Chapter 1
INTRODUCTION

It was in the 14th century in which the idea of insurance was first conceptualized. At that time it was used more as a tool for protection against financial loss of sea fearers involved in foreign trade. But gradually as the competition increased the benefits given by industry to its customers improved by leaps and bounds. Also, with the growth of industry trade and commerce, the insurance has gained maturity over a period of time.

Insurance occupies an important place in the modern world because the risks, which can be insured, have increased in number and extent owing to the growing complexity of the present day economic system. It plays a vital role in the life of every citizen and has developed on an enormous scale leading to the evolution of many different types of insurance. Insurance is a mechanism in which losses of few are compensated out of funds (insurance premium) collected from many insured. Insurance provides economic security for such losses arising out of happening of insured events, e.g. in personal accident policy death due to accident, in fire policy the insured events are fire and other allied perils like riot and strike, explosion etc. Insurance is protection against uncertainties of life. It provides monetary compensation for losses suffered due to happening of unforeseen events, insured under the policy of insurance. Moreover, in India, the government has notified some of the insurances as compulsory e.g. third party insurance under Motor Vehicle Act, public liability insurances for handlers of hazardous substances under Environment Protection Act, etc.

In India, till recently, insurance safety measures were available only through public sector insurance companies, namely Life Insurance Corporation of India (LIC), General Insurance Corporation of India (GIC). The life Insurance Corporation of India offered all life insurance schemes, while The General Insurance Corporation of India through its four subsidiaries viz. National Insurance Company, New India Assurance Company, Oriental Insurance Company and United India Insurance Company offered all non-life insurance schemes. But after the passing of the IRDA Act (Insurance Regulation Development Authority), the insurance sector has opened up for private companies to take on insurance business. As, a result in about three years, more than a dozen of
private companies have already entered the insurance business in our country with a variety of new insurance products. Some of these are TATA-AIG, Birla Sun Life, HDFC Standard Life Insurance, Kotak Mahindra Old Mutual Life Insurance, Reliance General Insurance, ICICI Prudential Life Insurance, Royal Sundaram Alliance Insurance, Bajaj Auto Alliance, IFFCO Tokyo General Insurance, INA Vysya Life Insurance, SBI Life Insurance, Max New York Life.

The insurance services are also contributing in economic development of the country. The process of capital formation is uncovered by the insurance services. The insurance sector mobilizes savings and financial intermediaries, promotes investment activities, stabilizes financial market and manages risk. Insurance services lead to efficient and productive allocation of capital resources, prevent the losses to the firms by encourage less preventive measures, facilitate growth of trade and commerce, complement’s government’s social security programmes and assist the individuals and firms in efficient management. In turn, economic development also facilitates swell of insurance both in terms of dispersion and concentration. The larger share of services in the composition of GDP has resulted into higher insurance penetration in industrialized countries. In so far as insurance density is concerned, countries with higher per capita GDP/income have higher insurance density and those with low GDP/income have lower insurance thickness.

1.1 Evolution of Insurance

Marine insurance is the oldest form of insurance followed by life insurance and fire insurance. The history of insurance can be traced back to the early civilization. As civilization progressed, the incidence of losses started increasing giving rise to the concept of loss sharing. The Aryans through their village co-operatives practiced loss of profit insurances. The Mediterranean merchants also practiced it in the 14th century through the issue of Bottomrey Bonds. The Code of Manu indicated that there was the practice of marine insurance carried out by the traders in India with those of Srilanka, Egypt and Greece.

The earliest transaction of insurance as practiced today can be traced back to 14th century A.D. in Italy when ships were only being covered. The practice of Marine Insurance gradually spread to London and during the 16th century it was established in
the mercantile transaction. The history of Marine Insurance is closely linked with the origin and rise of the Lloyds’ Ship owners. The Lloyds’ empowered to transact with other classes of insurance. Today, Lloyds’ is considered as the largest underwriter in the world.

The first insurers of life were the marine insurance underwriter who started issuing life insurance policies on the life of Master and Crew of the ships and the merchants. The early insurance contract took the nature of policies for a short period only. The underwriter issued annuities and pension for a fixed period or for life to provide relief to widows on the death of their husbands. The first life insurance policy was issued on 18th June 1583, on the life of William Gibbons for a period of 12 months.

It was in 18th century, societies began to be formed for issuing life insurance policies. Among such societies the Amicable Society (1705), the Equitable Life Assurance Society (1762), the Westminster Society (1792) was the important societies. The premium rates were varied in view of reputation and the health conditions of the insured. During the early years of 19th century, a large number of life insurance companies were formed. In order to stabilize and strengthen the insurance business, Life Insurance Corporation Act, 1923 was passed and later amended it in 1946, 1958 and 1967.

1.2 Evolution of Life Insurance

Life Insurance in its current form came in India from United Kingdom (UK) with the establishment of a British firm, Oriental Life Insurance Company in 1818 followed by Bombay Life Assurance Company in 1823, the Madras Equitable Life Insurance Society in 1829 and Oriental Life Assurance Company in 1874. Prior to 1871, Indian lives were treated as sub-standard and charged an extra premium of 15% to 20%. Bombay Mutual Life Assurance Society an Indian insurer came into existence in 1871, was the first to cover Indian lives at normal rates.

In order to protect the interest of insuring public earlier legislation was consolidated and amended by Insurance Act, 1938 with comprehensive provisions for detailed and effective control over the activities of insurers. In turn to administer the aforesaid legislation, an insurance wing was established and attached first with the Ministry of Commerce and then Ministry of Finance. This Ministry was administratively
responsible for policy matters pertaining to insurance. By 1956, 154 Indian insurers, 16 Non-Indian insurers and 75 provident societies were carrying on life insurance business in India. Life insurance business was conformed mainly to cities and better-off segments of the society.

With a view to spread insurance to rural areas, to operate the objectives of socialistic pattern of society, the Government of India decided to nationalize the life insurance business. Resultantly, after considerable controversy with people both for and against nationalization, the President of India declared an ordinance on 19th January, 1956 taking over management and control business of Life Assurance in India including foreign business of Indian insurers and Indian business of foreign insurers and then nationalized on 1.9.1956 when the Life Insurance Corporation came into existence. The main aims of nationalization were:

- To spread insurance to rural areas
- To encourage public savings for finance the Five-Year Plans
- To provide complete security to policy holders
- To prevent malpractices, misuse of powers and positions etc
- To avoid wasteful efforts in competition and conduct the business with utmost economy
- To regulate insurance on scientific basis
- To achieve the goal of the socialistic pattern of society

Evolution of Non-Life Insurance

The boycott of British goods and British institutions, which occurred because of the nationalist movement, encouraged formation of Indian-owned commercial and business houses. By 1907, the Indian Mercantile, the first of the long lasting General Insurance Companies to be established with Indian Capital, had started functioning Fire Offices, The New India, Vulcan Jupiter, British India General and the Universal, were established in 1919 almost simultaneously for transacting general insurance business.

In 1928, prominent insurance men of Bombay Met and formed the Indian Insurance Companies Association to protect the interest of Indian Insurers. In 1950, the Planning Commission was set-up to formulate plans for successive five years. This five year plan brought about larger scale economic development and increased insurance
consciousness among the people. Since the need for conserving foreign exchange was felt in India, all the insurers (Indian as well as foreign) operating in India formed the India Reinsurance Corporation in 1956. This Corporation provides reinsurance facilities.

There was a general demand for the nationalization of the industry. The government introduced only some more 'social control' measures in 1968 like licensing of surveyors, guidelines on investments, maintenance of statutory accounts, tighter control by the controller of insurance, payment of premium in advance before insurance can be accepted. On 13-05-1971, finally an ordinance was declared by the President of India to take over the management of general insurance companies by the Government.

