Customer Value in the Healthcare Segment

Master thesis about the factors creating value in insurance offerings

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Acknowledgement

This thesis is the final research assignment for receiving the Master of Science degree in Business Administration at the University of Twente. The research has been carried out at the Marketing Department of Centraal Beheer Achmea, a well-known Dutch insurance company from Apeldoorn.

This thesis not only marks the end of my master study, it also marks the end of my time as a student. As my friends would say, I now become a real 'citizen'. The wonderful times of being a student are over now. Fortunately I can say that I have enjoyed it right from the beginning. I am very grateful for all these lovely years as a student, and therefore the least thing I can do is expressing my gratitude to a number of people.

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Management Summary

This study is about customer value in business-to-business insurance offerings in the healthcare segment. Woodall (2003, p.2) defines customer value as "any demand-side, personal perception of advantage arising out of a customer's association with an organisation's offering, and can occur as reduction in sacrifice; presence of benefit (perceived as either attributes or outcomes); the resultant of any weighed combination of sacrifice and benefit (determined and expressed either rationally or intuitively); or an aggregation,, over time, of any or all of these." The research is carried out for the marketing department of the Dutch insurer Centraal Beheer Achmea (CBA). According to CBA it is important to be customer-oriented. The goal is to become the most trusted insurer by focusing on market-oriented segments in the damage insurances business segment. One of the chosen segments is healthcare, and as a starting point the Nursery Care with Care Accommodation (NCCA) sub segment which consists of i.a. nursing homes, houses for mentally handicapped persons, day-care centres, rest homes and youth care. For this sub segment a new insurance offering, consisting of products and services, is developed by a multidisciplinary team of people from Marketing, Sales and Business Line. The aim of the proposition is creating value to the business customer in this segment in order to expand their portfolio, volume and market share. The question, however, arises if this healthcare proposition indeed is valuable to the customer. How can CBA add value to this customer segment in order to reach their targets? The research question therefore is: 'How does Centraal Beheer Achmea create customer value with its proposition in the healthcare segment?'

The method for this research consists of three phases. First explorative interviews are held with 10 employees of CBA in order to acquire perceived customer value factors. In the second phase, these factors are given a weighting on their relative importance by 12 employees of CBA. In the third phase, semi-structured interviews are held with 13 key decision-makers of potential and existing healthcare customers in order to verify and validate the factors creating actual customer value in this segment. These organisations also have given their weighting of importance on these factors. This multi-dimensional measurement scale is based on the works of Woodruff and Gardial (1996) and Ulaga and Chacour (2001), and demonstrated to be a useful tool in exploring and comparing the factors creating value. In the analysis, comparisons are made on size of healthcare organisations, disciplines of care, and between existing customers and prospects. Also a qualitative analysis and an analysis of the value factors in the healthcare proposition are made.

The results show that the underlying factors creating customer value are: price, clarity of offer, range of covering, innovative products (product-related), knowledge sharing, basic services, supporting services, extraordinary services (service-related), image and personal contact (promotion-related). Other results demonstrate for example that product- and service-related factors are of equal importance for healthcare organisations. Healthcare organisations highly value good services because these can 'unburden' the key decision-makers of the insurances. Furthermore, services are valued more by healthcare organisations when business size increases. Smaller organisations value product-related factors much more than larger

organisations, and larger organisations value service- and promotion-related factors much more than smaller organisations. Reason for this is that the key decision-makers of these large organisations have more interest and concern with an insurer who is reliable, provides goods services and takes work out of their hands. In smaller organisations the basic product elements are most important. Innovative products are hardly valued by healthcare organisations and quickly copied by competitors.

Chapter 1   Introduction

1.1   Centraal Beheer Achmea: the direct writing insurer

Centraal Beheer Achmea (CBA), as a brand of Achmea Netherlands (see fig. 1.1), is one of the largest insurers in the Netherlands. CBA offers pension, life and damage insurances to both individual and business customers. They have direct personal contact with customers and sell their products and services - without agents - to them. CBA delivers financial services, administrative services, assistance by damage and risk prevention. The insurance products cover a wide range from social security, mobility, accidents, fire, inventory and private, to directors' liability insurances (Centraal Beheer, 2011).
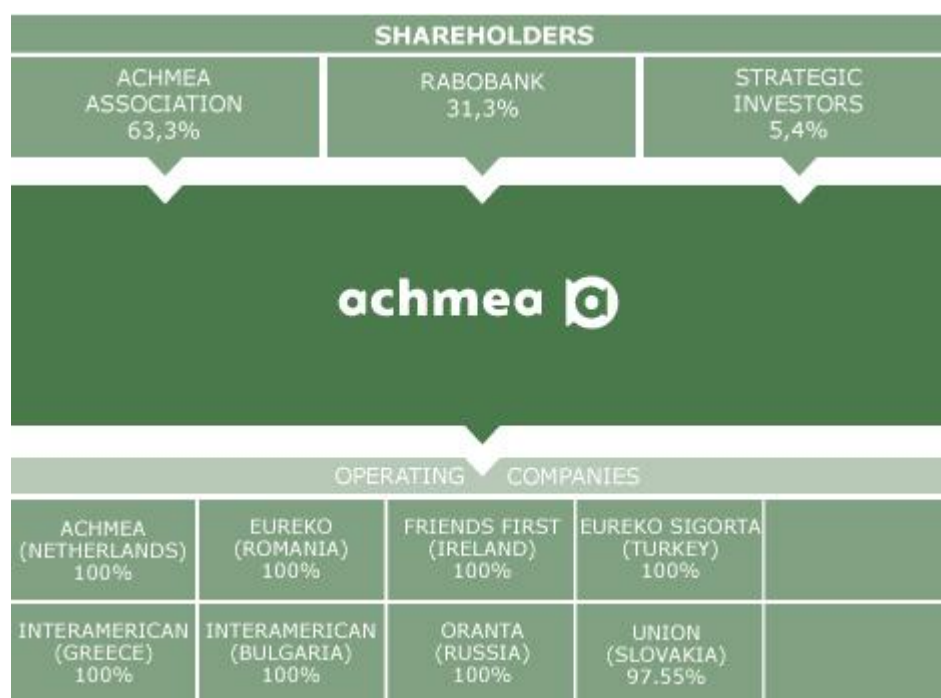
Figure 1.1   Organogram of the Achmea Group (Achmea, 2011).

The mission of CBA is 'helping people and organisations insure themselves'. The main goals of CBA for 2012 are (1) being the most trusted insurer in the Netherlands and (2) always have a top three position in the chosen market segments. Its customer perspective is offering market and customer-specific solutions for the chosen market segments (Achmea, 2011). The overall strategy focus can be described as product leadership. CBA currently has around 1.3 million individual customers, 50,000 small-sized and 10,000 medium and large-sized business customers. Achmea is market leader in Non-Life (damage) and Health insurances, second in Income protection and has significant positions in all other segments (Eureko, 2010). The market shares and main competitors are illustrated in figure 1.2.
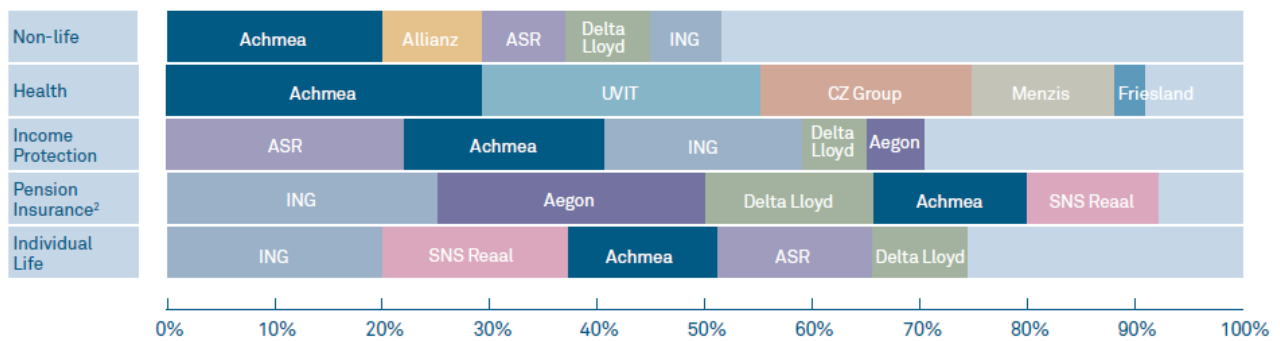
Figure 1.2   Market position Achmea in the Netherlands (DNB figures, Eureko, 2010).

1.2   Motivation

1.2.1 Healthcare as the focus segment for the future

According to CBA it is important to have a customer-oriented approach. Customer involvement, customer intimacy and customer value are important definitions in its communication. With having a product leadership strategy – creating value by offering innovative products and services - CBA tries to create customer value and achieve a competitive advantage. According to Eureko (2010), customers nowadays are getting more understanding of insurances, resulting in customers increasingly making their own choices. More customers want direct influence on their insurance. Brand loyalty is diminishing and customers switch more often from provider. Customers want, so to speak, the lowest price and the best service. The strategy is to create an innovative operation by developing and generating standardised products and services that can be shaped into customer propositions[1]. These propositions can then be marketed through the distribution channels. Achmea has a striving action plan to launch numerous new propositions and products over the next three years (Eureko, 2010), connecting to the customers of the future (Achmea, 2011). In order to remain competitive and be more relevant for these target groups, CBA decided to focus on several market-oriented segments in the damage insurances business segment to expand their portfolio, volume and market share. The defined market segments for business-to-business damage insurances are: construction, metal, government and healthcare. In the first three market segments, new propositions and product developments already have taken place. The last focus segment, healthcare, is rather new and no real customised offerings for this segment exist.

