

## **On the Drivers of Customer Needs and Satisfaction in Insurance: a Small Enterprises Based Study**

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### **Abstract**

Due to its considerable market size, the small enterprises segment comprising of companies with up to 49 employees is seen as a strategic market segment for 70 % of the surveyed Swiss P&C and life insurance companies. Despite this significance, not much research has been conducted as to what drives customer satisfaction of such small enterprises when it comes to purchasing insurance.

Our research aims at understanding how selected aspects, namely the size of the company, the primary insurance contact, the online behaviour as well as the industry sector (in Switzerland defined by the “NOGA” code), impact customers’ satisfaction when interacting with insurance companies.

The research questions were answered by a German-language survey of Swiss insurance customers in the small enterprise segment, resulting in a total of 1,439 responses. Our findings indicate the importance of good coverage and high-quality advice surpasses price considerations. Interestingly, small enterprises who interact online are less satisfied with the quality of advice than those who seek advice from insurance agents or brokers. This shows that the digital advisory skills of insurers are not yet up to a level that could replace personal interactions for a majority of customers. In fact, our findings show that personal advice play an extraordinary role in the insurance industry for the small enterprise segment. Reasons may include that risks faced by small enterprise are divers, that insurance products are generally not self-explanatory and that insurance purchaser at small enterprises are often not interested in spending much time researching insurance options. The results are useful to insurers who want to re-evaluate their role in regard to the distribution model for the small enterprise segment.

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## Zusammenfassung

Das Segment der Kleinunternehmen, dem Unternehmen mit bis zu 49 Mitarbeitern angehören, wird von 70 % der befragten Schweizer Schaden- und Lebensversicherungsunternehmen als wichtige strategische Zielgruppe in der Geschäftsentwicklung betrachtet. Trotz dieser Bedeutung wurde bisher vergleichsweise wenig Forschung über die Einflussfaktoren der Kundenzufriedenheit von Kleinunternehmen beim Abschluss von Versicherungen durchgeführt.

Dieser Artikel untersucht, wie die Interaktion von Kunden im Segment von Kleinunternehmen mit Versicherungsunternehmen die Kundenzufriedenheit beeinflusst. Dabei werden bestimmte Kriterien wie die Unternehmensgröße, der Versicherungsberater, das Online-Verhalten und der Branchensektor (in der Schweiz durch den „NOGA“-Code definiert) genauer analysiert.

Die Forschungsfragen wurden durch eine deutschsprachige Umfrage unter Schweizer Versicherungskunden im Segment der Kleinunternehmen beantwortet, an der insgesamt 1.439 Schweizer Unternehmen teilgenommen haben. Unsere Ergebnisse zeigen, dass gute Versicherungsdeckungen sowie die Qualität der Beratung für Versicherungskunden von Kleinunternehmen wichtiger sind als der Preis. Interessanterweise sind Kleinunternehmen, die mit dem Versicherer online interagieren, weniger zufrieden mit der Qualität der Beratung als solche, die sich durch Versicherungsagenten oder -maklern beraten lassen. Dies verdeutlicht, dass die digitalen Beratungsfähigkeiten der Versicherer noch nicht das Niveau erreicht haben, um persönliche Interaktionen für die Mehrheit der Versicherungskunden zu ersetzen. Die Ergebnisse verdeutlichen, dass die persönliche Beratung im Segment der Kleinunternehmen eine außerordentlich wichtige Rolle spielt. Gründe dafür könnten sein, dass Kleinunternehmen einer Vielzahl von Risiken ausgesetzt sind, dass Versicherungsprodukte im Allgemeinen nicht selbsterklärend sind und dass Versicherungskunden in Kleinunternehmen oft nicht daran interessiert sind, viel Zeit mit der Recherche von Versicherungsangeboten zu verbringen. Die Ergebnisse dieser Studie sind für Versicherer von Nutzen, da sie dazu beitragen können, ihre Rolle in Bezug auf das Vertriebsmodell für das Segment der Kleinunternehmen neu zu bewerten.

*JEL classification:* G22, M31, L26

*Keywords:* small enterprise segment, insurance, customer satisfaction, distribution models, online advising and services

KMU Segment, Kleinkundensegment, Versicherung, Kundenzufriedenheit, Vertriebsmodelle, Online Beratung und -dienstleistungen

## 1. Introduction

The corporate demand for insurance is a central focus in finance and insurance research (Asai, 2019). The exact reasons why firms acquire insurance is still an unsolved problem in research, although firms' purchase of insurance is widespread and common regardless of their size, industry, or country (Asai, 2019).

