

## **MARKETING MIX: A STUDY ON CUSTOMERS PERCEPTION ON LIFE INSURANCE PRODUCTS WITH REFERENCE TO LIC OF INDIA, HYDERABAD,**

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### **Abstract**

Life insurance product was introduced to insuring the life of peoples to overcome the losses occurred due to person's death. In the present scenario, the LIC changes its segment and enter into LIC services. Hence, Traditional Marketing mix is use for LIC of Customer Life Insurance. Therefore, the concept of modern extended (services) marketing mix came in to emerge. In the changed Globalization the service sector has become a preferred strategy for many service sector companies. Indian life insurance company (LIC) has played a major role in insurance sector in 19<sup>th</sup> century. In this emerging scenario it is required to focus on the perceptions of customer's on service marketing mix elements. Statistical techniques were used to analyze the data. Percentage and mean score was used to measure the perception of customers .Correlation analysis was applied to assess the relation between independent and dependent variable. Multiple regression analysis applied to assess the impact of independent variables on dependent variables and Cronbach's Alpha used to test the reliability of the variables.

**Keywords:** Customers' perception on 7p's of marketing mix (policy, price, place, promotion, people, process, and physical evidence), Life Insurance.

### **Introduction**

Life insurance product was introduced for the purpose of protecting the lives of the people. Now the concept changed due to the living lifestyles of the peoples. In recent years the fundamental nature of life insurance has become a service rather than a product caused by various evolutionary changes hence: it is required to focus more than traditional marketing mix elements. Due to the competition companies focused on user friendly policies further consumers thinking about their investment on facilities provided by the companies regarding their LIC

products. Hence it is required to focus on consumer's perception on insurance products because of changes in demographic socio economic factors in the society.

### **Importance of the study**

Indian 1991 industrial policy has changed the industrial scenario rapidly. Governments encouraged foreign players to enter into insurance sector and further made economic reforms to facilitate foreign direct investments in India. These reforms increased competition among insurance players. To overcome such competition life insurance industry focused more futuristic and innovative strategies regarding its policies and products with the recommendations of IRDA. Due the influence of these external and internal factors it is required to focus on service marketing mix elements to attract the customers.

### **Review of literature**

Life insurance is a contract between insured and assured person (**Huebner & Black (1961)**) according to their opinion the life assurance contract bound to happen and the insurer would have to perform the contract. Life insurance covers unexpected death due to natural causes as well as due to accidents. Generally life insurance contract is a long-term oriented contract having all essential features of a valid contract.

**Fortune (1973)**: opined that those annual incomes of the consumer influence the consumption of life insurance policy. Further he concluded that customer's emotions, their annual savings, policy package and its prices were the major determinants of consumption of life insurance.

**Anderson & Nevin (1975)** conducted a survey on young married couples regarding insurance perception in that survey he was found that annual incomes, education levels both wife and husband decide the level of purchasing demand for life insurance.

**Siddiqui (2006)** conducted a survey on present position of life insurance sector in India in his study with the objective of prevailing market shares of the insurance companies in select countries due to the competition he found that LIC losing its market share and further he suggested that LIC company should focus on its policies to cater the needs of different categories of customers and also focus on consumer awareness campaign.

### Objectives of the study

- ❖ To study the demographic profile of the LIC Consumers in Hyderabad.
- ❖ To examine the consumers perception on marketing mix elements
- ❖ To measure customer perception on LIC service.
- ❖ To find whether there is a relation between marketing mix elements and customers perception
- ❖ To know the impact of demographic factors on purchasing decision of customers with related to LIC policies.