CBA's decision to choose healthcare as a focus market for the damage business insurances has several reasons. The first is that the healthcare segment is in motion and this creates opportunities to respond on. The market is growing and is estimated to keep growing due to obsolescence. At the same time, profits are under pressure because it seems that the financing of the current healthcare system has reached its limits. Secondly, a part of the segment shows a positive trend. The larger companies show a favourable

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[1] Proposition, insurance offering and offering are used interchangeably.

turnover and profit and a strong growth in the number of employees. The small- and medium-sized companies grow in the number of self-employed entrepreneurs and also have a favourable profit improvement. Besides, CBA already has some experience in this segment. They already have a relatively high penetration ratio in nursing homes (22%), elderly homes (6%) and mental health and addiction care institutes (16%)[2].

1.2.2 Nursery Care with Care Accommodation as the focus sub segment
A new proposition is first developed for a sub segment, namely the Nursery Care with Care Accommodation (NCCA)[3]. The NCCA segment consists of i.a. nursing homes, houses for mentally handicapped persons, day-care centres, rest homes and youth care. This sub segment is selected because (1) CBA already has some expertise and experience, (2) can create volume, and (3) can set competitive prices in this field.

The aim of CBA with this proposition is to create value for the business customer in the NCCA segment. This has to result in a more explicit position in the market and a larger market share. The proposition is built together with several departments: Marketing, Sales and Business Line, in order to create synergy, and consequently, a competitive offering. The offering, aiming at meeting specific demands and needs of the segment, consists of a bundle of product and service features to create customer value.

1.3 Problem statement
The overall aim of CBA is becoming a top three player in every chosen market segment. NCCA, as the selected sub segment, demands CBA to establish, sustain and develop a strong position in this market. The question, however, arises if this healthcare proposition is indeed valuable to the customers? Does CBA understand the desires and needs of key decision-makers in healthcare organisations? And how can CBA add value to this customer segment? This problem statement is the thread throughout this research.

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[2] Derived from the internal database of CBA.

[3] NCCA has Standard Business Information (SBI) code 87, as defined by the Chamber of Commerce. The whole healthcare segment consists of the SBI codes 86, 87 and 88.

1.4　Research question

The problem statement is translated into one main research question:

'How does Centraal Beheer Achmea create customer value with its proposition in the healthcare segment?'

For the answer of the research question, the following questions are answered throughout this study:

1. What is customer value and how can it be created and measured according to the literature?
2. What does CBA perceive as creating customer value?
3. What do customers actually value in the Nursery Care and Care with Accommodation sub segment?
4. How does the perception of CBA and the actual value of customers relate to each other?

This study aims at exploring the factors creating customer value in the NCCA segment. The exploration of these factors provide insight in how adequate CBA understands its customer's value, and bridges the gap in literature about which factors customers value in business-to-business financial service organisations. The results can help CBA to react more effectively on customer needs in the NCCA segment, thereby creating higher value for the customers and a more competitive offering.

1.5　Research scope

This study is done in the financial services sector, in a business-to-business context. Employees of CBA and key decision-makers of potential and existing healthcare organisations are interviewed. The factors creating customer value in an insurance offering are investigated, both internal and external to the organisation. The primary focus is on the insurance offering, consisting of product- and service-related factors. Promotional-related factors are also taken into account, but secondary. This is because CBA directly can influence its product- and service-related value factors through its proposition, but not its promotion-related factors, like image and reputation.

1.6　Added value of this study

This study concurs with other researchers that there is a lack of empirical evidence on customer value measurement of service offerings. Reviewing the most important existing literature shows that there are (1) few studies about the factors that customers perceive to be of particular importance in adding customer value, (2) there is not much consistency in the findings of essential factors for achieving customer value, (3) there is a lack of attention to the business-to-business sector, (4) in this context there has been almost a total lack of attention to the insurance industry, and (5) certainly no research is done in relation to the healthcare segment. This studies' goal is to bridge this gap in literature by determining the factors that create customer value, and provides an insight into business

customers' motivations for choosing specific offerings over others in the insurance industry. The results can help CBA to respond more effectively on customer needs, thereby creating higher value for the customers and a more competitive offering.

1.7   Outline of this thesis

In chapter 2 a thorough review of the scientific literature about customer value is made. From the literature review a research method for this study is developed. Chapter 3 describes the methodology used in this research. Chapter 4 presents the results and analyses from the external research. In the final chapter, the research question is answered by providing conclusions and recommendations for CBA.

Chapter 2   Literature review

2.1   The concept of customer value

Customer value is described and investigated in many ways in scientific literature. The knowledge about customer value is rather fragmented (Woodruff, 1997) and this makes the customers' valuation process comprehensive and unclear. Therefore it helps to clarify the concept of customer value systematically. Among researchers there are different definitions of customer value, for example:

Zeithaml (1988, p. 14)	"Value is the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given."
Woodruff (1997, p. 142)	"Customer value is a customer's perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate or block achieving the customer's goals and purposes in use situations."
Ulaga and Chacour (2001, p. 530)	"Customer-perceived value in industrial markets is the trade-off between the multiple benefits and sacrifices of a supplier's offering, as perceived by key decision makers in the customer's organization, and taking into consideration the available alternative supplier's offerings in a specific-use situation."
Woodall (2003, p. 2)	"Value for the customer is any demand-side, personal perception of advantage arising out of a customer's association with an organisation's offering, and can occur as reduction in sacrifice; presence of benefit (perceived as either attributes or outcomes); the resultant of any weighed combination of sacrifice and benefit (determined and expressed either rationally or intuitively); or an aggregation,, over time, of any or all of these."

As can be seen in the several definitions of value above, different terminologies are used within the construct of customer value. For what the customer *receives*, some researchers use words like 'benefits', 'utilities', 'quality' and 'worth', and for what the customer has

to *give up*, some use words like 'price' or 'sacrifice'. Next to 'value', 'customer value', and 'customer-perceived value', other used terms are, for example, 'consumer perceived value' (e.g. Sweeney and Soutar, 2001), 'perceived value' (e.g. Zeithaml, 1988; Petrick, 2002; Sánchez-Fernández and Iniesta-Bonillo, 2007; Roig, Garcia and Tena, 2009), 'desired customer value' (e.g. Graf and Maas, 2008) and 'superior customer value' (e.g. Day and Wensley, 1988; Woodruff, 1997). However, in most cases, one intends nearly the same with the different terminologies.

Going further into the concept of customer value, measuring customer value is difficult. This is because it "is formed through all the experiences a customer has throughout a product's life-cycle" (Goodwinn and Ball, 1999, p.27) and it "is something perceived by customers rather than objectively determined by a seller." (Woodruff, 1997, p.141). Besides, "customers are not homogeneous; therefore, different customer segments perceive different values within the same product." (Ulaga and Chacour, 2001, p. 529). Due to this difficulty in measuring customer value, there seems to be no real consensus among researchers on how to measure customer value. Some researchers see it as a one-dimensional concept, which is simple and easy to implement (Leroi-Werelds and Streukens, 2011). Many researchers, however, find the concept of customer value too complex to be captured by a one-dimensional measurement method (Sweeney and Soutar, 2001). The multi-dimensional method comprises that customer value contains various interrelating factors or dimensions (Sánchez-Fernández and Iniesta-Bonillo, 2007). Another difference among researchers is that customers acknowledge value at distinct times like the perceived customer value before purchase or the experienced value after purchase (Woodruff, 1997). The former needs customers to differentiate between alternative product offerings to, subsequently judge which one is favoured. The latter affects the customer with the judgment of the product offerings' performance (Woodruff, 1997). Value is often measured as desired or preferred attributes influencing customers' purchase (Woodruff, 1997) or as use consequences (Holbrook, 1994). According to Leroi-Werelds and Streukens (2011) attributes are "characteristics or features of a product or service such as size, shape or on-time delivery", and consequences arise out of product use, such as a satisfying experience, and are more subjective (Woodruff and Gardial, 1996). Perceptions about attributes appear to play a larger role in purchase, while perceptions about the consequences after use are more important when evaluating the product (Gardial et al., 1994). Finally, the scope of measuring customer also differentiates between researchers. Some measure it relative to competitors, others do not (Leroi-Werelds and Streukens, 2011).

Because of the different terminologies and (nearly) the same meanings, the term 'customer value' is primarily used throughout this study. The definition by Woodall (2003) is used as the basic definition of customer value because it represents the previous mentioned notions of value. The definition appoints the personal perception of the customer (the key decision-maker), the fact that value can occur as the presence of benefits, the reduction in sacrifices, or both of them, and includes the importance of both attributes and consequences. In an insurance offering, all these elements play a role and

several factors contribute to the value creation for customers. Therefore, a multi-dimensional measurement scale has to be used.

2.2 The importance of involving customers in new product development

It is clear that customer value is a much discussed subject in both theory and practice. Many organisations search for ways to create and sustain a competitive advantage. In the past, many organisations have searched for improvements inside the organisation like advances in process, structure and culture. Numerous organisations have seen the notion to reorganise their internal operations in order to generate essential synergies for creating and delivering sustainable customer value (Roig et al., 2006). However, the attention has increasingly shifted to an outward orientation, expressed by numerous claims for organisations to compete on superior customer value delivery (Woodruff, 1997). This market-led view is achieving increasing approval in the literature. Devlin (2001, p. 639) notes that according to this approach "the key to gaining competitive advantage is to add value to offerings more successfully than the competition, in other words to create and maintain superior customer value". Delivering superior customer value is essential for the development and maintenance of long-term relationships (Ulaga and Chacour, 2001). When trying to create superior customer value for the customer, it is essential for organisations to learn thoroughly about their markets and target customers. An in-depth understanding of what a customer values is a way of innovating, and can create a competitive advantage (Woodruff, 1997). Others note that organisations have to differentiate themselves from competitors in order to improve their results and guarantee their continuity (Lapierre, 2000; Roig et al., 2006). Ulaga and Chacour (2001) concur that it is crucial for managers to know where value for customers comes from and consists of, due to the fact that more satisfaction leads to e.g. more loyalty and a stronger competitive advantage, and, in the end results in a higher market share.