Several empirical articles have attempted to clarify the insurance purchasing behaviour of publicly listed companies. But few have sought to analyse small and medium-sized enterprises (SMEs) and their insurance demands and satisfaction levels (Asai, 2019). Thus, research has lacked insight into why and how micro and SMEs purchase or decide for insurance and how satisfied customers in this segment are.

These prior research efforts have not addressed the specifics of SMEs insurance demands, not because it lacks significance, but mainly due to the unavailability of data for SMEs, which has made it impossible to analyse insurance demand in this important segment of the insurance industry (Asai 2019). It is worth mentioning that SMEs play a substantial role in the global economy, contributing significantly in terms of both the number of enterprises and their impact on the gross domestic product (GDP) in virtually every nation, as recognized by the OECD (OECD, 2017).

As a contribution to the research, further insights are needed to understand (i) what drives customer satisfaction of micro and small enterprises, now and in the future – (ii) what the implications of digitalization are for future insurance distribution models with regards to the micro and small enterprise segment, given the lack of empirical research in this field. This second question is also relevant as digitization has already changed and will continue to change the needs of customers and the offerings of insurers.

From an insurance perspective, SME are often divided into small enterprise with less than 50 employees (including micro enterprises with less than ten employees) and medium-sized enterprises with 50–249 employees. Medium-size enterprises (sometimes called “mid-market”) are often segmented as corporate customers, while small and micro enterprises are segmented as retail customers. In both cases, segmentation tends to not do justice to their specific needs and expectations (Stricker et al., 2023a). The focus of our investigation is with the small enterprises, including the micro enterprises, i.e. companies with 1–49 employees. We will refer to them as “small enterprise segment”.

## 2. Literature Review

Two distinct lines of research are relevant to our investigation: (i) First, how customer satisfaction plays a crucial role in shaping policyholder preferences and behaviour in the small enterprise sector acquiring insurance products. (ii) Secondly, what influence online advice solutions have on distribution models of insurers for the segment in question.

## 2.1 *Customer Satisfaction in Insurance Industry*

### Definition and Relevance of Customer Satisfaction

Customer satisfaction is the most important element of marketing and its academic literature (Wong et al., 2014). Kotler (2000) defines satisfaction as a person's feelings of pleasure or disappointment resulting from the evaluation of a product's perceived performance in comparison to their initial expectations. For most companies, customer satisfaction is the main objective (Wong et al. 2014) and is the most important determinant of success in the service industry (Bigné et al. 2009; Bruhn, 2011). As a result, many studies define the concept of satisfaction (Nguyen et al., 2018).

Some studies have analysed the link between customer satisfaction and loyalty behaviours (Bernhardt et al., 2000; Edvardsson et al., 2000; Dominique-Ferreira, 2018). Others have examined the relationship between service quality and customer satisfaction (Terblanche et al. 2006; Cronin et al., 1992). The common theme that permeates the discussion of customer satisfaction is how satisfaction affects a customer's purchase intentions and what benefits they receive throughout the value chain once that intention is translated into action (Wong et al., 2014).

Marketing research on customer satisfaction can be broadly classified into two categories: one focuses on studying the customer satisfaction gaps while the other focuses on the antecedents of customer satisfaction (Kotler, 2010; Nahmens et al. 2009; Kaplan et al. 2007). A common definition of satisfaction according to Zeithaml et al. (1996), which follows on from the first definition, is the following: "the satisfaction of the client results from the difference of the set of perceptions and expectations" (Zeithaml, 1996). So, satisfaction is achieved when the needs and expectations of customers are perceived to be met or exceeded (Dominique-Ferreira, 2018).

### State of Research: Studies on SME Customer Satisfaction

Overall, it can be summarized that customer satisfaction is a multi-faceted construct with far-reaching implications for insurance companies. Despite its high importance, Wong et al. (2014) point out, that customer satisfaction in the insurance industry is much less academically analysed compared to other service industries (such as tourism or banking), despite its large global size and volume of business.

