75	-	25	50	17	33
w) I feel free to experiment with new ideas and innovations.	63	-	33	87	-	13	100	-	-	92	-	8
x) My ideas are seriously considered and given due attention.	67	-	33	87	-	13	88	-	13	100	-	-
y) I am empowered to implement new ideas and innovations.	58	-	42	88	-	13	100	-	-	100	-	-

Table 4.3: Perception of ideas and innovation culture in strategic business units

Empowerment releases employees' judgments, initiatives and creativity in serving client requirements and by having the freedom to act promptly can create client delight and loyalty (Scheuing, 1999). Similarly, empowering employees promotes a culture of responsibility and accountability for resolving client issues and fosters an open environment with the client at the heart. It is encouraging to note that Product Development, Direct Marketing and the Investment Cluster show high ratings that they are empowered and feel free to experiment with new ideas and innovation. Group Marketing, however shows a consistent disagreement with most of the statements. A noticeable high 42% of Group Marketing disagree that they feel empowered to implement new ideas and innovation. Also, consistent with Schneider's Attraction-Selection-Attrition framework, certain types of people may be attracted to jobs in which their influence tactic styles are compatible with the existing norms in that area of work (Schneider, 1995).

It is pleasing to note that a large percentage (88%) of respondents from Direct Marketing indicated that people often probe deeper into client needs and that overall Direct Marketing rates themselves highly with regards to ideas and innovation. Of concern is the overall minimum of one third percent of Group Marketing respondents who indicated that they disagreed with the statements with regards to ideas and innovation in their business units. It is of concern and worth highlighting that 92% of the Group Marketing respondents are either specialists or managers and that that only 54% of Group Marketing respondents agreed that people at their level often probe deeper into client needs.

4.4.4 The use of market research in enabling client centric marketing

Awareness of client knowledge and research services is imperative in crafting client centric marketing strategies. The next table addresses specific issues regarding the awareness and usage of client research data.

Literature review highlights that it is vital that organizations make the client their central preoccupation and attempt to get close to them, know them, understand them, be clear of their needs and share their concerns. The process of identifying clients must be well disciplined and adhered to (Zairi, 1999). Clients need to be vehemently studied with their needs accurately identified and translated and from this client segments or clusters developed; the granularity is improved with every new piece of information.

The Use of Market Research in Enabling Client Centric Marketing												
	Group Marketing			Product Development			Direct Marketing			Investment Cluster		
	Agree	Unsure	Disagree	Agree	Unsure	Disagree	Agree	Unsure	Disagree	Agree	Unsure	Disagree
Statements	%	%	%	%	%	%	%	%	%	%	%	%
a) Important decisions about clients are mostly based on “gut feel” and previous experience.	46	-	54	38	6	56	50	-	50	17	-	83
b) Special attention is given to understanding client trends when designing projects/services.	67	-	33	87	-	13	87	-	13	98	-	-
c) Tracking clients' previous behavior is used to provide data for future projects/services.	67	-	33	81	6	13	100	-	-	67	-	33
d) Staff is aware of the knowledge database system for collecting, managing and sharing client knowledge.	33	8	58	44	6	50	75	12	13	17	17	58
e) Known facts about clients are used to identify new patterns about client behavior.	71	4	25	87	-	13	87	-	13	75	8	17
h) Poor decisions are made because staff does not have access to important information about clients.	46	8	46	44	6	50	13	13	75	33	17	50
i) Client research data is readily available.	54	-	42	50	-	50	50	-	50	25	8	67
j) Client research data is used regularly	54	-	46	44	-	56	87	-	13	67	16	17
k) Staff generally knows where to obtain client research data.	38	-	62	44	6	50	62	-	38	33	8	58

Table 4.4 The use of market research in enabling client centric marketing

98% of the Investment Cluster respondents indicated that special attention is given to understanding client trends when designing projects/services and 75% indicated that known facts about clients' previous behaviour is used to provide data for future projects/services.

However, it must be noted that only 17% of the Investment Cluster respondents agreed that staff generally knows where to obtain client research data and only 25% agreed that client research data is readily available. It is encouraging to note that Direct Marketing shows a consistent high level of understanding and usage of client research information.

Secondary data discussed in chapter two shows that the results of a study called “The Fact Gap: The Disconnect between Data and Decisions” where 675 executives, assessed the state of information access and decision making within organizations throughout the United States and Europe. It indicated that two-thirds of executives identified that more than half of their important business decisions are based on 'gut feel' and experience, rather than on sound and verifiable information. This Sanlam Client Insight Survey primary data reveals a similar trend in that that 46% of Group Marketing respondents believe that important decisions about clients are based on “gut feel” and previous experience. It can be concerning to management that 63% of Group Marketing respondents disagree that staff generally knows where to obtain client research data which implies that client centric driven marketing strategies are not possible without access to accurate client data.

4.4.5 Age as a Barrier to Communication

Respondents were asked the extent to which they agree or disagree with various statements regarding the reasons why some staff members in their business units do not make suggestions to improve products/services in order to enhance client centricity. Literature review highlights that communication plays a key role in understanding business practice and projects. It is fundamental to any successful organisation. The following figure explores whether age can act as a barrier to communication.

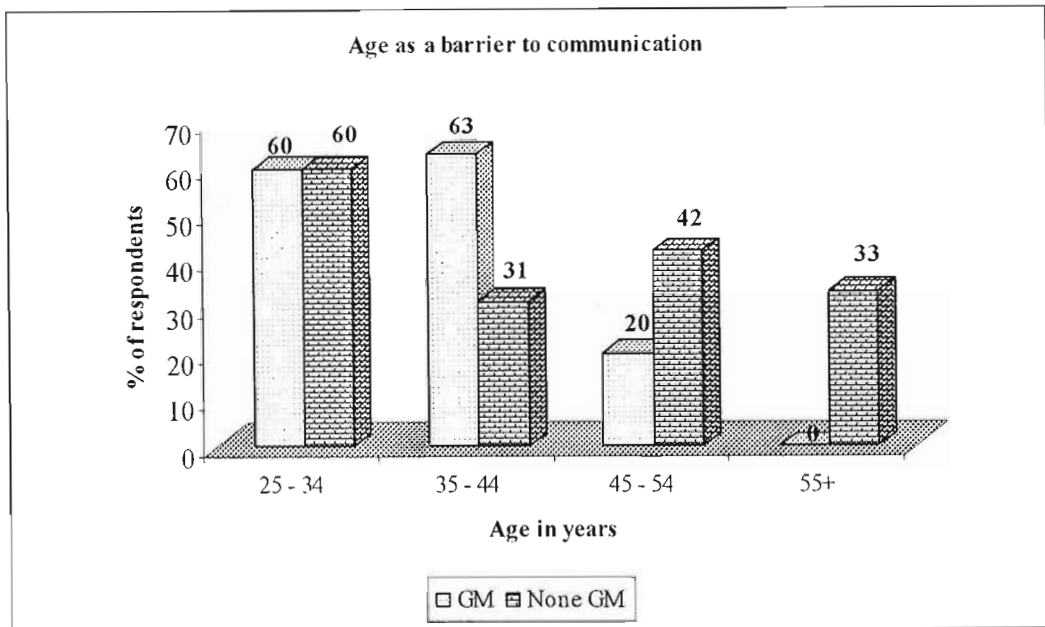


Figure 4.7: Younger people have difficulty advising/correcting older people.

When asked if age was a barrier to communication, a distinct pattern was observed between Group Marketing and Non Group Marketing respondents in the 35-44 age bracket and 45-54 age bracket. 63% Group Marketing respondents between ages 35-44 age bracket agreed to age being a barrier as opposed to 31% of Non Group Marketing respondents. In the 45-54 age bracket however, a greater number of Non Group Marketing respondents agreed in comparison to Group Marketing respondents. Group Marketing has greater number younger specialists and in order for them to drive client centric change; they need to influence the older, more senior managers in Non Group Marketing.

It is interesting to note that Group Marketing has a minimum of 60% of younger personnel between 25-44 age bracket agreeing that they have difficulty advising/correcting older and more experienced people.

4.4.6 Cross Selling and Up Selling as Part of Client Insight

The definition of Cross Selling is the strategy of pushing new products to current customers based on their past purchases. It is designed to widen the clients' reliance on the company and decrease the likelihood of the client switching to a competitor. Up Selling is the technique of selling additional products to clients who only planned to buy one, or upgrading the original order (<http://www.investorwords.com>). Cross and Up Selling can only be done when there is a good understanding of one's clients propensity to purchase

other products through proper analysis of client data. Respondents were asked the extent to which they agree or disagree with each of the following statements regarding cross selling and up selling in their Business Units.

It is worth highlighting that it is expected that the Group Marketing respondents who participated in this study should be in a position of using Sanlam primary client database as part of the marketing tool regularly.

