



CRM IMPLEMENTATION PARADIGMS IN INSURANCE SECTOR

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Abstract

CRM in the banking and insurance sectors involves reading the consumers' changing needs and creating services to satisfy these needs because building a relationship with customers in the banking and insurance industry is important to the survival of these two industries. The customers are frequently changing their brand preferences. This constitutes a serious problem especially in the services sector. Because, the behaviors of the customers in the services sector has been changing drastically during the last several years. CRM technology & implementations and the changing effect of the Internet offer abundant research opportunities on CRM practices in the insurance sector. Research in these areas will contribute to building thriving customer relationships and long term corporate survival. Years of academically researched topics of relationship marketing and customer relationship management are now practical and cost effective to implement due to emerging technology. It is time to put academic theories to practice. The results analyzed in this study helps to get an indication of how far CRM is strategically implanted to secure competitive advantage. Based on the findings, a set of recommendations will be made so as to pinpoint how CRM can be used to secure competitiveness.

Key words: Customer Relationship Management, CRM Implementation, Insurance sector.

Introduction

Today, many businesses such as banks, insurance companies, and other service providers realize the importance of CRM and its potential to help them acquire new customers and retain existing ones to maximize their lifetime value. At this point, close relationship with customers will require a strong coordination between banks and its marketing department to provide a long-term retention of selected customers. CRM in the banking and insurance sectors involves reading the consumers' changing needs and creating services to satisfy these needs because building relationship with customers in the banking and insurance industry is important to the survival of these two industries. The customers are frequently changing their brand preferences. This constitutes a serious problem especially in the services sector. Because, the behaviors of the customers in the services sector has been changing drastically during the last several years. The reason is all services firms have improved their existing mechanisms and come up with innovative ideas to attract the new clientele and gain the customer loyalty. A greater focus on CRM is the only way by which the insurance sector can protect its market share and boost growth. With intensifying competition, declining market share, deregulations, smarter and more demanding customers, there is competition between the banks to attain a competitive advantage over one another or for sustaining the survival in competition. The core concept of CRM is to maximize customer satisfaction. It helps to understand the nature of customers, their buying patterns and delivering a product of their choice. It makes the marketing strategies more scientific and goal driven. The strategic direction of an organization helps to identify a successful CRM programme. Many organizations are still not aware of the impact of CRM strategy and are unable to identify the gaps for developing further customer centric organization. This is because CRM is always viewed as technical development rather than strategic development. CRM delivers value to the organizations. CRM programme of an organization covers many areas such as product development, channel management, sales automation, customer acquisition, customer fulfillment, inventory management, customer service, customer billing and invoicing, payment management, credit management and prevention against fraud and customer retention. CRM suggests companies to reduce the costs of expensive mass marketing efforts and increase results from their CRM efforts. CRM is related to maintain good relations with customers. CRM enables the enterprise to be more competitive. Another important facet of CRM is customer selectivity. It is essential for an organization in tailoring its' programme and marketing efforts by segmenting and selecting appropriate customers for individual marketing programmes.

CRM Strategies in Insurance Sector

Building relationships with customers is significant because it provides better results to their customer base in order to identify, satisfy and retain their most profitable customers. Cordial relationship established between staff and customers motivate employees (i.e. staff) to give off their best and this intends affect these customers positively and enhance profitability of the institution. To the country as a whole, good customer relationship imbedded in financial institutions would help bring financial stability in the country and this is an important prerequisite towards economic growth. After the liberalization more number of insurance companies came in to existence, offering life insurance and other related products in



India. Most of the offers across the industry are difficult to differentiate on the basis of offer quality, pricing, distribution or promotion for that matter. All products are saturated on the basis of certain parameters. In a nut shell, there is a cut-throat competition in the market and the companies have realized the importance of the superior customer service as the key for their survival. To face the competition almost all the companies operating in the life insurance market of India are always in the fore front of designing and implementing various CRM practices.

Scope of the Study

The research design in this study consist of exploratory research whereby different aspects with regard to CRM in the insurance sector have been extracted from literature review and tested on a sample size of both employees and customers. Public sector insurance companies are turning cautiously towards CRM systems and facing different challenges. They are increasingly integrating CRM software into their websites for a multitude of reasons that ultimately increase efficiency and customer service (Hewson et al., 2003). In the private sector, competitive pressures and the demand for shareholder returns lead to a focus on optimizing customer value often for short-term profits. The level of service given to each customer is sometimes seen to be based upon his or her current or perceived future value to the organization (Miles, 2004). This often means that CRM is used by some organizations to ensure that high value customers get a high level of service, while as many transactions as possible, are automated, when it comes to low value customers (Bohl, 2004). CRM technology & implementations and the changing effect of the Internet offer abundant research opportunities on CRM practices in the insurance sector. Researching these areas will contribute to building thriving customer relationships and longterm corporate survival. Years of academically researched topics of relationship marketing and customer relationship management are now practical and costeffectiveto implement due to emerging technology. It is time to put academic theories to practice. The results analyzed in this study helps to get an indication of how far CRM is strategically implanted to secure competitive advantage. Based on the findings, a set of recommendations will be made so as to pinpoint how CRM can be used to secure competitiveness. So, the present study gains importance.

Objectives of the Study

1. To analyze employees awareness and attitude towards CRM practices in Insurance companies.
2. To identify practical difficulties involved in implementing the CRM
3. To give suitable suggestions for effective functioning of the CRM in Insurance companies.

Methodology and Sampling

Population of the study consists of two groups such as customers and employees of the Insurance companies. The research study takes up selected companies providing Insurance services from six banks namely State Bank of India, Indian Bank, Indian Overseas Bank, ICICI Bank, HDFC Bank and City Union Bank Limited are selected. The employees are the internal customers presently employed while undergoing the research. The sample consists of the employees in different cadres of the selected six insurance companies in the five districts of Tamil Nadu considered for the study. From this group, 300 employees, 60 respondents from each selected districts of Tamil Nadu have been selected at random within the six Insurance companies selected for this research study. In the process of study the objectives are pre-determined. The methodology has been designed to fulfill the objectives for the study.

Discussions and Conclusions

This study contributes significant knowledge over CRM in the insurance sector and its practices. In that way it attempts to educate insurance companies' managers of need to continually evaluate their firm's relationship management to customers and the need to integrate customer satisfaction and retaining them. It also signals the regulatory authorities of the need to continually review the customer database of insurance companies. In this fierce competitive environment in the industry CRM is the best strategy that is required for facing this competition by private players. The CRM challenges for insurance companies today can be summarized as moving from direct to independent agent model, offering a wide range of products to drive revenue, lacking a unified view of customers, accessing multi legacy system for key data, having poor or ineffective tool to many relationships with producers and clients. Employees analyze and investigate complaints since they appreciate the importance of complaints and feedback and most of them consider complaints as an opportunity. There is no department set aside for follow ups and most employees do not follow up on the customers after sales to find out whether customers have any problem and are satisfied or not. The study emphasizes on the existence of the relationship between the employees of the organization and their customers measured by customer relationship management practices and the enhancement in the employee's performance. In Insurance service sector secure, trustworthy and quality insurance services are the basis of a sound CRM function.



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