LIFE INSURANCE PRODUCTS IN INDIA: MARKET STRATEGIES AND CUSTOMER PERCEPTIONS

C. K. Hebbar
Mangalore University College, Karnakata State, India
Sandeep S. Shenoy
Manipal University, Karnakata State, India
M. Devaraj
University of Mysore, India

Abstract

High quality products with quality support services both in terms of international standards and competitiveness have entered India. Customer satisfaction has emerged as the key differentiator and defining attribute. This empirical study elicits the differences in various parameters such as awareness, service quality, problems faced, and rationale behind investment, comparing the products of private sector companies and these are the main attributes which build up customer perception and loyalty towards a company. The study focuses on products of a specific Life Insurance Company which intends to use these findings to create a positive impact on its customers by improving qualities which seem to be lacking. The methodology is a questionnaire involving 175 consumers, over a period of fifty days, in the city of Raipur in India.

บทคัดย่อ

สินค้าคุณภาพสูงที่มีการสนับสนุนการบริการอย่างมีคุณภาพด้านมาตรฐานและการแข่งขันนานาชาติได้เข้า สู่ประเทศอินเดีย ความพึงพอใจของลูกค้าปรากฏเป็นตัวแยกแยะที่สำคัญและคุณสมบัติที่กำหนดได้ การศึกษาโดยการสังเกตพบความแตกต่างระหว่างตัววัดที่สำคัญ เช่น การตระหนักรู้ คุณภาพการบริการ ปัญหาที่พบ และเหตุผลของการลงทุน โดยเปรียบเทียบผลิตภัณฑ์ของบริษัทเอกชนและเหตุผลหลัก ที่สร้างการรับรู้และความซื่อสัตย์ของลูกค้าที่มีต่อบริษัท การศึกษาเน้นที่ผลิตภัณฑ์ของบริษัทประกันชีวิต เฉพาะที่มีแนวโน้มในการใช้การค้นพบนี้เพื่อสร้างผลกระทบเชิงบวกต่อลูกค้าโดยการพัฒนาคุณภาพที่ขาด ไป โดยการใช้วิธีเก็บแบบสอบถามจาก ลูกค้าจำนวน 175 ราย เป็นระยะเวลา 50 วันในเมือง ไรเปอร์ ประเทศอินเดีย

Introduction

Every human being has the tendency to save, as protection against risks, losses or future events. Insurance is one form of saving. People can save their earnings in the form of gold, fixed assets, or in banking and insurance. All these savings represent a country's gross domes-

tic savings. In India, although the savings rate is high, people prefer to invest either in gold or fixed assets in the hope of appreciating value. Hence the insurance sector is still virtually untapped in India.

At present, insurance is not only confined to the selling of products, advertisements and sales promotions but importantly includes consumer satisfaction. Marketing is a phenomenon which emphasizes making new customers and keeping existing customers.

Marketing strategy is a process that allows an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage. A marketing strategy should be centred on the key concept that customer satisfaction is the main goal.

The marketing concept of building an organization around the profitable satisfaction of customer needs has helped firms to achieve success in high-growth, moderately competitive markets. However, to be successful in markets in which economic growth has levelled and in which there exist many competitors who follow the marketing concept, a well-developed marketing strategy is required. Such a strategy considers a portfolio of products and takes into account the anticipated moves of competitors in the market.

Marketing Research for Strategic Decision Making

The two most common uses of marketing research are for diagnostic analysis to understand the market and the firm's current performance, and opportunity analysis to define any unexploited opportunities for growth. Marketing research studies include consumer studies, distribution studies, semantic scaling, multidimensional scaling, intelligence studies, projections, and conjoint analysis.

A few of these are outlined below.
- Semantic scaling: a very simple rating of how consumers perceive the physical attributes of a product, and what the ideal values of those attributes would be. Semantic scaling is not very accurate since the consumers are polled according to an ordinal ranking, so mathematical averaging is not possible. For example, 8 is not necessarily twice as much as 4 in an ordinal ranking system. Furthermore, each person uses the scale differently.
- Multidimensional scaling (MDS) addresses the problems associated with semantic scaling by polling the consumer for pair-wise comparisons between products or between one product and the ideal. The assumption is that while people cannot report reliably which attributes drive their choices, they can report perceptions of similarities between brands. However, MDS analyses do not indicate the relative importance between attributes.
- Conjoint analysis infers the relative importance of attributes by presenting consumers with a set of features of two hypothetical products and asking them which they prefer. This question is repeated over several sets of attribute values. The

results allow one to predict which attributes are the more important, the combination of attribute values that is the most preferred. From this information, the expected market share of a given design can be estimated (Kothari, 2002).

To increase profits from existing brands, a firm can improve its production efficiency; increase the demand through more users, more uses, and more usage. A firm also can defend its existing base through line extensions (expand on a current brand), flanker brands (new brands in an existing product area), and brand extensions (Porter, 1984).

The basic practical approach to market strategy includes:
- Training
- Direct response
- Data base marketing
- Special event marketing
- Internet
- Customer relations
- Demographics
- Promotions

Marketing strategy is a method of focusing an organization's energies and resources on a course of action which can lead to increased sales and dominance of a targeted market niche. A marketing strategy combines product development, promotion, distribution, pricing, relationship management and other elements; identifies the firm's marketing goals, and explains how they will be achieved, ideally within a stated timeframe. Marketing strategy determines the choice of target market segments, positioning, marketing mix, and allocation of resources. It is most effective when it is an integral component of overall firm strategy, defining how the organization will successfully engage customers, prospects, and competitors in the market arena, corporate strategies, corporate missions, and corporate goals. As the customer constitutes the source of a company's revenue, marketing strategy is closely linked with sales. A key component of marketing strategy is often to keep marketing in line with a company's overarching mission statement (Porter,1984).

