

CHAPTER - VII

FINDINGS & SUGGESTIONS

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Chapter Overview

This chapter deals with the summary of findings of the study and the following discussions. It also provides some suggestions for Indian life insurance sector, especially for the life insurers to improve their SMM to capture more and more market share. The limitations faced by this study are also outlined. Finally, it summarises the entire study through concluding remarks.

7.1. SUMMARY OF FINDINGS

7.1.1. Determinants of Life Insurance Demand

The first objective of this study was to determine the impact of various demographic characteristics of the customers on their decision to buy a life insurance policy. The following results were obtained as per this objective.

* Age has a significant impact on the customers’ life insurance policy buying decision.
* Gender has no significant impact on the customers’ life insurance policy buying decision.
* Marriage has almost no impact on this aspect although married people seem to have slightly more number of policies than unmarried people.
* Selling company has almost no impact on the customers’ buying decision although customers of private insurers seem to have slightly more number of policies than those of LIC.
* Locality (respondents’ area of residence) has almost no impact on this aspect although urban customers seem to have slightly more number of policies than rural customers.
* Occupation has a significant impact on the customers’ buying decision. Government employees have much more number of policies followed by the self employed/ business category customers whereas private employees and the others have fewer policies.
* There is a strong positive correlation between number of policies and educational qualifications, yearly premiums paid and annual income. Further, it was found that family size has no impact on the number of policies purchased.
The second objective of this study was to analyse the impact of various demographic variables on the perception of the customers and the executives regarding the SMM elements. The following results were obtained as per this objective.

7.1.2.1. Customers

* Age has a significant impact on the perceptions of the customers regarding these three elements of SMM, namely, of ‘policy elements’, ‘policy pricing’ and ‘promotional activities’.
* Gender has a significant impact on the perceptions of the customers regarding ‘physical evidence’.
* Marriage has a significant impact on the perceptions of the customers with respect to ‘policy elements’, ‘promotional activities’ and ‘process’ elements of SMM.
* Level of education creates a significant difference in the perceptions of the customers regarding ‘people’ and ‘physical evidence’.
* Level of income of the customers has almost no impact on the perception of the customers regarding the SMM elements except “physical evidence”.
* Type of occupation has huge impact on the perceptions of the customers with respect to ‘policy elements’, ‘process’ and ‘physical evidence’ affecting their policy purchasing behaviour.

7.1.2.2. Executives

* Age has almost no impact on their perceptions of SMM elements except ‘policy pricing’ where younger executives have more positive opinion than other two groups.
* Male and female executives have almost same opinion about the impact of SMM elements except ‘physical evidence’ where females are more positive than male executives.
* Difference in the educational qualifications of the executives has almost no impact on their perceptions of SMM elements except ‘process’ where graduates have more positive opinion than other two groups.

* Professional experience of the executives has no impact on their perceptions of all the SMM elements.

7.1.3. Perception of the SMM Elements

* The overall perception of all the respondents states that Life insurance policy pricing is the most important factor which influences the policy buying behaviour of the respondents. Physical evidence is the least important element of the mix which affects the respondents’ decision.

The third objective of this study was to examine the perceptions of the customers (buyer) towards the various elements of the SMM. The following results were obtained as per this objective.

* The overall perception of all the customers states that Life insurance policy pricing is the most important factor which influences the policy buying behaviour of the customers. Physical evidence is the least important element of the mix which affects the customer’s decision.

* The overall perception of the customers of LIC states that Life insurance policy pricing is the most important factor which influences the policy buying behaviour of these customers. Place is the least important element of the mix which affects these customer’s decision.

* The overall perception of the customers of private companies states that Life insurance policy pricing is the most important factor which influences the policy buying behaviour of these customers. Process is the least important element of the mix which affects these customers’ decision.

* The overall perception of the customers of urban areas states that Life insurance policy pricing is the most important factor which influences the policy buying behaviour of these customers. Physical evidence is the least important element of the mix which affects these customers’ decision.
* The overall perception of the customers of rural areas states that Life insurance policy pricing is the most important factor which influences the policy buying behaviour of these customers. Physical evidence is the least important element of the mix which affects these customers’ decision.

The fourth objective of this study was to assess the perceptions of the executives (seller) involved in the marketing of the life insurance products towards the various elements of the SMM. The following results were obtained as per this objective.

* The overall perception of all the executives states that people involved is the most important factor which influences the policy buying behaviour of the customers. Physical evidence is the least important element of the mix which affects the customers’ decision.

