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Marketing of life insurance Products in Rural Telangana – A Study of LIC

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Abstract

The services marketing strategy should be centred on the key concept that customer happiness or satisfaction is the significant objective. It is outlined in the text that services marketing strategy always combines product development, promotion, distribution, pricing, relationship management and other factors, identifying the organisations marketing objectives and also elucidation of how they will be achieved, preferably within a stated timeframe. Recruiting the right staff and training them suitably in the delivery of their service is fundamental, if, the organization wants to obtain a form of competitive advantage. The employees should have the appropriate interpersonal knowledge, skills, aptitude and service knowledge to provide the service that consumers are paying for. An efficient process is also considered as an important element to the systems used to assist the organization in delivering the service qualitatively. In this connection, there is need to study the marketing strategies followed by Life Insurance Corporation in rural India. This paper analyse the demographic profile of the select rural life insurance policy holder and analyse the select policy holders opinion on marketing strategies implemented in the rural India.

Key Words: *Life Insurance, Marketing Strategies and Rural India.*

Introduction:

The role of insurance is very vital in the economy as it mobilize small saving from large numbers in the form of premium payments and channelizing them into long-term investible funds and thus became a key sector for development of the nation. The insurance penetration and insurance density in India are very low when compared to developed countries. There is huge untapped potential in India. In order to tap huge untapped potential, marketing strategies are very important and unavoidable phenomenon. The effective selling of insurance policies depends upon the marketing strategies selected to a greater extent. The marketing strategies are very much important because the market for insurance is dynamic and coupled with rapid changes in the environment which is mainly due to improvements in technology and unpredictable economic conditions. These marketing strategies aims at various components such as pricing, institutional image, quality control, personal selling, word of mouth selling, and advertising etc. The insurance companies are following new approaches to strategize their products and services in the field of life insurance. The contemporary tools and techniques used by life insurance product marketers are helping to enhance the sales by ensuring customer satisfaction and brand building.

Innovation in delivery system denotes to the organizational arrangements that have to be accomplished internally to allow service workers to accomplish their job properly. Insurance companies should have a structured internal organization team with customer service teams to develop and offer innovative services and for the delivery of the service to the policyholders. Extensive training is provided to the service personnel who are known as agent advisers or financial consultants. The service development, service design, and delivery of service are very closely related. All the teams involved in any aspect of new service necessarily work together during this stage to outline the details of the new service. As the present life insurance market is extremely customer centric, all the life insurance companies should consider innovation process to be of prime importance and customers' involvement is of greater importance. The new services developed are based on customer focus, and satisfaction. The customer involvement has steadily increased and customers are involved as information providers in the process of new service development in the last few years.

The service marketing mix comprises of the seven P's such as Place, Price, Product, Promotion, People, Process and Physical Evidence. These seven P's are main ingredients contributing for a successful Life Insurance product in the market. Thus, it would be better to have detailed look into these factors. The services marketing strategy should be centred on the key concept that customer happiness or satisfaction is the significant objective. It is outlined in the text that services marketing strategy always combines product development, promotion, distribution, pricing, relationship management and other factors, identifying the organisations marketing objectives and also elucidation of how they will be achieved, preferably within a stated timeframe. Recruiting the right staff and training them suitably in the delivery of their service is fundamental, if, the organization wants to obtain a form of competitive advantage. Consumers decide and deliver perceptions of the service based on the employees they interact with. The employees should have the appropriate interpersonal knowledge, skills, aptitude and service knowledge to provide the service that consumers are paying for. An efficient process is also considered as an important element to the systems used to assist the organization in delivering the service qualitatively.

Demographic Profile of Select Rural LIC Policy Holders

The demographic profile of select Rural LIC Policy Holders are presented in Table – 1

Table – 3.1: Demographic Profile of Select Rural LIC Policy Holders

Gender-wise Distribution		
Gender-wise distribution	No. of Respondents	Percentage
Male	194	56.70
Female	148	43.30
Age-wise Distribution		
Age-wise distribution	No. of Respondents	Percentage
Below 35 years	43	12.60
Between 35 to 46 years	222	64.90
46 and above	77	22.50
Level of Education-wise Distribution		
Level of Education-wise distribution	No. of Respondents	Percentage
Below Graduation	254	74.30
Graduation	26	7.60
Above Graduation	44	12.90

Professional	18	5.30
Occupation-wise Distribution		
Occupation-wise	No. of Respondents	Percentage
Agriculture	229	67.00
Business	26	7.60
Employee	59	17.30
Professional	16	4.60
Homemaker	12	3.50
Marital Status-Wise Distribution		
Marital Status	No. of Respondents	Percentage
Married	328	95.90
Unmarried	14	04.10

Source: Primary Data.

