EUROPEAN ACADEMIC RESEARCH
Vol. II, Issue 3/ June 2014

Impact Factor: 3.1 (UIF)
DRJI Value: 5.9 (B+)

ISSN 2286-4822
www.euacademic.org

Managing the Physical Evidence in Insurance Industry

ILEYAS RIZVI
Professor and Director (Training & MBA)
R.R. Institute of Modern Technology, Lucknow
Director, Times Institute of Management & Research, Lucknow
India
MAMTA BAJPAI
Research Scholar
G.B. Technical University
India
PRIYAKA ANJOR
Assistant Professor
Department of Business Administration
I.E.T., Lucknow
India
VARUN KUMAR KASHYAP
Research Scholar
Department of Statistics
University of Lucknow
India

Abstract:

As insurance services are intangible, inseparable, variable, non-standardised products; these characteristics make it difficult for the insurance service provider to persuade coustomers. In view of this, insurance service products often need to be tangibilised through the physical evidence that accompanies the service. Physical evidence includes aspects such as the service provider's facilities, staff appearance, ambience, atmospherics etc. In addition, promotional materials and branding strategies are all elements of physical evidence that serve to tangibilise a service offering to a customer. These physical evidence cues help a potential customer to evaluate service quality.

physical evidence create first impression necessary for attracting and persuading prospects to become consumers, but it should be in confirmation to the assumptions of consumers. According to PZB (1988) 'physical evidence can be seen as the functional form that acts as the interface between service provider and consumers.' This research study focuses on identifying the independent variables of physical evidence and their role in service quality as well as in satisfying consumers of insurance services. This study also endeavours to explain the positive & significant relationship between the physical evidence and consumers' overall satisfaction. As the study is comparative in nature, it measures the discrepancy gap between consumers' perception about the factors of ***physical evidence*** *of LIC and Bajaj- Allianz respectively.*

Key words: Service, Physical Evidence, Consumer Satisfaction, Service Quality.

1. Introduction

1.1. Intangibility & Physical Evidence: The intangibility of service products makes it difficult for the marketer to position new service product offerings. In view of this, marketers often need to "tangibilize" the service offering through the way they manage the physical evidence that accompanies the service.

Physical evidence includes aspects such as the service provider's building/facilities and staff appearance; other aspects are personal hygiene and uniforms. In addition, promotional materials and branding strategies are all elements of physical evidence that serve to *tangibilize* a service offering to a customer. These physical evidence cues are what potential customers use to evaluate accurately or inaccurately things like service quality.

1.2. Physical Evidence in Service:

As the services are intangible in nature, it becomes difficult for consumers to evaluate quality of service and value for money,

prior to purchase, hence, customers are left with no options but to judge the quality of service through physical evidence, it becomes crucial for attracting the service customer. The service provider have to make efforts to tangiblise with services offerings carefully.

The service setting often creates the all-important first impressions and helps set the tone for the entire service experience. The interior and exterior physical environment presents an image to the customer and helps them form an impression of the organisation and its service offering (Fisk, Grove and John, 2000).

In services marketing tools like product packaging is not possible, only physical entities can be employed to describe the characteristics of service product and its distinguishing qualities. Managing the physical evidence in the best possible manner is the only option to attract and impress customers for the service provider. The marketing potential of physical evidence is still not fully appreciated by service marketers. The environment of the service provider's office, or service facilities environment, uniform of the employees, brochure or any other published material containing information about the services, advertising etc, are tangibles that reflect the reflect and reinforce the image of the organisation.

In the most basic sense, service consists of the people, the processes, and the physical evidence of the experience (Titz, 2001). Service encounters include both tangible and intangible attributes. Designed objects in the service environment are sometimes referred to as "service evidence" because they are physical proof of service that has taken place. They are important components of the servicescapes and undoubtedly a critical part of service design.

1.3 Role of Physical evidence in insurance industry: physical evidence may be either Dominate or peripheral, but in case of insurance service provider, it is a great challenge to

manage the tangible aspect of service quality. Selling insurance involves least use of physical evidence unlike other insurance services which are dominated by tangibles like railways, aviation industry etc.

Even then, a well equip and well organized offices of the insurance companies reflects the quality of service offered by them. These tangibles help customers to form an image of the services and also help them to form expectations. Once expectations regarding the service quality are formed, customers are now on the verge of becoming consumers. Sometimes physical evidence may also compel customers to form higher and unrealistic expectations. For this companies must be ready to manage the customer expectations with the promise based management and most effective and efficient service delivery process. Rizvi, I. (2013)

2. Literature Review

2.1. Service Environment

The service environment is the place or surrounding in which services are delivered or performed and it influences the perception of the customers with indirect silent messages.

'Physical evidence demonstrated by an organization must confirm the assumptions of consumers. A financial service product will need to be delivered in a formal setting while for a children's birthday party, a company should adopt a more relaxed approach.' (the chartered institute of marketing, 2009). For example, the interior design of an office should show prosperity, modernity and reflect efficiency and reliability. As the environment has tremendous potential to communicate about the nature and quality of service being provided the service environment should be designed carefully. (Manjeet, 2012)

A number of researchers have investigated the multidimensional structure of the service intangibility

construct. For example, McDougall and Snetsinger (1990) propose that tangibility has both a physical and mental component. Many services lack a physical component for consumers to evaluate. Therefore, consumers cannot easily examine or evaluate the service during the pre-purchase stages of consumption. Furthermore, mental intangibility describes the inability of consumers to develop a clear, mentally tangible representation of the service, especially if the consumer lacks prior experience with the service (Laroche, Bergeron and Goutaland, 2003).