Cross Selling and Up Selling as part of a client insight												
	Group Marketing			Product Development			Direct Marketing			Investment Cluster		
	Agree	Unsure	Disagree	Agree	Unsure	Disagree	Agree	Unsure	Disagree	Agree	Unsure	Disagree
Statements	%	%	%	%	%	%	%	%	%	%	%	%
Staff proactively find opportunities for cross selling and up selling	42	12	46	44	12	44	100	-	-	42	8	50
When designing a campaign, cross selling and up selling are always considered.	46	21	33	44	6	50	75	-	25	42	42	17
Cross selling and up selling opportunities are often explored by having discussions with colleagues and staff who work in OTHER departments/segments.	50	21	29	44	12	44	88	-	13	67	17	17
I have ACCESS to information obtained from Sanlam's primary client database (which includes Sanlam Life, Sanlam Collective Investments, Sanlam Trust, Innofin/SP2 and PPS clients) for cross selling and up selling purposes.	38	17	42	25	6	69	62	-	38	-	33	67
I USE information obtained from Sanlam's primary client database (which includes Sanlam Life, Sanlam Collective Investments, Sanlam Trust, Innofin/SP2 and PPS clients) for cross selling and up selling purposes.	33	17	46	25	6	69	75	-	25	8	25	67

Table 4.5: Perception Cross Selling and Up Selling as Part of Client Insight

According to the PricewaterhouseCoopers Global Data Management Survey of 2001, companies that manage their data as a strategic resource and invest in its quality are already pulling ahead in terms of reputation and profitability (<http://www.pwc.com>).

It is clear from the table above that only 42 % of respondents from Group Marketing, proactively find cross and up selling opportunities and that not more than 33% use Sanlam primary client data base. It is concerning that a significant percentage of both Group and Non Group Marketing indicated that they do not have access to the Sanlam client database, hence they are not using it.

From the analysis shown above and worth noticing, two thirds (67%) of respondents from Investment Cluster indicated that they do not have access and do not use Sanlam primary client database. This could be ascribed to the fact that this group had just became part of Sanlam Group Marketing recently, database access to this group may be crucial as part of the marketing strategies.

4.4.7 Exploring Cross Selling And Up Selling Opportunities

Respondents were asked if cross selling and up selling opportunities were often explored by obtaining client information. Literature review reveals that by linking marketing campaigns and programs to clients' points of contact enables companies to not only reduce the cost to sell and serve clients, but also increase the amount of revenue generated by each client through highly targeted cross sell or up sell offers at the appropriate time.

Awareness of Client Information for Cross Selling and Up Selling												
	Group Marketing			Product Development			Direct Marketing			Investment Cluster		
	Agree	Unsure	Disagree	Agree	Unsure	Disagree	Agree	Unsure	Disagree	Agree	Unsure	Disagree
Statements	%	%	%	%	%	%	%	%	%	%	%	%
a) Primary market research - in-house or contracted (surveys, focus groups etc.)	71	13	13	44	6	44	86	-	13	33	17	50
b) Secondary market research (data obtained from various external databases such as AMPS, StatsSA etc.)	67	13	13	50	13	31	75	12	13	50	17	33
c) Data mining of Sanlam client database	54	17	25	63	6	25	100	-	-	8	17	75
d) Competitive intelligence (intelligence on what Sanlam's competitors are doing, market trends etc.)	54	13	29	63	6	25	100	-	-	50	17	33

Table 4.6: Awareness of Client Information for Exploring Cross Selling and Up Selling

On a positive note, 71% of Group Marketing respondents use primary market research to explore cross and up selling opportunities, however of concern, only 54% of Group Marketing respondents uses data mining for cross selling and up selling purpose as well as the competitive intelligence services. It is worth highlighting that a significant percentage of Group Marketing respondents are unsure about the services mentioned. These services are available and fundamental to this profile of respondents.

A high percentage (75%) of the Investment Cluster respondents do not use the client database and data mining services and third (33%) indicated that they do not use competitive intelligence services. This correlates with question 12e, where 67% of the Investment Cluster responded that they do not have access to Sanlam's primary client database.

A third (33%) of Investment Cluster respondents believes' that people at their level do not probe deeper into client needs. This correlates with 69% of respondents from this group (Investment Cluster personnel) indicating that they do not have access to Sanlam's primary client database.

4.4.8 Client Centric Driven Product Development

Respondents were asked the extent to which they agree or disagree with each of the following statements regarding product development in Sanlam. The three bar charts below indicate the percentage of respondents who disagreed with the various statements.

Theory outlines that developing the right products based on client needs is vital for client retention and client acquisition. The success of sales, marketing and an improved bottom line is directly influenced by client centric product development. Information on existing and potential clients for product development is generally obtained from personnel working closely with client needs and client insight. Respondents were asked to indicate their level of agreement with statements regarding product development within Sanlam. The graphs below depict the percentage of respondents who disagreed with each statement labeled as titles in the charts that follow.

(i) New products are generally truly client centric

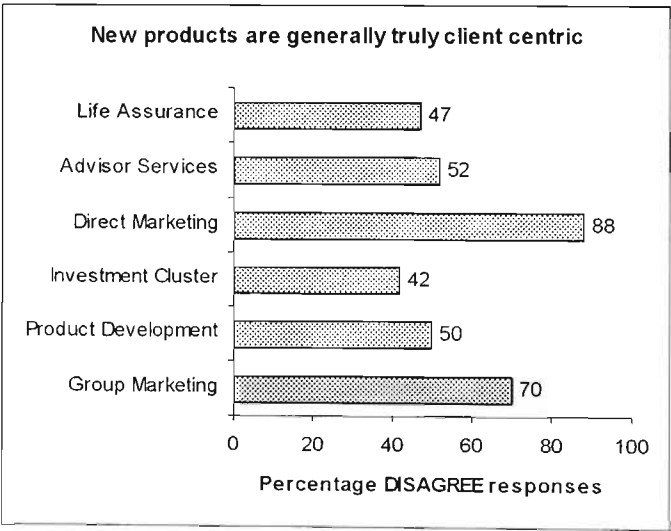


Figure 4.8: Client Centricity of New Products

From the bar graph, a high percentage of Group Marketing (70%) and Direct Marketing (88) disagreed that new products are truly client centric. 52% of the Adviser Services who work the closest to the clients also disagreed with the above statement.

Communication and dialogue is critical. Scheuing suggests 'enlightened organizations practice closed loop communication with their clients'. Communication must flow both ways frequently and continuously and be structured in a way that enables the organization to monitor their performance from the clients' perspective (Scheuing 1999).

Integral to this communication is the provision of client feedback. The dialogue created with clients has to be based on a strong system that constantly seeks views, gathers feedback, assesses future needs, handles issues, develops action plans, monitors satisfaction levels and ensures loyalty and retention of all clients (Zairi, 1999). From this, the design and redesign of products and services and delivery systems can be fine-tuned and orchestrated.

(ii) Sufficient influence in the development of new products

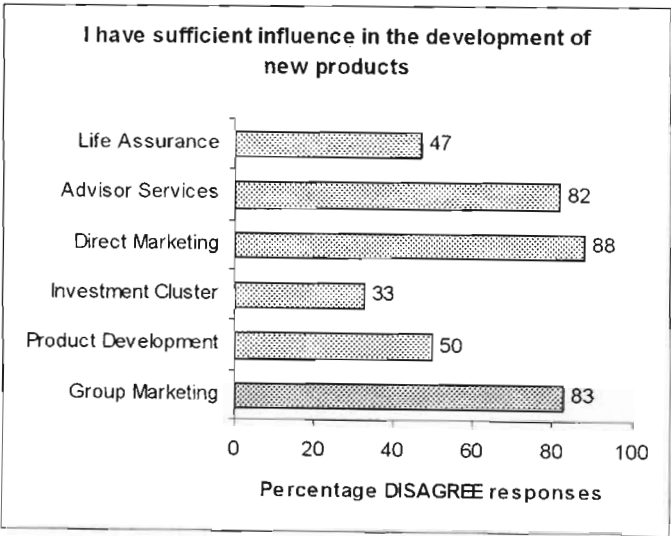


Figure 4.9 : Influence in the development of new products

A potential problem is highlighted from the analysis above, that a high percentage of Group Marketing (83%), Direct Marketing (88%) and Advisor Services (82%) indicated that they do not have sufficient influence in the development of new products. A concerning 50% of respondents from Product Development also disagreed with the statement. Interestingly, only a third (33%) of the Investment Cluster disagreed. This could be attributed to the fact that Investment Cluster operates a separate product development department.

(iii) Client Information taken into consideration when developing new products

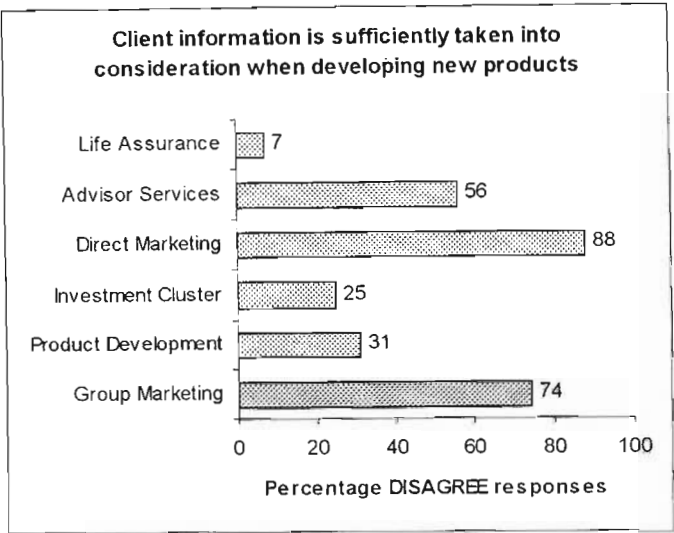


Figure 4.10: Client Centricity in Product Development

Group Marketing has a central role to play in ensuring alignment with all departments within the organisation that interface with the client. It is of concern that majority of Group Marketing (83%) have no sufficient influence in new products development and the fact that 74% of them feel client information is not sufficiently taken into consideration when developing new products. Analysis of question 20h (not shown) reveals that a third (33%) of Non Group Marketing respondents indicated that they are not involved in strategic input with regards to new product development.

