

# A Study on Identifying The Effective Factors In Implementation Customer Relationship Management (CRM) Implementation Issues With Special Reference To Insurance Industry In Thanjavur

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**Abstract-** This paper addresses the implementation of Customer Relationship Management (CRM) in insurance companies. Thus, we reviewed several specialized papers addressing Thanjavur regional for customer relationship management. We focus on strategies used in sales management with reference to the standards of customer service and the models used in customer relationship management. The aim of the authors is to present the benefits resulting from the application of new technologies, thus estimating the pace of change, the new opportunities and the need for flexibility in the relationship with customers. Along with the technological component the human component is also present in order to ensure the successful implementation of CRM.. It's all about how you treat your customer after the sale. Businesses that handle well succeed referrals and repeat sales are the lifeblood of business. They are also a direct result of effective customer relationship management. Financial Services industry is part of an economy & successful operation of the industry sets impetus for other industries and development of an economy. This article focuses related to customer relationship building especially for retail investors from life insurance sector and its management in general, based on the principles of Relationship management in service organizations. Identifying the managerial practices and measures for relationship building for effective and efficient business is the epitome of this article. Right from basic concept of CRM, its strategy & technique formulation to evaluation of CRM, various aspects of customer relationship management are covered in this article.

**Keywords-** Financial Services, Economy, CRM, Retail Investor. Insurance industry.

## I. INTRODUCTION

Customers Relationship Management (CRM) is a broad term that covers concepts used by companies to manage their relationship with customers, including the capture,

storage and analysis of customer information. The CRM must consider customer privacy and data security. Customers want the assurance that their data is not shared with third parties. However Customers also want their data by companies to provide a benefit for them. For instance, an increase in unsolicited telemarketing calls is generally resented by customers while a small number of relevant offers is generally appreciated by customers. Businesses that handle well succeed referrals and repeat sales are the lifeblood of business. They are also a direct result of effective customer relationship management.

**joint CRM** The collaborative interfaces (e-mail, conferencing, chat, real-time applications) that facilitate the interaction between a company and its customers, as well as within the business itself when dealing with customer information (e.g. customer service to sales, sales to marketing).

## 1.2. THE OBJECTIVES OF CRM

- CRM is the strategic concept that can provide the strategic to help the insurance industry,
- the objective of CRM can be analyzed in three aspects that are improvement of efficiency, development of market and customer retention.
- To analyze the customers perspective on various components of CRM Processes in Life Insurance sector
- To identify discriminate CRM Processes among the Public and Private Life Insurers.

## 1.3. IMPROVEMENT OF EFFICIENCY

Through the usage of information technology, the enterprise can improve the automation level of business process to achieve the information sharing and then promote the ability of staff to reduce the training requirement. So, CRM can help the enterprise to get more efficient business operation.

#### 1.4. DEVELOPMENT OF MARKET

Through a new business mode in CRM, the enterprise can expand the scope of business to grasp new market opportunities and occupy bigger market shares.

#### 1.5. LITERATURE REVIEW

Worldwide, especially developed countries are characterized by a stable insurance market with low growth potential and a high degree of competitiveness, the focus in these areas being on creating and managing a portfolio of profitable customers and maintaining it (BISWAMOHAN AND BIDHUBHUSAN, 2012) The adopted strategies take into account improving after-sales services (particularly in the field of damage management and complaint resolution) and to develop attractive and complex product packages that closely match the customer requirements. In this regard an important role belongs to the implementation of the customer relationship management concept in the insurance industry.

**Koushiki Choudhury, Avinandan Mukherjee and Ashish Banerjee (2001) in their research paper titled “Relationship Marketing Strategies and Customer Perceived** have observed that relationship marketing implies attracting, maintaining and enhancing customer relationships. It is beneficial because acquiring new customers is more costly than retaining existing ones, long-time customers tend to be less price sensitive and provide free word-of-mouth advertising. The authors highlight that one of the determinants of the success of the relationship marketing strategies of a firm is how the customers perceive the resulting service quality. In India, with the onset of financial deregulation, banks are functioning increasingly under competitive pressures. In this era, in order to prosper, it will be imperative for banks to focus on developing long-term relationships with their customers. The paper explores as to what kind of relationship marketing strategies Indian banks are pursuing in today's highly competitive environment, and what is the effect of these strategies on service quality as perceived by the customer. The authors have developed a conceptual model of the impact of relationship marketing on customer perceived service quality<sup>3</sup>.

