

A STUDY ON MARKETING STRATEGIES IN LIFE INSURANCE CORPORATION OF INDIA

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Abstract

Reason being, life insurance businesses' distribution methods and marketing techniques work hand in hand to promote products to specific demographics. That is, insurance is an intangible commodity, so even after identifying the key differences between the various insurance offerings, it's not easy to differentiate them and effectively communicate this to consumers. Establishing rapport with customers and encouraging them to spread the news is a big challenge for market competitors. As technology develops and consumer needs and knowledge levels shift, businesses must adapt their methods of audience communication to stay relevant. Simultaneously, traditional business models such as direct sales and agency networks continue to play a substantial role. Private companies provide fierce competition to LIC, which has a strong presence in the Indian market and controls over 70% of it. This study primarily aims to examine LIC's marketing strategy and its efforts to uphold its position as the dominant player in the Hyderabad, Telangana region through customer service and the strategic use of various marketing channels.

Keywords: LIC of India, Hyderabad, Telangana, Marketing Strategies, Business Impact

Introduction

Organisations can survive and even prosper in today's cutthroat economic climate with the support of well-planned marketing communications campaigns that influence customer tastes and technological advancements. LIC's primary goal has always been to increase the density of life insurance contracts, especially in less-privileged areas and rural markets. Since it caters to numerous markets with a variety of products, its goal is to offer reasonably priced life insurance against death.

In Hyderabad, Telangana, LIC's marketing strategy combines traditional methods, such as agents and population density, with web and online media to maintain its market position and attract the largest customer base. This article examines the present marketing methods used by LIC and compares and contrasts them in terms of how well they have increased consumer outreach and loyalty and contributed to the overall growth of the business in a highly competitive and ever-changing market.

Objectives of the Study

1. In order to assess LIC's strategic marketing efforts in the Telangana and Hyderabad areas.
2. We need this information, among other things, to give LIC advice on how to improve its standing in the insurance industry.
3. In order to determine how well LIC's uncommunicated marketing strategies in Hyderabad, Telangana, promoted company growth and satisfied ideal customers.

Scope of the Study

Examining LIC's marketing strategy for life insurance in the Hyderabad, Telangana region is the primary objective of this research. This paper is written with the intention of assisting LIC in understanding the unique selling points of its products, successful marketing strategies for its services, and the role that agents play in achieving these objectives. It also examines the ways in which LIC keeps its core organic clientele in the Hyderabad, Telangana area and LIC's diversification.

Hypothesis

- **H1:** As the following goods show, LIC's offerings in Hyderabad, Telangana, satisfy client needs.
- **H2:** In comparison to its rivals in the Hyderabad area, LIC's products are a bit more expensive.
- **H3:** Life insurance plans in Hyderabad, Telangana are heavily influenced by agents.
- **H4:** There are a lot of formalities involved, which is why LIC customers in Hyderabad think the claim settlement process is complex.
- **H5:** Older and middle-aged consumers in Hyderabad, Telangana are more impacted by ad frequency than younger consumers.
- **H6:** In Hyderabad, Telangana, there is no discernible difference in product awareness amongst individuals of different ages.

Research Gap and Motivation

To keep up with consumer demands in today's rapidly evolving technology landscape, businesses must be flexible enough to respond to shifting market trends. Little is known about the aggressive marketing tactics used by LIC to fight competition and maintain market dominance, despite the fact that there is research on the determinants impacting insurance consumption and broad marketing.

Thus, by investigating LIC's dynamic marketing efforts in Hyderabad, Telangana, this study hopes to fill this knowledge vacuum. The insurance sector is viewed as a place where technology advancements and the utilisation of historical methods work hand in hand. Measuring changes in dynamics particular to the region of Hyderabad, Telangana, this also outlines how to build customer loyalty and measures LIC's competitive threats.

Marketing Strategies of LIC in Hyderabad, Telangana

But marketing interventions also play a big part in helping businesses reach sales goals and keep growing in a competitive economy. These tactics help businesses meet client needs, which in turn boosts productivity and revenue. There has been enough focus on the marketing mix tactics at Life Insurance Corporation (LIC) to guarantee that the company's marketing approaches meet the demands of the target market via the use of both traditional and technological means. In spite of intense competition from private

insurance firms, LIC in Hyderabad, Telangana has managed to keep a steady portion of the market share through the use of innovative and successful marketing methods. Through tailored plans and inexpensive prices, they hope to attract a diverse range of users in both urban and rural locations.