Literature shows the characteristics of a product mindset and a client value mindset in Table: 2.3: Product Mindset Versus Client Value Mindset, Sawhney (2002). Primary data analysis indicated that even though Sanlam has a client centric strategy, it fails to manifest client centricity in its product development process.

4.4.9 The Role of Group Marketing And Communications In Other Business Units

The expected role of departments is not often met or achieved in reality. Two versions of the same list of services were asked to test the expected role and the actual role of Group Marketing to other business units. Only respondents who answered “high extent” when asked to what extent they believed that Group Marketing had a role to play in their business

unit were further tested to explore the actual involvement of Group Marketing in their business units.

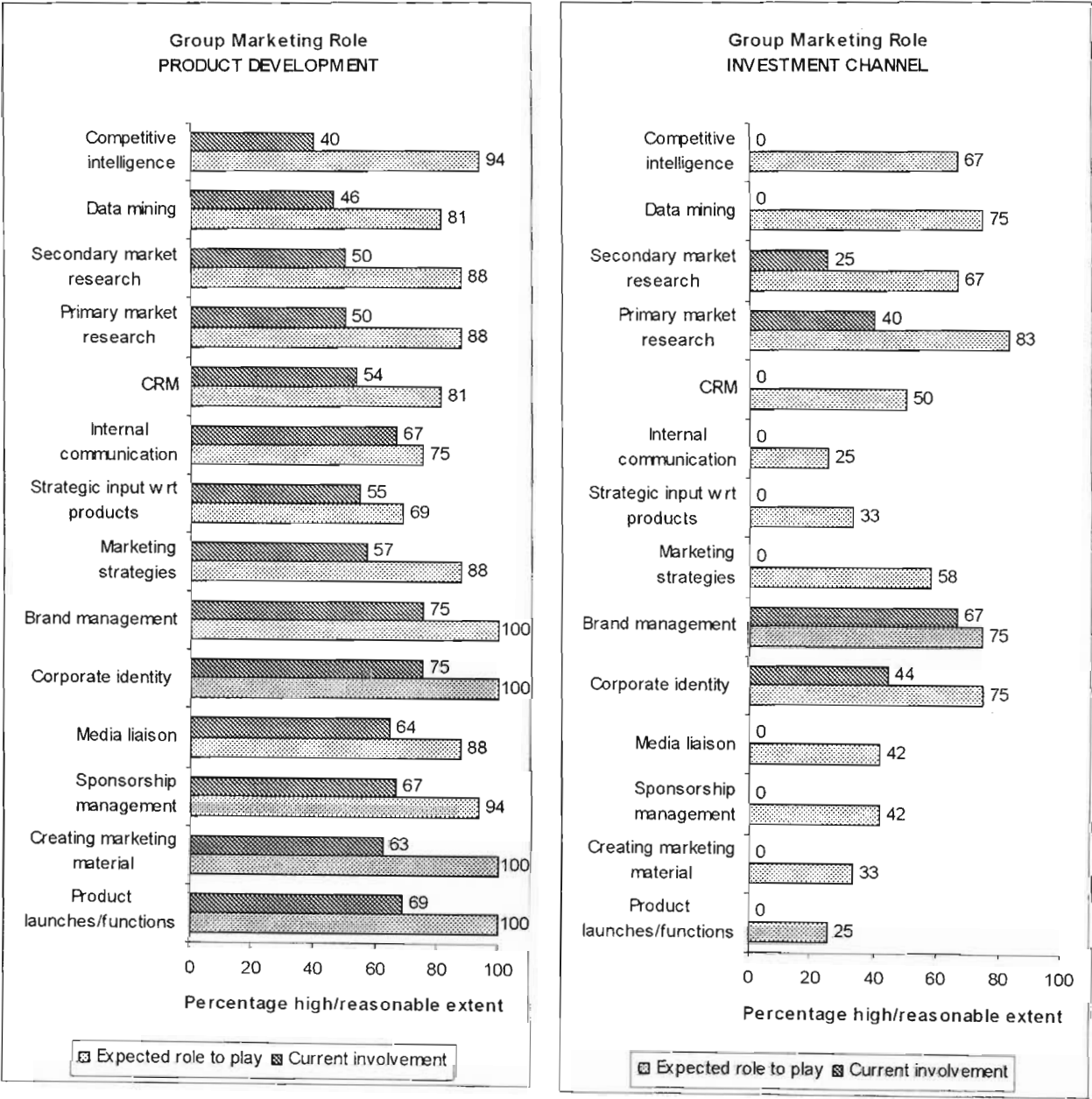


Figure 4.11(a): Gap analysis of expected role and actual role of Group Marketing and Communication Services

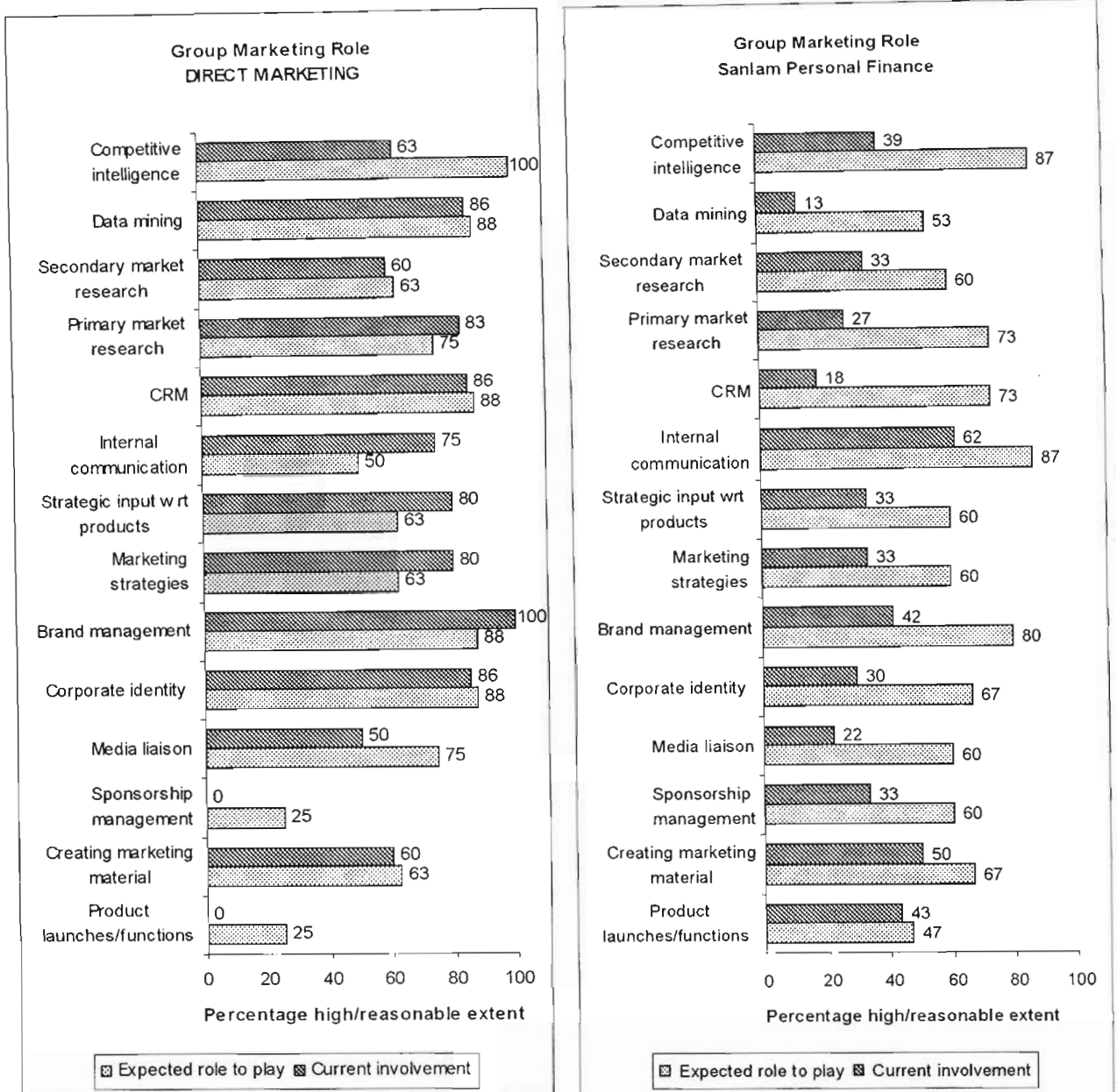


Figure 4.11(b): Gap analysis of expected role and actual role of Group Marketing and Communication Services.

The analysis above highlights a clear gap in the expected and actual of role played by Group Marketing. The graph above indicates that Group Marketing has not fulfilled its expected role, especially in Product Development, Investment Cluster and Life Assurance. This is in keeping with the trends of the respective departments where low usage of client research services and client centricity was noted (question 12 and question 8.3).

