

## PROMOTIONAL EFFORT IN 21<sup>ST</sup> CENTURY BY INSURANCE COMPANIES

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#### ABSTRACT

This research study focusses on the management of the customer relationship and using the effective communication channels. Here CRM is being considered as the comprehensive integrated approach to improve the customer experience. CRM is the concept and practice which has been very prominent in service sectors. Here the service sector has been considered like insurance sector in Odisha market. The insurance companies are taken into consideration like LIC, AVIVA, BSLI, ICICI PRUDENTIAL AND RELIANCE and these companies are practicing the CRM. But to experience the loyal, profitable and satisfied relationship with customers the insurers are adopting various communication channels. These channels are sales agents, hoardings, tv commercials, webchart, e-mail, website, telephone etc. This research study facilitate to prove the effectiveness of each communication channel for the sake of creating awareness regarding the insurance products in Odisha market.

**KEYWORDS:** Integrated Approach, Loyal, Profitable, Customer Experience and Awareness

As a result of globalization of business and evolving recognition of the importance of customer satisfaction and retention, there has been a change in marketing policies. Bose (2002) added that, over the past few years, there has been a shift in relationship between company and customers, focusing on the benefits of long term relationship with the customers. Over the time, there has been a gradual move in marketing thoughts; from mass marketing to market segmentation. Then from market segmentation to Niche marketing and then from niche marketing to customization and personalization. The twenty first century marketing emphasizes more on smaller group of customers. Increasing competitiveness in international economy is forcing the organisations to place larger emphasis on building valuable customer relationship.

Customer Relationship Management (CRM) is the concept of building the philosophy of comprehensive and integrated approach towards the customers. CRM enables the service providers to improve their customers' experience with every interaction by delivering real business benefits. Bradshaw (2004) said that CRM is consistently building improved customer loyalty, increased customer satisfaction and enhanced profitability. In looking for ways to drive growth, insurers need to evaluate their customer management strategy having CRM practices which lead consistent and cost-effective customer service, Customer-aligned products, enhanced customer loyalty, long-term value and customer retention. Today, more than ever before, the ability to maximize customer loyalty through close relationships is critical to insurers to grow their businesses. As insurers strive to create and manage

customer relationships, the companies should adopt several emerging tools to achieve sustainable growth.

#### CUSTOMER RELATIONSHIP MANAGEMENT

CRM is an integrated business approach to create and develop one to one relationship with customers. CRM is the customer –focused strategy to deliver customized service with value. CRM is about managing customer knowledge to better understanding and serve them. It is an umbrella concept that places the customer at the centre of an organisation. Customer service is an important component of CRM; however CRM is also concerned with coordinating customer relations across all business functions and points of interaction. The business organizations in general depend on customers for their sustenance and growth. Every business communicates with their clients in different ways by using various communication channels. CRM acts as a central repository of information on clients – both existing and potential ones. Customer relationship management software and technology are helpful to organize the data. Insurers receive data about customers and record it in an orderly manner. Online and web based CRM software help to understand customer needs and helps to recognize the required processes to achieve business goals. It should be the most acceptable practice for Indian service providers to adopt e-CRM and to get benefits. The essence of CRM is to build customer relationship and trust among the customers which reflect a fundamental change in the ways insurers interact with the customers.

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## LITERATURE REVIEW

Galbraith and Rogers (1999) stated that, the goal of relationship marketing is the focus on customer loyalty, retention and CRM, which is becoming the foundational corner stone of profitable business. Kotorov (2003) added that many management experts welcomed the concepts of customer relationship management and hurried its implementation in spite of the lack of a clear definition, vision and without an understanding of the extent and complexity of organizational restructuring required for a successful CRM implementation. IT departments within the firms are often unable to provide information and implement the demand. The gap between corporate needs and the limited available resources will keep impelling the great demand for CRM oriented implementation and integration to create better service. Through CRM, firms are able to understand customers from strategic perspective and as a result the CRM ultimately focuses on effectively turning customer information into intelligence to more efficiently manage customer relationship. Kotler (2003) observed that customer relationship management revolves around marketing and begins with a deep analysis of consumer behaviour. Bose (2003) stated that CRM is an integration of technologies and business processes used to satisfy the needs of a customer during any given interaction. Chou et al (2004) also have described it as an information industry including softwares, methodologies and internet capabilities to manage the huge customer data base.