Tactics and Action

The marketing strategy is the foundation for a marketing plan which contains a set of specific implementation actions. For example: "Use a low cost product to attract consumers". Once our organization, via our low cost product, has established a relationship with consumers, our organization will sell additional, higher-margin products and services that enhance the consumer's interaction with the low-cost product or service.

A strategy which has a well thought out series of tactics will help make the marketing plan more effective. Marketing strategies are the fundamental underpinning of marketing plans designed to fill market needs and reach marketing objectives. Plans and objectives are generally tested for measurable results.

A marketing strategy integrates an organization's marketing goals, policies, and tactics into a cohesive whole. The various strands of the strategy, which might include advertising, channel marketing, internet marketing, promotion and public relations, can be orchestrated. Many companies cascade a strategy throughout an organization, by creating strategy tactics which then become strategy goals for the next level or group. Each group is expected to take that strategy goal and develop a set of tactics to achieve that goal, which is why it is important to make each strategy goal measurable. Marketing strategies are dynamic and interactive. They are partially planned and partially unplanned (http://www.dynamicintegration.net/marketing_strategy.aspx).

Marketing strategies may differ depending on the unique situation of the individual business. However there are many ways of categorizing some generic strategies. A brief description of the most common categorizing schemes is presented below:

- Strategies based on market dominance - In this scheme, firms are classified based on their market share or dominance of an industry. Typically there are four types of market dominance strategies:
  o Leader
  o Challenger
  o Follower
  o Niche
- Generic strategies - on the dimensions of strategic scope and strategic strength. Strategic scope refers to the market penetration while strategic strength refers to the firm's sustainable competitive advantage. The generic strategy framework (Porter 1984) comprises two alternatives each with two alternative scopes. These are *Differentiation* and *low-cost leadership* each with a broad or narrow dimension of Focus.
  o Product differentiation (broad)
  o Cost leadership (broad)
  o Market segmentation (narrow)
- Innovation strategies - This deals with the firm's rate of new product development and business model innovation. It asks whether the company is on the cutting edge of technology and business innovation. There are three types:
  o Pioneers
  o Close followers
  o Late followers
- Growth strategies - In this scheme we ask the question, "How should the firm grow?" There are a number of different ways of answering that question, but the most common are:
  o Horizontal integration
  o Vertical integration
  o Diversification
  o Intensification

A more detailed scheme uses the categories:

- Prospector
- Analyzer
- Defender
- Reactor
- Marketing warfare strategies - This scheme draws parallels between marketing and military trategies (www.oppapers.com/essays/Marketing-Strategy/560276).

Consumers can evaluate a product along several levels. Its basic characteristics are inherent to the generic version of the product and are defined as the fundamental advantages it can offer to a customer. Generic products can be made distinct by adding value through extra features, such as quality or performance enhancements. The final level of consumer perception involves augmented properties, which offer less tangible benefits, such as customer assistance, maintenance services, training, or appealing payment options. In terms of competition with other products and companies, consumers greatly value these added benefits when making a purchasing decision, which makes it important for manufacturers to understand the notion of a "total package" when marketing to their customers. For example, when manufacturing automotive parts, a high-performing product will provide the customer base with basic benefits, while adding spare parts, technical assistance, and skill training will offer enhanced properties to create a total package with increased appeal to consumers (Porter, 1984).

In today's globalising economy competition is getting more and fierce. It becomes more difficult for products and services to differentiate themselves from others. The number of competitive offerings is rising due to globalisation of production, sourcing, logistics and access to information. Many products and services face new competition from substitutes and from completely new offerings from industry outsiders. Since product differences are copied at an increasing speed, many companies try to win the battle for customers by price reductions, and products and services tend to become commodities.

The result is that customers have a wider choice of often less distinguishable products, and they are much better informed. For many offerings, the balance of power shifts towards the customer. Customers are widely aware of their greater power, which raises their expectations of companies.

To summarise, it becomes ever more difficult to differentiate a product or service by traditional categories like price, quality, and functionality. In this situation the development of a strong relationship between customers and a company could likely prove to be a significant opportunity for competitive advantage. This relationship is no longer based on features like price and quality alone. Today it is more the perceived experience a customer makes in his various interactions with a company (e.g. how fast, easy, efficient and reliable the process is) that can make or break the relationship. Problems during a single transaction can damage a so far favourable customer attitude.

The consequence for companies is that they have to adapt their ways of competing for customers. Traditionally, companies have focused their efforts of customer relationship manage-

ment on issues such as customer satisfaction and targeted marketing activities such as event marketing, direct marketing or advertising. Although doubtless necessary and beneficial, these activities are no longer enough. They narrow the relationship between company and customer down to a particular set of contacts in which the company invests its efforts. Most likely this will produce no more than a satisfied customer who is well aware of the company's offerings and has a positive attitude towards them. However, a satisfied customer is not necessarily a loyal one (Krell, 2005).

If a customer is satisfied, that means that a product or service has met his expectations and that he was not dissatisfied. Customer satisfaction is very important. It is the precondition for repeat purchases and it prevents the customer from telling others about his disappointing experiences. A loyal customer, however, is more than a customer who frequently purchases from a company.

