

A Review on Customer Relationship Management Theoretical Concepts

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Abstract – A key variable that will assume a separating role among the life insurance organizations will be the fruitful use and coordination of innovation in each circle of the industry's working. It is demonstrated that, when deliberately utilized, CRM innovation has assumed the role of an impetus across different enterprises and has started to change the very elements of the Indian Life Insurance industry. Any association, including life insurance, may get profited broadly with CRM in the event that it executes all the three kinds of CRM. A large number of the associations are starting with operational CRM and closure with the equivalent. On the off chance that the insurance organizations can actualize Analytical CRM and Collaborative CRM, they can have key preferred position over their adversaries. The edge lies in the method for investigating the possibility of CRM rehearses.

Keywords: Customer Relations Management, Insurance, Consumer Behavior

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INTRODUCTION

Customer relationship management is an old idea. It's everything about how you treat your customer after the deal. Businesses that handle well succeed referrals and rehash deals are the lifeblood of business. They are additionally an immediate consequence of effective customer relationship management.

Customer relationship management (CRM) is a training that puts the customer at the center of the condition. Throughout the years horde programming applications have jumped up to rearrange and streamline this process. In straightforward terms, CRM includes sorting out and tracking all contacts with imminent and existing customers and in a basic scenario, it includes:

- Recording all customer and communications subtleties in a composed way into a database
- Providing the tools to see chosen customer or prospect data in an ideal way
- Generating cautions for pending activities, for example, subsequent meet-ups, administration calls and marketing contacts

In an increasingly complex enormous undertaking scenario like life insurance companies, CRM can become a complicated exercise including:

- **Marketing:** Modules for Customer division, List management, Campaign management, Lead management, Loyalty management and other marketing tasks.
- **Sales:** Modules for Sales gauging, Sales execution management, Territory management, Commission management and other selling schedules.
- **Service:** Establishments and Maintenance, Customer administration and backing, Field administration management, Claims and other assistance management modules

CRM is a business theory dependent on upon singular customers and altered products and services upheld by open lines of communication and input from the taking an interest firms that commonly benefit both purchasing and selling organizations.

To put it plainly, CRM furnishes offering organizations with the stage to get a competitive preferred position by grasping customer needs and building value-driven long haul relationships.

CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

Customer Relationship Management (CRM) is one of the developing ideas in present day marketing. The starting point of CRM has it profound roots since 1956 through fragmenting the customers into

discrete gatherings. Despite the fact that the idea of CRM developed route back, it is just during the most recent fifteen years the idea of CRM had a significant bearing on the business (Nairn¹, 2002). The development of CRM idea is because of the relationship marketing center, specifically one-to-one marketing (Peppers and Rogers², 1993; Peppers³ et al., 1999) by the business firms and the market direction by the business firms, i.e., gathering, breaking down and scattering colossal quantum of customer information. These two significant centers helped in making of CRM technology. The purposes behind the quick growth of CRM can be attributed to the accompanying;

- a) Cutthroat competition among the business firms for the significant customers,
- b) Economies in holding customers and getting life-time value from them and
- c) Technological leaps forward

CRM: A Historical Perspective:

CRM is often considered as database marketing primarily linking marketing of the organization with the database of the customers. A few scholars have been thinking about it as an activity for customer retention. Numerous speculations and studies have been accentuating on the basis for keeping the customers. This requires an assortment of methods, particularly post-deal activities, to save the customer forever. This was accepted to be a system to keep the current customer glad so they stay with the organization and may, if conceivable, create positive referral for the company's products and services. It was accepted that use of IT can be an effective instrument to create one-to-one relationship that coordinates database with company's marketing procedure that may concentrate on utilizing the current customer base.

Shani and Chalasani (1992) characterize relationship marketing as "a coordinated exertion to distinguish, keep up and develop a network with singular shoppers and to consistently fortify the network for the common benefit of the two sides, through interactive, individualized and value-included contacts over an extensive stretch of time". Additionally, Jackson (1985) applies the individual account idea in modern markets and sees CRM as, "marketing-focused towards solid, enduring relationships with singular accounts".

Berry (1995) concentrated on growing nearer relationship with the newly pulled in customers. To transform them into faithful customer classification. required profound established key goal with respect to the, corporate. As per Berry, making new customers is one of the halfway strides in the process of marketing. He characterized relationship marketing as "drawing in, keeping up and - in multi-

administration organizations upgrading customer relationships". A significant component of CRM study is choosing the gainful customers. Companies need to comprehend who the gainful customers are and as needs be configuration marketing program according to the selective prerequisites of those customers.

Definition:

Coming up next is progressively comprehensive definition on Customer Relationship Management:

Philip Kotler et al (2008), "customer relationship management is the general process of building and keeping up productive customer relationships by conveying prevalent customer value and satisfaction. It manages all parts of securing, keeping and developing customers".

