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**CUSTOMER PERCEPTION OF MARKETING MIX**  
**ACTIVITIES IN PUBLIC LIABILITY INSURANCE**

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# **CUSTOMER PERCEPTION OF MARKETING MIX ACTIVITIES IN PUBLIC LIABILITY INSURANCE**

A thesis submitted as a partial fulfillment towards the requirements for the degree of  
Master of Banking and Finance (MBF)

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## **ABSTRACT**

This study focuses on customer perception of marketing mix activities in public liability insurance in Myanmar Insurance. The main objective of the study is to identify the marketing mix activities provided by Myanmar Insurance Company in Yangon and to analyze the customer perception on marketing mix activities of public liability insurance by Myanmar Insurance. To meet this objective, descriptive research method is used in the study. Primary data are also collected by face-to-face interviewing with responsible persons of Myanmar Insurance, and interviewing with Public Liabilities insurance customers of Myanmar Insurance. The secondary data are collected from relevant textbooks, previously prepared research papers and internet websites. The randomly selected 120 respondents were asked for the customer perception. Customer perception of the marketing mix was found that price is the most attractive marketing mix to the respondents with highest mean score. This is because Myanmar Insurance well set up the price for non-industrialized and industrialized. The premium price also related to Sum Insured (SI). Thus, this factor mainly attracts customers to buy the public liability insurance from the Myanmar Insurance. As a second most interesting factor, product factor attracts the customer attention. On the other hand, most customers do not think promotion factor is attractive. To summarize, marketing mix activities of Myanmar Insurance is some degrees of attractive to the customers. To get more market share, Myanmar Insurance Company should give high priority to consider new promotion strategies.

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## **LIST OF ABBREVIATIONS**

UNCTAD	The United Nations Conference on Trade and Development
PI	Professional Indemnity
D&O	Directors and Officers Liability Insurance
BOP	Business Owner's Policy
E&O	Errors and omissions insurance
TPA	Third-party Administrators
ATM	Automated teller machine (cash machine)
MI	Myanma Insurance
SI	Sum Insured Insurance
IT	Information Technology
SEZ	Special Economic Zone

## **CHAPTER (1)**

### **INTRODUCTION**

In this globalization era, the insurance sector becomes a more and more critical component for the national economic and financial development. During the last decades, competition has intensified in the financial markets, mainly through deregulation and internationalization. As a result, a phrase that has been commonly used in recent times and is appropriate for all business activities is to keep the “customer in focus.” The processes of deregulation and technological development have altered the traditional barriers between different institutional groups, and there has been a redefinition of the marketplace: we tend to speak of financial services holistically rather than banking or insurance specifically. This represents a threat and, at the same time, an opportunity to financial providers, as it opens up the possibilities of offering customers a more integrated range of financial services. Many financial institutions have expanded into new, but still closely related, markets and the number and variety of competitors have increased. The search for competitive advantage has increasingly tended to focus on the process of service delivery rather than the service itself, which consequently has turned attention to the concept of “relationship marketing.” (Ennew, Wright & Thwaites, 1993)

In Myanmar, only the following insurance institutions can be found (i) state-run insurance organizations (ii) local insurance companies, local insurance broker services, and agencies (iii) foreign insurance representative offices, reinsurance foreign representative companies (iv) individual insurance corporate agents.

Myanma Insurance, the state-owned insurance organization, was founded in 1952 and started as a life insurer but later it underwrites both life and non-life insurance. It offers 46 classes of insurance including public liability insurance. Its head office is situated at Merchant Street, Yangon, Myanmar and it has 38 branch offices at cities and towns nationwide. Myanma Insurance, like all other insurers, is using agency system extensively and from time to time new agents are recruited and trained. Since Myanma Insurance is a state-owned insurer, the laws require that all the foreign investors must buy insurances only from it

Public Liability Insurance covers the cost of compensation to third parties for death, injury or damage to their property, which happens because of a firm's business

activities. A 'third party' is anyone outside the company that the business has contact with - including, for example, people visiting the premises, watching activities that the firm has organized and even passers-by. Public liability insurance is not usually compulsory by law, except for a minimal number of businesses which are covered by specific legislation, such as riding schools. However, customers may require firms to have public liability cover as a condition of awarding a contract and will ask for confirmation in writing that cover is in force.

Public liability insurance covers the organizations for the cost of a claim made by a member of the public that has suffered injury or property damage as a result of your business or a product it has supplied. This means that it protects organizations against the cost of compensation to be paid out, as well as the legal expenses incurred by the claims process. Public liability insurance is recommended for any business that interacts in public places. In every line of work, there's always the potential for something to go wrong – and accidents do happen. Claims of personal injury or property damage can be incredibly expensive even if it is not own fault, whoever may still suffer considerably lost while defending themselves.

Public liability insurance safeguards the insured by providing cover against such claims. With a public liability insurance policy, the insured can confidently protect their business against a wide range of circumstances, including injuries caused by slips or falls on their premises.

## **1.1 Rationale of the Study**

As Myanmar becomes aware of public liability, many organizations are interested in taking insurance in order to reduce the possible risks. Because of the growth of the insurance industry in Myanmar, the increase in the number of competitive insurance products and the growing number of insurance companies, there is a need to understand what attributes are behind the rise in consumers' purchasing intention and what attributes should be focused on for the company's success. Business enterprises, professionals and individuals are exposed to various types of risks, of which are essential with probable far-reaching detrimental financial consequences.

Marketers try to shape customer perception towards their firm by implementing various controllable elements of marketing mix which known as 4Ps of marketing (product, price, place, promotion) (McCarthy, 1964). Due to the nature and

inherent intangibility, three additional Ps i.e. people, process, and physical evidence was introduced for service sector. These new elements are essential to the definition and promotion of services in the consumers' eyes both prior to and during the service experience (Bitner, 1990). Now-a-days, Modern banks are blending all the 7Ps of services marketing in their marketing activities.

Myanma Insurance could really improve competitive advantage in the industry. Insurance companies in the industry are trying to get more customers' satisfaction and competitive advantage. In order to achieve those goals, Myanma Insurance in the industry needs to know how firms select the right insurance companies to suit their needs. In order to survive and grow in the industry, the buying behaviors of the firms in choosing insurance product are essential and need to be measured. Therefore, this study finds out the perceptions of customers towards the marketing mix (7Ps) for public liability insurance.

To be a leader in the insurance industry, the key is to meet the customer's real needs better than any competitor can. Therefore, it is very important to investigate which marketing mix factors are effective or not, and whether there is any relationship between 7Ps and customer perception.

## **1.2 Objectives of the Study**

The main objectives of the study are:

- (1) To identify the marketing mix activities provided by Myanma Insurance Company in Yangon
- (2) To analyze the customer perception of marketing mix activities in Public Liability Insurance.

## **1.3 Scope and Method of the Study**

There are many private and state-owned insurance companies in Myanmar. Among them, this choice to study state-owned especially, Myanma Insurance. This study only covers the customer perceptions towards the marketing mix (7ps) of Public liability insurance by Myanma Insurance and does not include the other insurance companies in Myanmar because this product is not allowed to provide by private insurance companies.

Descriptive research method was applied for this research study. To achieve the main objective of the study, both primary data and secondary data are utilized.

Primary data were acquired from an in-depth interview with responsible persons and customer survey collected by using a structured questionnaire from 120 customers. The secondary data were also be used such as lecture books, reference books, website and annual reports of Myanmar insurance.

#### **1.4 Organization of the Study**

This researched is organized into five chapters. Chapters one is an introductory one that presents rationale of the study, method of the study, scope and limited of the study and organization of the study. Chapter two presents with literature view of the insurance and theoretical background of customer buying decision. Chapter three describes about the Industry in Myanmar. Chapter four consists of the analysis on customer perceptions on marketing mix activities of public liability Insurance. Chapter five is the part of the conclusion, suggestions, and needs for future research.

## CHAPTER (2)

### THEORETICAL BACKGROUND

This chapter deals with the review of existing literature on Insurance, Third Party Liabilities Insurance and Marketing Mix Factors. The main headings covered are the concept of Third Party Liabilities Insurance that includes the definition of Third Party Liabilities Insurance and theories of Marketing Mix (7Ps).