In 1972, the General Insurance Business (Nationalization) Act, 1972 was passed. Under the provision of this Act, the General Insurance Corporation of India was established for the purpose of directing, controlling and carrying on the general insurance business and all the 106 insurers were merged with one or the other four subsidiaries of the General Insurance Corporation of India, namely:

- National Insurance Company Ltd. with its head office at Calcutta.
- The New India Assurance Company Ltd. with its head office at Bombay.
- The Oriental Insurance Company Ltd. with its head office at Delhi.
- The United India Insurance Company Ltd. with its head office at Madras.

The government of India set-up these four subsidiary companies with the following twin objectives:

- To ensure that these are so situated as to render their combined services effectively and in all parts of India.
- To ensure proper service to the public through mutual competition.

1.3 Economic Benefits of a Dynamic Life Insurance Sector

What are the wider economic benefits that derive from the stimulation of private sector saving and its subsequent investment in the capital market within a given economy? Firstly, these savings can be made available, either in the form of equity or debt capital, to manufacturing, agricultural, energy, trading enterprises etc., in the private sector. New companies can be set up and finance is available for existing companies to increase their level of capital expenditure in new plant, equipment etc. Moreover,
particularly for life insurance, since the time horizons for investment are long-term, these savings can be tied up for a long time and hence can be made available for capital expenditure decisions that only will produce profits in the future. This investment activity of life insurance complements the lending practices of the banking system, since banks can only provide short-term finance to manufacturing and other enterprises, because of the short-term nature of their deposits.

These long-term savings generated by life insurance companies can also be made available to government to allow funding improvements in the infrastructure, since this infrastructure investment is important, especially in emerging economies, not only to underpin the growth of domestic private sector companies but also to encourage foreign companies to enter the local economy.

These capital expenditure decisions, both by the private sector and by the government, should lead to increases in the level of employment and increases in the standard of living across the economy. Moreover, as the productive base of the nation increases, the export potential of the country also increases, as well as allowing the country to supply more of the goods that it currently imports from abroad. Not only is the balance of payments and foreign exchange holdings improved, but the domestic exchange rate is also strengthened.

The stimulation of greater saving also has short-term economic benefits. If individuals can be persuaded to save more, then by definition they will be consuming less. This reduced consumption will help to lower any inflationary pressures that might exist within the economy. This inflation-reducing benefit will clearly be greater within an economy where consumption is tending to squeeze out potential capital expenditure.

In addition, there is a wider psychological benefit from encouraging the growth of domestic saving within a country. This is because when a country generates its own domestic saving it is less reliance on inward foreign investment or, in other words, less reliant on the savings of foreigners, since all inward foreign investment ultimately derives from the long term savings of foreigners. Even though the world economy today is international in nature, there needs to be an adequate level of domestic saving to finance domestic capital expenditure. If domestic saving is too little, then the ownership of the economy will gradually tend, directly or indirectly, to fall more and
more under foreign control. Clearly a balance needs to be struck between the levels of
domestic and foreign ownership within a country, a level which will depend on the
political preferences and indeed on the psychology of the nation itself. But it should be
noted that foreign manufacturing and commercial companies investing in a country like
to see the existence of a well-developed capital market, since they themselves will wish
over time to raise capital on this market to help finance the future growth of their local
operations.

1.4 Conceptual Framework of Marketing Strategy
In today’s economy, the financial services industry is exposed to increasing
performance.

Pressures and Competitive forces (Goergen, 2001). Modern media, such as the internet,
have created new challenges for this industry (Fuchs, 2001). New business concepts, a
change in client sophistication (Davis, 2006), and an increasing number of new
competitors entering into the market, such as independent financial consultants, have
changed the business models and the competitive forces that established financial
services organizations are facing today worldwide. A marketing strategy serves as the
foundation of a marketing plan. A marketing plan contains a list of specific actions
required to successfully implement a specific marketing strategy. A strategy is different
than a tactic. While it is possible to write a tactical marketing plan without a sound,
well-considered strategy, it is not recommended. Without a sound marketing strategy, a
Marketing plan has no foundation. Marketing strategies serve as the fundamental
underpinning of marketing plans designed to reach marketing objectives. It is important
that these objectives have measurable results. A good marketing strategy should
integrate an organization’s marketing goals, policies, and action sequences (tactics) into
a cohesive whole. The objective of a marketing strategy is to provide a foundation from
which a tactical plan is developed. This allows the organization to carry out its mission
effectively and efficiently.

The purpose of the marketing targeting strategy is to select the people (or
organizations) that management wishes to serve in the product-market. When buyers’
needs and wants vary, the market target is usually one or more segments of the product-
market. Once the segments are identified and their relative importance to the firm
determined, the targeting strategy is selected. The objective is to find the best match between the value requirements of each segment and the organization’s distinctive capabilities. The targeting decision is the focal point of marketing strategy since targeting guides the setting of objectives and developing a positioning strategy. The options range from targeting most of the segments to targeting one or few segments in a product-market. The targeting strategy may be influenced by the market’s maturity, the diversity of buyers’ needs and preferences, the firm's size compared to competition, corporate resources and priorities, and the volume of sales required to achieve favorable financial results. Deciding the objectives for each market target spells out the results expected by management. Examples of market target objectives are desired levels of sales, market share, customer retention, profit contribution, and customer satisfaction. Marketing objectives may also be set for the entire business unit and for specific marketing activities such as advertising.

The marketing program positioning strategy is the combination of product, value-chain, price, and promotion strategies a firm uses to position itself against its key competitors in meeting the needs and wants of the market target, the strategies and tactics used to gain a favorable position are called the marketing mix or the marketing program.

1.4.1 Marketing Relationship Strategies: marketing relationship partners may include end user customers, marketing channel members, suppliers, competitor alliances, and internal teams. The driving force underlying these relationships is that a company may enhance its ability to satisfy customers and cope with a rapidly changing business environment through collaboration of the parties involved. Relationship strategies gained new importance in the last decade as customers became more demanding and competition became more intense. Building long-term relationships with customers and value-chain partners offers companies a way to provide superior customer value. Although building collaborative relationships may not always be the best course of action, this avenue for gaining a competitive edge is increasing in popularity.

Strategic partnering has become an important strategic initiative for many well known companies and brands. Many firms outsource the manufacturing of their products. Examples include Motorola cell phones, Calvin Klein jeans, Pepsi beverages, and Nike footwear. Strong relationships with outsourcing partners are vital to the success of these
powerful brands. The trend of the 21st century is partnering rather than vertical integration.

**Planning for New Plans** new products are needed to replace old products because of declining sales and profits. Strategies for developing and positioning new market entries involve all functions of the business. Closely coordinated new-product planning is essential to satisfy customer requirements and produce products with high quality at competitive prices. New-product decisions include finding and evaluating ideas, selecting the most promising for development.

1.5 **Types of Marketing Strategies**

Every marketing strategy is unique, but can be reduced into a generic marketing strategy. There are a number of ways of categorizing these generic strategies. A brief description of the most common categorizing schemes is presented below:

1.5.1 **Strategies Based On Market Dominance**: In this scheme, firms are classified based on their market Share or dominance of an industry. Typically there are three types of market dominance strategies:
- Leader
- Challenger
- Follower

1.5.2 **Porter Generic Strategies**: strategy on the dimensions of strategic scope and strategic strength. Strategic scope refers to the market penetration while strategic strength refers to the firm’s sustainable competitive advantage
- Cost leadership
- Product differentiation
- Market segmentation

1.5.3 **Innovation Strategies**: This deals with the firm's rate of the new product development and business model innovation. It asks whether the company is on the cutting edge of technology and business innovation. There are three types:
- Pioneers
- Close followers
- Late followers
1.5.4 Growth Strategies: In this scheme we ask the question, —How should the firm grow? There are a number of different ways of answering that question, but the most common gives four answers:
- Horizontal integration
- Vertical integration
- Diversification
- Intensification

1.5.5 Market Segmentation: is the process in marketing of grouping a market (i.e. customers) into smaller subgroups. This is not something that is arbitrarily imposed on society: it is derived from the recognition that the total market is often made up of submarkets (called 'segments'). These segments are homogeneous within (i.e. people in the segment are similar to each other in their attitudes about certain variables). Because of this intra-group similarity, they are likely to respond somewhat similarly to a given marketing strategy. That is, they are likely to have similar feeling and ideas about a marketing mix comprised of a given product or service, sold at a given price, distributed in a certain way, and promoted in a certain way.