The difference is the emotional bond which links the customer so closely to the company that he develops a clear preference for these products or brands and is even willing to recommend them to others. Loyal customers truly prefer a product, brand or company over competitive offerings. Thus loyalty goes beyond a rational decision for known quality or superior price-performance-ratio. It is concerned with the customers' feelings and perceptions about the brand or product.

When the customer makes his buying decision, he evaluates the benefits he perceives from a particular product and compares them with the costs. The value a customer perceives when buying and using a product or service goes beyond usability.

There is a set of emotional values as well, such as social status, exclusivity, friendliness and responsiveness, or the degree to which personal expectations and preferences are met. Similarly, the costs perceived by the customer, normally comprise more than the actual price, and include cost of usage, the lost opportunity to use other offerings, and potential switching costs. Hence, the customer establishes an equation between perceived benefits and perceived costs of one product and compares this to similar equations of other products.

The important point here is the involvement of feelings, emotions and perceptions. In today's competitive marketplace, these perceptions are becoming much more important for gaining sustainable competitive advantage.

Customer perceptions are influenced by a variety of factors. Besides the actual outcome - i.e. did the product or service deliver the expected function and did it fulfil the customer's need. The whole process of consumption and all interactions involved are of crucial importance. In today's globalised information driven economy this can also comprise issues such as:
- How other customers or influencing groups perceive the product or brand.
- The degree to which the customer feels the actual marketing campaign addresses the most important issues,
- Responsiveness and service quality of any affiliates, e.g. distribution partners.

Customer perceptions are dynamic. Because of the developing relationship between customer and company, perceptions of the company and its products or services will change.

The more experience the customer accumulates, the more his perceptions will shift from fact-based judgements to a more general understanding gained from the whole relationship. Over time, he puts a stronger focus on the consequence of the product or service consumption.

Moreover, if the customers' circumstances change, their needs and preferences often change too. In the external environment, the offerings of competitors, with which a customer compares a product or service, will change, thus altering his perception of the best offer available. Another point is that public opinion of certain issues can change.

Positive effects of increasing market share on customer perception
- Increasing market share can send out positive signals by acting as an indicator of superior quality that is recognised by more and more other customers. This effect is particularly strong for premium priced products. Customers normally assume that a product must be of exceptional quality if it can gain such an unexpected market success despite its high price. - Many brands offer positive emotional benefits of using a product that is popular in the market. - The value of a product or service can rise through increasing number of users of the same product, e.g. number of members of an online community, better availability of software for popular computer systems.
Negative effects of increasing market share on customer perception
- For premium and luxury products, customers may translate an increasing market share into a loss of exclusivity and thus perceive it as less valuable. - The quality of service may suffer if consumed by increasing numbers of users. Diseconomies of scale and congestions can be observed at busy airports and many other services so that customers may look out for other providers that promise more timely service and convenience.

Source: Hellofs et al.,1999

The concept of customer perception does not only relate to individual customers in consumer markets. It is also valid in business to business situations. For example, a competitor benchmarking survey of a large industrial supplier revealed that the market leader, although recognised for excellent quality and service and known to be highly innovative, was perceived as arrogant in some regions. If we take into consideration that there are about four other large players with a similar level of quality and innovative ideas, this perceived arrogance could develop into a serious problem. Customers here are well aware that the main characteristics of all the offerings available at the market are largely comparable. So they might use the development of a new product generation of their own to switch to a supplier that can serve them not better or worse, but with more responsiveness and understanding. Companies have done a lot to improve customer satisfaction and customer relationships in the past.

Any serious effort to manage customer perceptions starts with a good measurement system. Companies must be truly willing to look at the whole process of interaction through customer eyes. For many companies, this requires a more or less extensive shift in mindset, since most departments from development to sales will be involved.

The backbone of any customer perception management and measurement system, however, is thorough market research and surveys. There are several aspects of measuring customer perceptions.

- First, the company has to discover how it and its offerings are perceived by the customers. It is essential to identify what the customer is actually buying and which features are most important to him. Only this way it is possible to align the internal focus and resources to the customer's expectation. This information is of greater value if it can be compared to the customer's perception of competitive offerings. Not only will this reveal relative strengths and weaknesses, it is also a valuable source of ideas for improvement.
- Besides that, surveys should also identify the relative importance of several influencing variables in the eyes of the customer. To know what matters most to the customer helps to set priorities for projects.
- Of course, as with any market research activities, it should be based on careful customer segmentation. Customer groups that differ by frequency of use, social status, geographical region or other criteria, are likely to have different expectations and preferences. Hence, they will probably perceive an offering in different ways.
- Zeithaml et al. (1996) suggest incorporating several behavioural-intention questions to identify signals that are potentially favourable or unfavourable for the company. Questions for behaviour intentions are potentially of higher validity and richer diagnostic value than "overall service quality" or "customer satisfaction" variables. Since these questions are directed at potential future actions they can not only indicate changes in demand and market trends, but also provide early warning signs and help to take to take timely corrective action.

Only if a company knows which features of its products and services, or which other points of contact with the customer, are considered most important by the customers, can it develop appropriate strategies. Such a strategy will not only help the company to strengthen the emotional bond with the customer through targeted improvements and activities. It may also have the positive side effect that the customer's whole experience leads him to the conclusion that this company really understands his distinctive needs and really takes him seriously. Hence, the customer's perception of the whole company may improve beyond merely that of a positive attitude towards a particular product (www.themanager.org/marketing/Customer_Perception. htm).