Customer satisfaction regarding insurance in the small enterprise segment has received even less attention in the academic literature – despite its considerable size and business volume compared to other segments in the insurance industry. As a consequence, there is a lack of empirical research in this area.

### Satisfaction with Existing Insurance Solutions

Satisfaction in this study is measured using the following factors, which occur in both the academic and practical perspectives.

1. *Quality of advice:* The concept of quality of service is often associated with the concept of quality of advice in the academic literature. For example, Verhoef et al. (2007) define service quality with a focus on the quality of advice, emphasizing consumers' perceptions of the advice provided through various channels, including good personal advice and excellent assistance (see also Hu & Tracogna, 2020). Furthermore, within the scope of this research, the preference for personal contact, which involves customers preferring direct interaction with the sales organization, plays a crucial role in the context of advice quality (Kaura et al. 2015). In the present study, despite the potential for companies to offer customer support through digital channels, it is expected that consumers seeking high-quality advice (i.e., personalized, and expert advice) will have a stronger preference for personal channels over receiving standardized advice through digital platforms (see also Hu & Tracogna, 2020).
2. *Price:* In the service context, perceived price significantly influences decision making. Customers' views of price have been studied in terms of price perception (Munnukka, 2005; Varki & Colgate, 2001), price fairness perception and price equity (Bolton & Lemon, 1999). Price is a critical factor in consumers' purchase decisions (Herrmann et al., 2007). Perceived price and fairness are central to the choice of an insurer because the pricing structure in the insurance industry is relatively complex compared to other service industries such as education or hotels (Kaura et al., 2015). Not surprisingly, consumers prefer the lowest possible price. To get the lowest price, consumers are likely to use multiple channels, whether in-person or digital (Hu & Tracogna, 2020). Maas (2008) emphasizes that price is not considered unimportant, but it is not the most important aspect when buying insurance. In particular, it is not the only criterion for choosing a competitor. Nevertheless, the role of price should not be neglected. If it is considered too high, it becomes an impediment.
3. *Insurance Coverage:* Insurance has an immediate impact, such as protecting against losses (Jadi et al., 2014). In the small enterprise segment, it is crucial to ensure adequate insurance coverage. Adequate insurance coverage means sufficiently covering the risks of a company (e.g. also through a solid risk management strategy). Small enterprise owners must thus also be made aware of the importance of adequate insurance coverage (Jadi et al., 2014).
4. *Digital Access:* In the insurance context, digital access refers to the ability of policyholders to access and manage their insurance policies, policy informa-

tion, and relevant documents electronically online. Often, this takes place via digital platforms, websites, or mobile apps. In addition, these digital access points offer policyholders the ability to make payments, report claims, and conduct general interactions with their insurance company conveniently over the internet (see also Nepochatenko et al., 2023). For example, many established insurance companies offer special customer portals for services. Because digital channels are frequently used for information gathering, it is important for insurers to properly manage these channels, especially when they compete with other channels (Hu & Tracogna, 2020). However, there seems to be a lack of both academic and practitioner research focusing on the benefits and opportunities of digital applications in managing the customer experience from the insurer's perspective (Eckert et al., 2022).

5. *Non-digital access*: this refers to the traditional methods and channels through which customers can access insurance services and information without relying on digital technologies or online platforms. These non-digital access methods can take various forms and include in-person advisory, telephone communication, paper-based communication, physical visits to offices, fax, written correspondence, and postal communication.
6. *Additional services for SMEs* in the insurance industry include prevention and sustainability programs provided by insurance companies. For example, prevention programs offer training and resources to minimize risks and prevent accidents. Sustainability programs promote eco-friendly business practices, such as energy efficiency and social responsibility, to reduce environmental impacts and potentially gain premium advantages (for a roadmap to green Insurance, see also Stricker et al., 2022).

## 2.2 Evolution of Insurance Distribution – a (Slow) Shift Towards Online

According to Dionne & Harrington (2017), insurance markets exhibit a wide variety of distribution models across lines of business and countries. Distribution remains crucial for insurance as a product that needs to be sold not bought (Goh, 2012).

### Channels in Distribution Models

There are different channels of retail insurance product distribution, such as intermediaries (e.g. multi-brand intermediaries, brokers, banks, post offices, etc.) and direct sellers (insurers). Hilliard et al. (2013) structured distribution channels into six main categories: (1) direct sales through direct mail, call centre and internet; (2) local agents employed by the insurer; (3) non-employee sales agents who sell for a single company; (4) non-employee agents who sell for

more than one company (independent agents); (5) brokers; and (6) bancassurance. The relative importance of each distribution channel varies greatly across lines of insurance, customer classes and country (Dominique-Ferreira, 2018).