The data in Table – 1 indicates that 56.70 percent of select policy holders are male and the remaining 43.30 percent are female. Therefore, it is found that majority of life insurance holders are men. This life insurance gender gap could cause additional financial hardship for families inconsolable the loss of loved one. It is also concluding that women may require more life insurance than men, not less. It is reveals that 64.90 percent of select policy holders between 35 to 46 years, 22.50 percent are 46 and above and 12.60 per cent are below 35 year are having life insurance policy in the study area. It is observed that the majority of the policies holders are belong to middle age group. In general, the best time to buy life insurance is while policy holders are young, because the premium will be low. Therefore, it is observed that the policy holders of study area belonging to middle age group. It indicates that the study area policy holders are not taken life insurance policy at the time of young.

It is indicates that 74.30 percent of select rural policy holders are below graduates, 12.90 percent are above graduates, 7.60 per cent completed graduation and only 5.30 percent are professionals. It is observed that majority of select rural policy holders possess below graduation as their education. It means select policy holders are somewhat aware of life insurance policy benefits in the study area. It is reveals that 67.00 percent of select policy holders' occupation is Agriculture, 17.30 percent are employees, 7.60 percent are involved in business, 4.60 percent are professionals and only 3.50 percent are Homemakers. Therefore, it is clearly indicates that majority of select policy holders occupation is agriculture. Agriculture is the main occupation in rural India. Around 60 percent of rural workforce is engaged in agriculture related activities. Further, it is shows that 95.90 percent of select policy holders are married and only 4.10 percent are unmarred in the study area. It is indicates that majority of select policy holders are married because in rural area people married early age.

Opinion towards Marketing Strategies followed by LIC in Rural Area

Insurance product is considered as a service product and an intangible service is rendered to the customer. Life insurance products are attracting more and more customers because of various features available. In this background, there is a need to study the rural life insurance customers' opinion towards the product elements. The relevant data was collected and presented in Table – 2.

Table – 2: Rural Life Insurance Customers opinion towards Product Elements

S No	Product Elements	Mean	Std. Deviation	N
PD1	Insurance is intangible service is rendered to the customer	4.09	.837	342
PD2	Life insurance product is a combination of insurance and investment element	3.94	.984	342
PD3	Life insurance products to suit the purchasing power and investment	3.65	.922	342
PD4	Life insurance products has a direct relationship with the market factors	3.71	1.159	342
PD5	Life insurance products changes with the market requirement	3.67	1.08	342
Overall Opinion on Product Elements		**3.81**	**0.99**	**342**

Source: *Primary Data*

The data in Table – 2 presents the respondents level of agreement with life insurance product elements statements. It is observed that respondents have agreed with all product element statement with an overall mean of 3.81. They have strongly agree with statement 'Insurance is intangible service is rendered to the customer', and 'Life insurance product is a combination of insurance and investment element' with mean of 4.09 and 3.94 respectively which are above average. Therefore, it is can be concluded that life insurance is intangible service is rendered to the customer', 'Life insurance product is a combination of insurance and investment element' and 'LIC products has a direct relationship with the market factors' are perceived as major life insurance product elements which are more attractive.

Generally, high pricing cannot exist in the life insurance industry and another significant thing about life insurance product has been designed with the focus to provide maximum benefits to the customers. In this connection, there is a need to study the rural consumers' opinion towards the life insurance price elements statements. The relevant data was collected and presented in Table -3.

Table –3: Rural Life Insurance Customers opinion towards Price Elements

S No	Price Elements	Mean	Std. Deviation	N
PR1	Premium of life insurance product is appropriate	3.72	1.12	342
PR2	Life insurance policy is an up selling and cross –selling product	3.63	1.03	342
PR3	Rate of interest is major to apt policy	3.66	1.10	342
PR4	Cost of processing and Commission of agent is reliable	3.55	1.12	342
PR5	Cost of instalments are adequate	3.77	1.16	342
Overall Opinion on Price Elements		**3.66**	**1.10**	**342**

Source: *Primary Data*

The data in Table –3 indicates that respondent's level of agreement with life insurance price elements statements. It is found that respondents have agreed with all price related statements are with an overall mean of 3.66. They have strongly agree with statements of 'Cost of instalments are adequate', 'Premium of LIC insurance product is appropriate' and 'Rate of interest is major to apt policy' with mean of 3.77, 3.72 and 3.66 respectively which are above average. Another two factors are agree with statements of 'LIC policy is an up selling and cross –selling product' and 'Cost of processing and Commission of agent is reliable' with mean of 3.63 and 3.55 respectively which are agree. Therefore, it is observed that the majority of the rural respondents agree with the price elements such as cost of instalments are adequate, premium on LIC insurance product is appropriate and rate of interest is major to apt policy are very effective.

Place is another important element in the marketing mix. Life insurance covers low, middle and high income groups in India. The place should be accessible to each and every policy holders. Therefore, it is required to study the opinion of rural consumers' opinion towards the life insurance place elements statements. The relevant data was collected and depict in Table -4.

