

A REVIEW STUDY ON CUSTOMER RELATIONSHIP MANAGEMENT IN LIC

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Abstract

Customer Relationship Management is a strategy for managing a company's interactions with customers, clients and sales prospects is useful in building relationship between service provider and the service receiver. Objectives of the study are to study the Customer Relationship Management program of Life Insurance Corporation of India, and to review the efficiency of Customer Relationship Management program of Life Insurance Corporation of India. LIC is now providing suitable services to its customers. Customers are feeling very much efficient with all the happenings about their policies. Finally, the findings exposed that customer relationship management program is effective in approach and policyholders are experiencing difference in service comparatively with the past.

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Introduction

The “Goal” of every company is shifting from making a profit on each sale to making long term profits by managing a profit on each sale to making long term profits by managing the life time value of a customer. So companies which were focusing on mass marketing are selecting their customers more carefully and building long lasting and direct relationships with targeted customers.

Marketing managers realized the fact that instead of adding some more new customers, it is always profitable and easier to concentrate on the known market with old customers with new options, opportunities for business thus keeping current customers more delighted and Loyal.

At this backdrop, the concept of CRM has put up well business does a better Job at a better price to retain old customers, competitors find it increasingly difficult to acquire new customers. As a result today marketers spend less time on increasing the “Share of Market” and more time in enhancing “Share of Customers” They offer new or improved products to current customers and train employees to cross-sell and up sell in order to market more products or services to existing customers.

CRM an intelligent blend of marketing and information technology for serving the customer with greater care and value has been focus in the present study especially with reference to LIC, a service sector.

Statement of the Problem

After a brief filtration with ERP, BRP, TQM and the like companies realizing that they still miss out something that provides the last-mile Link, namely customer relationship Management. Any business should start with an understanding of the customer’s needs and go on to satisfy them which in turn should get more customers.

Though many companies claim to follow the customer focused approach in reality it was not possible for companies to have a one to one relationship with each of their customers almost till date. However the new technological development in the field on telecommunication, robotics and computers promise to take the companies closer to their customers. It has been forecast that CRM will drive the next major wave of investment in information technology.

Customer Relationship management is not a new selling or a promotional tool. But a whole new way of doing business which is truly customer-centric companies such as the following claim to practice CRM.

- Companies that do directing marketing / data base marketing.
- Ones that practically measure customer satisfaction
- Ones that have some club their dealers / end customers and dish our favors to the members of the club.
- Those who offer incentives for bringing new customers through referrals and.
- Ones that organize dealer meets and customer meals.

LIC having the above features needs to implement CRM to excel in the life insurance sector that had at present been provided by private and foreign players.

Objectives of the study

1. To present a theoretical perspective of customer Relationship management with reference to Insurance sector.
2. To know about the customer Relationship Management techniques undertaken by LIC.
3. To focus the different types of services provided by LIC.
4. To Analyse the View of policyholder regarding the customer Relationship management practices of LIC.

Review of Research Studies

In 1998 three professors, Susan Fournier, Susan Dubach, and David Glen mick, wrote an article called “The Premature Death of customer Relationship Management Companies” professors to do relationship marketing in new and better ways every day. Unfortunately, a close look suggests that relationships between companies and consumers are troubled at best. When we talk to people about their lives as consumers, we do not hear praise for their so-called partners. Instead, we hear about the confusing, stressful, insensitive and manipulative marketplace in which they feel trapped and victimized. Companies may delight in learning more about their customers may delight in learning more about their customers than ever before and in providing features and services to please every possible palate. But customers delight in neither.

A Study by CRM – Forum detailed the significance of nine different causes of failures for CRM initiatives.

Organizational change	29%
Company politics and inertia	22%
Lack of CRM understanding	20%
Poor Planning	12%
Lack of CRM skills	6%
Budget Problems	4%
Software Problems	2%
Bad advice	1%
Others	4%

3. The Lack of CRM skills is understandable. Sales Managers, Product Managers, Sales Personnel, and others interacting with customers have all grown in their jobs selling whatever the company wants to sell to as many customers as possible. Many companies are creating sophisticated customer relationship management technology without realizing that such sophisticated tools require sophisticated users and that their users will need training. For CRM they must develop new skills to create offerings based on customer needs and to develop customer- centric service strategies – a giant leap. To make the leap successfully, the right tools must be in the hands of line – level personnel who have been trained to use the tools for the customers benefit.