The above definition in a manner attempts to establish the framework of CRM alongside the objective for which it ought to be structured. The definition suggests:

1. CRM is a venture wide action, for example it isn't simply limited to the marketing division of the organization.
2. The objective of CRM IS acquisition, retention and joining forces with the customers.
3. There must be division of the customers for whom CRM is structured.

REVIEW OF LITERATURE

In her work on "A Comparative study of marketing practices of selected Life Insurance companies in the public and private sectors," Sharma Rajendra Prasad (2006) observed that the marketing strategies implemented by private insurance companies have been very creative. Private insurance companies are primarily digitally oriented and thus lead the way in implementing web and mobile marketing strategies.

In her research, Raj Kumari (2007) described the mindset of customers towards the purchase of insurance products and also their awareness of the banks' bank assurance formats. The study found that insurance awareness amongst the people is rapidly growing, although many of them still hesitate to insure because of some obstacles. Insurance is only used by people to avoid income tax and save money in future. The people who understand bankruptcy have no idea about Centurion Bank offering this facility, the new insurance term for this concept. The findings also revealed that the banking customer's association with accounts like deposits, loans etc.

In their paper, Chawla and Singh (2008) investigated the quality of service factors that affect policyholder customer satisfaction. The data were collected by means of a questionnaire from 210 policyholders from Northern India. The data were tested for factor analysis and reliability analysis. Results show that the usability metric is higher than the efficiency and security level satisfaction. The comparison of the overall average satisfaction based on different expected factors demonstrated that respondents who have previously purchased insurance policies had a higher average score compared to respondents taking insurance policy after privatization.

Cherethi, P., and Cherethi, R. R. (2009) The "Private Life Insurance Companies Services Expectations and Perceptions Study" reveals that the customers are well satisfied with expectations of some factors that react to the quality of service. But there is a significant difference in other factors, indicating that policyholders have encountered poor service levels as compared to their goals. If all Life insurance players concentrate on delivering services effectively, they can win the customer's heart and anticipate their increased market shares.

Gupta, P.K. Gupta. (2010) In his "Risk Management and Insurance" book, he attempted to analyze the functional areas of insurance business, design, product development, claims management, pricing, product marketing and insurance companies' financial operations. (2010) It also addresses the dimensions of risk exposure protection of insurance companies.

The qualitative development in life insurance industry during the last decade, both globally and in the Indian context is described by ShashidharanKutty (2010) in his article on "Indian life insurance–The Millennial Decade." In his empirical analysis he found that sales infrastructure was the dominant paradigm. In any scenario, development would naturally materialize and selling expertise would also be improved. As a business, life insurance is primarily based on trust, security, survival and long-term possibility.

As a consumer perspective on a company, Rajeswari and Kartheeswari (2011) argue that customer satisfaction satisfies their criteria and standards. The factors that influence client satisfaction include quality of service, personal factors, perception of equity and fairness, price, product quality, situation factors and service success or failure attributions. Nevertheless, policyholders who have bought insurance from Life Insurance Companies differ in their views and preferences from person to person. This research examines policyholders' expectations of the service provided by India's LIC and seeks to promote a better theoretical understanding and appreciation of service quality nuances and calculating their quality of life insurance.

The life insurance industry in Malaysia has expanded and is a significant capital market sector, Annamalah (2013). This research explores the different socioeconomic and cultural considerations correlated with life insurance decisions on the purchase of Malaysian married couples and their overall policy costs on life insurance. In this analysis, primary survey data have been used. The Logit model was developed to analyze decision making and total cost to married couples for life insurance policy. The methodological research results showed that the household head's income and education rates matches the explanatory variables for decisions on life insurance acquisition. In addition, the life insurance customer profile is designed to identify the person market and provide good understanding of demand for life insurance in Malaysia and would help to develop insurance policies.

In its published article entitled "Customer Focus," Lawrence W. Borgen (2001) focuses on the issue of insurers' inability to translate their client satisfaction pledges into reality. The study shows that a majority of insurers are not aware of what their customers actually want, and those who know that due to various organizational restrictions they are unable to deliver goods. For operational limitations, the corporate framework and how it works can be quoted. The article states that insurers must give up their functional structures and re-organize them into a 'customer-focused' structure and focus on customers.

The key role of Business Intelligence (BI) tools such as data-laying, OLAPs, and datamining in the insurance industry are described in Pawan Kumar and Saurabh Swarup (2001), in their White Paper on "Business Intelligence and Insurance: Application of Business Intelligence Tools such as Data Warehousing, OLAP and Data Mining." BI services provide the corporate clients with essential information that can link the client relationship of the insurer. This article addresses a number of BI and CRM issues. Many of them include the insurance value chain, CRM, distribution management. It suggests that the CRM strategy adopted by insurers should maximize the potential of technology to interact effectively with the customers and design the right products.

