Customer Relationship Management (Crm) Towards Life Insurance Products and Services of Select Life Insurance Companies With Reference To Chennai Metro City

*K. Karthikeyan
**Dr. K. Krishnamurthy

*Research Scholar Thiruvalluvar University, Serkkadu, Vellore -632115
**Asst. Professor, Department of Commerce Rajeswari Vedachalam Govt. Arts College, Chengalpattu, - 603001

Customer relationship management is an old concept. It's all about how you treat your customer after the sale. Business that handle well successes referrals and repeat sales are the lifeblood of business. They are also a direct result of effective customer relationship management. Financial services industry is part of an economy and successful operation of the industry sets impetus for other industries and development of an economy. This article focuses related to customer relationship building especially for retail investor from life insurance sector and its management in general, based on the principles of relationship management in service organization. Identifying the managerial practices and measures for relationship building for effective and effective business are the optima of this article. Right from basic concept of CRM, is strategy and technique formulation to evaluate of CRM various aspects of customer relationship management are covered in this articles related to insurance industry.

Customer Relationship Management (CRM) can be defined as a business philosophy and set of strategies programs and systems that focuses on identifying and building loyalty with marketer's profitable customers. It is based on the business philosophy that all customers are not profitable in the same way and marketers can increase their profitability by building relationship with their better customers. The goal is to develop a base of loyal customers who patronize the retailer frequently. CRM are found in relationship marketing theory which is aimed at improving long term profitability by shifting from transaction based marketing, with its emphasis on wining new customers to customers, to customers relationship through effective management of customer relationship.

According to **Gartner**. "CRM is a business strategy designed to optimize profitability, revenue, and customer satisfaction."

According to **Parvatiyar and Sheth**. " CRM is a competitive strategy and process of acquiring, reacting and partnering with selective customers to create superior value for the company and the customer"

The major focus of CRM is to facilitate Insurance customer centric operations leading to strong customer relationship and loyalty. CRM seek to do these through improved. In order to understand the evolution of customer relationship management it is required to take a look at the principles of relationship marketing where CRM stems from. As industries have matured, change in the market demand and competitive intensity occurred that have led to a shift from transaction marketing to relationship marketing.

In early 1990s Phillip Kottler proposed a new view of organizational performance and success based on relationship. "The rational marketing understanding –based on the marketing mix and the 4ps – is not replaced; it is repositioned in order to outline the importance of the relationship approach"

In many large industrial organizations, even today, marketing is still to be considered as set related but compartmentalized activities that are separate from another, with the introduction of the relationship marketing concept this perspective seems to change and even influenced the role of marketing in business. In effect, marketing is given lead responsibility for strengthening the firm's market performance.

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Process of CRM

The process invites total commitment on part of the entire organization in evolving and implementing relationship strategies that would be rewarding to all concerned. Customer relationship management process can be dividing under the following areas.

- Customer acquisition
- Customer Interaction Management
- Customer retention
- Attrition
- Defection.

Benefits of CRM

Increased Sales Revenues and Reduced Cost of sales, Increased Win Rates, Increased Margins, Improved Customer Satisfaction Ratings, increased Margins, improved customer Satisfaction ratings, decreased General Sales and marketing Administrative Costs, lower costs of Recruiting Customers, Increased customer Retention and Loyalty, Evaluation of customer Profitability. These are the major advantages of the CRM.

CRM Strategy

CRM strategy is not implementation plan. A real CRM strategy takes the direction and financial goals of the business strategy and sets out how the enterprises is going to build customer loyalty- that 'Feel good factor" of customer connection with an enterprise that means customers stay longer, buy more, recommend the enterprises to other and are more willing to pay a premium price. The objective of a CRM strategy are to target, acquire, develop, and retain valuable customers to achieve corporate goals.

Customer Relationship Management strategies and the technologies that enable them make it possible to figure out what customers want and the most profitable ways to give in to them important in an age when acquiring new customers is about five to ten times the cost of retaining current ones. CRM strategies are based on the premise that quick accurate knowledge but customers empowers organizations to increase the value of current customers, keep them longer and more effectively acquire new customers. A CRM strategy takes direction and financial goals from the business strategy and re visit the marketing strategy to customize it.

Reason for Adopting CRM Strategies

Competition: With globalization and e-commerce continuing to spread corporate offerings are increasing and becoming more and more difficult in such a scenario, CRM shows a company the way to increase customer loyalty earn higher margins and stronger branding.

Consumer Expectation: E-Commerce has competition just a mouse click away and consumers have become more demanding when voting with their pocket books. Companies that use CRM to truly understand their customer's and respond to their needs will come out on top.

