Int. Journal of Management and Development Studies 6(1): 53-62 (2017)
ISSN (Online): 2320-0685. ISSN (Print): 2321-1423
Impact Factor: 0.715

Marketing Services Model for Integrating Internal and External Marketing Functions: The Antecedents on Life Insurance Corporation (LIC), Tamilnadu

Ragumath Beevi. A[1] and N. Somasundaram[2]

Abstract: *The deregulated market environment calls for well-thought-out marketing strategies with defined purposes to realize the organizational objectives such as customer retention, enhancing corporate image, growth in market share, better return on investment apart from creating satisfied or delighted customers. Designing and implementing marketing mix element strategies (i.e., Product, Price, Place, Promotion, People, Process and Physical Evidence) play a vital role in facing the competitive environment to achieve a competitive edge over the opponents. The study will be worthwhile in designing the basic strategies for marketing of life insurance products in the competitive environment and in the evaluation of policies and strategies presently followed in both rural and urban segments. The major aim of this research work is to determine the marketing services as an internal and external marketing factor for (LIC) Life Insurance Corporation, Tamilnadu. The nature of the research is exploratory method, and the sample size is 520 LIC policy holders in and around Sivangangai District, Tamilnadu and data collection method used in the research is "Questionnaire Method" through personal interview. Data will be analysed by using SPSS 20.0 and Smart PLS 3.0. Findings, discussions, implications and conclusions were made by keeping an eye on the research objectives.*

Keywords: LIC policy holders, marketing services, internal and external marketing factor

Introduction

Marketing services, especially, insurance products and services demand expertise and strategic approach due to their characteristics. The marketing decisions as to insurance services are related to their structure (product), price, means of distribution (place), promotion, method of service (process), people, and physical evidence elements. It has become a necessity to employ marketing strategy to survive in the environment due to the multifaceted intervention of competitors, not only as to offering varied products but also as to usage of appropriate promotional measures, enhancing quality of service process and environment, reducing the distance between customer and organization in delivering products and services, and equipping personnel with professional competency to enlighten customers in the service delivery. The reforms in the insurance sector, ultimately leading to the opening of the sector to private participation and foreign equity, brought in major changes not only in the design of products available in the market but also in the manner in which they are marketed.

[1] Research Scholar, Bharthiar University, Coimbatore.
[2] Associate Professor and Head (Retd.), Department of Business Administration, APSA College, Thiruppattur.
Corresponding author: Ragumath Beevi. A can be contacted at: aragumath@gmail.com
Any remaining errors or omissions rest solely with the author(s) of this paper

This called for strategic approaches in the formulation and implementation of marketing decisions. The availability of variety products and services, advent of innovative channels of distribution, creative promotional efforts in product positioning, greater use of Information technology in enhancing speed and quality of service, trained and professional- looking sales personnel, drastic shifts in the facilities and utilities provided at the service scape are the outcomes of strategic approach in marketing services. The need of having marketing approach in insurance marketing was recognized by the LIC very late. Until 1982, the LIC was purely a sales organization ignoring the customer expectations.

They had no clear-cut market segmentation policy to target the specific customer needs. The initial step towards the adoption of marketing approach seen in the LIC was through decentralization of its operations up to the branch level. This shift in approach envisaged to change the organization from a sales organization to a marketing organization.

Literature Review

Chari, S., Balabanis, G., Robson, M. J., & Slater, S. (2016). Suggested on the basis of intended marketing strategy plans, firms design administrative systems to support strategy implementation. In increasingly turbulent business environments—characterized by complexity, scarce resources, and escalating competitive opportunities and threats—firms are forced to alter intended and realize emergent strategies more frequently than ever before. The eventualities of realized marketing strategies may lead to misalignments between the strategy and the existing administrative system designed to support it. To examine performance implications of such misalignments we use Slater and Olson's (2001) taxonomy of marketing strategies. We distinguish between intended and realized plans and we propose an administrative system framework of structural (i.e., centralization, formalization, and specialization) and dynamic (i.e., interdepartmental connectedness and strategic control mechanisms) parameters for the effective implementation of realized strategies. We propose three-way interactions between realized marketing strategies and the dynamic parameters of the system. Research hypotheses on performance implications and responses from 215 marketing executives show performance differences across strategy types and (mis)alignments of the administrative system. Our findings confirm three-way interactions among strategy types, interdepartmental connectedness, and control mechanisms for all realized strategy types.

