

**STUDY ON MARKETING COMMUNICATIONS IN LIFE INSURANCE
SECTOR IN INDIA**

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SYNOPSIS

The objective of this research is to draw attention to the importance of certain elements of marketing communication in premium income generation and the volume of insurance businesses in India's Insurance Industry. Specifically, the study sought to describe the ranked importance of the major marketing communication elements in the two phases of the research interest viz: advertising, personal selling, sales promotion and direct marketing. 5 insurance companies out of the industry capacity of 25+ were randomly selected from major cities in India.

Data were collected through the use of primary instruments comprising phone survey method and well structured questionnaire delivered to the employees of these companies. Findings from the study suggest that advertising, personal selling, and direct marketing are taking high priority in the minds of marketers of insurance services in India. While direct marketing is considered appreciable in services delivery improvement of insurance organizations, sponsorship and sales promotions were of low acceptance and unaccepted respectively. The study recommends that effective use of the various elements of marketing communication will help provide information, create more awareness, perception and change attitude, build industry's image and enhance brand trustworthiness.

1. INTRODUCTION

Marketing Communication is one of the most important communications trends adopted by companies in the last decade especially in Insurance sector. With an increase in global competition, technological advances, and more informed customers, it is important for businesses to make a powerful impact on target audiences and markets. Marketing Communication is one such step toward an integrated approach to achieving efficiency by synergy. The American Association of Advertising Agencies defines this as “a concept that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines, and combines these disciplines to provide clarity, consistency and maximum communication impact”.

India’s huge population and growing middle class presents promising potential for many US and European multinational companies focusing on the Indian markets. With more companies viewing India as an emerging market, competition in markets is growing and integration would become inevitable for communications in the developing world. The economic liberalisation and reform movement, started in India in 1991, has been one of the major contributors to the increase in its trade interactions globally. The open flow of communication with the rest of the world and the country’s ability to adapt to these changes has made it a very lucrative and promising land for many multinational companies.

The growing purchasing power of India’s huge middle class makes it easier for companies to do business in India. However, the customer base in India is extremely

fragmented. The huge geographic expanse of the country has resulted in an inconsistent distribution system that is radically different from that present in most other countries. Added to this is the cultural diversity of its inhabitants, differences in their tastes, habits, and requirements that make it very difficult for companies to market their goods in a streamlined and consistent manner. In the absence of well-developed departments for individual elements of marketing communications, a quasi-integrated approach might already be practiced among various departments in Indian companies.

1.1 RATIONALE OF THE STUDY

In setting effective marketing communications objectives, a three step approach has been proposed and this takes into account the longer term outcome of marketing communication, which are : (i) identifying the target segment (ii) determining the behavioural change to be brought about, and (iii) deciding what needs to be done to bring about the changes in behaviour (Lancaster & Massingham, 1999). Thus, it has been suggested that marketing communications serve five key objectives: (i) provision of information; (ii) stimulation of demand; (iii) differentiating the product or service; (iv) underlining the product's value, and (v) regulating sales. However, for critical development of effective communication and promotion programs, Kotler and Armstrong (2008), noted the following steps: identifying the target audience; determining the communication objectives; designing a message, choosing the media through which to send the message, selecting the message source, and obtaining feedback. In attainment of these steps, Lancaster and massingham (1999) earlier posited five factors which usually influenced the marketing communication mix elements: the nature of the market; the

nature of the product; the stage in the product life cycle; price and the funds available for promotional activities.

1.2. OBJECTIVES OF THE STUDY

- To find out the various marketing communications programs effect on the consumers related to Life Insurance sector.
- To find out which type of communications are more convencing in Insurance field.
- To find out how much people are aware about the product of the company's product, how, when, why, they but these product. Which is helpful to measure the effect of the strength of communication plan used by the Insurance organisation.
- Consumer perception towards the products of the Life Insurance company.

Specifically the study sought to describe the ranked importance of the following elements, that is: Advertising, sales promotion, personal selling and direct marketing in the two phases of focus.

2. LITERATURE REVIEW

2.1 Marketing Communications and Insurance: Conceptual Framework.

Many contemporary authors have defined the concept of marketing communications and insurance. Marketing communications have been defined as the process of presenting an integrated set of stimuli to a target market with the aim of raising a desired set of responses within that target market and setting up channels to receive, interpret and act on messages from the market to modify present company messages and identify new communication opportunities (Lancaster & massingham 1999). Obviously, marketing communications as a sender and receiver of market -related messages, a company can influence customers to buy its brands in order to make profit and at the same time it can stay in touch with its market so that it can adjust to changing market conditions and take advantage of new communication opportunities.

Insurance is defined as a contractual agreement whereby one party agrees to compensate another party for losses (Dorfman, 1994). Ajaja (1995) describes the phenomenon as a mechanism by which risk is transferred by a person, business or organization to an insurance company which reimburses the insured for sharing in the costs of losses among all the insured. The term “Insurance” is thus seen as a provision of a system of compensation for loss, damage, sickness, death and other unforeseeable circumstances in return for regular payment of a predetermined premium (Oyetayo, 2001).

Harris (1998) opined that marketing communications function within a marketing framework and is known traditionally as the promotional element of the four Ps of

marketing (product, price, place, and promotion). He added that the paramount goals of marketing communication are: to reach a defined audience so as to affect its behaviour by informing, persuading and reminding; to acquire new customer for brands by building awareness and encouraging trials; to maintain a brand's current customer base by reinforcing their purchase behaviour through the provision of additional information about the brands' benefits; and lastly, building and reinforcing relationships with customers, prospect, and other important stakeholders.