Technology: the cost of CRM technology has dropped so it is easier to justify system that consolidate your customers 'touch point' the separate ad isolated systems traditionally used by customer service, sales and marketing can now be phased out and the old communication gaps filled in. Diminishing impact of Advertising; whether is primetime T.V. print Journalism, direct mail or e-mail marketing all forms of advertising are becoming ineffective. With CRM a firm can target its message more precisely, hold people attention better and retain customers longer and at a lesser cost.

Need for this study and its Importance:

Over the last 50 years, the focus of marketing function has shifted from products to customers and has narrowed down to customer relationships. Consequently, it has forced many marketing functionaries to sit back and decide how the new challenges of CRM should be met effectively.

Objectives of the Study

• To understand the concept, meaning and applicability of customer relationship management in the present marketing trend

• To popularize the requirement of Customer Relationship Management among the marketing functionaries so also among those who are concerned with academics, as well as training of marketing personnel

• To find the factor influencing the Customer Relationship Management in select life insurance companies.

Methodology

The study is conducted using both analytical and descriptive type of methodology. The study is based on both the primary data and secondary data. The primary data has been collected by administering an interview schedule to the customers. The secondary information has been collected from the reports of the select insurance companies and related agencies. Further books, journals and websites have been referred.

Review of Literature

Rajesh Sud (**2009**) in his paper Customer Relationship emphasizes that the relationship that is built with customers at all times comes in handy, especially when the going is not so good. Quality of customer relationship is often the differentiator, more truly for life insurance because we are in the business of quality of life. Ultimately, effective customer relationship in centered in partnership, focused on the fact that all players – whether customer as policyholder or distributor, employee or management, shareholders or promoters are partner in the success of the service that the company provides. The understanding that a life insurance business is essentially one of the partnerships in helping customer meet their life opportunities and adversities will go a long way in aligning the functional arms in a life insurance business.

If proper attention to this is not given at all times, the customer may start distrusting the principal in a downturn since relationships were never strong to start with, And when the upturn comes, the company may find itself without much of a partnership and not be able to enjoy the consequent upside that the ones who are successful in their customer management practice may do. Many researchers have studied and recommended on the service gaps, the gaps between customer expectation and customer experience (SERVQUAL by Parasuraman Zeithaml and Berry 1988) some researchers have worked on promotional gaps, procedural gaps and behavioral gaps, customer satisfaction and loyalty.

Hence a detailed review of literature suggest that a study on communication perspective of CRM can be conducted in order to design a communication model which is useful for customer relationship management executive and the companies who to consolidate on the gains of implementing the concept of CRM, especially with reference products of high customer involvement.

In a study undertaken by **Nalini Prava Tripathy (2006)[4]** with the object of finding out the perception of customers towards insurance company through marketing variables and also to analyze the customers preference and importance assigned to different attributes, an attempt was also made to examine the satisfaction level of customers and agents regarding customer

service offered by the company. The study also has been conducted to determine the position different insurance companies have been gained in the minds of the people.

Geetha Sarin (2010) in her paper entitles Important tool for Building customer relationship says that data mining software can make use of historical information available with a company to build a model of customer behavior that could be used to predict which customer would be likely to respond to a new product launch. Companies try to capture information from customer every time he comes in contract with any of its departments. Measuring customer profitability requires data that relate to both revenue generation as well as the costs of serving the product or service. It has seen and experienced that 'observed" purchasing behaviors are more powerful predictors of future buying behaviors.

The Sample

Everyone in this world is a sales person and a buyer in a way and hence, the communicating population of any area or region under study would constitute the universe for the study. But for the domain of this study is conducted in Chennai Metro City life insurance customer. The sample method is using the convenience sampling method. The sample size of the research is 600 from 155 yards from the Chennai Metro city. In order to elicit the best feedback from the targeted sample units, information was collected by circulating the Interview schedule.

Data analysis

The primary data collected was analyzed using the Statistical Package for Social Sciences. The statistical tools used for obtaining results as follows

1.   Factor analysis has been made by Principal component method to reduce variables of the study into major factors.

2.   K-Means Cluster Analysis and Discriminate analysis were used to group the customers of insurance into different categories.

Limitations of the study

•   The study focuses the customer relationship management towards life insurance companies in Chennai Metro City only.
•   The study considers the personal policies pertaining to life insurance companies. The study is based on the attitude of the customers and is subject to change in the future.
•   The sample customers expressed their views on the current state of affairs of the life insurance companies. The interview schedule survey is conducted among customers of Chennai. Since it is a perception study, result cannot be generalized.

Factor of Customer Relationship Management

The Research instrument comprises seven variables of Customer Relationship Management and the factors analysis the principle component method is applied and the following results are obtained.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.727
Bartlett's Test of Sphericity	Approx. Chi-Square	700.105
	df	21
	Sig.	.000

From the above table it is found that the KMO value Kaiser-Meyer-Olkin Measure of sampling adequacy is .727, Bartlett's Test of sphericity along with Chi-square value is 700.105 are statistically significant at 5% level. This designates the sample size is adequate and also forms a normal distribution to reduce them in to predominant factor. The factors derived out of the seven variables posses high relatively to represent the underlying variables the following communalities table indicates the range of variance.

