MANTECH Publications

Journal of Marketing and Sales Management
Volume 5 Issue 1
ISSN: 2457-0095 (Online)

A Study of Trends in the Marketing Strategies of Life Insurance Corporation of India with Special Reference to Shriram Life Insurance

Dr. K. Sankar Ganesh[1], Karthik Sreeram[2], Sandeep Krishna D[2]

Professor & Dean Academics[1], Student[2]

Department of Management Studies

LEAD College of Management, Palakkad

Corresponding Author's Email id: *- dr.ksankarganesh@gmail.com*

Abstract

Insurance is not a new concept, in day-to-day life, we may come across the name many times. We have been hearing about it everywhere, Hospitals, agricultural farms, factories, TV advertisements. Sometimes it will be an option to opt for; sometimes it is mandatory to have insurance. Nowadays insurance plays a vital role in safeguarding the clients from different unexpected events that might occur at any stage of their life. For this purpose, it is important for a marketer to know the need of the market. Insurance marketing mainly focuses on introducing the best marketing mix for the business to be able to survive in this competitive industry. Indeed, there are many Insurance companies that offer different policies, but how effective are the marketing strategies to attract the customers and deliver the promises they make to them, and how the customer`s perception and preferences will change towards the insurance policies. In this study, we are trying to understand the marketing strategies that Shriram life insurance uses, know different policies offered to customers, and find out the perception and preferences of the customers. For this purpose, a sample of 120 respondents was chosen based on convenience sampling, and data were collected through well-structured questionnaires. The finding can help us to understand marketing strategy effectiveness and the perception of customers towards insurance policies.

Page 14-23 © MANTECH PUBLICATIONS 2021. All Rights Reserved

***Keywords**: - Insurance, Marketing Strategy, Perception, Consumer Preference.*

INTRODUCTION

Marketing refers to activities a company undertakes to promote the buying or selling of a product or service. Marketing includes advertising, selling, and delivering products to consumers or other businesses. Some marketing is done by affiliates on behalf of a company.

Marketing is defined by the American Marketing Association as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large". The term developed from the original meaning which referred literally to going to market with goods for sale. From a sales process engineering perspective, marketing is "a set of processes that are interconnected and interdependent with other functions of a business aimed at achieving customer interest and satisfaction".

The project is done to know about the marketing strategies that are adopted in the insurance sector for its various factors on a respective manner topic of the project "A Study in trends in the marketing strategies of Life Insurance Corporation of India"

The project is done in Shriram Life insurance Ltd for knowing the different marketing strategies that are used in various manners in the market. Also, to know how the consumers' perception towards the insurance sector in the coming days. This study also talks about the current situation of the insurance sector for its various needs in a respective manner.

The insurance industry of India consists of 57 insurance companies of which 24 are in the life insurance business and 33 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. Apart from that, among the non-life insurers, there are six public sector insurers. In addition to these, there is a sole national re-insurer, namely, General Insurance Corporation of India (GIC Re). Other stakeholders in the Indian Insurance market include agents (individual and corporate), brokers, surveyors, and third-party administrators servicing health insurance claims.

Page 14-23 © MANTECH PUBLICATIONS 2021. All Rights Reserved

Marketing strategy in the life insurance business a process

The marketing strategy analysis, planning, implementation, and management process are described below. The strategic situation analysis considers market and competitor analysis, market segmentation, and continuous learning about markets. Designing a marketing strategy examines customer targeting and positioning strategies, marketing relationship strategies, and planning for new products. Marketing program development consists of product, distribution, price, and promotion strategies designed and implemented to meet the value requirements of targeted buyers. Strategy implementation and management consider the organizational design and marketing strategy implementation and control.

Statement of the Problem

The Life Insurance market in India was an underdeveloped market that was only tapped by the state-owned LIC till the entry of private insurers. The insurance industry, as of 1.4.2000, comprised mainly of two players: the state insurers – Life Insurance Corporation of India and General Insurers, the General Insurance Corporation of India. In India, insurance is generally considered as a tax-saving device instead of its other implied long term financial benefits.

This study is to analyze how effective is the marketing strategies of the life insurance sector. It is also used to know the culture of customers towards the insurance and to know the effectiveness of the market in the current situation.