The rating of the expected role of Group Marketing by the Direct Marketing Department in performing Competitive Intelligence and Data Mining indicates a high level of disparity with what is actually provided. Competitive Intelligence provides the cutting edge in differentiating client centricity among competitors. It is positive to see that Data mining services of Group Marketing meets the expectation of Direct Marketing Department. This is due to the fact that the Direct Marketing Department relies greatly on data mining to perform the predictive analysis of client behaviour before embarking on a campaign. This leads to accurate target marketing and a more effective client centric marketing campaign.

Even though most of the services listed in question 20 are practised by the Investment Cluster group, the results show that there is very little or no interaction at all with Group Marketing offerings at this stage. Communication with between Group Marketing and the Investment Cluster requires serious improvement. This trend has been consistent throughout the research, prompting the urgency of working together.

4.4.10 Frequency of Using Group Marketing Research and Data Mining Services

Respondents were asked the frequency of using the Group Marketing and Communication department's research and/or data mining services.

By using these in-house analytical capabilities, tools and processes, a company can develop tactical client insights and prospect segmentation. Opportunity scanning is data mining to uncover marketing information to find opportunities. It should be done before or concurrently with a major external market research study to scan for market opportunities. Data mining can show who the best clients might be, which clients are likely to defect (churning), or, if the right data is gathered, which carry the risk of adverse reaction to marketing offers (Berry & Linoff, 2004).

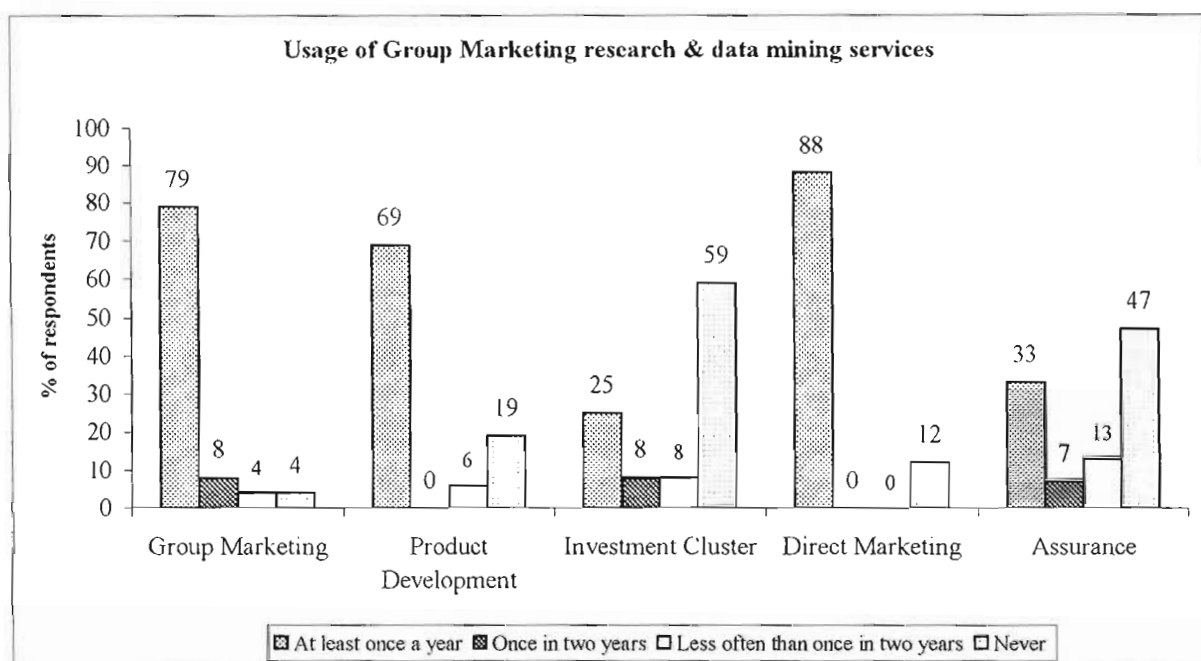


Figure 4.12: Frequency of Usage of Group Marketing’s Research and Data Mining Services

It is positive to see that Group Marketing, Product Development and Direct Marketing use Group Marketing’s research and data mining services at least once a year. Investment Cluster shows a low 25% usage of the research services. This can be attributed to the lack of accessibility of Group Marketing’s services as indicated in question 8.3.

As discussed previously, secondary data from the study, titled “The Fact Gap: The Disconnect between Data and Decisions” assesses the state of information access and decision making within organizations throughout the United States and Europe. It concluded that inefficient information access significantly impacts the overall productivity of their organization.

It is important that consistent behaviour towards the client across all touch points is practiced to ensure the client experiences positive interactions within those channels as clients quickly form lasting views of how they are dealt with known as the ‘moment of truth’ (Carlzon, 1987). Standards must be applied across all channels pertaining to client experience and based on these high standards organisations must work towards integrating the channels in order to create and present a ‘single unified view’ of the client (Payne, 2000). The level of integration must be driven by client needs and enable the organisation

to gather and deploy relevant information from all channels to enhance and develop the delivery of the total client experience.

4.4.11 Working Relationship between Departments

Working relationship and communication between personnel of various departments was tested.

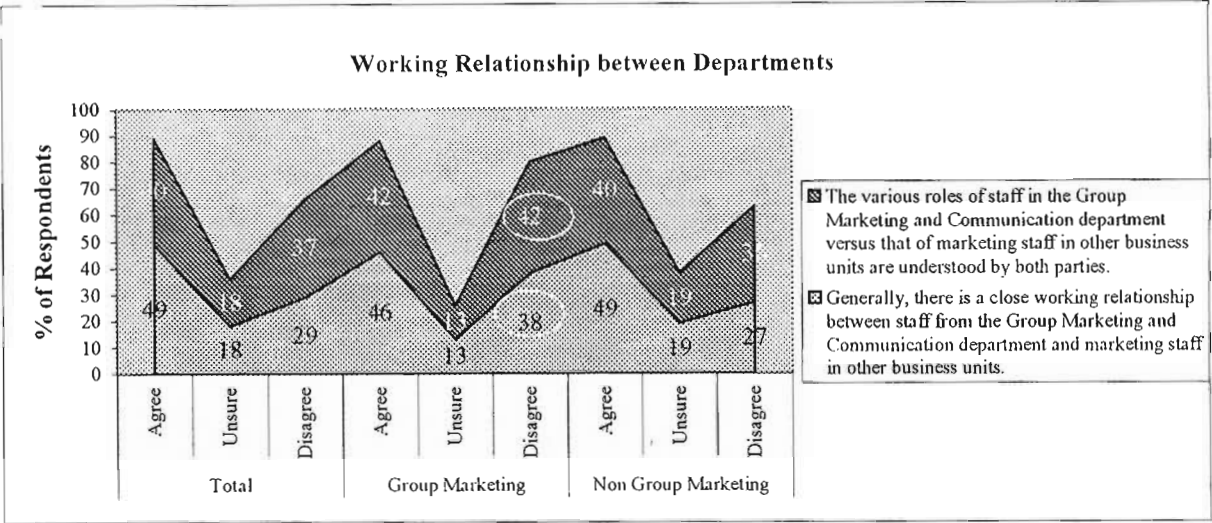


Figure 4.13: Working Relationship between Group Marketing and Non Group Marketing

Literature review highlights the fact that employees must understand how the organisation structures works and be aware of the information and communication channels that exist for having a client centric single view of their clients. Communication and dialogue is critical. In general, results from Figure 4.15 shows that a significant percentage of respondents are of the opinion that close working relationship does not exists between Group Marketing and Non Group Marketing business units. Slightly more than a third (38%) of Group Marketing respondents disagrees with the fact that there is generally a close working relationship with marketing colleagues of other business units. Close to half (42%) of Group Marketing respondents feels that both parties do not understand various roles of staff within the Group and other business units.

To gain traction, client loyalty must move beyond marketing into other functional areas, where most of the money, people and resources are. While being marketing led, it needs a process that gets other functions involved in creating, implementing and budgeting for initiatives and strategies.

4.4.12 Knowledge of Marketing Concepts

Respondents' knowledge about concepts essential to practicing a client insight driven strategy was tested. The responses are an indication to gauge the depth of understanding of the respondents who are key strategic decision makers in implementing client centric driven strategies.

Of the many options provided in the questionnaire ranging from "very knowledgeable, reasonably knowledgeable, slightly knowledgeable, not at all", the graph that follows depicts the response of those who answered "very reasonable knowledge".

The purpose of this graph is to firstly check the level of client centric knowledge as well as compare Group Marketing and Non Group Marketing to see whether there is a gap in knowledge which could hinder the two way communication process between the departments.

Arthur O'Connor, leading expert on CRM and columnist for www.ecrmguide.com, agrees, most important for good CRM is to have an offensive strategy, not a defensive one. Waiting until competitors threaten you, then responding to them or copying them is a recipe for failure. You need to take time out to create the vision." This requires a good understanding of trends and latest concepts to implement client insight driven strategies that creates a distinctive competitive advantage (www.ecrmguide.com).