When it was founded in 1956, LIC's primary goal was to promote the life insurance industry for the greater good of society. The company has grown into a huge financial conglomerate offering services such as insurance, mutual funds, pensions, home financing, banking, and credit cards during the period of almost sixty years. Throughout its history, the company has fulfilled its corporate social responsibility obligations while also engaging in traditional economic activities. In the midst of the COVID-19 outbreak, LIC paid out death benefits quickly and contributed Rs. 105 crore to the PM Cares Fund. LIC has gained even more renown as a result of its recent initial public offering (IPO) and operational tactics, such as its affiliation with the Adani Group. In order to keep both customers and the market imperative, LIC in Hyderabad, Telangana, continues to deploy market-based high technology in conjunction with indigenous methodologies.

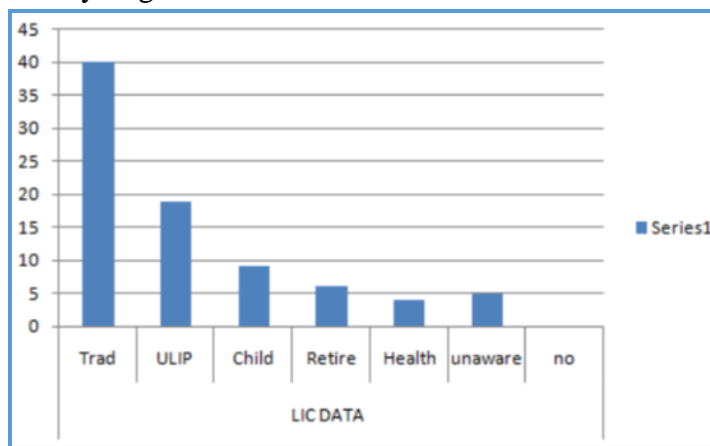
Life insurance is an intangible commodity, therefore it stands to reason that a well-thought-out service marketing mix is required to persuade anyone to buy it. Many different types of insurance plans are offered by LIC, including endowment, whole life, money-back, term, health, pension, and ULIP policies. It caters to everyone from the downtrodden Shacktowners to the well-off HNWI's by focussing on all these diverse product types. The pricing mechanisms are designed to cover administrative costs, investment income, and mortality costs in a relatively lucrative and reasonable package. Commercials on television, radio, newspapers, and other forms of direct marketing to agents and banc assurance fall under the category of promotional materials. Agents play an important role in reaching rural areas, and digital marketing is also being used to target metropolitan consumers in Hyderabad.

The distribution network of LIC has been established through development officers, direct agents, career agents, corporate, the internet, and the ANANDA App, which simplifies policies. Policy logins, nomination updates, and policy assignments are just a few of the customer-friendly features that agents may expect from the ANANDA app. The trust's physical evidence, such as policy bonds, certificates, and IRDAI reports, is also important to LIC. Customers, particularly in Hyderabad and the surrounding area, are relieved by this concrete proof because they no longer have to worry about the trustworthiness and reliability of the items.

LIC is able to maintain client loyalty and gain access to new markets through its marketing techniques, which combine traditional methods with innovative ones. Cheap and high-quality products, along with a concentration on the Hyderabad market, have helped it maintain its position as market leader. The rising demand of today's consumers is met by LIC because of their efforts to improve service quality, have a strong web presence, and increase distribution channels. For this reason, LIC's technological know-how, capacity for innovation, and adaptability are crucial differentiators in the insurance industry.

