

The Role of Personal Selling In Home Insurance in Indian Market

Arijit Banerjee

Mba, Mcom (Calcutta University)

ABSTRACT: *In India insurance is a flourishing industry, with all several national and international players competing and growing at rapid rates. But home insurance industry which is a part of insurance industry is facing with a number of challenges; the most prominent is the low awareness level among the people. In this research we try to find whether personal selling is beneficial for home insurance market or not? What is the main reason for which customers are distracted from home insurance? And we also want to know that how the image of the home industry used to improve by personal selling. Personal selling is a unique element of marketing, it does not only create awareness and provide information about the features of the products; it also adopts individualistic approach that is designed to meet specific need of prospects and specific market segments. This study will be useful to home insurance companies and marketing practitioners who wish to understand why there is variation in the demand for home insurance. It will arouse the reasons for constant review and update of marketing strategies as response to changes in the business environment. This paper examines the roles of personal selling in enhancing 'clients satisfaction' in Indian home insurance market. A descriptive cross-sectional survey research was adopted and 100{One Hundred} respondents were randomly selected. Data procedures were done using descriptive and inferential statistical instruments while independent Z-test and T test was used to test the hypotheses.*

Keyword— *Home insurance, personal selling, sales promotion, creative salesmanship, customer awareness, marketing communication.*

I. INTRODUCTION

A product that is well conceived and produced through the combination of the most modern technologies and the best of inputs cannot sell itself. There is the need for the existence of such product to be made known to the target market. A goods or service should respond favorably to the marketing mix which will result to the full performance of any good or service in the market. However, an important element of the marketing mix is promotion, otherwise known as marketing communication. This is the element that brings the existence of product or service to the awareness of consumers or clients. It further educates potential and actual buyer of a product on the usage, benefits, availability, price and other features of the product. According to Philip Kotler "Personal selling is the oral presentation in a conversion with one or more prospective purchasers for the purpose of making sales."

Statement Of The Problem

Growth of home insurance is not happening to the extent that the industry was expected. The number of home owners buying insurance is very disappointing. Even in Mumbai which is called as financial capital, despite people being affected by the 2005 floods, there are still many houses that are uninsured. The sales recorded by home insurance companies depend on the acceptability of the service offered. Expectedly, consumers will only accept quality products capable of satisfying their wants. The challenge faced by the Indian home insurance firms therefore is how to convince the consumers of home insurance service of the quality of their offerings and persuade them to buy. The most challenging is the low awareness level among Indians with the poor image that characterized the industry. They did not trust insurance. This lack of trust is linked to inadequacy of available information.

II. OBJECTIVE OF THE STUDY

The main purpose of the study is to judge the role of personal selling as a promotional tool for the home insurance market. Why the customers are turning their face away from home insurance. Whether sales person contribute anything to the improvement of home insurance image in Indian market?

Hypothesis

- 1) H0a=Personal selling is not a useful means for home insurance.
- 2) H0b=Premium amount is the main reason for why customer are not showing interest towards home insurance
- 3) H0c=Home insurance sales person do not contribute to the improvement of home insurance image in India.

III. LITERATURE REVIEW

Concept of personal selling- Personal selling is a marketing process with which consumers are personally persuaded to buy goods and services. In fact the most powerful element in the promotion mix is a salesmanship, a term used to denote personal selling in the past.

Personal selling is the process whereby the seller or his representative ascertains and activates the needs or wants of the buyer and satisfies the same to the mutual advantage of both buyer and seller. The American Marketing Associations (AMA) defines the term salesmanship as “the personal or impersonal process of assisting and/or persuading a prospective customer to buy a commodity or service to act/favourably upon an idea that has commercial significance to the seller.” Kotler and Armstrong, (2008) posits that personal selling is the personal communication between a firm’s sales force and customers for the purpose of making sales and building customer relationship. Kotler and Armstrong, (2008) and Kotler and Keller, (2009) submitted that personal selling is one of the oldest profession in the world. In fact, its development could be linked to the period of trade by barter, when people exchanges goods for other goods.

Personal selling is a unique element of marketing communication. Unlike advertising and sales promotion which main focus are to create awareness about the existence of a product or service and provide information as to the features of the products, its availability and price on a mass basis, personal selling is an individualistic approach that is designed to meet specific need of prospects. It is usually directed to specific market segments. It goes beyond the fundamental role of marketing communication, it plays significant role in the entire exchange process. That is, participating in the activities of each of the other elements of marketing mix, especially distribution (place).