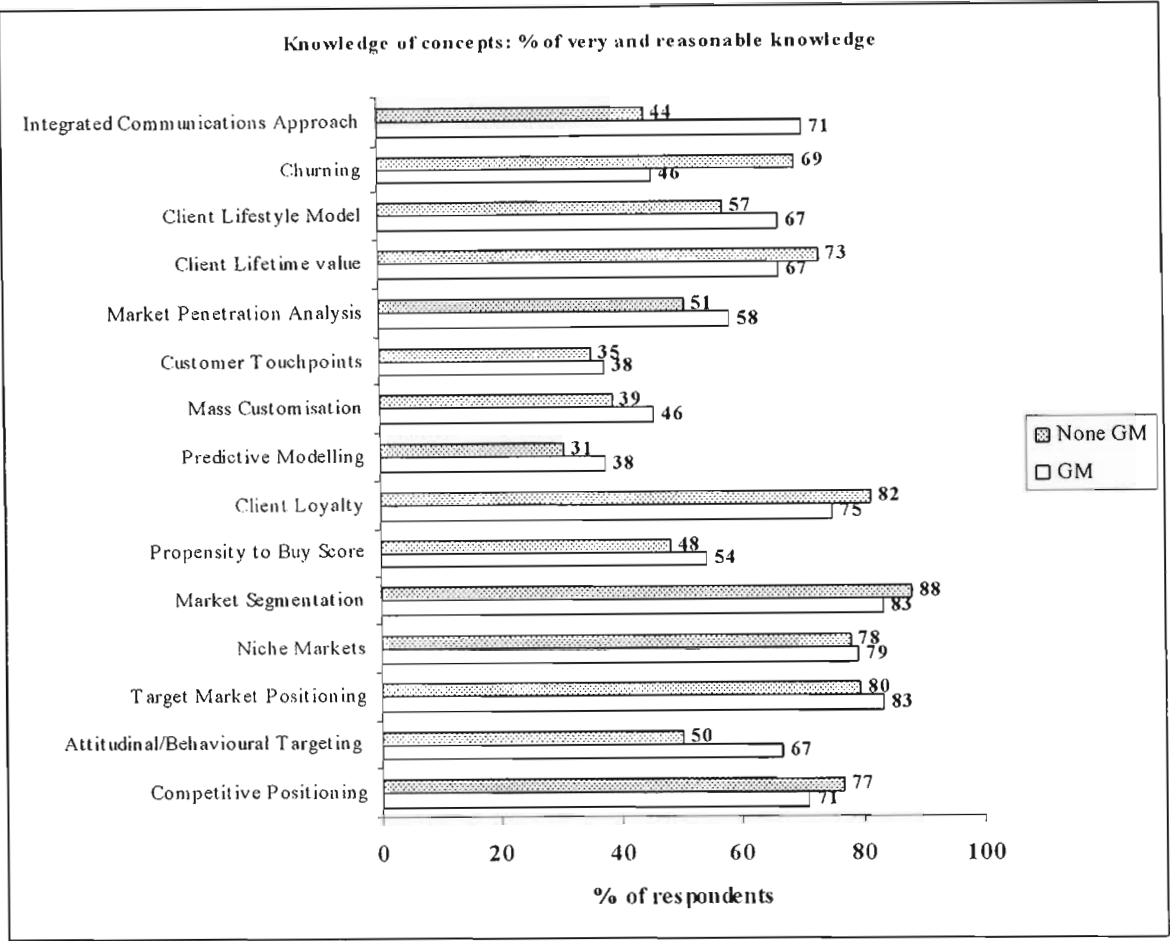


Figure 4.14: Knowledge of concepts related to client insight driven practice

On a positive note, Group Marketing shows a relatively high percentage in understanding the concepts listed above. This suggests that Group Marketing is fairly abreast with key client insight driven concepts. Of concern, is that only 53% of mostly marketing specialists surveyed have a good of understanding of Propensity to Buy Score which is an essential concept when predicting client behaviour and buying patterns. Also, only 38% of Group Marketing has a good understanding of “churning” which is an important concept when developing proactive strategies for client retention. This is an indication that Group Marketing specialists require further training and awareness of these essential concepts in order to implement effective client centric marketing strategies.

4.5 Conclusion

In this chapter the results of the questionnaire survey undertaken was analyzed using the SPSS statistical software package. Throughout all parts of the questionnaire, the data have been transformed into information across a range of categories from demographic information through to the specific variables of interest to this study.

The data was analysed either through tables, clustered bar graphs, or stacked bar graphs where relevant. This has emerged from the study based on the objectives and built into the design of specific questions in the survey instrument.

This chapter has analysed primary data together with secondary data gleaned from the review of literature in chapter two. Using this as the backdrop, the chapter that follows will draw conclusions, make recommendations and suggest future research

CHAPTER 5: RECOMMENDATIONS AND CONCLUSIONS

5.1 Introduction

Comparative attention is given to the similarities of the prominent client insight trends from the literature review in chapter two and its specific relevance to applicability within Sanlam identified in chapter three. Recommendations and guidelines for improvements in potential problem areas identified in the analysis of results (chapter four) are suggested to ensure a high level application of client insight within Sanlam. From this, areas for future research on the topic are suggested.

5.2. Reinventing the Organization towards Client Centricity

5.2.1 The Role of Management in Catalyzing the Use of Client Insight

The management culture of Sanlam is historically known to be conservative, bureaucratic and hierarchical. The innovation and lateral thinking culture in Sanlam has only recently evolved to a point where employees have the freedom to “think out the box.” One of the objectives of the study identified in chapter one is to evaluate the role that corporate culture and management style plays in extracting synergies from within Sanlam by effectively using client insight in the formation of marketing strategies.

Secondary data from the internal Sanlam Personnel Survey highlights that in general negativity of personnel towards management is evident. The fundamental reasons documented in the report were that management is perceived as not always acting ethically and fairly, not keeping their promises, not treating staff equally, not allowing staff to decide with them on their department’s activities and not having their interest at heart (Sanlam Personnel Survey, 2004). This secondary data which highlights internal employee dissatisfaction implies that unhappy staff tends to be less concerned about subtle issues of business practice. This is further exacerbated if the management culture is seen as not looking after the employees’ needs. Clearly, this company culture is not conducive for the execution of a client insight driven business practice.

The primary data results reveal that 38% of Group Marketing respondents disagreed that they feel free to discuss controversial matters relating to their jobs openly and honestly and the 33% of respondents said that they could not give their opinion freely most of the time. These statistics support the literature review and reveal even further the urgency to change the above company culture at Sanlam. In order to do this, the management has to reverse the complacent behaviour of the employees by instilling a company culture that is more transparent, communicative and robust. This requires an organisational culture where employees feel secure to take risks as part of a process of discovering new client centric patterns through the use and manipulation of client insight.

It is therefore recommended the concept of ‘creative chaos’ as discussed in chapter two be introduced in Sanlam thereby creating controversy and disruptions that offer the opportunity to generate new structures and strategic creativity. This can be achieved by empowering employees to find new and creative ways of addressing the needs of clients in a risk free environment by providing a series of creative thinking workshops, incentivising employees who contribute proactively to innovation through bonus schemes, challenging the involvement of employees by introducing competitions and idea bank submissions.

5.2.2 Key Performance Area (KPA) as a Driver to Client Centric Change

Chapter two explains that organisations that design and support a culture that encourages outstanding individual and team contributions, is one that holds employees, not just managers, responsible for success (Kotter, 1992).

Under the circumstances of Sanlam having an unstructured client centric business philosophy, management is a key driver to extracting and implementing client insight as part of work routine with its team members. As client knowledge and behaviour patterns have no purpose on its own, it is even more important for management to include the strategic use of client insight as part of an employees’ work assessment.

The multi stage sampling undertaken which surveyed strategic decision makers, senior management and personnel from Sanlam revealed that:

- ⇒ a vast majority (94%) of respondents from Product Development indicated that staff does not use client research information sufficiently to aid them in their actions as

well as 88% who agreed that day to day work operations is given greater priority than spending time researching client trends.

⇒ nearly two thirds (63%) of respondents from Group Marketing indicated that they do not take into consideration communication from other departments to avoid duplication.

This correlates with the secondary data obtained in literature review where the “Business Week Research Services and Business Objects” shows that a chasm exists between low-level tactical decisions and high-value decision making, with a majority of time spent on routine, day-to-day tactical decisions, rather than on strategic decisions with the greatest impact on business success (<http://www.businessobjects.com>).

It is therefore recommended that there is a high focus on assessing employees on their client centric output through their Key Performance Areas (KPA). In this way management can evaluate the implementation of client insight in key areas as well as day to day business practice so that short and long term client centric goals of the company can be achieved. This can be done by ensuring that client insight methods are practiced and measured on all levels of management and among all team members on the company’s organogram. The best way to hold employees to such high standards is to recognize and reward achievements that excel expectation set against objectives clearly defined in their KPA by providing incentives such as bonus schemes, profit sharing and recognition.

Employees need to be sensitized to the organization’s objectives and reasons for change. By establishing a fluent understanding of the organization’s agenda, their role in achieving this and what is expected of them, they can assist in creating a company philosophy and attitude that lives and breathes client centricity. Therefore, embarking on aggressive client insight internal campaigns through interactive workshops, theatrical dramatization, motivational speakers, role playing and analysis of client interactions is strongly suggested.

5.2.3 Incorporating Client Centric Change Agents into the Organisation

According to the change management literature review, extensive use of client insight requires an organizational change initiative that spreads across organizational boundaries and touch upon employees’ fundamental attitudes and psychological motivations for working in the organization (Kahaner, 1997).