* The overall perception of all the LIC executives shows that people involved is the most important factor which influences the policy buying behaviour of the customers. Physical evidence is the least important element of the mix which affects the customers’ decision.

* The overall perception of all the private executives shows that policy elements are the most important factor which influences the policy buying behaviour of the customers. Place is the least important element of the mix which affects the customers’ decision.

* The overall perception of all the urban executives states that policy pricing is the most important factor which influences the policy buying behaviour of the customers. Physical evidence is the least important element of the mix which affects the customers’ decision.

* The overall perception of all the rural executives states that policy elements are the most important factor which influences the policy buying behaviour of the customers. Physical evidence is the least important element of the mix which affects the customers’ decision.
7.1.4. Overall Perception of the SMM Elements between the Customers and the Executives

The fifth objective was to investigate the differences in the perception of the executives and the customers regarding the various SMM elements. For this purpose, first null hypothesis \( \text{Ho}_1 \) was established. The following results were obtained as per this objective.

* There is a significant difference in the perceptions of the customers and the executives with respect to ‘place’ and ‘people’.

7.1.5. Impact of Organisation/ Company on the Respondents’ Perception of SMM Elements

The sixth objective was to assess the impact of organisation/company on the perceptions of the customers and the executives regarding the various SMM elements. To test this objective four hypotheses were established, namely, \( \text{Ho}_2, \text{Ho}_3, \text{Ho}_4 \) and \( \text{Ho}_5 \). The following results were obtained as per this objective.

* There is a significant difference in the perceptions of the customers of the LIC and the customers of the private companies regarding the following elements of SMM, namely, ‘place’, ‘people’, ‘process’ and ‘physical evidence’.
* There is a significant difference in the perceptions of the executives of the LIC and the executives of the private companies about these four SMM elements, namely, ‘policy elements’, ‘place’, ‘process’ and ‘physical evidence’.
* There is a significant difference in the perceptions of the customers of the LIC and the executives of the LIC regarding these three elements of SMM, namely, ‘policy elements’, ‘place’ and ‘people’.
* There is a significant difference in the perceptions of the customers of the private companies and the executives of the private companies with respect to these four elements of SMM which are: ‘policy elements’, ‘people’, ‘process’ and ‘physical evidence’.
7.1.6. Impact of Locality on the Respondents’ Perception of SMM Elements

The last objective of this study was to compare the perceptions of the urban customers/executives and the rural customers/executives regarding the elements of SMM. To test this objective four hypotheses were established, namely, Ho6, Ho7, Ho8 and Ho9. The following results were obtained as per this objective.

* There is no significant difference in the perceptions of the urban customers and the rural customers regarding all the elements of SMM except ‘policy elements’.
* There is no significant difference in the perceptions of the urban executives and the rural executives about all the SMM elements except ‘policy pricing’.
* There is a significant difference in the perceptions of the urban customers and the urban executives regarding these two elements of SMM, namely, ‘place’ and ‘people’.
* There is a significant difference in the perceptions of the rural customers and the rural executives about these three SMM elements, namely, ‘policy elements’, ‘place’ and ‘people’.

7.2. DISCUSSIONS

After summarising the findings, the results need to be discussed in detail. For this purpose, the results of earlier studies (wherever available and/ applicable) are taken into consideration.

Demand for life insurance is positively influenced by age, income and education whereas price/ cost (premiums) negatively affects the demand. Type of occupation also affects the demand for life insurance. But, gender, marital status, selling company, locality and family size have no impact on the demand for life insurance product.
As the review of earlier literatures shows that these results differ from lot of studies’ findings, the factors responsible for creating demand for life insurance should be studied in detail.

This study has found that age has a positive relationship with life insurance demand which is supported by Berekson\(^1\) (1972) and Truett\& Truett\(^2\) (1990). But, Showers \& Shotick\(^3\) (1994) had found that age has a negative impact on life insurance demand. Browne \& Kim\(^4\) (1993) had found that age is insignificant for the demand of life insurance product.

This study has found that income positively influence the demand for life insurance. This finding is generally supported by all the earlier studies reviewed in this study. All the researchers mentioned in this thesis have found a positive relationship between income and the life insurance demand. Yaari\(^5\) (1965), Hakansson\(^6\) (1969), Fischer\(^7\) (1973), Campbell\(^8\) (1980), Beenstock et al\(^9\) (1986), Browne \& Kim (1993), Outtreville\(^10\) (1996), Enz\(^11\) (2000) and Hwang \& Greenford\(^12\) (2005) are few authors who support this finding.