In addition, services are characterised by higher levels of experience and credence attributes and low levels of search attributes. Search attributes are normally associated with physical products and include those attributes or qualities of a product that consumers are able to assess prior to purchase. For example, consumers are able to assess clothing based on search attributes such as colour, style, feel, price and fit. On the other hand, customers can only discern experience attributes after purchase and consumption of the service, as in the case of insurance or other financial services. Hence, consumers cannot assess experience attributes until the service is consumed. Finally, some services are high in credence attributes, where consumers find it impossible to confidently judge the service offering, even after purchase and consumption, as in a medical procedure or automobile service (Mitra, Reiss and Capella, 1999; Zeithaml, 1981). Zeithaml (1981) concludes that the unique characteristics of services (intangibility, heterogeneity and inseparability) all contribute to higher levels of experience and credence attributes and low levels of search attributes associated with many service products. Further, there is a high degree of uncertainty for consumers when purchasing services, where they are faced with choosing among alternatives that vary in quality and when the quality is difficult for the consumer to evaluate (Guseman, 1981). According to Mager, "Service design addresses the functionality and form of services

from the perspective of clients. It aims to ensure that service interfaces are useful, usable, and desirable from the client's point of view and effective, efficient, and distinctive from the supplier's point of view" (Mager, 2007, p.355).

2.2. Service evidence:

Service evidence can be seen as the functional form that acts as the interface between service provider and consumers. The importance of service evidence is further supported by the fact that the well-established SERVQUAL model and measurement tool of service quality devised by Parasuraman, Zeithaml and Berry (1988) included service tangibles as one of the five dimensions for measuring service performance (Parasuraman, Zeithaml, & Berry, 1994; Oliver, 1996). Other dimensions are reliability, responsiveness, assurance and empathy. In the widely used technique of blueprinting for service design (Shostack, 1982, 1984, 1987, 1992; Bitner, Ostrom, & Morgan, 2007), service evidence is the tangible manifestation of service that appears above the "line of visibility" in a service blueprint.

2.3. The physical complexity of service evidence:

The physical complexity of service evidence and servicescapes varies in different types of service. As shown in the typology of servicescapes (Bitner, 1992), they are designed to be more elaborate for interpersonal service (such as restaurants, hotels, hospitals) when compared to self-service (such as kiosks and automatic teller machines). Berry and Bendapudi (2003) used the term "evidence management" to emphasize the importance of offering appropriate tangible cues in servicescapes because customers look for evidence of desirable service qualities by processing what they can see and understand. In the words of Berry and Bendapudi, the key to effective evidence management is to "clearly identify a simple, consistent message, and then manage the evidence – the buildings, the approach to care, even the shoelaces – to support that message,

day in and day out" (Berry & Bendapudi, 2003, p.106). The scholarly works mentioned above demonstrate the important role of service evidence in service experiences.

2.4. Servicescape

Servicescape also influences the perception of quality associated with the service. Consumer often evaluate service quality based on the physical evidence of a service firm, particularly if they are inexperienced with the service process or the service outcomes. The physical tangible clues can make an intangible service appear more tangible and the tangible elements may then act as surrogate indicators of quality. Consumers often evaluate the tangibles, in conjunction with other dimensions to establish an overall quality perception of the service organisation. For many services, the social and physical environment creates favourable or unfavourable impressions (Belk, 1975) and can be the only cues used by consumer to evaluate the quality of the service.

Bitner (1992; 2000) likens the servicescape to the packaging element of tangible products, in that the physical environment 'wraps' the service and conveys an image to the consumer. Servicescape is described as a 'visual metaphor' for intangible services, critical in forming initial impressions through the outward appearance of the service organisation. As service marketers distribute the service they actually produce, Berry (1980) suggests that service firms have an opportunity to shape the environment to their specifications. Hence, the physical elements of the service environment provide marketers with an opportunity to 'tell the "right" story' about the service offering. When discussing the abstract and intangible nature of services, Shostack (1977) noted that consumers rely on peripheral cues where the service 'realities' are shaped by the tangible aspects that can be comprehended with the five senses. For instance, when a consumer is assessing a service prior to purchase, s/he does so based on the available tangible cues, or

tangible evidence that surrounds the service. Likewise, Fisk, Grove and John (2000) state that the physical environment of a service is often the most important tangible aspect of a service offering and service firms should strive to ensure that every aspect of it makes the desired impression on consumers.

3. Research Methodology

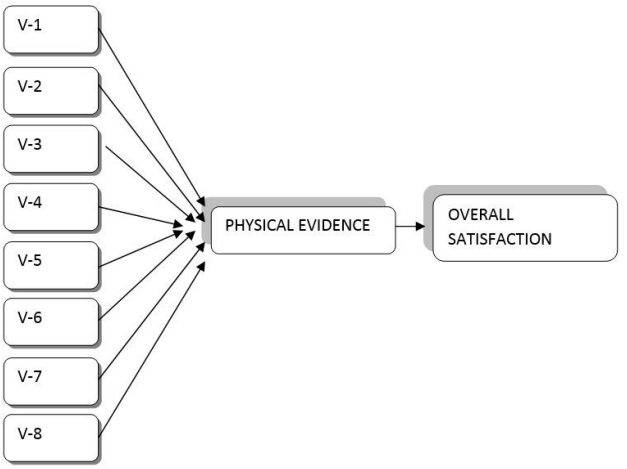
3.1 Research design

This chapter defines the research design, hypothesis development, research objectives, population samples, data collection procedures and the techniques of data analysis for examining the factors that affect customer satisfaction and loyalty with insurance services in insurance industry in India.
This research is exploratory in nature. A survey was designed to measure the perceptions of consumers for the factors physical evidence in LIC and Bajaj-Allianz with the help of the questionnaires and schedules using five point LIKERT scale having strongly agree-1, agree-2, neutral-3, disagree-4, and strongly disagree-5.

To collect information / data for the research purpose we have used ***quota sampling***. The target population, to which we would like to draw inferences, comprises the consumers of LIC (government sector) & Bajaj-Allianz (private sector) ***in Lucknow, the capital of UP in India***, which can be said as the ***universe*** of the study. We know that the population is heterogeneous in nature which is an advantage for the sampling, as it reduces the biasness of the data. This research study is comparative in nature, so the data of consumers from both the government and private companies have been used. The survey was conducted of the consumers to collect the data. The total Sample size was of 300 consumers out of which 150 consumers were of government sector (LIC) and 150 consumers were of private sector (Bajaj-Allianz). For the analysis of the data, IBM SPSS STATISTICS 20 version software has been

used to perform chi square analysis, factor analysis, correlation, and regression analysis.