#### 2.1 Concept of Insurance

Insurance is defined as a contract, which is called a policy, in which an individual or organization receives financial protection and reimbursement of damages from the insurer or the insurance company. At a very basic level, it is some form of protection from any possible financial losses. The basic principle of insurance is that an entity will choose to spend small periodic amounts of money against a possibility of a huge unexpected loss. Basically, all the policyholder pools their risks together. Any loss that they suffer will be paid out of their premiums which they pay. (www.toppr.com)

Insurance is a means of protection from financial loss. It is a form of [risk management](#), primarily used to [hedge](#) against the risk of a contingent or uncertain loss. An entity which provides insurance is known as an insurer, insurance company, insurance carrier or [underwriter](#). A person or entity who buys insurance is known as an insured or as a policyholder. The insurance transaction involves the insured assuming a guaranteed and known relatively small loss in the form of payment to the insurer in exchange for the insurer's promise to compensate the insured in the event of a covered loss. The loss may or may not be financial, but it must be reducible to financial terms, and usually involves something in which the insured has an [insurable interest](#) established by ownership, possession, or pre-existing relationship.

The insured receives a [contract](#), called the [insurance policy](#), which details the conditions and circumstances under which the insurer will compensate the insured. The amount of money charged by the insurer to the insured for the coverage set forth in the insurance policy is called the premium. If the insured experiences a loss which is potentially covered by the insurance policy, the insured submits a claim to the insurer for processing by a [claims adjuster](#). The insurer may [hedge](#) its own risk by

taking out [reinsurance](#), whereby another insurance company agrees to carry some of the risk, especially if the primary insurer deems the risk too large for it to carry. (www.dhueyinsurance.com)

The insurance sector is sine-quo-non for development and economic growth of any economy and it has been recognized for many years. The significance of insurance was also acknowledged in the first conference of the United Nations Conference on Trade and Development (UNCTAD) in 1964 by stating that “a sound national insurance and reinsurance market is an essential characteristic of economic growth.” It seems Insurance not only facilitates economic transactions through risk transfer and indemnification but it also promotes financial intermediation (Ward and Zurbruegg, 2000). More specifically, insurance can have effects such as promote financial stability, mobilize savings, facilitate trade and commerce, enable risk to be managed more efficiently, encourage loss mitigation, foster efficient capital allocation and also can be a substitute for and complement government security programs (Skipper, 2001).

## **2.2 Insurance Types**

Any risk that can be quantified can potentially be insured. Specific kinds of risk that may give rise to claims are known as perils. An insurance policy will set out in details which perils are covered by the policy and which are not. Below are non-exhaustive lists of the many different types of insurance that exist. A single policy that may cover risks in one or more of the categories set out below. For example, [vehicle insurance](#) would typically cover both the property risk (theft or damage to the vehicle) and the liability risk (legal claims arising from an [accident](#)). A [home insurance](#) policy in the United States typically includes coverage for damage to the home and the owner's belongings, certain legal claims against the owner, and even a small amount of coverage for medical expenses of guests who are injured on the owner's property.

[Business](#) insurance can take a number of different forms, such as the various kinds of professional liability insurance, also called professional indemnity (PI), which are discussed below under that name; and the [business owner's policy](#) (BOP), which packages into one policy many of the kinds of coverage that a business owner needs, in a way analogous to how homeowners' insurance packages the coverage that a homeowner needs.



### 2.3 Liability Insurance

Liability insurance is a very broad superset that covers legal claims against the insured. Many types of insurance include an aspect of liability coverage. For example, a homeowner's insurance policy will normally include liability coverage which protects the insured in the event of a claim brought by someone who slips and falls on the property; automobile insurance also includes an aspect of liability insurance that indemnifies against the harm that a crashing car can cause to others' lives, health, or property. The protection offered by a liability insurance policy is twofold: a legal defense in the event of a lawsuit commenced against the policyholder and indemnification (payment on behalf of the insured) with respect to a settlement or court verdict. Liability policies typically cover only the negligence of the insured, and will not apply to results of willful or intentional acts by the insured.

Public liability insurance or general liability insurance covers a business or organization against claims should its operations injure a member of the public or damage their property in some way. Directors and officers liability insurance (D&O) protects an organization (usually a corporation) from costs associated with litigation resulting from errors made by directors and officers for which they are liable. Environmental liability or environmental impairment insurance protects the insured from bodily injury, property damage and cleanup costs as a result of the dispersal, release or escape of pollutants. Errors and omissions insurance (E&O) is business liability insurance for professionals such as insurance agents, real estate agents and brokers, architects, third-party administrators (TPAs) and other business professionals. [Prize indemnity insurance](#) protects the insured from giving away a large prize at a specific event. Examples would include offering prizes to contestants who can make a half-court shot at a [basketball](#) game, or a [hole-in-one](#) at a [golf](#) tournament. [Professional liability insurance](#), also called [professional indemnity insurance](#) (PI), protects insured professionals such as architectural corporations and medical practitioners against potential negligence claims made by their patients/clients. Professional liability insurance may take on different names depending on the profession. For example, professional liability insurance in reference to the medical profession may be called [medical malpractice](#) insurance. (www.lonsdalebrokers)

Often a commercial insured's liability insurance program consists of several layers. The first layer of insurance generally consists of primary insurance, which provides first dollar indemnity for judgments and settlements up to the limits of

liability of the primary policy. Generally, primary insurance is subject to a deductible and obligates the insured to defend the insured against lawsuits, which is normally accomplished by assigning counsel to defend the insured. In many instances, a commercial insured may elect to self-insure. Above the primary insurance or self-insured retention, the insured may have one or more layers of excess insurance to provide coverage additional limits of indemnity protection. There are a variety of types of excess insurance, including "stand-alone" excess policies (policies that contain their own terms, conditions, and exclusions), "follow form" excess insurance (policies that follow the terms of the underlying policy except as specifically provided), and "umbrella" insurance policies (excess insurance that in some circumstances could provide coverage that is broader than the underlying insurance).

#### **2.4 Third Party Liability Insurance**

Third party liability insurance is a coverage for damages, losses or injuries that may be inflicted upon another party as a result of the actions of the policy holder. It is referred to as third party liability insurance because the coverage deals with the well-being of parties other than you or your policy provider. You are actually the first party while your policy provider is the second party in the chain of parties involved in insurance policy subscription.

Legal requirements to carry to third party liability insurance vary among different states. Some states may make such insurance policies mandatory in some cases. For example, it is compulsory in Michigan to secure the property protection cover when subscribing for auto liability insurance. Taking up third party insurance as a personal initiative to safeguard your assets or your business remains a wise idea, whether required or not.

Public liability insurance is a type of insurance designed to cover a business if a customer, client, member of the public or any other form of third party were to suffer a loss or injury as a result of the business's activities, and if the third party made a claim for compensation. If this were to happen, the insurance would cover the compensation and any other legal costs. Public liability insurance isn't a statutory legal requirement for businesses but it could prove invaluable if your business interacts with third parties on a frequent basis.

## 2.5 Role of Marketing in the Service Firm

Insurers will often use insurance agents to initially market or underwrite their customers. Agents can be captive, meaning they write only for one company, or independent, meaning that they can issue policies from several companies. The existence and success of companies using insurance agents is likely due to improved and personalized service. Companies also use Broking firms, Banks and other corporate entities (like Self Help Groups, Microfinance Institutions, NGOs etc.) to market their products.

Marketing mix plays a significant role in marketing of a product and management of marketing mix is considered to be a key marketing activity (Jobber & Fahy 2009). Kotler, Wong, John & Armstrong (2005) have a similar view on marketing mix; they perceive marketing mix as one of the dominant ideas of modern marketing. Marketing mix is the set of marketing tools that can be controlled and mixed together to achieve the desired target. Marketing mix constitutes all the possible activities that a firm can implement to increase the demands of its products (Kotler et al., 2005) A proper choice of marketing mix is significant to provide higher customer satisfaction at a reasonable price (Jobber & Fahy, 2009).

Borden (1965) was the first one to conceive the ideas of marketing mix, but did not formally define the marketing mix (Bennett, 1997). He explained it as important elements or ingredients that makeup a marketing program. Borden's original marketing mix had a set of 12 elements: product planning, pricing, branding, channels of distribution, personal selling, advertising, promotions, packaging, display, servicing, physical handling, and fact finding and analysis. Lazer & Kelly (1962) and Lazer, Culley & Staudt (1973) suggested three elements of marketing mix: the goods and services mix, the distribution mix, and the communication mix. McCarthy (1978) regrouped Borden's 12 elements into four elements and was the first who offered the marketing mix, which is also known as the four Ps. He defined the marketing mix as a combination of all of the factors at marketing manager's command to satisfy the target market.

