

Service Delivery and Consumer Satisfaction-A Study With Regard To Life Insurance Products

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Abstract:

Life insurance product is a bundling of mostly intangible benefits flowing from an insurer to the insured in exchange of regular premiums. Hence, from a marketing point of view the study of all the seven P's viz, product, price, promotion, place, people, process and physical evidence has assumed great prominence. Through this paper, the researcher attempts to assess the overall satisfaction derived by a consumer of life insurance product from the individual satisfaction rating given by the consumers to several attributes identified by the researcher keeping in mind the seven P's of services marketing.

Life insurance is a relatively complex financial product and calls for customer involvement in the buying process. The researcher tries to observe whether involvement of the customer in the buying process effects satisfaction levels. The researcher also seeks to identify if there exists any relationship between satisfaction and spread of "word of mouth". The study has been carried out in Kamrup Metropolitan district of Assam with a sample size of 500 consumers. The researcher has resorted to measurement of mean, independent sample t test and one way ANOVA for the purpose of analysis. The study reveals that overall satisfaction of the consumers has much scope for improvement and marketers have to focus on improvement areas identified. It was also found that consumers who are frequent visitors to service organisations are more satisfied in comparison to others. Also satisfied consumers are more likely to recommend purchase of life insurance products to others.

Keywords: *Consumer behaviour, consumer satisfaction, life insurance products, post purchase behaviour, service attributes, service delivery, services marketing.*

Introduction:

All types of consumer products are usually categorised as either "goods" or "services" based on the type of benefits that are delivered to the consumers who purchase and use them. When benefits are in the form of actions or performances they are referred to as services. Also, in case of services, the process of value creation for consumers is dominated by intangible elements (Schiffman & Kanuk, 1997). Insurance is a contract between two parties whereby one party agrees to pay a certain sum of money to the other party on the happening of a certain event in exchange of a fixed amount called premium. It is therefore a financial product which provides protection against a financial loss arising upon the happening of an unexpected event (Suresh & Paul, 2015). In case of an insurance product, its tangible elements may be represented in the form of a policy document, premium payment receipts, the office infrastructure etc but its intangible component in the form of a promise to pay a certain sum of money on the happening of an event dominates the basic characteristic of the product, which cannot be wrapped up and carried home by consumers. Hence the researcher feels that it is important to study the satisfaction derived by the consumers of life insurance products considering that all they carry with them is a feeling of security (in the form of a paper document) in a life which is full of uncertainties.

Statement of the problem:

The growth and development of the insurance sector largely depends on customer satisfaction, retention and loyalty. Insurers are therefore taking measures to deliver the best

in class service to its consumers and are interested to know the results of their efforts put in that direction. Hence the current research problem identified by the researcher is to understand whether the efforts put in towards delivering quality services to its customers are paying off in terms of customer satisfaction, retention and loyalty. As already discussed, since the main features of an insurance product is dominated by intangible elements viz. people, process, physical environment, the researcher is interested to know the contribution of each of the seven P's of services marketing towards overall satisfaction of consumers. The researcher is also interested to know if satisfied customers are more loyal customers and more likely to spread "word of mouth" in terms of company and product recommendations.

Review of literature:

In order to gain some familiarity with the subject matter and identify the gap in existing research, the researcher surveyed the research works done by earlier researchers in the area of Life insurance business, identification of service attributes for life insurance industry, service delivery and consumer satisfaction. The various literatures that have been reviewed by the researcher are presented as under:

Studies on the life insurance sector and marketing of its products:

Jaspersen, (2016) conducts an extensive review of literature concerning insurance demand choices and examines the methodologies used by various researchers. The relative advantages and disadvantages are discussed thereby trying to develop a knowledge resource to guide future research experiments.

Parrish, (2016) in his paper identified mortality, morbidity, tax and investment as four distinctive features of insurance and tried to see if it was likely to be replaced in the near future by other competing financial products. He concluded that though it was highly unlikely that 'insurance could die' in the future there was a need for incorporation of changes in the product if the market has to grow.