**Vinod Dumblekar (2001) in his research paper “Building Customer Relationships through Call Centers in Banking and Financial Services” is of the opinion that CRM is a philosophy that directs the organisation to build its processes around its customers needs. The Call Center is a CRM-embedded automation that builds long term, strategic relationships with its customers. It assures high volume performance for organizations, and fast, consistent services for**

their customers. Banks and other financial services providers can benefit more than other industries because they deal in information and funds that are electronically transacted. The Call Center is a strategic investment, and therefore must be driven by top management. However, process changes, technology integration and absorption and regular cultural training are vital for success of the investment<sup>4</sup>.

**PAPPESWARI AND RAJALAKSHMI (2013)** measured the customer's view on CRM practices adopted by LIC of India with the help of customer service, working hours, settlement of claims, customer follow up, customer approach, customer care, customer loyalty, post sales services, employees attitude and service; and services through technology. There is an equal response on high, medium and low perception on CRM in LIC of India.

**AGENIYA AND SINGH (2012)** identified the critical factors in CRM in Indian Insurance Sector are claim payment security, knowledge about products, personalization, transparency in product selling and service quality. Nath et al., (2009) identified the rate of implementation of CRM in the service industries increase the customer satisfaction and thereby increase the profitability of the concerns. Hu et al., (2009) found that the efficiency in the Chinese life insurance industry are increased with the help the implementation of CRM at the industry.

**BALUCHAMI AND SUNDAR(2007)** discussed the implementation of CRM in LIC of India with the help of emphasized service, teamwork at the service point, responsive grievance redressed, fair and balanced solutions to customer needs, data warehousing and data mining, easy access to customers, tracking the customer requests, business process re-engineering, customer satisfaction and sensitizing the staffs and field personal.

#### 1.6. APPLICATION OF CRM IN INSURANCE INDUSTRY OFFERS SEVERAL BENEFITS

first of all it is a incessant product development. Which reduces the cycle time for introduction of new products. Secondly there is efficient supply. Which enables faster communication with agents and brokers and reduces the cost to distribute and update information. Thirdly servicing by use of contact center management systems enabling better servicing thus reducing costs. Fourthly claims by introduction of CRM systems helps in web based loss filing and checking the claims position. Fifthly optimizes the selling strategy thus helping in exact forecasting of customer behavior and better territory management. Lastly helps in developing a

definitive ROI policy through the use of various metrics such as customer satisfaction ratings, represent the number of customer complaints and knowing about the customer attrition levels.

### 1.7. CRM STRATEGIES

These could be defensive and offensive strategies. A defensive strategy focuses on existing customers and building relationships with them for long periods whereas an offensive strategy focuses on acquiring a new market share, customers and leaving behind their competitors.

### 1.8. THE ROLE OF CONTEXTUAL FACTORS IN CRM IMPLEMENTATION

The background factors that appear to shape expectations of CRM are the norms of the industry, the organizational perceptions of CRM, and customers' attitudes towards suppliers and customer relationships. These three factors will be discussed in more detail below before a brief review of the components of CRM projects is presented.

### MANAGEMENT GAME PLAN FOR CRM

Some of the time-tested and popular strategies adopted by private insurers towards relationship building and management efforts range from sending out a greetings message on special occasions, data mining and cross-selling to sponsoring mega events. Experience has shown that each interaction at an event may not result in a sale; nevertheless the aim is to make each interaction a potentially profitable opportunity to offer additional value to the customer. Again, insurers embarking on event-driven marketing strategies are in a better position to feel the pulse of the customers and channel their energies towards meeting customer expectations. The other advantage is that this strategy results in a greater return on marketing investment coupled with reduced marketing costs, lesser cost of communication reaching out to a larger targeted audience and a higher response rate.

However in their anxiety to reach out to more customers and grab a bigger piece of the cake, insurance company branches appear to be mushrooming all over the cities. More branches entail deployment of more staff. Recruitment and deployment of personnel without adequate inputs relating to the industry, the products and related issues can have a detrimental effect on CRM. A 'top-down' CRM focused approach that starts with the top management, percolates and permeates all levels of the organization, is the need of the hour. Success of such a strategy will be possible only when an exclusive CRM team ensures dissemination of

the CRM philosophy, conducts a regular CRM audit and offers suggestions and ideas while filing the 'CRM performance report' with the top management.