This marketing mix approach has been criticized for being incomplete, because it does not bear in mind services marketing. Booms & Bitner (1981) create 7Ps by adding people, Physical Evidence, and Process to the original 4Ps. Their creation aims to include service in the marketing mix, and therefore the additional Ps are called service Ps. The marketing mix with the 7Ps is highly appropriate towards

businesses that offer services (Zeithaml & Bitner, 2003). The 7Ps of marketing mix have been studied by some researchers in marketing fields (Low & Tan, 1995; Melewar & Saunders, 2000; Pheng & Ming, 1997). Still, the expanded marketing mix suggested

## 2.6 Marketing Mix

The 7Ps model is a marketing model that modifies the 4Ps model. The 7Ps is generally used in the service industries. More and more organizations are competing one another strategically to distinguish themselves in the area of service and quality within a market. Successful organizations strongly focus on the service paradigm with investment in people, technology, personnel policy and remuneration systems for their employees. This is very important as the behavior of the employees can have a direct influence on the quality of the service. Employees represent the face and the voice of their organization to the customers. They translate the services provision into services for the customer across all sectors. The 7Ps marketing model is presented in figure (2.1)

**Figure (2.1) The 7 Ps of Services Marketing**



**Source:** Business Fundas (2010), "The 7 Ps of Services Marketing"

## 1) Product

Product refers to the goods and services offered by the organization. According to Borden (1984) product is characterized by quality, design, features, brand name and sizes. Armstrong and Kotler (2006) defined product as, “Anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need.” The product in service industry is intangible in nature. Like physical products such as a pen or a television, service products cannot be measured. Service Product is defined as the extent to which a service organization develops a comprehensive service offer to meet customers’ needs and wants in highly competitive markets. Tourism industry, financial industry, education industry etc. can be an excellent example. Ferrell and Hartline (2005) state the product as the core of the marketing mix strategy. Through unique features and attributes of products, marketers can differentiate their product from their competitors. In banking sector, the two core products are 'deposits' and 'advances' which are offered by all the banks. Banks differentiate their products by adding unique features with these core products and also with value added services which mainly cover information technology based services including Mobile banking, Internet banking, Phone banking, 24/7 ATM services, Bill pay machines etc.

## 2) Pricing

This is the price the customer pays for a service or product. The price is the most important factor for marketing. The price of a product or service is determined by all factors that an organization invests during the preparation of the product. For instance material costs, market share, product identity etc. The price of a product may go up or go down depending on time and the price of a certain product may vary because of market developments.

Pricing is the second most important element in the marketing mix and acts as a weapon to counteract competitors as well as ensures survival of the firm. According to Kotler et al. (2008), “Price is the amount of money charged for a product or service, or the total values that consumers exchange for the benefits of having or using the product or service. Pricing of services is rather more difficult than pricing of goods. Due to the intangible nature of services, price becomes a crucial quality indicator. Peter and Donnelly (2007) found in their study that price is the factor in which customers focus more than other attributes while making purchase decisions.

Even when deciding to repurchase from a service provider, consumers usually think whether or not they received their value for money. Price in banking sector means interest rate and service charges. Due to complexity of pricing structure in financial products, maintaining transparency without hidden charges is an essential prerequisite for differentiating bank services.

### 3) Place

This element represents the location where the product is available for the customers. It is possible that the product is not available in all locations but only in a certain selection of locations.

Hirankitti et al. (2009) described place as the ease of access which potential customer associates to a service such as location and distribution. Place in case of services determine where is the service product going to be performed. Place involves both time and place consideration. In terms of time, place allows the customer to gain access to the service when it is convenient for them to buy. In terms of place, distribution (place) makes services available to customers in locations which are accessible and convenient to them. Firm should pay attention to how it can deliver the product at the right time and at the right place, and which channel should be used to deliver the product (Copley, 2004). Convenience of location plays very important role on customer perception regarding banking services. Customers with higher knowledge about a service are more likely to use self-service channels like 24X7 ATMs, Bill pay machines, Internet banking, and Mobile banking. But, convenience is a key driver of channel choice for the majority of consumers (Berry et al., 2002). Milligan (1997) suggests that banks with an extensive branch office system and ATM network would have the opportunity to attract customers who are in convenience segment.

### 4) Promotion

This element comprises all the efforts the company or organization makes to stimulate the popularity of their product in the market, for instance by advertising, promotional programmes, etc. [Promotions](#) have become a critical factor in the service marketing mix. Services are easy to be duplicated and hence it is generally the [brand](#) which sets a service apart from its counterpart.

Marketing communication mix (Promotion mix) consists of the blend of advertising, personal selling, sales promotion, public relations and direct marketing tools. A communication program plays three vital roles such as provide information, persuade target customers, and encourage them to take action (Lovelock and Wright, 2002). The promotional activities can influence consumers' perception, their emotions, their experience as well as their purchasing pattern. Individual sales people, TV, radio, Internet, magazine, press, billboards and all types of conventional and nonconventional media can be used for promotional activities. In service marketing, communication tools are especially important because they help to create powerful = images and a sense of credibility, confidence and reassurance (Lovelock and Gummesson, 2004). Without effective communications, prospects may never learn of a service firm's existence, what it has to offer them or how to use its products to best advantage. In banking services, it helps in communicating with customers regarding offering new products, change in interest rate, festival season offers, opening new branches etc. Effective media used by banks to communicate about its services at right time helps in satisfying its customers.

##### 5) People

People are one of the elements of service marketing mix. People define a service. In case of service marketing, people can make or break an organization. Thus many companies nowadays are involved into specially getting their staff trained in interpersonal skills and [customer service](#) with a focus towards [customer satisfaction](#). In fact many companies have to undergo accreditation to show that their staff is better than the rest.

People refer to the employees who produce and deliver the service. Service encounter occurs when employees and consumers meet together and these encounters have strong influence on the customer's perception of service quality (Hartline and Ferrell, 1996). Personnel are also considered as the key element in a customer-centered organization as well as a way to differentiate variables with product, services, channel, and image (Kotler, 2000). Success of a customer-centered organization is not possible without the cooperation of the personnel of the organization. In banking services, customers' inputs are required for producing services like opening account, granting loan or other services. According to Armando (2005), successful service

providers can satisfy customer's banking requirements through human element, particularly 'face-to-face' interaction with the customer. It is worthwhile to mention that employees' behavior plays an important role in differentiating banking services. Welcoming the customer with smiling face, friendliness, politeness, understanding customers' problems, etc. have positive impact on customer perception. Jones and Dent (1994) found that a smiling face has a valuable effect on customer behavior.

#### 6) Process

Process is the implementation of actions and functions. It increases value for products with low cost and high advantage to customer. Process is more important for service products. Hirankitti et al., (2009) stated that the pace of the process as well as the skill of the service providers is clearly revealed to the customer. It also forms the basis of consumer satisfaction with the purchase. Therefore, process management ensures the availability and consistence of quality of service. Technology has remarkable influence on the growth of service delivery options (Dabholkar and Bagozzi, 2002). More and more banks have adopted latest technological tools to deliver their services and this has resulted in reduced costs, creation of value-added services for customers (Zhu et al. 2002), and the facilitation of their employees' jobs and ultimately, the provision of self-service options for customers. Service process is the way in which a service is delivered to the end customer.

On top of it, the [demand](#) of these services is such that they have to deliver optimally without a loss in [quality](#). Thus the process of a service company in delivering its product is of utmost importance. It is also a critical component in the service blueprint, wherein before establishing the service, the company defines exactly what should be the process of the service product reaching the end customer.

The element 'Process' of the service marketing mix represents the activities, procedures, protocols and more by which the service in question is eventually delivered to the customer. As services are results of actions for or with customers, a process involves a sequence of steps and activities to get there.

The element 'process' of the service marketing mix is an essential element within the entire service marketing mix strategy. This element comprises all activities and services in which the people involved play an important role. As a service is made up of a chain of activities, it is important to take the possible waiting period between the activities into consideration. That is why it is important that marketers take care of



the communication about possible delivery times and by doing so the management of customer expectations. Creating and managing effective service processes are for the existence of service companies. Managing the process factor is mainly due to the perish-ability of services which means that the services cannot be inventoried, stored for reuse or returned. For instance, airline seats that are not booked cannot be reclaimed. It is therefore important that the service companies manage demand as well as they possibly can.

Another distinguishing characteristic of a process in relation to a service is the evidence to be provided to the customer and this is often a standardized or customized approach based on the customer's needs and expectations. Feedback from the customer will see to the required tightening in the process with the aim to meet the customers' needs. The delivery system and the flexibility of the employees are two other key factors in the successful delivery of a service. As services are dynamic and experiential, service companies also use a blue print method called 'Service Blue Printing'. This process-based method provides a better management of the service in the area of internal and external interaction makes this transparent and ultimately this is implemented in practice. (Dabholkar and Bagozzi, 2002)

#### 7) Physical Evidence

The last element in the service marketing mix is a very important element. As said before, services are [intangible](#) in nature. However, to create a better customer experience tangible elements are also delivered with the service. Take an example of a restaurant which has only chairs and tables and good food, or a restaurant which has ambient lighting, nice music along with good seating arrangement and this also serves good food. The one with the nice ambience. That's [physical evidence](#).

