

# Perception and utilization of service quality in customers

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## Abstract

CRM is a business strategy to select and manage customers to optimize long-term value. CRM requires a customer-centric philosophy and culture to support effective marketing, sales and service processes. CRM applications can enable effective customer relationship management, provided that an enterprise has the right leadership, strategy, and culture. CRM extends the concept of selling from a discrete act performed by a salesperson to a continual process involving every person in the company. It is the art or science of gathering and using information about your customers to build customer loyalty and increase customer value. With the current state of information technology, and high customer service expectations, it's practically impossible to consider these process issues without addressing technology, but it's important to remember that customer relationships-human relationships- are the ultimate driving force. CRM is about developing and implementing business strategies and supporting technologies that close the gaps between an organization's current and potential performance in customer acquisition, growth and retention.

**Key words:** 1.IC, 2.SQC

## Introduction

Insurance sector has not only been playing a leading role within the financial system in India but also has a significant socio-economic function, making inroad into the interiors of the economy and is being considered as one of the fast developing areas in the Indian Financial sector too. Customer service is an integral part of Life Insurance organization. It is the duty of researcher to go in-depth study to identify the key success factors in Life Insurance industry, in terms of customer satisfaction so as to survive in intense competition and increase the market share. CRM is a customer-focused business strategy, that aims to increase customer satisfaction and customer loyalty by offering a more responsive and customerized service to each customer. CRM is about managers customers for better understanding and to serve them. It is an umbrella concept that places the customers at the centre of an organization. Keeping the importance of CRM and its service excellence in view, this study is an attempt to analyse management of the customer relationship in insurance sector particularly, Life Insurance Corporation of India (LIC).

## Objective of The Study

To study the Perception and Utilization of Insurance Sector in Customer Relationship Management

## Methodology

Both primary and secondary data have been used for the present study. The primary data collected from structure questionnaire. The secondary data collected from books, journals, magazines, annual reports, internet and the like. An analysis of both primary and secondary data to used the Statistical Package for the Social Sciences (SPSS).

## Relationship in Age, Gender, Income and Level of Utilization

In this section, an attempt has been made to examine the relationship between the level of utilization and demographic profile such as age, gender and income of the policy holder. In order to determine the relationship between the factors identified and the level of utilization, the Chi-square

test has been used.

### Age and Level of Utilization

Age is an important factor influencing any activity. The young persons, who earn would like to save for the rainy day. There are a large number of policyholders who have taken life insurance policies when they were young. Life insurance agents meet the young and the aged regularly to persuade them to take up policies. The aged people take policies in order to provide a strong financial base for the members of their family. The type of insurances policy and the sum assured may change according to age. Below Table shows the age of sample policyholders and their level of utilization of the LIC.

**Age and Level of Utilization**

Age	Utilization			Total
	High	Medium	Low	
<b>Below 30 Years</b>	43 (35.54)	31 (10.95)	28 (29.17)	<b>102</b> <b>(20.40)</b>
<b>30 - 40 Years</b>	35 (28.93)	69 (24.38)	15 (15.63)	<b>119</b> <b>(33.80)</b>
<b>40 - 50 Years</b>	22 (18.18)	108 (38.16)	43 (44.74)	<b>173</b> <b>(34.60)</b>
<b>Above 50 Years</b>	21 (17.36)	75 (26.50)	10 (10.42)	<b>106</b> <b>(21.20)</b>
<b>Total</b>	<b>121</b> <b>(100.00)</b>	<b>283</b> <b>(100.00)</b>	<b>96</b> <b>(100.00)</b>	<b>500</b> <b>(100)</b>

**Source: Computed Data**

In order to find out whether there is any significant relationship between the age of policyholders and their utilization of the services of the LIC, the chi- square test has been applied. In this case, the null hypothesis is that there is no relationship between the age of the policyholders and the level of their utilization of the LIC's services, below Table gives the computation of the chi-square test.

