7.1 Future Research Directions and Conclusion
7.2 Conclusion
Chapter Overview

This chapter is divided into two parts. The first part of this chapter discusses the future research directions that could be drawn from this study. The second part presents the conclusions based on the present study.

7.1 Future Research Directions

As evidenced by the literature review, research on CRM in insurance has grown considerably in the past and has provided many insights to researchers, practitioners, and policy makers alike. While this research has made significant contributions towards highlighting CRM initiatives as a critical insurance business issue for public and private sector, it has addressed this matter primarily from a descriptive point of view. As it is evident from the study, performance evaluation metrics for CRM initiatives should include a set of well-defined CRM constructs. This is in line with previous researcher (Srinivasa et al., 2000). More research can be carried out in the areas of performance evaluation metrics for CRM and its impact on set of defined goals.

The current research contributes towards understanding the relationship between CRM comparison parameters in public and private insurance firms. This is in line with empirical findings reported earlier (Crook et al., 2002; Hewson, 2003). Considering CRM comparison parameters in insurance sector, both public and private sector are actively seeking to promote customer-centric as well as more-effective relationships with business. We have found that, increasingly, insurance sector is focusing on the quality of service delivery more than on cost reduction through the use of such lower-cost channels as call centers and the internet (their earlier emphasis). They are also looking to the principles of CRM, as developed and applied by private enterprise, to achieve their goals. This reflects a growing acceptance that CRM is an approach that allows public sector to dramatically improve their relationships with their customers (Zhinkan et al., 2003). More research in this area of use of CRM in public sector for effective customer relation
could be undertaken. Research into customer satisfaction leading to retention in the area of CRM implementation initiatives can be done in order to fully understand the dynamics of satisfaction in public as well as private sector.

A number of theoretical perspectives developed in economics, law and social psychology is being applied in CRM (Mudambi, 1996; Hallen et al., 1998; Dwyer et al., 1999; Noordeweir et al., 2000). More integrative approaches to CRM from all sub-disciplines of marketing could be undertaken. As per our study, the key concepts that constitute an integrated approach to CRM enables public sector to create an informed, integrated view of their customers and use this information to design and coordinate the delivery of services across multiple channels. This is in line with previous research in this area as it is stated: “one of the most interesting aspects of CRM development is multitude of customer interfaces that a company has to manage in today’s context (Doney & Cannon, 2000). Thus more research in the area of CRM rational databases integration & impact with data warehousing and data mining tools could be undertaken.

Inadequate information systems integration remains a challenge for CRM implementation (Kaplan & Norton, 1998). From our study it is evident that public sector is introducing new channels but not capturing and aggregating data to provide customer insights. Although they made the introduction of web-based services a priority, they are struggling to realize the benefits of more traditional voice interactions through their call centers. However, many public sector organizations have focused much attention on the technological challenges of CRM. They are failing to integrate technology, people and processes in totality. As a result, they are struggling to reap the expected benefits of CRM. More research could be done on information integration of CRM and challenges associated with it.

Public sector insurance firms are receptive to the possibilities of partnering with each other and with private-sector organizations to facilitate information sharing. However, they lack the capabilities to make this happen (Gupta & Praveen, 2000). Thus, there is an increased need for research on possible partnership options for public and private sector insurance firms on CRM initiatives which will be of greater value to both the sectors.
Unlike private sector organizations, most public sector ones cannot choose the people they serve. In fact, they often have to target citizens who may qualify for the service or benefit, but who resist approaches from public sector departments (Bhandari, 2001). This is in line with our study, which states that both public and private sector have different customer base for CRM. This raises significantly the cost of acquisition and of continuing service. This means public sector organizations face unique CRM challenges that are less common in the private sector.

There may be an advantage for smart implementations, which learn from the programme failure issues apparent in the private sector. A research can be carried out with respect to successful CRM implementation initiatives by public and private sector. Other possible future research directions could be:

**Future Research Directions**

- As this study has been conducted mainly with respect to specific target group, other research directions could involve different target groups like vendors, end users and agents.

- Much of CRM literature is limited to non empirical research. Quantifying the relationship dimensions and understanding them will authenticate research in CRM in today’s competitive insurance environment.

- The body of research pertaining to multi channel insurance and areas of CRM is presently fragmented. Although there has been lot of research in insurance sector but research with respect to these are limited. Research into these can provide better understanding of acceptability of newer services by the customer in India. This will also add to existing literature in insurance CRM.