This service scope includes three physical environment dimensions that represent the relation between services and environment, namely:

1. Environmental conditions such as temperature, sound, smell, etc.
2. Space and functions such as map, equipment, decoration, etc.
3. Signs, symbols and artifacts such as signature, decoration style, personal touch, etc.

As services are intangible, customers are continuously looking for concrete clues to help them understand the nature of the service company. The more intangible the service the more important it is to make the service around it tangible. Credit cards

are a good example of tangible proof compared to the provision of (intangible) credit facilities by credit card companies and banks. In conclusion, the physical evidence serves as a visual metaphor of what the company represents, what services it facilitates and the relations between customers and employees.

Another important point for consideration: satisfied customers. Satisfied customers are the best publicity for the services or products to be delivered. The marketing strategy must be effective, in which satisfaction of existing customers can be communicated to potential customers. Social marketing is a useful tool in this respect. It is not tangible but it supplies physical evidence with the aid of for instance a written recommendation by a customer or user.

Several times, physical evidence is used as a [differentiator](#) in service marketing. Imagine a private hospital and a government hospital. A private hospital will have plush offices and well-dressed staff. Same cannot be said for a government hospital. Thus physical evidence acts as a differentiator. This is the service marketing mix (7p) which is also known as the extended marketing mix.

Service cannot be displayed like goods. Due to intangible characteristics of service, customers often rely on tangible cues or physical evidence to evaluate the service before its purchase and to assess their satisfaction with the service during and after consumption. Physical Evidence is that which can be easily associated with the product. Therefore firms should create a suitable environment to highlight the fact to the customers (Rathmell, 1974). This element of 7P's holds great importance because the customer normally judges the quality of the service provided through it (Rafiq and Ahmed, 1995). The components of the physical evidence are called as service scope which includes the facility exterior i.e. exterior design, signage, parking, landscape, surrounding environment and facility interior i.e. interior design, equipment, physical layout, air quality, temperature, comfort of the seating, the appearance of the staff. Physical evidence is important for banks as this is the environment in which the service is delivered and where the bank employees and customers interact. Furniture, equipment, staff members, pass book, cheque book, information boards, etc. provide tangibility to banks. Customers use tangible cues to assess the quality of services provided. According to Bitner (1992) physical environment helps to distinguish a service provider from its competitors and facilitates to influence customer behavior. Apart from the physical décor of the workplace, tangible aspects also include display of current guidelines regarding rate

of interest in each investment plan, required service charges for different bank transactions, and other facilities provided by the banks (Lenka et al., 2009).

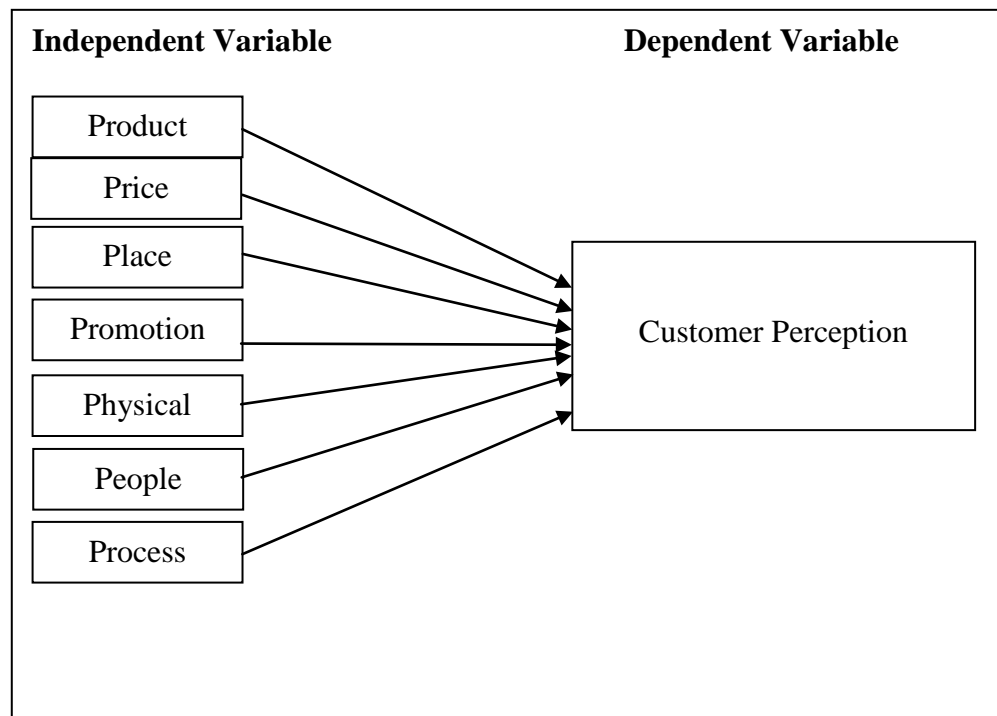
## **2.7 Consumer Perception**

Solomon and Stuart (2000) stated that perception is the process by which people select, organize, and interpret information from the outside world. People receive information in the form of sensations by five sensory receptors; eyes, ears, nose, mouth and fingers. People interpret the sensations they receive by their past experiences. The perception process is very important for marketers because it is difficult even to make consumers notice their ads. Although consumers notice it, there is no guarantee that they will perceive as marketers want. Therefore, marketers need to care the whole process including exposure, perceptual selection and interpretation. Perceptions are always considered relative to expectation. Expectations are dynamic; evaluation may shift over time, from person to person and from culture to culture. Customer perceived services in terms of the quality of service. Consumers form perceptions about a service provider, based on how the service provider delivered the services, the tangibles provided in the service offering and finally the look and manners of service provider. Therefore, perceptions formed by the consumers about a service provider's services enables consumers to create a service experience, which in turn, influences realistic and emotional perceptions of an organization's quality of their service (Berry et al, 2006).

## **2.8 Conceptual Framework of the Study**

The conceptual framework of the study is drawn based on the above literature reviews. There are seven independent variables and one dependent variable as shown in Figure (2.2)

**Figure (2.2) Conceptual Framework of the Study**



According to the conceptual framework, the study finds out how the independent variables, marketing mix activities (7Ps) such as product, price, place, promotion, people process and physical of Myanma Insurance, are perceived by the public liability customers. After gaining an insight into the effectiveness of marketing mix activities, marketing department could design firm's marketing strategy to attract consumers with the varying demographics in a better manner, leaving them more satisfied.

## **CHAPTER (3)**

### **PUBLIC LIABILITY INSURANCE IN MYANMAR**

This chapter presents the background history of the Myanmar Insurance and Public Liability Insurance in Myanmar.

#### **3.1 Background of Insurance Industry in Myanmar**

Myanmar's insurance sector dates back to the 18th century. The insurance sector in Myanmar has been active for quite some time, perhaps surprisingly so for those not familiar with the market. Following the signing of the peace treaty of Yandabo in 1826, which ended First Anglo-Burmese War, many English insurance companies came to Burma to buy life insurance.

The Burma National Insurance Company and the Burma (Government Security) Insurance Company, owned by local companies, entered the insurance market in 1940 before the Second World War. By nationalizing a local insurance company, the state-owned Union Insurance Board was established in 1952. All life insurance businesses were state-monopolized under the Union Insurance Board in 1959, and by 1964, the socialist government abolished all private insurance companies. From late 1969 to 1976, all insurance business activities were centralized under the Insurance Division of the People's Bank of the Union of Burma. Under the Union Bank Law (1975), the insurance business was outsourced to the newly formed Myanmar Insurance (MI). It was in 1993 when the Myanmar insurance law empowered the MI enterprise to engage in all insurance business activities. The enactment of the insurance business law took place in 1996.

The Insurance Business Supervisory Board launched a license application process for private insurance companies in November 2012 to diversify the provision of insurance services and to modernize the sector. However, it was 2013 that proved a landmark year in the history of the country's insurance sector, marking the commencement in operation of 12 domestic insurers.

Myanmar's underpenetrated insurance market was recently opened up to domestic private players, after decades of state monopoly. With an opening to foreign investment expected to follow, the country offers plenty of opportunities to multinational insurers. The country is on the path of economic development and

notable transformations have been witnessed in all sectors. The year 2014 saw some eminent multinational insurers begin establishing their representative offices so as to be ideally positioned to enter the Myanmar insurance market as soon as it is opened to foreign investment. These companies include AIA, ACE, MetLife and Prudential, to name a few to have obtained authorization from the insurance regulator.