Literature Review

Vasido (2007) wrote an article about customer retention. Retaining a customer is four times cheaper than acquiring a new one. The retention of the customers is of utmost importance in

the insurance industry. The insurance business is a relationship building process where one customer leads to the building of another one. A satisfied customer is a word of mouth advertisement for the company. The needs of the existing customers should be identified and satisfied well, rather than only concentrating on new accounts. All possible measures need to be taken to retain customers as it is less costly as well as providing stability to the business.

In its annual report, IRDA (2007-8) said that it was not too long ago when the good old endowment plan was the preferred way to insure oneself against an eventuality and to set aside some savings to meet one's financial objectives. The traditional endowment policies were investing in funds, mainly in fixed interest Government securities and other safe investments to ensure the safety of capital. Thus the traditional emphasis was always on security of capital rather than yield. However, with the inflationary trend witnessed all over the world, it was observed that savings through life insurance were becoming unattractive and not meeting the aspirations of the policyholders.

Policyholders found that the sum assured guaranteed on maturity had depreciated in real value because of depreciation in the value of money. Investor were no longer content with the so called security of capital provided under a life policy and began a preference for higher rates of return on the premium investments as well as capital appreciation. It was, therefore found necessary for the insurance companies to think of a method whereby the expectation of the policyholders could be satisfied. The object was to provide a hedge against inflation through a contract of insurance. The decline of assured return endowment plans, and the widening of the insurance sector, saw the advent of ULIPs on the domestic insurance horizon. Today, the Indian life insurance market is riding high on the unit linked insurance plans.

In their article, Kapse and Kodwani (2003) wrote about insurance as an investment option. At national and individual level, the excess of income can be used as funds for investment of savings. Surplus funds can be invested in either real assets or financial assets. The purpose of investment is to protect one's wealth against erosion of value due to inflation and to earn a risk adjusted return. There are three motives which drive people to purchase insurance products in India.
- Desire to cover risk
- Tax benefit
- Saving motives

Kapse and Kodwani (2003) argue that in the changing scenario for the insurance sector there will be good opportunities for the insurance sector to expand its market base. For this purpose there is a need to improve the features of insurance products to make them more liquid, or short term schemes could be increased. It is shown that rewards implied by the insurance products (particularly the tax benefits) are quite close to those observed in banks and small saving schemes of the government. The performance of mutual funds which come in many different types, is found to be reasonable compared to the risk involved. The survey indicates that it may not be very difficult to win over the confidence of small investors towards insurance policies if good marketing techniques are adopted to educate the targeted population about the uses of insurance policies from an investment point of view.

Sekar (2006) wrote about customer-driven insurance innovations. Insurance is one product which is not demanded by a customer, but supplied to him by intensive education and marketing. Insurance is bought not sold. The new concept of demand side innovation focuses more on customers' social and economic reality, striving to deliver maximum value to the customer at an affordable price. Therefore, when the customer becomes the primary focus, including him in the innovation process becomes mandatory. But, there are certain areas of insurance innovation where the customers cannot be involved. A case in point is the recent insurance product invention called Telematic Auto Insurance. It is a product by the Progressive Auto Insurance, which monitors the driving behaviour of its auto insurance policyholder. The new machine grabs information and automatically transmits it to the insurer. This information received is regularly analyzed to assess the intensity of risk exposure and the corresponding premium needed. In this supply side innovation it is not possible to include the customer in the development process. Although, there are instances where the customer is involved in the testing phase, his inclusion in the conception phase makes an innovation demand-driven.

In the light of the above, the present research paper is a study of market strategies and customers perception towards Life Insurance products in India. The brief objectives, methodology, limitations, findings, suggestions and conclusions now follow.

Research Methodology of this Study

This research is an attempt to study why Bajaj Allianz Life Insurance Company is preferred by consumers around Raipur city, and whether they take account of various factors such as return, brand, and risk cover. The sequence is:
- Consumer perception towards the company,
- to understand the market strategies employed by the company,
- so as to recommend a future course of action.

The research design is descriptive statistical research, which describes data and characteristics about a population. It includes surveys and fact-finding enquiries. The purpose of descriptive research is to identify the state of affairs as it exists at present. Descriptive research answers the questions who, what, where, when and how.

Data collection included primary and secondary data. A specially designed questionnaire was distributed among consumers, and direct interviews were conducted. Secondary data was collected from articles, magazines, newspaper research reports and internet.

Random sampling included a sample size of 175 customers, selected from Raipur in India. Probability sampling, also known as random sampling or chance sampling, was used. In such a sampling design, every item of that universe has an equal chance of inclusion in the sample. A sample should be optimum i.e. it should fulfil all the requirement of efficiency, respectiveness, reliability and flexibility pertaining to the research conducted. Applying the appropriate statistical formula, a sample size of 175 is used for this study.

The perceptions of 175 customers were collected during a period of 50 days, highlighting the key areas which are of concern to Bajaj Allianz Life Insurance Company, potentially leading to improvements in strengthening the customer base.

Data Analysis of the Questionnaire Answers

Demographic Factors

The demographic profile of the respondents is analyzed on the basis of age, gender, occupation and monthly income, as shown in the following Tables.

