An Assesment of Perceptions and Expectations of Customer in Servqual Parameters with Reference to Life Insurance Companies in Chennai, India

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Abstract

In todays' world, customer is considered to be the God for all business, without his satisfaction no business is flourished. Similarly Life insurance companies also depend on customers, whatever the product they sell; it has to match the customer expectations. The present study is based on the perceptions and expectations of customer in life insurance companies in Chennai. This paper tries to look different service Quality dimensions to understand the Customer expectations and perceptions. The Research methodology based on descriptive method, data is collected through questionnaire. For data was collected in stratified random data sampling technique. Sample size taken 150.The tool used to relate is Pearson Correlation Coefficient .the study concludes with suggestions for the companies.

Key Words: Service quality, expectations, perceptions, customer, life insurance companies

Introduction

The Service sector plays an increasingly important role in modern economy. In India the service sector contributes as the dominant component to the economy. A service is an act or performance offered by one party to another. Services are economic activities that create value and provide benefits for customers are specific times and places as a result of bringing about a desired change in or on behalf of the recipient of service. Lovelock (2001).Services can't be seen tested felt heard or smelled before they are bought. Services are intangible, inseparable and perishable with the passage of time the quality of service deteriorates as it has human elements. Zeithmal (2000) specified that services include all economic activities whose output is not a physical product (or) construction, is generally consumed at the time it's produced and provides added value informs that are essentially intangible concerns of its purchase.

Life insurance sector is one of the most important entities which has been growing relatively fast in India. At present there are twenty three players in the Indian life insurance industry out of which Life Insurance Corporation is one of the leading public companies, holds largest number of policies in the world to suit different financial requirement of an individual. With a greater choice and an increasing awareness, there is a continuous increase in the customers" expectations and perceptions; in turn they demand better quality service. Therefore, to sustain in the market, service quality becomes a most critical component of competitiveness for Life Insurance Companies in India. Although, by providing quality services to its customers, the Companies can differentiate itself from other service firms and will able to improve its profitability. The purpose of the present study is to Relationship between customers" perception and expectations towards service quality of Life Insurance Companies..

Private life insurance companies

After 2000,State run Life insurance company, LIC has lost his attraction due to the advent of new players, ICICI Prudential, Tata AIA, BAJAJ ALLIANCE,RELIANCELIFE,METLIFE etc.   In order to safe guard the policy holders IRDA (insurance regulatory Development Authority) is implemented. This authority frames lot of rules and regulations in order save the customers. In this competitive scenario companies needs to concentrate on quality of service delivered in order to retain the customers. Due to advent of latest technology, companies redefine their business in order to serve the Customers.

Customer expectations and perceptions

Expectations are the reference point customers have coming into a service experience. Customer expectations from banks are increasing as they have wider choice of products and services. Customer satisfaction involves understanding customer expectations and meeting them. Customers have different types of expectations about service. Expectations construct at two levels, the first level is desired service, which the level of service the customer hopes to receive, consisting of a blend of what the customer believes can and should be delivered. The second, lower level of expectations is adequate service, which is the level of service the customer will accept. Adequate service is the minimum service a company can provide the still hope to meet customer's basic needs. A zone of tolerance, bounded on the lower end by adequate service and on the upper end by desired service, captures the range of service within which a company is meeting customer expectations. The level of desired and adequate expectation could vary from customers to customer and potentially from one situation to the next for the same customer Zeithmal (1993).

Customer perception is an important component of our relationship with our customer. They perceive services in terms of the quality of the service and how they are satisfied overall with their experiences. Customer perceptions of the services are influenced by the efficiency of the service provider in delivering the service. Customer satisfaction results from the comparison of expectations prior to a purchase with performance perceptions after the purchase. A customer may compare for each dimension of services. Where performance perceptions exceed expectations the customers are delighted to the services.