In order to understand CRM, one must understand the changing nature of the customer. Today customers are highly educated, under higher stress, more specialized, living longer and more influenced by the global culture. The emergence of e- business, organizational dynamics and cultural change issues has dramatically shifted organizational functions to focus on the customers. Consequently organizations have recognized the need to develop customer-centric strategies. The practice of planning, creating and managing customer relationships has now a day become the heart of organizational strategy and to lead customer retention. Fayerman (2004) added that, the hype surrounding CRM has only been pervasive within business, technology, media and academic communities since early 1997. It showed the large impact on profitability and increases in customer retention rates. CRM is a concept that enables an organization to tailor specific products or services to each individual customer.

In the most advanced scenario, CRM may be used to create a personalized, one-to-one experience that will give the individual customer a sense of being cared for, thus opening up new marketing opportunities based on the preferences and history of the customer. For this purpose insurers must be choosy to select the suitable and effective communication channels to spread the knowledge regarding the insurance product. CRM is also a customer focused business strategy that aims to increase customer satisfaction and customer retention by offering a more responsive and customized service to each customer. Anuroop Tony Singh (2004) stated that selling insurance in India is an attractive opportunity because of the untapped potential but is fraught with challenges such as language and cultural barriers and low purchasing power. Naren Joshi (2004) felt that consumer education is the key to the growth of the insurance industry in India. Viswanadhan (2005), said that banc assurance can be sure a fire way to reach a wide customer base. Rajesh Jhampala (2005) stated that multi-channel distribution and marketing of new insurance products have been the strategy of new players and this trend would continue in the future. Smita Mishra (2005), opined that to constantly differentiate themselves, insurers have to constantly raise the bar of customer service and shredding inefficient practices. Anil Chandok (2006) stated that to have an upper hand over competitors, insurers need to adopt and implement CRM, Sridhar and Allimuthu (2009) stated that banc assurance would have a positive impact on insurance products distribution if banks and insurance companies understand each other's businesses and will seize the opportunities .

## RESEARCH OBJECTIVE

The objective of this study is to gain a better understanding of CRM in insurance. The objective is;

To study the impact of CRM implementation in insurance organizations and perception of respondents towards various communication channels for creating maximum product's awareness.

## RESEARCH HYPOTHESIS

Hypothesis of the research study is

H<sub>1</sub>: The communication channels like print media, electronic media and Internet along with sales agents are creating maximum awareness regarding product's benefits among the customers.

## RESEARCH METHODOLOGY

### Sample Selection

When conducting research, it is often impossible, impractical or too expensive to collect data from all the potential units of analysis included in the research problem. Thus a smaller number of units, a sample, are often chosen to represent the relevant attributes of the whole set of units. This research is purely based in Odisha market, interacting with insurance consumers and insurance officials. More over 284 customers have given their opinions regarding the insurance policies and insurance companies in relation to CRM practices, service standard, and effectiveness of communication channels for product awareness. In order to suit this particular research purpose, the sample collection followed some judgmental criteria. The first sample criterion was that the selected respondents should have at least one life insurance policy and should have knowledge about customer relationship management (CRM) in insurance companies

As far as respondent's profile is concerned, I have taken the demographic characteristics such as; age, education, occupation and income. Then the sampling distribution is prepared. For age, three groups of respondents are there like below 25 years, between 25 to 35 years and above 35 years. For education two groups of respondents are there, like up to graduate and above graduate. For occupation two groups of respondents are there; like service holders and business men. For income three groups are there like; below Rs 20, 000, between 20,000 to 30,000 and above 30,000.

### Data Analysis and the Statistical Techniques Used

Chi square test: since the sampling method is stratified random sampling and the variables under study

are each categorical variables, then chi square test can be used to know whether there is a significant relationship between two variables. This method is used to determine goodness of fit. In the hypothesis the dependent variable is product awareness and independent variables are the communication channels. To study the relationship between two variables, probability value (p) has been derived and existence of relationship has been measured.

### SCOPE OF THE STUDY

This study is being conducted by considering five insurance companies in Odisha, who have already implemented the CRM softwares. These companies are; LIC of India, AVIVA Life Insurance, ICICI prudential Insurance, Birla Sun Life Insurance and Reliance Life Insurance. These companies are all operating in Odisha market. For the sake of better service standards, better customer satisfaction, quick digital access, integration, better relation building process with customers, they have all implemented the CRM software. Now this study will focus on how these companies have created awareness, customer satisfaction level and relationship building process in the competitive markets in Odisha to retain the customers.

### DATA ANALYSIS

This chapter deals with primary data collected from the customers through a structured questionnaire. For this purpose five insurance companies are selected. These companies are AVIVA Insurance, Birla Sun Life Insurance, ICICI Prudential Insurance, LIC of India and Reliance Insurance. These five insurance companies have already implemented CRM in their operations. The data were collected from 284 respondents selected among the customers.