3.2 Theoretical framework:



This research is an effort to know the perception of consumers for physical evidence of the LIC and Bajaj-Allianz. The proposed model of the study is mentioned above.

This study aimed to examine the factors of physical evidence that affect consumer' overall satisfaction of insurance service providers. For the ease of the readers, all the variables of physical evidence are coded, which are used further in the study are given below-

PHYSICAL EVIDENCE'S VARIABLES	**CODE**
Brochure of the company contains all the required information	**V1**
Brochure of the company is informative and self explanatory	**V2**
Employees are well dressed and appear neat	**V3**
Office is well organized	**V4**
Office is visually appealing	**V5**
I feel extremely comfortable in the office	**V6**
Atmosphere is very good	**V7**
Proper information about the name, designation, department, contact no of the top management officials is displayed at the entrance	**V8**

3.3. Research Hypotheses & Objectives

Following research hypotheses & research objectives are developed to address the research problem.

3.3.1. Research Objectives

Following research objectives are developed to address the research problem.

Objective-1: *To investigate the important variables of physical evidence in LIC and Bajaj –Allianz.*

Objective-2: *To investigate the relationship between physical evidence and customer overall satisfaction in LIC.*

Objective-3: *To investigate the relationship between physical evidence and customer overall satisfaction in Bajaj-Allianz.*

Objective-4: *To assess the discrepancy gap between consumers' perception about the factors of physical evidence of LIC and Baja- Allianz respectively.*

3.3.2. Hypothesis Development

In this study, the hypotheses have been selected based on the literature review mentioned above to describe the relationship between variables of physical evidence that influence customer overall satisfaction.

Alternate Hypothesis 1-(H1): *There are some variables that play an important role in managing physical evidence in LIC and Baja –Allianz.*

Alternate Hypothesis-2 (H1): *There is a positive/significant relationship between the physical evidence and customer overall satisfaction in LIC.*

Alternate Hypothesis-3 (H1): *There is a positive/significant relationship between the physical evidence and customer overall satisfaction in Bajaj-Allianz.*

Alternate Hypothesis 4-(H1): *There is a discrepancy gap between consumers' perception about the factors of* ***physical evidence*** *of LIC and Bajaj-Allianz respectively.*

4. Data Analysis & Interpretation

4.1. Factor Analysis

Table-1

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.762
Bartlett's Test of Sphericity	Approx. Chi-Square	1521.812
	Df	28
	Sig.	.000

Adequacy of the data is tested on the basis of results the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity (homogeneity of Variance) provided. The KMO measure of sampling adequacy is **0.762**, which indicates the present data is suitable for factor analysis (**Table-1**). This is a goodness fit coefficient whose value varies between 0 and 1 and we take values over 0.5 to represent good factor analysis (i.e., data reduction is effective). Similarly, Bartlett's test of sphericity is significant ($p < 0.001$); that explains existence of sufficient correlation between variables to proceed with the analysis.

The output of the Factor Analysis is obtained by requesting **Principal Component Analysis** (PCA) and specifying the rotation (Here we used varimax rotation with Kaiser Normalization. There are two stages in the factor analysis. Stage 1 being the factor extraction process wherein the objective is to identify how many factors are to be extracted from the data. The most popular method for this purpose is Principal Component Analysis (PCA). There is also a rule of thumb based on calculation of an Eigen value to determine how many factors to extract. The higher the Eigen value of a factor, the higher is amount of variance explain by the factor.

Table-2

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.550	44.373	44.373	3.550	44.373	44.373	3.431	42.886	42.886
2	2.120	26.498	70.872	2.120	26.498	70.872	2.239	27.985	70.872
3	.827	10.332	81.204						
4	.575	7.192	88.396						
5	.393	4.915	93.310						
6	.301	3.758	97.069						
7	.124	1.544	98.613						
8	.111	1.387	100.000						
Extraction Method: Principal Component Analysis.									

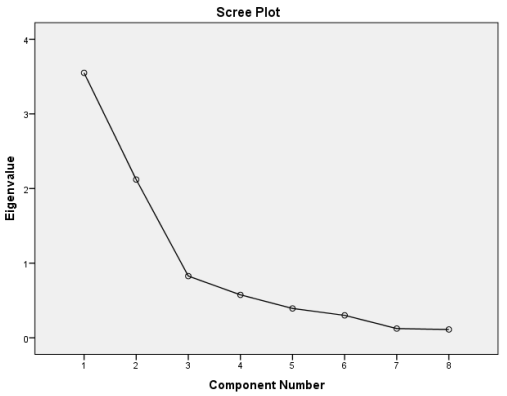
This Output lists the eigen values associated with each linear component (factor) before extraction, after extraction and after rotation. Before extraction, Output has identified 08 linear components within the data set (we know that there should be as many eigenvectors as there are variables and so there will be as many factors as variables). The Eigen values associated with each factor represent the variance explained by that particular linear component and output also displays the Eigen value in terms of the percentage of variance explained. Before rotation, some factors accounted for considerably more variance, and some factors accounted for considerably less variance. It should be clear that the first few factors explain relatively large amounts of variance (especially factor 1) whereas subsequent factors explain only small amounts of variance. **Then all factors with Eigen values greater than 1 are extracted**, which leaves us with **two factors**. According to Kaiser Criterion, only first 2 factors should be used because subsequent eigen values are less than 1.

The Eigen values associated with these factors are again displayed (and the explained) in the columns labeled 'Extraction Sums of Squared Loadings'. The values in this part of the table are the same as the values before extraction, except that the values for the discarded factors are ignored (hence, the

table is blank after the 2 factors). In the final part of the **table-2** (labeled Rotation Sums of Squared Loadings), the Eigen values of the factors after rotation are displayed. Rotation has the effect of optimizing the factor structure and one consequence for this data is that the relative importance of the 2 factors is equalized. **But after extraction and rotation**, the two factors explain the following percentage of total variance. So, **factor 1 explains 42.886% of total variance & factor 2 explains** 27.985**% of total variance**.

