

A Study of Impact of E-CRM Implementation in Insurance Sector of Indore (M.P.)

Virshree Tungare

Asst. Professor
S.J.H.S. Gujarati Innovative College, Indore (M.P.) India
tungarevirshree@gmail.com

Dr. Ashok Jhawar

Associate Professor
Institute of Business Management & Research, IPS Academy, Indore (M.P.) India
ashokjhawar@gmail.com

ABSTRACT

This paper has focused on an important perception which has dominated the business world in recent years known as Electronic Customer Relationship Management (E-CRM) and its implementation. Electronic Customer Relationship Management (CRM) is the new competitive weapon for organizations. Many organizations are focusing on conquer the minds of customers, to make them loyal brand followers, as well as satisfying their individual needs with the help of sophisticated IT based systems, in the era of globalization.

Recent trends followed by a great IT implementation, each organization are looking to gain the largest customer base to promote their products and achieve maximum targets. The ultimate goal of CRM in insurance sector is to provide a comprehensive suite of software applications that enable them to increase productivity and customers satisfaction by synchronizing and coordinating the customer interactions across all touch points including internet, customer contact centre's, field organization and distribution channels.

The objective of this article is to examine organizational factor, strategic factor and cultural factors implemented by insurance sector to make a successful voyage between CRM and IT approach. The research, conducted at well-known insurance companies situated in Indore, Madhya Pradesh.

Keywords: Customer Relationship Management, Information technology.

INTRODUCTION

Relationship is the essence of life. It is not easy to think any society or organization to survive without relationship for its prosperity. This is the invisible link, which make a unique bond between the customer and organizations. Organizations understand the importance of the vital role played by relationships in achieving and maintaining the position in market place. Earlier researcher had suggested that the purpose of any business is to create customers, which gives an opportunity to the organization to serve them. From last decade researchers were talking more and more about an era of focusing on customer retention (Sheth, 2002).

CRM has its roots in all business philosophies which recognizes that all business activities must revolve around customers.

In fact, it determined that customer retention is the key to increase profit, and continued by stating that quality customer support is one of the primary determinants of reliability. Customer Relationship Management is, however, even broader in scope than improving customer service only, CRM is also about to increase the revenue, cost cutting and better implementation of customer perception about organization. In previous year's businesses were clamber to implement costly Enterprise Resource Planning solutions (ERP), which mainly works on the bottom line, reducing costs by improving the flow of data and interaction between the business and consumer. These changes were lead to the development of E-CRM

Electronic Customer Relationship Management does not basically differ from CRM. Development of information and communication technology has increase the scope of E-CRM implementation in business organizations, which leads to the rising of E-CRM concept.

By integrate customer-related processes through the internet; eCRM helps to improve customer acquisition, customer development and customer retention. E-mail and automated response considered as one of the important E-CRM tools. E-mail being the dominant way of communication between the company and the customer, it is an important part for maintaining customer relationships. In fact, another reason for the increasing popularity of E-CRM is the proliferation of marketing and communications channels that target customer retention (Mitussis & O'Malley, 2004; Sheth, 2002; Zikmund, McLeod, & Gilbert, 2002).

CONCEPTUAL FRAMEWORK

The need to focus on the customer has involved much investment in information technologies (IT), and so the first large firms to install IT systems have benefited from an enormous competitive advantage.

The objective of this article is to examine organizational factor, strategic factor and cultural factors implemented by insurance sector to make a successful integration between E-CRM to an IT approach. The research, conducted at well-known insurance companies situated in Indore, Madhya Pradesh.

LITERATURE REVIEW

It was claimed that CRM generally fall into categories of features such as cost saving, revenue enhancement, strategic impact and having the benefits of improving level of customer satisfaction, increasing margins and decreasing marketing administrative costs. (Burnett K., 2001)

CRM implementation helps organization in many ways; such as it will focus the sales force on increasing organizational revenues through better information and better incentives to drive top line growth. (Bayon T., 2002)

The last three decades have seen a number of reports and research work in the area of customer satisfaction (E.g. Bolton, 1995; Perkins, 2001; Wilkie, 2001; Klee and Thureau, 2007).

