

Customers' Perception Towards Promotional Strategies of Insurance Companies

(A Study on Urban Customers of Udaipur District, Rajasthan)

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Abstract

Promotional activities are very important ingredients of marketing mix practices and approaches followed by a company to market its product and services. Promotion is set of activities through which vendor influences and persuade the buying behavior of the prospective purchasers of their products and services and ultimately push them to buy and avail them. Promotional activity as a tool of marketing is commonly used by almost all organizations to establish their product or their brand in the market for longer sustainability and to draw the benefits of a brand. Applications of promotional tools by the insurance companies are rapidly increasing because of the intense competition and to establish the product and services offered by the companies in the market. The present research work focuses on the studying the promotional tools and practices in use by the insurance companies and their impact on the buying behavior of urban customers of the Udaipur district of Rajasthan. The primary objective of the present research work is to assess the customer perception for the promotional and advertising strategies and practices used by the Insurance companies to persuade them, and for this a close ended questionnaire was presented to the respondent customers. From the targeted sample population of the urban area of Udaipur district, 272 duly filled questionnaires were encoded for the further analysis to derive the results through statistical analysis. To make comparative analysis of customer perception towards the promotional strategies used by insurance companies, mean and standard deviation and chi-square test has been used. The study revealed that level of awareness and exposition for the promotional tool of insurance is very high among the urban customers of Udaipur, but for most of the promotional tools and practices customers' opinion showed indifferences, and for the effectiveness of promotional tools and practices customers' opinion were significantly different.

Keywords : Customer Perception, Promotion, Promotional Mix, Insurance, Public and Private Sector, Effectiveness

Introduction

Advertising, promotional activities and practices are quite common to all industries either service sector or manufacturing industry, these activities are intended to communicate their products and services related information with customers including with the company idea and vision. "Promotional Mix" is a blend of several activities such as advertising, personal selling, online selling, sales promotion, online and physical media advertisements, public relationship, viral and direct mail marketing, and etc., but overall all the activities and practices are associated with establishment of communication link between the company and the customer or the market, and the promotional mix offers the channel for this. This channel of communication helps to build the image and positive image about the product or service and company in the mind of customers.

Some industries very influentially depend on promotion mix to sell their products and services such as insurance and banking as these both industries are one of the fastest growing industries in India. In insurance sector, companies have to promote their offers to the customers with comparative benefits details to the existing products of the market, and how they can be beneficial for them, and for this several media or platforms are used by the companies to market their product. In insurance sector companies has to promote their offerings to the customer in comparison with the existing products of the market, and they can be beneficial for them, and for this several media or platforms are used by the companies to communicate or to market their product to companies. Some of the most commonly used promotion strategies in India are television marketing, internet marketing, newspaper advertisement, and other print media tools, viral marketing, SMS marketing etc. To capture particular market segment insurance companies

deliver class and segment specific advertisements and products, and it is very crucial to assess the extent of impact of promotional strategies used by insurance companies to persuade customers and their perception for advertisements thrown by the insurance companies through several media platforms. This research work will help to draw platform specific promotional mix for the urban customer which may persuade them more positively, as the study will reveal urban customers' opinion for promotional strategies adopted by insurance companies.

So, this research work will assess the opinion of urban customers' of Udaipur district of Rajasthan for the promotional strategies adopted by the insurance companies.

Literature Review

Murali (2017) studied the marketing strategies used by life insurance companies in the rural area to persuade the customers of the study area. The study revealed that in present scenario private life insurance companies has started to pull up the market share from LIC and it evident from the annual reports submitted by IRDA. But, now in the current scenario Insurance Industry is focused to market the product through various distribution channels such as Agents, Bancassurance, Internet, and comes up with new ideas and initiatives of promotion. So, in the present era to hold up the current market share, market research should be done before introducing new product, appointing the local agents where customers can trust them. The study also suggested that creating awareness about insurance, as not only a risk covering practice but it is also the investment plan, call centre facilities in local language and well established infrastructure facilities should be executed to improve the customer base.

Ahmad and Rehman (2016) concluded in their research work that the insurance sector is a

progressive service sector in the present competitive market and requires new strategies and practices to survive successfully. The insurance industry should move ahead with tailor-made products for their customers, which can satisfy their needs either financial or medical. It was also suggested that companies should focus on targeting new segments and implement innovative strategies to achieve sustained growth and ensure the profitability of the business as well as the growth of insurance coverage. The life insurers should conduct more extensive market research before introducing new insurance products targeting specific segments of the population, so that insurance can become more meaningful and affordable to all the common people.