Objective of the Study

1. To study different marketing strategies and techniques that are used in Shriram life insurance

2. To know about different policies that are given to the customer as per their financial position

3. To analyze the shift in customer perceptions and preference towards the life insurance policies.

Scope of the Study

The study is limited to Palakkad city and the investors. It is also used to know the effectiveness of a marketing strategy is helpful in the rural areas. It is mainly used for knowing the buying behavior of the investors also in a respective manner

Page 14-23 © MANTECH PUBLICATIONS 2021. All Rights Reserved

Limitation of the Study

Information collected in the questionnaire is having the chance of bias as the respondence opinion is based on situational feedback. Lack of proper interaction and co-operation from the public due to COVID 19.Suggestions given at the end of the report are based on the information collected, which may not be accurate due to the changing perceptions of the consumers.

REVIEW OF LITERATURE

Rama Murthy (2003) in his article, "Life Insurance Corporation: Advantage of Strong Base", discusses the organizational structure and performance of the LIC. He also examines the various customer orientation programmes undertaken by the Corporation. He feels that the LIC is invincible due to its strong presence in the market as well as its corporate image.

Tapen Sinha (2003) in the paper "Privatization of the Insurance Market in India: From the British Raj to Monopoly Raj to Swaraj" stated Indian insurance sector is likely to witness high growth due to two main reasons- financial deregulation and growth in per capita GDP. The effect of joint venture strategies and the need for better regulation of the sector for growth without killing the new comers are highlighted.

Ziaudeen A. (2003) in his dissertation, "Marketing of Life Insurance Services by Life Insurance Corporation of India at Thanjavur district" He suggests that the level of awareness among the consumers has to be improved more in order to tap the market entirely. The marketing of the LIC is found satisfactory in Thanjavur district.

Tim Bain (2008) added that life insurance has played an important role in augmenting the business environment by mitigating risks and sharing the risk. Due to the dynamic nature of the financial climate it has become imperative for the consumers like individuals, institutions and government to distribute their risk amongst the people sharing the same level of risk. This forms the fundamental principle of insurance companies. When it comes to life insurance companies and term life insurance specifically, it has also become quite common for consumers to contact quick quote looking for answers and reassurance.

Narayana J (2009) in an article has written about the importance of customer in the corporate world of life insurance. He elucidated that there is increased market

Page 14-23 © MANTECH PUBLICATIONS 2021. All Rights Reserved

competition, in designing products of life insurance in line with customer's needs. Proper handling of customer objections & effective customer complaint management with fast claim settlement procedure are the factors driving the satisfaction level of customers. Thus an effective on time processing is the focal point of a sustainable life insurance business.

Shashidharan Kutty (2010), in his article "Indian Life Insurance – The Millennial Decade", elaborates the qualitative development in the Life Insurance Industry during the last decade, both in the global and in the Indian context. In his empirical analysis, he finds that the dominant paradigm in sales has been to build the sales infrastructure. Somehow, the growth would automatically materialize and the selling competence will also be enhanced. But, life insurance, as an industry, is mostly built on trust, protection, preservation and long-term opportunity.

Upadhyaya and Badlani (2011), in their research, attempt to identify the key success factors in the life insurance industry, in terms of customer satisfaction so as to survive intense competition and to increase the market share. The study concludes that despite high satisfaction levels, there remains a lot to be done by the management of the retail life Insurance companies to maximise their customer satisfaction and improve the quality of service. The satisfaction of the customer with the services of the Life Insurance Companies was found to be linked with the performance of the service.

Shameem and Gupta, (2012) The research is structured to analyze marketing techniques in the life insurance service industry and how such techniques improve sales volume & marketability that eventually contribute to consumer satisfaction. Insurance situation face several obstacles including higher operational expenses, administrative burdens, and inefficient technology networks. Every insurer must understand that their "strategic role" varies depending on the dynamic climate, partially on allocating marketing resources. An insurance company strategy is an overall plan that decides how an insurer will better accomplish its priorities and achievements in the light of competition's current challenges, on the one side, and scarce resources, on another.

Cifp (2013) insurance in 2020 shifting behavior and purchasing motivations will determine the ideal insurance model, but consumer preferences and sales channel

Page 14-23 © MANTECH PUBLICATIONS 2021. All Rights Reserved

requirements will dominate product development to meet competitive pressure and shifting legal requirements.