The growing importance of customer satisfaction, customer retention, changes in market demand, and competitive intensity has led to a paradigm shift from transactional marketing to relationship marketing (Payne, 2009; Sheth and Parvatiyar, 1994). Many researchers argue that CRM has a significant impact on customer insight, satisfaction, customer retention and loyalty e.g. (Ghavami & Olyaei, 2006), (Lee-Kelley, Gilbert, & Mannicom, 2003), (Samanta, 2010) etc.

When technology is embedded in CRM, it may play a supporting role, a direct role, a coordination role and a role in restoring customer confidence especially when it is combined with training and other organizational changes (Evangelia, 2006; Sweat and Hibbard, 1999).

Kumar and Reinartz (2006) explained that Electronic Customer Relationship Management (CRM) deals with applying database marketing techniques at the customer level to develop strong company-to-customer relationship. CRM involves identifying different types of customers and developing specific strategies for interacting with each customer. Examples of such strategies are developing better relationships with profitable customers, locating and enticing with new customers that will be profitable and finding appropriate strategies for unprofitable customers.

Electronic CRM can create value for business organizations in different ways [Adebanjo, D.,2003]. eCRM reduces costs relating to contacting customers as well as it transfers some responsibility to the customer, which reduces administrative and operational costs for the business, therefore adding value to the business.

Furey (1991) found out that information technology (IT) practices could help enhance customer service by increasing convenience, collecting service performance information for management use, and offering extra services. Several competitive roles of IT in services, including creation of barriers to entry, productivity enhancement, and revenue generation have been explored (Fitzsimmons and Fitzsimmons, 1997).

E-commerce and the internet are increasingly becoming one of the most important drivers of strategic change for business and national governments. A body of research specifically focused on the use of IT in the insurance industry shows that the adoption is positively related to increases in productivity (Harris and Katz, 2001).

Insurance market is a vitally important economic institution where mutual beneficial exchange between consumers and insurance companies is carried out. The information intensive nature of the insurance sector affects all the activities of the value chain (from risk evaluation to claim management), which are based on the ability to process information efficiently. For this reason, investments in IT, which represent almost all investments in technical capital, affect productivity more than in other sectors (Matassa et al., 2003).

Furthermore, contacts between the insurance company and its customers are rare because the contracts are by nature long-term and promissory. So far, insurance companies only offer value-added services to support their customers in the moment of truth, that is, after a loss. As a consequence, customers have a second thought, whether the buying decision was right while nothing happens' (Bodendorf and Schobert, 2007).

RESEARCH OBJECTIVE

The objective of this article is to examine organizational factor, strategic factor and cultural factors implemented by insurance sector to make a successful voyage between to an IT approach. The research, conducted at well-known insurance companies situated in Indore, Madhya Pradesh.

OBJECTIVES OF THE STUDY

The purpose of this study is to explore the impact of implementation of electronic customer relationship management in well-known insurance companies situated in Indore, Madhya Pradesh. In order to reach our studies, the following research questions are stated:

1. To find the impact of E-CRM implementation on organizational factor
2. To find the impact of E-CRM implementation on strategic factor.
3. To find the impact of E-CRM implementation on cultural factor.

RESEARCH METHODOLOGY

The data used in this study were collected through a survey (Questionnaire) in various insurance companies in INDORE . The study is done questionnaire distribution method.

The Sample Unit: All existing employees of various Life Insurance Companies in INDORE.

Sampling: Sampling technique selected for this research is random sampling.

Sample Size: For this research researcher took 100 employees (meant for IT manager, marketing manager, Field Officers and front desk officer) of various life insurance companies of Indore region.

Data Collection: Questionnaire distribution method. The questionnaires including covering letter, were personally distributed to the staff of various insurance companies situated in Indore, Madhya Pradesh.

RESEARCH QUESTIONS (HYPOTHESIS)

Research is the process of systematic and in depth study or Research for only particular topic, subjective or area of examination, backed by the collection, presentation, and interpretation of the relevant details or data. There cannot be any Research which does not increase Knowledge or improve Knowledge. This section deals with the Development of Hypothesis and Research Methodology adopted to carry out for the study in it researcher took E-CRM as independent Variable and dependent variables such as organizational factor, strategic factor and culture factor.