Arumugam, Iyappan (2016), concluded that the promotional strategies of Insurance products are very simple and straightforward. Its main aim is to inform the consumers about its various products or services and about its brand. In order to fulfill this, it has taken steps like personal selling, exhibitions, demonstrations at events, advertising and new schemes. Bags, diaries calendars are distributed as gifts and incentives to the policyholders. Advertisements are shown on televisions, newspapers, billboards as promotional activities.

Research Methodology

Research Gap Identified

Good numbers of researches have been conducted on Insurance industry but very few researches were done on 'assessing the customers' perception for promotional strategies used by insurance companies or sector' and especially with reference to urban customers' of Udaipur city no research was done of the aforementioned topic. The present research work will help to fill this gap by getting an insight into the minds of urban population customers of Udaipur and analyzing their

perception towards promotional strategies and practices used by insurance companies to persuade them.

Objectives of The Research

1. To study the urban customers' perception for promotional strategies and practices used by insurance companies.
2. To study the urban customers' opinion for effectiveness of promotional techniques used by insurance companies.

Hypotheses

H₀₁- There is no difference in urban customers' perception for promotional strategies and practices used by insurance companies.

H₀₂- There is no difference in urban customers' opinion for effectiveness of promotional techniques used by insurance companies.

Scope of the Study - The geographical scope of the study was limited to urban population area of Udaipur and operational scope of the study was confined to customer perception and opinion for the promotional strategies adopted by the insurance companies to persuade the urban populace of Udaipur.

Data Collection

Primary Data - Through a structured questionnaire

Secondary Data - Through Journals, magazines, websites, newspaper etc

Sampling

The sample population of the study was limited to the urban populace of Udaipur district of Rajasthan and out of the huge sample population of Udaipur, it was quite crucial to select the specific respondents for study purpose. So, convenient sampling method was followed for choosing respondents with one selection criteria i.e. the respondent must be an insurance policyholder. A well-structured

questionnaire was circulated among 500+ respondents and out of the distributed questionnaires, 272 duly filled questionnaire set were received. So, the success rate or throughput rate was 54.4%.

Data Analysis And Interpretation

Demographic analysis of sampled Urban population of Udaipur - Only three major demographic characteristics gender, age, income were used for statistical analysis purpose in this research work, so the demographic description of gender, age, income is presented below in Table 1.

Table 1 : Demographic Description of Urban Population of Udaipur

Gender	N	Percentage
Male	186	68.38%
Female	86	31.61%
Total	272	100.00%
Age (In Years)	N	Percentage
Up to 20	12	4.41%
21 to 40	88	32.35%
41 to 60	122	44.85%
Above 60	50	18.38%
Total	272	100.00%
Income (in Rs. / month)	N	Percentage
Less than 15000	48	17.6%

15000 - 30000	83	30.5%
30000 - 45000	94	34.6%
45000 and above	47	17.3%
Total	272	100.00%

Source: Field Survey

From the above table 1 it was identified that majority of respondents were male (68.38%) and in the age group classification highest participation was observed for 41 to 60 age group with 44.85%, then second highest participation was observed for 21 to 40 years age group with 32.35%. In the income class characteristics 94 (34.6%) respondents were having 30000 to 45000 per month income and 83 (30.5%) respondents were having income or Rs. 15000 -30000 per month. Thus, a good mix of income class, age class was observed from the data and no Skewness was identified.

Descriptive Analysis of Type of Insurance Availed by Respondents

Insurance is protection from different events of asset losses, income loss, death etc., so the scope of insurance is very wider but broadly according to insurance business insurance are life insurance or personal insurance, property insurance, marine insurance, fire insurance, liability insurance, guarantee insurance and social insurance.

Table 2: Type of Insurance Availed

Type of Insurance	N	Percentage
Life Insurance or Personal Insurance	152	55.88235294
Property Insurance	68	25
Marine Insurance	5	1.838235294
Fire Insurance	63	23.16176471
Liability Insurance	22	8.088235294
Guarantee Insurance	36	13.23529412
Social Insurance	3	1.102941176

Source: Field Survey

Above table 2 statistics revealed that out of total sample population of 272 urban respondents of Udaipur district of Rajasthan, 152 respondents (55.88%) are having life insurance which is the highest percentage among all the other insurance types listed above. The second highest insurances availed by the respondents was for their properties, where 25% (N=68) respondents have insured their properties. So, out of several insurance types, life or personal insurance is widely acceptable insurance type.

