

HR Shared Services: A Study of Marketing in Financial Service Sector (Special Reference to Insurance)

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Abstract— In the wake of liberalization and globalization of the Indian economy the financial services sector has come to assume significant importance, and life insurance, which is a very important constituent of the financial service sector, assumes a special performance.

Key words: Relationship Marketing Affects the Life Insurance Industry in India

techniques and processes to identify named individual customers, create a relationship between the company and these customers. Smart relationship marketers try to build up long-term win-win relationship with valued customers, distributors and suppliers.

It's being believed by researchers that a close cooperative relationship exists between buyers and suppliers or channel partners yield benefits to all parties involved. It is actually a two way process that emphasized by mutual efforts, interests and value. Therefore customer plays an equally important role in relationship building. A relationship can't be forced on a customer it can only be formed when customer acknowledges its existence and actually feels connected to the marketer and they also try engage in long term relations with the marketer.

I. INTRODUCTION

In the wake of liberalization and globalization of the Indian economy the financial services sector has come to assume significant importance, and life insurance, which is a very important constituent of the financial service sector, assumes a special performance.

With the opening up of the market for the private participation the insurance sector has occupied a very special place in the development of the economy. In the last seven years the private insurance players have lift a mark in the industry and made a significant contribution towards the success of this industry.

II. MEANING OF RELATIONSHIP MARKETING

Relationship marketing is a philosophy related to Customer Relationship Management (CRM) in its true sense.

According to Philip Kotler, "Relationship Marketing is the process of building long term relation with customers, distributors, dealers, suppliers. Overtime Relationship Marketing promises and delivers high quality, efficient service and fair price to the other party."

This definition explains that relationship marketing is a continuous process which involves a number of activities and programmes that are cooperative in nature with the ultimate consumers with a view to satisfy them at reduced costs and try to maintain long term sustaining relationship with customers.

According to Gordon "Relationship marketing involves the creation of new and mutual value between a supplier and an individual customer. Novelty and mutuality deepen and creation of prolonged relationship gets more opportunities for customers and suppliers benefit one another."

Relationship Marketing is a form of marketing which evolved from direct response marketing in 1960 and emerged in 1980's in which the emphasis is laid on building long term relations rather than on individual transaction. It involves a proper understanding of customer needs and provides a range of products or services to existing customers as they need them.

Relationship Marketing is the philosophy of doing business within a strategic orientation that focuses on keeping and improving relations with current customers rather than acquiring new customers. It uses a wide range of marketing, sales communication, and customer care

III. IMPORTANCE OF STUDY

The concept of Relationship Marketing can be helpful in many ways. It actually increases customer satisfaction, retention and loyalty and applies solutions and strategies for establishing meaningful bonds with customers and turning them into reliable lifelong partners.

The domain of Relationship Marketing extends to many areas of marketing and strategic decision-making. Relationship Marketing is of a great importance to service industry for example insurance this is mainly because in case of intangible products or services the customer usually doesn't know what they are getting until they don't get it. So in keeping customers and maintaining them it is important to remind and show them what they are getting on a regular basis.

The core concept in this regard is of service quality, this has also stimulated interest in relationship marketing. The main objective of improving service quality is to increase customer loyalty. Effective relationship marketing helps company in capitalize its investments in service improvement.

Relationship Marketing benefits the customers as well as the firm. In case of continuously periodically delivered services that are personally important many customers want to become relationship customers. High involvement services like insurance holds good relationship appeal for customers. Study of relationship marketing is also important because it creates a bonding between customer and marketer and grater is the enhancement of relationship through such a bond more committed the customer becomes to the relationship. M.J. Bitner explained the effects of relationship marketing resulting into customer satisfaction. He concluded that customer satisfaction is the key to success for any organization and relationship marketing has a positive effect on customer satisfaction.

The study also focuses on consumer behaviour which is the heart of any marketing activity. This is mainly

because consumers enjoy a central position in any marketing activity and ultimate satisfaction of consumers is the main objective of any business. To ensure success of any business it is important to understand the consumer behaviour.

Application of relationship marketing and consumer behaviour is of a great importance and relevance as insurance is a growing industry and it has a large number of benefits.

Insurance is one of the tools of risk management and aims to reduce risk in day-to-day life of individuals, organization and society. It was evolved to safeguard the interests of people from uncertainty and loss of other benefits. With liberalization a number of private players have come up and are offering a plethora of products and services. The consumer today is very much knowledgeable and can challenge any industry. In this world of cut throat competition it is very important for an insurance company to survive competition and achieve success and profits by responding to customer needs. The principles of relationship marketing revolve around marketing. All the relevant information is gathered from all the distribution channels and all the available data is properly analyzed to understand consumer behaviour. The main focus of the firm is to enhance customer value.