Null Hypothesis for the research is:

Ho: Implementation of E-CRM has positive impact on organizational factor.

Ho: Implementation of E-CRM has positive impact on strategic factor.

Ho: Implementation of E-CRM has positive impact on cultural factor.

These research objectives were studied through Questionnaire distribution to the employees of the various companies.

DATA ANALYSIS

The Statistical Package for the Social Science, (SPSS) was used for data entry as well as for examining the data Descriptive Statics were used to summarize respondents characteristic including demographic information such as gender, age, range, monthly income, experience and education. Furthermore, inferential statistics were used to test Hypotheses to determine the relationship between variables. In particular Karl Parsons correlation was used to verify the association of interval level to the construct. The Cranach coefficient alpha was used for reliability test the Variable Analysis Tool an Analysis of Variance

Table 1
Description of personal factors and functional respondents

Frequency distribution Table			
Factors	Particulars	Frequency	Percent
Gender	Male	58	61.05
	Female	37	38.95
	Total	95	100.00
Age	Less than 25	13	13.68
	25 - 45	47	49.47
	45- 60	32	33.68
	Grater then 45	3	3.16
	Total	95	100.00
Designation	Front line executive	25	26.32
	Branch manager	14	14.74
	IT Manager	39	41.05
	Clerical staff	17	17.89
	Total	95	100.00
Experience	less than 5	9	9.47
	5 -15	51	53.68
	15-20	32	33.68
	more than 20	3	3.16
	Total	95	100

Table No.1 Shows a description of personal and demographic factors of the sample individuals

Gender: it is shown that 61.05 % of the sample is male, and 38.95% is female.

Age range: it is shown that 49.47% of the sample are from age of 25 to 45 years and 33.683 % between 45-60 years, 13.68 % are less than 25 years, 3.16 % are greater than 45 years.

Designation : it is shown that 41.05 % respondents were IT managers, 26.32 respondents were front line executive, 14.74 % respondents were branch manager and 17.89 % were from clerical staff.

Experience: The Table shows that 53.68% respondents had experience between 5-10 years , 33.68 % were fall in 15-20 years of experience, 9.47 were less than 5 years and 3.16% more than 20 years .

Stability of the Measure:

The stability of the measure was tested using Cronbach's alpha coefficient, alpha value for each factor is as follows:

Alpha value related to items of organizational factor equals to 0.73.

Alpha value related to items of strategic factor equals to 0.87.

Alpha value related to items of cultural factor equals to 0.81.

Alpha value related to all items equals to 0.81.

All these values are greater than 0.60 which means that the measure is stable.

Hypothesis testing

First Hypothesis:

H₀ : Implementation of E-CRM has positive impact on organizational factor.

H₁ : Implementation of E-CRM has negative impact on organizational factor

Table 2

Organizational Factor					
Item NO.	Item detail	Mean	Std. Deviation	T Value	P- Value
1	My company use specialized Electronic Customer Relationship Management (E-CRM) software to manage customer	4.558	0.499	8.631	0.00
2	Your company use specialized Customer Relationship Management (E-CRM) Software to improve its ability to manage customers.	4.557	0.499	8.631	0.00
3	Company's staffs discuss with each other while interacting with customers	3.726	0.535	23.213	0.00
4	Do you follow a formal appraisal system to measure employee performance in customer service?	3.716	0.453	27.605	0.00
5	Staffs have good working relationship with each other.	3.590	0.495	27.800	0.00
6	We have clear instruction on how to handle customer complaints.	3.790	0.503	23.453	0.00
7	Staffs are satisfied with the way they are trained by the company.	3.516	0.502	28.794	0.00
8	Our computer system plays on important role in managing customer information.	4.210	0.503	15.296	0.00
9	Trained staff for good E-customer relationship is essential to Company.	4.368	0.684	8.987	0.00
10	We have a written rule for everything.	3.621	0.568	23.650	0.00
11	Your staff shares professional information with each other.	1.526	0.501	67.451	0.00
	All Grouped item	3.74	0.40	42.41	0.00

Table 2 shows that all the items have an Arithmetic Means greater than 3.00 except item 11 , which means that they are statistically significant; Item (1,2) which measures how much the computer system plays on important role in managing customer information and ability to manage customer, ranked the first and second with a mean of 4.56. Item (9), which measures trained staff for good E-customer relationship is essential to

Company, was in the second rank with a mean of 4.36. The Item (8), which measures how much our computer system plays an important role in managing customer information, ranked last in the items with a mean of 4.15.