- With new private and foreign players entering the Indian insurance sector, satisfaction parameters for the end user perspective with respect to CRM implementation specifically with respect to public and private insurance sector can be studied and improvisation suggested.

- More research needs to examine the conditions and situations that influence the trade-offs that consumers are willing to make between their perceived right to better customer satisfaction and better CRM Practices.
Research is needed that examines the firm-level strategy of managing CRM Practices. Research should focus on issues related to how public and private insurance firms should address CRM Practices through their organizational structure and how market-oriented firms need to adapt or modify their strategies to efficiently and effectively manage CRM Practices in ways that benefit both the firm and their customers.


Research needs to be done on convergence of CRM and relationship marketing with other paradigms in marketing (Shani & Chalasani, 2000; Schins & Schroder, 2002).

7.2 Conclusions

The core theme of all CRM and relationship marketing perspectives are their focus on co-operative and collaborative relationship between the firm and its customers, and/or other marketing actors (Gronroos, 1990; Nevin, 1995; Dwyer et al., 1997; Paul, 1998). In this context the findings of the study are in line with those of previous researchers in this area. However, a major contribution of the present study is that it presents refined scale for CRM constructs of interest for public and private insurance companies.

Several scholars have studied general CRM initiatives on public and private sector (Boyers & Jemmison, 1989; Heide, 1996; Evans & Iaskin, 1997; Wilson, 1998 Dwyer, Schurr, 1999). Building on that, this study developed a framework for CRM constructs for public and private insurance companies. Thus, the constructs were identified as CRM goals, value propositions, technology considerations, and technology implementation effects, CRM principles, CRM Benefits, customer communication & customer satisfaction.

First and foremost, it was explored how the concepts collectively known as CRM were being applied in public and private insurance firms. Although CRM had become a top priority in business circles, little had been written about how the public
sector insurance might use these principles to improve services. This was in line with the previous studies on concepts of CRM by other scholars (Gronroos, 1997; Gummerson, 1998; Levit, 1999; Peppers, 2000).

The study highlights that public sector is displaying greater willingness to put CRM principles to work. It was also found that there exists a large disparity between the positive attitudes toward implementing CRM capabilities and the initiatives of public sector in developing those capabilities. To determine the extent to which public sector have taken steps to close this gap between attitude and action to make CRM a reality in the public sector, the study reviewed public sector’s goals, principles and CRM technology implementation programs to determine whether attitudes had changed, to understand current and future priorities for CRM initiatives and to identify areas of best practice relating to CRM in public sector insurance. The same procedure was applied to find the CRM priorities of private sector.

It was observed that public sector insurance companies were taking decisive steps to improve their CRM capabilities—investing significantly in initiatives to improve service. However, it was observed that public sector has directed increased attention to realize the benefits expected from developing modern CRM capabilities compared to private sector (Hines, 2000).

When it comes to implementing new CRM initiatives, public sector’s highest-priority objectives relate to building a better customer experience (Meder & Robert, 2001). Public sector organizations need to channelize more attention towards the different ways through private sector companies have made progress with CRM and how some private sector practices can trigger successful CRM implementation initiatives for public sector. This realization has to be given more attention be the public sector. The study observed that, in public sector there is a great reluctance to embrace some of the private-sector terminology of CRM, even though executives overwhelmingly cited improving customer service as a key driver of their companies’ future plans. Implementing a fully functional CRM capability will allow public sector to build customer-oriented relationships that ensure customers receive consistent and appropriately personalized services, efficiently and effectively.

CRM benefits for both the sectors show that the majority of public sector is focusing largely on the technological aspects of CRM and is struggling to reap the benefits
compared to their private sector counterparts. The top objective for implementing new initiatives was improving/maintaining service quality, some aspects of commercial CRM, such as opening new channels for customer interaction, were viewed as holding great potential for improving service. However, technology barriers, human capital issues and cost pressures were impeding progress. Overall, public sector were not embracing CRM in totality compared to private and, consequently, was not reaping all the possible benefits.

An effective public service performance measurement framework should be formulated on measures of what matters to customers and how customers evaluate success of CRM initiatives. Without this external perspective, input and cost measures are meaningless (Ansari, 2000). The study clearly portrays the preference given by public sector in necessitating improved customer service by providing multi-channel access for customers, while traditional channels, particularly the telephone (via call centers) still dominate customer interactions. Although public insurance firms frequently stated their intention to extend the range of channels, today only 50 percent of public sector insurance companies use more than two channels extensively and only 9 percent use more than three extensively.