The strategy for achieving a competitive advantage in a specific market is to create an offering which has a higher customer perceived value than the competition (Roig et al., 2006). Many researchers mention the importance of the early stages and the role of customers in the innovation process (Flint, 2002; Alam, 2006). Despite this importance – new products give organisations the opportunity to move into new markets and capture new customers in currently served markets - only few companies pay attention to it (Flint, 2002). Thomke and Von Hippel (2002) give arguments for this by saying that a full understanding of customers' need is costly and inexact, and besides, customers do not fully understand their own needs. New product development than often becomes a process of trial and error in organisations (Alam, 2006). As past research also demonstrates (e.g., Parasuraman, Zeithaml and Berry, 1985) there are often differences between an organisations' perception of what they think customers value and what their customers actually value. Service organisations may not always understand which attributes of products and services meet customer needs and lead to high quality service (Parasuraman, Zeithaml and Berry, 1985), in other words it is not always clear what the customers' perceived value is (Roig et al., 2006). Such a misunderstanding can lead to a

waste of time, effort and money. Because of this ambiguity to understand customer needs, these early stages of the new product development process are frequently called the fuzzy front-end (Alam, 2006; Flint, 2002). However, to reduce this 'fuzziness' organisations need more information. One crucial source of information in the innovation process is the customer, who's information makes the fuzzy front-end much clearer (Alam, 2006). Flint (2002) argues that improved customer understanding will result in new product idea generation and increase the chance of success. Therefore, the current customer needs and market potential has to be clearly identified (Flint, 2002). Also Roig et al. (2006, p. 269) mention: "Only the customer is able to perceive whether or not a product or service offers value."

Michel, Brown and Gallan (2008) argue that it is no longer logic for organisations to attempt to produce value in products and consider that this can later be exchanged to their customers. Market-oriented new product development requires firms to identify and understand the latent needs of their users. This not only asks for listening to customers, but also requires active cooperation with them in a way that leads to a clear understanding of their latent needs (Kristensson, Matthing & Johansson, 2009). Grönroos (2004) states that value for customers not originates in the outputs of an organisation its manufacturing processes, so in its products (value-in-exchange), but originates from the customers domain (value-in-use). Kristensson, Gustafsson and Archer (2004) agree that the involvement of customers as co-creators during new product development, leads to ideas that are more creative, more highly valued by customers, and more easily implemented. The Service-Dominant logic for marketing (Vargo and Lusch, 2004) determines that customers should be encouraged to share their experiences and knowledge when co-creating value (Lusch, Vargo and O'Brien, 2007). In this logic service provision rather than goods is essential to economic exchange. Thereby customisation of offerings, maximisation of customer involvement, and focus on interactivity, connectivity, on-going relationships and intangibles (like skills, information and knowledge) play an important role. Prahalad and Ramaswamy (2004) build upon this S-D logic by arguing that 'the meaning of value and the process of value creation process are rapidly shifting from a product and firm-centric view to personalized customer experiences.' In this view, informed, empowered, networked and active customers are more and more co-creating value with the organisation (Lusch, Vargo and O'Brien, 2007).

2.3   The challenge in creating customer value
Problems in understanding customers' needs have negative consequences for the value an offering creates. In developing a proposition, what creates value according to customers is very important. On the other hand, when making a value proposition it is essential to take into consideration the specific characteristics and consequences of offerings for customer understanding (Devlin, 2001). It has little value if an organisation includes elements which are not fully understood by its target market, or if they sell the offering against a low price while the customers judge the offering for most part on other elements (Devlin, 2001). An organisation can never foresee thoroughly how each

customer will perceive a value proposition. Therefore, they have to make an assumption concerning the proposed value proposition before purchase (Woodall, 2003). The perception of value between the customer and the organisation - and even the perception within an organisation - usually differs (Ulaga and Chacour, 2001) and is not always understood (Parasuraman, Zeithaml and Berry, 1985). It is thus important for an organisation to let these perceptions of both the organisation and the customers come together in the actual value proposition. However, value within the same offering is often perceived differently by customers, because the target group is not homogeneous (Ulaga and Chacour, 2001). This provides the organisation with a challenge in creating customer value.

2.4 Measuring customer value in the business-to-business healthcare segment

Several researchers have examined tools for "bringing the voice of the customer into an organisation." (Woodruff, 1997). However, the number and utility of tools for measuring customer value are not sufficient. Woodruff (1997, p. 150) also mentions the notion for additions on customer value theory to "help understand how customers perceive value in different contexts." Devlin (2001, p. 640) concurs that "no large scale, systematic, empirical investigation of consumer evaluation of service offerings, aimed at establishing which factors they judge to be particularly important in adding value, has been carried out." (Devlin, 2001, p. 640). In order to get a better insight into the elements of an offering and the factors creating value, several scales that relate closest to this research are outlined. From these scales, a measurement tool for this study is developed.

2.4.1 Elements of an offering

Devlin and Ennew (1997) made clear the classifications of competitive advantage in financial services (see table 2.1). The figure shows the possible options for achieving competitive advantage available to service organisations. The two higher quadrants represent the core service offering, whereas the lower quadrants represent other options in achieving competitive advantage. Organisations can try to compete and add value to their offerings by using low prices or utilising a particular image or reputation (Devlin and Ennew, 1997). According to Devlin and Ennew (1997, p. 79, "basing competitive advantage on the organisation as a whole [quadrants on the right] rather than on specific offerings [quadrants on the left] allows the organisation to place considerable emphasis on trust and confidence to mitigate the doubts and uncertainties experienced by customers in relation to the purchase of products which are complex and difficult to comprehend." They conclude that for highly intangible and rationally complex services, there is more trust in organisation-wide factors, like quality of the service, image and reputation, in pursuing to add value and differentiate from competitors.

	Service specific	Organisation wide
Core service	Service features	Service support
Other elements	Price	Image and reputation

Table 2.1 **Classifications of competitive advantage in financial services (Devlin and Ennew, 1997).**

Parasuraman, Zeithaml and Berry (1985) were one of the first to investigate criteria customers use in evaluating service quality. More recent, Devlin (2001), Sweeney and Soutar (2001), Petrick (2002) and Roig et al. (2006) did research to the factors creating customer value. Their studies were in the field of business-to-consumer and they all used a multi-dimensional scale for measuring value of a service. The study of Sweeney and Soutar (2001) demonstrated that a multi-dimensional scale explained customer choice better than a one-dimensional scale. Also in a business-to-business context, many researchers use multi-dimensional scales for measuring customer value (e.g. Lapierre, 2000; Ulaga and Chacour, 2001; Ulaga, 2003, Ulaga and Eggert, 2005). Lapierre (2000) did research in the business-to-business services context. She identified thirteen value-based drivers, both benefits and sacrifices. In her research, for both the organisation and the customer the total value proposition is developed by taking into account the different product quality factors, service quality factors and relationship quality factors (see table 3.2). According to Lapierre (2002) value can be created through products, services and the relationship between buyer and seller.

<div align="center">Scope</div>

		Product	**Service**	**Relationship**
Domain	**Benefit**		Responsiveness Reliability Technical competence	Trust and solidarity Image
	Sacrifice	Product quality	Flexibility Reliability Responsiveness Technical competence	Time/effort/energy and conflict

Table 2.2 **Total value proposition (Lapierre, 2000).**

Ulaga and Chacour (2001) also divided the offering into three scopes: product-related quality, service-related quality, and promotion-related quality, each consisting of specific elements creating value to the customer. Rönnback and Witell (2009) also built upon this

trichotomy by determining customer value drivers (benefits and sacrifices) from the supplier's perception in a business-to-business relationship. Their results show that the customer perceived value drivers are related to the product, the service and the relationship.

In this study, the customer value concept is seen as a multi-dimensional concept, because customer value contains various interrelating factors (Sánchez-Fernández and Iniesta-Bonillo, 2007), consisting of the three scopes of product-, service-, and promotional-related factors, influencing the value for the customer. However, as in other studies, here no real distinction is made between benefits and sacrifices in the measurement tool, because the value factors can be perceived as both benefits and sacrifices (Rönnback and Witell, 2009).

2.4.2 Development of measurement tool for customer value

Woodruff and Gardial (1996) came up with the Customer Value Determination process (CVD), which offers an extended framework for understanding customer value (Customer Value Hierarchy concept) and satisfaction (Customer Satisfaction Measurement). CVD is developed to give managers a tool with critical questions that guide them to understand their customers (Woodruff, 1997). It is also used in helping organisations to generate new product ideas in both business and consumer markets (Flint, 2002). CVD process starts with identifying target customers and an investigation to the question 'what do target customers' value?' However, such a research may result in hundreds of attribute and consequence value dimensions (Woodruff and Gardial, 1996) and for most organisations so many value dimensions are not feasible (Woodruff, 1997). The second question of the CVD process presents a new way to screen these customer value dimensions for its strategic importance (Woodruff, 1997). One method for input is to involve the customers. However, Woodruff (1997, p. 144) notes that there are no appropriate screening techniques for determining customers' perceptions of value dimensions' importance. Question 4 in table 2.1 is, according to Woodruff (1997, p. 145) 'a step that follows up on each satisfaction survey to explore reasons for high and low satisfaction scores.'

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1. **What do target customers value?**
2. **Of all the value dimensions that target customers want, which are most important?**
3. **How well (poorly) are we doing in delivering the value that target customers want?**
4. **Why are we doing poorly (well) on important value dimensions?**

Table 2.3   Four questions of the Customer Development Process (Woodruff and Gardial, 1996).

The CVD process provides questions which fit this research in order to understand customer value in the healthcare segment and are therefore the starting point for data gathering and analysing the results.

The CVD process is however not comprehensive. Several authors expressed the notion to put distinct weights on the factors for providing customer value, because not all attributes are important in the eyes of the customer (Patterson and Spreng, 1997). The CVD process does not provide a useful technique for determining what customers find the most important value dimensions. Therefore, the method developed for this study also includes tools from the Customer Value Audit (see table 2.4), as developed by Ulaga and Chacour (2001). Due to the fact that customer perceived value is difficult to measure in business-to-business markets, their study aimed at providing a tool for measuring customer's perceptions of value in this context. It measures gaps in the organisations' and customers' perceptions of value (Ulaga and Chacour, 2001). The study of Ulaga and Chacour (2001, p. 528, 530) focuses on the value judgement of 'all relevant benefits and sacrifices of an offering' (…) 'as perceived by key decision makers in the customer's organisation'.