Durani and Dattani (2015) studied the various marketing strategies adopted by private life insurance companies in India and tried to identify the most effective life insurer in the city of Jamnagar in Gujarat. The various factors identified to gauge effectiveness of marketing strategies were product, premium collection, fair returns, agents, bancassurance and alternate channels, claim settlement, hearing mechanism, promotional scheme, brand recall, distribution channel, service strategy, satisfaction and trust.

Manivannan and Karunanithi (2015) studied the distribution channels of Life Insurance Corporation of India (LICI) and examined the channelwise marketing performance over a period of ten years. It was concluded that though LICI was able to make a mark in terms of performance through all the channels of distribution, sales through the conventional agency channel continued to remain the most prominent.

Venugopal and Priya, (2015) studied the impact of customer service on customer relationship management at Bharti Axa life insurance company at Chennai, Tamil Nadu. It was found that the opinion on the website of the firm varied significantly with regard to the occupation of respondents.

Studies on various attribute of consumer behaviour:

Vyas (2015) identified that product attributes, post purchase experience, claim settlement processes significantly affect satisfaction level whereas agents qualities did not have significant influence on customer satisfaction. It was also observed that there existed significant differences in the satisfaction level of consumers across different insurance companies.

Dhariyal (2015) focussed on the awareness and purpose of investment in life insurance, type of policy preferred by insurance consumers and factors influencing the selection of a

particular insurance company, convenient sources of buying and satisfaction derived from the purchase decision. He also explored the opportunities for insurers to tap the rural market of Uttar Pradesh.

Studies on service delivery and consumer satisfaction:

Choudhuri (2016) analysed customer satisfaction with regard to fulfillment of customers needs, service experience in comparison to expected, innovative products, effectiveness of work and overall satisfaction in Burdwan district. It was found that except for some dissatisfaction with regard to innovativeness, insurance consumers were more or less satisfied with the other aspects concerning their insurance service provider.

Bishnoi and Bishnoi, (2013) identifies eight service quality factors namely employee competence, credibility, timeliness and promptness, convenience, accessibility, communication, customer orientation and responsiveness and examines its association with the demographic variables of the respondents.

Sellappan, Devi and Prabakar, (2013) in their study identified tangibles, responsiveness, reliability, assurance and empathy as service quality factors and examined its relationship with sex, age, education and occupation of the respondents. Their findings revealed that as regards the insurance sector the most important service quality factor was empathy followed by assurance and reliability. It was also found that the perception of the customers on the service quality factors did not vary significantly with the profile variables considered, with regard to the insurance sector. The only significant difference noticed was that the perception on assurance varied significantly with regard to the occupation of the respondents in the case of the insurance sector.

Identification of Research GAP:

The review of earlier research done in the field of service delivery and customer satisfaction with regard to life insurance products reveal that life insurance is a unique product with distinctive features but to survive in today's competitive environment there is a need for incorporation of changes in the product from a customer centric point of view. Previous studies have been done to find the association of service quality factors with demographic variables of the respondents, but in the current study rather than focussing on the demographics the researcher is concentrating to understand consumer satisfaction with regard to service delivery by insurers and its effect in consumer loyalty and product purchase recommendations. Various studies have also examined the relationship between customer satisfaction and service experience at different parts of our country and even abroad, but no such study has ever been conducted in Kamrup Metropolitan district of Assam. Also there exists a scope of studying the involvement of the customers the buying process in terms of visits to the service organisation and its relationship with satisfaction, since previous studies have not addressed this important issue.

Research questions:

The researcher has therefore formulated the following research questions to address the problem and guide the research enquiry:

- 1) What would be the overall satisfaction score towards life insurance products based on the respondents satisfaction with individual product/service attributes?
- 2) Does the likelihood to recommend life insurance products to others depend on the satisfaction derived from individual service attributes?
- 3) Does the satisfaction with regard to life insurance product/service depend on frequency of visits to an insurance service organisation?

Objectives:

- 1) To measure the overall satisfaction level of the respondents based on their satisfaction with individual service attributes.
- 2) To examine the relationship between consumers involvement in the buying process and satisfaction with product/service attributes.
- 3) To find out the consumers likelihood to recommend life insurance products to others based on their service experience.