IV. CONCEPT OF HOME INSURANCE

There are multiple kinds of home insurance policy in India. Mainly the following modus operandi is followed for home insurance.

Policy holders – Any individual has own house or flat. Renter or tenants can opt only for the contents cover for fire as well as burglary. However 50 years and above old properties are exempt from insurance coverage.

There are generally 2 sections for the home insurance – One is for the building structure of the house and another one is contents (belongings) of the house. Policy covers for both the sectors or either one sector according to the premium paid.

Before paying the premium insurance authority can physically inspect the property. The value of the house is assured as per the area of the house multiplied by the rate of construction per square feet as on the date of taking policy. And contents are assessed on the market value basis.

One advantage in home insurance is the premium amount is very low in comparing to the other non life and life insurance. Premium can be paid every month/quarter/six month. Generally the policy covers 10 years for the structure of the house and 5 years for the belongings of the house.

Policy covers for section I – fire, lightning, explosion, aircraft damage, riot, terrorist damage, storm, cyclone, flood, earthquake, damage by rail/road vehicle and animal, rockslide, missile testing operations, bush fire.

For section II policy covers against loss due to burglary, and/or housebreaking or any attempt burglary, jewellery kept in locked safe.

Under section 1(B) the householders insuring policy any loss or damage suffered to the following is treated as an exception and cannot be claimed.

- Consumable articles
- Money/securities/stamps/stamp collection
- Bullion and live stock
- Motor vehicles and pedal cycle.
- Deeds/bonds/bills of exchange/promissory notes/shares
- Books/manuscripts
- Loose precious stones, jewellery and valuables

Except the above also for the following—

- Willful destruction of property
- Loss or damage by nuclear weapon materials.

- Loss or damage by depreciation or wear and tear.
 - Loss or damage whether direct or indirect by the happening through or arising from any consequences of war, invasion, act of foreign enemy, hostilities (whether war declared or not), civil war, rebellion, revolution insurrection military or usurped power or civil commotion or loot or pillage in connection therewith.
- For claims process insurance holder has to inform the insurance company about the incident with the policy details as soon as possible. Company can sent any surveyor. Evidence of event occurring nature and extent of loss such as FIR, Fire brigade report, estimate of repairs is to be submitted for the claim. Documents are processed by the company and on approval payment sent to the insurer.

V. ADVANTEGES OF PERSONAL SELLING TO HOME INSURANCE

Now the home insurance market is unpenetrated markets, specially in urban areas. Distribution channels have expanded to tap these markets. And persona; selling is one of the major promotion tool. Personal selling can contribute in a number of ways to the successful marketing of insurance services. The following are some of the advantages of persona selling to insurance services.

- As a promotional tool, personal selling can be used as a veritable instrument for changing the negative perception of the public towards home insurance.
- Personal selling also helps in increasing the level of demand for this insurance service by both new and existing clients.
- Personal selling reduces the risks involves in purchasing home insurance services due to its complex and technical nature.
- Personal selling is a significant tool for building long lasting relationship that is mutually beneficial between the insurer and the insured.
- The proper use of the personal selling strategy will lead to the creation of new clients and thus help expand the market for home insurance.
- Personal selling provides opportunities for potential home insurance buyers to know about new insurance products in the market. Thus, it informs and educates the clients about new products.
- Another benefit of personal selling to home insurance services is that it guides clients in selecting the policy that suits their requirements and taste.

VI. CHALLENGES OF HOME INSURANCE

Home insurance is a part of non life insurance. Indian non life insurance sector has been dominated by mandatory motor insurance (43% in FY 2011), followed by fire (11.3% in FY 2011) and marine insurance (6.3% in FY 2011). Health insurance is the newest emerging product segment in the sector and has grown up to a share of 22% in FY 2011. Besides this home insurance is a very small segment. In spite of huge investments in real estate and property in past 10 years the insurance premium in the home insurance segment has registered a lazy annualized growth of 7.5% rising from 3150 crore in 2003-04 to rs 5534 crore in 2011-12.