For our research, agents – either employed by the insurer (2) or non-employed but exclusively selling for a single company (3) – and brokers (5) as well as internet/online channels (1) are of particular interest and hence further outlined.

### Agents and Intermediaries (Insurance Agents and Brokers)

In the insurance sector, agents and intermediaries play a very important role as distribution channels (Dominique-Ferreira et al., 2016; Brophy, 2013). Their recommendation has a significant impact on the buying process, satisfaction, and loyalty of customers. Related to the success of insurance, they act to find customers, negotiate policy provisions and serve policyholders (Ferezagia, 2021). To perform this, they must possess competencies in product knowledge, marketing as well as interpersonal skills (Ferezagia, 2021).

### Online Channel in Insurance

As internet use has proliferated, it has emerged as a popular marketing channel (Cho & Park, 2001). Customers now have the flexibility to interact with companies through various channels, including traditional face-to-face interactions, engagement with sales representatives, and online interactions via websites (Kumar & Venkatesan, 2005; Della Pozza, 2018). Consequently, businesses in insurance are strategically investing in methods to establish and maintain a 360-degree view of customers. The goal is to provide a seamless customer experience across all these diverse channels (Kumar & Venkatesan, 2005; Shankar et al., 2011; Della Pozza, 2018). As a result, the digitization of online sales has become a driving force in the insurance industry and its sales models. It enables insurers to offer their customers a multi-channel presence and customized experiences to customers (Njegomir et al., 2021). This trend (toward digitization) has also been accelerated by Covid 19. For example, a recent consumer survey in Spain found that digital access to insurance has increased by almost 30 percent since the start of the pandemic (Kaesler et al., 2020).

Online insurance is expected to grow rapidly in the near future due to its convenience of use, composition of consumer-oriented products, disclosure of various information, and comparability with another insurers (Park et al., 2021). Further, buying insurance products online is also beneficial because customers can more easily search for the lowest premiums (Kim et al., 2007). Overall, it can be said that the use of online in insurance is changing the way the insurance industry sells, and therefore the way insurers interact with their customers.

### State of Research: Distribution Models

Although distribution models are widely used in the insurance industry, the research of retail and distribution management in the insurance sector is very limited despite the great importance it has in the organization of the whole insurance sector (Dominique-Ferreira et al., 2016; Braun, Schmeiser, et al., 2016). There is, for example, no scientific research on the extent to which SME insurance customers use online channels. This would be important because the experience gained from online retailing in Insurance could also be valuable for the SME sector. For example, it is important to investigate the factors influencing digitization in online insurance in the area of customer interaction, as these findings in the online retail in the insurance sector can also demonstrate its benefits in the SME Segment (Insley & Nunan, 2014; Kulkarni, 2015; Thakur & Srivastava, 2015; Das, 2016; Harris et al., 2017).

### 3. Methodology and Results

After describing the methodology, the results and comments are presented for the overall sample. Followed by a more detailed analyses focusing on the number of employees, primary insurance contact, online behaviour, and individual industry (“NOGA”) with respect to satisfaction and interaction with the insurance company.

#### 3.1 Methodology

The research questions were answered by a German-language survey of Swiss insurance customers in the small enterprise segment, which was conducted online in March 2023. The contact information was sourced from the database “Orbis”. The focus was laying on micro and small enterprises in Switzerland, i.e., only small and micro enterprises with 10 to 49 and 1 to 9 employees were selected. The survey was steered to achieve a comparable sample size between different industries (“branches”), resulting in a total of 1,439 responses (of which 250 were small enterprises and 1,189 were micro enterprises). Companies with more than 50 employees were excluded from this analysis. The survey was structured into the following sections: (a) *Number of employees*: “How many employees does your company have?” (choices: “1–9”, “10–49”, “> 49”). (b) *Access to Insurance*: “Who is your primary contact for insurance issues?” (options: “insurance broker”, “trustee”, “insurance agent”, “online”, “other”). (c) *Industry* “Which industry sector (“NOGA”<sup>1</sup>) does your company

