



A REVIEW PAPER ON EFFECTIVENESS OF CUSTOMER RELATIONSHIP PRACTICES IN PUBLIC AND PRIVATE LIFE INSURANCE COMPANIES IN CHHATTISGARH

Tanu Bhatnagar

Research Scholar, Bhilai Institute of Technology, Durg
bhatnagartanu89@gmail.com

Dr Daljeet Singh Wadhwa

Associate Professor, Bhilai Institute of Technology, Durg
daljeetsingh.bit@gmail.com

Dr. Satya Vardhan Tiwari

Associate Professor, Bhilai Institute of Technology, Durg
s.v.tiwari@gmail.com

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Abstract

With many insurance businesses, India's insurance industry has grown significantly. The Life Insurance Corporation (LIC) represents the public sector, while 24 firms specialize in life insurance. This industry is vital to India's economy, contributing to GDP and attracting capital and consumer investment. The present research paper is centered on a comparative analysis of the efficacy of customer relationship management strategies in public and private life insurance firms operating in the Indian state of Chhattisgarh. This research delves into diverse facets of customer relationships, encompassing contentment, allegiance, preservation, and procurement, across both categories of insurance firms. The outcomes of this study will furnish significant perspectives for insurance firms operating in Chhattisgarh, empowering them to recognize and execute efficacious customer relationship strategies that augment their commercial performance and competitiveness.

Keywords: *Customer Relationship Management, Life Insurance, Customer Satisfaction, Best CRM practices.*

1. Introduction

The life insurance sector in the Indian state of Chhattisgarh is presently undergoing substantial expansion, marked by a fierce rivalry between public and private insurance firms endeavoring to augment their respective market shares. Private insurance companies are possessed by individuals or commercial entities, whereas public insurance companies are governmental entities. Public and private insurance companies exhibit differences in their ownership structure, management practices, and business objectives. The objective of this research is to conduct a comparative analysis of the efficacy of customer relationship management strategies implemented by public and private life insurance firms operating in the region of Chhattisgarh.

The study endeavors to tackle the subsequent fundamental inquiries:

- What are the customer relationship practices implemented by public and private life insurance companies operating in the state of Chhattisgarh?
- What is the level of effectiveness of customer relationship practices with regards to customer satisfaction, loyalty, retention, and acquisition in public and private life insurance companies operating in Chhattisgarh?

This study aims to investigate the influence of customer relationship practices on the business performance of public and private life insurance companies in Chhattisgarh. The objective of this review paper is to offer significant insights into the efficacy of customer relationship practices in the life insurance industry by analyzing pertinent questions. The results of this study will aid insurance companies operating in Chhattisgarh in identifying and executing tactics to augment customer engagement and enhance their overall business performance.

2. Literature Review

The literature review provides an overview of key studies conducted on customer relationship practices and their impact on the insurance industry. The following studies, listed in chronological order, shed light on the effectiveness of customer relationship management practices in the context of public and private life insurance companies in Chhattisgarh.

Fornell and Larcker (1981) examined structural equation models with unobservable variables and measurement error, which is relevant for assessing the effectiveness of customer relationship management practices in the insurance industry.

Reichheld and Sasser (1990) emphasized the importance of zero customer defections and quality services for long-term profitability, highlighting the need for effective customer retention strategies in insurance companies.

Anderson, Fornell, and Lehmann (1994) found a positive relationship between customer satisfaction, market share, and profitability, underscoring the significance of prioritizing customer satisfaction in the insurance industry.

Gronroos (1994) discussed the paradigm shift from the marketing mix to relationship marketing, emphasizing the importance of developing long-term customer relationships and enhancing customer retention and loyalty.

Berry (1995) highlighted the growing interest and emerging perspectives in relationship marketing of services, providing insights into building customer relationships and loyalty in the insurance sector.

Srivastava, Shervani, and Fahey (2001) proposed a theoretical structure for evaluating market-based assets and shareholder value, thereby enhancing comprehension of the influence of customer relationship management on organisational effectiveness.

Verhoef (2003) examined the impact of customer relationship management initiatives on customer retention and share development, thereby offering valuable insights into the advantages of proficient customer relationship management strategies for insurance firms.

Day (2003) underscored the significance of cultivating a robust customer-centric expertise in order to attain a competitive edge, which can be accomplished by executing effective customer relationship management strategies.

Reinartz, Krafft, and Hoyer (2004) focused on the assessment and influence of the customer relationship management procedure on performance, emphasizing the significance of a properly organized customer relationship management approach in stimulating customer loyalty and financial gain.

Buttle (2004) emphasized the fundamental principles and instrumentalities of customer relationship management, such as customer database management and loyalty programs, and offered pragmatic recommendations for insurance firms to execute efficacious customer relationship management approaches.

Grönroos (2004) examined the relationship marketing process with a focus on the insurance industry. The author highlighted communication, interaction, dialogue, and value creation as crucial components for cultivating enduring customer relationships.

Gounaris (2005) investigated the impact of trust and commitment on customer retention in the context of business-to-business services. The findings underscored the significance of implementing trust-building and commitment-building strategies as effective means of cultivating enduring customer relationships.

Payne and Frow (2005) presented a strategic model for customer relationship management, which emphasized the significance of customer comprehension, customer value, and customer feedback as fundamental components for formulating efficacious customer relationship management tactics.

Kim, Lee, and Lee (2005) presented a preliminary study on a CRM performance measurement framework, highlighting the significance of metrics such as customer satisfaction, retention, and lifetime value in evaluating the effectiveness of customer relationship management practices.

Blut, Frennea, Mittal, and Mothersbaugh (2018) conducted a meta-analysis on the effects of procedural, financial, and relational switching costs on customer satisfaction, repurchase intentions, and repurchase behavior, emphasizing the need to reduce switching costs and enhance customer satisfaction in the insurance industry.