Agarwal (2004) in his article briefly discusses the various channels of distribution and new avenues being explored by the new players in the insurance sector. He opines that a customer may have expectations like value added services, development of new products, technology insurance, solvency, financial security, quality trained staff etc. Though customer satisfaction may be provided by maintaining high professional standards and rationalized procedures etc., yet it requires a new paradigms. In short, customer care is an approach of non-stop caring where only those companies will survive, which can respond to the customers' needs faster and better than others.

Mishra and Simita Mishra (2000) brings the position of insurance compared with European countries, where life insurance accounts for 58% of global direct premium and non-life 42% during the year 1997. The study states that the need for insurance arises when economic activity increases, family becomes nuclear, kins gets geographically dispersed and individual become more dependent on employment. The author analyses the top ten largest insurance markets and how they are ranked by revenue in the year 1998.

Rao-Nicholson, R., & Khan, Z. (2016) explains the he recent increase in the presence of emerging-market firms (EMFs) in global markets requires a closer examination of their international marketing strategies (including branding). This paper examines the factors behind the standardization or adaptation of global marketing strategies adopted by EMFs for their cross-border acquisitions. Methodology/Approach: This paper examines the determinants of the marketing strategies adopted by Indian and Chinese firms for their cross-border acquisitions. The drivers of the standardization/adaptation of marketing strategies (including branding) are identified using both quantitative data collected in 168 cross-border acquisitions conducted by the EMFs mentioned above and the institutional theory and organizational identity literature. Findings: Institutional factors have a stronger effect than organizational identities on global marketing strategies, including branding. The standardization of the EMFs' marketing strategies is driven by the private statuses of the acquirers, legal distances, target countries' 2 economic development, and the ethnic ties that exist between the home and host countries. The acquirers' decisions to retain the targets' brand identities, thus adapting their global marketing strategies, is related to the cultural distances, economic freedom distances and sizes of the targets. Research limitations/implications: In this study, two large emerging markets—India and China—are used to gather the empirical data; future works can expand upon this line of research and examine other EMFs. Practical Implications: The acquiring companies have to decide whether to adopt an adaption marketing strategy, with reference to the acquired targets' local stakeholder requirements, or to incorporate their targets' brands into their own global marketing strategies. Originality/ Value: Typically, previous work on the adaptation versus standardization of global marketing strategies adopted in the wake of cross-border deals has focused on acquisitions involving companies from developed countries; this paper extends the field of research to the EMFs of two of the most important developing countries: China and India.

Industry Overview

The origin of Life Insurance is as old as the history of human civilization. F.J Maclean, in his book,' Human side of Insurance', states that the Sanskrit term in Rig Veda 'Yogakshema', meaning well-being, refers to a sort of social welfare insurance; the ancient Aryans seem to have developed such a concept around 1000BC. This view is further strengthened by Edwin W. Kopf in his treatise – 'Origin, Development and Practices of Livestock Insurance'. In this work, he credits India with being the mother of insurance practices, and opines that insurance has had its development in India and after that it was spread to ancient Babylon. He refers to the Bridari system of India as the most ancient institution formed for mutual help of the members during the contingencies of daily life. He reinforces his views by referring to the Ramayana, the Mahabharata and other ancient scriptures of the Hindus dating many years before the birth of Christ. It also finds mention in the writings of Manu (Manusmrithi), Yagnavalkya (Dharmasastra) and Kautilya (Arthasastra).

In nascent years, life insurance contracts were more like general insurance contracts. The insurance policies were issued for a period of one year and, on expiry of the term, the contracts would be renewed if the assured survived the term. In the earlier days, life insurance contracts were entered into, mainly to repay the financial liabilities that arose out of trading, particularly during overseas trade. Many policies were taken out by the merchant navy employees to repay debts in the event of any death due to the ship being captured by the Corsairs mainly at the Barbary Coast. As in the case of marine insurance, life insurance contracts were also registered at the Chamber of Assurances at the Royal Exchange, London. The earliest available record of a

Life insurance policy is on the life of one William Gybbons, a citizen and Salter of London, effected on 18 June 1583. The policy was procured by Richard Martin, a citizen and alderman of London and it was underwritten by 16 individuals. This policy is popularly believed to be the first life policy ever issued. It can be said with certainty that it is the first known case taken to the court of law for settlement. Life insurance in its modern form came into practice in 1762 A.D. with the establishment of the revised form of 'Tonties' (named after Lorenzo Tonti who coined the basic structure of life insurance and also known as the father of Modern Life Insurance)- the Society for equitable Assurance on Lives and Survivorships in London.