Currently, there are 15 foreign insurance companies that have representative offices in Myanmar, and, among those, companies who have been in Myanmar for over three years were allowed to provide insurance within Myanmar's special economic zone (SEZ). Through these representative offices they can provide training and consultancy services to both domestic insurers and the country's insurance regulator. This process will allow these multinationals to gain key strategic insights and contacts in the Myanmar insurance industry, and grant them an early-mover advantage that could be worth hundreds of millions in dollars once the market opens to foreign insurers.

Although the market will likely prove lucrative for foreign insurers, regulatory risks loom large. The existing Japanese firms, which have had representative offices in the country for over two decades, are only allowed to operate inside the SEZ and can't operate in any other region. They will have to pay an annual fee of \$30,000 to the government for their licenses, and are allowed to issue marine cargo, building risk, and cash transfer insurance policies.

Initially, the private insurers were only permitted to underwrite business in six of the 48 recognized insurance categories in Myanmar, while MI retained its monopoly over the remaining 42 categories. However with changing times, after having reviewed the performance of these private companies over the last two years, the insurance regulatory board jointly with MI decided to liberalize and allow these private insurers to do business with two more products – health insurance and inland marine cargo insurance.

The insurance sector is currently closed, for all practical purposes, to overseas licence applicants (although, as noted above, this is expected to change shortly). Many insurance and brokerage groups have established Myanmar representative offices. The Myanmar authorities have a track record of requiring foreign businesses to have a presence in the country for a number of years before being prepared to license them. All Myanmar-related U.S. sanctions were revoked on 7 October 2016.

However, certain Myanmar nationals/businesses remain blacklisted under other programs (e.g. the counter narcotics and North Korea programs).

Myanma Insurance offers over forty insurance products. The private insurers have been permitted to offer twelve. There are caps on maximum pay outs by private insurers. If they wish to offer policies assuming liability in excess of those caps, they have to pool the risk. Given that policies and premiums are uniform, the private insurers have to differentiate themselves through their distribution channels.

There is a lack of public faith in the Myanmar banking system and a cash economy remains in place. Bank assurance is unlikely to be a viable channel in the near term. Large-scale, corporate brokerage is substantially unknown in the country. At a personal level, insurance coverage is not really a consideration in most households and insurance penetration rates are very low.

### **3.2 Profile of Myanma Insurance Company**

Myanma Insurance, the state-owned insurance company, was founded in 1952 and started as a life insurer but later it underwrites both life and non-life insurance. Its head office is situated at no. 627/635, Merchant Street, Yangon, Myanmar and it has 39 branch offices at cities and towns nationwide.

Myanma Insurance has huge reserve funds (Life Fund Kyats 18064.23 MIO, General Fund Kyats 132558.88 MIO, General Reserve Fund Kyats 11368.22 MIO) and has a substantial reinsurance cover. It has Marine Excess of Loss Reinsurance Treaty, Fire Excess of Loss Reinsurance Treaty and Motor Facultative Obligatory Treaty and Energy Treaty. These Reinsurance Treaties are placed with top-notch reinsurers. Furthermore, Myanma Insurance is backed by the Government, which assumes all the liabilities of it under the Myanma Insurance Law. So, Myanma Insurance is the insurer who will never be liquidated. Myanma Insurance is also reputed as the insurer who will never run away from a legitimate claim and it has paid total of kyats 7668.15 million in claims in the last financial year (2017-2018).

Since Myanma Insurance is a state-owned insurer, the laws require that all the foreign investors must buy insurances only from it.

**Vision:** Myanma Insurance has its vision on that is necessary for eradicating publics' losses economically and socially due to act of God and act of human beings.

**Mission:** By utilizing insurance in the name of risk management, Myanma Insurance takes its mission enthusiastically to render recoupment of past losses for publics those

who suffered from economic and social losses due to act of God and act of human beings.

**Services Provided:** Currently Myanmar Insurance provides thirty-two insurance products to its customers. The insurance service targets people from a variety of careers, occupations, and their different livelihoods. Insurance services for occupations include Government Personnel Life Insurance, Seamen Life Insurance, Sportsmen Life Insurance and Farmers' Life Insurance. Other insurance services provided by the company include protection against risks, such as Snake Bite Life Insurance and Burglary insurance. Liability insurance products offered by the company include miners' liability insurance, and third-party liability insurance.

### **3.3 Third Party Liability Insurance**

Third Party Liability Insurance was provided by law and implemented on July 1, 1976. It is an insurance system that the liability for death or bodily injury or property damage caused to any other person in the event of an accident occasioned by arising out of the use of the product / service is transferred to Myanmar Insurance on behalf of owner.

Public liability insurance is not a statutory legal requirement for businesses but it could prove invaluable if your business interacts with third parties on a frequent basis. The premium rating and the compensation amount are updated on August 1, 2016. The update premium rating may be different depending on the value of the firm.

From the year 1997, the cross-border area (Myawady, Muse and Tachilek) has implemented Third Party Liability Insurance with the updated the premium rating in order to get coverage for Myanmar people if the loss caused to them in the event of an accident.

### **3.4 Marketing Mix Practices of Myanmar Insurance**

Myanmar Insurance tries to get more market share and retains its market positions by doing the effective Marketing Mix (7Ps).

**Product:** An Insurance company sells services and therefore services are their product. When a person or an organization buys an Insurance policy from the insurance company, he not only buys a policy, but along with it the assistance and advice of the agent, the prestige of the insurance company and the facilities of claims



and compensation. In short, the formulation of product-mix is done in the face of innovative product strategy. Myanmar Insurance creates public liability insurance for Industrial and Non-industrial product types. Therefore, all business types could buy the public liability insurance to reduce the risks.

**Price:** Premium rates charged are reasonable and competitive with those existing elsewhere. Like other insurance enterprises all over the world, Myanmar Insurance has a very ambitious and efficient reinsurance programme under which large risks written are ceded to financially strong and well-established reinsurers worldwide. With a view to meeting the ever-growing requirements of its customer, insurance can be affected in a freely convertible currency. i.e. if premium is paid in a freely convertible currency the claim would be met with the same type of currency.

In the insurance business the pricing decisions are concerned with:

- i) The premium charged against the policies,
- ii) Interest charged for defaulting the payment of premium and credit facility, and
- iii) Commission charged for underwriting and consultancy activities. . The pricing in

Insurance is in the form of premium rates. The premium rates are revised if there are any significant changes in any of the below factors.

- a) Mortality
- b) Expenses
- c) Interest

Myanmar Insurance makes premium price range based on Sum Insured Insurance (SI). It sets the lowest and highest SI and categorizes the business types into industrial or non-industrial. The premium prices are varied based on the business types and SI as follows;

**Table (3.1) Premium Price for Industrial and Non-Industrial Insurance**

Particular	Premium Rate	
	Industrial	Non-Industrial
Lowest SI (20 million Kyats)	0.25%	0.2%
Highest SI (2500 million Kyats)	0.45%	0.4%

Source: Myanmar Insurance (2017)

Myanma Insurance clearly sets the premium price based on the risk levels. Generally, premium price for industrial is usually higher than that of non-industrial. Business could buy the public liability insurance at least 1 year.

**Place:** This component of the marketing mix is related to two important facets --

- i) Managing the insurance personnel, and \
- ii) Locating a branch.

While locating branches, the branch manager needs to consider a number of factors, such as smooth accessibility, availability of infrastructural facilities and the management and premises. In addition it is also significant to provide safety measures and also factors like office furnishing, civic amenities and facilities, parking facilities and interior office decoration should be given proper attention. Thus the place management of insurance branch offices needs a new vision, distinct approach and an innovative style. This is essential to make the work place conducive, attractive and proactive for the generation of efficiency among employees. The branch managers need professional excellence to make place decisions productive. With a network of 34 branches established throughout the country, Myanma Insurance fully satisfies over-all demand for insurance coverage necessitated by the growth and diversity of the economic activities in line with the market-oriented economic policy of Myanmar.

**Promotion:** Advertising and Publicity, organization of conferences and seminars, incentive to Policyholders are impersonal communication. Arranging exhibitions, participation in fairs and festivals, rural wall paintings and publicity drive through the mobile publicity van units would be effective in creating the impulse buying and the rural prospects would be easily transformed into actual policyholders. Promotion strategies include direct marketing, direct advertising (such as television or radio - also called "above the line advertising"), personal sales, public relations (PR not press releases) and sponsorship. Print media are also used such as hoardings, newspaper, magazines. As the sales promotion, diary, calendar and umbrella are given as the gifts to customers.