The customers can be internal as well as external. In case of insurance employees all the colleagues are the internal customers. External customers are those with whom an insurer has to interact in the course of managing regular business. In addition to regular customers having policy with the insurer, there are a number of potential customers whose issues need to be addressed. Before liberalization insurance was seen as a product to be taken to avail tax benefits and the range of products was limited. The prominent player LIC at that time was not having a proper information dissemination system. The studies show that LIC covers only 25% of the insurable population (data: Indian insurance industry embracing CRM philosophy. V.V. Gopal in insurance chronicle Sep 05 ICFAL University press).

The insurance bill was passed in the year 2000 and it was then that many private players entered the insurance market. The major attention was vast untapped market. The impact of the entry of private players was felt in the areas of product promotion, knowledge dissemination and service standards. Now there is a continuous and repeated exposure to various channels of information.

Today there are many types of options available in insurance and people see it as best investment option, which provides tax benefit as well. The future truly belongs to relationship marketing. All marketing components today have a service option attached to it and relationship fits the salient characteristics of services. Both the company and the customer benefits from relationship marketing. Growing interest of people in the subject and active researches in field of relationship marketing are bringing new perspective to the subject and relationship-marketing practices in consumer markets will grow at a fast pace in future.

IV. OBJECTIVES OF THE STUDY

- To understand the concept of Relationship Marketing in the context of Life Insurance Industry in India.

- To understand consumer buying behaviour and its components and how it is affected by Relationship Marketing.
- To find out the influence of Relationship Marketing on consumer behaviour with respect to Life Insurance Industry.

V. HYPOTHESIS OF STUDY

- Relationship marketing is needed in both public as well as private sector.
- Consumer behaviour can be molded with relationship marketing.
- Relationship marketing increases customer satisfaction.
- Relationship marketing involves a lot of financial expenditure.

VI. RESEARCH PROCESS FOLLOWED

- 1) Understanding of the basic objectives of the study and developing the hypotheses based on it.
- 2) A proper review of available literature was done to find out the past contributions in this and other related fields.
- 3) The entire review of literature for the present research has been done in two categories
 - Various contributions made in the field of Relationship Marketing by different authors: It includes various approaches to Relationship Marketing by different authors, which in one way provides an evolution of Relationship Marketing.
 - Study of various research based articles on the related topics to get an idea how the Relationship marketing concept has been analyzed by the researchers, and how consumer behaviour is studied by different authors.
- 4) Udaipur district of Rajasthan was selected as the locale of study.
- 5) The sample was selected and multistage stratified random sampling method of sampling was used.

Rajasthan		
Udaipur		
Life Insurance Companies		
LIC and Some Private Companies		
Agents	Consumers	Managers

From Udaipur city of Rajasthan random sample of agents and managers from few private and LIC were chosen and customers were chosen randomly from various areas.

- 6) Total sample size was

Agents	Managers	Customers	Total
93	75	105	273
- 7) Questionnaires were prepared and the data was collected by filling the questionnaires based on the responses gathered.
- 8) Analysis of the collected data was done based on
 - Chi Square test
 - t Test (unpaired)
 - t Test (paired)
 - z Test

The analysis of the data showed the fact that Relationship Marketing is of a great significance for the life insurance sector.

VII. ANALYSIS OF THE STUDY

- Customer decision to invest with known/unknown agent is clearly shown in this graph and it's seen that customers invest more with a known agent as compared to a unknown agent.

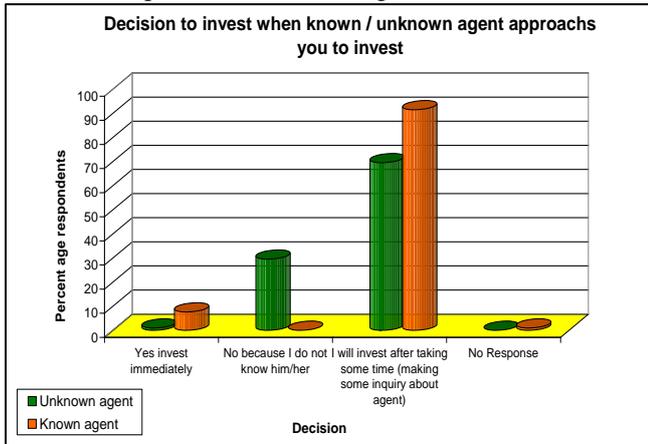


Fig. 1: Source: Based on the information collected through questionnaire

- Opinion of public and private sector managers for the statement " Relationship marketing is very important for the life insurance sector"

H₀: There is no significant difference in the opinion of Public Sector and Private Sector managers regarding statement "Relationship based marketing is important in insurance industry"

Agent Type	N	Mean	SD	t	df	Result
Public	12	2.33	0.492	-2.772	73	**
Private	63	2.73	0.447			

Results: Significant difference was found in the opinion of public sector and private sector managers regarding statement "Relationship based marketing is important in insurance industry". Private sector employees were in strong agreement with this statement as compared to public sector employee with this statement.

