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A Study on Effectiveness of Mobile and Internet in Selling Life Insurance Services

K. K. Sharan[1], B. Poongodi[2]

Student[1], Assistant professor[2]

KCT Business School, Coimbatore

Corresponding Author: *sharan6446@gmail.com[1]*

Abstract

In today's corporate and competitive world, I find that insurance sector has the maximum growth potential as compared to the other sector. Insurance has the maximum growth rate of 70-80% while as FMCG sector has maximum 12-15% of growth rate. Despite recession this sector has noticed a growth rate of around 35-40%.The growth potential attracts individuals to enter this sector and IDBI Federal Life Insurance Company Ltd has given me the opportunity to get a peek of highly competitive and enhancing sector. The awareness related to life insurance products in India, among the mass, is still very low. The level is even lower in rural areas. Insurance is still considered as a tool for tax planning only, even when companies have attached investment benefits to it. The major factors affecting the purchase of an insurance product are trust, service, product features and relationship with advisors. Firms like LIC are still favoured only because of being a government undertaking units. The concept of m— is-selling has paralyzed the sector itself. People find it hard to have faith in advisors. Their job is really very hard. People are now getting aware of the various investment tools available in the market. The masses in urban cities like Pune have started comparing the products.

Keywords: *Life Insurance Services, FMCG sector*

INTRODUCTION

Industrial Profile

Life Insurance is one of the fastest growing sector in India since 2000 as Government allowed Private players and FDI up to 26% and recently Cabinet approved a proposal to increase it to 49%. Life Insurance in India was nationalised by incorporating Life Insurance Corporation (LIC) in 1956. All private life insurance companies at that time were taken over by LIC.

COMPANY PROFILE

IDBI Federal Life Insurance is one of India's growing life insurance companies and offers a diverse range of wealth management, protection and retirement solutions to individual and corporate customers. IDBI Federal Life Insurance Co Ltd is a joint-venture of IDBI Bank, India's premier development and commercial bank, Federal Bank, one of India's leading private sector banks and Ageas, a multinational insurance giant based out of Europe. Having commenced operations in 2008, IDBI Federal was able to achieve breakeven within just 5 years; the Company's passion for innovation and growth helped it achieve this feat. Through a nationwide network of 3, 014 branches of IDBI Bank and Federal Bank, and a sizeable network of advisors and partners, IDBI Federal Life Insurance has achieved presence across the length and breadth of the country. As on March 31, 2015, the company has issued nearly 8.23 lakh policies with a sum assured of over.

SCOPE OF THE STUDY

A big boom has been witnessed in insurance industry in recent times. A large number of players have entered the market and are trying to gain market share in this rapidly improving market. The study focuses to analyzing the penetration level of life insurance in ooty and Coimbatore district and to find the scope of online marketing in insurance sector and finally to give the sustainable ideas to the company to scale up the business process through online. If the process is made online all the functions will become very flexible for the company.

REVIEW OF LITERATURE

1Martin Grossman, S.E (2013) has analysed the advent of the Internet, online processes are replacing conventional models in our society. The greatest impact in online technology has been achieved by e-commerce. E-commerce is attractive both to buyers and sellers as it reduces search costs for buyers and inventory costs for sellers. In this paper we investigate the impact of e-commerce on the insurance industry in India. The recent growth of Internet infrastructure and introduction of economic reforms in the insurance sector have opened up the monopolistic Indian insurance market to competition from foreign alliances. We study the evolving scenario in the insurance industry in India and identify the features of online insurance that improve the conventional insurance model and thus, makes it more attractive for the Indian insurance industry to go online.

Rao, M.P.&Babu,R.N2 (2016) in their paper said that insurance industry in India has gone through a revolutionary change after this sector was thrown open to the private sector in 1999 which brought professional expertise and management skills to procure insurance business. Again, since liberalization and globalization many foreign insurance companies have started operations in India after entering into joint ventures with Indian companies. Insurers are beginning to feel the heat of the competition already and every company including the monolith -- the LifeInsurance Corporation, has had to sit up and think hard on strategies to take the competition head on. Among all the hoopla, one factor that has brought sweeping changes in the industry in the manner it will work henceforth is information technology. It is perhaps the most significant development in the insurance sector today. Companies are redefining the way business was conducted so far. Traditional methods will have to be done away with and absorption of newer technologies will pave the way for improved efficiency and reduced costs. More transparency in operations and flexibility to change according to innovations in technology are the key factors for success in this industry.

RESEARCH METHODOLOGY

Research Design

A research design is a plan comprising the researcher’s decisions about the procedures of sampling, data collection and analysis of data in respect of a given study, which aims to fulfill the objectives or purpose of the study without wasteful expenditure of time, energy and money. The research design may vary depending on the research purpose.

The studies can be classified based on the number of contacts, the reference period of the study and the nature of investigation.

OBJECTIVE OF THE STUDY

1) To study the penetration level of life insurance in Coimbatore and Ooty district.

2) To associate between the insurance awareness and policy possession.

3) To analyse the independence of safety factors across the age groups.

4) To correlate the user friendliness and information retrieval. 5. To estimate the impact of companies product, user friendliness and follow up on purchase of the policy.