**People:** People are most important component of marketing mix for the insurance industry. Understanding the customer better allows designing appropriate products. Being a service industry which involves a high level of people interaction, it is very

important to use this resource efficiently in order to satisfy customers. Training, development and strong relationships with intermediaries are the key areas to be kept under consideration. Training the employees, use of IT for efficiency, both at the staff and agent level, is one important factor to give the quality service.

Myanma Insurance, like all other insurers, is using agency system extensively and from time to time new agents are recruited and trained. Furthermore, Myanma Insurance thoroughly recruits and selects employees, agents and brokers to sell its insurance products. Training programmes are regularly given for employees, agents and brokers on how to handle people of the important areas to look into.

**Process:** Myanma Insurance uses innovative techniques in order to give quality service. All branches have email, fax and good communication channels. In additions, the customers are clear about the public liability insurance product. The insurance office lets the customers know about the claim process by reducing difficult processes and claimed time.

Myanma Insurance reduces waiting time at each phase and monitors Delivery time of policies to customers. Efficiency of delivering service to customer is essential for the insurance industry. IT and Data warehousing are used at Myanma Insurance to smoothen the process flow. IT helps in servicing the large number of customers efficiently and brings down overheads. Buying process takes between 3 days and 5 days for public liability insurance. Sometimes, the insurance staff inspects the factory site if necessary. The claim process takes up to 1 week and customers get the compensation 3 days after they claim.

**Physical Evidence:** Myanma Insurance sets up all its offices nice and convenience for all customers. In additions, it arranges the all the staffs with nice uniform and badges so that the staffs will get more customers' trust. Signage personifies the insurance company. It gives an identity by which users recognize the company. A signage depicts the company's philosophy & policy. Moreover, all the branches have related policy document, statements, intimation letter, uniforms of personnel, pamphlets etc.

## Chapter (4)

### Analysis on Marketing Mix of Public Liability Insurance

This chapter consists of two sections. Firstly, profile of the respondents is presented in frequency and percentage. Secondly, customer perceptions on the marketing mix (7Ps) are presented based on the survey data.

#### 4.1 Profile of the Respondents

To analyze the profile of the respondents, demographic characteristics, such as age, education level, occupation, organization type, information source and previous experience about the public liability insurance. This is very important for Myanma Insurance when considering the new services and promotions to get more customer satisfaction and market share.

##### Age of the Respondents

Table (4.1) shows the age of the respondents by number of respondents and their relevant percent. There are five age categories in the questionnaire. The following table is made based on the survey data.

**Table (4.1) Age of the Respondents**

Age	No. of Respondents	Percentage
Less than 35 years	22	18.3
35– 38 years	52	43.3
38- 40 years	46	38.3
Total	120	100.0

Source: Survey Data, 2018

According to Table (4.1), most respondents are between 35 and 38 years old and they represent the largest group by 43 percent of the respondents. The second largest group is above 38- 40 years old and representing 38 percent of the respondents. Less than 35 years old group is the smallest group in the respondents and represents just 18 percent of the total respondents.

### **Education Levels of the Respondents**

Education levels of the respondents are important for the insurance business. Education levels could affect the perceptions of the respondents towards the services of the insurance. Table (4.2) presents the education levels of the respondents.

**Table (4.2) Education Levels of the Respondents**

<b>Education Levels</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Graduate	70	58.3
Post Graduate	46	38.3
Other	4	3.3
Total	120	100.0

Source: Survey Data, 2018

According to the Table (4.2), among 120 respondents, 58.3 percent of the respondents are graduate and they contribute the largest portion. Post Degree holders take 38 percent of the respondents; they become the second largest portion. Other group includes Ph.dholders represent 3 percent of the respondents. This data can be reliable because the respondents can represent all because the respondents include all education levels. Generally, all customers are the educated.

### **Occupation of the Respondents**

In this study, five occupation types are classified. Occupations of the respondents are presented in Table (4.3).

**Table (4.3) Occupation of the Respondents**

<b>Occupation</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Professional	20	16.7
Business Owner	82	68.3
Company Staff	14	11.7
Other	4	3.3
Total	120	100.0

Source: Survey Data, 2018

Different occupation types define several effects towards choice of insurance types. In this study, five occupational levels of the respondents are observed. 68 percent among the respondents are business owners which represent the largest group. In order to get more competitive advantage and market shares, Myanmar Insurance needs to focus those major groups.

### **Organizations of the Respondents**

Organizations of the respondents are important for the insurance business. Marketers can use this information while they choose the target segments. Table (4.4) presents the organizations of the respondents.

**Table (4.4) Organizations of the Respondents**

<b>Organizations</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Construction	12	10.0
Transportation	8	6.0
Mining	88	74.0
Trading	12	10.0
Total	120	100.0

Source: Survey Data, 2018

Table (4.4) presented major businesses of the customers who buy the public liability insurance from Myanmar Insurance. Based on the survey data, it is found that mining is the major business for public liability insurance. Mining business has to buy public liability insurance as compulsory. Construction and trading take the second largest groups that take the public liability insurance. Transportation takes the smallest group in the respondents.

### **Source of Obtaining Information**

This is analyzing of source of customers obtaining the information about Myanmar Insurance through where and how. Myanmar Insurance can more emphasize to less information delivered field and to reach more information to customers. Sources of obtaining information about Myanmar Insurance are shown in Table (4.5)

**Table (4.5) Source of Obtaining Information**

<b>Organizations</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Advertisements	4	3.0
Partners	37	31.0
Insurance Agents	79	66.0
Total	120	100.0

Source: Survey Data, 2018

Table (4.5) presents sources of obtaining information about public liability insurance of Myanma Insurance. Most customers got information about public liability insurance from insurance agents. This is not amazing because Myanma Insurance has many insurance agents who are dealing with customers. Recommendation from partners got second largest percentage since many respondents request information from their partners who already have insurance. In additions, Advertisements are not very effective because they got only 4 percent respectively.

#### **Usage of Same Service from Competitors**

This study revealed that customers bought the same service from Myanma Insurance competitors and the reasons why they use the same service from other firms. This information is very useful for Myanma Insurance to maintain its customers and get more loyal customers. Customers' purchase the same service from other competitors is shown in Table (4.6).

**Table (4.6) Usage of Same Service from Competitors**

<b>Past Experience</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Purchase only from Myanma Insurance	113	94.17
Use same service from other companies	7	5.83
Total	120	100.0

Source: Survey Data, 2018

According to Table (4.6), among 120 respondents, 113 respondents didn't use the same service from other companies because they are local businesses and they have to buy the public liability insurance from Myanma Insurance.

On the other counterpart, only 7 respondents used the same service from competitors since they are franchised or foreign based organizations.

## 4.2 Analysis of Customer Perception on Marketing Mix (7Ps)

In this study, marketing mix (7Ps) that could affect on the selection of the insurance is analyzed by using the structured questionnaire. In order to find out the influencing factors, five-point Likert scale (1: strongly disagree, 2: disagree, 3: neutral, 4: agree, 5: strongly agree) is used in the structured questionnaire. If the score is more than 3.0, it can be concluded that buyers have positive attitude towards on buying behavior. Therefore, it can be concluded that passengers have positive attitude towards on buying behavior if the mean score is greater than 3.5 while passengers have negative attitude towards buying behavior if the mean score is less than 3.0.

### 4.2.1 Customer Perception on Product

Product characteristics are very important for the customers while they consider the insurance. The product variables that were measured include availability of various insurance types, easily understandable policies and suitability for the businesses. In this study, 120 customers are surveyed. Mean scores for each question are calculated and the results are shown in Table (4.7).

**Table (4.7) Customer Perception on Product**

Sr.No	Product Factor	Mean Score
1.	Various product types are arranged for the organizations	3.99
2.	Product specifications are easy to understand.	3.93
3.	Public liability insurance product is very suitable for my business.	3.52
	<b>Overall Average Mean</b>	<b>3.81</b>

Source: Survey Data, 2018



According to Table (4.7), it is found that availability of various insurance products is obtained the highest mean score 3.99 showing that most customers perceived well about it. Customers carefully choose which product is suitable for their businesses before they buy the insurance. In additions, customers usually find out the product specifications are easily understandable and this factor got second largest mean score 3.93. They read insurance product policies thoroughly before they make the final decision. Many customers perceive public liability insurance is matched for their business since they could reduce the risks. Nowadays, public liability is very popular in Myanmar and most businesses want to avoid that kind of liability by taking the insurance. According to overall mean score, respondents have positive perception on the product factor as the whole.

#### 4.2.2 Customer Perception on Price

Buyers usually look for the premium price before they look for the products. The product variables that were measured include ordinary and Group life cover. In this study, 120 customers are surveyed. Mean scores for each question are calculated and the results are shown in Table (4.8).