Research methodology:

The research design is exploratory followed by descriptive design. The researcher has done an extensive review of literature to gain some insights on the subject matter and then attempted to find answers to the identified research problem through a descriptive study. Mainly primary data have been used in the current study. The data have been collected through a structured undisguised questionnaire distributed to 500 life insurance consumers.

In the absence of an appropriate sampling frame the researcher had to follow non random sampling techniques. Bajpai, (2011) states that in quota sampling, which is very much similar to stratified random sampling, certain subclasses are identified from the target population and used as strata for sampling purposes. Hence the researcher identified the branches of different life insurance companies operating in Kamrup metropolitan district as subclasses and assigned a proportionate quota of consumers to be selected as sample so as to have a correct representation of consumers from all the life insurance companies operation in the region.

Since Life insurance Corporation of India is the only public sector life insurance company and it has been in operation since, the researcher decided to collect data of the 250 respondents from five conveniently selected branches of LIC. The private insurers entered the market only post the liberalisation period, hence the remaining 250 respondents have been selected from the 23 branches of private life insurers operating in Kamrup Metropolitan district through the method of proportional allocation.

Results & discussion:

To measure the overall satisfaction of the consumers of life insurance products the researcher had asked the respondents to give a satisfaction score on a scale of 1 to 7 where 1 means highly dissatisfied and 7 means highly satisfied to 13 service attributes identified through the process of literature survey and expert opinion. The mean of the individual means of the 13 service attribute have been taken as the overall satisfaction score. Table 1.1 shows the individual mean of the satisfaction score of each service attribute arranged in descending order. As is evident from the table, the overall satisfaction of the consumers on a scale of 1 to 7 is 4.75 which indicate that consumers are somewhat satisfied with their insurance purchase decision based on satisfaction from individual service attributes though not highly satisfied. The table also indicates that consumers are relatively more satisfied with the payment modes offered, the premium amount, quality of policy document whereas relatively less satisfied with ambience and facilities at the branches and request and query handling process.

Table: 1.1 Mean of satisfaction with regard to each product/service attribute arranged in order of rank.

SERVICE ATTRIBUTES:	Mean
Service experience on Payment modes	5.308
Service experience on Premium amount	5.158
Service experience on Quality of policy document	5.03
Service experience on Coverage amount	4.992
Service experience on agents knowledge and approach	4.752
Service experience on location and accessibility of branches	4.694
Service experience on product features	4.65
Service experience on the purchase process	4.636
Service experience on approach of Managers/customer care	4.57
Service experience on promotions	4.514
Service experience on Brochures and Websites	4.51
Service experience on ambience and facilities at branch	4.502
Service experience on query and request handling	4.482
Overall Satisfaction Score	4.754

To compare the effect of frequency of visits to an insurance service organisation on satisfaction with individual product/service attributes a one way ANOVA was conducted. An analysis of variance showed that the effect of frequency of visits to an insurance service organisation on satisfaction with regard to product features was significant, $F(4,495)=5.219$, $p=0.000$ (Table : 1.2). From descriptive statistics we see that the mean of satisfaction with product features are higher for people who are more frequent visitors to an insurance service organisation as compared to those who have never or rarely visited an insurance service organisation (refer Table-1.3, Chart-1.2).

Table: 1.2 One way ANOVA between frequency of visits and its effect on satisfaction.

Satisfaction		df	F	Sig.
Service experience on product features	Between Groups	4.00	5.22	0.00
	Within Groups	495.00		
	Total	499.00		

Table: 1.3 Mean of satisfaction with product features based with regard to frequency of visits to an insurance service organisation.		
Frequency of visits	N	Mean
never	75.00	4.21
rarely	59.00	4.17
sometimes	147.00	4.64
often	187.00	4.88
always	32.00	5.28

Chart: 1.1 Mean of satisfaction with product features based with regard to frequency of visits to an insurance service organisation.