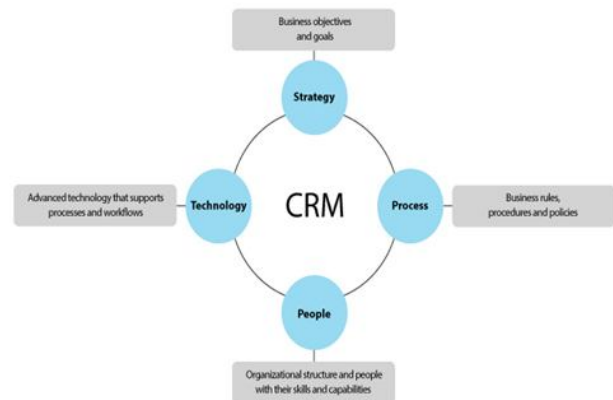
### LIC'S COMMITMENTS AND STANDARDS:

To Our Customers

#### We Will:

- Provide them prompt, efficient and courteous service;
- Act as trustees of their funds and invest the funds to their best advantage;
- Conduct our business with utmost economy and on sound business principles;
- Build and maintain enduring relationship;
- Keep the customer informed.

### 1.9. KEY COMPONENTS OF A SUCCESSFUL CRM



## II. SIGNIFICANCE OF CRM IN INSURANCE INDUSTRY

Insurance companies can no longer view the customer from the viewpoint of specific products or a snapshot one-time transaction. To make best use of lifetime profitability from valued customers, companies must move out from the traditional storage loom mindset. Technology, commoditization, deregulation and globalization have changed the face of insurance business forever. The traditional model of the personalized area insurance activity is outdated, and is now replaced by national and international service providers, backed by technology system and a proliferation of product choices. Insurance companies are realizing that they can no longer look at a customer from the perspective of a specific product or a limited time frame, but must visualize the entire long-term customer relationship to fully understand a client's profitability. From a strategic standpoint, insurance company needs to reconsider their traditional focus on product lines. And so, it is time to adopt a comprehensive view of the

customer as part of a continuum – not just individual transactions, but a lifetime relationship.

**2.1. TECHNIQUE FOR CRM**

One of the best marketing techniques for customer relationship management is one-on-one communication with the customer, In order to have a high level of customer retention, the customers must be happy with the level of fulfillment they receive with the company's ability to meet or exceed their needs. Besides meeting or exceeding their needs, an important aspect of customer satisfaction is perception. If the customer perceives that a company truly cares about their needs, they will continue to patronize a business." Customer Relationship Management by Walking Around " Customer Relationships and the Ten-Foot Rule The following rule is a good start to get all employees on board.

- Any employee within ten feet of a customer will acknowledge their presence.
- The employee will acknowledge the customer with a standard greeting like "good morning."
- If the customer asks for a specific person, item or directions the employee will personally escort the customer to that person, item or location within the company.
- Customer Retention by Exceeding Expectations

**2.2. SAMPLE DESIGN**

This study pertains to the study of CRM practices in the following categories of service organizations:

- a) Commercial banks ( state bank of india life insurance)
  - b) health insurance (Life Insurance Corporation Of India)
- the above mentioned areas are state of Tamil nadu in Thanjavur District

**III. DATA ANALYSIS AND INTERPRETATION**

**3.1. RELIABILITY AND VALIDITY DATA**

As the Cronbach’s alpha of one parameter effective factors in implementation customer relationship management (CRM) reveal .650 and more than .650 as alpha. So, it is confirmed that the data are highly reliable and valid for analysis. The following table show that, the Cronbach’s alpha value for effective factors in implementation customer relationship management (CRM).

Table.3.1 Reliability and Validity of data

<b>Reliability Statistics</b>	
<b>Cronbach's Alpha</b>	<b>N of Items</b>
.799	6

Table.3.2 ANOVA test for income and effective factors in implementation customer relationship management (CRM) insurance industry

<b>effective factors in implementation customer relationship management (CRM).</b>	<b>F</b>	<b>Sig.</b>
my organization makes an effort to find out what our key customer need	6.602	.000
the new generation insurance companies will definitely success in the long run	9.188	.000
the performance of private insurance companies is excellent in comparison to public sector companies	18.619	.000
privatization, globalization and liberalization in insurance definitely brought benefit to customers	6.140	.000
I like to buy products that have well known brand name	4.846	.001
my organization provides customized services and product to our key customer	2.884	.022

Based on the result generated by SPSS 20, there is no significant values of my organization makes an effort to find out what our key customer need, the new generation insurance companies will definitely success in the long run, the performance ,of private insurance companies is excellent in comparison to public sector companies, privatization, globalization and liberalization in insurance definitely brought benefit to customers, I like to buy products that have well known brand name, my organization provides customized services and product to our key customer are less than 0.05. so null hypothesis is rejected. Therefore there is significant relationship between income and effective factors in implementation customer relationship management (CRM).