Test of first Hypothesis: The Table shows that all grouped items have a mean of 3.74, and 0.00 p-values, which means that null hypothesis is accepted. This means E-CRM has positive impact on organizational factor.

Second Hypothesis:

H_0 : Implementation of E-CRM has positive impact on strategic factor.

H_1 : Implementation of E-CRM has negative impact on strategic factor.

Table 3

Strategic Factor					
Item NO.	Item detail	Mean	Std. Deviation	T Value	P -Value
12	We make use of information collected from customers in developing new Products/services.	4.505	0.502	9.59	0.00
13	We works towards improvement of the company's relationships with its customers.	3.842	0.748	15.08	0.00
14	We document details, which aim to improve relationship with customers.	3.178	0.811	21.86	0.00
15	We have a good understanding of the concept of Electronic Customer Relationship Management (E-CRM)	4.031	0.659	14.30	0.00
16	My company has a clear strategy on how to improve relationship with customers.	3.642	0.481	27.46	0.00
17	My company has established its operational process based on customer needs.	3.536	0.501	28.44	0.00
18	Good relationship with customer will help the company to retain customer.	4.442	0.499	10.89	0.00
19	Good relationship with customer will help the company to increase their market share.	4.484	0.502	10.00	0.00
20	Good relationship with customer will help the company to Targeting and marketing.	3.494	0.502	29.19	0.00
	All Grouped Item	3.83	0470	27.31	0.00

Table 3 shows that all the items have a arithmetic means greater than 3.00 which means that they are statistically significant, Item (19) which measures how much Good relationship with customer will help the company to increase their market share, ranked the first with a mean of 4.48. Item (18), which measures how much Good relationship with customer will help the company to retain customer, was in the second rank with a mean of 4.44. The Item (12) which measures how much we make use of information collected from customers in developing new Products/services, ranked last in the items with a mean of 4.50.

Test of Second Hypothesis: The Table shows that all grouped items have a mean of 3.83, and 0.00 p-values, which means that this Hypothesis is accepted. This means E-CRM has positive impact on strategic factor.

Third Hypothesis:

H_0 : E-CRM has positive impact on cultural factor.

H_1 : E-CRM has negative impact on cultural factor.

Table 4

Cultural Factor					
Item NO.	Item detail	Mean	Std. Deviation	T Value	P -Value
21	Staff of your company has no direct interaction with customer	4.073	0.718	12.57	0.00
22	Staff is interested in keeping long-term relationship with customers	4.473	0.501	10.22	0.00
23	Networking is important to your company.	3.631	0.484	27.50	0.00
24	E-CRM plays an important role to serving my customers.	4.252	0.436	16.67	0.00
25	Our staff does not like to establish personal relationship with customers.	4.589	0.494	8.09	0.00
26	Problems are easier to resolve when customers are contacted by telephone or other online tool, rather than face-to-face.	3.442	0.499	30.41	0.00
	All Grouped Item	4.08	0.51	23.69	0.00

Table 4 shows that all the items have an arithmetic means greater than 3.00 which means that they are statistically significant. Item (25) which measures our staff does not like to establish personal relationship with customers, ranked the first with a mean of 4.58. Item (22), which measures Staff is interested in keeping long-term relationship with customers, was in the second rank with a mean of 4.47. The Item (24) which measures how much E-CRM plays an important role to serving my customers, ranked last in the items with a mean of 4.25.

Test of Third Hypothesis: The Table 4 shows that all grouped items have a mean of 4.08, and 0.00 p-value, which means that this Hypothesis is accepted. This means E-CRM has positive impact on cultural factor.

CONCLUSION

The market has become highly competitive and insurance companies are no exception to this, so to compete effectively in this tense competitive environment, companies should continuously trying to exceed the expectations of the customers in terms of the quality of service, features that are being offered to the customers, different schemes brand building steps, product offerings etc. This study focuses on studying the relationship between the consumers and staff of various insurance companies of Indore. Results of the study indicate that there exists a relationship between them, but it needs further growth.