In the same manner, a one way ANOVA was conducted to see the effect of frequency of visits to an insurance service organisation on satisfaction with regard to service experience on all other product/service attributes identified. The results were observed to be statistically significant for satisfaction with regard to service experience on quality of policy document $F(4,495)=6.546$, $p=.000$, Premium amount, $F(4,495)=4.140$, $p=.003$, coverage amount, $F(4,495)=14.172$, $p=.000$, payment modes, $F(4,495)=3.834$, $p=.004$, brochures and websites $F(4,495)=2.591$, $p=.036$, location and accessibility of branches $F(4,495)=4.846$, $p=.001$, query and request handling $F(4,495)=7.659$, $p=.000$, approach of managers and customer care personnel, $F(4,495)=3.118$, $p=.031$ and ambience and facilities at branch $F(4,495)=2.508$, $p=.041$. Hence the null hypothesis that there is no significant differences in the means of satisfaction with regard to various service attributes and with regards to the frequency of visits to an insurance service organisation is rejected as the p-value is less than $\alpha=0.05$ and the alternate hypothesis is accepted. From the descriptive statistics (refer Table -1.4) we see that such means are higher for those consumers of life insurance products who are more frequent visitors to an insurance service organisation than those who have never or rarely visit an insurance service organisation.

Table: 1.4 Mean of satisfaction with product/service attributes with regard to the frequency of visits to the service organisation.

Service Attributes	Frequency of visits	N	Mean
	never	75	4.64
	rarely	59	4.47
	sometimes	147	5.07
	often	187	5.30
	always	32	5.16
	Total	500	5.03
Service experience on Quality of policy document			
	never	75	5.03
	rarely	59	4.54
	sometimes	147	5.36
	often	187	5.25
	always	32	5.13
	Total	500	5.16
Service experience on Premium amount			
	never	75	4.52
	rarely	59	4.07
	sometimes	147	4.99
	often	187	5.45
	always	32	5.13
	Total	500	4.99
Service experience on Coverage amount			
	never	75	5.23
	rarely	59	4.68
	sometimes	147	5.39
	often	187	5.48
	always	32	5.28
	Total	500	5.31
Service experience on Payment modes			
	never	75	3.97
	rarely	59	4.56
	sometimes	147	4.64
	often	187	4.64
	always	32	4.34
	Total	500	4.51
Service experience on Brochures and Websites			
Service experience on location and accessibility of	Never	75	4.41

branches	Rarely	59	4.12
	sometimes	147	4.84
	Often	187	4.95
	always	32	4.25
	Total	500	4.69
Service experience on query and request handling	Never	75	3.88
	Rarely	59	3.93
	sometimes	147	4.62
	Often	187	4.77
	always	32	4.59
	Total	500	4.48
Service experience on approach of Managers/customer care	Never	75	4.40
	Rarely	59	3.98
	sometimes	147	4.78
	Often	187	4.64
	always	32	4.69
	Total	500	4.57
Service experience on ambience and facilities at branch	Never	75	4.13
	Rarely	59	4.14
	sometimes	147	4.65
	Often	187	4.63
	always	32	4.63
	Total	500	4.50

Likewise from the results of the one way ANOVA, it was observed that the effect of frequency of visits to the service organisation with regard to service experience on promotions ,purchase process and agents knowledge and approach was not found to be statistically significant (p-value is greater than $\alpha=0.05$).

To see the relationship between customers likelihood of recommending purchase of Life insurance products to others with regard to their satisfaction with Life insurance product/service attributes an independent sample t-test was done for all the thirteen identified attributes viz, product features, quality of policy document, premium amount, coverage amount, payment modes, promotions, brochures/website, location and accessibility of branches, purchase process, query/service request handling process, agents knowledge and approach, customer care personnel /managers approach and ambience and facilities at branch.

Results of Independent sample t-test indicate that the null hypothesis that there is no significant difference between the means of respondent policy holders' perception regarding their satisfaction level in relation to life insurance product features with respect to their likelihood of recommending purchase of Life Insurance products to others may be rejected (p-

value= 0.000 less than $\alpha=0.05$) (refer to Table 1.5). This means that there exists significant difference between the above means.