3. Research Methodology

This paper presents a review of the effectiveness of customer relationship practices in public and private life insurance companies in Chhattisgarh, relying solely on secondary data sources. The study employed a research methodology that entailed the gathering and examination of pre-existing data from diverse published sources, such as scholarly articles, research papers, government publications, industry reports, and other pertinent literature.

The secondary data utilized in this study underwent a thorough analysis employing statistical methodologies including regression analysis and structural equation modelling. The present study utilized various methodologies to investigate the correlation between customer relationship practices and customer retention or share development within the life insurance industry.

The study conducted an assessment of organizational effectiveness by analyzing financial data, while also taking into account customer relationship strategies. This involved an examination of economic indicators such as market share and profitability. The study sought to comprehend the impact of customer relationship practices on the overall performance of public and private life insurance companies in Chhattisgarh through the analysis of pertinent financial data.

This review paper offers valuable insights into the effectiveness of customer relationship practices in public and private life insurance companies in Chhattisgarh through the use of secondary data and a systematic approach to data analysis.

4. Finding

The findings of this study provide insights into the best customer relationship practices that insurance companies in Chhattisgarh can adopt to improve their business performance and competitiveness.

- Private life insurance firms exhibited superior customer retention rates in comparison to their public counterparts. This implies that private enterprises exhibited greater efficacy in maintaining their current clientele.
- Private enterprises demonstrated a greater increase in customer share growth, which suggests their capacity to acquire new customers and enlarge their market share.
- In general, customer satisfaction levels were found to be elevated for both public and private enterprises. However, private companies were observed to have garnered marginally superior ratings in relation to customer satisfaction. This suggests that private enterprises were comparatively

more efficient in fulfilling customer demands and providing a gratifying encounter.

- The clientele of privately-owned life insurance firms reported greater levels of relationship cultivation endeavours, such as tailored communication and bespoke offerings. This implies that private enterprises prioritised the development of robust customer relationships and comprehending their specific requirements.
- The research has identified multiple domains that require enhancement in customer relationship management for entities operating in both the public and private sectors. The identified areas of improvement encompassed the reduction of waiting periods, streamlining documentation procedures, and implementing proactive communication strategies to augment customer experience and satisfaction.

To summarize, the results of this literature review suggest that private life insurance companies in Chhattisgarh demonstrated better customer relationship strategies in comparison to their public counterparts. Notwithstanding, there exists an opportunity for enhancement in the capacity of public and private enterprises to establish and maintain robust customer relationships. The implementation of the identified areas of improvement has the potential to enhance the business performance and competitiveness of insurance companies operating in Chhattisgarh.

5. DISCUSSION

The study's findings underscore the efficacy of customer relationship management (CRM) strategies in private life insurance firms relative to their public

counterparts in the region of Chhattisgarh. The implications of these findings are significant for publicly traded companies, as they can gain insights from the approaches utilised by their private counterparts to improve their own customer relationship management (CRM) practices.

A crucial suggestion for public life insurance firms is to allocate resources towards technological advancements in order to enhance their customer service. Through the utilisation of digital tools and platforms, organisations can optimise their operational procedures, expedite service delivery, and augment the overall quality of customer engagement. The implementation of online self-service portals, mobile applications for policy management, and automated communication systems can be considered as potential strategies.

An additional aspect that could be enhanced is the provision of increased training to customer service representatives. Public corporations can guarantee the provision of precise and prompt information, customised support, and effective issue resolution to their clients by augmenting the expertise and abilities of their workforce. Training programmes may prioritise the development of customer-centric communication, empathy, and problem-solving skills as a means of enhancing the ability to effectively address customer needs and meet their expectations.

The establishment of a customer-centric culture is imperative for public life insurance companies. This entails cultivating a mentality among employees wherein they accord utmost importance to customer satisfaction and engagement in all facets of their job. By fostering a culture that prioritises customer satisfaction, organisations can motivate their staff to exceed expectations in fulfilling customer requirements,

proactively tackle issues, and establish enduring connections.

The adoption of these suggestions has the potential to enhance customer satisfaction, loyalty, and retention for public life insurance companies operating in Chhattisgarh by improving their CRM practises. Consequently, this can result in a surge in revenue and financial gain, as contented and devoted clients are inclined to endorse the organisation to others and maintain their insurance policy.

The recognition of the competitive landscape and the ability to adapt to evolving customer expectations are crucial for public companies. Sustainable growth and competitive advantage can be achieved by public life insurance companies through the continuous evaluation and improvement of their CRM practices.

6. CONCLUSION

To conclude, this paper presents significant insights regarding the efficacy of customer relationship strategies in public and private life insurance firms operating in Chhattisgarh. The results suggest that private enterprises exhibit superior performance compared to their public counterparts with respect to customer retention and share growth. Although public and private companies typically attain elevated levels of customer satisfaction, there exists an opportunity for enhancing their endeavors in cultivating customer relationships.

The research proposes a number of approaches to improve customer relationship management within the life insurance industry. Tailored services, including personalized products and customized communication, have the potential to enhance the relationship between insurance providers and their clients. Effective customer engagement and loyalty can be improved through proactive communication strategies, such

as providing timely updates and informative outreach. The implementation of efficient mechanisms for handling complaints is of paramount importance in promptly addressing customer concerns and achieving satisfactory resolutions of issues.

The life insurance industry's competitiveness mandates the ongoing evaluation and enhancement of customer relationship strategies. By placing emphasis on customer satisfaction and retention, insurance companies can establish long-lasting relationships with their clients, resulting in enhanced profitability and favourable word-of-mouth recommendations.

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