Home Insurance, commonly known as hazard insurance or homeowners insurance is a property insurance cover for private home owners to insure the property, its contents, accidents, thefts or loss of other possessions at home. Based on industry sources, the size of home and its content insurance premium in India is estimated at Rs 2 billion in FY10, which translates into a 0.6% share of total non life insurance market in India in FY10. Currently, Home Insurance market in India is in nascent stage with an estimated penetration of just 0.18% of households in India and this signifies huge untapped potential of the market. The main reason for the negative impact of home insurance is the combination of the Indian psyche and the fact that a person is unable to price the risk in an underdeveloped insurance market. Everyone knows there are risks that need to be covered. Though a person is aware of such contingencies, it is difficult to convince somebody to pay a certain amount of money to cover these risks. Adequate focus on increasing awareness and acceptance of the home insurance product by the lenders and end customers will be instrumental in expanding the scope of the home insurance market in India.

Insurance providers have realised the significant potential in the market and have launched a host of insurance policies to suit the specific requirements of the end customer segments and are planning to launch targeted promotion, awareness and marketing campaigns. Industry experts are optimistic about the sector and believe that the home insurance segment may take the same growth curve as that of Health insurance sector which now constitutes a 22% share of non life insurance market in India in FY11, up from just a 2% share in FY07.

VII. RESEARCH METHODOLOGY

Descriptive, applied, quantitative and qualitative

The study focuses on urban home owners. The primary data was collected with the help of structured questionnaire supported with personal interview. Questionnaires are sent to selected cities house owners. 100

respondents were drawn with the help of quota cum convenience non probability sampling approach through email.

Detailed empirical research –

Question no 1 – Proper knowledge about home insurance

Assumption/Hypothesis	Frequency	Z value	Remarks
Detailed knowledge	11	-13.57	Not significant
Heard about this	49	9.87	Significant
Know nothing	40	4.32	Significant
The critical value at 5% level of significance using z-test is 1.96.			

From the above it is found that people have no knowledge or just heard about the home insurance. These hypotheses prove significant. However the hypothesis that people have detailed knowledge about home insurance is tested “not significant”. So we can say that people have no detail knowledge about home insurance.

Question no 2 – for knowing details about the home insurance policy which option one’s prefer-

Assumption/Hypothesis	Frequency	Z value	Remarks
Advertisement	12	-8.5	Not significant
Call on toll free number	21	-2.61	Not significant
Chat option	16	-5.88	Not significant
Meeting with an agent	51	17	Significant
The critical value at 5% level of significance using z-test is 1.96.			

It is found that people preferred to know about the home insurance from an authorized agent of the company. This knowing about the home insurance policy details by meeting with an agent is nothing but a personal selling.

So we can reject the null hypothesis H0a that personal selling is not a useful means for home insurance and accept the alternative hypothesis H1a that personal selling is a useful means for home insurance is accepted.

Question no 3 – Reason for showing non interest in home insurance

Assumption/Hypothesis	Frequency	Z value	Remarks
Difficulty at the time of getting the claim	32	7.14	Significant
Premium amount	8	-17.35	Not significant
Low coverage period	31	6.12	Significant
Psychological effect	29	4.08	significant
The critical value at 5% level of significance using z-test is 1.96.			

From the above study it is cleared that the following reasons have significant value for showing non interest among customer for home insurance.

- 1) Difficulty for getting the claim amount .i.e. lack of trust on insurance company.
- 2) Home insurance gives coverage only for 5 years against the content of the house and for 10 years against the structure of the house. According to respondents it is very low coverage period.
- 3) Indians are psychologically reluctant for home insurance.

To overcome these challenges the companies have to create proper awareness among the customers and this may be done by personal selling.

So we can reject the null hypothesis H0b that premium amount is the main reason for why customers are not showing interest towards the home insurance and we accept the null hypothesis H1b that there are other reasons for why customers are not showing their interest towards home insurance.

To test the hypothesis that H0c = Home insurance sales person do not contribute to the improvement of home insurance image in India. We gathered the primary data from four insurance firms. Structured questionnaire were used to collect data from the sample. The questionnaire was divided into two sections. Section A contains statements directed to the respondents asking for their expectations from salesforce while section B requests the relevant Bio-Data of the respondents. A six point scale, ranging from No Extent at All (1) to Very High Extent (6) was adopted.

Data gathered were analyzed using descriptive and inferential statistical instruments while Independent T – test was used to test the hypotheses.

VIII. DATA ANALYSIS, RESULTS AND DISCUSSION

For in-depth analysis the researchers distributed the questionnaires to all the relevant units and departments of the companies chosen as sample. The table below shows the distribution and response rate.

Option	Frequency	percentage
Yes	110	100
No	0	0
Total	110	100

The above table depicts that all insurance companies in India promotes their products adequately.