Descriptive Analysis of Promotional Tools Used by Insurance Companies

There are several promotional tools and practices been to promote products and services into the market, and the same tools and practices has been adopted by the insurance sector as well. Out of several promotional tools and practices, some are quite conventional but very effective in present days, and some are technologically very rich but found less effective, as their scope to the target the customers is challenged by several technological and language barrier. Some of the well renowned promotional tool are advertisements in Newspapers, TV, Radio /FM, Magazines, Door to Door Selling, Personal Selling, Online advertisements, SMS, MMS, Video marketing, Emails, Banner ads, Flexes, Letter, Pamphlets, Brochures, Catalogues, Camps, Fairs, Public Meetings, Seminars, Workshops, Hoardings, Bill Boards, Visual Ads Screen, Social Camps, Invitations for company visits, Customized offerings, Gifts, Combos, Pop-Ups, Wall paintings, Social awareness message, Message ads etc. This section will present urban customers' awareness and their level of exposition for promotional activities.

Table 3 : Awareness and Exposition to Promotional Tools

Promotional Tools	Awareness		Exposition	
	N	%	N	%
Television Advertisements	272	100	272	100%
Newspaper Advertisements	272	100	272	100%
On Air Advertisements (Radio /FM/AM)	259	95.22 %	136	50%
Door to Door Selling	236	86.76 %	77	28.30%
Magazine Advertisements	247	90.80 %	51	18.75%
Personal / One to One Selling	259	95.22 %	136	50%

Tele Call Selling / Outbound Processes	186	68.38 %	78	28.67 %
Hoardings/Flexes/Banner Advertisements	260	95.58 %	189	69.48 %
Personalized Selling / Gifts, Schemes etc.	180	66.17 %	92	33.82 %
Fairs /Events / Social Programmes / Gatherings	200	73.52 %	56	20.58 %
Digital Marketing / Online Marketing	180	66.17 %	126	46.32 %
E-Mail marketing	162	59.55 %	133	48.89 %
Pamphlets/ Flyers/ Other Print media forms	206	75.73 %	178	65.44 %
Customized Letters	126	46.32 %	48	17.64 %
Articles/ Stories in Newspapers	87	31.98 %	51	18.75 %
Trade Fairs/ Camps etc.	159	58.45 %	87	31.98 %
Word of mouth	272	100 %	228	83.82 %
Others	196	72.05 %	52	19.11 %

Source: Field Survey

Table 3 revealed the awareness level among the sample respondents for the promotional tools used by insurance companies. Level of awareness among the sample respondents for Television Advertisements is 100%, for Newspaper Advertisements 100%, for On-Air Advertisements (Radio /FM/AM) 95.22%, for Magazine Advertisements 90.80%, for Personal / One to One Selling 95.22%, for Hoardings/Flex / Banner Advertisements 95.58% and for Word of mouth it is 100%. Remaining promotional tools also showed good level of awareness. But, the same level of exposition was not observed for the promotional tools among the respondents. Highest expositions were observed for television and newspaper advertisement with 100%, and then word of mouth with 83.82%. For digital marketing practices exposition rate was only 46.32%, means still good number of urban customers did not tapped the advanced

promotional techniques of the insurance sector yet. Least exposition rate of the sample respondents was observed for the customized letter i.e. 17.64%.

Descriptive Analysis of Urban Customer Opinion for Effectiveness of Promotional Tools Used by Insurance Companies

This section presented the descriptive statistics of customers' opinion for the effectiveness of promotional tools and strategies adopted by insurance companies. The analysis was performed over several promotional tools to assess urban customers' opinion for them, as it will be helpful for the insurance companies to design the future promotional campaign and to make a decision over the existing promotional tool and strategy followed by them.