The data in Table – 4 shows the respondent's level of agreement with life insurance place elements statements. It is found that respondents have agreed with all price element statement with an overall mean of 3.59. They have strongly agree with statements of 'Life insurance advertisements improve rural people knowledge', 'Life insurance product is easy to find in rural area' and 'Life insurance website is informative and accessible for rural people' with mean of 3.64, 3.62 and 3.58 respectively which are above average. Another two factors are agree with statements of 'Life insurance agents are elite policies in rural area' and 'Life insurance branches are fond in rural area' with mean of 3.56 and 3.55 respectively which are agree. Therefore, it is conclude that Life insurance advertisements improve rural people knowledge, Life insurance product is easy to find in rural area and Life insurance website is informative and accessible for rural people place element factors more effective in the study area.

Table – 4: Rural Life Insurance Customers opinion towards Place Elements

S No	Place Elements	Mean	Std. Deviation	N
PL1	Life insurance product is easy to find in rural area	3.62	1.10	342
PL2	Life insurance website is informative and accessible for rural people	3.58	1.18	342
PL3	Life insurance advertisements improve rural people knowledge	3.64	1.15	342
PL4	Life insurance branches are fond in rural area	3.55	1.19	342
PL5	Life insurance agents are elite policies in rural area	3.56	1.20	342
Overall Opinion on Place Elements		**3.59**	**1.16**	**342**

Source: *Primary Data*

Promotion methods include FM radio; TV, brochures and personal selling are more effective in life insurance products. The insurance agents are playing an important role in promoting the life insurance products in rural India. The insurance agents' sale that takes place in a day for an agent will depends upon the number of interfaces with rural customers. Therefore, it is required to know the opinion of rural consumers' opinion towards the life insurance promotion elements statements. The relevant data was collected and presented in Table -5.

Table – 5: Rural Life Insurance Customers opinion towards Promotion Elements

S No	Promotion Elements	Mean	Std. Deviation	N
PM1	Life insurance giving regularly advertisements in rural area	3.66	1.09	342
PM2	Life insurance agents are regularly communicating about policies	3.53	1.07	342
PM3	Life insurance not investing more on promotion	3.87	1.83	342
PM4	Remind rural people about policies & premium payments	3.67	1.09	342
PM5	Relying on the agents to market the Life insurance policies	3.51	1.12	342
Overall Opinion on Promotion Elements		**3.64**	**1.24**	**342**

Source: *Primary Data*

The data in Table – 5 indicates that respondent's level of agreement with life insurance promotion elements statements. It is found that respondents have agreed with all promotion element statement with an overall mean of 3.64. They have strongly agree with statements of 'Life insurance not investing more on promotion', 'Remind rural people about policies & premium payments' and 'Life insurance giving regularly advertisements in rural area' with a mean score of 3.87, 3.67 and 3.66 respectively which are above average. Another two factors are agree with statements of 'Life insurance agents are regularly communicating about policies' and 'Relying on the agents to market the Life insurance policies' with mean of 3.53 and 3.51 respectively which are agree. Therefore, it is concluded that the Life insurance not investing more on publicity, Remind rural people about policies & premium payments and Life insurance giving regularly advertisements in rural area are playing an important role in promoting the life insurance.

Life insurance companies recruit the agents who will be reliable and have quality of trust worthiness and collect money from insured people and pay to the insurance company. In this connection, there is a need to know the opinion of rural consumers' opinion towards the life insurance people elements statements. The relevant data was collected and presented in Table -6.

Table –6: Rural Life Insurance Customers opinion towards People Elements

S No	People Elements	Mean	Std. Deviation	N
PE1	Life insurance conducting awareness programmes to rural people	3.64	1.16	342
PE2	Life insurance agents are properly handling rural people	3.60	1.08	342
PE3	Life insurance employees are properly explaining terms and conditions	3.44	1.14	342
PE4	Life insurance employees providing necessary services	3.66	1.08	342
PE5	Life insurance employees are responding phone calls	3.61	1.14	342
Overall Opinion on People Elements		**3.59**	**1.12**	**342**

Source: *Primary Data*

The data in Table –6 indicates that respondent's level of agreement with life insurance people elements statements. It is found that respondents have agree with all promotion element statement with an overall mean of 3.59. They have strongly agreed with statements of 'Life insurance employees providing necessary services', 'Life insurance conducting awareness programmes to rural people' and 'Life insurance employees are responding phone calls'. Another two people elements statement are 'Life insurance agents are properly handling rural people' and 'Life insurance employees are properly explaining terms and conditions with means of 3.61 and 3.44 respectively. Therefore, it is concluded that Life insurance employees providing necessary services, Life insurance conducting awareness programmes to rural people and Life insurance employees are responding phone calls are more effective in the people elements in the study area.