Now coming to educational qualifications of the customers, the life insurance demand is positively affected by this criterion. Beenstock et al (1986), Truett\& Truett (1990), Outtreville (1996), and Beck \& Web\(^13\) (2003) have found the same relationship. But, Browne \& Kim (1993) had found that education is insignificant for life insurance demand.

Price, i.e. the premiums cost of the life insurance negatively influence the demand for life insurance. This study has found that though the amount of premiums goes up with the number of policies (as sheer numerical relationship) the real demand goes down with more amount of premiums asked by the insurers. This finding is in line with the outcomes of the studies done by Babble\(^14\) (1981), Beenstock et al (1986), Browne \& Kim (1993) and Lim \& Hiberman\(^15\) (2004). But, two studies namely, Outtreville (1996) and Ward \& Zurbruegg\(^16\) (2002) had found a positive relationship between price and life insurance demand. But, Hwang \& Greenford (2005) say that price has no impact on life insurance demand.
Type of occupation has a positive impact on the life insurance demand. It was found that government servants were buying more life insurance policies than others. Hammond et al (1967), Mantis & Farmer (1968), Anderson & Nevin (1975) had and Miller (1985) established a positive relationship between occupation/employment and life insurance demand.

Gender has no influence on the demand for life insurance. There was no mention about gender in any of the earlier studies. Similarly, marital status has no impact on the demand for life insurance. Anderson & Nevin (1975) had mentioned about the positive impact of marriage on life insurance demand.

This study has found that the impact of family size on life insurance demand as insignificant. But, almost the entire old school had mentioned this criterion as the most important factor in creating life insurance demand. Hammond et al (1967), Mantis & Farmer (1968), Berekson (1972), Beenstock et al (1986) and Lewis (1989) had also supported this view. But, Ferber & Lee (1980) and Goldsmith (1983) have found this relationship as negative.

This study has found that urbanisation (locality) has no impact on the demand for life insurance. But, almost all studies had found that it has a positive effect on the life insurance demand. Outtreville (1996), Beck & Web (2003) and Hwang & Greenford (2005) were among this theory’s proponents.

After discussing about the various determinants of life insurance demand, the relationship between the life insurance demand and the variables discussed in this study can be outlined as below:

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\text{Life Insurance Demand} = f (\text{Age} (+), \text{Income} (+), \text{Education} (+), \text{Occupation} (+), \text{Price} (-))
\]

where the various relationship signs are mentioned as: + = positive, – = negative.
The analysis of impact of various demographic variables on the customers’ and the executives’ perception has found that customers are highly influenced by their demographic characteristics whereas the executives are least influenced by the same. Age, gender and education have almost no impact on the preferences of the potential customers of life insurance products. But, family size, occupation and income of the customers influence this choice while taking a policy. These inferences were outlined by Namasivayam et al\textsuperscript{24} (2006). The study conducted by Garg & Verma (2010)\textsuperscript{25} had found that age-wise, sex-wise and education-wise analysis reveals that the difference is found significant between the opinions of respondents regarding the mix elements. But, they also found that organization-wise analysis reveals that there is no significant difference between the opinions of private and public company (LIC) respondents regarding the mix elements.

There is almost no study available which has compared the perceptions of both the customers and the executives. But, the study conducted by Garg & Verma (2010) had found that there is no significant difference between the opinions of private and public company (LIC) respondents regarding the mix elements. Further, numerous studies had analysed the perceptions of the customers regarding individual mix elements.

Athma & Kumar (2007)\textsuperscript{26} focussed on the various factors affecting the customers while selecting the life insurance products. They finalised two main factors viz., product attributes: product features, risk coverage, product flexibility and grace and maturity period and non-product attributes: agent and company. They found out that in case of urban areas, product attributes are ranked first and non-product attributes like agents and company are secondary. At the same time, in rural areas, non-product attributes play a major role in selection of a policy. Further, an attempt has been made to compare the perceptions (of the life insurance product) of both the buyers, i.e. the policy holders and the sellers, i.e. the executives regarding the various elements of the policy: brand name, features and options, usefulness, flexibility, comparatively better investment option and a good service line and support (Dash & Khan, 2011\textsuperscript{27}). They hypothesised that there is no significant difference between the customers’ and executives’ perceptions of the policy elements.
Dash & Khan, 2010\textsuperscript{28} tried to analyse the differences in the perception of the executives (of the promotional variables) with respect to their age, gender, education, experience and organization. It has been proved that age and gender have no significant impact on the executives’ perception of the promotional attributes. But, the study has shown that education, experience and organisation have an impact on the seller’s perception of some of the promotional variables.