Table 2: For what reasons do you promote your products?

Option	Frequency	percentage
To create awareness	86	48.3
To create understanding	12	6.7
To create change in attitude	63	35.4
To reinforce positive behaviour	17	9.6
total	178	100

It is shown on the above table that the major reasons why Indian Insurers promote their services are to create awareness and to create a change in the attitude of consumers.

**Test of Hypotheses
Paired Samples Test**

Paired difference	T	df	Sig (2 tailed)				
Mean	Std deviation	SE mean	95% Confidence Interval of the Difference				
			Lower	Upper			
98	6.44	2.633	91.23	104.76	37.218	5	.000

Result and Interpretation

Since the computed value of 37.218 is higher than the statistical table value of 2.571 at 0.05 (5%) significance level. Therefore, the null hypothesis H0c that Insurance salespersons do not contribute to the improvement of insurance image in India is rejected while the alternative hypothesis H1c is accepted. The implication of this result is that insurance salespersons contribute greatly to the improvement of the image of insurance services in India.

IX. CONCLUSION AND RECOMENDATION

Personal selling has a lot of advantages that could bring about a long-term business relationship between the two parties involve in an insurance contract. Although most Indian insurance firms generate sales through salespersons efforts, there are still potential benefits of this viable promotional tool untapped. Furthermore, through the performance of certain functions linked to personal selling, insurance salespersons are able to communicate the value. Journal of inherent in insurance services to clients thereby increasing their level of satisfaction. Also, personal selling ensures that clients get the exact quality of the service they require because with personal selling, products and information could be modified to suit specific needs.

The volume of personal selling should be increased so that customers will get more valuable information about the home insurance. And also quality sales person are to be appointed so that they have to go on creative salesmanship. Companies are to make such steps which can provide trust on the mind of the consumers. The coverage period should also be increased to attract the customer in home insurance. And again to change the psycho of the Indian customer regarding home insurance proper awareness should be made.

The big challenge of inadequate awareness which has been battling insurance since its introduction to India is best confronted and overcame with the effective usage of personal selling. A good salesperson will be able to establish the right impression about the necessity of home insurance in the mind of a prospect customer. In addition, personal selling enhances product innovation, development and improvement. From the foregoing, it is clear that personal selling strategy is the most beneficial marketing communication tool that should be embraced by Indian home insurance firms to increase clients’ patronage, generate higher income and profit, and guarantee mutually beneficial marketing relationships that last.

Recommendations

The researcher submits the following recommendations based on the findings of this study.

- Indian house insurance firms should consider sales promotion as an integral part of their operations and increase the budgetary allocation to this vital marketing activity.
- Personal selling should be considered by all home insurance services providers as the ideal method of marketing communication. This is because no other promotional tool allows personalized and modifiable buyer-seller communication which is necessary for home insurance services' selling.
- Home insurance firms should be careful in recruiting and selecting salespersons. Selected salespersons should be adequately trained and found physically, socially, technically and intellectually sound for the job, because they have to do creative salesmanship.
- Heads of marketing departments in home insurance firms must insist on feedbacks from salespersons. This will give them idea about how clients perceive their services and their level of satisfaction.
- Personal selling could be combined with other promotional tools like advertising sales promotion, direct marketing and public relations.

X. CONTRIBUTION TO KNOWLEDGE

This study examined the role of personal selling in enhancing client satisfaction in Indian home insurance market. The study provided a basis for closer scrutiny of the marketing strategies adopted by Indian home insurance companies. It also revealed that the nature of home insurance as a service justifies the necessity of personal selling as the ideal promotional tool.

REFERENCES

- [1]. Books: Kotler, Philip Marketing Management – The Millennium Edition,
- [2]. Prentice Hall, New Delhi.
- [3]. Philip Kotler & G Armstrong – The nature of personal selling.
- [4]. M.Khan Consumer Behaviour – NewAge International publication, New Delhi
- [5]. H narayana – Indian Insurance – a Profile
- [6]. N.G.Das – Statistical method (part I)
- [7]. N.G.Das – Statistical method (part II)
- [8]. Beri, G.C.Marketing Research, Tata McGrawHill Publishing Company Limited, New Delhi.
- [1]. **Articles:** IRDA report
 - a. Economic Times,
- [1]. **Websites:** www.wikipedia.org.
 - a. www.icier.org
 - b. www.google.co.in
 - c. www.gmail.com
 - d. www.economicarticle.org
 - e. www.businesswire.com