As evident from the **Table-2** (Total Variations Explained) we find out that from the total 08 components (play role in physical evidence), **two factors** are extracted and these 02 factors together account for **only 70.872**% of the total variance (Information contained in original 08 variables) hence we have reduced the number of variable from 08 to 02 underlying factors. But thereby sacrificing around **29.128%** of the total variation. That is high percentage of total variance (Information is sacrificed).

Table-3



Cartell's Scree test involves plotting each of the eigenvalues of the factors and inspecting the plot to find a point at which the shape of the curve changes direction and becomes horizontal. This test recommends retaining all factors above the elbow or break in the plot as these factors contribute the most

to the explanation of the variance of the data set. (**Table-3**) Usually the number of factors can also be extracted using the scree plot yet such a decision may be rather subjective. After careful examination researcher decided to obtain 02 factors as they produce the most meaningful solution.

Table-4

Component Matrix[a]		
	Component	
	1	2
Brochure of the company	.184	.872
Brochure of the company is informative	.112	.810
well dressed and appear neat	.396	.447
Office is well organized	.902	-.127
Office is visually appealing	.944	-.141
feel a extremely comfortable	.883	-.314
Atmosphere is very good	.828	-.177
Proper information about the name	.419	.582
Extraction Method: Principal Component Analysis.		
a. 2 components extracted.		

Table-5

Rotated Component Matrix[a]		
	Component	
	1	2
Brochure of the company	-.075	**.888**
Brochure of the company is informative	-.126	**.808**
well dressed and appear neat	.250	**.543**
Office is well organized	**.901**	.138
Office is visually appealing	**.945**	.137
feel a extremely comfortable	**.936**	-.046
Atmosphere is very good	**.844**	.069
Proper information about the name	.234	**.678**
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.		
a. Rotation converged in 3 iterations.		

In the present study Factor Analysis exhibits the rotated factor loading for the statements (Variables) of physical evidence

aspect of service Quality rendered by LIC and Bajaj-Allianz in Lucknow, U.P., India.

Looking at Rotated Component Matrix (**Table-5**), we find out that **Factor/Component 1** contains- Office is well organized (V4), Office is visually appealing (V5), I feel a extremely comfortable in the office (V6) and Atmosphere is very good (V7) **v**ariables.

While the **factor 2 contains**- Brochure of the company contains all the required information (V1), Brochure of the company is informative and self explanatory(V2), Employees are well dressed and appear neat (V3) and Proper information about the name, designation, department, contact no of the top management officials is displayed at the entrance (V8). So, we can say that our **alternate hypothesis-1 is accepted** and our research objective-1 is fulfilled.

4.2. CORRELATIONS

Table-6

Correlations										
		SATISFACTION	**V1**	**V2**	**V3**	**V4**	**V5**	**V6**	**V7**	**V8**
satisfied with overall performance	Pearson Correlation	1	**.533****	**.597****	**.522****	**.110**	**.068**	**-.043**	**.052**	**.340****
	Sig. (2-tailed)		.000	.000	.000	.057	.242	.463	.370	.000
	N	300	300	300	300	300	300	300	300	300
Brochure of the company	Pearson Correlation	.533**	1	.637**	.383**	.070	.074	-.079	-.022	.480**
	Sig. (2-tailed)	.000		.000	.000	.229	.204	.172	.708	.000
	N	300	300	300	300	300	300	300	300	300
Brochure of the company is information	Pearson Correlation	.597**	.637**	1	.238**	.006	-.024	-.078	.004	.376**
	Sig. (2-tailed)	.000	.000		.000	**.920**	.676	.175	**.944**	.000
	N	300	300	300	300	300	300	300	300	300
well dressed and appear neat	Pearson Correlation	.522**	.383**	.238**	1	.314**	.313**	.116*	.170**	.215**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.045	.003	.000
	N	300	300	300	300	300	300	300	300	300
Office is well organized	Pearson Correlation	.110	.070	.006	.314**	1	**.851****	**.831****	.629**	.248**
	Sig. (2-	.057	.229	.920	.000		.000	.000	.000	.000

	tailed)									
	N	300	300	300	300	300	300	300	300	300
Office is visually appealing	Pearson Correlation	.068	.074	-.024	.313**	.851**	1	.854**	.759**	.289**
	Sig. (2-tailed)	.242	.204	.676	.000	.000		.000	.000	.000
	N	300	300	300	300	300	300	300	300	300
feel a extremely comfortable	Pearson Correlation	-.043	-.079	-.078	.116*	.831**	.854**	1	.736**	.149**
	Sig. (2-tailed)	.463	.172	.175	.045	.000	.000		.000	.010
	N	300	300	300	300	300	300	300	300	300
Atmosphere is very good	Pearson Correlation	.052	-.022	.004	.170**	.629**	.759**	.736**	1	.273**
	Sig. (2-tailed)	.370	.708	.944	.003	.000	.000	.000		.000
	N	300	300	300	300	300	300	300	300	300
Proper information about the name	Pearson Correlation	.340**	.480**	.376**	.215**	.248**	.289**	.149**	.273**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.010	.000	
	N	300	300	300	300	300	300	300	300	300
**. Correlation is significant at the 0.01 level (2-tailed).										
*. Correlation is significant at the 0.05 level (2-tailed).										