This study has outlined that physical evidence has no impact on the perceptions of the customers and executives regarding its influence on customer’s policy buying decision. But, Sharma\textsuperscript{29} (2008) had found that physical infrastructure of the insurers and the employees have a significant effect on the customer’s perception of the life insurance product.

7.3. LIMITATIONS OF THIS STUDY

- Now-a-days, conducting survey based research has become highly cost and time sensitive. One has to spend a fortune in order to achieve a good output from a research work. As in India, the allocation of resources for research is very limited; this study has adhered to the limited resources of time and money.

- In any Ph.D. framework, the duration of data collection is very limited which makes it very difficult to get a good sample size within this period. However, this study has collected 612 sample respondents which are fairly representative.

- Again, this study was geographically limited to only two districts under one division of LIC due to time and budget constraints. Hence, the findings of this study may not be generalised to the whole country.

- Further, this study was limited only two branches of LIC and four branches of private insurers. Hence, the findings may not hold valid for all the insurers in the country.
In any survey-based research, getting cooperation of the respondents is very difficult. They had lot of questions about the benefits of this study to their own lives.

Further, they had serious misgivings about disclosing the real facts (especially the executives) in fear of their superiors and employers (though they were promised anonymity).

Coming to the genuine difficulties faced by the respondents, understanding the questionnaire was number one problem. Though, the researcher had tried to keep the questionnaire simple, he had to demonstrate and to explain the details of the tool to the respondents in their native languages which, in turn, was very time-consuming.

Getting a fully-filled in questionnaire was very difficult. Hence, every questionnaire was checked extensively and the researcher had met the particular respondents for second time to get it properly filled which, in turn, was both time and labour intensive.

Though the above limitations were unavoidable considering this study was conducted as a part of the Ph.D. programme, the researcher had tried his best to keep the effects of these drawbacks to minimum on the final findings of the study.

7.4. SUGGESTIONS AND RECOMMENDATIONS

After looking at the results, some suggestions can be made regarding the perception of both the life insurance customers and executives. The life insurance companies should give more thrust on making the brand name of both the policy and company widely known through various promotional tools. The features and options of the policy should be made more appealing to attract a customer. The policy should be useful as required by the needs of the customer. It should also be flexible enough to be applicable to a wide range of different customers. The policy must be a better investment option than other investment opportunities available. The insurers must
provide a good service line and support with the policy to the prospective buyers. Life insurance is one of the most difficult products to sell. But with a right mix of the policy variables, this barrier can be broken very easily.

This study also gives some suggestions for the life insurance industry in India regarding their policy pricing strategies. The price level should be well within the affordability level of the customer. Flexibility and convenience of terms of payment must be followed as per the requirements of the potential customer. The life insurance companies must ensure that the price of the policy should not exceed its worth as anticipated by the buyer. Again, a transparent comparison with the price levels of similar policies provided by the rival companies should be made before the prospective buyers. A clear and simple price structure should be provided by the selling companies to the customer that can be understood easily by a lay man. Further, discounts and incentives should be included in the pricing structure in order to attract buyers.

Regarding the ‘place’ element of the mix, some suggestions can be made for the insurers. This component of the marketing mix is related to two important facets – Managing the insurance personnel and locating a branch. The nearest branch of the company/agent must be made easily accessible and conveniently located. The branch and the personnel involved should be technically advanced and highly qualified. The use of intermediaries (brokers) should be explored further. Online distribution of the policy should be expanded to rural areas. Various innovative channels (bancassurance, telcassurance, shopassurance, postassurance etc.) of distribution should be applied properly to reach more and more customers. Local population should be covered properly by the nearest branch of the life insurers. Proper management of the front line executives must be practised.

This study also provides some suggestions for the Indian life insurers regarding their promotional strategies. Advertising and publicizing have a positive effect on the prospective customers as well as personal selling. Personal selling should be increased as it affects the customers with a personal touch. Both the direct and indirect strategies have to be balanced and mixed well to get the desired result. Discounts and
incentives promised along with the policy have to be presented in detail to the customers. The companies must provide a tangible and rational reason to the customers to buy a particular policy. Unity and honesty must be maintained by the company and the frontline executives at any cost to attract the customers in the long term. Various creative and innovative strategies should be developed to promote various different life insurance policies. Finding an ideal mix of customers with high disposable income and targeting them with specific policies is another good promotional strategy.

