E-CRM Practices and Customer Satisfaction in Insurance Sector

Dash Biswamohan[1] and Mishra Bidhubhusan[2]
Utkal University, Bhubaneswar, Odisha, INDIA

Abstract

On a global scale a number of insurers are competing and offering the customers a plethora of products. The customers are demanding quick and better service from the service providers. For the insurance companies to survive competition, they have to upgrade the quality, transparency and integrity to acquire and retain customers in long range. They need a set of offers and the value proposition to be delivered to the target potential customers, which needs a thorough market research to understand the needs of the customers and accordingly launching the products to match with customer's expectation. Since the initiation of liberalization, privatization and globalization, successive governments have tried to keep pace with a rapidly changing global scenario. The doors for private participation were opened in a number of sensitive sectors, insurance being one of them. For the past few decades, insurance was looked upon as a tax-saving investment product. While the opportunity for the players is the huge untapped potential, the challenge is to establish a long-term reputation, also to serve the customers in a sophisticated way by introducing the innovative offerings. This research study is the based on impact of customer relationship management practices on insurance sector in odisha market. In this study customer's opinions have been collected through a structured questionnaire to understand the effectiveness of CRM implementation in relation to the companies like AVIVA, LIC of India, ICICIprudential, Birla sun life and Reliance. Here to measure the customer satisfaction gained by above insurers, factor analysis and t test have been used considering the factors of satisfaction.

Key words: Transparency, integrity, retaining customers, value proposition, innovative offerings.

Introduction

Globalization of business, cut throat competition, customer's expectation, maintaining loyalty among customers, to gain more profit, customer retention and strategic customer care have evolved the recognition of the importance of customer relationship management (CRM) and relationship marketing in the business organization. Today the companies have to shift from managing a market, to managing specific customers. But managing the customers and retaining them for long time is not easy task in a competitive market. Besides coping with changing psychology, preferences and needs of the customers is becoming challenging one. So the business organizations now days are taking the help of data base management system for customer retention and e-CRM is the outcome of such system. Keeping the importance of e-CRM and its service excellence in view, this study is an attempt to analyse management of the customer relationship in insurance sectors.

As far as recent behavioural trends of customers are concerned, India has a population of more than 1.2 billion having largest middle class population in any single country. Now the new breeds of customers are facing the economical, social, political, personal and psychological complexion of the country especially in urban areas. They are better educated, marrying latter, more career oriented and having fewer children. These people obviously want sophisticated products with convenience and value. These growing classes of Indians, who are growing at the rate of 10% per yr, present a different view of India with their changed life styles, a more westernized attitude, more secular thinking and trying to create a meaningful life. This will obviously lead to think for future.

For this reason they must think for saving money, doing insurance policies or pension plan or mediclaims, which can help them for their health or education. Basing on this trend so many private insurance companies are coming forward to insure by innovating the policies with better service and value.

Concept and importance of e-CRM: 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. CRM is also a customer focused business strategy that aims to increase customer satisfaction and customer loyalty by offering a more responsive and customized service to each customer. CRM technology initiatives are most commonly implemented in functional areas such as customer support, service, sales andmarketing to optimize profitability and revenue. CRM is about managing customers for better understanding and to serve them. It is an umbrella concept that places the customers 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 to retain the customers for long range.

E-CRM can be divided into three different types: operational, analytical and collaborative[1]. Operational CRM also known as front-office management. CRM enables and streamlines communications and involves the areas where direct customer contact occurs. Analytical CRM is also known as back-office or strategic CRM, which involves understanding the customer activities that occurred in the front office. Collaborative CRM is almost an overlay. It is the communication center of the co-ordination network that provides the paths to the customer and supplier. It could mean a portal, a partner relationship management application or a customer interaction center.

Importance: Developing customer focused business strategies: the objective of this step is not to try to mold the customer to the company's goals but to listen to the customer and try to create opportunities beneficial to each. It is important to offer customers what they are currently demanding and anticipating and what they are likely to demand in the future. This can be achieved by providing a variety of existing access channels for customers, such as e-mail, telephone and fax and by preparing future access channels such as wireless communication. Offering solutions rather than obstacles is possible when a company empowers its customer service agents.

Provides Greater efficiency and cost reduction: Data mining, which is the analysis of data for exploring possible relationships between sets of data, can save valuable human resources. Integrating customer data into a single database allows marketing teams, sales forces, and other departments within a company to share information and work towards common corporate objectives using the same underlying statistics.

Improved customer service and support: An ECRM system provides a single repository of customer information. This enables a company to serve customer needs quickly and efficiently at all potential contact points, eliminating the customer's frustrating and time-consuming "hunt" for help.

More effective marketing: Having detailed customer information from an ECRM system allows a company to predict the kind of products that a customer is likely to buy as well as the timing of purchases. In the short to medium term, this information helps an organization create more effective and focused marketing/sales campaigns designed to attract the desired customer.

Increase customer loyalty and satisfaction: an effective ECRM system lets a company communicate with its customers using a single and consistent voice, regardless of the communication channel. This is because, With ECRM software, everyone in an organization has access to the same transaction history and information about the customer. Information captured by an ECRM system helps a company to identify the actual costs of winning and retaining individual customers.