Correlations

Additionally, the correlation between the independent variables should not be equal or higher than 0.90. Finally, there should be some correlations between the dependent variable and the independent variables (Pallant, 2007). The correlation matrix presented in **Table 6** above shows that there is a positive correlation among the four items of physical evidence SQL dimension with overall experience. The correlation analysis shows that four variables are significant at the 0.000 level, which is lower than the 0.05 confidence level for the study. The results show that the correlation between satisfied with overall experience and V1 indicates that there was a significant correlation between two variables with coefficient correlation r =.533 at $p < 0.00$ level. The correlation between V2, V3 AND V8 and satisfied with overall experience indicates that there was a significant correlation between three variables with coefficient correlation $r = .597$ at $p < 0.00$ level (V2), $r = .522$ at $p < 0.00$ level (V3), $r = .340$ at $p < 0.00$ (V8) level respectively. The

correlation between V4, V5, V6 and V7 and overall experience, indicates that there was a insignificant correlation. It is interesting to see that in factor analysis, items of factor-1 have significant correlation with overall experience and items of factor-2 have insignificant correlation with overall experience. So, we can say that our **alternate hypothesis-2 & 3 is accepted** partially, because it is still to be tested with regression analysis and proved.

4.3. Reliability Test

Reliability refers to the consistency of the item-level errors within a single factor. Reliability means just what it sounds like: a "reliable" set of variables will consistently load on the same factor. The way to test reliability in an EFA is to compute Cronbach's alpha for each factor. Cronbach's alpha should be above 0.7; although, *ceteris paribus*, the value will generally increase for factors with more variables, and decrease for factors with fewer variables. Each factor should aim to have at least 3 variables, and there are eight variables of physical evidence are there. A reliability test for physical evidence a dimensions of service quality of LIC and Bajaj-Allianz, was performed which showed that Cronbach's alpha coefficients was **0.788.**

Table-7

Reliability Statistics	
Cronbach's Alpha	N of Items
.788	8

4.4. Regression

Table-8 provides the results of MLR. Based on the results, it seems all the two models for LIC and Bajaj- Allianz, have worked realistically well in explaining the variation in overall experience of respective consumers. In **model-1** (LIC) the proportion of explained variance as measured by R-SQUARE

was **(.176).** In other words 17.6% of variation in satisfied with overall experience (dependent variable) of consumers of LIC is explained by items of physical evidence dimension (8 independent variables).

In **model-2** (Bajaj-Allianz) the proportion of explained variance as measured by R-SQUARE was **(.161).** In other words 16.1% of variation in satisfied with overall experience (dependent variable) of consumers of LIC is explained by items of physical evidence dimension (8 independent variables). **The standard error** of estimate of a regression is quantitative measure useful to indicate how precise the prediction of dependent variable is, based on two or more independent variables.

Table-8

Model Summary					
Name of Company	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
LIC	1	.420[a]	.176	.170	.98583
Bajaj	2	.401[a]	.161	.155	.99546
a. **Dependent Variable**: satisfied with overall performance					
b. **Independent variable**: all the 8 variables of physical evidence.					

Analysis of variance test statistics (ANOVA) indicates that both the models for LIC & Bajaj-Allianz are significant at 0.000. ANOVA findings shows that the independent variables as a whole have significant relationships with dependent variable, satisfied with overall experience of consumers in insurance industry for mode-1 (LIC) F-value is **F=31.613, Sig=0.000 and** for mode-2 (Bajaj-Allianz) F-value is **F=28.370, Sig=0.000 .**

F value is obtained when mean square regression is divided by mean square residual. Significant F is the probability that this F-value could occur by chance. (ex. Likelihood of the given correlation occurring by chance is less than 1 in 10,000.) **F-statistic** is a value used in ANOVA and regression analysis to determine if the variances between the means of two populations are significantly different. For

practical purposes, it is important to know that this value determines the P-value, but the F-statistic number will not actually be used in the interpretation here. **Significance,** or P-value, is the probability that an effect at least as extreme as the current observation has occurred by chance.

Table-9

ANOVA[a]							
Name of Company	Model		Sum of Squares	df	Mean Square	F	Sig.
LIC	1	Regression	30.724	1	30.724	31.613	.000[b]
		Residual	143.836	148	.972		
		Total	174.560	149			
Bajaj	1	Regression	28.113	1	28.113	28.370	.000[b]
		Residual	146.660	148	.991		
		Total	174.773	149			
a. Dependent Variable: satisfied with overall performance							
b. Predictors: (Constant), REGR factor score 1 for analysis 1							

Table-10

Coefficients[a]							
Name of Company	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
			B	Std. Error	Beta		
LIC	1	(Constant)	2.118	.123		17.231	.000
		REGR factor score 1 for analysis 1	.670	.119	.420	5.623	.000
Bajaj	1	(Constant)	3.410	.138		24.639	.000
		REGR factor score 1 for analysis 1	.765	.144	.401	5.326	.000
a. Dependent Variable: satisfied with overall performance							

The standardized regression coefficient is the β value for standardized scores (z scores) of the independent variables, which varies between +1 & -1. The ß value indicates the relative influence of the entered variables.

In case of model-1 (LIC), physical evidence has the great influence on satisfaction (ß=0.420), so, we can say that our

alternate hypothesis-2 is accepted and our research objective-2 is fulfilled.

In case of model-2 (Bajaj-Allianz), physical evidence has the great influence on satisfaction (ß=0.401) as can be seen in table-10. So, we can say that our **alternate hypothesis-3 is accepted** and our research objective-3 is fulfilled.

Multiple regression analysis in **Table 10** was employed to determine whether physical evidence has an effect on customer satisfaction; the result of regression analysis revealed that there was significant relationship between physical evidence and customer overall experience in case of LIC & Bajaj-Allianz. The values of physical evidence are statistically **significant and it supports the alternate hypothesis -2 & 3.**

4.4. Comparative Analysis of Variables of Physical Evidence

Table-11

Crosstab								
			Brochure of the company contains all the required information					Total
			strongly agree	agree	neutral	disagree	strongly disagree	
Name of Company	LIC	Count	7	40	19	55	29	150
		% of Total	2.3%	13.3%	6.3%	18.3%	9.7%	50.0%
	Bajaj	Count	8	18	18	78	28	150
		% of Total	2.7%	6.0%	6.0%	26.0%	9.3%	50.0%
Total		Count	15	58	37	133	57	300
		% of Total	5.0%	19.3%	12.3%	44.3%	19.0%	100.0%

Interpretation: From the above crosstab we can say that in case of LIC, 4.6% respondents strongly agreed and 26.6% agreed, 12.6% neutral, 36.6% disagreed and 19.4% strongly disagreed that 'brochure of the company contains all the required information'. While in case of Bajaj-Allianz, 5.4%

respondents strongly agreed and 12% agreed, 12% neutral, 52% disagreed and 18.6% strongly disagreed on the same.