Primary research results reveal that nearly half (46%) of Group Marketing respondents have been in Sanlam for 5 – 10 years, whilst nearly two thirds (63%) of Non Group Marketing indicated 11+ years of service. From these statistics and together with literature review, it can be inferred that employees who have worked for the same company or in the same position for many years become set in their ways and resistant to change.

It is therefore recommended that change agents be incorporated in the Sanlam Group to catalyse the process of client insight driven change. These change agents should be early adopters or opinion leaders in the pursuit of change, replete with a set of skills that encourages entrepreneurial thinking and innovative management. These efforts should be positioned within the broader change context that the Sanlam Group has already articulated with regards to vision, goals, strategy, and desired cultural values that are continuously communicated and updated for all employees. Teams should play an integral part in this process, with change agents fulfilling an active role in team management and direction. Having assessed the results of the client insight survey and considering the urgency for a client insight driven work environment among the key role players in the Sanlam Group, it is suggested that this role be fulfilled formally rather than informally thereby giving the change agents greater power of influence.

It is also strongly suggested that Sanlam cultivate a pool of high potential individuals that can be earmarked for rapid advancement. It is advisable that this group could ideally be young, flexible, hungry for new management knowledge and highly receptive to ideas that require considerable cognitive and behavioural adjustment (Elkington, 1999).

Analyses of results in Table 4.2 as well as the personal interviews reveal that a common barrier to change is that layer of management just below the Board or divisional heads. This group is known to be at the company for many years, is generally risk averse, suspicious of change, often fearing a diminution of their own responsibilities and authority. Recognizing this challenge, such managers can be included as change agents, receiving a tailored educational program to provide the change skills required.

It is advised that these change agents must be able to command credibility and respect from their colleagues, and disseminate an entrepreneurial mindset within the company through effective team building and the development of more streamlined organizational processes

using client insight more efficiently. The benefits are likely to accrue initially to the individual, then to the local business unit, and finally (if at all) to the company as a whole.

5.2.4 The role of Client Insight in Creating a Single Client View

Personal interviews with the Sanlam Data Mining Department, a major source of problem is that there is no single client view within Sanlam covering product information, personal information, contact history and communication content history. In the literature review, Figure 2.8: Single Client View discusses the advantages of presenting a “single face” and an enterprise wide view of the client as is a key to client centricity. This requires superior knowledge and intimacy with the client to obtain accurate client insight. It is suggested that employees should understand how the organisation structures works and be aware of the information and communication channels that exist for having a single client centric view of their clients. This can be done as part of the internal campaigns and promotions to promote awareness of client centricity as discussed earlier.

Primary results in Figure 4.13 shows that slightly more than a third (38%) of Group Marketing respondents agree that there is generally no close working relationship with marketing colleagues of other business units while close to half (42%) of Group Marketing respondents feels that both parties do not understand various roles in other business units. This is not conducive to the implementing a single client view which is the core to high level client centricity.

Having these primary research results, it is suggested that further research be conducted on finding integrated information technology solutions methods to achieve a single client view.

5.2.4 Using Client Insight for Cross Selling and Up Selling

An objective of the research highlighted in chapter one was to determine how key insights into clients’ preferences and behaviours through data mining can enable Sanlam marketing to meaningfully customize its offerings, services and marketing mix while rationally allocating resources.

Primary research undertaken by the researcher shows that Group Marketing, Product Development and Direct Marketing use Group Marketing’s research and data mining

services at least once a year. Investment Cluster shows a low 25% usage of the research services. These statistics indicate that the data mining services are not being optimally utilised and therefore product and marketing strategies lack incisive client insight usage.

Table 4.5 also highlights a concerning 54% of Group Marketing respondents who uses data mining for cross selling and up selling. These services are available and fundamental to providing client insight and predictive modeling techniques which are imperative to the day to day work operations of this profile of respondents for maximizing and refining their niche marketing strategies.

It is recommended that an internal drive be embarked on sensitizing management on the role that data mining can play as part of the strategic decision making process. The importance of analyzing client profiles such as propensity to buy/lapse/surrender through predictive modeling, acquiring new clients through cross selling and up selling and client retention are only few of the many essentials that data mining can offer to gain new client knowledge and insight for customized product offerings and target market strategies. Further research in this regard is recommended to explore how data mining services within Sanlam can be optimized to obtain client insight that is precise and appropriate for specific niche marketing strategies.

5.2.5 Improving Client Centricity in Product Development

The value of this research identified in chapter one established that new product development and product differentiation would further target lucrative niches within each market segment. This could help significantly to reinvent the current marketing strategy, improve brand loyalty and deliver higher-impact marketing within Sanlam. Product Development department is an essential driver in creating new products and customising existing products to match the needs of the clients.

Literature review outlines that developing the right products based on client needs is vital for client retention and client acquisition. The success of sales and marketing and an improved bottom line is directly influenced by client centric product development (Scheuing 1999).

Primary data analysis indicated that even though Sanlam has a client centric strategy, it fails to manifest client centricity in its product development process as its offerings may be seen very much as a “product driven” rather than “client driven”. In chapter four, Figure 4.9 tests the client centricity of new product development. Upon analysis, it was revealed that a high percentage of Group Marketing (70%) and Direct Marketing (88%) disagreeing that new products development within Sanlam are truly client centric. 52% of the Adviser Services who work the closest to the clients also disagreed with the above statement.

Group Marketing has a central role to play in ensuring alignment with all departments within the organisation that interface with the client. It is of concern that majority of Group Marketing (83%) have no sufficient influence in new products development and the fact that 74% of them feel client information is not sufficiently taken into consideration when developing new products. Analysis of question 20h revealed that a third (33%) of Non Group Marketing respondents indicated that they are not involved in strategic input with regards to new product development.

Primary data analysis of this Client Insight Survey reveals that 31% of Product Development respondents disagree that promoting client centric products/services is part of their key performance areas. This is a concern as product development is a key level to satisfying client needs.

It is therefore recommended that Sanlam practise a closed loop communication with their clients. Communication must flow both ways frequently and continuously and be structured in a way that enables the organization to monitor their performance from the clients’ perspective when developing client centric products. Efficient, high impact campaigns using best marketing practice to adapt client offers rapidly to fresh insights requires some level creativity and flexibility in product development to adjust according to the continuously changing demands of the clients.

Another recommendation with regard to client centric product development is that client advocate meetings that consist of large cross-functional teams should meet to review key statistics concerning client responsiveness such as lapse rates, re-investments, client queries, etc. Such meetings immerse and involve everyone emotionally in the organization in the process of satisfying clients. Complaints are an invaluable source of information on where processes breakdown therefore, a structured approach to complaints should be adopted.

Reverting potential defectors and managing client dissatisfaction will lead to an increase in client satisfaction.

5.2.6 Influence of Market Research and Technology on Client Centricity

The objective of this primary research was to evaluate the influence of the market research and marketing technology on client insight within Sanlam and its effectiveness in assisting with achieving marketing precision, agility and accountability.

Literature review has highlighted that opportunity scanning is data mining which is used to uncover emerging usage patterns within a newly defined market segment; high margin clients with increasing buying velocity; or an undetected trend in client account losses. Data mining is often used to gauge the client lifetime value in direct marketing efforts, clients who are likely to defect (churning), or, if the right data is gathered, which carry the risk of adverse reaction to marketing offers (Berry & Linoff, 2000).

Analysis of results of this Sanlam Client Insight Survey revealed that 46% of Group Marketing respondents believe that important decisions about clients are based on “gut feel” and previous experience. It is concerning to note that despite Sanlam having a full house data mining department, primary data results revealed that 63% of Group Marketing respondents disagreed that staff generally knew where to obtain client research data. This is not conducive to effective access and implementation of client knowledge to achieve a world class standards client centricity.

It is strongly recommended that Sanlam embark on an aggressive internal marketing campaign emphasizing the importance using client insight together with increasing the awareness of the resources and technology available within the company to support this client centric strategy. This requires the unfreezing of mindsets and creating an environment willing to change the ways things have always been done.

5.3 Conclusion

High performance businesses understand the need to build distinctive client insight capabilities—ones that are demonstrably better than their competitors' and, in the short term at least, inimitable. A continuous client centric renewal mindset needs to be driven to ensure that the company drive important differences in behaviour that lead to better business outcomes. To implement a truly client marketing strategy, organizations should ideally foster levels of collaboration and knowledge creating and sharing that go beyond the rules, leveraging informal as well as formal interactions of employees and business units across all boundaries.

In order for Sanlam to become truly client centric, they may have to reengineer fundamental business processes and change prevailing attitudes towards the way the use of client insight can enhance a client centric driven marketing strategy and corporate culture.

It has been concluded that for Sanlam to meet the evolving market challenges and to improve its client satisfaction levels to match and exceed its rivals, its management must be resilient and foster a culture of change and adaptability. New and existing internal synergies and resources need to be explored to create a client insight driven culture. By building robust client relationship objectives that reduces the cost of acquiring new customers, cross selling and up selling to existing clients and targeting more lucrative markets will result in a client centric driven culture.

Recommendations have been made for Sanlam to measure the level of client centric output through KPA assessments, incorporating change agents and place a greater focus on product development together with the use of data mining and client knowledge technology available.

Once optimum usage of client insight is achieved, a client insight driven culture can flourish.