Particulars	Value
Calculated value	56.0987
Table value at 5 per cent Level	15.507
Degrees of freedom	6
<b>Inference</b>	<b>Insignificant</b>

Since the calculated chi-square value is higher than the table value at 5 percent level, the null hypothesis is rejected. Thus, it is concluded that there is significant relationship between the age of policyholders and their level of utilization of the services of the LIC.

### Gender and Level of Utilization

The gender of the policyholders has been identified as the second variable. The male members, as heads of families, have more responsibility than the female members. Generally speaking, the male members have various sources of income. Their experiences are of a varied nature. In general, the female members of the family look after the domestic affairs of the family and hence find less time to explore the various investment schemes.

#### Gender and Level of Utilization

Gender	Utilization			Total
	High	Medium	Low	
Male	64 (52.89)	143 (50.53)	53 (55.21)	260 (52.00)
Female	57 (47.11)	140 (49.47)	43 (44.79)	240 (48.00)
Total	121 (100.00)	283 (100.00)	96 (100.00)	500 (100)

#### Source: Computed Data

In order to test whether there is any relationship between the sex of policyholders and their level of utilization, the chi-square test has been made. The null hypothesis framed is that there is no relationship between the sex of policyholders and the level of utilization. The computed chi-square tests are presented in below Table.

Particulars	Value
Calculated value	0.6352
Table value at 5 per cent level	5.991
Degrees of freedom	2
<b>Inference</b>	<b>Insignificant</b>

Above Table inferred that the calculated value is less than the table value and the null hypothesis is accepted. Hence it could be stated that the policy holders does not have any influence on the level of utilization of policyholders.

### Income and Level of Utilization

The variable taken for analysis is the income of policyholders. There may be various sources of income for some policyholders whereas a few others may have only one source of income. Insurance service is a basic service needed for persons belonging to all income groups. Policyholders are to be prudent on behalf of his family and himself. Below Table depicts the primary classification of policyholders on the basis of income.

**Income and Level of Utilization**

Annual Income	Utilization			Total
	High	Medium	Low	
<b>Below Rs.25,000</b>	15 (12.40)	25 (8.83)	17 (17.71)	<b>57 (11.40)</b>
<b>Rs.25,000 – 50,000</b>	35 (28.93)	82 (28.98)	20 (20.83)	<b>137 (27.40)</b>
<b>Rs.50,000 – 75,000</b>	29 (23.97)	78 (27.56)	23 (23.96)	<b>130 (26.00)</b>
<b>Rs.75,000 – 1,00,000</b>	24 (19.84)	58 (20.50)	21 (21.88)	<b>103 (20.60)</b>
<b>Above Rs.1,00,000</b>	18 (14.88)	40 (14.13)	15 (15.63)	<b>73 (14.60)</b>
<b>Total</b>	<b>121 (100.00)</b>	<b>283 (100.00)</b>	<b>96 (100.00)</b>	<b>500 (100)</b>

**Source: Computed Data**

In order to test the null-hypothesis ( $H_0$ ) that there is no significant relationship between the income of the policyholders and their level of utilization, the chi-square test has been applied in below Table.

Particulars	Value
Calculated value	7.4295
Table value at 5 per cent	15.507
Degrees of freedom	8
<b>Inference</b>	<b>Insignificant</b>

Above Table shows that as the calculated value are less than the table value, the null-hypothesis is accepted. Hence, it may be concluded that there is no significant relationship between the income of the policyholder and the level of utilization.

**Perception on Service Quality of Customers**

Customer satisfaction is an important theoretical as well as practical issue for the marketers and consumer researchers. Customer satisfaction can be considered as ensure of success in today highly competitive world of business. The importance that customers place on service quality attributes is the driver of satisfaction. Service quality conceptually captures aspects of products and services that potential consumers can and would like to assess before they select product or service. Below Table shows the mean score, Standard Deviation (SD) and Co-efficient Variation (CV) in percentage of perception and expectation of customers of Life Insurance

Corporation.