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<sup>1</sup> “NOGA” Definition: In a Swiss context, “NOGA” stands for “Nomenclature Générale des Activités” or “Nomenclature Générale d’Activités économiques” in French, which



belong to?”<sup>2</sup> (d) *Insurance product preferences* measured by a dropdown selection for 9 priorities<sup>3</sup> (1 = lowest priority, 9 = highest priority) for the following preferences (choices: “Good insurance coverage”, “Quality of advice”, “Price”, “Single contact for all financial topics”, “Easy digital access”, “Everything insured with the same insurer”, “Access to additional services”, “Offers from third-party providers”, “Broker decides”. (e) *Insurance-specific satisfaction* was measured on a four-point scale (1 = “very satisfied”, 2 = “rather satisfied”, 3 = “rather dissatisfied”, 4 = “very dissatisfied”) to the following question: “How satisfied are you with your current insurance solution with regard to the following factors”. The satisfaction was measured by 6 factors (choices “Insurance coverage(s)”, “Quality of advice”, “Non-digital access”, “Digital accesses”, “Price”, “Existing additional services (e.g., prevention or sustainability programs)”). The individual micro and small enterprises had the opportunity to rate their satisfaction for a total of 14 insurance companies in Switzerland. In the evaluation, it was therefore possible to give multiple ratings for different insurance companies per responding company. This means that multiple responses are possible for this question. In addition, further questions were asked that were not considered in this paper.

### 3.2 Overall Results

#### Importance of Selected Factors in the Purchase of an Insurance Solution

When buying insurance, two criteria resonate as priorities at the top – good insurance coverage and the quality of advice (see Table 1). Interestingly, price comes a distant third, closely followed by the need to have a single contact person for all financial topics. Simple digital access only follows in fifth place as a need. Access to products from third-party providers or to additional services are hardly perceived as relevant. Priorities do vary by industry. For example, a simple digital access can slip to third place on the list of priorities for certain industries, pushing price and the solitary contact to ranks four and five. However, we

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translates to “General Classification of Economic Activities” in English. The NOGA system is Switzerland’s equivalent of the International Standard Industrial Classification (ISIC) and is used for categorizing and classifying economic activities and industries.

<sup>2</sup> See Table 2.

<sup>3</sup> Rank order questions are common in surveys (Revilla & Couper, 2018). The dropdown selection for priorities gives respondents the ability to rank priorities. This allows items to be sorted by priority. Rank order questions are commonly used in web surveys to gather information about the preferences or priorities of respondents. The specific format and presentation of these questions can vary, and researchers often experiment to find the most effective way to collect accurate and meaningful data (Revilla & Couper, 2018).

find for all industries that insurance coverage and quality of advice are perceived as the top priorities.

Table 1  
Importance of selected factors in the purchase  
of an insurance solution

Importance of selected factors rated on a scale of 1 (lowest priority) to 9 (highest priority)	N = 1439
Good insurance coverage	6.8
Quality of advice	6.1
Price	5.1
Single contact for all financial issues	4.9
Easy digital access	4.6
Insure everything with the same insurer	4.2
Access to additional services	2.7
Offer products and services of other financial service providers	2.1
My insurance broker decides for me	2.0

Satisfaction with the Insurance Solution

Table 2, 3 and 4 show the results for customer satisfaction along several factors in the vertical and segments in the horizontal. Table 2 shows the overall results, Table 3 splits those along customer size as well as industry sectors (primary and secondary vs. tertiary sector<sup>4</sup>). Table 4 then shows results split along channel selection.

<sup>4</sup> The primary and secondary sector industries are grouped together and include manufacturing, production of goods, construction/building, agriculture and forestry, fishing, and industry. The tertiary sector includes trade and repair, financial and insurance, public administration, defence, social security, health and social work, and other services.

Table 2  
Overall satisfaction

Overall satisfaction responses ranging from 1 ("very satisfied") to 4 ("very dissatisfied")	N = 1439
Price	1.90
Insurance cover	1.63
Non-digital access	1.82
Quality of advice	1.65
Digital access	1.83
Existing additional services	1.91

Table 2 shows that the two key value propositions of insurers, good insurance coverage (*mean value* = 1.63) and high quality of advice (*mean value* = 1.65), emerged as the highest-scoring factors in satisfaction. Insurer generally seem to set priorities right, as good coverage and high-quality advice are also the two most important factors influencing a purchase. As expected, satisfaction with price falls in comparison to its importance (*mean value* = 1.90) but remains relatively high.