Segmentation: Market segmentation is widely defined as being a complex process consisting in two main phases:
- Identification of broad, large markets
- Segmentation of these markets in order to select the most appropriate target markets and develop marketing mixes accordingly.

1.5.6 Positioning: Simply, positioning is how your target market defines you in relation to your competitors.
A good position is:
1. What makes you unique?
2. This is considered a benefit by your target market

Positioning is important because you are competing with all the noise out there competing for your potential fans attention. If you can stand out with a unique benefit, you have a chance at getting their attention. It is important to understand your product from the customer’s point of view relative to the competition.
1.5.7 Targeting: Targeting involves breaking a market into segments and then concentrating your marketing efforts on one or a few key segments. Target marketing can be the key to a small business’s success. The beauty of target marketing is that it makes the promotion, pricing and distribution of your products and/or services easier and more cost-effective. Target marketing provides a focus to all of your marketing activities.

1.6 Marketing Mix

Marketing professionals and specialist use many tactics to attract and retain their customers. These activities comprise of different concepts, the most important one being the marketing mix. There are two concepts for marketing mix: 4P and 7P.

It is essential to balance the 4Ps or the 7Ps of the marketing mix. The concept of 4Ps has been long used for the product industry while the latter has emerged as a successful proposition for the services industry. The 7Ps of the marketing mix that are used to frame marketing strategies of life insurance Companies can be discussed as:

**Product:** It must provide value to a customer but does not have to be tangible at the same time. Basically, it involves introducing new products or improvising the existing products. A product means what we produce. If we produce goods, it means tangible product & when we produce & generate services, it means intangible service product. A product is both what a seller has to sell & buyer has to buy. So, insurance companies sell services & services are their products. Apart from life insurance as product, customer not only buys product but also services in the form of assistance & advice of agent. It is natural that customers expect reasonable returns for their investments & insurance companies want to maximize their profitability. Hence while deciding the product mix services or schemes should be motivational.

**Price:** Pricing must be competitive and must entail profit. The pricing strategy can comprise discounts, offers and the like. The pricing of insurance products not only affects the sales volume and profitability but also influences the perceived quality in the minds of the consumers. There are several different methods for pricing insurance, based on the insurance marketer’s corporate objectives. They are the survival approach, the sales maximization approach, and the profit maximization approach. To determine the insurance premium, marketers consider various factors such as mortality rate, investment earnings, and expenses, in addition to the individual risk profile based on
age, health, etc., and the time period/frequency of payment. In insurance business the pricing decisions are concerned with:

- The premium charged against policies
- The interest is charged for default in the payment of premium & credit facility.
- Commission charged for underwriting & consultancy activities.

The pricing decisions may be high or low keeping in view the level or standard of customers or the policyholders. Mainly, pricing of insurance is in the form of premium rates.

**Place:** It refers to the place where the customers can buy the product and how the product reaches out to that place. This is done through different channels, like Internet, wholesalers and retailers. This component of marketing mix is related to two important facets:

- Managing the insurance personnel
- Locating a branch

The management of insurance personal should be done in such a way that gap between the services promises-services offered is bridged over. In a majority of service generating Organizations, such a gap is found existent which has been instrumental in making down the image problem. The insurance personnel if not managed properly would make all efforts insensitive. They are required to be given adequate incentives to show their excellence. They should be provided intensive trainings to focus mainly on behavioural management.

Another important dimension to the place mix is related to the location of insurance branches. While locating branches, branch manager needs to consider the number of factors such as smooth accessibility, availability of infrastructural facilities and management of branch offices and premises.

Thus place management of insurance premises needs a new vision, distinct approach & an innovative style. The branch managers need professional excellence to make place decisions productive.
**Promotion:** It includes the various ways of communicating to the customers of what the company has to offer. It is about communicating about the benefits of using a particular product or service rather than just talking about its features. The insurance services depend on effective promotional measures, so as to create impulsive buying. Promotion comprises of advertising & other publicity tactics. The promotion is a fight not only for market share, but also for mind share. The insurance services depend on effective promotional measures, so as to create impulsive buying. Promotion comprises of advertising & other publicity tactics. Due attention should be given in selecting the promotional tools. Personnel should be given adequate training for creating impulsive buying.

**People:** People refer to the customers, employees, management and everybody else involved in it. It is essential for everyone to realize that the reputation of the brand that you are involved with is in the people's hands. Understanding the customer better, allows designing of the appropriate products. 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 & strong relationships with intermediaries are the key areas to be kept under consideration.

**Process:** It refers to the methods and process of providing a service and is hence essential to have a thorough knowledge on whether the services are helpful to the customers, if they are provided in time, if the customers are informed in hand about the services and many such things.

The process should be customer friendly in insurance industry. The speed & accuracy of Payment is of immense importance. The processing method should be easy to & convenient to the customers. Instalment schemes should be streamlined to cater to the ever growing demands of the customers. IT & Data warehousing will smoothen the process flow. IT will help in servicing the large no. of customers efficiently and bring down overheads. Technology can either complement or supplement the channels of distribution cost effectively. It also helps to improve customer service levels & helps to find out profitability & potential of various customers product segments.

**Physical (evidence):** It refers to the experience of using a product or service. When a service goes out to the customer, it is essential that you help him see what he is buying.
or not. For example- brochures, pamphlets etc serve this purpose. Evidence is a key element of success for all insurance companies. Physical evidence can be provided to insurance customers in the form of policy certificate and premium payment receipts. The office building, the ambience, the service personnel etc. of the insurance company and their logo and brand name in advertisements also add to the physical evidence. To reach a profitable mass of customers, then new distribution avenues & alliances will be necessary. Initially insurance was looked upon as a complex product with a high advice & service component. Buyers prefer a face to face interaction & they place a high premium on brand names & reliability.

1.7 Impetus for Marketing Strategy

India is a jumbo-sized opportunity for life insurance need hardly belaboured. Here is a nation of a billion people, of whom merely 100 million people are insured. And, significantly, even those who do have insurance are grossly underinsured. The emerging middle class population, growing affluence and the absence of a social security system combine to make India one of the world’s most attractive life insurance markets. No matter how you look at it – whether in terms of life insurance premiums as a percentage of GDP or premium per capita – the market is under penetrated and people are under-insured. In a country where there is high unemployment and where social security systems are absent, life insurance offers the basic cover against life’s uncertainties. India has traditionally been a savings-oriented country and insurance plays a critical role in the development of the Indian economy.

The role of insurance in the economy is vital as it able to mobilize premium payments into long-term investible funds. As such, it is a key sector for development. So, marketing strategies are important and inevitable phenomenon to tap huge untapped potential market. Effective selling of insurance policies depends to a large extent on the marketing strategies selected. As the market for insurance is dynamic and accompanied by rapid changes in the environment due to advancements in technology and uncertain economic conditions, coupled with inflation, increased attention must be given in the future to the selection of marketing strategies.
1.8 Role of Marketing Strategies in Life Insurance Business

The key objective of an organization's marketing efforts is to develop satisfying relationships with customers that benefit both the customer and the organization. These efforts lead marketing to serve an important role within most organizations and within society.

At the organizational level, marketing is a vital business function that is necessary in nearly all industries whether the organization operates as a for-profit or as a not-for-profit. For the for-profit organization, marketing is responsible for most tasks that bring revenue and, hopefully, profits to an organization. For the not-for-profit organization, marketing is responsible for attracting customers needed to support the not-for-profit's mission, such as raising donations or supporting a cause. For both types of organizations, it is unlikely they can survive without a strong marketing effort.