Sampling Design

A Sampling process where each element in the target population has equal chance or probability of inclusion in the sample is known as simple random sampling.

The Number of samples taken for study is 200. Study comprises of Data collected from both men and women.

Method of Data Collection

The required information for the present study has been collected both from primary and secondary sources. Normally primary Source is collected from the separate interview schedules are prepared for the information from the customers.

The secondary data required for the study were collected from the various books, LIC CRM hand book, reports, Journals, thesis and various articles published in newspapers and magazines. Data were also collected from the field by giving the Questionnaire. As it deals with customer Relationship Management in LIC we preferred collecting data from policy holders.

Analytical frame work

The researcher has used interview schedule to collect the necessary information from customers. The tools used are percentage method, Five point Likert type scale method, and chi-square test to analyse the level of satisfaction.

In Five scale Likert type weighted Data for positive statements the weight age allotted is 5, 4, 3, 2, 1. For Negative statements it is 1, 2, 3, 4, 5.

Chi-square that is a test of statistical signification used for analyzing frequency distribution.

Conceptual Frame Work On CRM

The Need for Customer Relationship Management

In the era of competition, a successful organization will be differentiated from others on the basis of the service quality and the value accretion accorded to the customer. The service quality does not confine itself to after sales service. In fact, the service commences even before the sale is concluded. The Concept of Relationship Marketing advocates the creation of a conducive situation whereby a customer is enabled to arrive at a purchase decision which is favourable to the organization. A customer who is convinced that the product purchased adds value to his/her convenience and peace of mind is likely to continue the relationship with the organization for a long time. Indeed, the relationship flourishes into a life long partnership.

In order to build a lifelong relationship in the dynamic market conditions, the organization has to add values to the services offered to the customer which need constant evaluation and up gradation. The customer value relates to choice, convenience, information, various enablements and most importantly the relationship.

Another important aspect of the Relationship Marketing is 'Customer Retention'. From the point of view of cost, the existing customer contributes more to the bottom line and acquiring a new customer is a costly proposition. A satisfied, life long customer leads to up-selling, cross-selling and referrals which would pave the way for a strong customer base and its expansion.

Need for separate CRM Machinery

More often the existing service apparatus in an organization is process-centered and inwardly focused. The present orientations are towards activities and transactions rather than on building relationships and winning loyalty of the customers.

Similarly, the internal Grievance Redressal mechanism is more defensive while resolving the complaints as contrasted against the need for retrieval of the service delivery failures and for converting the aggrieved customer into an active supporter of the organization.

In the existing Scheme of our systems and procedures there is no mechanism created to champion the cause of the customer inside our organization. Similarly there is no visible structure available for the customer at the Branch or Divisional levels to approach, in case of any service needs or service failures.

From the organization point of view, there is no mechanism to study and view the customer preferences, behaviour and aspirations, the channel efficiencies, market segmentations, customer retention and relationship strategies, the quality of service delivery and for providing feed back to the organization.

Again, there is no machinery to either create awareness inside the organization for keeping the customer as the focal point of all the activities and attuning the systems and procedures to bring about changes in the business procedure.

The CRM machinery has been created to listen to the customers, document the problems and solutions and change the organizational behaviour and responses to build healthy relationship.

The CRM machinery will be engaged in the task of building customer loyalty and increasing customer profitability through customer acquisition and customer retention.