E-CRM will be able to manage the huge database of customers and will facilitates the online customer interaction for the sake of quick access, better service, and delivering right offers at right time to the right customers. E-CRM implementation is also a cost effective and time saving activity, which will provide the long range solutions to the insurance players. It, integrates customer data from multiple channels, to increase sales force productivity (including agents), raising service standard, customer satisfaction, loyalty of customers. There are many advantages offered by E-CRM applications and because of this, there is a good impact of E-CRM systems in insurance industries of Indore (Madhya Pradesh).

REFERENCES

1. Sheth,N.J. 2002, The future of relationship marketing. Journal of Services Marketing,16(7),590-593.

2. Mitussis. D. & O'Malley, 2004 Mapping the rearrangement of CRM with relationship marketing. Nottingham Business School, working paper.
3. Zikmund, McLeod, & Gilbert, 2002 Customer relationship management : Integrating marketing strategy and information technology New York : John valley and sons.
4. Burnett K., (2001), hand book of key customer relationship management, New Jersey: prentice hall
5. Bayon T., Customer equity marketing, International management journal, 20, 213-224 (2002).
6. Bolton, 1995 (1995), Relationship Marketing of Services- Growing interest, Emerging Perspectives, Journal of the Academy of Marketing Sciences, pp. 236-245
7. Perkins, 2001; Wilkie, 2001, Customer relationship management in financial services: towards information enabled relationship marketing, Journal of Strategic Marketing, Vol-9, pp.3-27
8. Hennig-Thurau, Thorsten (2001), "Relationship Quality and Customer Retention through Strategic Communication of Customer Skills," Journal of Marketing Management, 16 (1/3), 55-79.
9. Kevin P. Gwinner, and Dwayne D. Gremler (2001), "Why Customers Build Relationships with Companies—and Why Not," in Relationship Marketing: Gaining Competitive Advantage through Customer Satisfaction and Customer Retention, Thorsten HennigThurau and Ursula Hansen, eds. Berlin, Germany: Springer, 369-91.
10. Grönroos, C. (1994). From marketing mix to relationship marketing. Management Decision, 32(2), 4-20.
11. Payne, A. (2006). Handbook of CRM: Achieving excellence in customer management. Oxford: Elsevier, 2006.
12. Sheth, J. N; Parvatiyar, A. (2002). Evolving relationship marketing into a discipline. Journal of Relationship Marketing, 1(1), 3-16.
13. Evangelia B, Michalis M (2006) .Customer relationship management: A case study of a Greek Bank. J. Fin. Services Mark., 11(2): 116-124.
14. Sweat J, Hibbard J (1999). Customer disservice. Information Week, 21: 65–78.
15. V.Kumar and Reinartz (2006) "Customer Relationship Management'A Database Approach. NewYork John Valley Sons.
16. Bodendorf and Schobert, 2007 "Enhancing E-CRM in insurance industry by mobile e-service", International Journal of Electronic Customer Relationship Management Vol1 No.3 pp 269-278.
17. Feinberg, R. A., Kadam, R., Kokama, L. and Kim, I. 2002, The state of electronic customer relationship management in retailing, International Journal of Retail & Distribution Management, Vol. 30, No. 10, pp 470-481,.
18. Bayon T., Customer equity marketing, International management journal, 20, 213-224 (2002).
19. Adebajo, D., Classifying and selecting e-CRM applications: an analysis-based proposal, Management Decision, vol. 41, no. 6, pp. 570-577, 2003.
20. Michael Haenlein and Andreas M.Kaplan (2007), A Model to Determine Customer Lifetime Value in a Retail Banking Context, International Journal of Management Journal, Vol.25, Issue-3, pp.221-234.
21. www.expresscomputeronline.com/indiatrends/02.shtml (2012)
22. <http://business.mapsofIndia.com/Indiainsurancemarket.html> (2012)
23. http://en.wikipedia.org/wiki/insurance_in_india (2012)
24. www.economywatch.com/India_economy/India_insurance (2012)
25. <http://dilbert.iiml.ac.in/crm>, (2012)
26. www.crminfoline.com/crm-articles, (2012)