Compared to private sector, public sector has embraced the fundamental principles of CRM, but is struggling to get the building blocks—customer insights, customer offerings, customer interactions, organization performance and networks—solidly in place. They have to understand the determinants of CRM implementation parameters before planning the CRM initiatives and develop measurement mechanisms for them. This is in line with previous researchers as it was stated that public sector has to understand the context of the customers’ service requirements. This could help identify associated services that need to be provided (Zhinkan et al., 1998; Christopher, 1999; Fawcett et al., 2000).

In service industries it is the customers—not management—who determine whether or not a good service has been delivered (Mishra et al., 2001). Therefore, both management and front-line staff must understand clearly the expectations from the customers’ perspective. The measures used to help customers understand and improve service priorities have to capture whether service is being delivered from the customer perspective and indicate the cost related.
The study proposes that the potential benefits of improved service for public sectors’ customers, and the resulting efficiencies and cost savings that can accrue to public sector cannot be realized if take-up of a public sector’s CRM offerings remains low. This is in agreement with previous research that both sectors have to broaden the focus of CRM initiatives to include marketing as well as services. Emphasize the “marketing sciences” of analytics and measurement, which will deliver the customer insights necessary for developing and deepening productive relationships (Simonian & Ruth, 1999).

Public sector has been making significant investments in their technological capabilities in recent years. Getting results from CRM initiatives requires the “smart” use of technology, but it also requires much more (Kahn, 1998). The study recommends an enterprise-wide approach founded on a fact-based perspective of customers’ wants, needs and preferred channels. This approach requires developing customer strategies that produce measurable results and are supported by effective data management and analytical capabilities. Public sector builds their CRM capabilities by balancing near-term impact with long-term strategy. To achieve this we suggest they optimize the value delivered from existing CRM assets and operational capabilities. Given CRM’s importance to the private sector (where differentiation is visceral in its impact), many private-sector enterprises exist that offer key CRM components at highly competitive prices.

As suggested by Gianforte & Greg (2006), for promoting CRM as a business cultures both sectors need to:

1. Develop & deliver the impact of CRM strategy on people – the benefits and consequences of changing or not changing.
2. Communicate project progress by holding regular meetings across all departments
3. Keep employees informed by providing information and clarity about what is happening.
4. Encourage employees to speak up about changes and listen to what they have to say
5. Give employees time to make the transition and adjust to the new approach
6. Support the managers who are leading the CRM programme.
7. Understand that effective implementation of CRM is a cultural process; it will take time for everyone to adjust to new ways of doing business.

8. Inform customers about the company's vision for a customer-centric organization.

The public sector can get many benefits from CRM, by learning from the experience of the private sector and avoiding its mistakes. New capabilities will be required for capturing, storing and analyzing greater amounts of data. But by making this a part of the future of CRM strategies, public and private insurance companies will be much better positioned to keep pace with the demands of their customers and competitors and, above all, to grow profitably in the years to come (Bickelhaupt, 2000).

In the immense information torrent, public and private insurance companies need to have the effective tools in order to gather information on their customers, to enhance contact, communication and interaction with their customers, and to keep their customers (Gureja & Gopal, 2005). With the introduction of CRM, insurance companies have to pay more attention in the use of customers' experiences in customization function in order to have a more active care, personalized service and services that customers truly need.

Owing to the prompt changes in industry environment, tough competitions and high losses of customers in the financial industry, insurance companies have to build long-term customer relationships and increase the retention rate of their customers after the introduction of proper CRM goals/objectives (File et al., 1998). Also, customers focus on the strategies and methods of customization function of the insurance companies, public and private insurance players have to pay extra attention on CRM technology and implementation. Provided that insurance companies are efficient and flexible in responding to the market changes, as well as in offering professional financial insurance programmes, customization function methods and measures will increase the recognition of customer service values. As a result, locating customers with development values from the database, flexibly responding to the customers' needs and questions, and planning appropriate professional insurance services and financial products are the issues, which the present public and private sector insurers have to work on.
The main constructs identified by scale refinement in this study direct the focus on the fact that CRM initiative constructs for public and private sector insurance companies were identified as CRM goals, CRM principles, CRM technology considerations, CRM implementation effects, after adoption of CRM implementation, CRM benefits and customer satisfaction and customer communication and value proposition. These imperatives form a unique interplay that maximizes sales while reducing operational costs—both public and private insurance companies have to make the equation for improved revenue growth and profitability based mainly on these CRM constructs.