### RESPONDENT PROFILE

**Table 1: Perception of Respondents across Insurance Organizations.**

Sl. No.	Demographic factors	Sample profile	Insurance Organisations					Total
			LIC	AVIVA	Reliance	ICICI	Birla	
1.	Age	Gr.1 (below 25 yrs)	7	6	6	07	08	34
		Gr.2 (25-35)	30	22	20	17	36	125
		Gr.3 (Above 35)	35	22	22	24	22	125
		Total	72	50	48	48	66	284
2.	Education	(Gr.1) up to grad.	30	22	24	21	32	129
		(Gr.2) above grad.	42	28	24	27	34	155
		Total	72	50	48	48	66	284
3.	Occupation	Gr. 1(Service holder)	40	31	30	28	41	170
		Gr.2 (Business men)	32	19	18	20	25	114
		Total	72	50	48	48	66	284
4.	Income	Gr.I (below 20000)	26	18	16	21	32	113
		Gr.II (20000-30000)	24	18	18	17	25	102
		Gr.III (Above 30000)	22	14	14	10	19	79
		Total	72	50	48	48	66	284

**CHANNELS OF COMMUNICATION AND PERCEPTION OF CONSUMERS**

Insurance companies under study are using different channels of communication to create

awareness. Table 2 depicts the perception of respondents towards different channels of communication in creating awareness regarding products to facilitate the relationship process with target customers.

**Table 2: Perception of Consumers towards Communication Channels across organizations.**

Sl. No.	Comm. Channel	Insurance Organization	Perception					$\chi^2$	P
			1	2	3	4	5		
1.	News Paper	AVIVA		0	4	36	10	137.926	0.0
		BIRLA		0	4	46	16		
		ICICI		0	28	20	0		
		LIC		8	52	12	0		
		RELIANCE		0	14	26	08		
2.	Sales People	AVIVA		0	4	36	10	64.168	0.0
		BIRLA		0	4	46	16		
		ICICI		0	28	20	0		
		LIC		8	52	12	0		
		RELIANCE		0	14	26	8		
3.	Website	AVIVA		14	28	8	0	116.67	0.0
		BIRLA		0	26	38	2		
		ICICI		0	24	24	0		
		LIC		22	44	6	0		
		RELIANCE		0	10	34	4		
4.	Person to person contact	AVIVA		0	16	34	0	70.299	0.0
		BIRLA		0	18	48	0		
		ICICI		4	28	16	0		
		LIC		0	32	40	0		
		RELIANCE		0	10	32	6		
5.	E-mail	AVIVA		0	8	40	2	61.229	0.001
		BIRLA		8	34	24	0		

		ICICI		0	20	28	0		
		LIC		0	28	38	6		
		RELIANCE		0	14	34	0		
6.	Web-chart	AVIVA		4	30	14	2	48.507	0.002
		BIRLA		6	36	24	0		
		ICICI		4	22	22	0		
		LIC		0	22	50	0		
		RELIANCE		0	14	30	4		
7.	Telephone	AVIVA		6	32	12	0	66.977	0.0
		BIRLA		8	38	20	0		
		ICICI		6	34	8	0		
		LIC		0	42	30	0		
		RELIANCE		0	12	32	4		

News paper: It is observed that the views of the respondents are mostly in the perceptual groups 3 and 4 indicating higher preference for the media. The customers of LIC have shown news paper as ‘sometimes preferred’ compared to other companies. The customers of Birla sun life and AVIVA mostly prefer news paper as a medium to create awareness. The chi square value is 137.926 and  $p=0.0$ , indicating the statistical significance at 1% level. Hence the difference of perception exists. It indicates news paper advertisements were perceived differently for different organisations. In case of Birla sun life and AVIVA the news paper is perceived to be the most preferred communication channels to spread information, while for other organizations it was sometimes preferred.

Sales people: The opinion of respondents regarding sales people as a medium of communication are also shown in table 4.2 It is observed that the views of respondents are mostly in the perceptual groups 3 and 4, indicating the higher preference for the media. The Chi square value is 64.168 and  $p= 0.0$ , which is less than 0.05. It means that chi square value is significant at 1% level indicating the difference in perception of consumers. Hence sales people were perceived differently for different organizations. Also in case of all the organizations, sales people are perceived to be the most preferred communication channels to spread information.