Life Insurance Corporation of India or simply known as LIC is an Indian company that deals in insurance and investments. This largest company of insurance is an Indian state owned company and has its headquarters in Mumbai, India. Life Insurance Corporation was established in the year 1956 after the Indian parliament passed an act to nationalize the industry of private insurance. Nearly two hundred and forty five companies of insurance were merged in order to create this company LIC. Since that time until the year 2000, the sector of insurance has been under the monopoly of LIC. The main objective of nationalization of LIC- Life Insurance was to remove the risk of loss and to provide the policyholder the protection in terms of money. A suitable pricing policy is a very important factor in the successful running of an insurance company as it is the pricing policy that affects the sales volume of a company. Price is actually the valuation that is offered for the product by the offerer. For any LIC- Life Insurance policy, the policyholder has to pay a premium that is paid either annually, half-yearly, quarterly or in some cases monthly. The management takes the decision of fixing the premium of every policy relating to a particular period.

A complete market analysis is done and information about various facts are collected like how much money can an individual afford for a particular scheme, and what is the economic and financial condition of the market at that particular time. This data helps in making the fair and reasonable pricing policies. The management also makes pricing decisions about the premium mode, premium level, investment return, loan interest and the commissions. If you compare LIC products with other insurance products, then you will find that LIC is very much a value for money product. With its excellent brand value, and service quality, a customer can get full value as per the price paid for an LIC product. The promotional strategy of LIC- Life Insurance is very simple and straightforward. Its main aim is to inform the consumers about its various policies and about its brand. In order to fulfill this it has taken steps like personal selling, exhibitions, demonstrations at events, advertising and new schemes. Bags, diaries calendars are distributed as gifts and incentives to the policyholders. Advertisements are shown on televisions, newspapers, billboards as promotional activities.

A mobile van for publicity roams across the rural areas creating awareness about the company. LIC- Life Insurance has its own website and webpage where all the detailed information about every possible query is supplied to satisfy the consumers. The majority of advertising is driven towards insurance which can be purchased by the common man so as to increase the reach of the company and at the same time, the sale of the product. Thus, product introduction and product retention in the mind of the customers is the major objective of promotions by Life Insurance Corporation.

Research Gap

Author Name	**Gap Identified**
Edward K. Strong Jr (1922)	"The Psychology of Selling Life Insurance", illustrate the psychological principles underlying selling in as non-technical manner as possible, which are directly applied to selling.
Mikael Gidhagen (1998)	"Insurance Marketing Services and Relationships", examines the importance of relationship management in the insurance business, particularly in terms of the relationship between insurance companies and corporate customers. In the report he tries to develop a conceptual framework from a relationship perspective for the study of insurance services marketing.
Gupta, P.K. (2000)	"Exploring Rural markets for Private Life Insurance Players in India", highlights that insurance products are to be designed keeping the rural complexion in mind, supplemented with systematized and intensified advertising efforts, awareness programmes, association of ethnical and cultural components of product promotion, to gain competitive advantage. He identifies that the key to success in rural areas are accessibility, reasonably priced products, and effective communication and aftersales services.

Statement of the problem

In Present Scenario due to globalization in the Insurance Industry in India Foreign Insurance companies came to India and monopoly of Life Insurance of India is threatened. However, LIC was able to withstand competition and remain brand leader. Insurance Industry has started adopting various marketing strategies to capture the market, hence these arises the need arises to study the marketing strategies of major players. Here the researchers aim to analyze the Life Insurance Industry marketing strategies.

Research Objectives

- To know the various marketing strategies adopted by LIC in India.
- To study the marketing services model for integrating internal and external marketing functions LIC in India.
- To study the problems associated with marketing services model for integrating internal and external marketing functions LIC in India.
- To make suggestions and recommendations to improve upon the working of the LIC.

Research Methodology

In the previous chapter, the methodology followed in this research study has been explained in detail. The data analysis is the process of editing and reducing accumulated data to a manageable size, developing summaries, looking for patterns, and applying statistical techniques. Scaled responses on questionnaires and experimental instruments often require the analyst to derive various functions, as well as to explore relationships among variables. Further, researcher must interpret these findings in light of the client's research question or determine if the results are consistent with their hypotheses and theories.

