Turkish Online Journal of Qualitative Inquiry (TOJQI)
Volume 12, Issue 7 July 2021: 11678 – 11689

Customer Retention Strategy Of The Lic Of India In Cuddalore District - A Crm Centric Study

***Sengnatchi M. Sangma**
Research Scholar in Commerce,
Annamalai University,
Annamalai Nagar, 608002
Email: Sengnatchimankin@gmail.com

****Dr. D.Ilangovan**
Professor and Head (Rtd)
Department of Commerce,
Annamalai University
Annamalai Nagar, 608002
Email: idheenan@gmail.com

Abstract

The study attempts the strategies to retain the customer in LIC of India Ltd. and to understand the impact of CRM in Customer Retention in LIC of India Ltd. with reference to Cuddalore District. Four hundred (400) respondents have been selected by using of quota sampling technique. The questionnaire was used as a research tool. The Customer retention is an important strategy for insurance companies at the present era of marketing. Customer Retention strategies are grounded on the advantages of long term customers. After preparation of list of the potential customers, the researcher in this paper, discusses the strategy to retain customer in LIC of India Ltd and impact of customer relationship management in customer retention in Cuddalore district. The researcher collected primary data from the LIC policyholders with different occupational status viz., Agriculturist, Businessman, Private employees, Professionals and Government employees. The data were collected from 400 LIC policyholders by using interview schedule. The collected data were analysed by using percentage analysis and ranking method. The researcher found that customer meet is an important factor to retain customer.

Keywords: Customer Retention, LIC, Strategy

Introduction

In current marketplace, customers are the king as they have the power to purchase a new insurance policy even by online since the technology has become a feasible alternative (Dev and Bansal; 2017). So also a customer can avoid to visit the agent's office with numerous documents in hand. The Customer retention is a main apprehension for any insurance business. Customer Retention is concern with preserving the relationship between the organization and the customer (Narwal and Singh). The insurance business is challenging services that need to be managed effectively to make sure that the customers stay in the business and does not go somewhere else. Hence, customer retention for insurance business is of serious distress for any manager in an insurance company. The retention of the right policyholder is a vital importance for profitability on the part of an insurance company. Customer retention is continuous maintenance of relation with customers for long term period (Daniel Catalan-Matamoros, 2012). Gaining new customers is ten times greater than the retaining of prevailing policyholders. With advances in technologies, there is an increase in demand for rising customer dissatisfaction and insurance companies are struggling to hold a balance in the unsettled market.

Customer retention strategy is to keep a large number of valuable customers by minimizing loss of existing customers.

Review of Literature

Research cannot be conducted without the proper review of existing literature. The review of existing literature helps the researcher to investigate the works that have already done and the works remaining to be done of the same study. The review of existing literature is an inevitable aspect in any field of research. It helps the researcher to find out the proper direction in the research process. It also enables the researcher to avoid the possibility of duplicity in the research process and specify the appropriate work.

Nwakwo et al (2013) in the research paper entitled, "Customer Relationship Management and Customer Retention: Empirical Assessment from Nigeria's Insurance Industry". The researcher have evaluated the relationship between CRM and Customer Retention and also value creation in extending insurance populance in Nigeria. Therefore the researcher found out that there is a positive relationship between CRM and customer retention.

Matis et al (2014) focus on strategies used in sales management with reference to the standards of customer service and model used in customer relationship management. They also concluded that along with the technological component the human component is also present in order to ensure the successful implementation of CRM. Thus, the humans play a very important role for successful CRM implementation.

Auniel and Mokaya (2018) stated that improvement of relationships with customers resulted in customer retention. They also argued that listening to customers' needs improves relationship with customers. It is also concluded that customer relationship is effectively built by providing value added services that meets the customers' needs.

Jamuna et al (2019) studied to assess the attitude of the clients of LIC regarding the policy, service of LIC, risk coverage and safety loans facilities lapse and revival of policy, bonus, sum assured and behaviour of the customer towards future bustle. It is inferred that there is a significant relationship between the age of the respondents and overall customer attitude towards the service of LIC of India.