Satisfactory level on services of LIC

S. No	Statements	HS	S	NO	DS	HDS	Total
1	Reception in the LIC is good	48	80	24	28	20	200
2	Personalized Care	40	92	36	20	12	200
3	Good Environment	80	60	24	20	16	200
4	Quick Disposal	68	60	36	24	12	200
5	Compliant attention	72	64	32	12	20	200
6	Availability of staff in their respective seats	64	84	24	20	8	200
7	Error free service at branch	36	60	56	28	20	200
8	Knowledge and courtesy of employees	60	64	32	28	16	200
9	Basic needs like fan water are provided	80	60	28	20	12	200
10	Physical appearance layout, counter, and cash counter	68	56	40	16	20	200
11	The policy payments like loans, claims and surrenders are paid promptly	96	40	28	20	16	200
12	Quickness in issuing premium receipt	80	68	20	20	12	200
13	Online premium payments	68	80	28	16	8	200
14	Availability of schemes according to the needs	64	92	20	16	8	200
15	Bonus paidly LIC	92	80	16	8	4	200
16	Agency services	72	80	24	16	8	200
17	LICs commitment to their clients	60	72	40	20	8	200

Satisfactory level on services weighted data table 2

S. No	Statements	HS	S	NO	DS	HDS	Total	WMS	Rank
1	Reception in the LIC is good	240	320	72	56	20	708	3.54	XIII
2	Personalized Care	200	368	108	40	12	728	3.64	XI
3	Good Environment	400	240	72	40	16	768	3.84	VII
4	Quick Disposal	340	240	108	48	12	748	3.74	IX
5	Compliant attention	360	256	96	24	20	756	3.78	VIII
6	Availability of staff in their respective seats	320	336	72	40	8	776	3.88	VI
7	Error free service at branch	180	240	168	56	20	664	3.32	XIV
8	Knowledge and courtesy of employees	300	256	96	56	16	724	3.62	XII
9	Basic needs like fan water are provided	400	240	84	40	12	776	3.88	VI
10	Physical appearance, layout, counter, and cash counter	340	224	120	32	20	736	3.68	X
11	The policy payments like loans, claims and surrenders are paid promptly	480	160	84	40	16	780	3.90	V
12	Quickness in issuing premium receipt	400	272	60	40	12	784	3.92	IV
13	Online premium payments	340	320	84	32	8	784	3.92	IV
14	Availability of schemes according to the needs	320	368	60	32	8	788	3.94	III
15	Bonus paidly LIC	460	320	48	16	4	848	4.24	I
16	Agency services	360	320	72	32	8	792	3.96	II
17	LICs commitment to their clients	300	288	120	40	8	756	3.78	VIII

The first ranks goes to bonus paid by LIC indicates that every person need the service of LIC for a reasonable rate given as bonus. The bonus and incentives given by concern will automatically have positive motivation among investors.

The agency services of LIC get the second rank. The agents play a vital role in influencing the people to take prompt timely decisions. The agents are the persons who have great contacts with both the parties. The agency services lead by concern in best way will increase the standard of the concern.

The various schemes are introducing every year LIC. It is because of growth the innovative products smart marketing / and moderate distribution of products of in India.

The fourth rank is awarded for quickness in issuing premium receipt and online premium payment the new innovations in technology helps a lot in this.

Prompt payment on maturity takes fifth rank in the order of satisfactory level of a scheme fulfills at the time of maturity. A delay in the payment of amount will easily spoil the name of the concern. The prompt payment of the loans and claims will increase the satisfactory level in a moderate way.

The sixth rank is awarded for two factors. The basic needs of water, fan & light are provided in LIC and the staffs are available in their respective seats, during business hours to provide services.

The Seventh rank is backed by surroundings & environment of LIC. It is modernize according to recent trends and changes. The attitude of the customers is clearly watched and needy steps are taken to capture the mindset of them.

The complaints and the problems & mentioned by the policyholders are quickly rectified. The rectification and the relevant slips to avoid the problems motivate the policyholders to use its services again and again. The commitment to their clients is good. So both get and eighth rank. LIC got ninth rank for the quick disposal.

The tenth rank is earned for the factor physical appearance. The easy movements between the tables will not disturb the respondents and the staff in LIC. A place for everything and everything in its place will make the work easy.

LIC provides letter personal care to its customers. Apart from the personal insurance schemes, LIC gives preference to the safety of the policy holders. The individuals' needs & wants are analyzed and needy steps are taken.

The ability & knowledge about policy in the minds of staffs in LIC is nearly remarkable. The staffs have adequate knowledge about the policies and schemes in LIC. So it gets twelfth rank.