Bar Graph Analysis

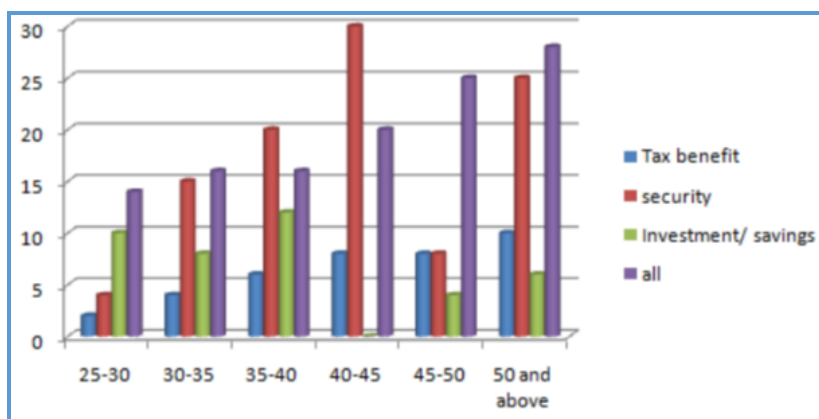
The study's results on the types of LIC products that respondents invested in have shown certain patterns in their investment behaviour. Due to consumers' cautious approach to investments, the status quo of insurance (at 40%) continues to be the favoured alternative. This is because customers desire dependable protection and financial outcomes. Unit Linked Insurance Plans (ULIPs) are the second most popular choice, with 19% of individuals showing a new trend towards insurance products that also have investment plans that link to the market and help create wealth. Marketed mostly to the well-off, who value education and financial stability for their children, child plans enjoy a respectable level of popularity (9%). Due to the low response rate (6%) for retirement plans, it is clear that there is a need to increase promotion and awareness of retirement income security solutions. Despite the increase in prices for healthcare services, plans pertaining to health insurance have a relatively low degree of popularity (4%). Investors must be made more aware of the importance of knowing exactly which product category they have put their money into, as 5% of respondents were unsure. To begin, it is noteworthy that no responder mentioned that they do not purchase any LIC products, which further supports the company's high consumer appeal. Collectively, the results show that LIC has to do more to raise its market share. This includes ramping up its awareness campaigns and expanding the reach and sales of its health and retirement plan offerings, especially in the city of Hyderabad in the Indian state of Telangana, shoppers probably don't value savings as much as they might.



(A) The type of goods in which the responder has put money

%age	Trad	ULIP	Child	Retire	Health	Unaware	No
LIC	40	19	9	6	4	5	0

(B) Getting insurance for the main purpose



Age Group	Tax Benefit	Security	Investment/Savings	All
25-30	2	4	10	14
30-35	4	15	8	16
35-40	6	20	12	16
40-45	8	30	0	20
45-50	8	8	4	25
50 and above	10	25	6	28

Insurance as a Tool for Financial Security and Investment

Insurance is a multipurpose financial tool that helps with taxes, protects against risk, diversifies investments, and saves money. This means that people purchase insurance policies in the hopes of making full use of the many benefits that these policies provide. The primary motivation for purchasing insurance, however, is to hedge against possible losses and ensure financial security in the face of unforeseen circumstances.

The table below breaks down the age groups and the reasons behind their insurance purchase. Investment and savings for young adults (25–30 years old) ranked highest among respondents' employment priorities, followed by tax benefits (2 respondents) and security (4 respondents). People in their 40s and 45s are the most security-conscious (30 responders), and this trend continues as people become older and realise the importance of financial matters. It is evident from this trend that people's expectations for investment returns decline with age, while their need for capital guarantees increases as they approach retirement age.

Security (25 respondents), taxes (10 respondents), retirement (20 respondents), and other retirement-related issues are the four most important concerns for those over the age of 50. Security, investment opportunities, and tax relief remain top priorities, according to the report.

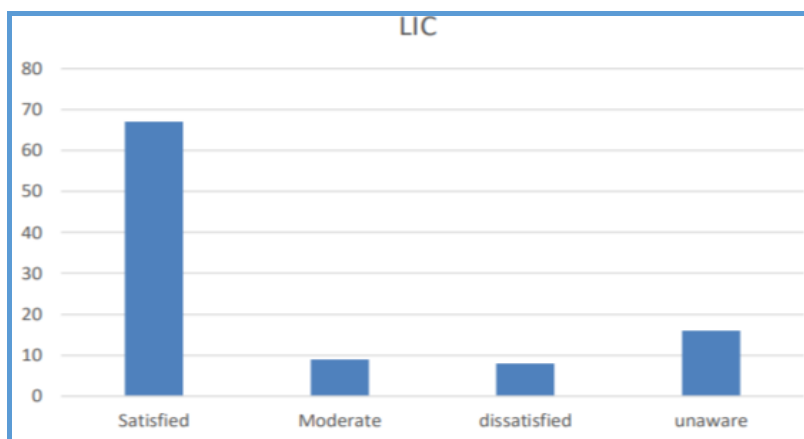
Satisfaction with Investment Returns

The article explains that the type of plans chosen and the respondent's financial goals determine the level of satisfaction with returns on insurance investments. When comparing returns on savings and investment vehicles like ULIPs and endowment plans, investors look at growth factors, while those who value security in their investments place more emphasis on guaranteed returns than yield.