Website: It is observed that, the perception of respondents towards website as a medium of creating awareness is similar to the earlier two media. In case of five insurance players, the website is perceived to be the most acceptable communication channels to spread information, since in the five point scale of perception

the views of the respondents are mostly in the perceptual group 3 and 4, indicating the higher preference for the media. The Chi square value is 116.67 and  $p= 0.0$ , which is less than 0.05. It means that chi square value is statistically significant at 1% level indicating the difference in perception of consumers. This indicates website advertisements were perceived differently for different organizations.

Person to person contact: It is observed that, in case of all five insurance players, this channel is perceived to be the most acceptable communication channel to spread information, since in the five point scale of perception the views of the respondents are mostly in the perceptual group 3 and 4 indicating the higher preference for the media. The Chi square value is 70.299 and  $p= 0.0$ , which is less than 0.05. It means that chi square value is statistically significant at 1% level indicating the difference in perception of consumers. This indicates person to person contact advertisements were perceived differently for different organizations.

E-mail: In case of five insurance players, this channel is perceived to be the most preferred communication channel to spread information, since the views of respondents are mostly in the perceptual group 3 and 4, indicating the higher preference for the media. The Chi square value is 61.229 and  $p= 0.001$ , which is less than 0.05. It means that chi square value is statistically significant at 1% level, indicating the difference in perception of consumers. Hence e mail advertisements were perceived differently for different organizations.

Web chart: In case of five insurance players,

the channel is perceived to be the most preferred communication channel to spread information, especially for LIC .It is because the views of the respondents are mostly in the perceptual group 3 and 4, indicating the higher preference for the media. The Chi square value is 48.507 and p= 0.002 ,which is less than 0.05.It means chi square value is statistically significant at 1% level, indicating the difference in perception of consumers. Hence web chart advertisements were perceived differently for different organizations.

Telephone: In case of five insurance players, this channel is perceived to be the most preferred communication channel to spread information, since the views of respondents are mostly in the perceptual group 3 and 4, indicating the higher preference for the media.

The Chi square value is 66.977 and p= 0.00, which is less than 0.05.It means that chi square value is statistically significant at 1% level, indicating the difference in perception of consumers. Hence the telephonic advertisements were perceived differently for different organizations.

**CONSUMER’S PERCEPTION TOWARDS PRIVATE AND PUBLIC INSURERS**

The table 3 depicts the perception of respondents towards different communication channels in creating awareness relating to CRM across private and public organizations. Those media are website, news paper, sales people, e mail and web chart etc in creating awareness.

**Table 3: Consumer’s Perception towards Private and Public Insurers.**

Sl. No.	Comm. Channel	Organization Type	Perception					χ <sup>2</sup>	P
			1	2	3	4	5		
1.	News paper	Private		0	50	128	34	91.334	0.0
		Public		8	52	12	0		
2.	Sales people	Private			50	124	38	25.978	0.00
		Public			36	36	0		
3.	Web site	Private		14	88	104	6	53.817	0.00
		Public		22	44	6	0		
4.	E-mail	Private		8	76	126	2	13.685	0.003
		Public		0	28	38	6		
5.	Web-chart	Private		14	102	90	6	18.503	0.003
		Public		0	22	50	0		

News paper: It is observed that in case of private insurers the news paper is perceived as most preferred communication channel since in five point scale of perception, the views of respondents are mostly in the perceptual group 3, 4 and 5 indicating higher preference for the media. But for the public insurers the views of the respondents are mostly in the perceptual group 3 and 4 indicating as a mostly preferred channel. Chi square value is 91.334 and p= 0.0, which is less than 0.05.It means that the value is statistically significant at 1% level, indicating the difference in perception of consumers. Hence the impact of news paper in creating awareness across different organization is statistically significant .This indicates news papers were perceived differently for different organizations.

Sales people: It is observed that, for private insurers, sales people are perceived to be most preferred

channel of communication since in five point scale of perception, the views of respondents are mostly in the perceptual group 3, 4 and 5 indicating higher preference for the media. But for the public sector the views of the respondents are mostly in the perceptual group 3 and 4. Chi square value is 25.978 and P=0.002, which is less than 0.05 .It means the value is statistically significant at 1% level, indicating the difference in perception of consumers. Hence the impact of sales people in creating awareness across different organizations is statistically significant .This indicates sales people were perceived differently for different organizations.

Website: It is observed that, for private insurers, web sites are perceived to be most preferred channel of communication since in five point scale of perception, the views of respondents are mostly in the perceptual group 3 and 4 indicating higher preference for the media. Chi square value is 53.817 and p=0.0,

which is less than 0.05. It means the value is statistically significant at 1% level indicating the difference in perception of consumers. Hence the impact of websites in creating awareness across different organizations is statistically significant and were perceived differently for different organizations.