Price satisfaction is comparatively reduced (*mean value* = 1.97, see Table 4) for customers purchasing online – confirming a general trend to expect lower prices when doing so (Lo, 2014). It is lowest for customers belonging to the primary and secondary sector (*mean value* = 2.03, see Table 3) as compared to the tertiary (service) sector (*mean value* = 1.87).

T-tests comparing group satisfaction with insurance solutions between enterprises with 1–9 and 10–49 employees respectively are not very pronounced (see Table 3). The only statistically significant difference is observed for the chosen insurance coverage (*p-value* = 0.036), with the smaller enterprises being slightly more satisfied (*mean value* = 1.61) than the ones with 10–49 employees (*mean value* = 1.69).

Table 3  
Satisfaction in micro and small enterprises and sectors

	Overall satis- faction		1 – 9 employees	10 – 49 employees	<i>p-value</i>		Primary and secondary sector	Terti- ary sector	<i>p-value</i>
		N =	1189	250		N =	278	1161	
Price	1.90		1.89	1.95	.122		2.03	1.87	<.001
Insurance cover	1.63		1.61	1.69	.036		1.66	1.62	0.18
Non-digital access	1.82		1.82	1.82	.918		1.87	1.81	0.05
Quality of advice	1.65		1.65	1.64	.937		1.71	1.63	0.04
Digital access	1.83		1.84	1.79	.225		1.83	1.83	0.85
Existing additional services	1.91		1.92	1.87	.293		1.92	1.91	0.82

Table 4  
Satisfaction in personal vs. online selling and agents vs. broker

	Overall satis- faction		Personal	Online	<i>p-value</i>		Insurance agent	Insurance broker	<i>p-value</i>
		N =	1292	147		N =	754	471	
Price	1.90		1.90	1.97	0.353		1.90	1.90	0.943
Insurance cover	1.63		1.62	1.79	0.014		1.59	1.65	0.060
Non-digital access	1.82		1.81	2.13	< 0.001		1.75	1.87	0.001
Quality of advice	1.65		1.63	2.01	< 0.001		1.57	1.71	<0.001
Digital access	1.83		1.82	2.03	0.011		1.83	1.80	0.423
Existing additional services	1.91		1.90	2.17	0.004		1.88	1.91	0.484

The lowest satisfaction with insurance coverage can be observed with those customers purchasing online (*mean value* = 1.79 vs. 1.62 *purchasing through personal channels*). This difference is statistically significant (*p-value* 0.014) and reflects the sense of insecurity emerging about the right selection of insurance when purchasing online.

### Personal vs. Online and Agent vs. Broker

Given the diversity of access channels that customers may use to make purchases in insurance, we introduce a specific classification of channels in Table 4, dividing them into two families: Personal and online. This distinction is also made in another scientific research (e.g., Hu et al. 2020). Personal includes the access channel “insurance broker”, “trustee”, “insurance agent”. From our sample, 52 % choose insurance agents as preferred channel and 33 % choose brokers. Consequently, Table 4 also shows results broken down to these two most important channels.

We find that small enterprises who interact personally are overall significantly more satisfied with the quality of advice than those who seek advice online (*p-value* = <0.001). The higher satisfaction can be observed for all dimensions and is statistically relevant for all except price (*p-value* = 0.353). We conclude that despite the increasing digitization, personal advice maintains an extraordinary role in customer satisfaction in the insurance industry for the small enterprises segment, despite literature sometimes suggesting a decline in intermediation due to digitalization (for a more detailed discussion on this interesting topic also see Stricker et al., 2023b). This may be because insurance products are characterised by a high level of product complexity resulting in a high need for advisory services in this segment.

It must be noted that the 10% of customers (147 of 1,439) that purchase insurance online are less satisfied with the digital access (*mean value* = 2.03) than the customers purchasing through personal channels (*mean value* = 1.82). It remains unclear if this verdict is related to the quality of the online access being more critically judged by those who actually use it, or whether the satisfaction with the digital access expands beyond the purchasing to other touchpoints such as policy administration or claims. In any case it is further indication that digital access just via self-service apps or portals may not be enough to satisfy the more sophisticated needs of small enterprises.