Process involves issue of policy, regular payments reminder, online issue of policy claim settlements and all other activities related to Life insurance policy. In this connection, there is a need to study the opinion of rural consumers' opinion towards the life insurance process elements statements. The relevant data was collected and presented in Table -7. The data in Table – 4.7 shows that respondent's level of agreement with life insurance process elements statements. It is found that respondents have agree with all process element statement with an overall mean of 3.58. They have strongly agreed with statements of 'Life insurance logo is highly attractive and recognised by rural people', 'Process used by Life insurance is customer friendly and well defined' and 'Life insurance claim process is fast'. Another two process elements statement are 'Process of Life insurance is very quick as compared with competitor' and 'Queuing and delivery time of Life insurance is acceptable' with mean of 3.55 and 3.44 respectively. Therefore, it is identified that the process elements of Life insurance logo is highly attractive and recognised by rural people, Process used by Life insurance is customer friendly and well defined' and 'Life insurance claim process is fast more effective in the study area.

Table – 4.7: Rural Life Insurance Customers opinion towards Process Elements

S No	Process Elements	Mean	Std. Deviation	N
PC1	Life insurance logo is highly attractive and recognised by rural people	3.71	1.14	342
PC2	Life insurance claim process is fast	3.56	1.13	342
PC3	Queuing and delivery time of Life insurance is acceptable	3.48	1.06	342
PC4	Process used by Life insurance is customer friendly and well defined	3.60	1.06	342
PC5	Process of Life insurance is very quick as compared with competitor	3.55	1.11	342
Overall Opinion on Process Elements		**3.58**	**1.10**	**342**

Source: *Primary Data*

Physical evidence fundamentally implies the persistent and ongoing presence of knowledge and the information database held that exhibits the knowledge of the life insurance company with respect to conduction of market feasibility. In this connection, there is a need to study the opinion of rural consumers' opinion towards the life insurance physical evidence elements statements. The relevant data collected and presented in Table -8

The data in Table –8 shows that respondent's level of agreement with life insurance physical evidence elements statements. It is found that respondents have agreed with all physical evidence element statement with an overall mean of 3.58. They have strongly agree with statements of 'Latest technology using by life insurance to communicate rural people', 'Life insurance broachers is understandable to rural people', 'Attractive policies are offered by LIC to rural people' and 'Equipment used by the LIC is excellent'. Another two physical evidence factors are also agreed statements of 'equipment used by the life insurance is excellent' and 'Life insurance branch and employee dress are attractive' with mean of 3.70 and 3.61 respectively. Therefore, it is concluded that the physical evidence statements are latest technology using by life insurance to communicate rural people, life insurance broachers are understandable to rural people,

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attractive policies are offered by life insurance to rural people, equipment used by the life insurance is excellent and life insurance branch and employee dress are attractive.

Table – 4.8: Rural Life Insurance Customers opinion towards Physical Evidence Elements

S No	Physical Evidence Elements	Mean	Std. Deviation	N
PH1	Equipment used by the life insurance is excellent	3.70	1.13	342
PH2	Attractive policies are offered by life insurance to rural people	3.72	1.06	342
PH3	Life insurance branch and employee dress are attractive	3.61	1.06	342
PH4	Life insurance broachers are understandable to rural people	3.73	1.04	342
PH5	Latest technology using by life insurance to communicate rural people	3.76	1.04	342
Overall Opinion on Physical Evidence Elements		**3.70**	**1.06**	**342**

Source: *Primary Data.*

Conclusions of the Study:

- Life insurance is intangible service is rendered to the customer', 'Life insurance product is a combination of insurance and investment element' and 'LIC products has a direct relationship with the market factors' are perceived as major life insurance product elements which are more attractive.
- The rural respondents agree with the price elements such as cost of instalments are adequate, premium on LIC insurance product is appropriate and rate of interest is major to apt policy are very effective.
- Life insurance advertisements improve rural people knowledge, Life insurance product is easy to find in rural area and Life insurance website is informative and accessible for rural people place element factors more effective in the study area.
- Life insurance not investing more on publicity, Remind rural people about policies & premium payments and Life insurance giving regularly advertisements in rural area are playing an important role in promoting the life insurance.

- Life insurance employees providing necessary services, Life insurance conducting awareness programmes to rural people and Life insurance employees are responding phone calls are more effective in the people elements in the study area.
- The process elements of Life insurance logo is highly attractive and recognised by rural people, Process used by Life insurance is customer friendly and well defined' and 'Life insurance claim process is fast more effective in the study area.
- The physical evidence statements are latest technology using by life insurance to communicate rural people, life insurance broachers are understandable to rural people, attractive policies are offered by life insurance to rural people, equipment used by the life insurance is excellent and life insurance branch and employee dress are attractive.

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