**Hypothesis:** H1: Service marketing mix elements have a significant impact on consumer's perception

### Methodology of the Study:

The present study is descriptive research study it involves both primary and secondary data. The primary data is collected through a field survey by the help of a structured questionnaire with closed- end questions. The questionnaire consists of definite, concrete and pre-ordered questions. The scaling technique installed in the questionnaire is 5-point Likert-scale. The secondary data is also collected by referring to the IRDA annual reports, published reports of the LIC companies, Journals, research magazines and published data of varied in nature. A total of 250 questionnaires were dispatched to the respondents in the selected LIC Industry, out of which only 218 questionnaires were received and 10 questionnaires are not answered completely out of which 08 questionnaires were eliminated for statistical accuracy. The sample size for the study is fixed at 200. Descriptive analysis was used to conduct demographic profile of the respondents. **Statistical techniques used to analyze the data:** Percentage and mean score was used to measure the perception of customers .Correlation analysis was applied to assess the relation between independent and dependent variable. Multiple regression analysis applied to assess the impact of independent variables on dependent variables and Cronbach's Alpha used to test the reliability of the variables.

### Limitations of the study

- ✓ The research survey completely based on the opinions of the LIC Customers in Hyderabad;
- ✓ Due to the busy schedules of the customers they did not given the complete information.

## Data Analysis

### Objective 1: Findings

#### Demographic Profile of the LIC Customers

**Table -1**

| Variable       | Minor                       | Below 35                      | Above35 to below 50               | Above 51                         | Total         |
|----------------|-----------------------------|-------------------------------|-----------------------------------|----------------------------------|---------------|
| Age            | 2<br>(1.0%)                 | 130<br>(65%)                  | 54<br>(27%)                       | 14<br>(7%)                       | 200<br>(100%) |
| Gender         | Male                        | 145<br>(72.5%)                | Female                            | 55<br>(27.5%)                    | 200<br>(100%) |
| Marital Status | Married                     | 153<br>(76.5%)                | Un-married                        | 47<br>(23.5%)                    | 200<br>(100%) |
| Annual Income  | Below-50000<br>13<br>(6.5%) | 50001 to 1lakh<br>32<br>(16%) | 100001 to 200000<br>47<br>(23.5%) | 200001 and above<br>108<br>(54%) | 200<br>(100%) |
| Annual Premium | Below-50000<br>98<br>(49%)  | 50001 to 1lakh<br>46<br>(23%) | 100001 to 2lakhs<br>39<br>(19.5%) | 2lakhs and above<br>17<br>(8.5%) | 200<br>(100%) |

### Objective 2: Findings

#### Examine the customer's perception on marketing mix elements

| <b>Table -2</b><br><b>Customer's Reliability Statistics</b> |            |
|---|------------|
| Cronbach's Alpha  | N of Items |
| .988  | 7          |

Source: Computed from the collected data through survey

Test of Reliability and Validity Cronbach's alpha for this scale was 0.988 and it can be termed as good

**Table-3**

#### Univariate analysis of Customer's Perception on Marketing Mix Elements

| SMM                 | N   | Minimum | Maximum | Mean  | Std. Deviation |
|---------------------|-----|---------|---------|-------|----------------|
| Policy              | 200 | 1       | 5       | 3.685 | 1.47875        |
| Pricing             | 200 | 1       | 5       | 3.95  | 1.30615        |
| Place               | 200 | 1       | 5       | 3.455 | 1.37748        |
| Promotion           | 200 | 1       | 5       | 3.685 | 1.30549        |
| People              | 200 | 1       | 5       | 3.695 | 1.36429        |
| Process             | 200 | 1       | 5       | 3.23  | 1.43786        |
| Physical Evidence   | 200 | 1       | 5       | 3.205 | 1.46756        |
| Valid N (List Wise) | 200 |         |         |       |                |

**SMM= Service Marketing Mix**

The overall perception of the Customers was explained in the above table. The Means values along with standard deviations were calculated for all the buyers' perceptions of the elements. According to the buyer's perception, Life insurance price and its policy were the most important factor which influences the policy buying behavior of the buyers. It closely followed by the process and promotional activities. Physical evidence is the least important element of 7 P's of marketing mix which affects the customer's decision.