Statement of the Problem

Insurance companies provide various products to meet choices of customers. The products are customized according to customers' expectation. The customers' expectation can only be fulfilled if the insurer deeply understands the needs of the customer and accordingly improve the product and services. Soon after the introduction of LPG in the year 1991, many private player have entered into insurance industry thus it brings challenges to LIC of India Ltd. The unsatisfied customers of LIC of India switch to different private companies. CRM activities enhance satisfaction, retain existing customer, provide strategic information and improve customer lifetime value. With advances in technologies, there is an increase in demand for rising customer dissatisfaction and insurance companies are struggling to hold a balance in the unsettled market. The longer a customer stay with a company, the more the company is worth. Long term customers can buy other policies more; minimize company's time and less price conscious. Therefore, long term customers give emphasis to retain customers for survival and prosperity of the company.

Need of the Study

Customer retention is needed for an insurance business to flourish in rising competition of insurance business in the world. The strategic of every life insurance company is reliant on the life time value of its customers. In the recent times, almost all the life insurance companies are deepening their efforts at market penetration. In order to offer their customer base, life insurance companies are centring on retaining their existing customers but, this has little success in achieving the customer. Though insurers are well-informed about the tangible profits in retaining customers but their retention practices do not quantify to its profitable importance. Therefore, there is a need for the study of Customer Retention Strategy of the LIC of India in Cuddalore District.

Objectives of the Study

The overall objective of this article is to study the strategies to retain the customer in LIC of India Ltd. and to understand the impact of CRM in Customer Retention in LIC of India Ltd. with reference to Cuddalore District.

Research Methodology

The descriptive research design was adopted in this study. The researcher had collected primary as well as secondary data. Quota sampling method was used to select the sampling. The primary data was collected by the use of questionnaire from the respondents of LIC policyholders in Cuddalore district in person. The researcher has collected the information from the respondents on the basis of their occupational status at the rate of 10 respondents from each taluk (Bhuvanagiri, Cuddalore, Chidambaram, Kattumannarkoil, Kurinjipadi, Panruti, Titakudi, Srimushnam, Veppur and Vridachalam) on the basis of their occupational status viz., Agriculturist, Private employees, Government employees, Professionals and Business men. Therefore, a total of 400 LIC policyholders (80 each on the basis of occupational status) were chosen in Cuddalore district. The researcher used percentage analysis and ranking method to analyse the data. The secondary data were collected from various journals and articles.

Strategies to Retain their Customers

Customer Retention strategies are grounded on the advantages of long term customers. The potential customers are listed and the organisation tries to acquire and retain that customers. Strategies adopted for customer retention are listed below:

Addition value throughout an active policy period

Insurance companies need to add value to their services and act as a service companion in customer's life. Instead of being present only when an accidental has happened, they can be their partners and support their customers in pro-active conservation of the items they are protecting.

Improve doing business

Life insurance companies have to support their policyholders from a guideline perspective be it solving and communicating the matters with the lender, receiving the premium via computerized payment plans, or making the several documents available in the mobile app, insurers must support their customer through numerous channels.

Healthier process of claim settlement

In case a loss arises, the process of claim should be quick and accurate. The procedures and processes to handle policyholder worry, computerization with manual interaction is accompanied to let go policyholders stress which will result in a favourable outcome in the mind of a claimant and continue to serve as a testimony for repeat business.

Minimize Costs for Customer Acquisition

Certain cost is associated to acquire a customer which include sales, advertising, travel, following up and organising meeting etc. Advantage of repeat customer is that the customers previously are aware of processes and also be able to calculate some value of output, thus reducing the cost incorporated in new customer acquisition. Advertising through word of mouth are conceivably the most important result of having a satisfied customer.

Adopting Better Interaction between Company and Customer

Every interaction with the customer is a possibility to earn a loyalty and to create a relationship with customers. Today's insurance markets are progressively moving from quantity produced standard products and service towards a more customized market, where services are personalised to meet specific desire of customers. Acquiring loyal customer is a chance for insurer to concentrate specific needs and requirements and build trust worthy relationship with customers. By obtaining adequate information, a better approach may be devised to understand the customers' needs and consequently design products and services according to customer preference.