Hence, we can conclude that most of the consumers of LIC & Bajaj-Allianz are dissatisfied on this particular dimension of service quality i.e; brochure of the company contains all the required information.

Table-12

Crosstab								
			Brochure of the company is informative and self explanatory					Total
			strongly agree	agree	neutral	Disagree	strongly disagree	
Name of Company	LIC	Count	10	35	9	73	23	150
		% of Total	3.3%	11.7%	3.0%	24.3%	7.7%	50.0%
	Bajaj	Count	12	7	19	62	50	150
		% of Total	4.0%	2.3%	6.3%	20.7%	16.7%	50.0%
Total		Count	22	42	28	135	73	300
		% of Total	7.3%	14.0%	9.3%	45.0%	24.3%	100.0%

Interpretation: From the above crosstab we can say that in case of LIC, 6.6% respondents strongly agreed and 23.4% agreed, 6% neutral, 48.6% disagreed and 15.4% strongly disagreed that 'brochure of the company is informative and self explanatory'. While in case of Bajaj-Allianz, 8% respondents strongly agreed and 4.6% agreed, 12.6% neutral, 41.4% disagreed and 33.4% strongly disagreed on the same.

Hence, we can conclude that despite of the neutral response, most of the consumers of LIC & Bajaj-Allianz are dissatisfied on this particular dimension of service quality i.e; brochure of the company is informative and self explanatory.

Table-13

Crosstab								
			Employees are well dressed and appear neat					Total
			strongly agree	agree	neutral	disagree	strongly disagree	
Name of Company	LIC	Count	34	50	30	25	11	150
		% of Total	11.3%	16.7%	10.0%	8.3%	3.7%	50.0%
	Bajaj	Count	43	56	41	10	0	150
		% of Total	14.3%	18.7%	13.7%	3.3%	0.0%	50.0%
Total		Count	77	106	71	35	11	300
		% of Total	25.7%	35.3%	23.7%	11.7%	3.7%	100.0%

Interpretation: From the above crosstab we can say that in case of LIC, 22.6% respondents strongly agreed and 33.4% agreed, 20% neutral, 16.6% disagreed and 7.4% strongly disagreed that 'employees are well dressed and appear neat '. While in case of Bajaj-Allianz, 28.6% respondents strongly agreed and 37.4% agreed, 27.4% neutral, 6.6% disagreed and 0.0% strongly disagreed on the same.

Hence, we can conclude that despite of the neutral response, most of the consumers of LIC & Bajaj-Allianz are satisfied, but **consumers of Bajaj-Allianz are more satisfied** on this particular dimension of service quality i.e; employees are well dressed and appear neat .

Table-14

Crosstab								
			Office is well organized					Total
			strongly agree	agree	Neutral	disagree	strongly disagree	
Name of Company	LIC	Count	0	12	42	43	53	150
		% of Total	0.0%	4.0%	14.0%	14.3%	17.7%	50.0%
	Bajaj	Count	18	91	41	0	0	150
		% of Total	6.0%	30.3%	13.7%	0.0%	0.0%	50.0%
Total		Count	18	103	83	43	53	300
		% of Total	6.0%	34.3%	27.7%	14.3%	17.7%	100.0%

Interpretation: From the above crosstab we can say that in case of LIC, 0.0% respondents strongly agreed and 8% agreed, 28% neutral, 28.6% disagreed and 35.4% strongly disagreed that 'office of the company is well organised'. While in case of Bajaj-Allianz, 12% respondents strongly agreed and 60.6% agreed, 27.4% neutral, 0.0% disagreed and 0.0% strongly disagreed on the same.

Hence, we can conclude that despite of the neutral response, most of the consumers of LIC are dissatisfied, while in case of Bajaj-Allianz consumers are highly satisfied on this particular dimension of service quality i.e; office of the company is well organised.

Table-15

Crosstab								
			Office is visually appealing					Total
			strongly agree	agree	Neutral	disagree	strongly disagree	
Name of Company	LIC	Count	0	14	48	49	39	150
		% of Total	0.0%	4.7%	16.0%	16.3%	13.0%	50.0%
	Bajaj	Count	57	74	19	0	0	150
		% of Total	19.0%	24.7%	6.3%	0.0%	0.0%	50.0%
Total		Count	57	88	67	49	39	300
		% of Total	19.0%	29.3%	22.3%	16.3%	13.0%	100.0%

Interpretation: From the above crosstab we can say that in case of LIC, 0.0% respondents strongly agreed and 9.4% agreed, 32% neutral, 32.6% disagreed and 26% strongly disagreed that 'office of the company is visually appealing'. While in case of Bajaj-Allianz, 38% respondents strongly agreed and 49.4% agreed, 12.6% neutral, 0.0% disagreed and 0.0% strongly disagreed on the same.

Hence, we can conclude that despite of the neutral response, most of the consumers of LIC are dissatisfied, while in case of Bajaj-Allianz consumers are highly satisfied on this

particular dimension of service quality i.e; office of the company is visually appealing.