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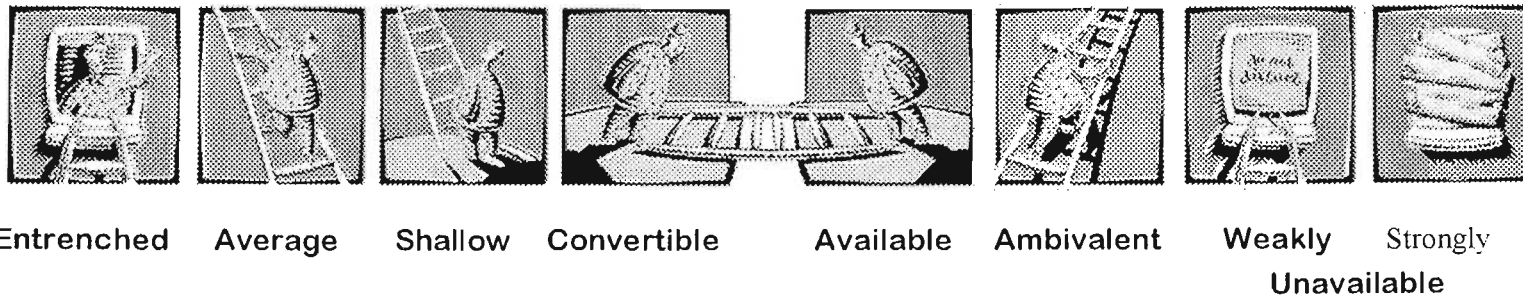
Appendix 1.

Source: Research Surveys 2004

The **Conversion Model** segments people into one of 8 segments according to the strength of the relationship people have with companies within a market.

CLIENTS

NON-CLIENTS



The 8 segments can be grouped further into four primary segments...

Committed
Clients

Uncommitted
Clients

Open
Non-Clients

Unavailable
Non-Clients



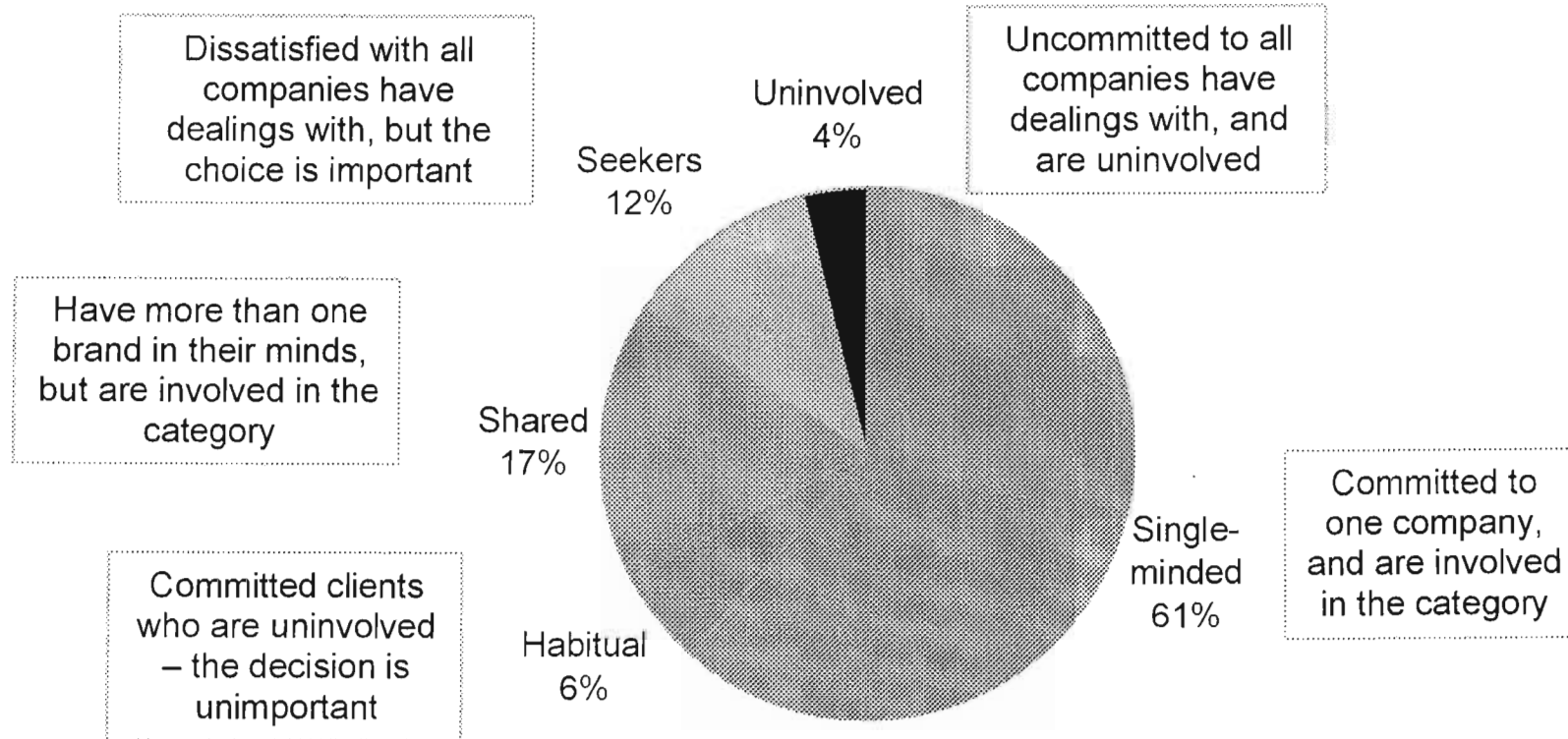
Appendix 2.

Source: Research Surveys 2004

Insurance clients: Qtr 1/14

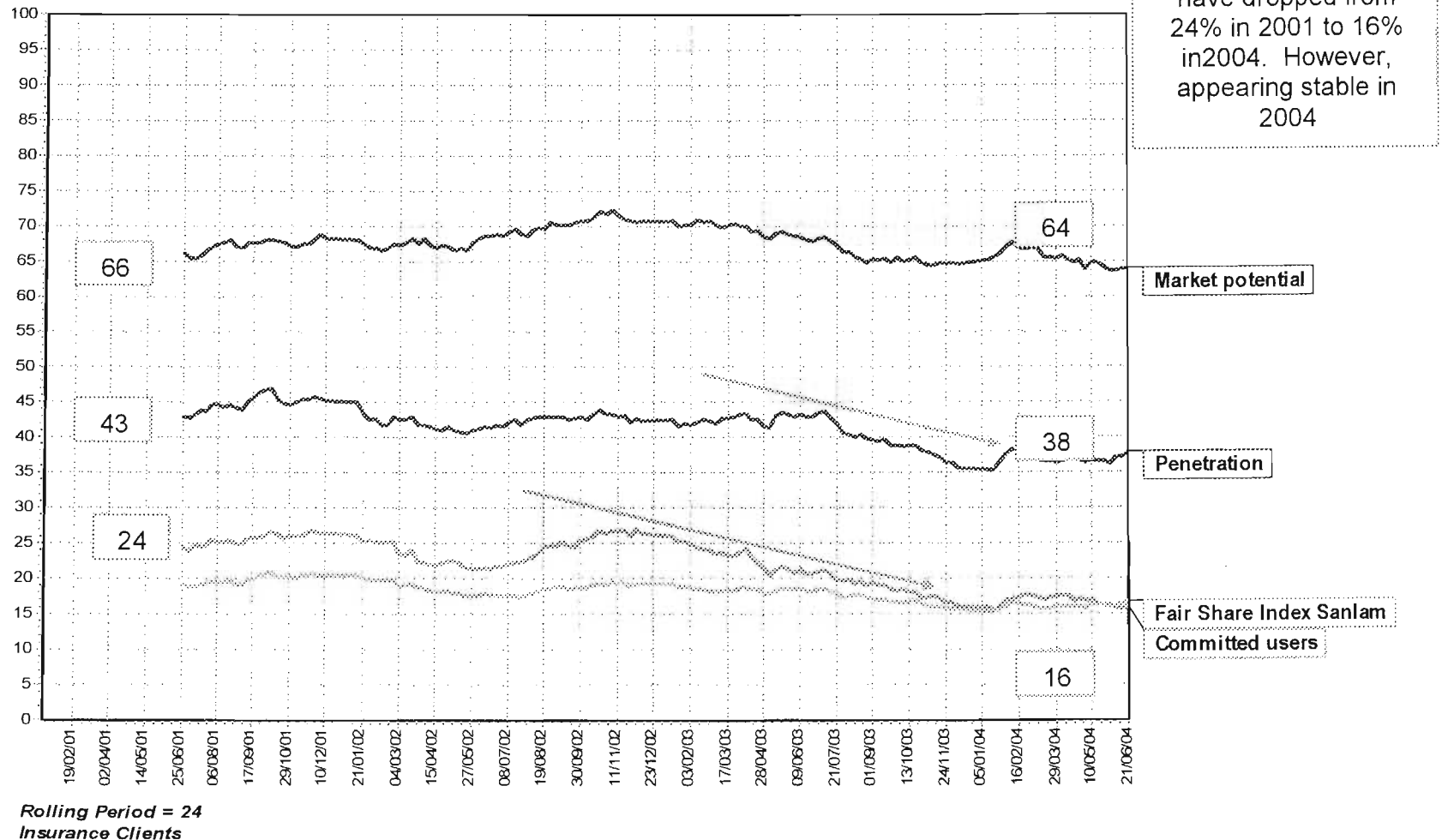
The Conversion Model

Jan 2001 – June 2004



Read: 61% of the insurance market are single-minded about their insurance company: they are committed to one company and are involved in the category. They may, however, be using more than one company.