Enchanted Customers

Effective customer retention strategies allowed to move from customer satisfaction to customer happiness. When the customer need and wants are exactly delivered by the service provide only than the customer is enchanted. If the company is able to deliver their customers, then they have better chance of their customers coming back, since the company is different from the rest of competitors.

CRM- A Definite Solution Today

The essential purpose of CRM is customer retention. It helps policy provider to understand the behaviour of customers and nature of buying patterns. It makes the marketing strategies more scientific and goal driven. CRM is a 'core business strategy' that aims to 'build and create value to targeted customers at a profit' (Buttle and Maklan, 2015). CRM advises insurance companies to cut the costs of expensive mass marketing efforts for better results. CRM is a company strategy that goes beyond the profitability, revenue and customer satisfaction. Hence, the perception of CRM is to maintain, attract and enhance customer relationships.[i] The following points are some of the CRM solution in LIC of India Ltd.

Personal Service: Consumers in insurance companies mostly deal with representatives or agents by meeting in person and through telephone and internet. Insurance companies may increase retention rates by considering effective personalized services to present policyholders. CRM permits to obtain details about the customers, helps the company to plan better products, develop services and decrease operational costs.

Policy Pay-out: Customers may be driven to change insurance companies if they find difficulty in filing and collecting on legitimate claims. Some of the insurance companies have been known for frequently refusing claims or denying policy pay-outs because of some procedures. Rapidly pay policy continued on qualifying claims to maintain a good relationship with the customer or client.

Explain Benefits and Options: Insurance companies must educate their clients about the paybacks, rights and duties and solve their queries at any moment, especially during discussion of policy renewal. Insurance provider must keep clients informed about the benefits of the new products introduced and inform about increased rates. The information given by the service provider may retain the customer who was likely to abandon.

Impact of CRM in Customer Retention in Cuddalore District

Gender is also an important factor that impact CRM in customer retention. Gender wise classification of the respondents is given in Table 1

Table. 1: Gender of Policyholder

Sl. no	Gender	Agriculturist	Private Employees	Government Employees	Professionals	Businessman	Total	Percentage
1	Male	50	58	65	45	50	268	67
2	Female	30	22	15	35	30	132	33
	Grand Total	**80**	**80**	**80**	**80**	**80**	**400**	**100**

Sources: Primary Data, 2020

From the table 1, it has been inferred that out of 400 respondents, 268 (67 per cent) of them are males while remaining 132 (33 per cent) are females. It can be seen that male customers are more than female customers in LIC of India Ltd in Cuddalore District.

Age of Policyholders

Age is the important factors of impacting CRM in customer retention in LIC. The age-wise classification of the policyholders are shown in Table 1.02.

Table. 2: Age of Policyholders

Sl No	Age	Agriculturist	Private Employees	Government Employees	Professionals	Businessman	Total	Percentage
1	Below 30	26	28	1	13	20	88	22
2	31-40	19	30	15	25	20	109	27.25
3	41-50	23	20	33	26	27	129	32.25
4	Above 51	12	2	31	16	13	74	18.5
	Total	**80**	**80**	**80**	**80**	**80**	**400**	**100**

Source: Primary Data, 2020

From the table 2 it has been observed that out of 400 respondents, 129 (32.25 per cent) of the respondents are in the age group is 41-50, 109 (27.25 per cent) of the age group of 31-40 years, 88(22 per cent) of the respondents are below 30 and 74 (18.5 per cent) of the respondents are above 51.

Therefore, the insurance provider must encourage the youngster to buy life insurance policies for future security.

Level of Educational Qualification of Policyholders

Education is important for any profession. It enables any individual to learn a science of professional standards. It is also significantly improving the level of understanding of profession in general.