Table-16

Crosstab								
			I feel extremely comfortable in this company office					Total
			strongly agree	agree	Neutral	disagree	strongly disagree	
Name of Company	LIC	Count	0	0	76	55	19	150
		% of Total	0.0%	0.0%	25.3%	18.3%	6.3%	50.0%
	Bajaj	Count	38	75	37	0	0	150
		% of Total	12.7%	25.0%	12.3%	0.0%	0.0%	50.0%
Total		Count	38	75	113	55	19	300
		% of Total	12.7%	25.0%	37.7%	18.3%	6.3%	100.0%

Interpretation: From the above crosstab we can say that in case of LIC, 0.0% respondents strongly agreed and 0.0% agreed, 50.6% neutral, 36.6% disagreed and 12.6% strongly disagreed that 'I feel extremely comfortable in this company office'. While in case of Bajaj-Allianz, 25.4% respondents strongly agreed and 50% agreed, 24.6% neutral, 0.0% disagreed and 0.0% strongly disagreed on the same.

Hence, we can conclude that despite of the neutral response, most of the consumers of LIC are dissatisfied, while in case of Bajaj-Allianz consumers are highly satisfied on this particular dimension of service quality i.e; I feel extremely comfortable in this company office.

Table-17

Crosstab								
			Atmosphere of the office is very good					Total
			strongly agree	agree	Neutral	disagree	strongly disagree	
Name of Company	LIC	Count	0	17	47	59	27	150
		% of Total	0.0%	5.7%	15.7%	19.7%	9.0%	50.0%
	Bajaj	Count	57	74	19	0	0	150
		% of	19.0%	24.7%	6.3%	0.0%	0.0%	50.0%

		Total						
Total		Count	57	91	66	59	27	300
		% of Total	19.0%	30.3%	22.0%	19.7%	9.0%	100.0%

Interpretation: From the above crosstab we can say that in case of LIC, 0.0% respondents strongly agreed and 11.4% agreed, 31.4% neutral, 39.4% disagreed and 18% strongly disagreed that 'atmosphere of the office is very good'. While in case of Bajaj-Allianz, 38% respondents strongly agreed and 49.4% agreed, 12.6% neutral, 0.0% disagreed and 0.0% strongly disagreed on the same.

Hence, we can conclude that despite of the neutral response, most of the consumers of LIC are dissatisfied, while in case of Bajaj-Allianz consumers are highly satisfied on this particular dimension of service quality i.e; I feel extremely comfortable in this company office.

Table-18

Crosstab								
			Proper information about the name, designation, department, contact no. of the top management officials is displayed at the entrance					Total
			strongly agree	agree	neutral	Disagree	strongly disagree	
Name of Company	LIC	Count	6	5	69	58	12	150
		% of Total	2.0%	1.7%	23.0%	19.3%	4.0%	50.0%
	Bajaj	Count	9	20	61	46	14	150
		% of Total	3.0%	6.7%	20.3%	15.3%	4.7%	50.0%
Total		Count	15	25	130	104	26	300
		% of Total	5.0%	8.3%	43.3%	34.7%	8.7%	100.0%

Interpretation: From the above crosstab we can say that in case of LIC, 4% respondents strongly agreed and 3.4% agreed, 46% neutral, 38.6% disagreed and 8% strongly disagreed that 'Proper information about the name, designation, department, contact no. of the top management officials is displayed at the

entrance'. While in case of Bajaj-Allianz, 6% respondents strongly agreed and 13.4% agreed, 40.6% neutral, 30.6% disagreed and 9.4% strongly disagreed on the same.

Hence, we can conclude that despite of the neutral response, most of the consumers of LIC & Bajaj-Allianz are dissatisfied on this particular dimension of service quality.

Table-19

Comparative summary of the satisfaction level of consumers for physical evidence					
Variable No.	**Items**	Consumers of **LIC** (**strongly satisfied & satisfied**)	Consumers of **Bajaj-Allianz** (**strongly satisfied & satisfied**)	Consumers of **LIC** (**strongly dissatisfied & dissatisfied**)	Consumers of **Bajaj-Allianz** (**strongly dissatisfied & dissatisfied**)
V1	Brochure of the company contains all the required information			Dissatisfied	Dissatisfied
V2	Brochure of the company is informative and self explanatory			Dissatisfied	Dissatisfied
V3	Employees are well dressed and appear neat	More Satisfied	Satisfied		
V4	Office is well organised		Highly satisfied	Highly dissatisfied	
V5	Office is visually appealing		Highly satisfied	Highly dissatisfied	
V6	I feel a extremely comfortable in the office		Highly satisfied	Highly dissatisfied	
V7	Atmosphere is very good			Highly dissatisfied	Highly satisfied
V8	Proper information about the			dissatisfied	Dissatisfied

	name, designation, department, contact no of the top management officials is displayed at the entrance				

It is clearly evident from the results of analyses that there exists a discrepancy gap between consumers' perception about the factors of **physical evidence** of LIC and BAJAJ ALLIANZ respectively. Hence we can conclude that our **Alternate Hypothesis 4-(H1) is accepted.**

5. Findings, Conclusion and Managerial implications:

Final results of analyses have fulfilled all the research objectives and a **table-20** in this regard, has been given below to mention the final results of all the hypotheses, on the basis of which conclusion is drawn and suggestions in form of managerial implications, are given.

Table-20

HYPOTHESES	RESULT
Alternate Hypothesis 1-(H1): There are some variables that play an important role in managing physical evidence in LIC and Bajaj – Allianz.	ACCEPTED
Alternate Hypothesis-2 (H1): There is a positive/significant relationship between the physical evidence and customer overall satisfaction in LIC.	ACCEPTED
Alternate Hypothesis-3 (H1): There is a positive/significant relationship between the physical evidence and customer overall satisfaction in Bajaj-Allianz.	ACCEPTED
Alternate Hypothesis 4-(H1): There is a discrepancy gap between consumers' perception about the factors of **physical evidence** of LIC and BAJAJ ALLIANZ respectively.	ACCEPTED

This paper is of the view that physical evidence, can provide assurance through tangiblisation, that can most likely result in

a better service performance. The focus of this study therefore, was to determine if physical evidence dimensions such ambience, personnel uniform, brochures, well organized office, visually appealing office etc substantially correlate with service performance of LIC & Bajaj-Allianz in Lucknow, capital of Uttar Pradesh, state of India. Analyses of primary data revealed that physical evidence is significantly associated with consumer satisfaction and enhances the service performance in the insurance industry.