**Score and Stability in Perception of Service Quality Dimension**

Service Quality Dimension	Expectations			Perceptions		
	Mean	SD	CV (%)	Mean	SD	CV (%)
<b>Reliability</b>	<b>4.65</b>	<b>0.90</b>	<b>19.35</b>	<b>4.24</b>	<b>0.96</b>	<b>22.64</b>
Performs the Service Right in First Time	4.65	0.90	19.35	4.28	0.86	20.09
Provides the Service at the Promised Time	4.60	0.76	16.52	4.30	0.78	18.14
Well Informed about Progress of Complaint	4.76	0.78	16.39	4.20	0.80	19.05
Billing System Accurate and Error Free	4.60	0.80	17.39	4.34	0.90	20.74
<b>Responsiveness</b>	<b>4.70</b>	<b>0.76</b>	<b>16.17</b>	<b>4.46</b>	<b>0.84</b>	<b>18.83</b>
Promptness of Service	4.96	0.89	17.94	4.46	0.71	15.92
Queries Taken Seriously	4.86	0.70	14.40	4.56	0.72	15.79
Quick Complaints Resolution	4.62	0.74	16.02	4.48	0.81	18.08
Willingness	4.56	0.80	17.54	4.45	0.72	16.18
<b>Assurance</b>	<b>4.78</b>	<b>0.76</b>	<b>15.90</b>	<b>4.36</b>	<b>0.79</b>	<b>18.12</b>
Friendly and Polite	4.70	0.76	16.17	4.46	0.71	15.92
Adequate Knowledge to Bandle Queries	4.76	0.80	16.81	4.45	0.82	18.43
Behaviour instills Confidence	4.75	0.71	14.95	4.26	0.70	16.43
Feel Safe Transaction	4.66	0.71	15.24	4.36	0.80	18.35
<b>Empathy</b>	<b>4.61</b>	<b>0.70</b>	<b>15.18</b>	<b>4.26</b>	<b>0.78</b>	<b>18.31</b>
Easily Accessible	4.65	0.70	14.05	4.20	0.86	20.48
Customs is made to Feel	4.58	0.91	19.87	4.36	0.78	17.89
Gives Individual Attention	4.61	0.72	15.62	4.26	0.71	16.67
Understand Specific Needs	4.59	0.72	15.69	4.30	0.72	16.74

Source: Computed Data

It is revealed from above Table, that Life Insurance Companies are good at responsiveness and tangibles of Life Insurance service when compared to assurance, reliability and convenience as indicated by mean score of perceptions. When compared to expectations perceptions of all six service quality dimensions were rated less sure values. It shows that the customers expected more quality than they have perceived at present. According to co-efficient of variation, a less stability in expectation than perception was observed for all six service quality dimensions.

### Analysis of Service Quality

Based on t-test results, the comparison between expectations and perceptions rated by participants on all six service quality dimensions (Reliability, Responsiveness, Assurance and Empathy) delivered by Life Insurance Corporation indicated a significant gap ( $p > 0.01$ ).

#### Analysis for Service Quality Dimension

Service Quality	Expectations (E)		Perceptions (P)		Difference (P - E)			
	Mean	SD	Mean	SD	Mean	SD	t-value	Sig.
Reliability	4.60	0.75	4.20	0.85	-0.4	0.65	3.99	0.000**
Responsiveness	4.69	0.72	4.40	0.80	-0.29	0.60	4.86	0.000**
Assurance	4.70	0.70	4.30	0.79	-0.4	0.62	5.40	0.000**
Empathy	4.55	0.77	4.22	0.74	-0.33	0.66	4.96	0.000**

#### Source: Computed Data

As shown in above Table, the largest mean difference between expectations and perceptions of service was noted from the assurance perspective (mean difference = -0.4) followed by the empathy perspective (mean difference = -0.33). On the other hand, the mean difference between expectations and perceptions of the services was identified from the responsiveness (mean difference = -0.29).

### Conclusion

From the present study, it is evident that CRM must be implemented in the insurance sector and the CRM process has to be systematic. The study further reveals that demographic variables, service quality, interaction management and customer satisfaction are the important aspects that impact of CRM. In this study has taken a wider view customer's perception of CRM in Life Insurance Corporation of India. To maintain that the relationship building with customers is now accepted as prevailing goal of marketing and business as a whole and it applies to other service industries and the like.

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