Age of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-30	51	29.1	29.1	29.1
31-40	50	28.6	28.6	57.7
41-50	52	29.7	29.7	87.4
51-60	22	12.6	12.6	100.0
Total	**175**	**100.0**	**100.0**	

age
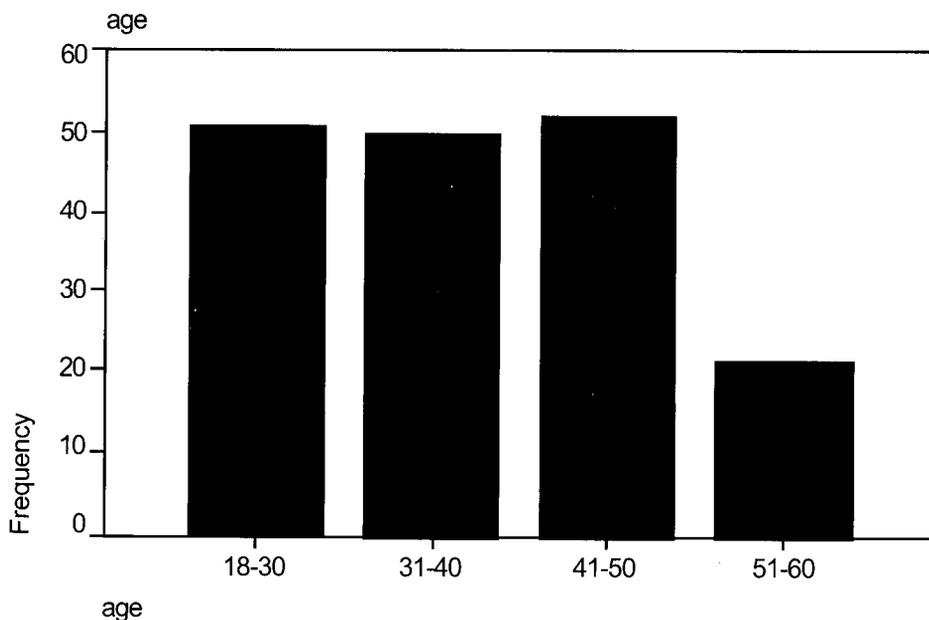
The average age of the respondents is 37.63 years.

Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid male	122	69.7	69.7	69.7
female	53	30.3	30.3	100.0
Total	**175**	**100.0**	**100.0**	

Occupation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	employer	30	17.1	17.1	17.1
	self employed	63	36.0	36.0	53.1
	employed	64	36.6	36.6	89.7
	house wife	15	8.6	8.6	98.3
	retired	3	1.7	1.7	100.0
	Total	**175**	**100.0**	**100.0**	

occupation
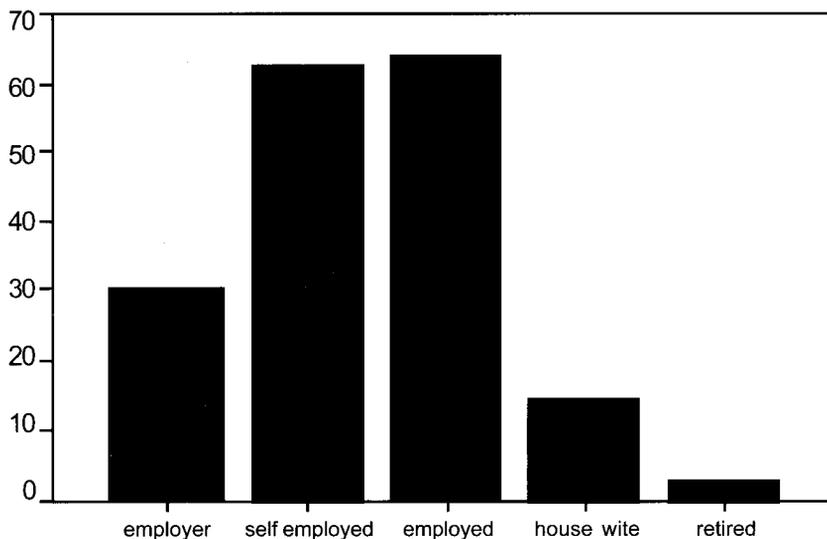
Employed people had a frequency of 64 out of 175, while self employed people are around 63, employers are 30 people , house wives 15 and retired people 22.

Marital status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	single	55	31.4	31.4	31.4
	married	120	68.6	68.6	100.0
	Total	**175**	**100.0**	**100.0**	

The proportions are roughly one-third single and two-thirds married.

Monthly income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-5000	21	12.0	12.0	12.0
	5000-10000	29	16.6	16.6	28.6
	10000-20000	67	38.3	38.3	66.9
	20000-100000	58	33.1	33.1	100.0
	Total	**175**	**100.0**	**100.0**	