Table. 3: Educational Qualification of Policyholders

Sl No	Educational Qualification	Agriculturist	Private Employees	Government Employees	Professionals	Businessman	Total	Percentage
1	SSLC	23	2	2	7	11	45	11.25
2	H.SC	17	9	3	9	9	47	11.75
3	Graduate	16	27	15	15	21	94	23.5
4	Post Graduate	18	37	38	33	29	155	38.75
5	Others	6	5	22	16	10	59	14.75
	Total	**80**	**80**	**80**	**80**	**80**	**400**	**100**

Source: Primary Data, 2020

The above table 3 reveals that out of 400 respondents, 155 (38.75 per cent) respondents are Post Graduates, 94(23.5 per cent) respondents are graduate, 47 (11.75 per cent) respondents are H.SC passed, 45 (11.25 per cent) respondents are SSLC passed and 59 (14.75) respondents have other educational qualification.

Marital Status of the Respondents

Marriage is one of the most important factor in the society to acquire life insurance. The responsibility of the married person might be more towards the family as compared to unmarried in understanding and in giving the responses.

Table. 4: Marital Status of Policyholders

Sl No	Marital status	Agriculturist	Private Employees	Government Employees	Professionals	Businessman	Total	Percentage
1	Married	65	57	65	75	67	329	82.25
2	Un-married	15	23	15	5	13	71	17.75
	Total	**80**	**80**	**80**	**80**	**80**	**400**	**100**

Source: Primary Data, 2020

From the above table 4 that out of 400 respondents, 329 (82.25 per cent) are married and rest 71 (17.75 per cent) are unmarried. It is clear that the majority of the respondents are married and their lives are totally insured even after their marriage. Out of 80 Agriculturist, 65 policyholders are married and 15 policyholders are unmarried. Out of 80 Private Employees, 57 policyholders are married and 23 policyholder are unmarried. Out of 80 Government Employees 65 respondents are married and 15 respondents are unmarried. Out of 80 Professionals, 75 respondents are married and 5 respondents are unmarried. Out of 80 Businessman, 67 respondents are married and 13 respondents are unmarried. Therefore, in all the occupation the dominating marital status of the policyholders are married.

Income Level of Policyholders

The monthly income of the customers represents the total income of the customers in month. Since the monthly income of the customers may have its own influence on the perspective on the implementation of the CRM and its consequences among the insurers, it is included as the profile variables in the study. In this paper, the monthly income of the customers are presented by ₹.10000, ₹.10000 to 30000, ₹.30000 to 50000 and above ₹.50000. The monthly income of the consumers is illustrated in Table 5.

Table. 5: Income of Policyholders

Sl No	Income	Agriculturist	Private Employees	Government Employees	Professionals	Businessman	Total	Percentage
1	Up to 10000	38	35	0	2	18	93	23.25
2	10,000 to 30,000	23	33	3	19	26	104	26
3	30,000 to 50,000	8	8	11	23	19	69	17.25
4	Above 50,000	11	4	66	36	17	134	33.5
	Total	**80**	**80**	**80**	**80**	**80**	**400**	**100**

Sources: Primary Data, 2020

The above table 5, it is seen that the dominant monthly income categories of the customers are above 50,000 (33.5 per cent), 10,000 to 30000 (26 per cent), up to 10000 (23.25 per cent) and 30,000 to 50,000 (17.25 per cent) to per cent to their total respectively.

Table. 6: Customer Retention in LIC (Agriculturist)

Sl. no	Variables	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Overall	Mean	Final Rank
1	Innovative Services	4	3	11	24	38	**151**	**1.88**	**5**
2	Value added Services	5	16	21	24	14	**214**	**3.01**	**3**
3	Low charges	42	19	11	7	1	**334**	**4.17**	**1**
4	Customer Meet	22	31	16	8	3	**301**	**3.76**	**2**
5	Advance technology	7	11	21	16	25	**199**	**2.48**	**4**

Source: Primary Data, 2020

It is proved from table 6 the ranking based agriculturist on customer retention in LIC of India. It is inferred that “Low charges” is given 1st ranked, “Customer Meet” is ranked 2nd, “Value added Services” is ranked 3rd, “Advance technology” is ranked 4th and “Innovative Services” is ranked 5th. Therefore, according to agriculturist if the LIC of India charges low premium than it can attract the customers and retain customer in the company. Hence, low charges can impact customer retention among the agriculturist.