Small enterprises that primarily conclude contracts with an insurance agent tend to be significantly more satisfied with the quality of advice (*p-value* < 0.001), non-digital access (*p-value* < 0.001) and insurance cover compared to those that conclude contracts through an insurance broker.

#### 4. Discussion

The results of the survey present us with some interesting findings. Small enterprises are fairly satisfied with their insurance. Satisfaction is highest for the factors that are also most important to them, i. e., the sense of being adequately protected through good coverage, and getting useful advice in the purchase process as well as during policy coverage. Price only matters once these two fundamental needs are covered. Any other additional factor, such as convenience (i. e. digital and non-digital access, having one single point of contact) or additional services appear of very limited importance. This confirms wide-spread research (also see Fels, 2019) that buying insurance is perceived as necessity and not as desire. People at small enterprises deciding on insurance purchase do not seek out an exciting sales experience, they want to be sure they bought the right insurance at a fair price, be notified if anything relevant changes and else be left alone. Combine this with the fact that risk profiles (exposure and appetite) vary by customer, and it becomes clear that online solutions have a difficult stand. They struggle to instil the necessary sense of trust in the small enterprise customer that the right coverage has been bought and that any relevant change in the risk profile would be notified in time. Consequently, satisfaction levels of customers interacting with their insurer primarily through online channels is the lowest of all groups analysed for all factors but price, where it is second lowest.

All other groups analysed – company size, industry sector, agent or broker channel – display much lower differences in satisfaction. Noticeable exceptions include companies from the primary and secondary sector expressing the lowest price satisfaction, allowing for the interpretation that they are generally more depending on attractive prices that customers from the tertiary sector. Also noticeable, albeit less pronounced, is the comparison between agents and brokers. An insurance broker is independent and can offer policies from multiple insurance companies, giving customers a wider range of options to choose from. This makes brokers more versatile in finding insurance solutions tailored to individual needs. Nevertheless, the results in this analysis show that overall, broker satisfaction is lower on most factors, statistically significant for quality of advice and for non-digital access.

This can be interpreted in the sense that insurance agents usually have deeper knowledge about the specific insurance products of the insurance company they represent, allowing them to provide more detailed and tailored recommendations to customers, thus improving the quality of advice. Agents certainly also have better access to the insurer's internal resources and professionals. This can lead to faster answers and solutions for customers, increasing satisfaction. Customers in the small enterprises segment may also have established a long-term relationship with their insurance agent. This familiarity can increase satisfaction because the agent knows the specific needs and history of the customer.

### Dilemma Between the Desire for and the High Costs of Personal Advice

Delivery of personalized advice and tailored solutions in the insurance sector often incurs significant costs, as it also directly affects the price of the insurance policy (Popović et al., 2022). In Switzerland, as in many other insurance markets, remuneration models of agents and brokers are based on premiums collected (Schmeiser & Eling, 2020). For the small enterprises segment, this bears the risk that premium levels may be too low to economically pay for a sales model that relies on personal advice. In addition, the current sales model is challenged by customers that are happy to seek advice offline and then take out a policy online (ROPO). Researching online before making an offline purchase is a common consumer behaviour in insurance (Eling & Lehmann, 2018). Insurers may therefore be forced to either increase the efficiency of the model or to find alternatives – or both.

In order to maintain satisfaction levels in the small enterprises segment, we believe this will require striking a balance between individualization and standardization (for further insights, see Minvielle et al., 2014). At the same time, it means maximizing the benefits of traditional face-to-face advice and the efficiency of online approaches by expanding the traditional advisory channel with a digital workplace for agents and brokers. This also makes it possible to reduce the costs of physical distribution due to efficiency. Here, the modularization of products plays a relevant role. Advisors and customers could go through digital advice (product modules) together, with digital support being provided in the advisory area. An illustrative example developing in this direction can be found with [nextinsurance.com](https://www.nextinsurance.com), which effectively supports customers with digital advice by simplifying segment-related products and processes. As a result, the advisory process is moving closer and closer to an integrated online solution process for small enterprise.