**Table (4.8) Customer Perception on Price**

Sr.No	Price Factor	Mean Score
1.	Premium price of public liability insurance is reasonable.	4.16
2.	Premium price is well set up based on the business types.	4.15
3.	Premium prices vary relating to the Sum Insured.	4.38
	<b>Overall Average Mean</b>	4.23

Source: Survey Data, 2018

Regarding to the price, respondents have positive perception with the premium price. This factor is very important for the businesses as they have to pay the premium price for the amount they want to insured for public liability. Thus, this factor got highest mean score 4.38. In additions, many customers find out that the premium price is reasonable and this is the second influencing factor in this context. Furthermore,

customers feel the premium price is well set up for each of the business types. According to overall mean score, respondents think price factors are very reasonable for the products or services.

#### 4.2.3 Customer Perception on Place

Buyers usually look for the convenience office where they could buy the insurance. In this context, branches across the country, convenience to travel, same service level, and large parking are analyzed. Mean scores for each question are calculated and the results are shown in Table (4.9).

**Table (4.9) Customer Perception on Place**

Sr.No	Place Factor	Mean Score
1.	Branches exist in the states to give the service	3.96
2.	It is convenient to travel to the insurance office.	3.75
3.	All branches have the same facility and service.	3.67
4.	Braches have large compound for the parking.	2.90
	<b>Overall Average Mean</b>	3.57

Source: Survey Data, 2018

Regarding the place, among four factors, the availability of branches across the country got the highest mean score 3.96 since many businesses are situated across the country. Many respondents think that the places are convenience to travel to do the insurance process. Customers experience that many branches have the same few facility and services but some branches do not have. On the other hand, most customers are not satisfied with enough parking. According to overall mean score, Myanma Insurance needs to do few updates its infrastructure in terms of parking and facility.

#### 4.2.4 Customer Perception on Promotion

Promotions could attract the customers to buy the specific insurance products. In this study, promotions, specific offers, and gifts are analyzed in order to find out that those factors influence on buying decision. Mean scores for each question are calculated and the results are shown in Table (4.10).

**Table (4.10) Customer Perception on Promotion**

<b>Sr.No</b>	<b>Promotion Factor</b>	<b>Mean Score</b>
1.	I consider the promotions and special offers provided by Myanma Insurance.	2.75
2.	Promotions for the public liability insurance are attractive.	2.51
3.	Gifts are given to regular customers.	2.85
4.	Regular customers get the special premium price if they have no claims.	2.26
	<b>Overall Average Mean</b>	2.59

Source: Survey Data, 2018

Regarding to the promotions, respondents have no positive perception on all the promotion factors because all the factors got average less than 3.0. It is found that Myanma Insurance does not have relevant promotions and special offers for the regular customer. Most businesses take the public liability insurance from Myanma Insurance as compulsory. According to overall mean score, promotion factor does not achieve good perceptions of the respondents. Thus, Myanma Insurance needs to focus its promotion strategies based on the needs and wants of its customers.

#### **4.2.5 Customer Perception on People**

In the service industry, services are delivered by people. Thus, in this study, skills, uniforms, politeness, clear response, suggestions and enough human resources of the employees are analyzed based on the survey data. The findings are presented in the Table (4.11) by mean scores.

**Table (4.11) Customer Perception on People**

<b>Sr.No</b>	<b>People Factor</b>	<b>Mean Score</b>
1	Myanma Insurance staffs are skillful and helpful.	3.64
2.	Staffs wear uniforms and are good looking.	4.15
3.	Staffs are polite and courteous while giving the service.	3.8
4.	Staffs can give the clear and precise answer for the enquiries.	3.8
5	Staffs can give the suggestions based on the needs of specific business type.	2.5
6	Myanma Insurance has enough staffs to give service.	2.23
	<b>Overall Average Mean</b>	3.40

Source: Survey Data, 2018

Regarding the people, among six factors, smart and good looking of the employees achieved the highest mean score 4.15. Since Myanma insurance has uniform, most customers consider employees as professional and they have confidence on staffs. Politeness and courteous of the staffs are also important for customers. In additions, the precise answers influence on the buying decision of the customers. On the other hand, it is found that most customers do not think staff can give the suggestions according to their business types. Furthermore, most customers found that Myanma Insurance does not have enough staffs to give service since most customers are dealing with branches at the states and staffs are not enough at those far regions. Thus, Myanma Insurance needs to arrange enough people at the branches. According to overall mean score, respondents are satisfied with the people factor as the whole.

#### **4.2.6 Customer Perception on Process**

In the service industry, process and procedures are essential to get more customer satisfaction and market share. Thus, in this study, ease of buying, simple procedures, process duration, clear guidelines, quick response politeness, clear response, suggestions and enough human resources of the employees are analyzed

based on the survey data. The findings are presented in the Table (4.12) by mean scores.

**Table (4.12) Customer Perception on Process**

<b>Sr.No</b>	<b>Process Factor</b>	<b>Mean Score</b>
1.	It is easy to buy the insurance.	4.23
2.	Registration procedures are simple and easy to understand.	4.15
3.	Applying process only takes up to 5 days.	2.63
4.	Myanma Insurance gives the clear guidelines for claims.	4.16
5	Myanma Insurance solves the customer complaints immediately.	2.63
6	Operation hours of the Myanma Insurance are convenient to all customers.	3.83
	<b>Overall Average Mean</b>	3.34

Source: Survey Data, 2018

Concerning the process, customers are most satisfied with the ease of buying the insurance which got the highest mean score 4.23. Clear registration process obtained the second highest mean score. In additions, many customers agree that Myanma Insurance's public liability insurance has clear guidelines for the claims. Customers find out that operation hours are also suitable. On the other hand, it is found that sometimes Myanma Insurance cannot solve the customer complaints immediately as some branches need to get permission from the head office. Therefore, Myanma Insurance needs to make some delegations to its branches. According to overall mean score, process factor is attractive to customers.

#### **4.2.7 Customer Perception on Physical**

Physical infrastructure is important while delivering the service. Customer perceptions towards the physical factor are analyzed. The findings are presented in the Table (4.13) by mean scores.

**Table (4.13) Customer Perception on Physical**

<b>Sr.No</b>	<b>Physical Factor</b>	<b>Mean Score</b>
1.	Myanma Insurance has good infrastructure.	3.75
2.	Myanma Insurance has enough modernized equipment to give service. (Fax, email, online etc)	2.75
3.	Flyers are placed at the bank.	2.23
4.	There are enough signage around and in the office.	3.16
	<b>Overall Average Mean</b>	2.97

Source: Survey Data, 2018

Concerning the physical condition, the infrastructure achieved the highest mean score 3.75 among four factors. It is found that enough signages somewhat attract customers to buy the product. On the other hand, it is found that flyers and modernized equipment are not enough at the branches. According to overall mean score, physical factor does not get the good perception of the customers. Thus, Myanma Insurance needs to aware to upgrade its physical issues.

#### **4.2.8 Customer Perception on Overall Marketing Mix**

In this study, marketing mix (7Ps) is analyzed in order to find out which factor got the most positive perceptions of the customers. Table (4.14) presents the overall marketing mix (7Ps) by arranging the most attractive factors with rankings.

**Table (4.14) Customer Perception on Overall Marketing Mix**

<b>Sr.</b>	<b>Marketing Mix (7Ps)</b>	<b>Average Mean</b>	<b>Ranking</b>
1	Product	3.81	2
2	Price	4.23	1
3	Place	3.57	3
4	Promotion	2.59	7
5	People	3.40	4
6	Process	3.34	5
7	Physical	2.97	6

Source: Survey Data (2018)

According to Table (4.14), it is found that price is the most attractive marketing mix to the respondents with highest mean score. This is because Myanma Insurance well set up the price for non-industrialized and industrialized. The premium price also related to Sum Insured (SI). Thus, this factor mainly attracts customers to buy the public liability insurance from the Myanma Insurance. As a second most interesting factor, product factor attracts the customer attention. Place and people and process take the rankings 3, 4, and 5 respectively. On the other hand, Physical and promotion get the rankings 6 and 7. These two marketing factors do not have much attractive to the customers since both mean scores are lower than neutral value 3.0. According to Overall Mean Score, marketing mix (7Ps) of Myanma Insurance is some degrees of attractive to the customers.

## **Chapter (5)**

### **Conclusion**

This chapter presents findings and discussions, suggestions and needs for future research. This study is analyzed the perceptions of the customers towards the Marketing Mix (7Ps) of the Myanmar Insurance.