While older generations are more worried about securities and tax savings, the poll suggests that younger generations are in favour of investment-friendly policies. The happiness of all consumer categories can be measured by keeping a healthy balance between risk cover and returns on investment.

(C) Satisfaction with the returns on the investments made in insurance products

Customer satisfaction with LIC investments varies from response to respondent, according to the data collected. There was a high level of satisfaction with the services, returns, and reliability supplied by LIC, according to the majority of respondents (67). Still, nine consumers out of a total of twenty-one were halfway satisfied and offered suggestions for how LIC may enhance its product: more thorough policy explanations, easier return procedures, and better customer support. Nonetheless, eight of them voiced their dissatisfaction, citing policies that they feel could do more to entice customers to remain loyal to the insurance provider by improving benefits, claims, or investment performance. It was also clear that there was a need to enhance communication and customer education since 16 respondents were completely unaware of how their investments were doing. From what we can see, the majority of LIC's customers are happy with the service they receive. However, if the company wants to grow its relationship with those customers and keep its competitive edge in the cities like Hyderabad, Telangana, it needs to focus on the unhappy and uninformed ones.



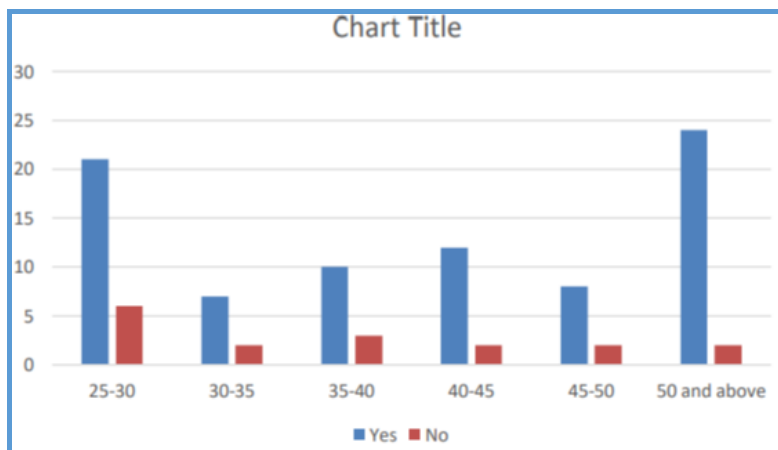
Correct	Satisfied	Moderate	Dissatisfied	Unaware
LIC	67	9	8	16

(D) Services of LIC improved after the entry of the private players or not

Perception of Improvement in LIC Services

According to the survey, 83% of people think LIC services have gotten better in the past five years, while 17% think the opposite. This favourable impression is a result of the company's advertising and service improvements aimed at increasing its value added and satisfying client needs.

To an extent, LIC's advertising campaigns have helped establish the company's reputation and communicate the benefits it offers to customers. Concurrently, the business has shown its value proposition via its offerings, which include customer-centric initiatives, online policy administration, and simplified claim processing. Thanks to these upgrades, LIC has been able to increase policyholder confidence in the stability of their products.



Response	Number of Respondents	Percentage (%)
Yes (Improved Services)	83	83%
No (Not Improved)	17	17%
Total	100	100%

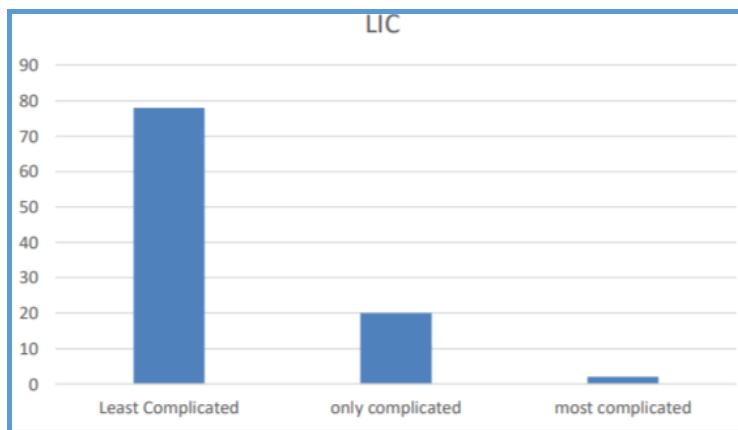
There is, however, space for improvement; the 17% dissatisfaction rate demonstrates that problems with things like policy visibility, the speed with which grievances are resolved, and one-on-one contact are still present. Concerning the areas that could be improved, LIC still has room to increase customer satisfaction by listening to this subset of respondents and making sure that its marketing initiatives are more closely tied to tangible service enhancements.

