

A Study on the Scope and Problems of Marketing Medical Insurance in Chennai Metropolitan

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Abstract

We see that India, world second biggest populated country which has reported as fast developing country with its liberalized industrial policy. There is an observation that more than three fourth of the public spend more towards their health care from their pockets. The Chennai metropolitan city with 4.7 million populations has its own health care issues. The objective of the current work is to recognize the reach of medical insurance concept among the buyers of the Chennai metropolitan, and the influencing variables of buyers' purchase decision of medical insurance. The work showing the new sculpt of buyer purchase decision in medical insurance. They are: individual, organizational and societal, representing the buyer, seller and the business environment. It uses survey method using structured questionnaire and data is collected from 120 samples from three parliamentary constituencies.

Key words: Medical Insurance, Consumer behavior, Marketing

Introduction

Human health doesn't denote the nonexistence of diseases or wounds. According to WHO a country's health organism covers of all associations, organizations and wealth that are dedicated to bring into being healthy and wealthy society. Caring of health has its own cost factor also. This cost will met out by union government, state government, local authorities, charitable associations, business houses in insurance sector and also by the individual who was affected by any diseases.

In India, expenditure on health met by the individuals in most of the cases. More than 70% of the medical expenses are met by the individuals directly in India. In the present scenario, due to changes in our lifestyle and outline of the diseases, the cost of health care increases in the remarkable manner. Growing awareness among the public on their health is showing the way for the scope of health insurance sector in India. Now a days, public too accepted its necessity due to increase in medical expenditure. The globalised and liberalized era of India is showing that the health care insurance sector has a speedy, steady and prospective market.

The medical insurance was launched in 1986 in India by the state own insurance companies. On that time, it is observed that government's the expenditure on health was in downwards trend. In 2008, Rashtriya Swasthya Bima Yojana policy for BPL (Below Poverty Line) families was introduced for the unorganized sector peoples in India. The Central and state governments contributes the annual premium in the ratio of 3:1 for this plan. This plan compensates the medical risk to the maximum of Rs. 30,000 to its members. After the post liberalization era of 1991, there are 4 state owned and 21 private owned companies engaging in insurance business. It includes 5 companies which are exclusively for healthcare insurance business. Even though, there is huge competition in the healthcare insurance, still it is in embryonic stage only. Hence, it was to be regulated and a regulatory board namely Insurance Regulatory and Development Authority (IRDA) was established in 1999. It is an autonomous institution which is regulating and builds up the effective means for the development of insurance business in India.

Importance of the Study

The Chennai metropolitan is notable for its advancement in medical field by the global and its becoming as a medical tourism hub of India. The changing lifestyle of the peoples in Chennai leads to the lifestyle diseases such as blood pressure, diabetes, kidney and heart problems leads to the medical difficulties and command high

treatment cost. The communicable diseases such as tuberculosis, flu and so on are hit the considerable population in times without considering any social class or health conditions. On the other hand, the growing trend in the population of senior citizen too rising because of the growing medical facilities. Hence, it is become necessary for the metropolitan public for the search of suitable medical policies or any another strategy to shift their medical risks financially.

Methodology

Here, the purpose of the current work is to recognize the achievement of medical insurance conception among the public of the Chennai metropolitan, and to find out the causes appealing with public's decision on taking medical insurance. The work is based on survey using an organized questionnaire among 120 samples above 18 years old. Proportionate random sampling is used, and respondents are taken from one assembly constituency each as representative locality for the parliamentary constituencies of south, central and north Chennai which is proportionate to the population. Published Electoral voter list used for the framing of population and sample size. For analysis purpose, statistical tools ANOVA, Independent Sample T-Test and Regression are used.

Review of Literature

The earlier works done by the various scholars on the buyer's behavior was reviewed and listed below for the understanding of the research area. **Nicosia (1966)** identified an inclusive representation of buyer's behavior which includes five elements. It includes 'brand element', 'location aspects', "buyer's characters", 'organizational trait', and 'quality of the message'. He also included buyer decode process as hunt, appraisal, judgment, and buying. **Engel et al (1968)** distinguished two extreme modes of buyer operations. One is characterized with high involvement and perceived risk. Another one characterized with buyer's low level of involvement and risk. **Goldsmith and Lofferty (2002)** concluded that the approach-towards-the advertisement is most powerful assumption in marketing and advertising study. Here the consumer's thoughts are influenced by the feel developed by the advertisement towards a brand on their buying plan. However, the feel that is formed towards the advertisement help in influencing consumer's thoughts toward the brand until their purchase plan. **Joseph et al (2008)** found that insurance is a matter of needs, capability of the agent to build/create buyer confidence and purchase. He further concluded that agent's touch with Clint is more important in insurance business. **Hansen** believed several point of views in the customer behavior and their decision making process. Price, attitude, awareness, risk perception etc. are all the reasons behind these perceptions. In modern business world, marketing focus reflect the move away from transactional marketing to relationship marketing (**Velnampy and Sivesan,2012**). **Patel (2002)** in his work said that 'lack of alertness of where to buy medical insurance, how much it cost and the existing choices are the hurdles that put off peoples from acquiring risk coverage in medical insurance.