#### **5.1 Findings and Discussions**

This study has been conducted with the objectives of identifying the marketing mix (7Ps) activities of Myanmar Insurance and analysis of the customer perceptions on those factors.

Among 120 respondents, the study reveals that most respondents are between 35 to 38 years old and majority of the respondents are graduated. Regarding the occupation, most of the respondents are business owners. Most business type of the respondents is the mining industry. Most respondents got awareness of the public liability of the Myanmar Insurance from the Insurance Agents while some respondents got information from their partners. Most respondents do not have experience buying public liability insurance from the other firms while only 7 respondents have past experience of buying insurance.

Regarding product, respondents have good perceptions on the product factor especially various product types are attractive to them. In additions, respondents are satisfied with the product specifications. On the other hand, product suitability achieves custom interests. For the product factor content, most respondents have positive impression for this dimension.

Respondents have great impression on the premium prices of the Myanmar Insurance based on sum insured. They also feel the premium price of the public liability insurance is very reasonable. Moreover, they acknowledge that those prices are based on business types. Generally, most respondents are very satisfied with the price strategy of the public liability product.

It is found that most respondents have positive feedback on the set up of branches of cross the country. They also consider the locations of the branches are convenient and most branches can provide good facility like that of head office. The



key issue in this context is that there is not enough car parking in the compound. As the whole, most respondents think place factor is acceptable.

Regarding promotion factor, most customers give negative feedback about the promotions offered by Myanmar Insurance. Myanmar Insurance does not have attractive gifts and promotions. This is the key issue for the Myanmar Insurance in order to survive and grow in the industry for a long time since most respondents stated that they do not get attractive promotions from Myanmar Insurance.

Most respondents think the process of buying public liability insurance is simple and easy. But the process takes more than estimated days while registering. Another issue is that Myanmar Insurance has some delays in solving the complaints. As the overall, respondents think the process factor is a little attractive.

Most respondents feel that Myanmar Insurance has good infrastructure and enough signage but they stated that some branches do not have modernized equipment and communication channels like internet, emails etc. Regarding this, most respondents do not receive positive feeling about the physical factor.

## **5.2 Suggestions**

Myanmar Insurance is the state-own business and it needs to attract customers for the public liability insurance products. This study shows that Myanmar Insurance should do some improvements in its marketing mix.

The major customers of Myanmar Insurance are doing mining business thus the insurance should focus those businesses. Moreover, most respondents are business owners and educated thus the marketing mix should be related to those social class. Most of the respondents did not have previous experience of buying from other insurance firms. Thus, Myanmar Insurance should plan loyalty programs so that customers will not use the services from others. Moreover, most businesses get awareness from the insurance agents or from their partners. Thus, Myanmar Insurance should give more incentives to agents and offers some benefits to its customers who recommend their partners to use the public liability insurance of Myanmar Insurance.

Regarding product, Myanmar Insurance should create some customized product types to persuade more potential customers. It also should train all its employees across the country for the product knowledge so that employees will explain or answer the questions of the customers. In order to persuade more customers, Myanmar insurance should focus the products of the foreign banks or

insurance since they have the right to do the services directly to local businesses in Myanmar.

In order to be competitive level, Myanmar Insurance should maintain its pricing strategy by monitoring that of competitors. Moreover, it should set the flexible pricing strategy according to the business type and sum insured. Myanmar Insurance should also set up the competitive price for SMEs so that it will support the country economy.

To be more attractive place factor, the firm should arrange parking place by staffs and CCTVs. Myanmar Insurance will have to set up to provide all types of products and services at all branches. In additions, it should choose the branch locations that customers can easily commute according to the regions.

The promotion factor is the key point that Myanmar Insurance should give high priority. The insurance firm should offer attractive promotions and gifts to its customers or potential customers based on their social class and business types. Loyalty promotions need to be offered to its regular customers. Companies should focus more on telemarketing, advertising in electronic media and print media and advertising companies as additional promotional mix strategies. Myanmar Insurance should emphasize on public relation and publicity, sales promotion, seminars and promotional tools to induce consumers. Brand communication should cautiously done to project the right kind of image in the mind of the customers

Furthermore, Myanmar Insurance should recruit more staffs at each branch and train all staffs in order to give suggestion and recommendations to the specific needs of the customers. Thus, it needs to give special training about industry or firm knowledge of the customers so that employees could give the valuable advice to the customers.

Regarding process, Myanmar Insurance should keep its standard registration procedures to finish up to 5 days. Then, it also needs to solve the complaints by using the advanced technology to contact the head office. This could greatly reduce the complaints. Moreover, Myanmar Insurance should make strict policy for operation hours because some braches open late.

Last but not the least; Myanmar Insurance should set up all modernized equipment equally at all branches in order to give convenient service. It should set up the signage inside the building so that customers will get the direction to the right

place. In additions, it also needs to do flyers for all the products and services of Myanmar Insurance.

### **5.3 Need for Further Research**

This thesis focuses only on Marketing Mix (7Ps) activities of Myanmar Insurance. Therefore this study only analyses on the customer perception of Marketing Mix of Public Liability Insurance of Myanmar Insurance. This does not analyze outsourcing agents and competitors. There are many opportunities to improve this study. This study does not cover all the service and products of Myanmar Insurance. In additions, other factors of external influences and attitude models are not studied. Further study should conduct the all the marketing Mix activities of Myanmar Insurance for other products and other insurance firms so that it will cover the whole insurance industry.

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**Structured Questionnaire**

**PART I: Demographics**

1. Age

- |   |  |
|---|--|
| <input type="checkbox"/> Less than 35 years | <input type="checkbox"/> 35– 38 years  |
| <input type="checkbox"/> 38- 40 years       | <input type="checkbox"/> 41 – 45 years |
| <input type="checkbox"/> Above 45 years     |  |

2. What is your educational Qualification?

- |  |  |
|--|--|
| <input type="checkbox"/> High School Student | <input type="checkbox"/> Undergraduate |
| <input type="checkbox"/> Post Graduate       | <input type="checkbox"/> Master        |
| <input type="checkbox"/> Other .....         |  |

3. What is your Occupation?

- |  |   |
|--|---|
| <input type="checkbox"/> Profession    | <input type="checkbox"/> Business Owner   |
| <input type="checkbox"/> Company Staff | <input type="checkbox"/> Government Staff |
| <input type="checkbox"/> Other .....   |   |

4. What is your Organization?

- Mining  Manufacturing Factory  
 Fishing  Transportation  
 Other .....

5. How do you know about Public Liability Insurance?

- Advertisements  Partners  
 Insurance Agents  Family  
 Other .....

6. Did your company buy public liability insurance from other firms before?

- Yes  No

## PART II: Customer Perceptions

To what degree, do you agree for the following factors in choosing public liability insurance for your business?

Scale definition: (5= Strongly agree, 4 =Agree, 3 =Neither disagree nor agree, 2 = Disagree, 1= Strongly disagree)

Product	Degree				
	5	4	3	2	1
1. Various product types are arranged for the organizations					
2. Product specifications are easy to understand.					
3. Public liability insurance product is very suitable for my business.					
<b>Price</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
1. Premium price of public liability insurance is					

reasonable.					
2. Premium price is well set up based on the business types.					
3. Premium prices vary relating to the Sum Insured.					
<b>Place</b>					
1. Branches exist in the states to give the service.					
2. It is convenient to travel to the insurance office.					
3. All branches have the same facility and service.					
4. Branches have large compound for the parking.					
<b>Promotions</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
1. I consider the promotions and special offers provided by Myanmar Insurance					
2. Promotions for the public liability insurance are attractive.					
3. Gifts are given to regular customers.					
4. Regular customers get the special premium price if they have no claims.					
<b>People</b>					
1. Myanmar Insurance staffs are skillful and helpful.					
2. Staffs wear uniforms and are good looking.					
3. Staffs are polite and courteous while giving the service.					
4. Staffs can give the clear and precise answer for the enquiries.					
5. Staffs can give the suggestions based on the needs of specific business type.					
6. Myanmar Insurance has enough staffs to give service.					
<b>Process</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
1. It is easy to buy the insurance.					
2. Registration procedures are simple and easy to understand.					

3. Applying process only takes up to 5 days.					
4. Myanma Insurance gives the clear guidelines for claims.					
5. The company solves the customer complaints immediately.					
6. Operation hours of the Myanma Insurance are convenient to all customers.					
<b>Physical Evidence Factors</b>					
1. Myanma Insurance has good infrastructure.					
2. Myanma Insurance has enough modernized equipment to give service. (Fax, email, online etc.)					
3. Flyers are placed at the Myanma Insurance.					
4. There are enough signages around and in the Myanma Insurance.					