Being a service industry which involves a high level of people interaction, it is very important to use this resource efficiently in order to satisfy customers. Training, development and strong relationships with intermediaries are the key areas to be kept under consideration. Training the employees, use of IT for efficiency, both at the staff and agent level, is one of the important areas to look into. The insurers must understand the needs of the customers through proper interaction between the executives and the customers. They should educate the customers about the products and incorporate their suggestions in product design.

The process should be customer friendly in insurance industry. The speed and accuracy of payment is of great importance. The processing method should be easy and convenient to the customers. The back office support should be efficient and punctual. IT and data warehousing is the need of this century which should be implemented in the company. The front line executives should be taken in to confidence in policy delivery mechanism.

The appearance of buildings, landscaping, vehicles, interior furnishing, equipment, staff members, signs, printed materials, and other visible cues all provide tangible evidence of a firm's service style and quality. Though this study has found that the impact of physical evidence is insignificant on the customers’ buying decision, it is important to manage physical evidence carefully because it can have a profound impact on customers' impressions.

7.4.1. Suggestions for further research
This thesis has discussed only about the perceptions of the respondents about the various SMM elements and their comparisons. But, there is a huge scope for future research works to analyse and to examine every element of the mix in detail and its impact on the customer’s policy buying decision. Every element and their own mixes, e.g. product mix, price mix, promotion mix etc. should be studied in detail. The inter relationship of these SMM variables can be a topic for further research. The most significant element of the mix and its influence on the other elements can be explored.

The concept of life cycle of the policy holders and its impact on their buying behaviour should be explored further. Life insurance mathematics and its use by the life insurers can be compared with real life results. Coming to Indian context, the marketing strategies of the insurers should be explored further. The adoption and implementation of SMM in their strategies is very important aspect to be analysed. This study has set a benchmark for rural marketing of insurance products. It can be expanded by studying various micro insurance models being applied in the rural belts of the country and their effectiveness.

7.5. CONCLUDING REMARKS

The private players have been able to increase their market share primarily on account of highly customized products and aggressive marketing strategies. Though the existing insurance laws allow a foreign partner to hold 26% equity in an insurance company in India, a proposal to increase this limit to 49% is pending with the government. Due to India's huge population and an untapped insurance market, life insurance companies have been instrumental in mobilizing the savings of the people and have been ranked next to the banking institutions. Saturation of markets in many developed economies has made the Indian market even more attractive for global insurance majors. India has had the privilege of having some of the global insurance giants such as AIG, New York Life, ING, Lombard, Aviva, Chubb, Allianz, MetLife and AXA vying with each other to strengthen their position in the hugely untapped insurance market. In addition, the private players have had a “second mover advantage” over their predecessor LIC in fruitfully strategizing their business options.
Also, the private players have garnered valuable lessons from the mistakes and achievements of LIC and have accordingly mitigated their own risks and investment requirements. Further, the adoption of new and innovative technologies by the private players has enhanced their performances when compared to that of LIC which remained engrossed in applying traditional business methodologies. In a bid to tap the rural insurable population, Bajaj Allianz has started to establish several sales service offices throughout India, almost on the similar lines of LIC, mostly in tiny neighbourhoods of major cities. Barring LIC, the top five life insurers have adopted aggressive bancassurance strategies; throw tie-ups with several nationalized and private banks in India, to promote their products. Even the private life insurers have set up call centres and have introduced online payment of premium, facilitate the customers respectively with their queries and smart payment options. Moreover, ICICI has managed to change the conventional perception of an insurance product. Apart from the cost factor, the private life insurance companies also confronted stiff challenge from the country's only public sector life insurance company with respect to selling insurance products. But lately, LIC has fought back and gained market shares lost earlier to the private players.

This study has covered all the elements involved in the services marketing mix (in Indian life insurance sector) and their respective perceptions by the buyers and sellers of the life insurance product. It was found that the customers and the executives have different opinions regarding some of the SMM elements whereas they do have similar opinions about some elements. Indian life insurance sector has a great potential to be the world leader in coming years. But, this industry has to bridge the gap between customers’ expectations and executives’ realisations (of them) in order to achieve this status. After understanding both the executives’ perceptions and the sellers’ perceptions of the life insurance product, Indian life insurers have to design an appropriate services marketing mix to attract more and more customers. The researcher ends his arguments with the following quotation:

“It is already becoming clear that a chapter which had a Western beginning will have to have an Indian ending”. Dr. Arnold Joseph Toynbee