This report manages to analyze how insurance companies can attract the best consumers by using 'pull' techniques. It explores how it can be transformed into a '4E model' in favour of the new digitally-oriented business climate, beginning with the traditional 4P marketing model (Sharma, 2017).

RESEARCH METHODOLOGY

The research methodology underlines the various steps involved by the researcher in systematically solving the problem with the objective of determining various steps. The study used primary and secondary data for the gathering of information. The primary data were collected using a well-structured questionnaire. The secondary data are used to know about the policies and other factors. The present study consists of those who invested in the sector and also those who like to invest in the future. This study is a descriptive study method. This study mainly assesses marketing strategies that are effective for the future or to be changed the strategy techniques. Data obtained through the first-hand investigation. Primary data includes information collected from interviews, surveys, questionnaires, and focus groups. In this study, data was collected through, a well-designed and structured questionnaire. These questions covered all the aspects of the objectives of the study. This is an indirect method of data collection. The secondary data are collected from books, journals, reports, e-book, documents, and from the company website. The sample unit for this is individuals and who all have invested and held insurance policies. A simple random sampling method is used to select a sample of 120 peoples. The data is collected from the people of Palakkad city. Tools applied in this study were a. Percentage method, b. Ranking method and c. Chi-Square Method.

INTERPRETATION AND FINDINGS

The researcher has observed from the study that most of the insurers (66.66%) are at the age of 30-39. It is observed from the study that (58.33%) of the respondents were having an average monthly income between 20,000-40,000, which shall be considered while framing marketing strategies. It is observed that 8.33% of them avail insurance because of having surplus money. Among the total number of the respondents, 41.67% are willing to recommend to others. It is found that all the factors like company profile, brand,

Page 14-23 © MANTECH PUBLICATIONS 2021. All Rights Reserved

grievances handling, and undue delay in claims are influencing the purchase of insurance policy. From the study, it is identified that most of the respondents (66.67%) use online platforms for the paying of the insurance. It is known that the major number of respondents use (58.34%) the internet as a major source for gaining information about insurance. Similarly, the respondents (33.33%) promote ethical conduct in the insurance sector. It shows that the technological accessibility of Shriram Life Insurance Ltd is (41.67%) considered excellent. 33.33% of the respondents feel that the schemes offered are excellent. 50% of the respondents and have opined excellent about the promotional strategy. 41.6% 50% of the respondents and have opined excellent about customer service and follow-up. As 44.06% of the respondents feel that customer support and guidance are excellent. It is observed that 66.66% of the respondents have an insurance policy while 33.33% of the respondents don't have an insurance policy.

Findings of the Weighted Average Method:

By applying a ranking method to understand the preferred promotional strategies of Shriram Life Insurance Corporation. Among all promotional strategies advertising ranks first followed by personal selling, online marketing, social media, and direct mail. The most preferred mode of payment by the respondents is examined by using the weighted average method. Here it was observed that the Online mode of payment ranks first, followed by Bank payment and payment through agents. Among all reasons for insuring with Shriram Life Insurance, Company Profile is found to be the most influenced component followed by Brand image, grievance handing approach, and undue delay in claims.

Findings of Chi-Square method:

An attempt to understand the relationship between the type of policy of the insurer and their percentage of monthly average income was done by using the Chi-square analysis method. It can be observed that there is an association between the type of policy and the percentage of monthly average income.

CONCLUSION

The study was conducted in Shriram Life Insurance Ltd. From this study the researcher had concluded that most of the insurers are from the average monthly income group. The respondents view insurance as an investing platform and for future saving. It is also seen that the digital

Page 14-23 © MANTECH PUBLICATIONS 2021. All Rights Reserved

marketing sales of Shriram Life insurance is the major marketing strategy for the company. The company is following all the advance technology to offer good service to its customers. This study is basically intends to analyse the marketing strategies of life insurance sector to reference Shriram Life Insurance. There the company is mainly focusing to middle age group as their customer. It is also taken as a marketing strategy for the company for the future aspects of insurance sector.