As per the procedure which has already been explained, the data gathered from the LIC policy holders in Sivangangai District, Tamilnadu have been subjected to various types of analysis by employing the appropriate statistical tools to obtain the required result for interpretation. There could not be interpretation unless sufficient evidence gathered in respect of a subject. The data analysis keeps in this process by supplying suitable and required results with statistical confirmation for right and suitable interpretation.

Pilot Study

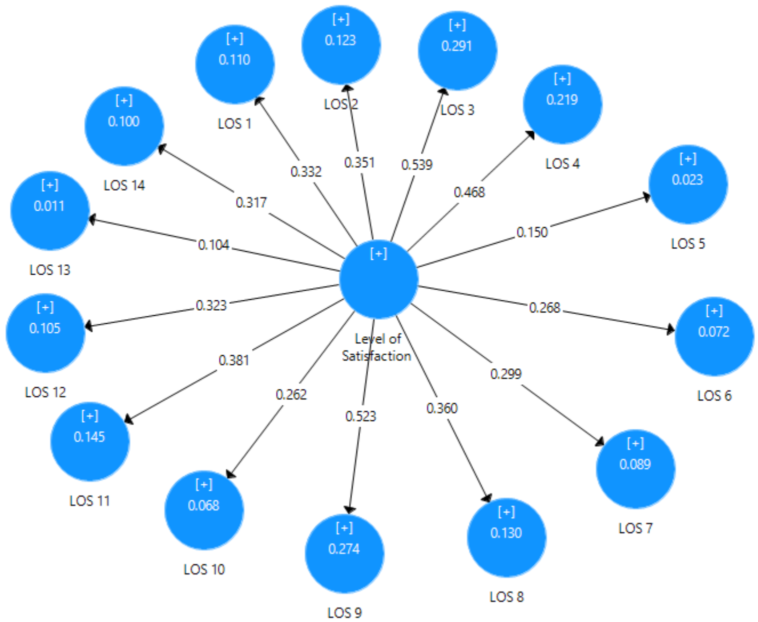
Pilot testing of the questionnaire was done with marketing services as an internal and external marketing factor for (LIC) Life Insurance Corporation, Tamilnadu. After conducting the pilot study the following changes were made to make the questionnaire more understandable and purposeful. The alpha values for collected from the first 30 respondents after making changes are more than 0.6 which means the statements used to measure the variables are reliable. This implies that there is no further change warranted and there is no early response bias.

Table 1: Measurement Model for Level of Satisfaction on Marketing Services as an Internal and External Marketing Factor for (LIC) Life Insurance Corporation, Tamilnadu

Code	Items	Results of Measurement Model (Confirmatory factor Analysis)				Result of Reliability Test	
		Standard Solutions	T - value	Error Variance	R^2	Detla (Error)	AVE
LOS1	Banking and Alternative Channel wise New Business	0.412	7.47	0.105	0.1697	0.83025	0.51
LOS2	Direct Marketing Channel wise New Business	0.509	7.413	0.026	0.2590	0.74091	
LOS3	Micro Insurance New Business	0.761	7.009	0.029	0.5791	0.420879	
LOS4	Price	0.631	7.291	0.052	0.3981	0.60183	
LOS5	Place	0.758	7.018	0.035	0.5745	0.42543	
LOS6	Promotion	0.619	7.306	0.076	0.3831	0.61683	
LOS7	Personal Evidence	0.526	7.4	0.089	0.2766	0.72332	
LOS8	Customer Service	-0.252	7.523	0.073	0.0635	0.93649	
LOS9	Customer Relations	-0.013	7.55	0.054	0.0001	0.99983	
LOS10	Segmentation of customers	-0.041	7.549	0.105	0.0016	0.99831	
LOS11	Policy positioning	0.653	7.258	0.077	0.4264	0.57359	
LOS12	Targeting of customers	0.758	7.018	0.035	0.5745	0.42543	
LOS13	Advertisement	0.412	7.47	0.105	0.1697	0.83025	
LOS14	Agents	0.631	7.291	0.052	0.3981	0.60183	

The measurement model displays the value of normed Chi square 2.180, GFI as 0.86, AGFI as 0.82, CFI as 0.89 and RMSEA as 0.076. These results reveal that all the pre-requisites for the acceptance of the measurement model are well met. After establishing the individual item reliability of the model, the validity of the model is next tested. The results are presented in the above table.