Table. 7: Customer Retention in LIC (Private Employees)

Sl. no	Variables	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Overall	Mean	Final Rank
1	Innovative Services	10	9	21	21	19	**210**	**2.62**	**4**
2	Value added Services	9	18	22	20	11	**234**	**2.92**	**3**
3	Low charges	19	24	17	9	11	**271**	**3.38**	**2**
4	Customer Meet	35	19	7	12	7	**303**	**3.78**	**1**
5	Advance technology	7	11	13	18	31	**185**	**2.31**	**5**

Source: Primary Data, 2020

The above table 7 revealed the ranking based on Private Employees on customer retention in LIC of India. It is inferred that "Customer Meet" is given 1st ranked, "Low charges" is ranked 2nd, "Value added Services" is ranked 3rd, "Innovative Services" is ranked 4th and "Advance technology" is ranked 5th. Therefore, according to Private Employees if the LIC of India meet the customers regularly than it can attract the customers and retain customer in the company. Customer meet can help the company to retain customer. Thus, Customer meet can impact the customer retention among the group of private employees.

Table. 8: Customer retention in LIC (Government Employees)

Sl.no	Variables	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Overall	Mean	Final Rank
1	Innovative Services	14	14	12	17	23	**219**	**2.73**	**4**
2	Value added Services	9	18	24	19	10	**237**	**2.96**	**3**
3	Low charges	34	17	10	11	8	**298**	**3.72**	**1**
4	Customer Meet	15	25	13	14	13	**255**	**3.18**	**2**
5	Advance technology	8	8	21	18	25	**196**	**2.45**	**5**

Source: Primary Data, 2020

Table 8 illustrated the ranking based on Government Employees on customer retention in LIC of India. It is inferred that "Low charges" is given 1st ranked, "Customer Meet" is ranked 2nd, "Value added Services" is ranked 3rd, "Innovative Services" "is ranked 4th and Advance technology" is ranked 5th. Therefore, according to Government employees, if the LIC of India charges low premium then it can attract the customers and retain customer in the company.

Table. 9: Customer Retention in LIC (Professionals)

Sl.no	Variables	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Overall	Mean	Final Rank
1	Innovative Services	10	10	18	22	20	**208**	**2.6**	**4**
2	Value added Services	5	16	19	28	12	**214**	**2.67**	**3**
3	Low charges	32	18	15	8	7	**300**	**3.75**	**2**
4	Customer Meet	27	29	11	11	2	**308**	**3.85**	**1**
5	Advance technology	5	8	16	12	39	**168**	**2.1**	**5**

Source: Primary Data, 2020

Table 9, showed the ranking on the bases of Professionals on customer retention in LIC of India. It is inferred that "Customer Meet" is given 1st ranked, "Low charges" is ranked 2nd, "Value added Services" is ranked 3rd, "Innovative Services" is ranked 4th and "Advance technology" is ranked 5th. Therefore, according to Professionals if the LIC of India meet the customers regularly then it can attract the customers and retain customer in the company.

Table. 10: Customer Retention in LIC (Business man)

Sl.no	Variables	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Overall	Mean	Final Rank
1	Innovative Services	20	6	17	18	19	**230**	**2.87**	**3**
2	Value added Services	9	15	20	23	13	**224**	**2.8**	**4**
3	Low charges	20	23	14	8	15	**265**	**3.31**	**2**
4	Customer Meet	21	23	17	12	7	**279**	**3.4**	**1**
5	Advance Technology	10	14	12	18	26	**204**	**2.55**	**5**

Source: Primary Data, 2020

Table 10 showed the ranking on the bases of Businessman on customer retention in LIC of India. It is inferred that "Customer Meet" is given 1st ranked, "Low charges" is ranked 2nd, "Innovative Services" is ranked 3rd, "Value added Services" is ranked 4th and "Advance technology" is ranked 5th. Therefore, according to Businessman if the LIC of India meets the customers regularly then it can attract the customers and retain customer in the company.