It is very evident that the private life insurance companies in India are aggressively trying newer innovative methods of engaging the customer, however the studies have revealed that in spite of such tools adopted the customers have still not being informed so that an awareness can be created in the minds of the customer. Moreover, these tools have a profound effect so it becomes necessary to understand these tools, their execution and the perception the people carry about these tools. But only few studies have been done in the areas of understanding the impact of these tools with reference to informing, persuading and reminding.

Shriram Life Insurance requires strategies in order to survive successfully in the market. To make the insurance potential to maximum industry needs by framing marketing plans and strategies will help to capture the market. Insurance sector is one of the most booming sectors in India. The penetration level of insurance in India is only 2.3% when compared to 9-15% in the developed nations. There is a huge market for the Insurance policies in the future in India.

REFERENCES

I. Raman, N. and Gayathri, C., "A Study on Customers Awareness towards New Insurance Companies", Indian Journal of Marketing", July 2006, P.6.

II. Rajesham, Ch. and Rajendar, K., "Changing Scenario of Indian Insurance Sector", Indian Journal of Marketing", July 2006, P. 9.

III. Mony, S.V., "New Initiatives in the Insurance Sector: Opportunities and Challenges", Vikalpa, Vol. 30, No. 3, September 2005.

IV. Krishnamurthy, S., "Insurance Sector: Challenges of Competition and Future Scenario", Vikalpa, Vol. 30, No. 3, September 2005.

Page 14-23 © MANTECH PUBLICATIONS 2021. All Rights Reserved

V. Barik, B., & Patra, R. (2014). Emerging Trends in Insurance-A Study in Indian Life Insurance Industry. Journal of Research in Commerce & Management, 3(6).

VI. Chaudhuri, S. R., & Chakraborty, J. (2008). Private Life Insurance Companies in India: Strategizing Ways to Overcome the Product-Selling Challenges. ICFAI Journal of Risk & Insurance, 5(2), 7-20.

VII. Parmasivan C. (2015). A Comparative Study of Public and Private Life Insurance Companies in India. IJMRR Vol.1, Issue 7, 15-18.

VIII. Prakash, R., & Lalit, G. (2013). Unethical Practices and Control of IRDA in Indian Insurance Market. Pacific Business Review, 6 (5), 8-12.

IX. Shameem, B., & Gupta, S. (2012). Marketing strategies in life insurance service. International Journal of Marketing, Financial Services & Management Research, 1(11), 132-141.

X. Vijayanarayanan, A. G. (2018). Marketing Strategies of Private Sector Life Insurance Companies in Chennai City–An Empirical Study. International Journal of Pure and Applied Mathematics, 119(7), 1217-1224.

XI. Zekaj, B. (2016). Marketing in Insurance Industry, Marketing Functions in Insurance Industry. European Journal of Multidisciplinary Studies, 1(5), 33-39.

XII. Appi, Reddy, and Narasimha, Murthy. G. (1996). Marketing of Life Insurance Services in Rural Areas, Management Researcher, Vol. 11, No 3 & 4, Jan-Jun, 23-28.

XIII. Bodla, B.S., and Sushma, Rani. Verma. (2004). Life Insurance Policies in Rural Area: Understanding Buyer Behaviour, Indian Journal of Marketing, 34(5), 6-8.

XIV. David, L. Bickelhaupt. (1967). Trends and Innovations in the Marketing of Insurance, Journal of Marketing, July, 17-22.

Page 14-23 © MANTECH PUBLICATIONS 2021. All Rights Reserved

XV. Marketing Practices of LIC of India: Innovative Ways of Marketing Strategies, C. Manoj Kumar Cmanojkumar44@gmail.com S. Abdul Rafi Yogi Vemana University

BOOKS

- Kotler P, Keller KL (2009). Marketing management (13 ed.): Pearson Prentice Hall.

- Rao, G.V. (2007a), "Premium Performance", Vol. VII, Issue 10, Asia Insurance Post, May, pp.30-34.

- Periasamy, P., Principle and Practice of Insurance, 1st Edition, Himalaya Publishing House, Mumbai, 2005.

- D.C Shrivastava and S. Shrivastava, Indian insurance Industries-Transitions and prospectors. New century publication 2001.

- Irving pfeffer and Devid R. Klock " Perspective on Insurance Industry - India" Prentice -Hall Englwood Cliffs , 2004

Page 14-23 © MANTECH PUBLICATIONS 2021. All Rights Reserved