Weighted Quality Attributes Resulting from internal/external CVA	Total Quality Attributes (%)
Product-related quality	
1. Attribute X1	
2. Attribute X2	
3. Attribute X3	
Subtotal	
Service-related Quality	
1. Attribute Y1	
2. Attribute Y2	
3. Attribute Y3	
Subtotal	
Promotion-related quality	
1. Attribute Z1	
2. Attribute Z2	
3. Attribute Z3.	
Subtotal	
Total	

Table 2.4   Customer Value Audit (Ulaga and Chacour, 2001).

Ulaga and Chacour (2001) further mention that prior research on organisational buying behaviour has shown that there are various people in a customer organisation involved in the buying process. The number of people involved in this process and their functions may differ among customer organisations. Consequently, they also have distinct perceptions of how their organisation can deliver value. Therefore, it is important to determine the perceptions of all people involved in the buying process (Ulaga and

Chacour, 2001). Besides, within the supplier organisation, assumptions of how customers view the organisation's products vary across functional areas, i.e., marketing and sales (Ulaga and Chacour, 2001). "With value perceptions differing between customers and suppliers and even within these organizations, identifying and bridging perceptual gaps become critical steps in value delivery." (Ulaga and Chacour, 2001, p. 529). The perceptions of value also depend on specific-use situations. With the same product, different customer segments perceive different values (Ulaga and Chacour, 2001). With this CVA organisations can investigate what the most important factors for creating customer value are. Besides, organisations can improve their product and service offerings by concentrating more on factors which customers provided a higher weight. The CVA is therefore a suitable method to identify the distinct opinions and perceptions of the customers and employees (Ulaga and Chacour, 2001).
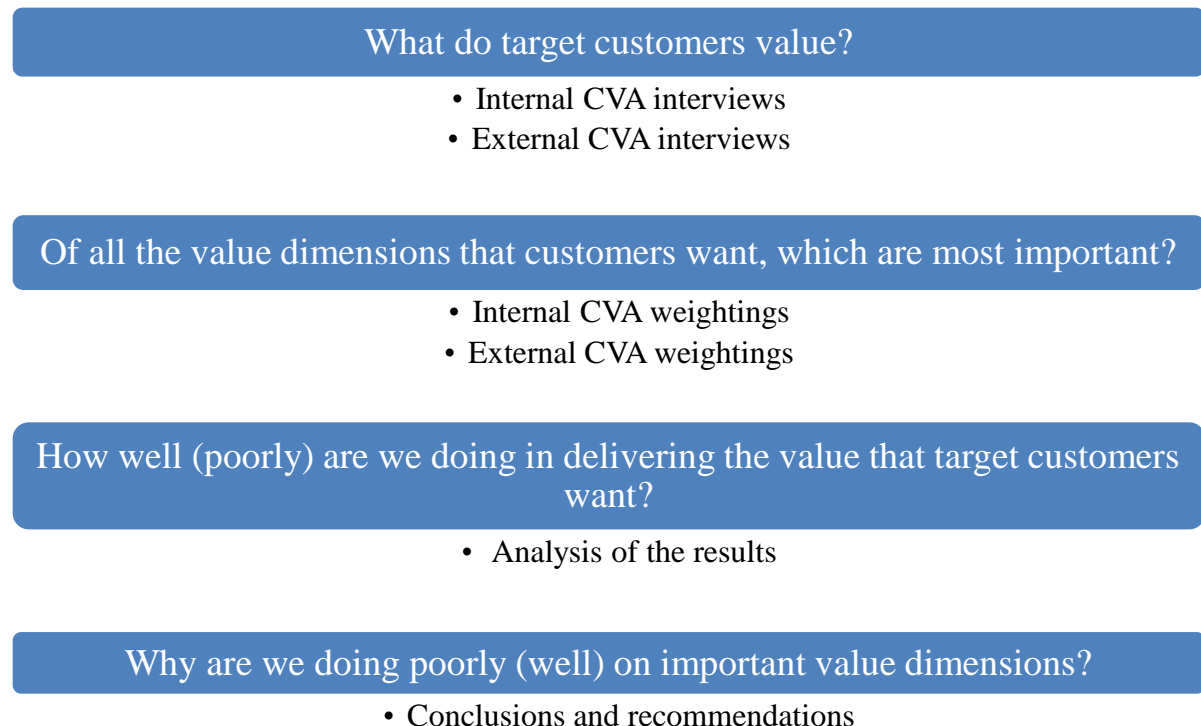
Chapter 3 Methodology

3.1 Research setting

The research is carried out for the Dutch insurer Centraal Beheer Achmea, in specific for the business marketing department. The study aims at exploring the factors creating customer value in the healthcare segment, in order to understand how adequate CBA understands its customer's value. It bridges the gap in literature about what customers' value in business-to-business financial service organisations. Further, it provides insights for CBA in how they perform in putting the customer first. In order to explore the perceived factors creating value to the customer, the first part of the research is carried out inside the organisation of CBA. The other part of the research is executed at healthcare organisations in order to verify and validate the factors creating actual customer value in this segment.

3.2 Research method

Combining the insights from Woodruff and Gardial (1996) and Ulaga and Chacour (2001), as is outlined in previous chapter, the following research method is developed for this research (see figure 3.1). This method supports in understanding and exploring the factors creating value to the customer in the business-to-business healthcare segment.

What do target customers value?

- Internal CVA interviews
- External CVA interviews

Of all the value dimensions that customers want, which are most important?

- Internal CVA weightings
- External CVA weightings

How well (poorly) are we doing in delivering the value that target customers want?

- Analysis of the results

Why are we doing poorly (well) on important value dimensions?

- Conclusions and recommendations

Figure 3.1   **Developed research method for this study based on Woodruff and Gardial (1996) and Ulaga and Chacour (2001)**

The questions of Woodruff and Gardial (1996) are used as guidelines for this research, in order to understand customer value in the healthcare segment. An adjustment of the Customer Value Audit of Ulaga and Chacour (2001) is used as the tool for executing this study. The research method consists of three phases, as shown in figure 3.2. The first phase consists of explorative interviews with employees of CBA in order to acquire the perceived factors creating value to the customer. In the second phase, these factors are given a weighting by the employees of CBA. In the third phase, the factors from the internal research are tested and validated at healthcare customers through interviews and weightings.
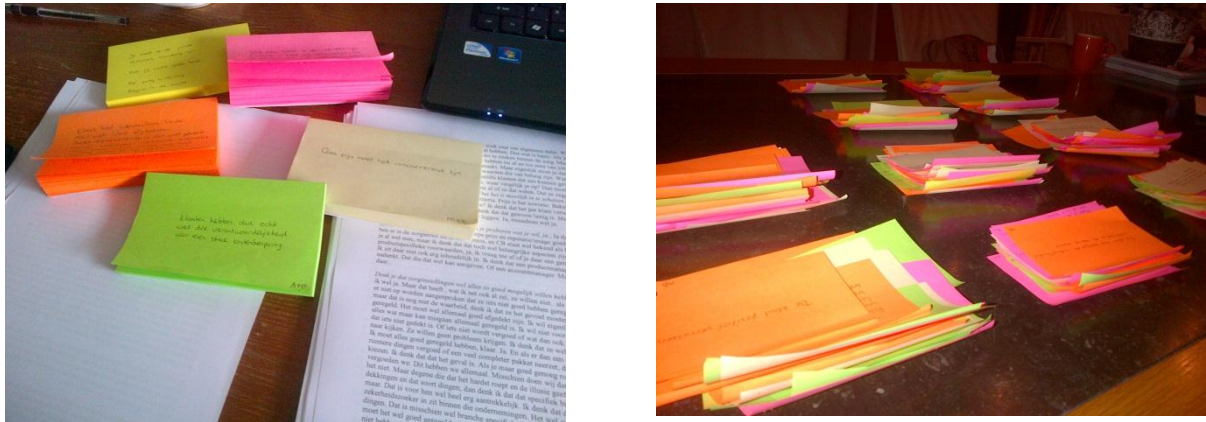
Phase 1
- Explorative interviews with employees of CBA in order to acquire customer perceived value factors

Phase 2
- Weighting of the customer perceived value factors by employees of CBA

Phase 3
- Interviews with healthcare organisations in order to get deeper insight into the customer perceived value factors
- Weighting of the customer perceived value factors by healthcare organisations

Figure 3.2   Phases followed in executing this research.

3.3   Data gathering

3.3.1 Phase 1: Acquiring factors through open interviews

The aim of the internal interviews is acquiring factors which members of the Healthcare Proposition Group think that customers value in insurance offerings. The interview guidance can be found in appendix B. All the interviewees knew the general aim of the interview, and this was further explained in the beginning of the interview to ensure a clear understanding of the aim and method of this research. The participants were asked which factors they think that create value for the customer in an insurance offering according. Open questions are asked in order to acquire as much valuable data as possible. During the interviews sometimes more directive questions are asked to control the conversation and achieve a deeper understanding of the underlying reasons and arguments. The interviews lasted approximately one hour and were all voice-recorded. After the interviews, the recording is completely written down. The coding and analysis of the results is done by writing all relevant sentences and citations down on post-its (see

figure 3.3). These citations were then grouped based on their similarities. This method of analysis resulted in 10 factors; 4 related to the product, 4 related to the service, and 2 related to the promotion. These most important and most common perceived factors of customer value were subsequently summarised in a list.