Marketing is also the organizational business area that interacts most frequently with the public and, consequently, what the public knows about an organization is determined by their interactions with marketers. For example, customers may believe a company is dynamic and creative based on its advertising message.

At a broader level marketing offers significant benefits to society. These benefits include:

- Developing products that satisfy needs, including products that enhance society's quality of life
- Creating a competitive environment that helps lower product prices
- Developing product distribution systems that offer access to products to a large number of customers and many geographic regions
- Building demand for products that require organizations to expand their labor force
- Offering techniques that have the ability to convey messages that change societal behavior in a positive way (e.g., anti-smoking advertising)
- A very common way to promote a Life insurance company through Life Insurance Marketing is to make the name of the company familiar to others by means of television commercials, handling out pamphlets, hanging banners in populated areas and by providing exciting offers.
• Telephone marketing is another way of Life Insurance Marketing. One can see the telephone companies send messages about various offers and they even make phone calls. Web Insurance Marketing is another good strategy to promote insurance policies. The pop ups that one sees while using Internet are actually a very effective way of sending messages across the potential insurance customers.

• One should listen to the existing Life Insurance Policy Holders as well as the potential Life insurance policy holders and listen to what people who actually matters have to say. One common problem that the insured persons face is that the insurance companies do not inform its clients about the hike in the premium rates. These things should be kept in mind. Not only that, a client should be informed about everything related to his policy and the Life insurance company should keep the transparency as much as possible.

• Community Life Insurance Marketing is another different way to get promotion and a high recognition for the Life insurance Company. Eminent workers join local community institutions, such as Chamber of Commerce, and by signing up there one can help out various projects that take place. These kinds of activities and social works on behalf of the Life insurance company helps the company to get free publicity as their names are published in news paper and in media also. Doing charity works also helps the Life insurance companies to come across various people who act as volunteers and can act as their potential Life insurance clients. People also like to deal with likeminded people and companies and this is how many deals are made.

• A Life Insurance Company should not charge different Life insurance client different charges for the same policy. This kind of policy gives the Life insurance policy holders the feeling that they are being treated unfairly and also that the Life insurance companies are only looking for profits and not the betterment of customer welfare.

• When a Life insurance claim is filed, especially for a very big hefty amount, the Life insurance Company should help out the policy holder in processing out the paperwork. One should not let bureaucracy enter and make it so difficult for the one making the claim so that he gives his claim. This has always been a common tactic on the insurance company's part to avoid paying claims claimed by the
policy holder. This though makes a short term profit for the company but it hurts in the long run as the reputation of the company is hampered severely.

- People in this Life insurance industry should always try to keep in constant contact with the existing customers as well. The competition in the insurance market is so fierce today that no company wants to lose out on a customer to another company. Clients who are not contacted for a longer period of time normally fail to remain loyal to the insurance company and look for a different Life insurance company. The company can keep the records of the client's birthday and days like anniversary and sent him or her small tokens of love or loyalty at a regular basis. If the company can afford a little more it can send dinner coupons to the Life insurance policy holder. These things play a major role and can be considered as an effective Life Insurance Marketing strategy.

- May be the most crucial thing in insurance marketing is to always speak about unity and honesty while dealing with a business. A Life Insurance Holder can find so many frauds in various life insurance companies today, that life insurance customers are going for products and services which are trustworthy to them. Feeling safe is about insurances and other things are most important as far as the insurance holder.

1.9 New Approaches to Strategize the Productivity of Life Insurance Services

Latest tools and techniques are used by marketers of life insurance products to boost the sales to ensure customer satisfaction and brand building. Some are the approaches to survive in this scenario are as under:

1.9.1 Innovation: Innovation in the delivery system refers to the internal organizational arrangements that have to be managed to allow service workers to perform their job properly, and to develop and offer innovative services. All the insurance companies have a structured internal organization team with customer service teams for the delivery of the service. Extensive training is given to the service contact personnel who are called the financial consultants or Agent advisers. Service development, service design and delivery are intricately intertwined. All parties involved in any aspect of the
new service must work together at this stage to delineate the details of the new service. (Valarie A Zeithmal and Mary Jo Bitner, 2003). The need and importance of the customers' involvement in the service innovation process is considered to be of prime importance by all the life insurance companies as the current market for life insurance is customer centric. They also express their opinion that the new services developed currently is based on customer focus. The degree of involvement of the customer has gradually increased in the last five years. In the last two years customers are involved in the new service process as information providers.

1.9.2 Product/Service Differentiation: In case of product differentiation, new products, customized products, tailored products, bundled products can be introduced and new target segments can be identified. For example, life, health and personal accident insurance can be bundled together. Similarly, Home Loan and insurance covering fire and burglary can be put together. The life insurance companies provide only packaged policies whereas new players have been providing several Riders. Rider in insurance parlance is an option that gives the policyholder additional coverage without disturbing the fundamental risk coverage. The service in the field of life insurance has improved greatly with the entry of multinationals and rising competition. The customer should have the option to continue or to switch over or to come out of the given policy.

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1.9.3 Advertising and Sales Promotion: Advertising and publicizing have a positive effect on the prospective customers as well as personal selling. 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. Life insurance may be one of the most difficult products to sell, but with an effective promotional strategy it can be sold easily.

1.9.4 Technology: Information Technology progress is a major driver behind the structural change in the Life insurance industry to enhance risk transfer efficiency. E-business opens up new ways to reduce costs while lowering market entry barriers and facilitating the break-up of the traditional insurance value chain. Insurance clients will benefit from greater transparency, lower prices and improved services – not just in the sales area, but also in claims management. New information and communication technologies are making it easier for insurers to break up the value chain and outsource individual functions to specialized providers. In the long-term basis the information technology units control the potential for new service delivery since all new products represent a more sophisticated delivery of the service. Although it is argued that service innovations are often non technological, this is still the centre of much analysis and debate (Kandampully, 2002).

1.10 Relationship Marketing & Customer Satisfaction

Retention of existing customers by strengthening relationships and preserving their loyalty is regarded as the essence of relationship marketing. It may also require serving the customer as a client. In some cases the situation may demand transformation of indifferent customers and winning their confidence. Marketing process considers acquiring new customer to be an intermediate step (Wagner et al., 2009). Lending support to customers even during closing hours develops within customers more respect for the organization (Palmatier et al., 2009). It also serves as an example of good salesmanship. Gratitude here is the key factor that enhances the quality of relation on one hand and obtains positive outcome for the seller on the other.

Customers will never leave the organization if they are kept happy. This necessitates monitoring of some factors like availability of substitutes, customer satisfaction, trust and quality of services offered (Thereon and Terblanche, 2010). Customers are found to be very particular about relationships. A careful study of past experiences, expectations and desires gives a good idea of consumer behaviour. Relationship
Marketing simply does the job of collecting information based on which firms can identify their preferred customers and retain them. Relationship marketing is considered to be the tactic to achieve this. Many of the activities mentioned under the concept of relationship marketing are already being used by the firms. This increases customers’ trust and satisfaction and in turn enhances profitability of the firm (Ashley et al., 2011).

The effects of relationship marketing on customer satisfaction: Relationship Marketing is chiefly concerned with building relationships at each and every possible point of interaction between the firms and the customers. This implies mutual benefit for the firms and the customers. Overall relationship marketing focuses on identifying factors affecting customer relationship with firms and works towards those factors in order to retain clients. In the field of stock markets more attention needs to be diverted towards the customers.

Customer satisfaction plays a key role in influencing the risks on returns of a company’s stocks (Sarlak and Fard, 2009; Jiang et al., 2009). Studies on this have suggested that there exists positive correlation between customer satisfaction and profitability baselines. This has also become the driving factor in the stock markets (Grewal et al., 2010). So before investing, evaluation of performance of the firms including the important criterion of customer satisfaction is equally important as that of returns on stocks. Else the investors might miss out some profit making opportunities (Tuli and Bharadwaj, 2009). A lot of research works have been undertaken to find out the impact of marketing actions on the level as well as heterogeneity of customer satisfaction. These aspects emerge as key factors in shaping up shareholder value (Grewal et al., 2010). Customer related outcomes obtained during short run affects a firm’s performance in the long run (Tuli and Bharadwaj, 2009). Managers in recent times are assigned the task of striking a balance between customer retention policies and customer acquisition. This is done for tracing out the growth prospects of the firm (Grewal et al., 2010).