Finally, the study shows that in a highly competitive market like Hyderabad, Telangana, the government's dedication to better service delivery and marketing has greatly impacted how customers see the market. Below this page, you will find a list of relevant publications and papers that you may find useful.

(E) Ease of claim settlement

In Table 2, we can see how respondents generally classify the level of difficulty associated with LIC services. The vast majority of respondents (78%) found LIC services to be the easiest to understand and use, with procedures like policy applications, claims, and renewals being as easy as pie. However, 20% of survey takers found LIC services to be rather difficult, which could mean that areas like customer relations and web platform sophistication could use some work. Only 2% of clients thought these services were extremely difficult, suggesting that very few had significant problems understanding or utilising LIC's offerings.

Response	Number of Respondents	Percentage (%)
Least Complicated	78	78%
Moderately Complicated	20	20%
Most Complicated	2	2%
Total	100	100%

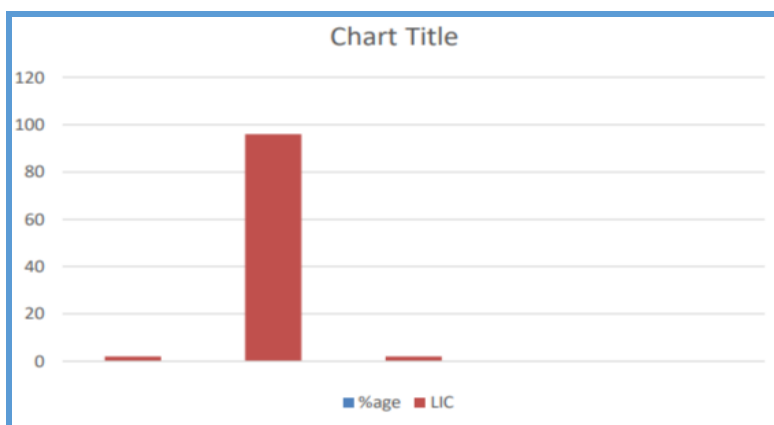


This data lends credence to LIC's history of explaining complex systems and expanding access to affordable insurance. It is also shown that there is room for development in digital platforms, customer assistance, and transparency in the work, all of which might greatly enhance the user experience. Customers are increasingly turning to technology-based solutions, especially in Hyderabad, Telangana.

(F) Channel adopted for buying current policy

Particularly in Hyderabad, Telangana, insurance is a common topic of solicitation, and Insurance salespeople are paid to encourage policy purchases. Middlemen in the insurance industry try to convince clients to buy policies by explaining the need of financial protection and offering recommendations based on each client's unique needs. Customers in Hyderabad, Telangana are more likely to buy insurance through agents because of the personalised service they provide. Customers are not only helped out, but they are also given explanations of the policy's features and terms. The brokers also employ rebates on the first premium to encourage insurance ownership by lowering beginning expenses. The inclusion of cost-saving incentives in insurance purchases increases consumption, and the personalised attention they receive from agents makes them more likely to use these agents as their preferred method of purchasing insurance.

%age	Office	Agent	Bank	Franchisee	Corporate
LIC	2%	96%	2%	0%	0%



To be relevant in this market, insurance companies in Hyderabad, Telangana should invest in their agents' professional development by giving them regular training in the products they offer and in soft skills like communication and information technology. This will help them realise their future goals by gaining a deeper grasp of the market, implementing effective technology management, and guaranteeing that they can meet client needs with a range of solutions while preserving their traditional touch in the region. An overwhelming majority of respondents (96%) in Hyderabad, Telangana tended to buy insurance through brokers, highlighting the significance of this distribution channel, according to the statistics. Only 2% made use of banking and LIC offices, and none of them utilised franchisees or corporate sales channels. The importance of personal ties and face-to-face contacts in driving regional financial decisions is demonstrated by this reliance on agents.

Hypothesis and Findings

This study will examine the LIC market and evaluate the company's strategic business growth efforts in the Hyderabad, Telangana area. Factors such as advertising's effect, consumers' preferences, their familiarity with products and brands, premium ratings, the claims ratio, distribution channels, and after-sale services are among them.