Sally Praskey (2001) points to the advantages of adopting a CRM strategy, such as acquiring new customers and retaining older ones in the research article "Can Customer Relationship Management (CRM) put a straight focus on policyholder?." CRM allows customer data to be collected, processed, incorporated and evaluated. The lack of coordination between the different insurance departments and staff can compensate for the implementation of CRM strategies. In the Article the number of contacts between the insurer and the insured is only one or two annually, unlike the retail industry where

the customer and the retailer interact continuously. This poses the insurer with a significant task in terms of creating a positive perception at the first conference.

Simon Drimer (2001) has stated that the emphasis will be moved from the company to the consumer in his research article called 'Insurers need to compete strongly with the existing customer base.' As a driver of customer profitability, the author has identified revenues and costs. The essay discusses the partnership length, which in the insurance sector is considered unintentionally to be discouraged. The longer relation helps the insurance company even to cancel the insurance policy. It also builds a virtuous circle, culminating in customer loyalty, higher price per client and reduced marketing costs. The partnership period leader is also claimed that the principle of drug longevity is recognized and modified in insurance.

TOOLS FOR CRM

Customer database:

An effective customer information system ought to permit the organization to acquire the standard progression of information in a systematic manner that is appropriately assessed and compared against various purposes of time and ought to give enough profundity to customer understanding and envision precisely the examples of customer behavior. The customer database causes the organizations to design, execute, and control customer contact. Customer relationships are progressively continued by most recent information systems. Customer data management technique should concentrate on giving adequate information on processes to oversee customer acquisition, retention, and loyalty.

Call Centre

A call center is a focal office implied for accepting the incoming information, enormous volume of solicitations through telephone. It likewise transmits information for directing incoming product bolster information. The call center make active calls for telemarketing, communicating with the customers, for obligation assortment, and furthermore gather letters, fax messages, messages, and so on.

Systems Integration

While CRM arrangements are front office mechanization arrangements, ERP is back office robotization arrangement. An ERP helps in mechanizing business elements of production, account, stock, request satisfaction and human asset giving an incorporated perspective on business, where as CRM robotizes the relationship with customer covering contact and opportunity management, marketing and product information, deals power management, deals guaging, customer

request processing and satisfaction, conveyance, establishment, pre-deal and post-deal services and complaint taking care of by giving a coordinated perspective on the customer. It is essential that the two systems coordinate with one another and complement information just as business work process. In this manner, CRM and ERP are complementary. This integration of CRM with ERP encourages companies to give faster customer administration through an empowered network, which can coordinate all customer questions and issues through proper channels to the opportune spot for rapid goals. This will help the company in tracking and remedying the product issues revealed by customers by taking care of this information into the R&D tasks by means of ERP.

Data Mining for CRM

Data mining is a significant facilitator for customer relationship management. Today enormous volumes of data can store with the headways in data stockpiling, and processing innovations which are called data distribution centers. The data mining tools will thusly remove the required and applicable information to the users. Understanding the customer and making right decisions about them are encouraged by processed information and dynamic empowering information gave by data mining methods.

KEY CRM PRINCIPLES

(a) **Differentiate Customers:** For any organization understanding the customers is generally significant. In any case, all the customers of an organization are not same and equivalent. Consequently the organizations ought to distinguish and compensate the best customers lopsidedly. Here CRM ought to separate the customers as high value customers and low value customers and should empower the leaders to plan separated methodologies for these customer gatherings. In separating the customers, CRM ought to comprehend the accompanying focuses.

- Sensitiveness, characters, tastes, and inclinations of customers
- Lifestyle and age gathering of customers
- Education and culture foundation of customers
- Physical and mental qualities of customers

Differentiating Offerings:

- Low value customer requiring high value customer contributions

- Low value customer with potential to become high value in not so distant future
- High value customer requiring high value administration
- High value customer requiring low value administration

Retaining Existing Customers: Arranging customers from highly satisfied to highly baffle should help the organization in improving its customer satisfaction levels and measurements. Customer retention will be improved as long as the satisfaction level of every customer upgrades.

Maximizing Life time Value: Endeavor up-selling and strategically pitching prospects by realizing the customer better. By distinguishing life stage and life occasion trigger focuses by customer, advertisers can augment buy share potential.

CONCLUSION

The present study reasons that the LIC of India needs to hold onto CRM as a way of thinking and receive a technique for managing customer relationships that effectively addresses three key areas in particular people, process and technology. The study dazzles that a CRM program will never be effective without the complete commitment and cooperation of the staff. Subsequently, LIC of India needs to concentrate on making a customer-centric culture directly from the managerial staff to the senior officials. Customer centricity can be accomplished through a solid top management center, comprehensive communication and preparing programs that show their workers how to utilize CRM applications, the benefits of doing as such alongside proper impetus policies. The study saw that, the majority of the customers are satisfied with the services offered by Life Insurance Corporation of India. The satisfaction is a solid indicator, and thus it is recommended that insurance specialist organizations should Endeavor to fulfill and amuse their customer's satisfaction. At the point when customers are satisfied, they are bound to recommend the insurance administration to their friends, less inclined to turn on and bound to re-belt services.

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