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A Study of Customer Satisfaction Towards the CRM Strategies of LIC

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Abstract
The customers have become the lifeline of every service sector especially in this cut throat competition. After liberalisation and globalisation of the insurance sector, LIC is striving hard to face this competition. To keep their customers satisfied, it has to change their customer relationship management strategies. This paper aims to measure the customer satisfaction level about the CRM strategies due to different demographic variables of customers. Satisfaction level of customers is measured through a structured questionnaire. Data was collected about CRM strategies and customer satisfaction. The research design of the study is descriptive and diagnostic. Source of data collection is mainly primary.
The study area is limited to Doaba region (Jalandhar, Kapurthala, Hoshiarpur and SBS Nagar) of Punjab. Sample size of 500 policyholders of LIC is collected through a stratified random sampling method. Various statistical tools were used like Levene's test of homogeneity ANOVA. In the study, it is found that demographic variables except marital status and size of family affect the customer satisfaction with the services of LIC.
Key words: Customer satisfaction; Retention; Demographics.

Introduction
In 1993, the Indian government has set up a committee under the chairmanship of RN Malhotra, former Governor of RBI, to give recommendations for reforms in the insurance sector.
The goal was to supplement the changes started in the financial sector. The constituted committee has presented its report in 1994, it prescribed that the private part be allowed to enter the insurance business. They expressed that foreign organizations be permitted to enter by a joint venture with Indian accomplices. With the suggestions of the Malhotra Committee report, in 1999, the Insurance Regulatory and Development Authority (IRDA) was established as a self-governing body to direct and build up the business of insurance. The IRDA was consolidated as a statutory body in April, 2000. The key goals of the IRDA incorporate advancement of rivalry in order to improve consumer satisfaction through expanded purchaser decision and lower premiums, while guaranteeing the budgetary security of the insurance market. The Reserve Bank of India (RBI) has also given directions to the banks so that they can enter in the insurance business.
Due to steps taken by the Government of India, competition has increased. Private companies and banks are happy with the deregulation of insurance industry because with this, they become enabled to provide value added services in addition to normal banking services. With this there is a drastic change in the attitude of the policyholders because more choice becomes available to the customers as earlier only LIC was having monopoly over life insurance. But now, due to hard competition, LIC has to redesign its products, policies by keeping in mind the competitors' strategies and the customers preferences because now customers have become more aware and they want to buy the product of only that company which offers them best products, best services. The best possible comprehension of clients, their requirements and desires help insurance suppliers to acquire improvement in products and services.
It is a very difficult situation for the LIC to maintain its position in the market. The only solution to this problem is to build strong relations with the customers. For this LIC has

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Vol-22-Issue-10-November-2019

introduced CRM (customer relationship management) which has initiated various customer centric strategies to satisfy the customers because satisfied customers are very valuable asset for the organization.

A customer is satisfied if the product or services offered are capable to fulfill the expectations of the customers. With the satisfied customers, revenues are increased at high rate but simultaneously with the dissatisfied customers, revenues fall at a faster rate than the rate of increase in revenue with the satisfied customer.

Literature Review

Dr. R. Khader Mohideen and K. Sekar stated that it is very important for the life insurance to pay due attention to social responsibilities. It has to continuously study the emerging needs of the market, arising due to the change in the value of social life. Requirements of population depends upon their demographic status. The research has made an attempt to assess the relationship between types of policy holding and defendants. (1)

J. Subathra and Dr. V. S. Rajakrishnan prepared an extensive report to know whether the executed techniques have genuinely helped LIC of India in the changing patterns of the general public and it likewise investigates how these ongoing patterns have helped LIC of India all in all, to deal with the current driving position in the Life insurance industry.

It is found that LIC has been successfully able to create value for its policyholders. The performance evaluation shows consistent increase in its business. During the period of the study there is no major change in the performance of the LIC. So, it explains that the performance is unchanged and LIC has maintained the market value of its products. After introduction of IRDA (Insurance Regulatory & Development Authority), LIC has become more conscious for the products. But it is suggested that LIC need to control the Operating Expenses, so as not to affect its income. (2)

Dr. E. K. Sivasakthive and Mr. K. Thirunavukkarasu explained that the real targets of the study are to learn the socio-economic profile of test respondents and distinguish the satisfaction level of policyholders in LIC. This examination has tried to build up the satisfaction of policyholders. It is analysed that educational qualification and monthly income are found to be associated with policy holder's satisfaction. (3)

Kamal Gulati and Arvind Kumar did a study to find out gap between expected and perceived satisfaction level of insurance company customers. The study shows the major gap in customers' expectations and perceptions from insurance services, from the study it is clear that the dimension of responsiveness accounted for highest gap score following by Reliability and Tangibility which depicts that insurance employees are less responsive to customers' needs that's why the customers are not satisfied. (4)