Figure 3.3   **Impression of the process of analysing and coding the internal interviews.**

3.3.2 Phase 2: Weighting of factors

In the second phase, this list of perceived customer value factors is extended with additional questions (see appendix C) in order to obtain the right information about which factors and dimensions one finds most important. This list is sent back to 12 employees of CBA by mail with the question to rank these factors on their relative importance, summing up to 100%. The participants are also asked to rank the relative importance of the three dimensions: product-related, service-related and promotion-related. These weightings helped in identifying which factors and dimensions have the most impact on a NCCA organisation. Finally, the participants had to divide the points given to the promotion-related dimensions over two sub factors of this dimension: image and personal contact. The results of the weightings show the factors that the participants perceive as most important factors for creating customer value in the NCCA segment.

3.3.3 Phase 3: Validating factors through semi-structured interviews and weightings

The aim of the external CVA was primarily to verify and validate the factors explored in the internal CVA. Secondly, it provided useful insights in the actual wishes and desires of healthcare organisations. In three weeks' time, semi-structured interviews are held with 13 healthcare organisations in the NCCA segment and last approximately 1 to 1,5 hour. During the interviews the list of factors and questions derived from the internal CVA was used as guidance (see appendix D). In the interviews, the participants were asked to tell how important they find each factor. They could complement the list by naming other customer value factors which were not mentioned by the HPG, but which are actually important to the customer. At the end of the interviews the participants were asked to rank these factors on their importance.

3.4   Sample description

The first phase included interviews with 10 members of the HPG. These members were all involved in the new product and service development of the proposition in the healthcare segment. This is in accordance with Ulaga and Chacour (2001) who mention that it is important to determine the perceptions of all people involved in the process. They are from mainly three departments inside the organisation, namely marketing, sales and business line, of which most of them have distinct functions and are involved in business-to-business insurances. The reason for selecting this sample for the interviews is because the perceptions and experiences of these people have great influence on the development of the proposition. Most of these people have an important contribution to the actual development of product and service attributes. It is assumed that they know much about the needs of the healthcare segment because they are developing a product which should benefit the customer.

The second phase included the weightings of factors by the 10 members of the HPG and 2 other employees of CBA, who also have much knowledge about the healthcare segment. All the people involved in this internal CVA are mentioned in table 3.1.

Function	Department
Proposition manager	Marketing
Market manager business-to-business	Marketing
Marketing intelligence specialist	Marketing
Underwriter liability insurances (2)	Business Line
Product manager (2)	Business Line
Account manager healthcare and government (2)	Sales
Risk advisor	Risk Engineering
Relationship manager	Achmea Claims Organisation
Senior manager purchasing development and healthcare innovation	Division Care and Health

Table 3.1   Functions and departments of participants of the internal customer value audit.

The third phase included interviews and weightings of healthcare customers. A list of organisations in the NCCA segment is derived from an internal database at CBA. Organisations are selected and divided on the basis of whether they are an existing or a potential customer. The healthcare organisations are further selected on their business size (number of employees) in order to have a diverse sample and consequently a more reliable picture of the whole segment. The interviews are held with the key decision makers of insurances in the healthcare organisations. Most of the participants have financial functions like financial administrator, controller, treasurer, advisor or team leader economic affairs. Twelve of the thirteen participants were direct decision-makers for the insurances in their organisation. However, one of them had a more advisable role and thus no direct influence on the insurances. Therefore the weightings of this organisation are not taken into account in the analysis and results. Eight of the

organisations are located in the province Gelderland, three in Overijssel, one in Utrecht, and one in Noord-Holland.

Size of participating healthcare organisations
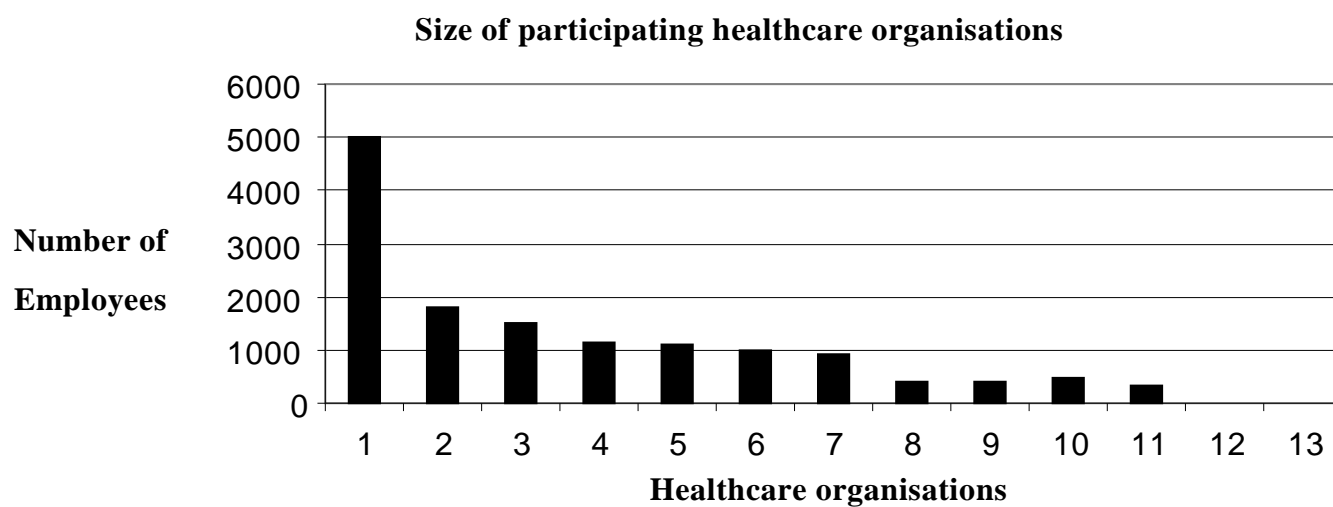
Figure 3.4   **Size of participating healthcare organisations**

Chapter 4   Results and Analysis

4.1   External research: what do healthcare customers value?

In the external research the ten product- and service-related factors are tested and validated. However, no additional factors emerged from this research. The ten factors thus provide a complete picture of factors creating value to the healthcare customer.

4.1.1   Individual and average weightings

The external research, or external Customer Value Audit as used by Ulaga and Chacour (2001), shows the average and individual weightings the NCCA organisations themselves have given to the product- and service-related factors (see table 4.1). Analysing the average weightings, price (21%) and basic services (19%) are the most important factors. Product-related factors (52%) and service-related factors (48%) are almost of equal importance.

Product-related factors	A	B	C	D	E	F	G	H	I	J	K	χ
Price	10	20	20	10	15	50	15	15	20	25	25	21
Clarity of offer	15	10	8	10	15	20	10	5	7	15	20	12
Range of covering	10	15	6	10	10	5	20	30	11	25	10	14
Innovative products	10	5	5	5	0	5	5	5	5	5	5	5
Average product-related:	45	50	39	35	40	80	50	55	43	70	60	52
Service-related factors	A	B	C	D	E	F	G	H	I	J	K	χ
Knowledge sharing	20	20	25	20	15	11	15	10	12	5	5	14
Basic services	15	20	25	20	30	5	20	20	20	10	25	19
Supporting services	15	10	6	20	15	2	10	15	20	10	5	12
Extraordinary services	5	0	5	5	0	2	5	0	5	5	5	3
Average service-related:	55	50	61	65	60	20	50	45	57	30	40	48
Total:	100	100	100	100	100	100	100	100	100	100	100	100

Table 4.1   **Average and individual product- and service-related weightings of external research.**

There are, however, large differences between the weightings of the individual organisations. Organisation A gives 10% to price, where organisation F gives 50% to price. Organisation D gives 35% to total product-related factors, whereas organisation F gives 80% to total product-related factors. Further, organisation E gives 30% to basic services and organisation F gives 5% to basic services.
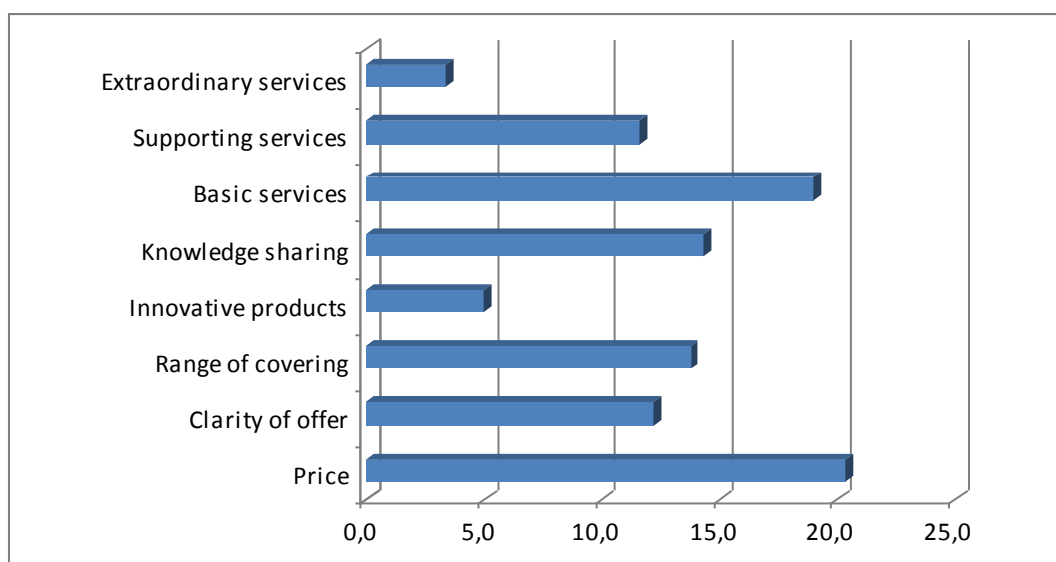
Figure 4.1   Graph of external average weightings.

The total average provides a balanced picture of the different factors. Next to price (21%) and basic services (19%), other factors get relative high weightings too: range of covering 14%, knowledge sharing 14%, clarity of offer 12% and supporting services 12%. Only the two factors innovative products (5%) and extraordinary services (3%) get substantial lower weightings.