Figure 1: Measurement Model for Level of Satisfaction on Marketing Services as an Internal and External Marketing Factor for (LIC) Life Insurance Corporation, Tamilnadu



The individual reliability of the items is evaluated using factor loadings, factor loadings above 0.5 is acceptance. In the above table all the factor loadings are above the recommended value it shows the statements are related to the constructs. The internal consistency of all the items is ensured through construct reliability which evaluates the rigorousness with which the latent item is measured by the observable item. The AVE value should not be less than 0.5 to ensure convergent validity of the model.

Results and Discussions

Table 2: Frequency Distribution Respondents According To Stratified Age Groups

Sl. No.	Age in Years	Frequency	Percentage
1	18-25	--	--
2	26-33	206	39.6
3	34-41	67	12.9
4	42-50	9	1.7
5	Above 50	238	45.8
	Total	**520**	**100.00**

Source: Primary Data

It was verified from Table 2 that only the four age groups of respondents have been responded, because, the study was mainly considered the LIC policy holders in Sivangangai District, Tamilnadu. Therefore, LIC policy holders in Sivangangai District, Tamilnadu in the age group of 18-25 may be scarcely available. Out of the 520 respondents, 206 (39.6) were in the age group of 26-33 years, 67 (12.9) were under the age group of 34-41 years, 9 were in the age group of 42-50 years and 238 were above the age of 50 years. . The frequency distribution of new policy introduced has been given in table 3.

Table 3: Frequency Distribution of Respondents According to their new Policy Introduced

Sl. No.	New policy introduced	Frequency	Percentage
1	LIC'S New Endowment Plan	101	19.4
2	LIC'S New Jeevan Anand	120	23.1
3	LIC's New Bima Bachat	135	25.9
4	LIC's Single Prem Endowment Plan	92	17.7
5	LIC's New Money Back Plan (20 Years)	51	9.8
6	LIC's New Money Back Plan (25 Years)	21	4.0
	Total	**520**	**100**

Source: Primary Data

According to the Table 3 above, there were 101 (19.4) respondents are preferring LIC's New Endowment Plan. Most of them 135 (25.9) might have been preferring LIC's New Bima Bachat , 120 (23.1) were preferring LIC'S New Jeevan Anand and 92 (17.7) were preferring to invest on LIC's Single Prem Endowment Plan. From this figures it could be determined most of them have preferred to invest LIC's New Bima Bachat Plan.

General Level of Satisfaction - As Perceived By Profile Factor "Monthly Gross Salary"

The data in respect of the perceptions of the four monthly gross salaries of respondents were fitted to the One Way ANOVA test to evaluate the association of the 'Level of Satisfaction' with the marketing services expected by LIC policy holders in Sivangangai District, Tamilnadu. The result of the test has been presented in Table 4.

Table 4: Association of Level of Satisfaction as Perceived by Different Monthly Gross Salary of Respondents

Sl. No.	Level of Satisfaction	Mean Scores -Monthly Gross Salary in Rupees				"F" Ratio	"F" Probability
		Up to 25000	26000-50000	51000-75000	76000 & Above		
1	Banking and Alternative Channel wise New Business	2.3284	2.3140	2.5816	2.2788	2.7296*	0.0436
2	Direct Marketing Channel wise New Business	1.6716	1.7209	1.6099	1.6814	1.1169	0.3417
3	Micro Insurance New Business	2.3582	2.2674	2.3972	2.5885	3.9083*	0.0089
4	Price	2.0746	2.5233	2.3972	2.3850	3.2892*	0.0205
5	Place	2.1194	2.7907	1.9929	1.9204	14.7812*	0.0000
6	Promotion	2.6269	3.0465	3.0780	2.1460	21.7762*	0.0000
7	Personal Evidence	3.3284	3.2558	3.3830	3.3186	0.2982	0.8267
8	Customer Service	3.5821	3.9884	3.3546	4.0177	16.8560*	0.0000
9	Customer Relations	3.3731	3.7791	3.5106	3.9336	10.5371*	0.0000
10	Segmentation of customers	3.2836	3.9186	3.5390	4.0664	14.4820*	0.0000
11	Policy positioning	2.8209	3.6744	2.9504	3.5177	14.2644*	0.0000
12	Targeting of customers	2.5373	3.2442	2.8014	3.1195	6.5249*	0.0002
13	Advertisement	3.8209	3.7442	3.7943	3.8673	0.3417	0.7952
14	Agents	3.4925	3.7326	3.3546	4.0177	15.4318*	0.0000

*Significant at 5 percent level. **Source:** Primary Data

It was verified from Table 4 that the four Monthly Gross Salary of respondents have perceived the fourteen variables related to the Level of Satisfaction; the following functions of insurance at 5 percent level of significance, such as banking and alternative channel wise new business, micro insurance new business, price, place, promotion, customer service, customer relations, segmentation of customers, policy positioning, targeting of customers and agents. However, considering the mean score given by the respondents, the eleven variables related to Level of Satisfaction were considered as important.