Literature review: It was claimed that CRM generally fall into categories of features such as cost saving, revenue enhancement, strategic impact and having the benefits of improving level of customer satisfaction, increasing margins and decreasing marketing administrative costs[2]. Organizations are becoming increasingly aware of the importance of moving closer to their customers and are motivated to adopt CRM and also claimed that CRM can improve the process of communication to the right customers through right offers and right channels[3]. This will facilitate higher profitability with creation of value proposition in the market. CRM implementation helps organization in many ways; such as it will focus the sales force on increasing organizational revenues through better information and better incentives to drive top line growth[4]. It improves global forecast and pipeline management to improve organization's ability to close deals. It increases profitability and better service towards customers. It reduces cost of sales by adopting new technologies and deploying sales automation solutions and promotes sales representative retention[5].

E-CRM soft ware's and insurance organization: LIC of India; LIC of India has implemented the e- CRM software by the help of Wipro and IBM .This CRM project is the largest of its kind in india.Wipro and IBM work together to compile the data of over 15 crore policy holders of LIC.The data would reflect consumer behaviour of policy holders, nos of customers going for loans, nos. of customers paying premium within the due date and defaulting in premium payment. All efforts aim to provide the faster and better services to the customers with right offers to the right customers.

ICICI prudential; ICICI prudential has ambitious plans for its retail business and has implemented the CRM software by the help of SAS and Teradata solutions. It is implementing various modules of CRM to establish world class CRM practices for the sake of better customer relationship management. ICICI prudential life insurance company is using the CRM project properly by integrating front office, back office and the analytical system.

By implementing this project they aim to reduce the cost of service, to effectively use the customer's data, to increase the customer retention, up-selling and cross selling.

AVIVA life insurance: AVIVA life insurance entered in 2002 and deployed Talisma e-CRM suite. AVIVA got the success by recognizing the potential customers and bringing out products and services tailored to the customer requirements. Also e-CRM developed multistep marketing campaign and superior services across multiple channels. With this CRM project the company aims to achieve the organized data base system, superior service standards, quick access to customers, upgrading offers to customers, integrating the efforts of insurance agents and officials and ultimately to obtain customer satisfaction.

Birla Sun Life Insurance: BSLI has selected Talisma CRM software due to its wide acceptance in customer relationship sphere. Moreover its modules summarize all possible requirements associated with customer interaction. The

deployment of CRM is addressing all 50 branches spread throughout the country. This CRM solution includes sales automation-mail management, web service management, data compiling, customer centric sales process and customer service with timing.

Reliance Life Insurance: Reliance life insurance has an excellent web enabled IT system for superior customer services. They aim to increase better customer interaction, to predict customer behaviour, sales management, and consumer groupings and faster spread of information among the customers through CRM software

Assumptions of the study: Assuming the factors like brand image up gradation, faster communication, quick access, financial security, innovation and better relationship with customers are some of the outcome of e-CRM which can increase satisfaction level and service standard. Again, this study aims at to find out how far the different soft ware's used by different companies are able to satisfy the customers.

Scope of the study: This study is conducted in the capital city of Odisha where major five insurance companies like LIC of India, AVIVA life insurance, ICICI prudential, Birla sun life insurance, and Reliance life insurance have been taken. They have managed their customer relationship through e-CRM.

Research Methodology

A well structured questionnaire was prepared to obtain the opinions from the respondents having the insurance policies. In total two hundred eighty four customers were selected on random basis and views were taken for analysis. The data are analysed and interpreted by using the statistical tools like factor analysis, ANOVA and t tests etc.

Analysis of consumers' opinion: Through factor analysis ,it is observed that out of thirteen components describing the attractiveness of a policy five characters or factors like brand popularity, innovation in policy, quick response to customers, building relationship network, and financial security are the most influential which can attract the customers to buy a policy and to increase satisfaction. The thirteen components from the questionnaires are given below such as; Nature of policy, Time to time touch, Better communication and clarity, Image of company / brand, Innovative products, Better financial security, Better investment plans, Better agents service, Influenced by colleagues / peers, Quick information and better response, Transparency and honesty, Awareness training of customers, Quick settlement of policy. Out of thirteen components five factors of customer satisfaction are derived. Name of the factors are; Factor 1=brand popularity for creating attraction for customers, Factor2=innovative product delivery; Factor3=quick and honest response, Factor4=building relationship and Factor5=financial security. These factors are all the part of CRM process.