Only one organisation (F) gave price solely as the most important factor, with a weighting of 50%. Further, four organisations (A, B, C, D) put knowledge sharing on a (shared) first place as most important factor, and seven organisations put basic services on a (shared) first place (B, C, D, E, G, I, K).

Dimensions	A	B	C	D	E	F	G	H	I	J	K	χ
Product-related	15	50	35	35	25	60	40	40	35	60	60	41
Service-related	35	30	35	35	40	20	40	30	45	20	30	33
Promotion-related	50	20	30	30	35	20	20	30	20	20	10	26
Total:	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Promotion-related factors	A	B	C	D	E	F	G	H	I	J	K	χ
Image	15	5	10	10	15	5	10	10	5	8	5	9
Personal contact	35	15	20	20	20	15	10	20	15	12	5	17
Total:	**50**	**20**	**30**	**30**	**35**	**20**	**20**	**30**	**20**	**20**	**10**	**26**

Table 4.2   Average and individual dimensions and product-related weightings of internal research.

When taking into account the promotion-related dimension, the product-related dimension counts on average for 41%, the service-related dimension for 33% and the promotion-related dimension for 26%. However, in this weighting there are also large differences noticeable. Organisation A gives 15% to the product-related dimension and even 50% to the promotion-related dimension, whereas organisation K gives 60% to the

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product-related dimension and only 10% to the promotion-related dimension. The service-related dimension is rather steady among the different organisations. Personal contact (17%) plays a larger role than the image (9%) of the insurer. Only two organisations (G and K) give these factors the same weighting.

Key findings:
- Product-related factors (52%) and service-related factors (48%) are almost of equal importance.
- Only one organisation gave price solely as most important factor
- Knowledge sharing and basic services are often valued as (shared) most important factors for healthcare organisations

4.1.2 Comparison on size of organisations

When comparing the weightings on the basis of size of the organisations (number of employees), the average weightings are as shown in table 4.3.

Number of employees	+1500	1000 -1500	350-500	0 - 350	
Product-related factors					χ
Price	15	24	17	25	21
Clarity of offer	12,5	13	7	17,5	12
Range of covering	12,5	8	20	17,5	14
Innovative products	7,5	4	5	5	5
Average product-related:	47,5	48,5	49	65	52
Service-related factors					χ
Knowledge sharing	20	18	12	5	14
Basic services	17,5	20	20	17,5	19
Supporting services	12,5	11	15	7,5	12
Extraordinary services	2,5	3	3	5	3
Average service-related:	52,5	51,5	51	35	48
Total:	**100**	**100**	**100**	**100**	**100**

Table 4.3   **Average and grouped (by size) product- and service-related weightings of external research.**

Noticeable weightings are the differences in price between the largest organisations (15%) and the smallest organisations (25%). Besides, the smallest organisations give a weighting of 65% to product-related factors, whereas the largest organisations give 47,5% to product-related factors. There is also a large difference between the weightings of the factor clarity of offer. Organisations with 350-500 employees give it a weighting of 7%, but organisations with 0-350 employees give it 17,5%. There is also a big difference in range of covering between organisations with 350-500 employees (20%) and 1000-1500 employees (8%).

When looking at the weightings of the service-related factors, noteworthy are the differences in weightings of the factor knowledge sharing, varying from 5% at the smallest organisations to 20% at largest organisations. Basic services are of almost equal importance among the organisations, with an average of 19%.

Dimensions	+1500	1000 -1500	350-500	0 - 350	χ
Product-related	32,5	39	39	60	41
Service-related	32,5	32	38	25	33
Promotion-related	35	29	23	15	26
Total:	**100**	**100**	**100**	**100**	**100**

Promotion-related factors	+1500	1000 -1500	350-500	0 - 350	χ
Image	10	10	10	8	9
Personal contact	25	19	25	15	17
Total:	**35**	**29**	**26**	**23**	**26**

Table 4.4   **Average and grouped (by size) dimensions and promotion-related weightings of external research.**

In table 4.4 the promotion-related dimension is taken into account. Noticeable is the average weighting small organisations give to the product-related dimension (60%). At the largest organisations the promotion-related dimension is most important (35%). Personal contact is in every group more important than image, with an average of 9% for image and 17% for personal contact.
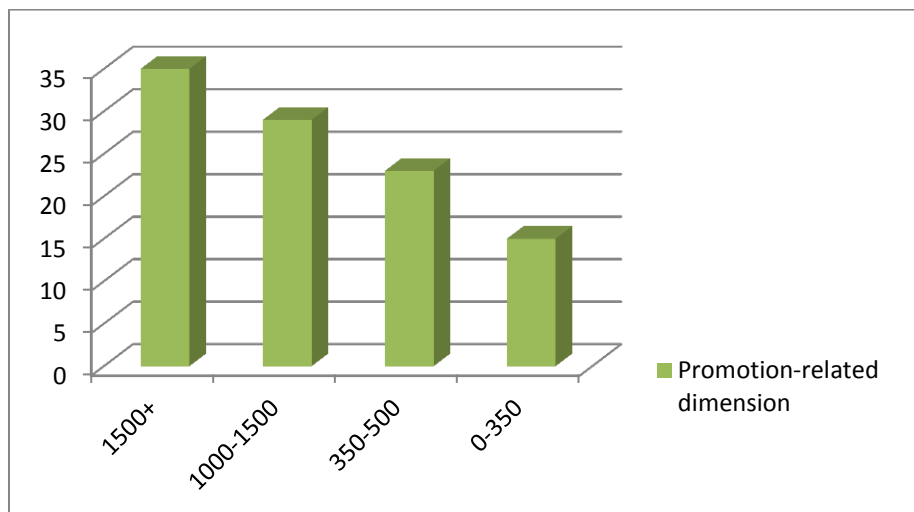
Key findings:
- Product-related factors are valued more when business size decreases
- Service-related factors are valued more when business size increases
- Promotion-related factors are also valued more when business size increases
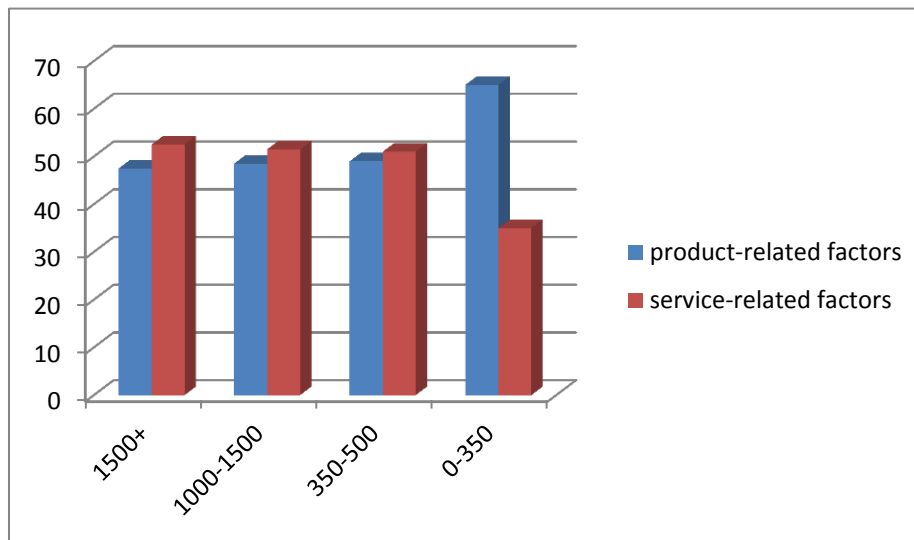
Figure 4.2   **Graph of total product- and service related weightings grouped on business size of external research.**

Figure 4.3   **Graph of total promotion-related dimension weightings grouped on business size of external research.**

4.1.3 Comparison on disciplines of healthcare

Another division can be made between the organisations that provide monodisciplinary care, for example solely elderly care, and organisations that provide multidisciplinary care, for example youth, mentally disabled and/or dementia care.

Disciplines of healthcare	Mono	Multi	χ
Product-related factors			
Price	24	15	21
Clarity of offer	13	11	12
Range of covering	16	10	14
Innovative products	4	6	5
Average product-related:	57	42	52
Service-related factors			
Knowledge sharing	10	21	14
Basic services	19	20	19
Supporting services	11	13	12
Extraordinary services	3	4	3
Average service-related:	43	58	48
Total:	**100**	**100**	**100**

Table 4.5   **Average and grouped (by disciplines of healthcare) weightings of product- and service-related factors of external research.**

In organisation with monodisciplinary care price plays a larger role (24%) than in organisations with multidisciplinary care (15%). Besides, the product-related factors also weight more (57%) than in organisations with multidisciplinary care (42%). Service (58% versus 43%) and knowledge sharing (21% versus 10%) is more important in organisations with multidisciplinary care (58%).

Dimensions	Mono	Multi	χ
Product-related	46	34	41
Service-related	32	34	33
Promotion-related	22	33	26
Total:	**100**	**100**	**100**

Promotion-related factors	Mono	Multi	χ
Image	8	10	9
Personal contact	14	23	17
Total:	**22**	**33**	**26**

Table 4.6   **Average and grouped (by disciplines of healthcare) dimensions and promotion-related weightings of external research.**

When analysing the dimensions, the promotion-related dimension plays a larger role in multidisciplinary care organisations (33% versus 22%). In organisations with complex multidisciplinary care the dimensions are almost of equal importance. Monodisciplinary care organisations value the product-related dimension (46%) much more than the other dimensions. Personal contact is for both groups more important than image.

The analysis shows that monodisciplinary care organisations are the smaller organisations, and the multidisciplinary care organisations are the larger organisations. Reason for the greater importance of price at monodisciplinary care organisations might be that they have a lower degree of responsibility due to the smaller number of employees and clients, less disciplines of care, and the amount of time spend on insurances is also lower. Therefore, these organisations have less interest in service-related factors of the insurance offering. Multidisciplinary care organisations are responsible for more employees and clients, have to deal with more disciplines of care, and consequently take more service-related factors into account when choosing an insurer.