Statement of the problem

In today's competitive Business, Policy Holders expects quick and quality service comfort way. The customers are nowadays exposed to a greater convenient way because of the customer attraction strategy adopted by the life insurance companies. These companies have entered with latest technology and well trained professional and hence can better satisfy the consumers. This has brought about a huge change in the Life insurance sector with an ever increasing quest for better services being desired by the customer.

Objectives of the study

To study the customer expectation and perception of various service quality dimensions in life insurance companies in Chennai.

Research methodology

This is a descriptive type of study. Sampling technique used in this study is Stratified Random sampling. Nearly 150 policy holders responded this study. The study is conducted in suburbs of Chennai. Branches of LIC and 3 private Life Insurance companies viz ICICI Prudential, Bajaj Alliance, SBI Life Insurance were selected. The Primary data was collected through a

structured questionnaire. Parasuraman & Zeithmahl   ten dimensions SERVQUAL QUESTIONAIRE with seven point scaling was administered. The Secondary Data was collected from journals, magazines and book.

Analysis, Results and Discussions

This research is aimed to determine the customer expectations and Perceptions of Life Insurance company services. Parasuraman (1985) has defined that service Quality is the gap between the customers' expectations of services and the perceptions of service Experiences. In order to identify the quality gap the researchers studied ten dimensions. The respondents were asked to give the service expectations of their life insurance companies where they hold policies and their actual experiences of the services rendered by the insurance companies. Statistics is applied and results are displayed in the table.

TABLE 1: RELATIONSHIP OF EXPECTATION AND PERCEPTION CORRELATION ((Correlation at the 5% significant level)

S.no	Expectations	Perceptions	r value
11	Tangibility	Tangibility	0.420
22	Reliability	Reliability	0.580
43	Responsiveness	Responsiveness	0.150
54	Assurance	Assurance	0.310
65	Understanding he consumer	Understanding the consumer	0.320
76	Access	Access	0.104
87	Communication	Communication	0.600
98	Competence	Competence	0.670
99	Courtesy	Courtesy	0.613
110	Security	Security	0.570

To examine the relationship between expectation and perceptions of the service quality by the respondents towards the Life insurance companies, Pearson correlation coefficient is used. The correlation between the expectation and perception relating to the quality factors and 'r' has been depicted in the table. Tangibility has been observed as 0.42 and significant at 5% level. Though there is significant correlation the perception level is only 42% of what is expected with regard to tangibility. Reliability has been observed as 0.580 and significant at 5% level, though there is 58% of correlation of perception what is expected in reliability.

 The Responsiveness factor has been observed as 0.15 and it is not significant. whereas assurance is measured as 0.31 at 5% significant level. Though there is significant   correlation the perception is only 31% of what is excepted with respect to assurance. In understanding the consumer the significant correlation the perception level is only 32%. The access factor has been observed as .104 and it is not significant .But the communication factor observed 60% of significant correlation perception level. The factor competence has observed as 67% correlation perception level what expected.

The factor courtesy has been observed 0.613 at 5% significant level; it means 61.3% of correlation the perception level than expected. whereas the security factor observed 57% correlation in perception when compared to Courtesy.

Suggestions

The factors which are significant are Communications, Competence, Reliability, Security and Courtesy and the expectation levels of these dimensions are significantly higher. The life insurance companies improve their competency and they should understand the customer requirements. The organization can also train the executive and the agents in competence and communication part. Apart from this, companies have to concentrate on reliability. Since new private players are in market, people expect reliability about the Products.as the same time people to be convinced about the security of the money they invest for life insurance products. The companies have to take at most care for the above dimension. Almost all the dimensions of service are correlated significantly. By observing the correlation value only 57% of the expectations are almost met by the Life insurance companies. This states needs to be improved.

Conclusion

In the fast growing business scenario, Life insurance companies need to focus on customer service and continuous improvement. Life insurance companies, has to monitor the customers changing buying behavior and their Preferences. It is in the hands of the Life Insurance companies to minimize the gap in their services and retain the customer Loyalty.

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