Findings of the Study, Suggestions and Conclusions

1. The major portion of the respondents was in the age group of 45-55 years have more LIC policies in various outlets.
2. Make category prefer more LIC policies than male because if will be very useful for them in their calculation of tax payments and for risk coverage.
3. The People in the urban areas get information from various sources than rural people.
4. An educated person knows the policy conditions than the illiterate people. The majority of the respondents were with post Graduate education.
5. The Government employed persons has taken policies because of some reduction in tax payments as per sec 80c of the Income tax Act 1961.
6. In order to pay less amount of tax they take (Rs.50,000 – Rs 1,00,000) more LIC policies for the reduction in their tax commitments.
7. The married persons have taken more LIC policies for the sake of their security and their children.
8. The Majority of the respondents prefer to invest in life Insurance policies the reason being safe cover, safety to the legal heirs in case of any difficult to the Insured.
9. The Major Portion of the respondents prefer to invest life Insurance plans, the reason is life coverage and adequate bonus every year and assured bonus by the LIC.
10. 92% of the respondents have the problem of delay in receipt of Document from the LIC.
11. The more respondents of the study preferred Quarterly payment of LIC premium
12. The majority of the respondent have expressed that they are provided with policy status report in time.
13. The activities of LIC and the enthusiastic achieving of the agents are the main reasons for them.
14. The majority of the respondents request for renewal of policy by LIC is more in the study area.
15. More respondents have received intimation on maturity as advance information from LIC.

16. More respondents have answered that LIC makes Intimation on change of address.
17. The majority portion of respondents has expressed that service and courteous services are rendered by the LIC staff.
18. LIC arrange for customer meet.
19. More respondents have answered that LIC arrange for awareness of new schemes among & salaried Government and private sector employees.
20. The Policy holders have felt happy over the services provided by LIC in documentation..
21. Investors prefer to take LIC policies for getting tax advantages.
22. The main reasons for selecting thirunelveli branch is that it is nearer and the office is well connected to the local area.
23. The more Percentage of respondents have answered that LIC has arranged for providing all services through the single window system.
24. The LIC provides sufficient services to its customer across the counter.
25. It is clear that agents act a crucial role in the marketing of a insurance product.
26. The most of the respondents deals with life insurance plans for a period of 5 to 10 years.
27. Telephonic enquires by the investors to the LIC is popular than any other method.

Chi – Square Results

- It is concluded that there is a perfect relationship between the age of the respondents and the level of opinion.
- It is concluded that there is an association relationship between Incomes and the level of attitude.
- It is concluded that there is a relationship between type of scheme and the level of satisfaction.
- It is concluded that there is no relationship between delay in receipt of document and the satisfaction level.

Suggestions

- In order to enhance quality of services, LIC should encourage policyholders participation in the customer Relationship Management in a big way.

- The available Customer information is to be strategically Utilized and segmented to target the new customer prospects. Whenever new insurance needs have been discovered and new products have been developed LIC should try to contact its present customers consistently.
- Special development programme in the form of refresher courses can be planned to strengthen the relationship between organization and the agents to improve their attitude towards the job.
- The working of grievance redressal call can be improved.
- Technology is going to play a much greater role in customer relationship in future. High quality and cost effective customer relationship would depend on the sophistication of technology for both the customer and intermediary.
- An enquiry counter should be opened at every branch office to guide the illiterate customer to solve their problems
- LIC should make arrangement to pay cash instead of crossed cheque to the policyholders, those who are not able to open an a/c in the banks during the time of maturity of survival benefits or bonus.
- LIC can make arrangement to remind the customers about the encashment of cheque.
- At the time of persuading the customers to purchase a new product, the agent and development officers must communicate the entire feature of the information may disappoint the customers later.
- All the branches of LIC at least at the Zonal level must be inter connected in such a way that the policyholders can easily get encashment of benefits / information, about the status of policies held by them elsewhere than the place of his / her residence.

Conclusion

From this study researcher has come to know about the customer relationship level about LIC. Tirunelveli branch. This study helps the researcher to know about the performance of the LIC Tirunelveli branch. The customer will get good relation / responsibility / benefits of money

very easily from this LIC. So it is vital role for the development of Insurance operations especially in an economy.

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