Table-1
Effectiveness of factors of satisfaction across Organizations

Factors	organization	N	Mean	Std. Deviation	Std. Error
Brand popular	Aviva	50	4.0400	.41760	.05906
	Birla	66	4.1894	.44302	.05453
	icici	48	4.1979	.44946	.06487
	LIC	72	4.1111	.36311	.04279
	Reliance	48	4.1979	.35714	.05155
	Total	284	4.1461	.40833	.02423
Innovative delivery	Aviva	50	4.0100	.65067	.09202
	Birla	66	4.2576	.46610	.05737
	icici	48	4.3958	.38535	.05562
	LIC	72	4.0417	.44996	.05303
	Reliance	48	4.1250	.44363	.06403
	Total	284	4.1602	.50074	.02971
Quick response	Aviva	50	4.1733	.38826	.05491
	Birla	66	4.0101	.47129	.05801
	icici	48	4.2083	.42178	.06088
	LIC	72	4.2130	.34625	.04081
	Reliance	48	4.0694	.35033	.05057
	Total	284	4.1338	.40523	.02405
Building relation	Aviva	50	4.1600	.50950	.07205
	Birla	66	4.1061	.40682	.05008
	icici	48	3.9375	.36648	.05290
	LIC	72	4.2222	.54958	.06477
	Reliance	48	4.1667	.42941	.06198
	Total	284	4.1268	.46971	.02787
Security	Aviva	50	4.2600	.52722	.07456
	Birla	66	4.2121	.59524	.07327
	icici	48	4.4167	.49822	.07191
	LIC	72	4.2778	.65482	.07717
	Reliance	48	4.3333	.63021	.09096
	Total	284	4.2923	.59069	.03505

Interpretation: It is observed that in each case the mean value of the views is found 4 and standard error is less than 1 against a five point scale. That means all the factors are the responsible factors to satisfy the customers. For factor like brand popularity each company has mean greater than[4].it is proved that, this is the necessary factor. For factors like innovative delivery, brand popularity, building relationships and quick response are proved to be the responsible factors since means are greater than 4 and standard errors are less than 1. These are proved to be the important factors to attract or to retain the customers. Thus these above five factors are proved as the customer centric approaches to upgrade the service standards and customer satisfaction level.

Table-2
Effectiveness of factors of satisfaction across the private and public sectors: Descriptive Statistics

	Type of org.	N	Mean	Std. Deviation	Std. Error Mean
Brand popularity	Private	212	4.1580	.42273	.02903
	Public	72	4.1111	.36311	.04279
innovation	Private	212	4.2005	.51162	.03514
	Public	72	4.0417	.44996	.05303
response	Private	212	4.1069	.42075	.02890
	Public	72	4.2130	.34625	.04081
relationship	Private	212	4.0943	.43602	.02995
	Public	72	4.2222	.54958	.06477
security	Private	212	4.2972	.56885	.03907
	Public	72	4.2778	.65482	.07717

From the above table it is observed that for all the five factors the means are above 4 and standard error means are less than1 for both private and public sectors, so it is understood that all the five factors are responsible for sustaining the satisfaction level among the customers in both private and government sectors.

Table- 3
T Test across factors of customer satisfaction

Factors	Levine's Test for Equality of Variances		t-test for Equality of Means		
	F	Sig.	t	df	P, Sig. (2-tailed)
Brand popularity	2.147	.144	.842	282	.401
innovation	5.171	.024	2.343	282	.020
response	3.264	.072	-1.928	282	.055
relationship	11.941	.001	-2.007	282	.056
security	2.670	.103	.240	282	.810

Observation: For factor 1; equality of means that is p=.401 which is greater than .05, where it is not statistically significant and factor 1 is effective for attracting and creating trust for customers which leads maximum satisfaction. For factor 2; equality of means is 0.020. It's statistically significant, but the factor 2 is effective to maximize satisfaction. For factor 3; DF=282 and equality of means is .055 which is not less than 0.05 and it is statistically significant, the factor is effective to maximize the satisfaction. For Factor 4; equality of means, p is .056, it's not less than 0.05, where the hypothesis is proved and this factor is having effects on customer satisfaction. For factor 5; equality of means p is .810 and it is greater than 0.05, which is not significant, where the hypothesis is proved and having positive effect on customer satisfaction.

Results and discussion

By implementing the factor analysis, factors have been extracted which are all part of CRM practice. These are brand popularity, innovative product delivery, quick and honest response, Building relationship, financial security. As far as effectiveness of factors across organizations is concerned, all the factors are proved to be the responsible and essential factors by delivering financial security and innovative products to the target customers and building the honest relationships. So it is fact that, all the undertaken insurance companies are getting success by practicing the above factors. Also for brand popularity and financial security, variances are not significant and the perceptual difference does not exist. So it is fact that, the respondents strongly believe that, brand popularity and financial security are two most responsible factors for insurers, by which they can create satisfaction among customers. For private and public sectors, all the five factors are proved to be the responsible factors, since the means for all the factors are above 4 and standard error means are all less than 1.so it's a fact that, both private and public sectors are practicing all these five factors to build the better relationship with customers and to retain them. In case of t test, it is proved that, the factors like brand popularity, financial security and building the relationship are the influential factors to satisfy the customers.

Conclusion

CRM will be able to manage the huge database of customers. also will facilitates the online customer interaction for the sake of quick access, better service and delivering right offers at right time to the right customers.CRM implementation is also a cost effective and time saving activity, which will provide the long range solutions to the insurance players. Thus, the need to integrate customer data from multiple channels, to increase sales force productivity (including agents), raising service standard, customer satisfaction, loyalty of customers, CRM soft wares will be always in demand.

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