### Objective 3: Findings

#### Measure Customer Perception on LIC product and service

**Table-4**  
**Consumer Perception on LIC services**  
**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .980             | 7          |

Source: Computed from the collected data through survey

Reliability test was computed base on Cronbach's alpha for this scale was 0.980 and it can be termed as good

**Table -5**  
**Overall Customers Perceptions on LIC services**

| Descriptive Statistics                 |     |         |         |       |                |
|--|-----|---------|---------|-------|----------------|
|  | N   | Minimum | Maximum | Mean  | Std. Deviation |
| Reaching Expectations on Investment    | 200 | 1       | 5       | 3.45  | 1.46911        |
| Satisfaction towards Service           | 200 | 1       | 5       | 3.615 | 1.36973        |
| Accessibility of Employees             | 200 | 1       | 5       | 3.46  | 1.40294        |
| Grievances Solving                     | 200 | 1       | 5       | 3.325 | 1.40329        |
| Providing Information                  | 200 | 1       | 5       | 3.65  | 1.38095        |
| Giving importance to Customer Feedback | 200 | 1       | 5       | 3.105 | 1.43677        |
| Enhancement of Technology              | 200 | 1       | 5       | 3.315 | 1.46852        |
| Valid N (list wise)                    | 200 |         |         |       |                |

**Objective 4: Findings****Table-6****Correlation Matrix between Overall Consumer's Perception and Marketing Mix Elements**

| <b>Correlations</b> |                     |        |         |        |               |        |             |                      |                        |
|---------------------|---------------------|--------|---------|--------|---------------|--------|-------------|----------------------|------------------------|
|                     |                     | Policy | Pricing | Place  | Promoti<br>on | People | Proces<br>s | Physical<br>Evidence | Customer<br>Perception |
| Policy              | Pearson Correlation | 1      | .957**  | .939** | .927**        | .968** | .923**      | .905**               | .879**                 |
|                     | Sig. (2-tailed)     |        | .000    | .000   | .000          | .000   | .000        | .000                 | .000                   |
|                     | N                   | 200    | 200     | 200    | 200           | 200    | 200         | 200                  | 200                    |
| Pricing             | Pearson Correlation | .957** | 1       | .901** | .928**        | .947** | .903**      | .876**               | .891**                 |
|                     | Sig. (2-tailed)     | .000   |         | .000   | .000          | .000   | .000        | .000                 | .000                   |
|                     | N                   | 200    | 200     | 200    | 200           | 200    | 200         | 200                  | 200                    |
| Place               | Pearson Correlation | .939** | .901**  | 1      | .927**        | .933** | .906**      | .918**               | .823**                 |
|                     | Sig. (2-tailed)     | .000   | .000    |        | .000          | .000   | .000        | .000                 | .000                   |
|                     | N                   | 200    | 200     | 200    | 200           | 200    | 200         | 200                  | 200                    |
| Promotion           | Pearson Correlation | .927** | .928**  | .927** | 1             | .914** | .879**      | .868**               | .829**                 |
|                     | Sig. (2-tailed)     | .000   | .000    | .000   |               | .000   | .000        | .000                 | .000                   |
|                     | N                   | 200    | 200     | 200    | 200           | 200    | 200         | 200                  | 200                    |
| People              | Pearson Correlation | .968** | .947**  | .933** | .914**        | 1      | .933**      | .925**               | .882**                 |
|                     | Sig. (2-tailed)     | .000   | .000    | .000   | .000          |        | .000        | .000                 | .000                   |
|                     | N                   | 200    | 200     | 200    | 200           | 200    | 200         | 200                  | 200                    |
| Process             | Pearson Correlation | .923** | .903**  | .906** | .879**        | .933** | 1           | .975**               | .772**                 |
|                     | Sig. (2-tailed)     | .000   | .000    | .000   | .000          | .000   |             | .000                 | .000                   |
|                     | N                   | 200    | 200     | 200    | 200           | 200    | 200         | 200                  | 200                    |
| Physical Evidence   | Pearson Correlation | .905** | .876**  | .918** | .868**        | .925** | .975**      | 1                    | .750**                 |
|                     | Sig. (2-tailed)     | .000   | .000    | .000   | .000          | .000   | .000        |                      | .000                   |
|                     | N                   | 200    | 200     | 200    | 200           | 200    | 200         | 200                  | 200                    |
| Customer Perception | Pearson Correlation | .879** | .891**  | .823** | .829**        | .882** | .772**      | .750**               | 1                      |
|                     | Sig. (2-tailed)     | .000   | .000    | .000   | .000          | .000   | .000        | .000                 |                        |
|                     | N                   | 200    | 200     | 200    | 200           | 200    | 200         | 200                  | 200                    |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