The literature review identified the factors that contribute to the buyer's decision on insurance business and they are classified into three broad categories. They are 1) factors related to the buyer's demographic profile 2) initiatives by the marketers and 3) outer forces like government policies, people's standards of living and prevailing economic conditions etc. On the basis of review literature and information from the insurance companies marketing executives, the observations from the medical insurance consumers and the factor analysis results of data collected are showing the new sculpt of buyer purchase decision in medical insurance. They are: individual, organizational and societal, representing the buyer, seller and the business environment is suggested as the reasons that pressure buyer purchase decision in medical insurance. The individual factors include: demographic reasons, knowledge of medical insurance, feeling towards medical insurance and pleasure towards medical insurance. The elements of organizational factor are Product, Price, Place and Promotion. The Societal factors found are social alertness, availability of proposals, increased risk in health and growing expenditure on medical treatments.

Hypotheses

After the scrutiny of literature and the developed model, the following hypotheses were framed and tested its acceptability with suitable statistical tools. Product consciousness and its availability are the basic things for an effective purchase decision. The consciousness level of medical insurance among the sample was measured on the basis of self rating of six variables and the values arrived after the consolidation of responses. The contributing factors of consciousness are: consciousness of medical insurance companies, consciousness of medical insurance benefits, consciousness of various proposals from the insurance companies, consciousness of sickness covered and omissions in medical insurance plans, consciousness of medical insurance coverage cost and consciousness on claim process.

Hypothesis 1: There is no significant difference in consciousness about medical insurance among various demographic group respondents.

Hypothesis 2: There is no significant influence of individual factors on purchase decision of medical insurance.

Hypothesis 3: There is no significant influence of organizational factors on purchase decision of medical insurance.

Hypothesis 4: There is no significant influence of societal factors on purchase decision of medical insurance.

Findings

1. The consciousness level among the consumers is high in level about medical insurance. It is found that 96.5% of the samples have sufficient levels of knowledge about medical insurance and were capable to cite any one of the medical insurance market player and their medical insurance planes.

2. It is found that the motive of 45% (54/120) of the sample in the case of purchasing medical insurance is to meet the immense expenditures and within that 42.6% (23/54) mentioned the mounting cost of medical treatment is the motive for them. It shows that the shield against the medical care treatment is the concern among public.

3. It is found that 30.8% (37/120) of the respondents said that medical insurance didn't give any return to them as a reason for not purchasing medical insurance. Another 24.2% (29/120) of respondents opinion is the medical insurance premium is high in amount. A considerable number of respondents (22%) cited that 'not feel the need' as the reason for not taking the medical insurance.

4. It is found that more than 73% of the medical insurances are taken by the peoples above 45 years. The age profile analysis indicated that the younger age peoples are not interested to take medical insurances.

Analysis and Discussion:

Analysis of different demographic data related to first hypothesis showed assorted results. An analysis of the different variables across demographic groups showed the below:

1. There is no significant difference in consciousness across areas and earning groups.
2. There is significant difference in consciousness among different age groups other than the consciousness of insurance companies.
3. There is no significant difference in consciousness across different educational qualification groups apart from the claiming process.
4. There is no significant difference in consciousness between married and unmarried people on the medical insurance.
5. There is significant difference between male and female on respondents in consciousness of companies, cost of policy, omissions of disease from plan and claiming process.

Analysis of the different results related to second, third and fourth hypothesis are summarized below:

1. It is found that Age and marital status influence the purchase decision of significantly. The individual factors, consciousness of medical insurance, knowledge of medical insurance and feel and pleasure towards medical insurance are found that have significant influence.
2. It is found that price and promotion of organizational factors, have significant influence. Other elements are not influence significant.
3. It is found that rising social alertness on medical care, availability of suitable medical insurance proposals and growing expenditure on medical treatments of social factors, are found to have significant influence.

Steps to be taken for Scope

1. The marital status and the size of family matters in purchasing decision, the young couples will be a target segment of marketing organizations.

2. It is observed that younger age group didn't care about health care as an important one. Hence, promotional activities may be in an educational manner, like giving suggestion for their future well being.
3. Consumer consciousness is low in the area of different policies available to the different peoples. Advertising must be focus on inculcating of different policies their benefits and their suitability in the minds of peoples. Because, advertisement has a great impact on the peoples' buying decisions.
4. Consumer feel toward medical insurance is identified as an important one. Optimistic strokes in the structure of crystal clear trade, just and fair settlement of claims, prevention of deceptions, correct information will give a positive outlook among customers.
5. Customer care is a vital area that plays an important role in the minds of existing policy holders. Hence, correct responses from markets end at the time of queries and complaints are must. This area must be improved continuously without any hesitation. The mouth sayings will damage more a business from mountain to mud.
6. The marketing agencies of medical policies must focus on the brand image and trust among the customers on service providers.
7. Most of the prospect customers of medical insurance feel that the cost of the medical insurance is high. Hence, measures should be taken to communicate the importance of that to the public through mass media, facilities provided by the hospital and internet.

Conclusion

From the above study it is understand the consciousness level of medical insurance buyers. The influence of the role individual, organizational and societal on purchase decisions is analyzed. The findings and observations are applicable to both government and private sector players in medical insurance sector.

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