As insurance policy is just a concept and the evidence of this policy in an insurance service systems design is likely to win consumers patronage, which leads to increase in sales, market share and profitability. Also regular training of service personnel increases their visual appearance and competence to meet the challenges in the Indian insurance industry. Basically the role and purpose of physical evidence is to facilitate service delivery process apart from attracting consumers and image building. Certainly this will enable the insurance industry achieve good customer service delivery and thus, avoid customer defection, help in consumer retention and encourage consumers to be loyal to the organization.

Analyses have shown that all the four variables of factor -1 obtained from factor analysis are positively related with consumers' overall satisfaction. Our findings are also supported by Duncan (1996), which maintains that service environment increases customer satisfaction and that within service environments customers can be exposed to numerous stimuli which potentially affect how they act, buy, and their satisfaction with the service experience. The findings are also supported by Kotler (1973), which upholds that a good atmosphere provides discriminative stimuli to buyers that enable them to recognize service differences as bases for selecting a service provider.

Regression results in table-8 shows that less percentage of variance in consumers' overall satisfaction / experience is

explained by physical evidence, 17.6% in case of LIC & 16.1% in Bajaj-Allianz. Though physical evidence has positive and significant relationship with consumers' overall satisfaction, even then, physical evidence explains less percentage of variance. From statistical point of view this finding may seem to be dissatisfactory result. But, in insurance industry in India, it is a fact that consumers are more inclined towards other factors; mainly towards attractive insurance policy, value pricing, service delivery process etc. Indeed, physical evidence does not play a vital role in insurance industry; but it means that physical evidence is important but not as important as others dimensions of service quality are. Earlier, before the entry of private companies in India, LIC, the market leader and the only public sector corporation, never paid attention to its physical evidence, and it is still lacking the same as evident from the results of comparative cross tabulation shown in table-19. After the entry of private insurance companies in joint ventures with foreign firms, penetrated Indian insurance market, LIC improved its physical evidence, but, from the results it can be seen that LIC is unable to compete with Bajaj-Allianz, a private joint venture, which is ahead of LIC in physical evidence aspect of service quality and consumer satisfaction.

6. Limitations and Suggestions for Further Studies

Data that lead us to our findings, were collected from insurance industry in Lucknow, a city of India; moreover data represent the perception of LIC & Bajaj-Allianz's consumers. Thus, the findings are limited to these two insurance service providers only. Further studies can be conducted in other service-based areas such as hospitality, healthcare and other service industries. Scope of future studies in the same area of physical evidence may include other dimensions of service quality such as product policy, service delivery etc.

FUNDING:
We have received financial support from Times Institute of Management & Research, an institute promoting research in the field of management.

ACKNOWLEDGEMENT
The authors are grateful to the Dr. Mansoor Ali, Ex Professor, IIT, Roorkee for his guidance and motivation and unconditional support.

REFERENCES & BIBLIOGRAPHY

Ambler, T. and Kokkinaki, F. 1997. "Measures of Marketing Success." *Journal of Marketing Management* 13: 665-678.

Ambler, T. and Roberts, J. 2005. "Beware of the Silver Metric: Marketing Performance Measurement has to be Multidimensional." *Centre for Marketing working paper*. No. 05-709 (September).

Asiegbu, I.F. and Powei, D.M. 2012. "Sales Force Competence: Its Nature, Need, and Dimensions in Selling Contexts for Sustainable Economic Development." *Journal of Economic and Sustainable Development* 3(9): 120-128.

Baker, J., Berry, L. and Parrasuraman, A. 1988. "The Marketing Impact of Branch Facility Design." *Journal of Retail Banking* 10(2): 33- 42.

Baron, S. 1995. *Marketing: Text and Cases*. Basingstoke, Hampshire: The McMillam Press Ltd.

Berkowitz, E.N., Kerin, R.A., Hartley, S.W., and Rudelius, W. 2003. *Marketing*. 6th Edition. Boston: Irwin McGraw-Hill.

Berry, L. L. 1980. "Services Marketing is Different." *Business* May-June, pp. 24-29.

Gronroos, C. 2000. *Service Management and Marketing: A Customer Relationship Management Approach*. 2nd Ed. NY: Wiley.

Rizvi, I. Autumn, 2013. "Promise management in insurance industry- a comparative study of LIC & Bajaj-Allianz." *Aatmbodh, Journal of Rajarshi School of Management & Technology* X(3): 3-10, ISSN-0972-1398.

Kotler, P. 1973. "Atmospherics as a Marketing Tool." *Journal of Retailing* 49(4): 48-64.

Kotler, P. 1997. *Marketing Management: Analysis, Planning, Implementation and Control*. 9th ed., Eagle Cliffs. NJ: Prentice-Hall.

Lovelock, C. and Wirt, J. 2007. *Services Marketing: People, Technology, Strategy*. 6th ed. NJ: Prentice Hall.

Martineau, P. 1958. "The Personality of the Retail Store." *Harvard Business Review* 36: 47-55.

McDougall, G.H.G. and Snetsinger, D.W. 1990. "The Intangibility of Services: Measurement and Competitive Perspectives." *Journal of Services Marketing* 4(4): 27-40.

Mittal, B. 2002. "Services Communications: From Mindless Tangibilization to Meaningful Messages." *Journal of Services Marketing* 16(5): 424-431.

Shostack, L. G. 1977. "Breaking Free From Product Marketing." *Journal of Marketing* 41: 73-80.

Stafford, M. R. 1996. "Tangibility In Services Advertising: An Investigation of Verbal Versus Visual Cues." *Journal of Advertising* 3: 13-26.

Zeithaml, V.A. and Bitner, M. J. 2003. *Services Marketing: Integrating Customer Focus across the Firm*. 3rd Ed. New York: McGraw-Hill Irwin.

Zeithaml, V.A. and Bitner, M.J. 2000. *Services Marketing: Integrating Customer Focus across the Firms*. 2nd Ed. Boston: McGraw-Hill.