Primary and secondary sources were both employed in the research process that led to the data presented in this article. The primary data came from insured clients' questionnaires and in-person interviews, while the secondary data came from publications, papers, and journals.

H1 Products of the LIC are more customized

Age Group	Highly Agreed	Agreed	Moderate	Highly Disagreed	Disagreed	Can't Say
25-30	2	7	3	1	0	7
30-35	5	5	3	2	1	3
35-40	4	4	3	3	1	1
40-45	3	4	0	1	1	1
45-50	6	2	4	1	1	0
50 and Above	6	10	6	1	0	0
Total	26	32	7	9	4	12

H2 Products of LIC are over Priced

Since premiums are just one part of life insurance policies, we also looked at how people felt about them. The candidates were assumed to have a general awareness level, and the answers were to be marked at equal levels.

LIC	Highly High	High	Moderate	Highly Low	Low	Can't Say
25-30	2	2	7	0	2	7
30-35	1	3	5	0	1	3
35-40	0	3	3	0	1	1
40-45	0	2	4	1	1	1
45-50	0	2	4	1	1	0
50 and Above	2	4	6	1	0	0

H3 Agents play a vital role in purchasing Life Insurance Plan

LIC	Highly Agreed	High	Moderate	Highly Low	Low	Can't Say
	89	20	11	0	0	0

H4: LIC claim settlement process is complicated

Insurance firms also place a premium on a quick and easy claim settlement process as part of their offerings. Here is the table showing the ease of claim settlement:

%age	Least Complicated	Moderate Complicated	Highly Complicated
	80	30	10

H5 There is no relationship between awareness about products and different age groups.

In order to determine whether there is a correlation between the various age groups and product awareness, a sample questionnaire was distributed to the participants. Data analysis by firm, or by level of awareness for each company independently, yielded the following numbers. The chi-square test was employed to verify the hypothesis and establish a correlation between the various age groups and product awareness, particularly LICs.

Awareness and Unawareness of LIC Products by Age Group

LIC Age Group	AWARE	UNWARE	TOTAL
25-35	30	6	36
35-45	21	5	26
45 AND ABOVE	33	5	38
Total	84	16	100

Chi-Square Test Calculation

O	E	O-E	(O-E) ²	(O-E) ² /E
30	30.24	0.24	0.0576	0.0019
6	5.76	-0.24	0.0576	0.010
21	21.84	0.84	0.7056	0.0323
5	4.16	0.16	0.0256	0.005
33	31.92	0.92	0.8464	0.025
5	6.08	1.08	1.1664	0.233

Findings and Conclusion

The data clearly shows that clients prefer LIC's conventional plans over the complete portfolio of ULIP policies. It was pointed out that health plans did not earn as many votes as other solutions. Almost every aspect of life can benefit from the long-term financial security that fixed-term plans provide, and the fact that they are unaffected by stock market fluctuations further adds to their appeal. In the same vein, these plans satisfy the requirements of sections 80C and 10D of the Income Tax Act by offering tax-induced arguments, permanent insurance risk, and credit facilities, and they mature tax-free. It was also found that people in the 25 to 30 age range knew less about insurance policies, likely because many people in this age bracket relied on their parents to manage their investments.

LIC has shown remarkable adaptability by making the majority of its vast and varied product range suitable for all age and sex groups. Customers over the age of 50 expressed contentment with returns on invested capital, and the majority of customers believed that the firm offered sufficient financial stability. As the private player joins the market, the study found that competition has prompted LIC to increase marketing efforts and service quality. With the emphasis moving to greater brand creation, the negative impressions among the younger generation have begun to change, thanks to LIC's previous success in television advertising.

When asked about the claim settlement process, several respondents praised LIC, saying it was quick and uncomplicated. Once again, they get a disproportionate amount of clients since they have direct control over the buying process, offer personalised services, and provide discounts. Even while social networks are growing in popularity, particularly among young people, parents still have some say over their children's financial decisions. Regarding the last section of the research questions, the problem with consumer education was found to be that LIC's promotional efforts were slightly subpar, with an inadequate emphasis on thoroughly outlining the promotion strategies. As a result, the

study emphasises that customers are likely to repurchase LIC products because to the trustworthiness, ease, and dependability of the services provided. Overall, LIC is well-positioned to maintain its competitive edge in the face of increasing competition from new private competitors thanks to its effective delivery systems, diverse product offerings, and great marketing campaigns.

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