Credibility of a firm in terms of performance and profitability in the eyes of stakeholders depends upon the entire performance of the mangers (Samaha et al., 2011). Customer relationship has now also emerged as a factor through which
stakeholder’s examine a firm in terms of profitability perspectives. Thus Relationship Marketing also brings in new investors for the firm.

**Power or Ability of the businesses to influence or control behaviour of the customers:** Through past experiences and also through various reports and analysis the businesses intend to develop a firm idea about consumers’ behaviour and their preferences and desires. The company seeks to increase sales and customer satisfaction by trying to build up a psychological attachment of the consumers towards the products. It also tries to manufacture products according to the consumer’s likings and preferences. In this way the firm attempts to build up a bonding process. Such bonding processes in most cases have proved to be beneficial for both consumers and sellers.

**Commitment towards Customer:** The firms try to maintain their commitment towards customers which in turn enhances customers’ value and satisfaction. The customer also develops a desire for continuing with the firm. The firm proceeds in such a way so that customers pay regular visits and in turn become loyal to the firm’s products. After sales services has emerged as an important tool in this respect.

**Communication:** Successful communication can play an important role in retaining old customers. It is mainly based upon the concept of sharing with customers. Through such formal and informal communications a firm tries to know more about consumer’s preferences and also get to know if the customers have any complains or dissatisfaction.

**Customization:** The extension of customer services has proved to be an effective tool for customer retention. The seller in this case seeks information about the target buyers. After that the seller puts in lots of effort to cater to the needs of the buyer. The products as well as services are tailored in accordance with customer’s preferences.

**Gratitude:** Through the social component of gratitude the customers develop more respect for the company and in turn become loyal to the company’s products. Companies may try out after sales services or services during closing hours through which they expect a reciprocal behaviour from customers. Such performance of seller helps in retaining customers. Gratitude is a very important instrument for preserving the loyalty of customers.
In customer retention strategies, switching costs are also to be kept in mind by the marketing strategist. This is nothing but the one-time costs the customers have to associate with given that they are switching from a specific provider to another. Such above mentioned dimensions would inject trust or willingness within the customer to rely on the service provider. All this will also help to restore the confidence of existing customers and bring in new customers. They are treated as pillar for successful customer relationship building.

1.11 Customer Relationship Management
Insurance companies experiencing competition from within and abroad. Making this problem-situation into an opportunity lies always on the prudent management adopting or adapting tactics and strategies. In line of this, customer relationship management is a measure of winning competitiveness as it is the information-driven approach to customer analysis and process automation; and thereon supplement customer-value proposition.

An action on tangible services – prompt and accurate issue of document, prompt and fair settlement of claim, good listening mechanism, better problem solving approach, reliable manner of service and meet requirement of customers on time every time - in lieu of intangible promises would give utmost satisfaction to customers.

Distribution Channels: The distribution network is most important in insurance industry. Insurance is not a high cost industry like telecom sector. Therefore it is building its market on goodwill and access on distribution network. We cannot deny that insurance are not bought, it is sold. The market has a great scope to grow. This can be better done by more innovative channels like a super market, a bank, a post office, an ATM, departmental store etc. these could be used to increase channels of insurance. But such growth in channels shall increase with time. Till then agents seem to be the most important distribution channel in this industry. Agents connect with people and influence them to buy any insurance policy. For the same such agents charge commission on the policies they get for the company. There is a fixed percentage of commission for which these agents work.
Competitive Marketing Strategy

Having identified and evaluated the major competitions, the company must determine broad competitive marketing strategies by which they can gain competitive advantage through superior customer value. No one strategy is best for all companies. Each company must determine what makes the most sense given its position in the industry and its objectives, opportunities and resources. Even within a company, different strategies may be required for a different products or business.

Companies also differ in how they approach the strategic planning process. Many large firms develop formal competitive marketing strategies and implement them religiously. Thus, approaches to marketing strategy and practice often pass through three stages:

**Entrepreneurial Marketing:** Companies practices’ these strategies are started by individuals who live by their wits. They visualize an opportunity, construct flexible strategies on backs of envelopes and knock on every door to gain attention.

**Formulated Marketing:** As small companies achieve success they inevitably more towards more formulated marketing.

**Entrepreneurial Marketing:** When large and mature companies get stuck in formulated marketing, they lose their marketing creativity and passion they had at the time of start. They now need to re-establish within their companies, the entrepreneurial spirit. They need to encourage more initiative and entrepreneurship at local level.

Firms competing in a given target market at any point in time, differ in their objectives and resources. Some firms are large, others small. Some have many resources, others are strapped for funds. Some are mature and established other new and fresh. Thus, firms occupy different competitive positions in the target market. The different competitive strategies based on the roles firms play in the target market. The different competitive strategies based on the roles firms play in the target market are leaders, challengers, followers or niches. Forty percent of the market is in the hands of the market leaders, the firm with the largest market share. Another 30% is in the hands of market challengers, runner-up firms that are fighting hard to increase their market share. Another 20% is in the hands of market followers other runner-up firms that want to hold their share without rocking the boat. The remaining 10% is in the hands of market niches, firms that serve small segments not being proved by other firms.
1.12 Strategies for Market Leaders

Staying the leaders calls for action on three fronts. First, the firm must find ways to expand total market demand. Second, the firm must protect its current market share through good defensive and offensive actions. Third, the firm can try to increase its market share, even if market size remains constant. The strategies for expanding the total market share.

**New Customers:** Every product class has the potential to attract buyers; a company can search for new users among three groups: those who might use it but do not (market-penetration strategy), those who have never used it (new market segment strategy) or those who live elsewhere (geographical-expansion strategy).

**More Usage:** The amount of consumption can sometimes the increased through packaging or product redesign. Marketers can try to increase the amount, level or frequency of consumptions. Increasing frequency of consumption requires identifying additional opportunities to use the brand or identifying completely new and different ways to use the brand.

The leader is typically the pioneer, or at least one of the first entrants, who developed the product-market in the first place. The firm’s strategic objective is to maintain its leading share position in the face of increasing competition as the market expands. The dynamics of a growth market including the increasing number of competitions, the fragmentation of market segments and the threats of product innovation from within and outside the industry make maintaining an early lead in relative market share very difficult. A firm can also maintain its current share position in a growth market only if its sales volume continues to grow at a rate equal to that of the overall market enabling the firm to stay in absolute market share.

**Strategies of Growth Markets**

Followers are attracted rapidly to the growing market as such markets provide attractive opportunities for future profits. It is easier for a business to increase its share in a growing market by adopting the following two strategies – First—there are many potential new users who have no established brand loyalties or supplier commitments and who have different needs or preferences. Thus, it is easier, for a new competition to attract those potential new users than to convert customers in a mature market. Second,
established competitions are less likely to react aggressively to market share erosion as long as their sales continue to grow at a satisfactory rate.

Generally, followers are attracted towards the rapidly growing markets as these markets are providing the following attractive opportunities for future profits as –

i. When a market is growing, it is easier to gain share

ii. Share gains are worth move in a growth market than in a mature market

iii. Price competition is less intense

iv. Early participation in a growth market is necessary to make sure that the firm keeps pace with the technology.

The different marketing actions and strategies for achieving marketing objectives are discussed below:

1. Retain current customers by maintaining/improving satisfaction and loyalty – Possible marketing actions for the above objective are:
   - Increase attention to quality control as output expand
   - Continue product modification and improvement efforts to increase customer benefits and / or reduce costs
   - Focus advertising on stimulation of selective demand, stress products superior features and benefits, reminder advertising
   - Increase sales force's servicing of current accounts consider formation of national or key account representatives to major customers
   - Expand post sale, service capabilities, develop or expand. Company's own service force or develop training programs for distributors and dealers' service people, expand parts inventory etc.