Masood H Siddiqui and Tripti Ghosh Sharma stated that customer service and customer satisfaction are very important for life insurance business. The study has proposed a six-dimensional service-quality instrument consisting of 'assurance', 'personalized financial planning', 'competence', 'corporate image', 'tangibles' and 'technology' in life insurance. In practical terms, this means that improving service quality increases satisfaction with agents, functional services and with company, all three of which ultimately enhance the overall customer satisfaction vis-à-vis life insurance services. From managerial standpoint, this means that the better the perceived service quality, the higher the satisfaction with agents, functional services and company and therefore with overall satisfaction (5)

Dr. Sunayna Khurana stated that it is difficult for the customer to evaluate quality as compared to goods as competition is increasing in life insurance, so every competitor is doing its best efforts to satisfy the customers. In this paper relationship of service quality and customer satisfaction is analysed. The results show that of customer's perception toward tangibility dimension of service quality has the greatest impact on customer satisfaction

ISSN:0971-1260
Vol-22-Issue-10-November-2019

followed by competency and credibility. Responsiveness, reliability, empathy and assurance dimension of service quality have the negligible impact. The study found that customer expectations and perception toward tangibility, assurance, competency & credibility dimension of service quality have more impact on customer satisfaction. That means customers are more conscious towards statements related to these Dimensions (6).

Objectives of the Study

The main objective of the research is to examine the level of customer satisfaction about the CRM strategies of LIC.

H_0: There is no significant difference in customer satisfaction with respect to demographic profile of customers about the CRM strategies of LIC.

For testing, the null hypothesis was divided into the following sub-hypotheses:

H_{0a}- H_{0h}: There is no significant difference in customer satisfaction with respect to gender, age, locality, qualification, occupation, size of family, income and marital status of customers about the CRM strategies of LIC.

Research Design

Universe of the Study - Policy holders of LIC in districts of Doaba region

Source of Data collection - Primary Data and Secondary Data

Sample design- Stratified Random sampling

Sample size-500 policyholders from the selected area

Tools and techniques- Descriptive and diagnostic statistical techniques- arithmetical measures of central tendency and ANOVA.

Demographic Variables & Satisfaction

H_0: Null hypothesis: There is no significant difference in customer satisfaction and the demographic profile of the respondents.

Gender

Table 1: Group Statistics

Gender	N	Mean	Std. Deviation	Std. Error Mean
Male	216	1.6861	0.29214	0.01988
Female	284	1.6308	0.24763	0.01469

Table 2: Independent Samples Test

<table>
<tr><th rowspan="3">Equal variances assumed or not</th><th colspan="2">Levene's Test for Equality of Variances</th><th colspan="7">t-test for Equality of Means</th></tr>
<tr><th rowspan="2">F</th><th rowspan="2">Sig.</th><th rowspan="2">t</th><th rowspan="2">Df</th><th rowspan="2">Sig. (2-tailed)</th><th rowspan="2">Mean Difference</th><th rowspan="2">Std. Error Difference</th><th colspan="2">95% Confidence Interval of the Difference</th></tr>
<tr><th>Lower</th><th>Upper</th></tr>
<tr><td>Assumed</td><td>0.586</td><td>0.444</td><td>2.29</td><td>498</td><td>0.022</td><td>0.05536</td><td>0.02417</td><td>0.00787</td><td>0.10285</td></tr>
<tr><td>Not assumed</td><td></td><td></td><td>2.24</td><td>419.1</td><td>0.026</td><td>0.05536</td><td>0.02472</td><td>0.00677</td><td>0.10395</td></tr>
</table>

ISSN:0971-1260
Vol-22-Issue-10-November-2019

As the significance value is .444 which is greater than 0.05 thus, it can be said that homogeneity of variance is there.
Further in t test also at t (498) =0.022 which is less than the significance value that also shows that gender of the respondents affects the customer satisfaction.

Table 3: Age with Customer Satisfaction – ANOVA

Groups	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	0.235	4	0.059	0.81	0.519
Within Groups	35.844	495	0.072	-	-
Total	36.079	499	-	-	-

The table shows that the calculated value of F is .810 which is greater than the table value of .519 at 5% level of significance with degree of freedom (d.f.) being (4,495). So, the analysis does not support the null hypothesis of no difference. So, the null hypothesis H_{0b} is rejected. It is concluded that there is significant difference between age and customer satisfaction.

Locality

The table shows that the calculated value of F is 5.736 which is greater than the table value of .001 at 5% level of significance with degree of freedom (d.f.) being (3,496). So, the analysis does not support the null hypothesis of no difference. So, the null hypothesis H_{0c} is rejected. It is concluded that there is significant difference between locality and customer satisfaction.

Table 4: Locality and Customer Satisfaction - ANOVA

Groups	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1.210	3	0.403	5.736	0.001
Within Groups	34.869	496	0.07	-	-
Total	36.079	499	-	-	-

Qualification and Customer Satisfaction

The table shows that the calculated value of F is 2.128 which is greater than the table value of .096 at 5% level of significance with degree of freedom (d.f.) being (3,496). So, the null hypothesis H_{0d} is rejected. It is concluded that there is significant difference between qualification and customer satisfaction.