E mail: It is observed that, for private insurers, e mails are perceived to be most preferred channel of communication since in five point scale of perception, the views of respondents are mostly in the perceptual group 3 and 4 indicating higher preference for the media. Chi square value is 13.685 and  $p=0.003$ , which is less than 0.05. E mail can be a very confidential source of information. Chi square value is significant at 1% level, indicating the difference in perception of consumers. Hence the impact of e mail in creating awareness across different organization is statistically significant. This indicates e mails were perceived differently for different organizations.

Web chart: It is observed that, for private insurers, web charts are perceived to be most preferred channel of communication since in five point scale of perception, the views of respondents are mostly in the perceptual group 3 and 4 indicating higher preference for the media. Chi sq value is 18.503 and  $p=0.0034$ , which is less than 0.05. Chi square value is statistically significant at 1% level indicating the difference in perception of consumers. Hence the impact of web chart in creating awareness across different organizations is statistically significant. This indicates web charts were perceived differently for different organizations.

## FINDINGS

As far as perception of consumers towards communication channels are concerned (from table 2) for news paper, the views of the respondents are mostly in the perceptual group 3 and 4 (in a 5 point likert scale of perception) for LIC. It shows the consumers perceive that news paper has greater impact for LIC or it is the most preferred channel to spread the information regarding products and its benefits in Odisha market. Also the value of  $p$  is less than 0.05, which is statistically significant. It is found that perceptual difference exists and there is relationship between independent variable like news paper and dependent variable like customer awareness. So, news paper has greater impact on creating awareness.

For LIC, Birla and ICICI prudential life insurance, sales people are most influential for product awareness compared to other companies, percentage of total for LIC is highest that is 25.6%, 23.5% for Birla and 18% for ICICI in a five point scale of perception and thus sales people are most preferred channels to spread the information regarding product's benefits. The views of the respondents are mostly in the perceptual group 3 and 4. Also the value of  $p$  is less than 0.05, which is statistically significant and perceptual difference exists, indicating the relationship between the variables. Hence sales people are preferred to spread the awareness.

As far as the electronic channels are concerned, website, web chart, e mail and telephone are perceived strongly and are the most preferred channels to increase the awareness. For communicating channel like website, consumers perceive each company is using this channel and in five point scale of perception, opinions are coming under perceptual group 4 (mostly preferred). Similarly for e mail, web chart and telephone, perception of consumers across the companies reflect that for each company the percentages are higher. Views of the respondents are also in perceptual group 3 and 4, indicating higher preference for media and percentage of total for LIC are always above 25% for all electronic channels. These channels are preferred. Thus the fact is that, in Odisha market the insurers have started to interact with customers electronically by taking the help of electronic channels to spread the information regarding products. Besides for all the electronic channels the  $p$  values are less than 0.05, which are all statistically significant. It means the relationship exists between the independent variable like electronic channels and the dependent variable like customer awareness

## Consumer's Perception Towards Private And Public Insurers

For communicating channel like news papers (from table 3), the consumers perceive strongly and it's a preferred channel for both private and public insurers. The views of the respondents are in perceptual group 3 and 4 in five point scale of perception for both private sectors and public sectors and for each communicating channel the values of  $p$  are statistically significant, for which the perceptual difference exists. Then it is found that news paper advertisements are adopted for each company to spread the information, regarding benefits

of insurance policies.

For all the electronic channels; like website, e-mail and web chart the consumers' preferences are strong. Also it is found that the communicating channels like web site and web chart are becoming popular for insurers to create maximum awareness regarding the products. It is because the p values are all less than the significance level and relationship exists between the independent and dependent variable.

## CONCLUSION

It is concluded that, for LIC and ICICI prudential life insurance, sales people are most influential and responsible for product awareness compared to other companies. In these two companies sales people or the insurance agents are doing the good job by touching the target customers in time and maintaining a need based selling. The response for news paper is very strong also as a communicating channel to increase the awareness. Again the responses for all the electronic channels are always preferred. So consumers perceive that the electronic communication channels like; website, mail, webchart and telephone have much more impact to increase the awareness. So it is concluded that, the undertaken five insurance companies are getting success by utilizing the electronic communicating channels, which can help to deliver quick service and convenient on line interaction to convince or sell the products to the potential customers. These companies are also able to create personalization and customization for the customers. These electronic channels help the agents also to motivate the customers and to build integration among customers and officials.

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