Key findings:
- Monodisciplinary care organisations find product-related factors (57%), and especially price (24%), more important than multidisciplinary care organisations (42% for product-related factors and 15% for price)
- Multidisciplinary care organisations find service-related factors (58%), and especially knowledge sharing (21%), more important than monodisciplinary care organisations (42% for service-related factors and 10% for price)

4.2   Qualitative analysis

The analysis of the interviews makes clear that the NCCA sub segment is, just as the whole healthcare segment, rather differentiated. The interviewees gave different reasons and weightings about what they find valuable. Differences particularly occur between small and large organisations. Smaller organisations value price and range of covering strongly. They find few factors very important: the 'pure' insurance product with the corresponding price, and basic services. Reason for the importance of price seems to be that small organisations have not much money to spend for their care, so they want to spend least money on insurances. As one organisation puts it: *"Each year we have to make sure we have enough money to cover our costs, so price is very important."* Larger organisations find more factors important. They also take other value factors into account, like knowledge sharing and supporting services. Service-related factors are valued much more in larger organisations than in smaller organisations. One reason might be that smaller organisations have less interest in the insurances because of the small number of employees and clients. Smaller organisations often insure themselves at the start of their organisation. They ask people in their circle of acquaintances to advise them about the insurances. Generally they will stay at that insurer if it is satisfying. The treasurer of a small healthcare organisation underpins this by saying: *"The experience is that if it all goes well we won't switch to another insurer for a few bucks."* Larger organisations have greater numbers of employees, clients and volunteers. Therefore it seems much more important for these organisations to have a good insurance product and service, price is less important. *"I have spoken to insurers who said they could offer me a much lower price. But then I have to call person X for insurance 1, person Y for insurance 2 and person Z for insurance 3. I already see myself... I don't want that."*, said one interviewee. More work is involved in large organisations and the contact persons do not want to spend much time on claims processing and gathering information about new developments in regulations and jurisprudence. *"I do not have the time and ways to gather such information myself."*, said another interviewee.

In general, the NCCA segment can be characterised as a sub segment where organisations find 'ease' and good services very important. *"Insuring is a matter of minor importance."*, is a frequently mentioned sentence. In almost all their arguments the underlying thought is that insurances are not their core business and that they do not want to spend much time on claims handling and administrative work. They want to focus on their core task: providing care. One interviewee argued: *"Basic services and support are for me really important because it saves me a lot of work."* The main role of the insurer in the NCCA segment is thus providing good insurances and unburden the healthcare organisations as much as possible. The organisations say they want preferably only one contact person with who they can speak about the insurances. This person should know much about the healthcare segment, speak their language, understand their jargon, has expertise and should be friendly and pleasant to work with. This person should be from a reliable and solid company where they can insure everything they want, against good conditions and a market conform price. The administrative obligations resulting from the insurances have to be few. One interviewee said about his intermediary: *"They offer a*

total package, by which we only have to pay premium and report the damages we have. So as far as that's concerned, it is a choice for indolence." Quick and simple claims processing is valued too. *"We provide the necessities for a claim and the intermediary further processes this claim. They fix it. That is convenient."* Besides, the contact person of the insurer has to think along with the organisation and give advice about new insurances and developments in the field of healthcare. The insurer has to take care of the interests of the organisation in the first place, and not his own interests: selling products. Many organisations are therefore customer of a broker or intermediary. *"I prefer an intermediary. A direct insurer will only want to sell its own product, and doesn't offer any alternative."* Another said: *"Priority one is a good intermediary who solves my problems."* An intermediary brings ease and convenience to the healthcare organisation. *"Because we have all our insurances at one intermediary it is easy for us to handle."* Besides, in the mind of the healthcare organisations an intermediary gives independent advice about insurances and provides information about developments in jurisprudence, changes in governmental regulations and other, for the organisation, relevant developments. *"The insurer has a commercial interest in us, so I want them to come up with possible improvements for my organisation."* The insurer also must have knowledge of the healthcare segment so that they can insure them properly, and give relevant advice and information. *"The insurer has to understand our business."* The contact person of the healthcare organisation wants the lowest handlings costs involved with insurances, so the services have to be good. Many organisations also do a tender round every couple of years. Most of the time reason for this is just to maintain a good price with their own insurer. Price is an important factor. *"We get money from the society so we have to use it wisely."* It is, however, most of the time not the most important factor. *"We want a good covering of risks and we know that a price tag comes with it, and we will pay it."*, said one interviewee. Another said: *"If the services are good, your handlings costs are lower. The price can then be a few percentages higher."*

Healthcare is a real peoples business. Organisations want to be a good employer for their employees. *"We will always indemnify our employees."*, said an interviewee. Some of them mentioned that it is difficult to get people who want to work in healthcare. The organisations overall take good care of employees, clients and volunteers, and consequently also in the case of insurances. *"We cannot afford to be at risk."* Due to the importance of people, insurers have to think along with the organisation. One said: *"We don't want a supplier, we want a partner."* Another mentioned: *"We are responsible for 800 clients and 1000 employees so good advice is very important."* Insurers therefore must have feeling with healthcare. They have to know the market and give relevant information to the organisations.

The decision-makings unit in the NCCA segment is most of the time the head of the financial administration office. This is also the known contact person at CBA for the insurances. He/she in most cases makes the decision and judgement for the insurances and then advices his/her chief. In most cases, the chief accepts this proposal.

The results show that in this sub segment, the operating procedures of brokers, intermediaries and external advisors are highly valued by customers. Some healthcare organisations do not even want a direct insurer. They want someone who looks after their interests and does not only want to sell his own products. Healthcare organisations want convenience and relieving of insurance tasks. A healthcare organisation described it as follows: *"Our organisation is customer of a broker. We discuss with this broker what our organisation needs, and they subsequently search for the right insurance company. This broker adds value to us because he has low prices and best fitting solutions. They know the insurance market. I do not feel the need to negotiate with individual insurers."*

A strongly valued insurer for healthcare organisations:
- has the possibilities to cover all relevant risks
- has a market conform price
- has market conform conditions
- knows the healthcare segment
- has least (administrative) obligations for the customer
- has quick and easy claims processing, thereby keeping the customer up-to-date and taking most work out of their hands
- thinks along with the organisation and gives advice about new insurances, developments in the market, and changes in governmental regulations and jurisprudence
- has one contact person, who is personal, pleasurable to work with and has knowledge and expertise
- acts as a partner
- has a reliable and solid image

Table 4.7   **Summary of valued characteristics of an insurer resulting from external interviews.**

Key findings:
- Healthcare organisations highly value good services
- All prospects are customer of an intermediary or broker because they take care of the whole portfolio, have good services, and provide independent advice
- Healthcare organisations find their employees, clients and volunteers very important and make sure they are not at risk

Chapter 5 Conclusions

Throughout this research, the way in which CBA tries to create customer value and the factors creating actual customer value are comprehensively investigated. On the basis of this study, the following conclusions and recommendations can be made. These conclusions and recommendations give answer to the research question: "How does Centraal Beheer Achmea create customer value with its proposition in the healthcare segment?"

Product and service are of equal importance for healthcare organisations

The analysis shows that product- and service-related factors are on average of equal importance. Healthcare organisations find service-related factors of equal importance as product-related factors, because the product has to be good, but excellent services can save the organisation or key decision-maker time, and thus money. They are not only focused on an acceptable price, good coverage and favourable conditions, but they find good basic services, knowledge sharing and support equally important. The service-related factors are much more 'tangible' and 'visible' for the key decision-maker than the product-related factors. After the insurance product is bought, he or she further only has to do with the services resulting from the purchase. These services are always provided in contact with the insurer. It are those moments where the insurer can show his value to the healthcare organisation. This is supported by e.g. Prahalad and Ramaswamy (2004) who argue that the value creation process is rapidly shifting from a product and firm-centric view to personalised customer experiences. The results support this conclusion, because basic services and knowledge sharing got on average a second and (shared) third place from the healthcare organisations. Seven of the healthcare organisations found basic services the (shared) most important factor. Customers find good claims handling very important, because it saves them time and work. Knowledge sharing got on average a relative high weighting, especially in the largest organisations. Besides, four healthcare organisations put knowledge sharing on a (shared) first place as most important factor.

Service is valued more by healthcare organisations when business size increases

The individual results show that there are large differences noticeable between the weightings of healthcare organisations. The whole NCCA segment is quite differentiated in relation to the factors that are valued. Many differences can be attributed to the size of the organisations. The product-related factors are much more important for the smallest than the largest organisations. Especially price is much more important for small organisations. On the other hand, the service-related factors are more important in the largest organisations. Reason for this is that large organisations have multidisciplinary care, more employees, more clients, more volunteers and generally more damages. The insurances take more time, involve more money and are hard to oversee thoroughly. Consequently, the decision-makers of large healthcare organisations have more interest and concern with an insurer who provides good services. Help and convenience is highly valued. If insurers can unburden healthcare organisations, so that their employees have to spend less time and effort on insurances, price is less important. Large healthcare

organisations value insurers who inform and advise them about trends and developments in the market, regulations and jurisprudence. Smaller organisations, on the other hand, have monodisciplinairy care, fewer employees, fewer clients, fewer volunteers and the insurances involve less money. Consequently, the decision-makers of small organisations seem to have less interest in insurances. In small organisations, the basic product elements are most important. Small organisations often have their own networks and circle of acquaintances where they get information and advice, and thus find knowledge sharing much less important. Besides, supporting services are less necessary because the insurances are good to oversee. Both the quantitative and qualitative results demonstrate that service - in the sense of taking work out of the hands of customers – is highly valued. In conclusion, service is valued more by healthcare organisations when business size increases.