From the above table -6 it was evident that all the marketing mix elements were strongly correlated with customer's perception on LIC of India. Hence: it can be said that there was a strong and positive relation between marketing mix elements and consumer perception further it was noticed that price ,people and insurance policy/product was strongly correlated than other variables in SMM elements. Hence; hypothesis h1 of the present study was accepted.

### Impact of Demographic Profile on Purchasing Decision of Customers on LIC polices

| <b>Table-7<br/>Model Summary</b>   |                   |          |                   |                            |
|--|-------------------|----------|-------------------|----------------------------|
| Model  | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1  | .787 <sup>a</sup> | .619     | .609              | .69497                     |
| a. Predictors: (Constant), Annual Income, Age, Premium, Gender, Marital Status |                   |          |                   |                            |

| <b>Table-8 ANOVA<sup>b</sup></b>   |            |                |     |             |        |                   |
|--|------------|----------------|-----|-------------|--------|-------------------|
| Model  |            | Sum of Squares | df  | Mean Square | F      | Sig.              |
| 1  | Regression | 152.280        | 5   | 30.456      | 63.057 | .000 <sup>a</sup> |
|  | Residual   | 93.700         | 194 | .483        |        |                   |
|  | Total      | 245.980        | 199 |             |        |                   |
| A. Predictors: (Constant), Annual Income, Age, Premium, Gender, Marital Status |            |                |     |             |        |                   |
| B. Dependent Variable: Purchased Decision of Customers LIC polices             |            |                |     |             |        |                   |

| <b>Table-9 Coefficients<sup>a</sup></b>               |                |                             |            |                           |        |      |
|---|----------------|-----------------------------|------------|---------------------------|--------|------|
| Model   |                | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|   |                | B                           | Std. Error | Beta                      |        |      |
| 1   | (Constant)     | .045                        | .410       |                           | .110   | .913 |
|   | age            | .265                        | .080       | .151                      | 3.303  | .001 |
|   | gender         | .784                        | .165       | .316                      | 4.747  | .000 |
|   | Marital status | 1.093                       | .187       | .418                      | 5.843  | .000 |
|   | premium        | .319                        | .057       | .289                      | 5.556  | .000 |
|   | annual income  | -.197                       | .080       | -.168                     | -2.468 | .014 |
| a. Dependent Variable: no policies purchased decision |                |                             |            |                           |        |      |

It can be seen from the table 7 that the R value was 0.787 which indicating that there was a strong positive relationship between demographic variables and number of policies purchased decisions. The table 8 depicts that F value was 63.057 which was significant at 5% ( $p=0.000$ ) which suggest that demographic variables significantly impact on number of policies purchased decision. The multiple regressions analysis in the table 9 justifies the massive importance of demographic variable on policy purchase decision. Further in this table it was seen that marital status (t-value 5.843), premium (t-value 5.556) and Gender (t-value 4.747) were most important predictors of the policy purchase decisions.

### Conclusion:

It is concluded from the study that privatization has increased the competition among insurance players. To capture significant market share in life insurance market companies should focus on an effective marketing mix with innovative user-friendly policies. To increase the perception of all categories of customers promotional strategies should implement and to increase their product sales companies should recognize present market trends and understand the dimensions reaching out both new and existing customers.

### Suggestions:

- LIC of India should focus on unit linked policies to reach all levels of income people.
- Short term policies generally attract new customers so LIC of India should focus on it.
- LIC of India should give more promotional activities
- In today's competition it is required to give awareness about their products.
- Should use social media for their product promotion

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