2. Encouraging / simplifying repeat purchases – Possible Marketing Actions for the objectives are:
   - Expand production capacity in advance of increasing demand to avoid stock outs
   - Improve inventory control and logistics system to reduce delivery times
   - Continue to build distribution channels, use periodic trade promotions to gain more extensive retail coverage and maintain shelf-facing, strengthen relationship with strongest distributors / dealers
   - Consider negotiating long term requirements contact with major customers
• Consider developing automatic reorder system or logistical alliances.

3. **Reduce attractiveness of switching Possible Marketing Actions for the objectives are:**
   • Develop a second brand or product line with features or price more appealing to a specific segment of current customers
   • Develop multiple line extensions or brand offerings targeted to the needs of several user segments within the market.
   • Meet or beat lower prices or heavier promotional efforts by competitions.

4. **Stimulate selective demand among late adopters by :**
   Head to head positioning against competitive offering or potential offerings
   Possible Marketing Actions for the above objective are:
   a) Develop a second brand or product line with features or price more appealing to a specific segment of potential customers
   b) Make product modifications or improvement to match or beat superior competitive offerings
   c) Meet or beat lower prices or heavier promotional efforts by competitions when necessary to retain customers and when lower unit costs allow
   d) When resources are limited relative to competitors consider withdrawing from smaller or slower growing segments to focus product development and promotional efforts on higher potential segments threatened by competitors.

5. **Differential positioning against competitive offerings or potential offerings:**
   Possible Marketing Actions for the above objectives are:
   • Develop multiple line extensions or brand offerings targeted to the needs of various potential users
   • Build unique distribution channels to more effectively reach specific segments of potential customers
   • Design multiple advertising and / or sales promotion campaigns targeted at specific segments of potential customers.

It is generally unusual for a business to invest heavily in new product improvement and promotion to enhance product's high quality image and simultaneously slash prices to drive out weaker competitors in a short run with an eye on higher profits in the future.
Thus, there are five internally consistent strategies that a market leader might employ, singly or in combination, to maintain its leading share position: a fortress, or position defense strategy; a flanker strategy; a confrontation strategy; a market expansion strategy; and a contraction or strategic withdrawal, strategy; which or what combination, of these five strategies is most appropriate for a particular product-market depends on:

1. The market size and its customer's characteristics
2. The number and relative strengths of the competitors or potential competitors in that market
3. The leaders own resources and competencies.

1.13 Service Quality

The tendency toward presenting services and qualities has a significant role in service industry such as insurance and bank services. Since the service quality is very important in surviving and profit making of an organization, it affects in customer's satisfaction and motivation after shopping positively. And customer's satisfaction also affects in tendency toward shopping positively. In fact customer's satisfaction and service quality are considered as vital affairs in mostly service industry nowadays.

Quality has been generally defined as “fitness for use” and “those product features which meet customer needs and thereby provide customer satisfaction” These basic definitions are commonly accepted and can also be applied in service management. However when it comes to more specific service quality attributes and dimensions a wide variety of models and frameworks exist and there is an intense discussion on service quality measurement in different industry contexts. In particular, traditional concepts and measures of service quality and customer satisfaction have been questioned in the business-to-business environment.

Service quality can have many different meanings in different contexts. Bitner and Hubbert (1994) defined service quality as “the consumer’s overall impression of the relative inferiority or superiority of the organization and its services”. Parasuraman, Zeithaml, and Berry (1985) defined perceived service quality as “a global judgment, or attitude relating to the superiority of a service” and noted that the judgment on service quality is a reflection of the degree and direction of discrepancy between consumers’ perceptions and expectations.
Service quality has been conceptualized as an overall assessment of service by the customers. It is a key decision criterion in service evaluation by the customers. Perceived service quality is believed to be resulting from comparison between customers’ prior expectations about the service and their perceptions after actual experience. Besides service outcomes, service quality perceptions also involve evaluation of the service delivery processes. Hence, conceptualization of service quality ought to include both the process as well as the service outcomes. A firm's ability to serve the customer needs as well as to maintain its competitive advantage also affects the customer perception of service quality.

Service quality is needed for creating customer satisfaction and is connected to customer perceptions and customer expectations. Oliver (1997) argues that service quality can be described as the result from customer comparisons between their expectations about the service they will use and their perceptions about the service sector. That means that if the perceptions would be higher than the expectations the service will be considered excellent, if the expectations equal the perceptions the service is considered good and if the expectations are not met the service will be considered bad.

Oliver (1997) argues that customer satisfaction can be described as a judgment that a product or service feature, or the product or service itself, provides pleasurable consumption. Satisfaction can also be described as a fulfillment response of service and an attitude change as a result of the consumption. Gibson (2005) put forward that satisfied customers are likely to become loyal customers and that means that they are also likely to spread positive word of mouth. Understanding which factors that influence customer satisfaction makes it easier to design and deliver service offers that corresponds to the market demands.

Oliver (1993) stated that during the past decades, in the marketing literature and marketing practices, the importance in the concept of service quality and service satisfaction has increased. Quality and satisfaction are indicators for corporate competitiveness and explores the benefit of marketing academics and practitioners. The relationship and nature of these customer evaluations remains unclear though satisfaction and service quality comes from two big research paradigms; expectations and perceptions which are considered as key instruments. Zeithaml et al, (1993)
mention that in empirical studies quality and satisfaction are introduced as synonyms within the service business

1.14 SERVQUAL Model

Regarding the notion of service quality, various models are developed to assess customer perception of service quality, among these theories, The SERVQUAL scale constitutes an important landmark in the service quality literature and has been extensively applied in different service settings. Based on non-approved pattern, Parasuraman et al (1985, 1988) developed SERVQUAL model. As mentioned before, these authors identified 5 dimensions of service quality construct (i.e. Tangibles, Reliability, Responsiveness, Assurance, and Empathy) based on which customers evaluate service quality regardless of type of services.

SERVQUAL represents service quality as the discrepancy between a customer's expectations for a service offering and the customer's perceptions of the service received. These authors argued that, regardless of the type of service, consumers evaluate service quality using the same generic criteria, which can be grouped into five dimensions: tangibles, reliability, responsiveness, assurance and empathy. These five dimensions were derived from 10 overlapping dimensions, which were regarded as essential to service quality by exploratory research. Dimensions of service quality are correlated, and they form the overall service quality perception.

Parasuraman et al. (1988) developed the SERVQUAL scale a widespread instrument to measure both the expectations and the service perceptions of customers. This twin scale consists of 22 items. The size of the gaps between internal customers’ service expectations and their perceptions indicate the level of dissatisfaction. Expectations and perceptions are measured across 5 dimensions of service quality. As result of the research conducted in companies which provide service banking, telecommunication, insurance company, maintenance and repair of apparatuses), the authors of Gap model developed SERVQUAL model for measuring service quality (Parasuraman et al, 1985, 1988, 1991, 1991a,1994).

Parasuraman et al (1988) reduced those into the following five:

**Tangibles** - Appearance of physical facilities, equipment, personnel, and communication materials;
Reliability - Ability to perform the promised service dependably and accurately;
Responsiveness - Willingness to help customers and provide prompt service;
Assurance, Knowledge, courtesy and trustworthiness of the personnel;
Assurance - confidence, personnel relations and security;
Empathy (understanding the customer) - Making the effort to know customers and their needs.

This set of five dimensions is further subdivided into 22 categories (Parasuraman et al, 1988):

Tangibles:
- Company has modern equipment;
- Company possesses visually attractive equipment and facilities;
- Appearance of staff;
- Visually appealing materials connected with service.