Table.3.3 KMO and Bartlett’s Test of customer relationship management (CRM) implementation issues to Insurance industry

<b>KMO and Bartlett's Test</b>		
<b>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</b>		.791
<b>Bartlett's Test of Sphericity</b>	<b>Approx. Chi-Square</b>	2.181E3
	<b>Df</b>	15
	<b>Sig.</b>	.000

Source: Output generated from SPSS 20

High value of KMO (0.791 > .05) of indicates that factor analysis is useful for the present data. The significant value for Bartlett’s test of Sphericity is 0.000 and is less than

.05 which indicates that there exists significant relationships among the variables. The resultant value of KMO test and Bartlett’s test indicates that the present data is useful for factor analysis.

2. privatization, globalization and liberalization in insurance definitely brought benefit to customers
3. I like to buy products that have well known brand name
4. my organization makes an effort to find out what our key customer need
5. my organization provides customized services and product to our key customer
6. the performance of private insurance companies is excellent in comparison to public sector companies

Table.3.4 Total variance explained for customer relationship management (CRM) implementation issues to Insurance industry

Component	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.660	60.992	60.992	3.660	60.992	60.992	3.627	60.448	60.448
2	1.048	17.458	78.451	1.048	17.458	78.451	1.080	18.003	78.451
3	.899	14.987	93.438						
4	.250	4.171	97.608						
5	.089	1.486	99.094						
6	.054	.906	100.000						
Extraction Method: Principal Component Analysis.									

Source: Output generated from SPSS 20

All the statements of the customer relationship management (CRM) implementation issues to insurance industry are loaded on the two factors.

Table 3.5 Rotated Component Matrix of customer relationship management (CRM) implementation issues to Insurance industry

Variables	Component	
	1	2
the new generation insurance companies will definitely success in the long run	.960	.037
privatization, globalization and liberalization in insurance definitely brought benefit to customers	.941	.064
I like to buy products that have well known brand name	.941	.106
my organization makes an effort to find out what our key customer need	.934	.075
my organization provides customized services and product to our key customer	.120	.846
the performance of private insurance companies is excellent in comparison to public sector companies	.215	.585
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.		
a. Rotation converged in 3 iterations.		

Source: Output generated from SPSS 20

The statements are converted into 2 factors using factor analysis.

The following five aspects related to customer relationship management (CRM) implementation issues to Insurance industry is converted a single factors.

1. the new generation insurance companies will definitely success in the long run

#### IV. SUGGESTION

Educate the customers and the public of the various options available in the area of products and services. This will be done through on-going consumer education campaigns with a special focus during the “Consumer Education Week” to be organized in September every year. Make available to the customers brochures in regional languages and in easy-to-understand style on our policies and services. Expand our existing Home page on the Internet to include more details of our products and services, on a non-going basis; Enhance the content and frequency of our communications with our customers. This will be attempted through press Releases, press Conferences, TV/Radio Interviews etc. The communications would, besides providing information on progress of the organization, highlight forums of grievance redressed available to the customers, inside the organization.

#### V. DISCUSSION & CONCLUSIONS

Customer relationship management (CRM) is the key for success of organizations. When the organizations grow larger and larger, complexity increases in controlling potential customers. Establishing a Systematic and well organized CRM systems calls for understanding and analyzing the key successfactors. CRM is a new business philosophy based on trust and value; The core function of CRM is the value creation process; Customer relationships develop over time; The role of global salespeople in the process is that of both relationship builders and relationship promoters; and The basic premise of CRM is to offer superior value to customers in an effort to turn prospects into customers, customers into loyal customers, and loyal customers into partners. Life Insurance companies want intermediaries who can deliver solutions to customers, not simply products. They need intermediaries with technical knowledge and skills. They need people with relationship, communication, and negotiation skills & Customer Relationship Building skills. Improving CRM is an important part of the financial Sector especially in

life insurance sector. This can be measuring of customer satisfaction, Making customer satisfaction targets part of the individual performance report, Extra focus on complaint management and solving client problems, installing product approval processes (including compliance and risk management) that guarantee careful information to the client. To become more customer-centric and optimize customer lifetime value, financial services providers need to consider the following five variables that create mutual value to the customer and the services provider: 5C's Coverage, Cost, Convenience, and Care & Compliance. To serve as a practical tool for managing customer relationships, the lifetime value optimization we have to adopt these 5C's. The results of customer value optimization can be highly rewarding. Life Insurance companies that have adopted this approach have been able to achieve business growth and profitability in competitive environment

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