Findings and Implications

- Productivity refers to the way in which the inputs of the service are translated in to outputs that are valued by the customers. In financial services where economies of scale are considered to be critical in driving down costs (not necessarily prices), efficient production has to be central. It is also essential to maintaining quality, without which customers will switch to competitors who offer better quality
- This refers to means through which the service is created and consumed (or even co-produced). The more easy and friendly process will be, the higher the demand will be of the product in the financial services market. The consumer plays a significant role in the process or creation of the financial services.
- The product element in the financial services is of the outmost importance, since the customer is initially attracted to the product only. The benefits of the financial services must be of value to the customer.
- It refers to the marketing strategies which help in promoting the financial services in the market. Promotion in financial services may spell out the advantages of a particular service provider over its rivals, as the sector is highly competitive and differentiation between products and providers is difficult to establish.
- The price is an important aspect of the marketing of financial services in the competitive market. Every customer wants to pay less and buy more. The customers pay for their financial services either directly or indirectly, although pricing is highly competitive.

Conclusions

It can be said that LIC did a commendable job by bringing about changes in its marketing strategy. LIC tried its level best to cope with the marketing initiatives of the private insurance companies. The market share which the private companies were taking away from LIC was an eye opener for LIC who was once enjoying monopoly position in the market. The private companies were taking away the market share by bringing new and innovative products to suit the needs of customers, building a strong distribution network, strong advertisement and finding new markets for their products. LIC which was moving on traditional pattern revitalized itself to regain its market share and image and came up with new marketing and sales promotion techniques. These changes proved to be fruitful for LIC.

Limitations of the Study

- Main limitation to the study was the time available to conduct it, which affected the processing and analyzing of the data.
- Sufficient number of respondents from all the LIC service could not be included.

- It is difficult to know if all the respondents gave accurate information; some respondents tend to give misleading information.

References

Agrwal V.K. "Insured expectations in a liberalised Insurance Market" Chartered Secretary Aug 2004 pp 238-240.

Bajpai, G.N. (2006). Insurance Industry- India's Quest for Cover, Bima Vidya, Vol 11, No.3, March, pp.4-11.

Chari, S., Balabanis, G., Robson, M. J., & Slater, S. (2016). Alignments and misalignments of realized marketing strategies with administrative systems: Performance implications. *Industrial Marketing Management*.

David, Chandrasekaran. (2009). Marketing of Life Insurance- Have Things Really Changed? , IRDA Journal, pp.18-24.

Hari, Govind. Mishra. (2010). Marketing Management Techniques of Life Insurance Corporation of India, Jaipur, RBSA Publishers.

IRDA Handbook of Statistics on Indian Insurance 2007-2008 to 2011- 2012.

Krishnaveni, M. (2005). Issues and Challenges of Indian Insurance Industry, The Management Accountant, December, pp.936-938.

Mishra K.C & Simita Mishra "Global Insurance market structure" The Management Accountant Vol.35 No.l Jan 2000 pp 51-54.

Ramakrishna, Rao, T.S. (2007). The Indian Insurance Industry- The Road Ahead, Journal of Insurance Chronicle, Vol III, Issue-I, p.31.

Rao-Nicholson, R., & Khan, Z. (2016). Standardization versus adaptation of global marketing strategies in emerging market cross-border acquisitions.*International Marketing Review*.

Srinivasan, K.B. (2001). New Marketing Strategies in a Competitive Scenario, The Journal of Insurance Institute of India, Vol XXVII, JulyDecember, pp.53-61.

Srinivasan, R. (2008). Services Marketing- The Indian Context, Prentice Hall Of India Pvt Ltd., New Delhi, pp.1-17.

Vijayakumar, A. (2009). Indian Insurance Sector in 21st Century: An Outlook, Delhi, Kalpaz Publications.