Ajaja (1995) noted that the nature of the operations of insurance businesses call for the collection of the relatively small and affordable costs of losses (premium) from a large number of insured by insurance companies. He thus added that the premiums which are usually paid upfront are subsequently shared among many insurance companies who offer to bear portions of the burden of the attached risks. Thus, insurance services embrace intangibility, inseparability, variability and ownership of title that are transferable (Ikupolati, 2008).

2.2. Components of Marketing Communication as relates to insurance

Agypong (2011) affirmed that marketing firms use various tools of communication to promote their offerings in order to achieve their promotional objectives under the marketing. From the study of Donnelly and Peter (1998), three marketing communications tools were recorded viz: advertising, sales promotion and personal selling. Etzel, Walker and Stanton (2001) noted advertising, personal selling and sales promotion. In addition to these, Kotler and Armstrong (2008) added the fifth which is direct marketing. In other

related studies, sponsorship was propounded as the sixth mode or channel of marketing communication mix (Jobber, 2004; Fill, 2005; Kotler & Keller, 2009)

3. RESEARCH METHODOLOGY

The research design for this study employed a descriptive survey method. The target population of this study included the employees (marketing staffs) of randomly selected insurance companies.

3.1 Type of research used in the study:

Consumer research

Consumer research is a unique subset of marketing research, which merits the utilization of specialized research methods that collect customer data and also enhance the company's relationship with its customers.

Data were collected through the use of primary instruments comprised of well structured questionnaire to the participants. Responses were gathered while copies of the questionnaire were filled by participants and returned to the researchers. The questionnaire asked participants to express their opinion with respect to the various marketing communication tool (Likert scale).

The options are –“strongly agree”, “somewhat agree” and “not agree”. The results of their opinion were later ranked according to their importance, that is 1=strongly agree, 0.5=somewhat agree and 0=not agree.

The marketing communication elements studied are

1. Advertising
2. Personal selling
3. Sales promotion
4. Direct marketing

3.2 Type of sampling method used in the study:

Simple random sampling

In this type of the sampling every person of the sample has equal chance to be selected in the sample. So this type of sampling technique is used in the study.

4. RESULTS AND DISCUSSION

The ranked order of the marketing communication elements in generating premium income according to the respondents are: (a) personal selling, (b) advertising, (c) direct marketing, and (d) sales promotion.

For the volume of business perceived to have been derived from each of the respondents ranked as follows: (a) advertising, (b) personal selling, (c) Sales promotion, and (d) Direct marketing.

5. CONCLUSION

This study has confirmed the importance of marketing communication elements in the services of Life insurance organizations. It has also revealed, through the rankings, the order at which all these elements are considered useful by the marketing personnel in Indian insurance market environment.

It provides useful information for existing and prospective marketing managers, insurance brokers, insurance agents, other insurance practitioners and the likes. Knowing how to use this information in the effectiveness of insurance operations depends on the understanding of some key driving force such as culture, trust, information technology, publicity (timing, duration and cost) and customer relationship strategy. Based on the results of the responses from selected insurance companies, the research finds out that most insurance marketing officers are more interested in using three amongst the six elements in their quest for generating premium income and large volume of businesses. These are: advertising, personal selling and public relations. For direct marketing, it was found that it contributes equally to both dimensions of the dependent variables of research interest. Consistent with some previous studies, this study supports the view that the use of IT can enhance service delivery. Apart from that, another finding is that the effective and efficient combination of high level of IT and service delivery will increase the level of customers' patronage and ultimately the organization's profitability.

Based on the findings, the study confirms that marketers have a low level of appreciation from the marketers towards sponsorship as an element of marketing communication;

while findings also show that marketers of insurance services did not reckon with sales promotion in this line of business. Nonchalant attitude, cultural perception, and the lack of trust, interest, appreciation and confidence of the insuring public calls for proper implementation of the various communication elements. To strengthen this position, Yusuf, Gbadamosi & Hamadu (2009) earlier recommended that significant marketing communication activities be targeted at the public so as to kindle the insuring public's interest in the business and bring the insurance institution to the highly exalted position it belongs in their perception.

6. EXPECTED CONTRIBUTION AND DIRECTION FOR FURTHER

RESEARCH:

In view of the findings of the study, the following recommendations are worth noting. Firstly, direct marketing as a tool of communication should be explored and properly entrenched in all areas of operation of the insurance industry. Secondly, to enhance effective working of the marketing communication mix elements, management should adopt a more diligent approach through sponsorship of community development programs so as to co-integrate the insuring populace in rebranding the image of the industry. In addition, this study recommends that regulatory authority should wade in to strengthen regulation and supervision that would further boost the public confidence and trust in the industry. By doing this, marketers of insurance services may see the need for effective usefulness of the other less used elements of the marketing communication.

There are some notable limitations to this study. First it emphasized the usefulness of marketing communication elements in service delivery of insurance organizations without discussing cost implications of the uses of these elements. Secondly, the data for this report were gathered from insurance operators only and the views of the insuring public on the subject were not taken into consideration. Thirdly, the research does not indicate clearly the reasons for the ineffectiveness of the other less accepted elements of the marketing communication. Lastly, limited article materials were found on marketing communication mix elements as it relates to insurance services.

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