The result of the test reveal that though both public as well as private sector managers feel strongly for relationship marketing but private sector managers feel more strongly for it. It may be due to the fact that more private sector managers were interviewed and also the fact that LIC is the market leader and has few problems in generating business, but private companies have to face competition from LIC so a strong relationship marketing exercise is required more on their part.

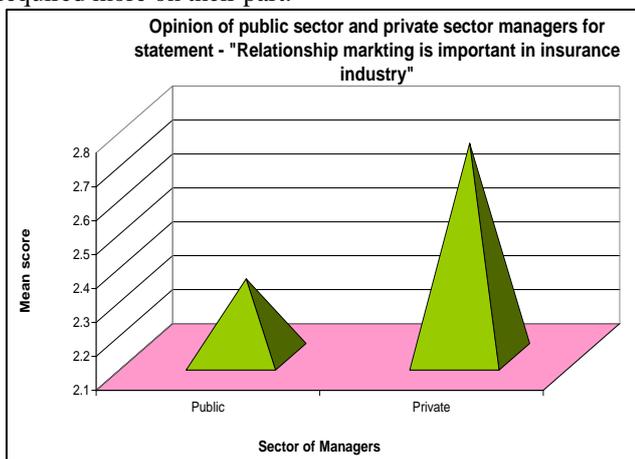


Fig. 2: Source: Based on the information collected through questionnaire

- Quantum of business received from relationship and non-relationship

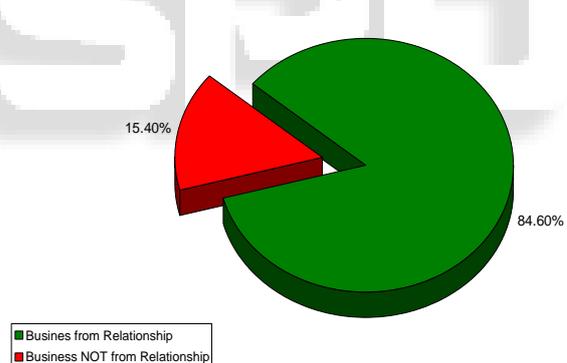
H₀: There is no significant difference in the quantum of business got form relationship and business NOT from relationship

Agent Type	N	Mean	SD	t	df	Result
Business from Relationship	75	84.60	6.77	44.284	74	***
Business NOT from Relationship	75	15.40	6.77			

Results: Highly significant difference was found in the quantum of business got from relationship and not from relationship. Business that got from relationship is significantly higher that business got from non-relationship.

The results reveal that quantum of business received from relationship-based efforts was comparatively more than quantum of business received from non-relationship based efforts. It also shows that relationship marketing is very important for generating business for life Insurance Industry. People generally purchase insurance from known person more easily rather than from unknown person. This is due to the fact that comfort level exists between known person. This is due to the fact that comfort level exists between known person and sometimes due to obligation in a relationship people cannot refuse to purchase insurance.

Business get by relationship and not from relationship according to managers



Source: Based on the information collected through questionnaire

VIII. FINDINGS OF THE STUDY

- Based on the information collected it was observed that number of males working in the Insurance Industry was much more than the number of females. It may be due to the tough working environment of the sector and intense target pressure.
- It was observed that with an increase in level of education and qualification the interest of people in insurance increases and they themselves get motivated to purchase insurance.
- It was observed that customers believe the fact that relationship marketing is of a great importance for the life insurance sector. Teams of Mangers and agents work together, build relationships with customer and on the basis of these relationships business is generated.