Communalities

	Initial	Extraction
CRM1	1.000	.714
CRM2	1.000	.943
CRM3	1.000	.658
CRM4	1.000	.464
CRM5	1.000	.506
CRM6	1.000	.704
CRM7	1.000	.630

Extraction Method: Principal Component Analysis.

From the above table it is found that the seven variables of Customer Relationship Management range from .464% to .943% these shows that all the variables in the customer relationship Management posse's significant variance to represent the factor.

Total Variance Explained

Component	Initial Eigen values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.523	36.043	36.043	2.066	29.516	29.516
2	1.117	15.954	51.997	1.508	21.538	51.053
3	.980	13.997	65.993	1.046	14.940	65.993
4	.794	11.344	77.337			
5	.606	8.650	85.987			
6	.579	8.275	94.262			
7	.402	5.738	100.000			

Extraction Method: Principal Component Analysis.

From the above table it is found that the seven variables of customer relationship Management are reduced into these predominant factors with initial in Value 2.066, 1.508, and1.046. The individual value variable of the factors is formed to be 29.516, 21.538and14.940 the total variance explained by the seven variables is found to be 65.993 which is statistically significant to form two predominant factor.

The factor one compressed three variables

1   Information about new products/ services conveyed then and there.(.831)

2   Personalized communication and prompt intimation about the current investment portfolio is available(.965)

6   The company shows empathy and attempts to know what the customer really   want. (.766)

Therefore the factor is known as service openness

The factor two compressed four variables

3   Personalized communication and prompt intimation about the current investment portfolio is available.(.793)

4   More than one point of contact for communication with the organization if and when the agent is not available(.659)

5   The customer is allowed to convey his feed back to the organization without diluting the content.(.664)

7.   Service delivery channels are customer friendly. (.747)

Therefore the factor is known as Customer priority.

The researcher analytical identified the Customer relationship management of life insurance product   mainly depends upon the openness and customers priority for the insurance customer consider customer relationship management product service , communication, agents service agents availability and customer empathy   of the insurance company. Customer relationship management should select various relationships among the customer and the life insurance company is played main role.

Classification of customer on the basis of factor of customer relationship Management:

The factor analysis derived two predominant factors namely service openness and customer priority these factor act as a basis from heterogeneous cluster assumes shown below

Final Cluster Centers

	Cluster		
	Improvement seekers	Conspicuous customers	Gregarious customers
Service Openness	2.52	3.80	4.09
Customer Priority	2.72	2.63	4.03

Number of Cases in each Cluster

Cluster	Improvement seekers	164.000
	Conspicuous customers	105.000
	Gregarious customers	331.000
Valid		600.000

From the above table states that the first cluster composes 164 (27.33%) customer with weak perception both the service openness and customer priority therefore this group is known as **"Improvement Seekers"** The second cluster consist 105 (17.50%) customer with weak perception in the customer priority but moderate perception in the service openness, hence this group is labeled as **"Conspicuous Customers"** The third cluster consist 331 (55.17%) customer with more perception on service openness and customer priority this heterogeneous group, therefore this group can be called **"Gregarious Customers"**

Improvement Seekers

This type of customers show less preference regarding the information about new product, service and personalized communication through the available portfolio. This personalized communication with the organization and the agent is also feasible.

Conspicuous customers:

These types of customers are much aware of the service opening and information regarding the new product and services. These customers prefer personalized communication with the organization and other channels of service delivery.

Gregarious customers:

These customers are much satisfied with the insurance company and the service provided by them, relating to their needs the customers tries to identify the customer's needs related to the existing availability service. At most relationship is maintain between these satisfied customers and the company personal.

Findings

➢ The researcher analytical identified the Customer relationship management of life insurance product mainly depends upon the openness and customers priority for the insurance customer consider customer relationship management product service , communication, agents service agents availability and customer empathy of the insurance company. Customer relationship management should select various relationships among the customer and the life insurance company is played main role.

➢ The cluster classification is done on the basis of customer relationship management of life insurance product. It is found that 27.33% are improvement seekers, 17.50% are conspicuous customers, and 55.17% are gregarious customers.

Conclusion

Customer Relationship Management in Life insurance Industry is the very important role played by the Agents to the customers. Insight into the major issues of insurance industry reveals the fact that life insurance products and services is always a crucial task. Since the qualitative assessment plays a key role always, it would be a challenging task to maintain good customer relationship management in the insurance industry. In the process of marketing health services has been a well recognized fact and CRM plays an important role.