STATEMENT OF PROBLEM:

The Insurance sector is growing very soon and the level of competition is increasing day by day. Only if the company finds the level of penetration of life insurance it can take necessary steps to increase it. Most of the marketing functions of insurance company are done manually so both money and time gets wasted. So if the scope of online marketing is found and necessary steps can be taken to make everything online so that the resources can be saved.

Descriptive Study

The descriptive studies aim at explaining the characteristics of the study population. In descriptive studies the information is collected as such in the existing environment and it also aims to understand or explain the association or relationship between the various variables of the study. The researcher follows the survey method of descriptive study design.

The study of the researcher follows cross sectional studies based on the number of contacts. The cross sectional study is the type under descriptive study that involves analysis of data collected from a population or a representative subset, at one specific point in time. This study has only one contact with the study population. Here we are going to identify the study population, select the sample and contact the respondents to find out the required information.

In case of the exploratory study the research design can be flexible which is not possible in the descriptive design.

3.4 Method of Data Collection:

The study was conducted in urban area of Coimbatore and Ooty. The data's were collected through questionnaire.

SOURCE OF DATA

Primary Data

Questionnaire method was followed in the rural areas and urban areas to see the preference of insurance in both the areas where it was focusing on the attitude of people in these areas when it comes to insurance.

Time Period Covered:

The time period covered for this study was three months.

Population and Sample Size

The population of this study is people residing in Coimbatore and ooty and the sample size is 200.The population size of Ooty is 1,20,000 and the population size of Coimbatore is 15,00,000 and thus the total population of these two cities is 16,20,000.

Sampling Technique

The researcher must decide about the technique to be used in selecting the items for the sample, Purposive Sampling is a type of non-probability sampling which involves the sample being drawn from the part of the population which is close to hand.

Statistical Tools Used:

The data collected through questionnaire has been analyzed using SPSS software. The data has been represented by charts.

Limitations of the Study

- The research is confined to certain parts of Coimbatore and ooty.

- Some respondents were reluctant to divulge personal information which can affect the validity of all responses.

ANALYSIS

Multiple Linear Regressions

H0: There is no significant difference between factors influencing online policy purchase and preference of online policy purchase

H01: There is significant difference between factors influencing online policy purchase and preference of online policy purchase.

Model Summary:

Table 1

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.080 a	0.006	-0.009	0.635

The total variance explained is very small (0.6%)

ANOVA:

H0: The model is not fit

H01: The model is fit

Interpretation:

P value=0.738 > 0.05

P value is greater than 0.05, therefore the model is not fit.

Table 2

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	0.511	3	0.170	0.422	0.738a
	Residual	79.169	196	0.404		
	Total	79.680	199			

Coefficients:

Table 3 showing the comparison of absenteeism factors and number of leave

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	Constant	1.717	0.451		3.809	0.000
	Easy in internet	0.100	0.101	0.078	0.988	0.324
	Easy to compare in internet	0.012	0.129	0.008	0.093	0.926
	Online is user friendly	-0.018	0.066	-0.021	-0.277	0.782

Interpretation:

To identify the influence of factors like easy to follow in internet, easy to compare in internet and internet is user-friendly on preference of buying policy on internet multiple regression modelling is used. In the multiple regression analysis, buying policy on internet is used as Dependent variable and easy to follow in internet, easy to compare in internet and internet is user-friendly are used as Independent variables.

As the model is not fit the regression equation thus formed cannot be used for predicting the dependant variable. ‘Buying policy on Internet’. However it is found that ‘easiness of internet’ has relatively more impact; than the other variables.

FINDINGS

- The awareness created by television about the insurance policy is more when compared to other sources
- Most of the respondents are not aware about the mobile app.
- Most of the respondents agree that online is user friendly in insurance.

- Respondents who don't have policy are higher than the respondents who have policy, it shows that the level awareness about the insurance policy is less

- Most of the respondents feel that online insurance is not safe

- Most of the respondents are not sure whether the online payment is safe or not

- Among the population some feel that online insurance will make their job easier and reduces time.

- Most of the respondents agree for the easy comparison of the products of different companies through internet.

- It is found that 'easiness of internet' has relatively more impact; than the other variables.

SUGGESTION

Most of them prefer LIC because they trust government insurance companies more when company when compared to private. So if private insurance company also creates a trust among the people they will also prefer private insurance company

Most of the respondents are not sure whether the online payment is safe or not. It is because they may not be aware about the usage of online payment .So people can be trained on it by showing demos

If the awareness about the online insurance is created most of the people will believe that online insurance will make their job easier and reduces time and then it can be implemented

The system for comparing products of different companies through internet can be created this may increase the awareness about the insurance.

CONCLUSION

Mobile applications in life insurance provide numerous benefits. Adoption to the mobile and internet solutions in life insurance has been slow. Mobile and online solutions will make the connection with the customers easier, leading to improved relationships. This will result in the improved flexibility in matching products with customer demands. Insurers can reinforce their brand and create better visibility by reaching out to a vast number of customers effectively through the hand held devices. The banking industry has already shown that mobile applications are embraced with greater speed than they are developed. The general insurance industry is also racing ahead in adopting this technology and reaping the benefits. Life insurance companies need to realize the immense potential offered by the mobile applications and online in growing their business.

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