### Limitations and Further Research

It is important to note that the results of our research are limited to the specific context of Switzerland. Caution should be applied when transferring the results of this study to other markets as conditions and customer expectations may vary widely, e.g. when it comes to price sensitivity. We believe however, that the described challenge of the current online solutions to provide customers with the desired trust in their insurance solutions remains valid. Another relevant limitation is that the survey is self-reported, relying on perception rather than current behaviour. This could potentially lead to biases or subjective assessments, as the responses are based on personal perceptions rather than actual behaviour.

Further research and empirical evidence are crucial to address the following questions concerning insurers and their added value for small enterprises, as summarised in *Table 5*.

*Table 5*  
**Further research questions**

Further research questions	Relevance
How can advanced digital technologies support insurer or brokers to provide effective customer advice in the small enterprises segment?	So far, digital solutions in the insurance sector do not satisfy the needs of small enterprise customers. Resource constraints may however force insurers to reduce their capacities for personal advice hence endangering the current satisfaction levels in this segment.
To what extent does the rise of ecosystems provide opportunities and challenges in regard to the insurer-small enterprises interaction?	This requires an in-depth examination of existing ecosystems and partnerships to determine the most effective ways to provide insurance coverage and meet the specific needs of these enterprises.
How can satisfaction be further increased through needs-based offerings in the small enterprises segment?	The research should include further conduct of empirical studies to find out how tailored offers and services can be developed to increase their satisfaction. This requires a thorough analysis of the specific needs of this customer segment.
Is the external image of the insurer consistent with its own image or corporate strategy?	It is crucial to examine the consistency between an insurer's public image and its internal strategy – especially for the small enterprises segment. This can be achieved through the analysis of brand perception, marketing campaigns, and corporate values.

**5. Conclusions**

This study makes a significant contribution to the insurance literature by delving deeper into the needs and satisfaction levels of the small enterprise segment. Given its significance to many economies and to the insurance industry, greater attention should be devoted to this segment both in practice as well as in academia. Valuable recommendations for action for insurers can be derived from the empirical data gathered through the survey. Most notably, it seems clear that efforts of insurers to get small enterprises purchase their insurance online are of limited success so far. Few do it, and those who do show lower cus-



customer satisfaction that those staying in the traditional channels. Insurers may however be forced to move customers online – be it for the high costs associated with or the limited access to skilled labour required for maintaining a personal sales channel. Further research is called for to develop solutions that overcome the conundrum of serving a segment that prefers personal advice but has limited appetite for paying the high costs associated with it. Such solutions will most likely require striking the right balance between product standardization and customer individualisation through clever modularization. On the customer front, it will demand that most value is created out of the scarce interaction time a personal advisor – be it a broker or an agent – can economically spend with a customer. In short, it will require a clever digitalisation as compared to the usual self-service solutions that more often than not just export internal complexities and administrative task to the customer. We trust this study helps easing the balancing act required in the foreseeable future to maintain the fair customer satisfaction levels observed in this important customer segment.

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## Survey

The survey questionnaire was structured into the following sections:

(a) Number of employees: Participants were asked, “How many employees does your company have?” with response options being “1–9,” “10–49,” or “> 49.”

(b) Access to Insurance: Respondents were queried about their primary point of contact for insurance matters, with options including “insurance broker,” “trustee,” “insurance agent,” “online,” and “other.”

(c) Industry: Participants were asked, “Which industry sector (NOGA) does your company belong to?”

(d) Insurance Product Preferences: Participants’ preferences for insurance products were assessed through a dropdown selection for nine priorities, rated on a scale of 1 (lowest priority) to 9 (high priority). The preferences included “Good insurance coverage,” “Quality of advice,” “Price,” “Single contact for all financial topics,” “Easy digital access,” “Everything insured with the same insurer,” “Access to additional services,” “Offers from third-party providers,” and “Broker decides.”

(e) Insurance-Specific Satisfaction: Participants’ satisfaction with their current insurance solution was measured using a four-point scale, with responses ranging from 1 (“very satisfied”) to 4 (“very dissatisfied”). This assessment covered six factors: “Insurance coverage(s),” “Quality of advice,” “Non-digital access,” “Digital accesses,” “Price,” and “Existing additional services (e.g., prevention or sustainability programs).” Micro and small companies had the opportunity to rate their satisfaction with a total of 14 insurance companies in Switzerland. This approach allowed for multiple ratings for different insurance companies within the same responding SME-Company. Consequently, multiple responses were possible for this question. Additionally, there were other questions in the survey that were not included in this paper’s analysis.