Suggestions

CRM implementation can significantly improve to enhance customer retention in insurance sector. This study found the significance of customer retention in life insurance. Customer Meet is found to be of extremely important to enhance customer retention. Therefore, the company must conduct regular customer meet and there must consistency in communications through different channels in LIC of India

Ltd in Cuddalore to retain customers. Thus, the CRM solutions providers and implementers can prioritize the functionalities for optimum investment and ensure better CRM implementation.

Conclusion

The customers are considered as the pillar for the success of any life insurance business and therefore it is important for insurers to keep their policyholders satisfied and retained as long as possible. For better results the company must offer innovative services and products according to the requirement of clients. As noted from the above responses, the factor that contribute more to the customer retention are ranked accordingly. It is observed that customer meet, low charges and value added services are ranked in top three followed by innovative services and advance technology. CRM improves customer retention and thus customers stay longer and increases long term value to the LIC of India Ltd. Hence, the CRM is a definite solution to retain customer in LIC of India in Cuddalore District.

Limitation of the Study

The researcher has several limitations; some of them are listed below:

1. The study was only limited to LIC of India Ltd. in Cuddalore District.
2. The researcher only focus on few variables of customer retention whereas there were many other variables that impact customer retention in life insurance.
3. The researcher only seek the view point of policyholders.

Scope for Further Research

For further research, the employees' strategies on customer retention in LIC of India in Cuddalore District can be carried out for the study. The researcher can also determine the various other factor for customer retention in life insurance business.

References

1. Auniel, E. and Mokaya, S. O. (2018). Factors Affecting Customer Retention in Commercial Banks In Tanzania; A Case Of Azania Bank Arusha. International Journal of Scientific Research and Management (IJSRM), 06(04), 243-247.
2. Ayimey, E. K. et al. (2013). Customer Retention Strategies of SIC Life Insurance Company Limited and Star Life Assurance Company Limited in Ghana: An Exploratory Assessment. Current Research Journal of Social Science, 5(5), 164.
3. Barma, A. K. and Sheriff, J. K. (2017). A Study of Impact of Open Source CRM on Customer Retention In Retail Sector, Ph.D Thesis, Pp. 235
4. Bashi, N. (2017). Impact Of Customer Relationship Management On Customer Retention (A Case Of Private Banks Of Sialkot, Punjab). International Journal of Scientific & Technology Research, 6(08), 293-296.
5. Das, S. et.al (2018). The Impact of Customer Relationship Management (CRM) Practices on Customer Retention and the Mediating Effect of Customer Satisfaction. International Journal of Management Studies, 1(4), 95-103.

6. Dash, B. and Das, S. (2013). Strategic Customer Retention through CRM; A Study of Perception of Insurance Officials. The International Journal's Research Journal of Commerce & Behavioural Science, 2(11), 20-26.
7. Devi, P. J. And Karthi, R. (2019). Statistical Analysis on Client Retention For LIC of India, JASC. Journal of Applied Science and Computations, VI(II), 468-473.
8. Michelle, P. Yu, et al (2017). Factors Influencing Customer Retention Among Banks, Sci. Int.(Lahore), 29(4), 729.
9. Narwal, S and Dalbir (2016). How CRM Affect Customer Retention: A Review, International Journal of Science Technology and Management, 5(7), 177.
10. Odunlami, B. (2015). Impact of Customer Satisfaction on Customer Retention: A Case Study of a Reputable Bank in Oyo, Oyo State. Nigeri, International Journal of Managerial Studies and Research (IJMSR), 3(2), 42-53.
11. Ofosu-Boateng, I. (2020). Influence Of Customer Relationship Management On Customers' Retention In The Insurance Industry In Accra, Ghana. British Journal of Marketing Studies (BJMS), 8(2), 77-95.
12. Qadri, U. A. and Khan, M. S. (2014). Factors Affecting On Customer Retention: A Case Study of Cellular Industry of Pakistan, International Journal of Recent Research in Commerce Economics and Management (IJRRCEM), 1(1), 1-22.
13. Rao, S. (2012). Customer Relationship Management In Insurance Sector - A Study Of Perceptions Of Customers And Employees In Visakhapatnam City. International Journal of Research In Commerce & Management, 3(3), 41.
14. https://www.linkedin.com