- 4) People are highly influenced by the strategy used by the agent or manager. The above tables show that the people believe that the agent or manager play a very important role in their purchase behaviour.
- 5) People give a lot of importance to relationships. Their relationship with the agent or manager plays a very important role in their purchase behaviour. People feel that relation with agent/manager is a very important factor to purchase insurance. Many times people are convinced by the agent or manager and sometimes people purchase insurance for the sake of relationships.
- 6) It is a fact that people not only believe a known person but many times the type of relation between the agent and customer makes it obligatory or compulsory to purchase insurance.
- 7) It's a fact that 95 percent of people purchase policy from a known agent. Knowing an agent is a positive factor as people have a feeling of trust with a known agent.
- 8) Agents believe that a proper study of the behavioural dimensions related to people will be very helpful in understanding the psychology of customer and will help the agents to take action accordingly. A study of behavioural dimensions will help the agent to understand the psychology of the consumer and act accordingly
- 9) It was observed that many times continuous interaction between agent and customer helps in developing a bond between them. Therefore it can be said that proper relationship building exercise can mould consumer behaviour in a positive way.
- 10) Agents feel that approaching a known client is much easier than approaching an unknown client. They feel that a comfort level exists while dealing with a known person and thus interaction becomes much easier.
- 11) Customers take less time to make a purchase decision in case a known agent approaches them and more time is taken to make a decision in case a unknown agent approaches them for business.
- 12) In general apart from other company related factors agents feel that a network of result oriented managers and agents favour the company and help in generating business.
- 13) Generally a lot of problem is encountered by the managers in recruiting advisors. According to the managers this problem arises mainly due to the fact that there is a lack of proper knowledge and information about the field of insurance among general public.
- 14) Insurance sector has a high target pressure associated with it. The managers as well as agents have to work under a very high target pressure and have to work hard to achieve these targets.
- 15) Employee turnover rate in the private insurance companies is very high. According to the managers this is mainly due to very tough working conditions and a decline in the sector.
- 16) It was observed that few communities were not interested in purchasing insurance.
- 17) Relationship Marketing generally creates a feeling of trust among people which is a very positive factor for life insurance industry.

IX. SUGGESTIONS

Each and every research has certain shortcomings and negative findings; the present research also has many shortcomings. Therefore based on the research conducted here are certain suggestions that can be followed by the insurance companies to overcome their shortcomings.

- 1) Even with the presence of 24 companies with LIC, which is 64 years old and private sector not than 7 years old, the entire market has still not been tapped. A huge market is still available for all the companies. The companies have not created a proper awareness. More number of companies should results into creating more awareness and it should ultimately result in more growth in the sector.
- 2) Insurance selling as an advisor can be taken up as great long-term career by the people. It can be a career where agents can earn unlimited income for a long-term basis in also income form of renewal commissions over the years.
- 3) Insurance selling can be taken as a career option along with any other main occupation and this can result in dual income for the agents.
- 4) Insurance can be taken as a tool for long-term compulsory saving and taxation benefits where EEE is applied i.e. Exempt – 3:
- 5) People are not aware of the real meaning of pure life insurance. The proper and correct knowledge about the field of insurance has not been spread among the general people.
- 6) People are not aware about the existence of companies, their profile, the products available and the benefit associated. So, the company should conduct a proper relationship building exercise along with advertising so that people come to know about the company and its plans. Relationship building exercise will be extremely helpful in generating business for the company.
- 7) It was observed that the agents generally feel dissatisfied and demotivated because of the behaviour of managers and the company management. It is a fact that a proper attitude of the company towards the agents will be a positive factor for selling insurance. Motivational programmes for agents can be conducted to boost up moral and motivational level of employees. These programmes along with some entertainment programmes will also help in motivating the agents in a positive way.
- 8) The general public is not fully and properly aware of the field of insurance. They also do not understand the terms of the policies so there is a confusion in the mind of people. Many times people try to avoid purchasing insurance because of this confusion. Therefore all the policies should be properly explained to customers so that there is no doubt or confusion in mind of people before investing. If every point is clear in the minds of the customers they will be convinced about the investment made and will not feel cheated by the company.
- 9) "Customer is the king" is the main jargon in marketing. This means that each and every product should be designed as per the needs of the customers. So, more and more customer friendly and flexible policies should

- be developed so that the customers easily purchase the policy that best suits their need or situation.
- 10) Certain insurance policies should be designed with low premiums so that economically weaker sections of society can also get the benefits of insurance, which they generally don't get because of the high premiums.
 - 11) The penetration of insurance is mainly in the urban areas, the rural areas do not have a penetration of insurance at all. So, certain policies should be designed especially for the benefit of rural people, so that penetration of insurance goes to villages where a majority of population resides.
 - 12) Both the urban as well as the rural areas have little or no awareness about the field of insurance. People do not understand even basics of insurance. So, awareness of insurance and its importance should be spread in rural areas as well as in urban areas. More awareness will clear doubts from the minds of people and more and more people will purchase insurance.
 - 13) The entire process of insurance is too complex be it issuance of policy or settlement of claims. The complexity in the process often creates dissatisfaction and disinterest among the people. Therefore efforts should be made to make the process simpler for settling claims or paying maturities.
 - 14) Insurance is not a compulsory investment but it is completely optional in our country. In the develop countries insurance is a must for every citizen. Such rules must be designed for our country as well. This step will result into more growth in this sector.
 - 15) Awareness must be created among people to make them understand their human life value, which is a most important concept of life insurance.
 - 16) Proper training should be given to the agent about the company and its products so that they can provide proper knowledge to the clients.

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