monthy income
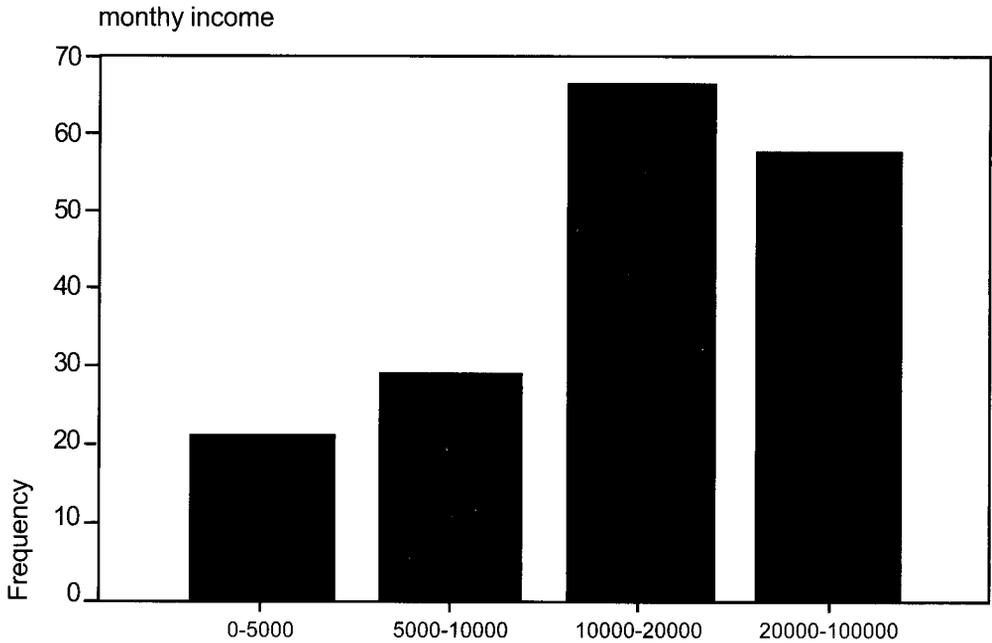
Awareness regarding ULIP plan

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	134	76.6	76.6	76.6
	No	41	23.4	23.4	100.0
	Total	**175**	**100.0**	**100.0**	

Most of the respondents are aware of the ULIP insurance policy.

Which Insurance plan bought?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	TLIP	41	23.4	23.4	23.4
	both	35	20.0	20.0	43.4
	ULIP	99	56.6	56.6	100.0
	Total	**175**	**100.0**	**100.0**	

Roughly half the respondents bought ULIP, and a quarter each bought TLIP and both.

Insurance policy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	103	58.9	58.9	58.9
	No	72	41.1	41.1	100.0
	Total	**175**	**100.0**	**100.0**	

Roughly 60% have Bajaj Allianz Life Insurance, and 40% do not.

Which Company policy?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	LIC	24	13.7	13.7	13.7
	Lic and bajaj	50	28.6	28.6	42.3
	Lic,Bajaj and birla sun	5	2.9	2.9	45.1
	All	1	.6	.6	45.7
	Bajaj and icici	7	4.0	4.0	49.7
	Lic, icici, sbi	7	4.0	4.0	53.7
	LIC and sbi	5	2.9	2.9	56.6
	Bajaj Allianz	60	34.3	34.3	90.9
	Birla Sun Life	8	4.6	4.6	95.4
	Icici	5	2.9	2.9	98.3
	Icici and met life	3	1.7	1.7	100.0
	Total	**175**	**100.0**	**100.0**	

L.I.C has 99 customers out of 175, while 123 people have Bajaj Allianz life insurance.

Factors of Liking

What they like about their insurance company

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Services	35	20.0	20.0	20.0
	Plans	16	9.1	9.1	29.1
	brand name	38	21.7	21.7	50.9
	Returns	76	43.4	43.4	94.3
	Advertisement	10	5.7	5.7	100.0
	Total	**175**	**100.0**	**100.0**	
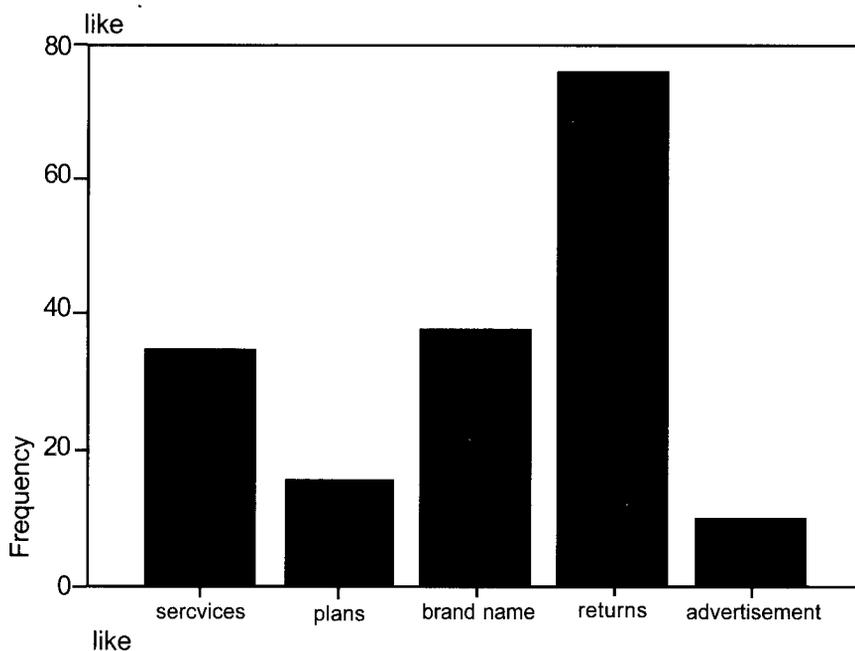
35 people like the services of their insurance company,76 people the returns on investment,16 like it because of its plans, 10 because of advertisements, and 38 because of brand name.