Table: 1.5 Independent Samples t-Test- Life Insurance Policy Holders' Satisfaction in case of Life Insurance Products in relation to their features and their Likelihood to recommend such Products to Others					
	Levene's Test for Equality of Variances		t-test for Equality of Means		
	F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed	0.016	0.898	13.753	498.000	0.000
Equal variances not assumed			13.924	381.810	0.000

It is seen from the descriptive statistics that the above such mean is higher for those respondents who are likely to recommend purchase of Life Insurance products to others than those who are not likely to do so(refer Table 1.6). This indicates a near linear relationship between these two variables (refer Chart: 1.2). This implies that such life insurance consumers who are likely to recommend purchase of life Insurance products to others may be more satisfied in relation to life insurance product features.

In a similar manner, Independent sample t-test was conducted to examine the existence of significant difference between the means of respondent policy holders' satisfaction level in relation to the remaining twelve other attributes with respect to their likelihood of recommending purchase of Life Insurance products to others.

Table: 1.6 Mean of Life Insurance Policy Holders' Satisfaction in case of Life Insurance Product features and their Likelihood to recommend such Products to Others			Chart: 1.2 Mean of Life Insurance Policy Holders' Satisfaction in case of Life Insurance Product features and their Likelihood to recommend such Products to Others
Likelihood to recommend	N	Mean	
Recommend	321	5.27	
Not recommend	179	3.54	

It was found that the null hypothesis for satisfaction with all the other attributes , viz , quality of policy document, premium amount, coverage amount, payment modes, promotions, brochures and websites, location and accessibility of branches, purchase process, query and service request handling, agents knowledge and approach, approach of customer care

personnel and managers and ambience and facilities at branch with respect to their likelihood of recommending purchase of life insurance to others may be rejected (p -value is less than $\alpha=0.05$) and alternate hypothesis be accepted.

This indicates that there exist significant differences in the satisfaction level with life insurance product /service attributes when compared against the respondent's likelihood of recommending the purchase of life insurance products to others. It can be seen from the descriptive statistics also (refer Table: 1.7) that such mean of satisfaction with individual product/service attributes are higher for respondents who are more likely to recommend purchase of life insurance products to others.

Table:1.7 Mean of Life Insurance Policy Holders' Satisfaction in case of various attributes of Life Insurance Products and their Likelihood to recommend such Products to Others

Life Insurance Policy Holders' Satisfaction in case of :	Likelihood to recommend	N	Mean
Quality of Policy Document	Recommend	321	5.402
	Not recommend	179	4.363
Premium Amount	Recommend	321	5.505
	Not recommend	179	4.536
Coverage Amount	Recommend	321	5.526
	Not recommend	179	4.034
Payment Modes	Recommend	321	5.530
	Not recommend	179	4.911
Promotions	Recommend	321	4.875
	Not recommend	179	3.866
Brochures and Websites	Recommend	321	4.897
	Not recommend	179	3.816
Location and accessibility of branches	Recommend	321	5.215
	Not recommend	179	3.760
Purchase process	Recommend	321	4.866
	Not recommend	179	4.223
Query and request handling	Recommend	321	4.822
	Not recommend	179	3.872
Agents knowledge and approach	Recommend	321	5.296
	Not recommend	179	3.777
Customers service and Managers approach	Recommend	321	5.009
	Not recommend	179	3.782
Ambience and facilities at branch	Recommend	321	4.981
	Not recommend	179	3.642

Conclusion:

Therefore from the above study it can be seen that satisfaction with regard to life insurance products depends on the individual product and service attributes which in turn affects consumer loyalty and spread of “word of mouth”. It can also be seen that consumers who are more involved and connected with the insurance service organisation gauged in terms of frequency of visits to the organisation tend to be more satisfied with product/service attributes than less involved consumers. It has been noticed that insurers need to focus more on query and request handling processes at branch, the ambience and facilities, brochures and websites etc to increase the overall satisfaction level of the consumers.

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