Discussion and further research

The main scope of this research was on the product- and service-related factors of the insurance offering. The promotion-related factors were taken into account sideways. The factors were i.a. investigated and weighted by the key decision makers of healthcare organisations. This research explored the factors creating customer value in an insurance offering, thereby filling the gap in literature about customer value factors in business-to-business financial services. The research method used in this study demonstrated to be useful for exploring and understanding customer value factors in the NCCA sub segment, and is therefore also applicable for other (sub) segments. As is described in the literature review and also recognised in this study, the concept of customer value is difficult to measure. Next to the value factors of the insurance offering (product and service), it is thus however possible that there are more (latent) factors which play a role in the decision-making process of healthcare organisations. In order to get more profound insights in how to create value, CBA is therefore advised to do more research. Further research can be done on which factors play a role in the sales process. Why does a key decision-maker (not) choose for a specific insurer? It is also interesting to do more research on how and when customers' acknowledge value.

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Appendices

Appendix A: List of abbreviations

CBA	Centraal Beheer Achmea
COC	Chamber of Commerce
CVA	Customer Value Audit
CVD	Customer Value Determination
HPG	Healthcare Proposition Group
NCCA	Nursing, Care and Assistance with Accommodation
SBI	Standard Business Information

Appendix B: Internal interview guidance

Introduction
You are a member of the healthcare proposition group, thereby participating in the development of the insurance offering. This proposition consists of several products and services with which Centraal Beheer Achmea wants to increase its market share and growth. The total offering's target group is the NCCA and aims to create value to the customer in order to be competitive in the market.

For my research, I want to know which underlying factors you think that create value to the healthcare customer. More specifically, I want to know which factors you think that customers value in an insurance offering and on which factors the key decision-makers will make their judgement for an insurer.

Added value of this study
These interviews are going to be carried out with all the members of the Healthcare Proposition Group. Open interviews are held in order to explore the factors creating value to the healthcare customer. The results create insights into the perception of CBA about which factors are taken into account by the customer in their decision-making process. After the interviews and analysis, in the second phase you are asked to give a weighting to these factors on their importance. In the final phase, these results are tested and validated in an external research among healthcare organisations. This will hopefully result in interesting findings about what customers actually value. The research provides useful insights into the NCCA market and it can consequently help CBA in satisfying customers' needs and desires more effectively.

This research fills the gap in scientific literature, due to the fact that only little research is done in the field of business-to-business financial services in relation to customer value. Besides, the method used for this research is also applicable for studies to customer value in other markets. Your participation in this research helps me tremendously in graduating for my masters study Business Administration.

Goal of this interview
The aim of this interview is exploring the factors you think that healthcare organisations value in an insurance offering, and on which factors they will make their judgement of insurance products.

Definitions
With 'healthcare organisations' are meant the key decision-makers of insurances in the healthcare organisations. These people play an important role in the decision-making process for an insurance offering/insurer.

With 'insurance products' are meant the products and services of damage insurances in the healthcare segment.

With 'customer value' is meant the perceived value and worth of healthcare organisations when they judge and choose for a specific insurance product and/or insurer? What are important factors that make an offering valuable? What is valuable in the eyes of healthcare organisations?

Or, as Woodall (2003, p.2) officially defines it: "Value for the customer is any demand-side, personal perception of advantage arising out of a customer's association with an organisation's offering, and can occur as reduction in sacrifice; presence of benefit (perceived as either attributes or outcomes); the resultant of any weighed combination of sacrifice and benefit (determined and expressed either rationally or intuitively); or an aggregation,, over time, of any or all of these."

Open and directive questions

Several open questions are asked to acquire as much useful information as possible. Examples are:

- What factors do you think that create value for healthcare organisations?
- What do healthcare organisations find important in an insurance offering?
- Where do they look for in an insurance offering?
- How do healthcare organisations judge an insurance offering?
- To which factors do healthcare organisations pay attention when choosing for an insurer?
- What are the desires and needs of healthcare organisations?
- What do you think that are crucial products/services in an insurance offering? Why?
- How important are products? And how important are services?
- What do you think that characterises the healthcare segment?

Furthermore, during the interviews several other questions are asked in order to get deeper insights and/or clearer explanations of what someone really meant.

Appendix C: Questions for internal weightings

Questions and weightings of internal research

In the past weeks we had an interview about the factors you think that healthcare customers value in an insurance offering. After an extensive analysis of the interviews, which is held with 10 employees, a total of 10 factors are found. Subsequently, these factors were divided among three dimensions (product, service and promotion), as is also identified in literature. With this follow-up, I want to know which of these factors are most important for healthcare organisations, according to you. What does the customer find the most important factors in an insurance offering?

Question 1

If you had to distribute 100 points over the following eight factors to reflect their importance for the customer, how many points would you give to each of them?

Product-related factors		Weighting:
Price	- Premium	
Clarity of offer	- Transparency - Comparability	
Range of covering	- Scope - Conditions	
Innovative products	- Extra healthcare specific coverages - Products related to healthcare specific subjects	
Subtotal:		
Service-related factors		**Weighting:**
Knowledge sharing	- Information - Advise - Awareness	
Basis services **(e.g. claims processing)**	- Quality - Speed of response - Speed of processing - Ease	
Support	- 'Unburdening' - Minimize time and effort - As easy as possible - Dedicated to healthcare	
Extraordinary service	- Innovative services - Practical services used in healthcare	
Subtotal:		
Total:		**100**

Question 2

As mentioned before, three dimensions are being differentiated in the literature. You just ranked the product and service related factors. Now I want to ask you to distribute 100

points over the three dimensions. How much impact does each dimension have on customer value?

Dimensions		Weighting:
Product-related	- Price - Clarity of offering - Range of coverages - Innovative products	
Service-related	- Knowledge sharing - Basis services - Support - Extraordinary services	
Promotion-related	- Image - Reputation - Relationship - Personal contact	
Total:		**100**

Question 3

In the previous question you ranked the dimension 'promotion related'. Note this weighting below in the pillar 'weight' at **total**. Then distribute these points over the two promotion-related factors: image and personal contact.

Promotion related factors		Weighting:
Image	- Reputation - Acquaintance - Reliability	
Personal contact	- Relationships - Understanding - Expertise - Knowledge - Feeling - Dedication	
Total:		

Appendix D: External interview guidance

Introduction

As experienced person in the field of insurances for your organisations, you have to make (together with others) a decision and judgement on where, how and what your organisation is going to insure. Undoubtedly, several factors will play an important role in this process.

Goal of this interview

The goal of this interview is exploring which factors are important to you in the judgement and decision for an insurer. More specifically, what creates value to you/your organisation in an insurance offering? How does an insurer can fulfil your desires and needs?

About this research

This research is executed as the final project for graduating for my master's study Business Administration at the University of Twente. The research consists of three phases. The first and second phase are carried out among employees of a large Dutch insurer (Centraal Beheer Achmea). The third phase is carried out among healthcare organisations. This research specifically focuses on the sub segment NCCA, therefore only healthcare organisations from this segment are interviewed. With the results, interesting insights may be obtained in the factors creating customer value in the NCCA segment.

This research fills the gap in scientific literature, due to the fact that only little research is done in the field of business-to-business financial services in relation to customer value. Besides, the method used for this research is also applicable for studies to customer value in other markets. Your participation in this research helps me tremendously in graduating!

Phase 1: Discussion of the importance of each product- and service-related factor

At an internal research among 10 employees of Centraal Beheer Achmea, these people were asked to mention factors that they think healthcare organisation value in an insurance offering. They came up with the following eight product- and service-related factors.

Product-related factors			Weighting:
Price	-	Premium	
Clarity of offering	- -	Transparency Comparability	
Range of covering	- -	Scope Conditions	
Innovative products	- - 	Extra healthcare specific coverages Products related to healthcare specific subjects	
		Subtotal:	
Service-related factors			Weighting:
Knowledge sharing	- - -	Information Advise Awareness	
Basis services **(e.g. claims processing)**	- - - -	Quality Speed of response Speed of processing Ease	
Support	- - - -	'Unburdening' Minimize time and effort As easy as possible Dedicated to healthcare	
Extraordinary services	- - 	Innovative services Practical services used in healthcare	
		Subtotal:	
Total:			**100**

- Let's discuss them one by one. With factor … is meant: [explanation of each factor].

- Possible questions:
  - Is this factor important to you?
  - How important is it?
  - What is the role of this factor?
  - Does this factor create value to you? Why (not)?
  - When does it create value?

Phase 2: Weighting of product- and service-related factors
- Distribute 100 points over these eight factors to reflect their importance for you, how many points would you give to each of them?

- Why did you give these weightings?

Phase 3: Exploring missing factors

Are there product- or service-related factors that you miss? If so, which and why?

Phase 4: Discussion and weightings of dimensions

In scientific literature, an offering can be divided into three dimensions: product, service and promotion. You just ranked the product- and service-related factors. The promotion-related dimension is now also taken into account to see the relative importance of each dimension.

- Explanation of the promotion-related dimension.

- Distribute 100 points over these three dimensions to reflect their importance for you, how many points would you give each dimensions then?

Dimensions		Weighting:
Product-related	- Price - Clarity of offering - Range of coverages - Innovative products	
Service-related	- Knowledge sharing - Basis services - Support - Extraordinary services	
Promotion-related	- Image - Reputation - Relationship - Personal contact	
Total:		**100**

- Why did you give these weightings?

Phase 5: Discussion and weightings of promotion-related factors

In the previous phase you ranked the dimension 'promotion-related'. Note this weighting below in the pillar 'weighting' at **total**.

- Distribute these points over the two promotion-related factors: image and personal contact.

Promotion related factors		Weighting:
Image	- Reputation - Acquaintance - Reliability	
Personal contact	- Relationships - Understanding - Expertise - Knowledge - Feeling - Dedication	
Total:		

- Why did you give these weightings?

Phase 6: Other questions

Examples:

- Who is (are) the key decision-maker(s) of the insurances in this organisation?
- Can you tell me more about this decision-making process?
- What characterises the healthcare segment according to you, and how does an insurer has to respond on that?
- On which specific factors does CBA have to be different in order to compete with other insurers?
- How does an insurer can create a competitive advantage according to you?
- With which factors does an insurer can help/support your healthcare organisation?