Purpose of buying insurance

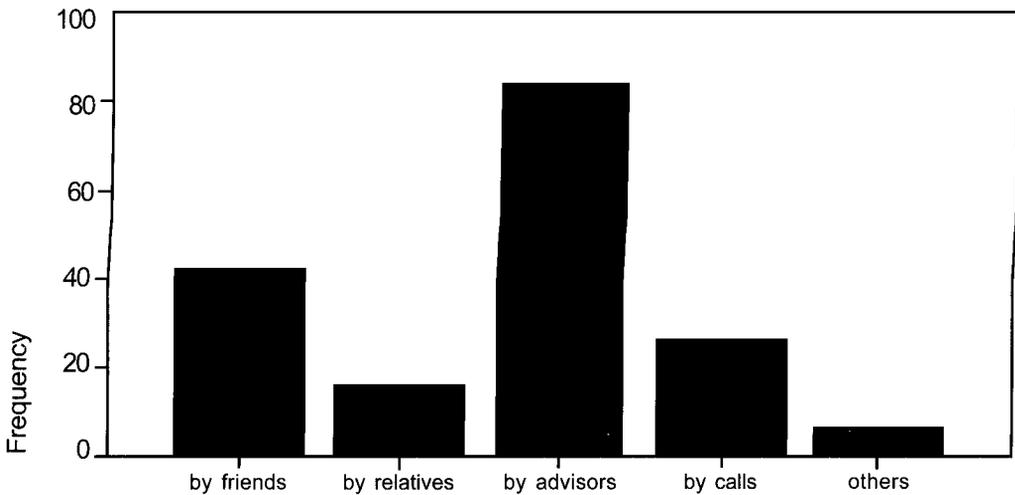|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	savings	49	28.0	28.0	28.0
	risk	30	17.1	17.1	45.1
	coverage	33	18.9	18.9	64.0
	more returns	63	36.0	36.0	100.0
	Total	**175**	**100.0**	**100.0**	

purpose insurance
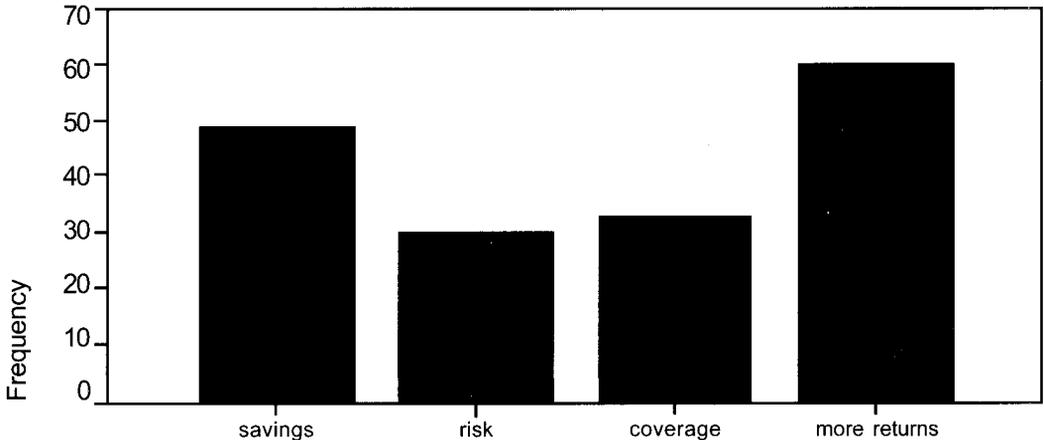
Some people like returns better than risk and coverage or tax benefits, because the new ULIP plans give more return and risk cover. 63 people out of 175 say more returns are the major purpose in selection of brands. 9 people say saving is the major purpose. 33 people say coverage, and 30 people say risk is the purpose of their selection.

Awareness of the companies

How they came to know about insurance companies

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	by friends	42	24.0	24.0	24.0
	by relatives	16	9.1	9.1	33.1
	by advisors	84	48.0	48.0	81.1
	by calls	26	14.9	14.9	96.0
	others	7	4.0	4.0	100.0
	Total	**175**	**100.0**	**100.0**	

48%) came to know about various companies through advisors agents, and 24% through friends. Canvassing calls affected only 15% of respondents.

Returns

|	Frequency	Percent	Valid Percent	Cumulative Percent
Valid excellent	26	14.9	14.9	14.9
very good	54	30.9	30.9	45.7
good	47	26.9	26.9	72.6
average	29	16.6	16.6	89.1
poor	19	10.9	10.9	100.0
Total	**175**	**100.0**	**100.0**	
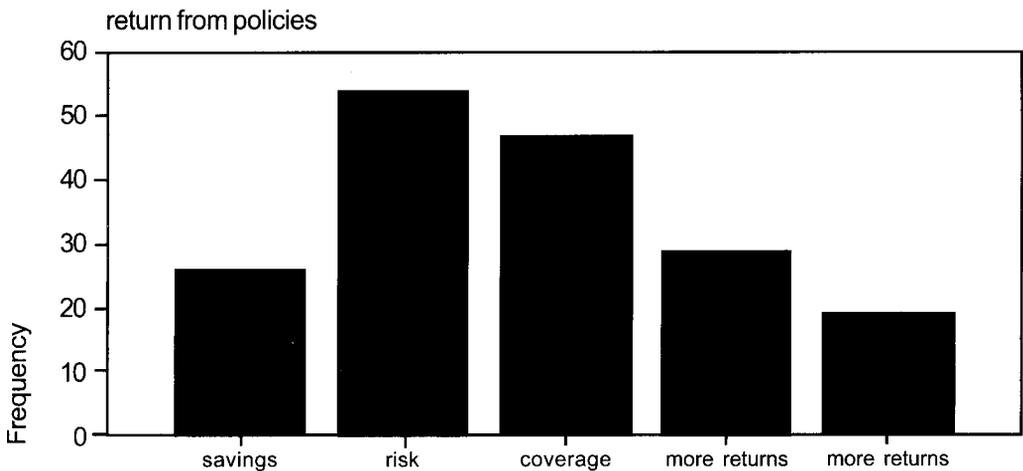
return from policies

Return from polices are very good from the various insurance policies of various companies.