Table 5: Qualification and Customer Satisfaction - ANOVA

Groups	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	0.458	3	0.153	2.128	0.096
Within Groups	35.621	496	0.072	-	-
Total	36.079	499	-	-	-

Occupation and Customer Satisfaction

The table shows that the calculated value of F is 9.722 which is greater than the table value of .000 at 5% level of significance with degree of freedom (d.f.) being (3,496). It shows clearly that the null hypothesis H_{0e} is rejected. It means that there is significant difference between occupation and customer satisfaction. It means occupation fixes the level of satisfaction.

Table 6: Occupation and Customer Satisfaction - ANOVA

ISSN:0971-1260
Vol-22-Issue-10-November-2019

Groups	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	2.004	3	0.668	9.722	0.000
Within Groups	34.075	496	0.069		
Total	36.079	499			

Size of Family

Table 7: Group Statistics

Size of Family Members	N	Mean	Std. Deviation	Std. Error Mean
Less than 4	191	1.6286	0.25293	0.0183
4-5 members	256	1.6549	0.25692	0.01606

Table 8: Independent Samples Test

Equal Variances	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Assumed	0.042	0.837	-1.079	445	0.281	-0.02633	0.0244	-0.0743	0.02163
Not assumed			-1.081	412.84	0.28	-0.02633	0.02435	-0.0742	0.02153

As the significance value is .837 which is greater than 0.05 thus, it can be said that homogeneity of variance is there.
For t test, now it means t (445) =0.281 which is greater than .05 it also shows that size of family does not affect the customer satisfaction. Difference in means is just by chance.

Annual Income

The table shows that the calculated value of F is 4.987 which is greater than the table value of .002 at 5% level of significance with degree of freedom (d.f.) being (3,496). So, the analysis does not support the null hypothesis of no difference. So, the null hypothesis H_{0g} is rejected. It is concluded that there is significant difference between annual income and customer satisfaction.

Table 9: Annual Income and Customer Satisfaction - ANOVA

Gropus	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1.056	3	0.352	4.987	0.002
Within Groups	35.023	496	0.071		
Total	36.079	499			

Marital Status

Table 10: Group Statistics

ISSN:0971-1260
Vol-22-Issue-10-November-2019

Marital Status	N	Mean	Std. Deviation	Std. Error Mean
Unmarried	79	1.6532	0.29495	0.03318
Married	421	1.6549	0.26409	0.01287

Table 11: Independent Samples Test

Equal Variances	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Assumed	0.232	0.63	-0.054	498	0.957	-0.00178	0.033	-0.0666	0.06306
Not assumed			-0.05	102.8	0.96	-0.00178	0.03559	-0.0724	0.06881

If p<.05 that means variances are significantly different then the analyst has to interpret the bottom row for the t test but now the value of p is .630 which is greater than the significance value of .05. It means equal variances assumed here d.f. (498), t=.054 and p=.957, it can be said that marital status does not affect the customer satisfaction.

Conclusion and Suggestions

In this cut throat competition, quality of service plays an important role for the success of a business and only service quality is a tool to ensure customer satisfaction. Life insurance is a business of long-term relationship between insurance company and their customers and during this period, policyholder may expect different kinds of services from the insurance company.

Life insurance is an important form of insurance and essential for every individual. Although population is high, yet rate of Life insurance penetration in India is very low as compared to developed nation where almost all the lives are insured. Customers are the real pillars of the success of life insurance business and thus it is very important for insurers to keep their policyholders satisfied and retained as long as possible and also get new business out of it by offering need based innovative products.

It is difficult phase that the LIC has to face because before opening up the sector customers are not having no option so, LIC need not to bother but now the concept of marketing has been totally changed. Now it has to reformulate its policies, products and strategies so that it can provide better services and innovative products to the customers to keep them satisfied and retained.

From the study it is clear that demographic factors play an important role for the satisfaction of the customers about the CRM strategies. Size of family and marital status were not significant factors for the satisfaction of customers in LIC. Age, gender, annual income, qualification and occupation were significant factors affecting customer satisfaction. LIC may adopt strategies that target age, income and qualification as these are significant variables for the satisfaction of the LIC customer.

The study shows that the majority of the customers (41%) are from the income group of 200001-500000, LIC should introduce those products that will meet the requirements of these

ISSN:0971-1260
Vol-22-Issue-10-November-2019

income groups as well. It means such policies should be introduced where the premium is less. Products and services can be divided into groups to attract the various income groups.
Descriptive statistics reveal that customers are satisfied with the claim settlement services, product services and the policyholder's services. Because majority of the customers strongly agree about the services but more than 50% of the policyholders are of the view that they are not having any idea about the ways that LIC should use to reduce the claims. Regarding occupation, the study shows that 58% customers are of salaried class and they prefer to invest in tax saving policies more, LIC should introduce such policies more.

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