Reliability:
- Realization of assured service;
- Reliability in solving customer problems;
- delivering the appropriate service from the first visit onwards;
- Providing the promised service at the promised time;
- Insisting on zero defect policy;
- Willingness to help customers,
- Willingness of personnel to respond to customer n.

Responsiveness:
- Informing the customers about the time of service delivery;
- Prompt service delivery to customers.

Assurance:
- Personnel who instil confidence;
- Customers feel secure in their dealings with the company;
- Courtesy of the personnel;
- Knowledge of personnel to answer the customer questions.

Empathy (understanding):
Giving individual attention to customers;
- Giving personal attention to customers;
- The personnel focus on customers’ interests;
- The personnel understand specific needs of their customers;
- Operating hours are convenient to customers.

1.15 The ‘GAP MODEL’

The task of a manager is to balance customer expectations and perceptions and to close any gap between the customer expectations and customer perceptions. The ‘Gap’ model (Parasuraman et al, 1985; Zeithamal et al, 1990) is a means of describing customer dissatisfaction in the context of service quality. A series of seven gaps regarding service design and delivery were identified:

(1) **The Knowledge Gap**: It is the difference between what service provider’s believe customers expect and customers’ actual needs and expectations.

(2) **The Standard Gap**: It is the difference between managements’ perceptions of customer expectations and the quality standards established for service delivery.

(3) **The Delivery Gap**: It is the difference between specified delivery standards and the service providers’ actual performance on these standards.

(4) **The Internal Communication Gap**: It is the difference between what the company’s service quality level and what the company is actually able to deliver.

(5) **The Perception Gap**: It is the difference between what is delivered and what customers perceive that have received (as they are unable to accurately evaluate service quality).

(6) **The Interpretation Gap**: It is the difference between what a service provider’s communication effort promise and what a customer thinks was promised by these communications.

(7) **The Service Gap**: It is the difference between what customers expect to receive and their perceptions of the service that is delivered.

The ten determinants of service quality as well as by evaluating the gaps between the customers’ expectations and customers’ perception of quality led to the development of a scale for measuring customer perception of service quality called SERVQUAL (Parasuraman et al, 1988; Zeithamal et al, 1990, pp 175-186; Parasuraman et al, 1991). This scale has been subject to refinement and there is a continuing debate about the
measurement of service quality and the determinants which should be used. (Mathews, 1995)

Customer Satisfaction
There was a time where customers were less critical and vocal if not satisfied when dealing with a business. This is not the case today. Today customers are becoming increasingly more demanding, less tolerant and very critical when not having their expectation met. There was a time that customer’s satisfaction was not so important. Customers were purchased goods or services according to the choice of business owner.

Today customers have lots of choice on where and who to deal with. As a result power has now shifted to the customers. If they feel, they are not satisfied they will simply go to another place to fulfil their expectation. Measuring customer satisfaction is extremely important in every business, particularly service industry in order to maintain existing customers and to bring new customers.

Now a-days customers are the most valuable asset because happy and satisfied customers are like free advertising of the business. Customer satisfaction has been an intensively discussed subject in the areas of consumer and marketing research. In recent times, customer satisfaction has gained new attention within the context of the paradigm shift from transactional marketing to relationship marketing. In numerous publications, satisfaction has been treated as the necessary premise for the retention of customers, and therefore has moved to the forefront of relational marketing approaches. The importance of customers in service sector business is unquestionable, because the success of service sector business is mostly depending on customers, the future and the financial security of this business is in the hands of customers. Therefore, service sector industry like insurance industry give proper emphasis on customer satisfaction. Customer satisfaction has a positive effect on service sectors. The insurance industry becomes an integral part of Indian market, with insurance companies being significant institutional investors. This company affects money, capital markets and the real sectors in an economy, making insurance facility to ensure the completeness of a market. It is an industry with strategic importance for any country as it contributes to the financial sector as well as confers social benefits on the society. An insurance policy/ product protect the financial buyers against any financial loss arising from risks
at some cost. It reduces the anxiety and promotes financial stability to the clients. Moreover, to meet the various needs of various individuals, the life insurance players have different types of product and services in their bouquet. Besides this, almost all companies offer the flexibility to customers to choose the most suitable products for themselves.

According to Hasemark and Albinsson (2004) cited in Singh (2006:1) “satisfaction is an overall attitude towards a product provider or an emotional reaction to the difference between what customers expect and what they actually receive regarding the fulfillment of a need”. Kotler (2000); Hoyer & MacInnis (2001) also define satisfaction as a person’s feelings of pleasure, excitement, delight or disappointment which results from comparing a product’s perceived performance to his or her expectations. Satisfaction means the contentment one feels when one has fulfilled a desire, need or expectation. Furthermore, customer satisfaction can be a measure of how happy customers are with the services and products of a supermarket. Keeping customers happy is of tremendous benefit to companies. Satisfied customers are more likely to stay loyal, consume more and are more likely to recommend their friends to the business.

Customer satisfaction can also be measured using some questions like, considering all your experience of company X, how satisfied are you in general on a scale from completely satisfied to dissatisfied? Another question could be to what degree did company X fulfill your expectations? On a scale of much less than expected to much more than expected? (Ryan et al; 1995). According to Hoyer & MacInnis (2001) satisfaction can be associated with feelings of acceptance, relief, excitement and delight. Furthermore, Zairi (2000) says that many studies have viewed the impact of customer satisfaction on repeat purchase, loyalty and retention and they have all echoed concern that customers who are satisfied are most likely to share their experiences with other people with regards to about five to six people. Additionally, this research is supported by La Barbera & Mazarsky (1983) who also imply that satisfaction influences repurchase intentions whereas dissatisfaction is seen as a primary reason for customer defection or discontinuation of purchase. Hoyer & MacInnis (2001) also say that dissatisfied customers can choose to discontinue purchasing the goods or services and engage in negative word of mouth.
Customer satisfaction can be achieved by improving service quality. Ciavolino & Dahlggaard (2007) contend that service quality is the measure of service levels based on the attributes of the core product. Such attributes include; Facility layout - display of products, clean environment, clear labeling. Other attributes can be Location, Process - queue management, waiting time, express checkouts, supermarket operation hours, delivery time, additional services like parking, parent & baby facilities, and loyalty/membership cards, Product - variety of groceries, durability, merchandise quality and Merchandising.

1.16 Dimensions of Customer Satisfaction
Satisfaction according to Hokanson (1995) is affected by many factors which include friendly employees, courteous employees, knowledgeable employees, and helpful employees, accuracy of billing, competitive pricing, service quality, good value and quick service. For purposes of this study, we concentrate on nine dimensions of customer satisfaction which are Location, Additional Services, product quality, Service Quality, Facilities, Reliability, process, Value for money, Staff and Personnel service. Furthermore, the nine dimensions also consist of 21 elements which are used in the collection of data and analysis of results.

Location
The location of any store is always very important. Location can mean convenience and accessibility. Location can also refer to the number of stores in a particular geographical setting. According to Martinéz-Ruiz et al (2010:280), suggest that once a location is near to the home then transaction costs associated with purchase such as transport costs and time spent are likely to be reduced. Martinéz-Ruiz et al (2010) assert that customers always look for convenience benefit in the modern environment. Additional services are essentially important in the insurance sector and play a role in determining customer satisfaction through creation of convenience.

Services
Product quality according to Garvin (1987) is described using eight attributes which are:
Performance which is refers to products primary operating characteristics Features:
These are additional features which are also known as the bells and whistles of the
product. Conformance which is described as the extent to which a product will operate properly over a specified period of time under stated conditions of use. Reliability: the probability that will operate properly over a specified period of time under stated conditions of use.