Hypothesis

We then test this hypothesis:

Ho: Advertisement provided by various insurance companies affects the selection of an insurance policy.

companies insurance
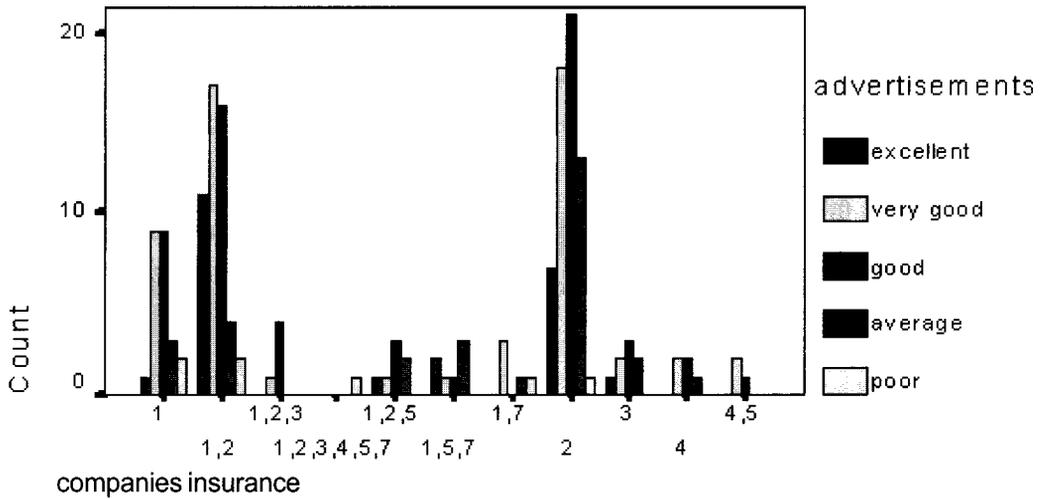
Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	57.900 (a)	40	.033
Likelihood Ratio	43.887	40	.310
N of Valid Cases	175		
a 45 cells (81.8%) have an expected count less than 5. The minimum expected count is .04.			

Since the calculated value 0.033 is lower than 0.05, we reject the null hypothesis and conclude by saying that advertisement are dependent on the selection of insurance sector. So, advertisements do not affect in the selection of insurance.

Another hypothesis is:

H_o: Brand image of various insurance companies affects the selection of insurance.

companies insurance
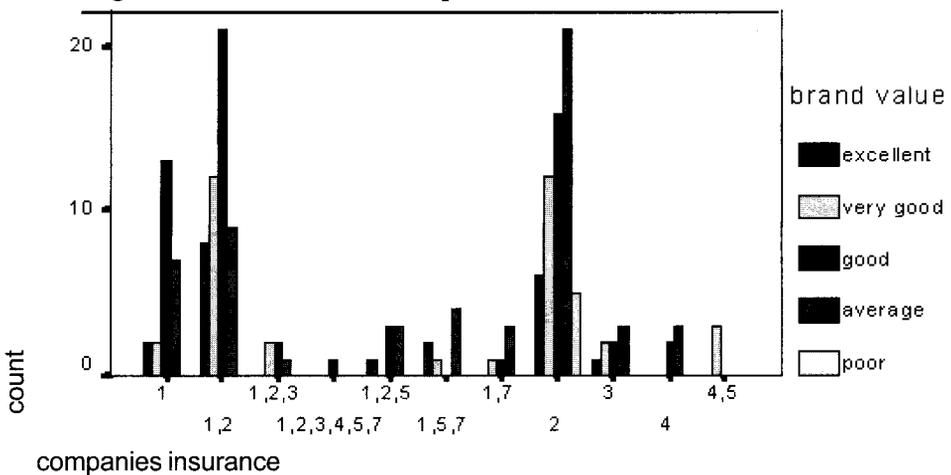
Chart 4.15: Brand image vs. Company insurance

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	49.405(a)	40	.146
Likelihood Ratio	53.746	40	.072
N of Valid Cases	175		
a 45 cells (81.8%) have expected count less than 5. The minimum expected count is .03.			

Since the calculated value 0.146 is higher than 0.05, we accept the null hypothesis and conclude saying that the brand value are independent on the selection of insurance sector. So, brand value is a factor in the selection of insurance.

Summary of theFindings

- Over half the respondents are young people in the age group of 18-40.
- Males dominate in having life insurance policies.
- The majority of people having life insurance are employed.
- The most preferred plan is the unit linked plan because of its high returns.
- The awareness level of the ULIP customer is much higher than that of the TLIP.
- Brand image helps in the selection of insurance policy.
- Advertisement is not sufficient.
- More returns are the major factor in the selection of any plans.
- Information about companies and policies come mainly from advisors.

Following are suggestions for the company
- As 56% of people stay in villages, and many private insurers do not venture into those areas, there is a big opportunity available.
- Promote advertisement and calls for awareness of ULIP plans, because they give superior returns.
- The company could increase its sales force managers so that they can approach more people and sell more policies.

However, these findings and suggestions should be treated with caution, because in all research, there are some limitations. Some respondents refused to answer the questionnaire. The responses might vary as some people did not want to provide true answers. People were busy, so they might not have given full or thoughtful responses. The survey was conducted only in Raipur; hence the results may vary in other parts of the country. As in much other research there is the limitation of personal bias by the respondents.

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