Appendix 3. **Source: Brandvision Report (2004)**
Sanlam brand health



Appendix 4.

(Example of letter requesting for names of respondents for the Client Insight Survey.)

Dear Colleagues

Sanlam Group has undergone several changes with its “back to basics” strategy. Amongst other initiatives, it was also decided to centralise Group Marketing to allow clear consistent focus on the Sanlam brand and on client centricity across the whole of the Sanlam Group.

I am doing a dissertation for my MBA and have, in consultation with Margaret Jenks, CEO: Sanlam Group Marketing, chosen “The role of Sanlam’s management in maximizing the effectiveness of a target market strategy through consumer insight” as the topic for my report as this will be of real benefit to Sanlam as well. The information will be used to make recommendations to the management of Sanlam Group Marketing on how to optimize the use consumer insight when customizing its offerings, services and marketing mix in specific target market segments.

The aim of this survey is to determine the extent to which consumer insight is used in the development of marketing and product strategies.

Kindly provide me with a list of names and surnames of all employees in your department that work with consumer insight and influence the crafting of marketing messages and services such as marketing material, advertising, promotions, product launches, seminars, sponsorships, media liaison, branding, market research, loyalty programs, etc. by latest Wednesday, 6 April 2005.

Should you need further clarification, please feel free to call me.

Thank you for your assistance.

Regards

Nisha Mothilal

Brand Segment Co-ordinator

Sanlam Group Marketing

Appendix 5.

This Client Insight Survey is specially developed to obtain primary client data for Sanlam and to be used as a working document for Sanlam projects. No other survey of this nature was conducted or documented in Sanlam previously.

Client Insight Survey

Please answer the following questions by clicking the appropriate box.

Q1

Business unit you work in.

- ☐ *Group Marketing: Retail Marketing*
- ☐ *Group Marketing: Institutional Marketing*
- ☐ *Group Marketing: Corporate Sponsorship*
- ☐ *Group Marketing: CRM*
- ☐ *Group Marketing: Market Intelligence*
- ☐ *Group Communication*
- ☐ *Group Corporate Affairs*
- ☐ *Group Solutions*
- ☐ *Client Solutions: Regional Marketing*
- ☐ *Client Solutions: Product Development*
- ☐ *Distribution: Sanlam Financial Advisors Channel*
- ☐ *Distribution: Broker Services*
- ☐ *Innofin / SP2*
- ☐ *Sanlam Direct*
- ☐ *Sanlam Capital Markets (SCM)*
- ☐ *Sanlam Investment Management (SIM)*
- ☐ *Sanlam Trust*
- ☐ *Other*
- ☐ *SL Distribution Academy*
- ☐ *SL Business Solutions*
- ☐ *SL Distribution Operations*
- ☐ *SL Operations*
- ☐ *SL*
- ☐ *SEB*
- ☐ *Group Marketing: Niche Markets*
- ☐ *Client Solutions: Intermediary Support*
- ☐ *Group Office*
- ☐ *SCA*

If "Other" please specify:

Q2

Job description

- ☐ *Manager (5 or more employees report directly to you)*
- ☐ *Specialist*

☐ *Production / Admin support*

Q3 **Job grade (not applicable to Innofin, SIM and SCM)**

- ☐ 1 - 3
- ☐ 4 - 6
- ☐ 7 - 8
- ☐ 9 - 12
- ☐ 13+

Q4 **Number of years service at Sanlam**

- ☐ *Less than 2*
- ☐ 2 - 4
- ☐ 5 - 10
- ☐ *More than 10*

Q5 **Age (years)**

- ☐ *younger than 25*
- ☐ 25 - 34
- ☐ 35 - 44
- ☐ 45 - 54
- ☐ *55 and older*

Q6 **Gender**

- ☐ *Female*
- ☐ *Male*

Q7 **Education**

- ☐ *Grade 12 / Matric*
- ☐ *Post Matric Certificate / diploma*
- ☐ *Degree*
- ☐ *Post Graduate Qualification*

Q8 **Please indicate to what extent you agree or disagree with each of the following statements.
IN MY BUSINESS UNIT**

	<i>Strongly disagree</i>	<i>Disagree</i>	<i>Agree</i>	<i>Strongly agree</i>	<i>Unsure</i>
a) Important decisions about clients are mostly based on "gut feel" and previous experience.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Special attention is given to understanding client trends when designing projects/services.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

c) Tracking clients' previous behaviour is used to provide data for future projects/services.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Staff are aware of the knowledge database system for collecting, managing and sharing client knowledge.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Known facts about clients is used to identify new patterns about client behaviour.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) Client needs/preferences are sufficiently taken into consideration when making decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g) There is generally a high awareness of the value of client information.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h) Poor decisions are made because staff does not have access to important information about clients.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i) Client research data is readily available.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j) Client research data is used regularly.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k) Staff generally knows where to obtain client research data.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l) Staff generally does not use client research information sufficiently to aid them in their actions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m) When communicating with clients we take into consideration communication from other departments to avoid duplication.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
n) My manager often discusses the importance of satisfying client needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
o) Day to day work operations are given greater priority than spending time researching client trends.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
p) Promoting client centric products/services is part of my key performance areas (KPA).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
q) My manager trusts my knowledge on client needs and therefore leaves me to make my own decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
r) When I have questions on new market trends I usually ask my manager.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
s) People at my level often probe deeper into client needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
t) People at my level initiate special research to learn more about specific client trends.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
u) I feel free to discuss controversial matters relating to my job openly and honestly.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
v) I can give my opinion freely, most of the time.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
w) I feel free to experiment with new ideas and innovations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
x) My ideas are seriously considered and given due attention.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
y) I am empowered to implement new ideas and innovations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
z) Marketing actions are generally truly client centric.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q9

Comments on the above statements:

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins or other markings visible.

Q10

Please indicate to what extent you agree or disagree that the following are reasons why some staff members IN YOUR BUSINESS UNIT do not make suggestions to improve products/services in order to enhance client centricity.

	<i>Strongly disagree</i>	<i>Disagree</i>	<i>Agree</i>	<i>Strongly agree</i>	<i>Unsure</i>
a) Younger people have difficulty advising /correcting older more experienced people.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) It is expected of members in senior positions/post grades to have a better understanding of clients.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) It is the job of immediate managers to initiate suggestions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) They do not want to run the risk of being wrong.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Their managers do not welcome suggestions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) They have not had sufficient training on how to use services relevant to client insight.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q11

Comments on the above statements:

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

Q18

To what extent do you believe the Group Marketing and Communication department has A ROLE TO PLAY in your business unit with regard to the following:

	<i>High extent</i>	<i>Reasonable extent</i>	<i>Slight extent</i>	<i>Not at all</i>	<i>Not applicable to my business unit</i>
a) The arranging of product launches and functions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Creating marketing material such as brochures, flash facts etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Sponsorship management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Media liaison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Maintaining consistency with regard to corporate identity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) Brand management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g) Development of marketing strategies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h) Strategic input with regard to new product development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i) Internal communication services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j) Client Relationship Management (CRM) services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k) Primary market research - in-house or contracted (surveys, focus groups etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l) Secondary market research (data obtained from various external databases such as AMPS, StatsSA etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m) Data mining of Sanlam client database	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
n) Competitive intelligence (intelligence on what Sanlam's competitors are doing, market trends etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q19

Any other roles the Group Marketing and Communication department can play in your business unit:

Q20

To what extent is the Group Marketing and Communication department INVOLVED in your business unit with regard to the following:

	<i>High extent</i>	<i>Reasonable extent</i>	<i>Slight extent</i>	<i>Not at all</i>	<i>Not applicable to my business unit</i>
a) The arranging of product launches and functions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

b) Creating marketing material such as brochures, flash facts etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Sponsorship management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Media liaison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Maintaining consistency with regard to corporate identity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) Brand management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g) Development of marketing strategies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h) Strategic input with regard to new product development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i) Internal communication services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j) Client Relationship Management (CRM) services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k) Primary market research - in-house or contracted (surveys, focus groups etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l) Secondary market research (data obtained from various external databases such as AMPS, StatsSA etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m) Data mining of Sanlam client database	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
n) Competitive intelligence (intelligence on what Sanlam's competitors are doing, market trends etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q22 Approximately how often have you PREVIOUSLY USED the Group Marketing and Communication

Q21 Any other involvement the Group Marketing and Communication department has in your business unit?

- ☐ More often than once a year
-
- ☐ Once a year
-
- ☐ Once in two years
-
- ☐ Less often than once in two years
-
- ☐ Never

Q23 Please indicate to what extent you agree or disagree with each of the following statements.

Strongly Disagree Disagree Agree Strongly agree Unsure

- | | Disagree | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| a) Generally, there is a close working relationship between staff from the Group Marketing and Communication department and marketing staff in other business units. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b) The various roles of staff in the Group Marketing and Communication department versus that of marketing staff in other business units are understood by both parties. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Q26

General comments:

[illegible]

Thank you for completing the questionnaire.

Please click on the submit button.