**Durability**
It is the amount of use a customer gets out of use of a product before it physically deteriorates or until replacement is preferable. Serviceability: the speed competency and courtesy of repair. Aesthetics: How a product appeals to all the five senses of a human. Customer perceived quality: Customers perception of a products quality based on reputation of the firm. For purposes of this study, we have used 3 elements to measure the dimension of product quality namely; product variety, freshness of products and durability. We follow this line because according to Yuen & Chan (2010) not all elements / attributes used suggested by Garvin (1987) are relevant, while some are found to be less measurable. For example the elements of performance and features cannot be used in this study because of the difficulty in separating primary product characteristics secondary characteristics. Variety, according to Dhar et al (2001) helps retailers to serve different tastes and preferences of its clients. Dellaert et al (1998) concedes that variety does not only help retailers attract more consumers but it can also motivate them to purchase more while at the store. If a retailer gives greater variety in product categories, it can improve the convenience of purchase in this way increasing customer satisfaction. Variety product selection can also help reduce the perceived costs like effort and travel time.

**Facilities**
Under this dimension we use three elements like display, music and clean and spacious atmosphere to measure the effect of supermarket facilities on customer satisfaction. According to Inman et al (2009) a grocery store is described as a place of sensory stimuli where consumers find colorful product displays coupled with fruits and flowers with perfectly displayed packages of snacks and advertisements covering the floor. They further argue that some customers then use the in store stimuli as cues to remind them of what groceries they need and also assert that certain consumers enter shops without the intention of buying certain goods. This is supported by Dioiri (2007) who asserts that the sales outlets/supermarkets facilities are very important since they have
the ability to influence or change the purchasing behavior of consumers; therefore extreme care has to be observed when making a decision on merchandising because 70 percent of purchase decisions are made during shopping. Terblanche & Boshoff (2004) describe supermarket facilities as the sum of elements that contribute to a pleasant shopping atmosphere such as shop layout/aisles that make it easy to move around, store cleanliness and well shaped product displays. Because of increased competition in the market, retailers are being driven to improve their aisle and display management strategies. This is being done to improve company share of consumer purchases and wallet. Burke (2005) asserts that aisle management involves the effective placement of categories in the store aisles to improve customers’ shopping experience. Sirohi et al (1998:237) found that good store facility design (overall appearance of the shop, cleanliness, departments in the right places and wide and well marked aisle directions) leads to enhanced perceptions of overall merchandise quality.

**Reliability**
Reliability refers to how much trust can be afforded the supermarket staff and organization for example through parameters like accurate billing. “Reliability refers to the promises given by the store. If the store cannot keep or breaks the promises, it dissatisfies customers and results in negative word-of-mouth. In contrast, when the company is able to keep its promises, it increases customer confidence in the store and creates customer satisfaction and lead to loyalty”, (Yuen & Chan 2010:236).

**Process**
Process will be measured using three elements such as number of checkout counters / express checkout counters, opening hours and queue waiting time at counters. It is important to manage these elements of process in service delivery as they can make or break Customer satisfaction.

According to Katz et al (1991), waiting time in a retail store is an experience that can lead to consumer dissatisfaction. Consequently, Hui et al (1997) also assert that the former can negatively affect the store patronage behavior of a customer.

**Value for Money**
Customer satisfaction is driven by perceived price or value. Though the concept of value is relative and has several dimensions to it, Zeithaml (1988) considers customers
value as the overall assessment of the utility of a product based on perception of what is received and what is given. Dodds et al (1991), controverter that customers perceptions of value represent a trade-off between the quality or benefit they receive in the product relative to the sacrifice they perceived by paying the price. The perceived value process involves a trade-off between what the customer gives such as price/money, sacrifices, perceived risk, opportunity cost, and learning cost in exchange for what he/she gets such as quality, benefits, utilities (Yonggui Wang & Hing-Po Lo, 2002; Ravald & Gronroos 1996; Zeithaml 1988). One of the most recent researches in the work of Hume & Mort (2008) confirms that value or price quality is a positive predictor of satisfaction.

According to Ciavolino & Dahlgaard (2007), Value for money is the perceived level of quality relative to the price paid for a product or service. Value of money is based on competitive pricing of products, discounts awarded to customers, and promotions. Cronin & Taylor (1992) claimed that customer satisfaction is not only affected by customer services but also by price and convenience. Additionally, several researches have been done the value for money and the value attached to it by customers. These studies also point out the difference between price and quality and how they influence perceived value, customer satisfaction and customer behavior. Furthermore, Zeithaml (1988b) says that, “customer value for money is the overall assessment of the utility of a product based on perceptions based on what is received and what is given”.

Staff

Employees are important for a company’s marketing strategy. In this paper, the authors make use of two elements namely friendly helpful staff and knowledgeable& quick performance to explain the staff dimension. According to Gwinner et al (2005); Liao & Chuang (2004) say that the successful implementation of a company’s marketing concept is to an essential degree dependent on the frontline employees because of their direct customer interaction.

Personnel Service

Quality will be measured using variables like personnel service, friendly staff, courteous and knowledgeable staff. The speed of solving problems is also an important
variable. We also keep in mind the ability of staff to offer personalize service such as being able to recognize frequent customers and even greet them by name.

1.17 Significance of the Study

Ever since the liberalization and globalization of Indian economy has taken place almost a decade ago the focus point in any service organization is “Customer Service” more so in Insurance sector. Customer service is the base for business expansion because of the stiff competition.

Indian Insurance is on the threshold of deep and fundamental changes. The life insurance industry was nationalized in 1956 and the general insurance industry in 1972. Before that India had a thriving and competitive insurance industry with hundreds of private and foreign operations. Indian companies held a 60% market share even then. Yet, insufficient regulation also meant that there were a number of abuses.

After deregulation, many domestic and international players entered the life insurance market. However, the Indian insurance industry continued to face various problems such as low penetration (only 22% of the insurable population were insured) and low premium to GDP ratio (of 1.3). Growth was also hampered by the existing customer perception that life insurance was a tax saving tool. Another problem was that the entry of many players had cluttered up the market.

LIC has just about 100 million policies. This works out to an average 1.5 policies per individual. So, only 65 million people are policy holders in India. This translates into six to seven per cent of the Indian population. This clearly shows the low penetration of insurance in India. Currently, it is very difficult to make changes in policies once they are bought. Moreover, to make them attractive insurance policies should be made more people friendly by launching products such as equity linked insurance. Such policies can offer higher returns to investors. Though insurance is one of the highly regulated industries, it still provides lot of scope for creativity and innovations. As our industry is predominantly dominated by personal selling and personalized services many a time the service standards vary based on the inter-medially involved in the process. In order to achieve the competitive edge, over others, standardize the process and bring about quality improvement and get feedback from the customers regarding the quality of services rendered marketing approach should be adopted by the modern insurers to
withhold their existing customers and attract new ones. Thus with the competition hitting up in the insurance sector, one factor that could be contribute the overall performance of an insurance players is an appropriate marketing strategies for increasing the sale of insurance sellers. An increase in the number of insurance players in the market and rising awareness among customers of different products, companies in insurance sector have realized the importance of marketing strategies. The concept of marketing strategies help companies not only to certain existing customers but also to widen their customer base as the cost of retaining a customer is one fifth the cost of acquiring a new customer.

Therefore, in an era marked by the challenges of global competition, rapidly changing technology and varied customer tastes and preferences had develop strategic marketing skills and have become very essential for the companies to survive. Despite the urgent and pressing need for marketing orientation of the insurance industry, little research efforts have been directed to this vital area. For this reason there is need for much greater research efforts in this area of marketing orientation for the insurance industry so as to cope up with the market dynamics. These inputs will help the industry to become competitive both nationally and internationally since success will depend on the ability to perceive and understand the markets in all its complexities. The study hence is focused on comparing marketing strategies of three insurance companies ICICI Prudential, Birla Sun Life Insurance and HDFC Standard Life Insurance. It is also an investigation to measure the extent of customer satisfaction delivered by these three organizations.

Just a country cannot deal with defense problems with ancient weapons while the adversary has the most modern one, similarly in commerce a country should be very well equipped to deal with assault of modern technologies and tough competition. Thus, with the study we will see how well the insurance companies are well equipped with modern marketing strategies to give competition to the external environment.