Table 4: Descriptive Analysis of Urban Customer Opinion for Effectiveness of Promotional Tools

Promotional Tools	1	2	3	4	5
Promotional tools of insurance increases use of insurance services	21	42	40	98	71
Promotional tools create well fit image about Insurance company and Products	19	26	26	112	89
Promotional tools helps to broadcast vision and mission of company and product	30	25	32	85	100
Promotional tools broadest information about insurance company services	27	37	42	82	84
Promotional tools of insurance companies creates company's credibility	10	23	44	85	110
Promotional tools of Insurance are found convenience able	15	37	40	80	100
Promotional tools of Insurance sector creates trust over insurance and believable	30	37	55	83	67
Promotional tools of Insurance company's are informative	26	25	42	71	108
Promotional tools of Insurance company's are just waste of time	96	83	41	22	32
Promotional tools of Insurance company's irritates me	103	76	41	20	32
Promotional tool influences my decision to avail the insurance	28	36	46	73	89
Promotional tools of Insurance companies are attractive and creative	31	36	36	74	95
Promotional tools provide customized information to meet their own needs	15	31	54	74	98
Promotional tools are used to draw attention of customers	29	32	48	87	76
Promotional tools can increase customer base of insurance company	36	40	42	80	74

Source: Field Survey (1= Strongly Disagree, 2= Disagree, 3= Neutral, 4 = Agree 5= Strongly Agree)

From the descriptive statistics of urban customer's opinion for promotional tools used by insurance companies presented in the table 4, it was identified that majority of the urban population were agreeing that promotional tools of all kinds are equally effective. Respondents opinion for two statements i.e. extent of irritation and feel of waste of time,

respondents opinions were very negative and they were satisfied with promotional tools. The level of agreement of the respondents for effectiveness of the promotional tools used by insurance companies were found quite higher, which showed good acceptability of urban people for promotional tools and practices of insurance companies.

Table 5: Z-Test Analysis of Urban Customer Opinion for effectiveness of Promotional Tools

S. No.	Promotional Tools	Z-Value	Average	Std.dev	C.V.
1.	Increases use of insurance services	-0.54	1.56	0.80	51.54%
2.	Creates well fit image about Insurance company and Products	-1.57	1.69	0.83	49.52%
3.	Broadcast vision and mission of company and product	0.81	1.40	0.71	50.75%
4.	Broadcasts information about insurance company services	-12.91*	2.69	0.62	23.28%
5.	Creates company's credibility	-7.64*	2.36	0.76	32.51%
6.	Make convenience able	-8.63%*	2.83	0.69	24.63%
7.	Creates trust over insurance and believable	-23.18*	2.86	0.39	13.95%
8.	Informative	-9.62*	2.56	0.74	29.22%
9.	Just waste of time	-2.22*	1.75	0.78	45.08%
10.	Irritates the viewer	-1.54	2.48	0.69	31.44%
11.	Influences decision to avail the insurance	-2.22	1.49	0.74	29.49%
12.	Attractive and creative	0.93	1.19	0.45	36.25%
13.	Provide customized information to meet their own needs	-10.56*	2.03	0.46	19.06%
14.	Used to draw attention of customers	-6.49*	1.36	0.59	23.15%
15.	Can increase customer base of insurance company	-6.53%*	1.67	0.46	14.39%

Source: Field Survey

Table 5 showed Z-test statistics of Urban Customers' Opinion for effectiveness of Promotional Tools. The table statistics described overall opinion of respondents for the promotional tools and practices on insurance companies and revealed that significant difference is found between overall opinions of respondents measured through Z-test. This significant difference confirmed that out of 15 different statements of promotional

characteristics, respondents' opinion for statement 9 was found significantly different with the other measures of equally divided opinion. The coefficients of variation for all the average opinions were in the range of 13.95% to 51.54%.

It was also identified that in urban customer respondents' opinion Promotional tools of insurance increases use of insurance services, Promotional tools create a well-fit image of

Insurance company and Products, Promotional tools helps to broadcast the vision and mission of the company and product, Promotional tools of Insurance companies irritates the customers, Promotional tool influences decision to avail the insurance and Promotional tools of Insurance companies are attractive and creative. Respondents' opinions have no significant

differences for aforementioned characteristics of promotional tools. So, from the above statistics, first hypothesis i.e. "There is no difference in urban customers' perception for promotional strategies and practices used by insurance companies" is accepted for 9 statements and rejected for remaining 6 statements.

Table 6: Urban Customers' Opinion For Effectiveness Of Promotional Techniques

Effectiveness Components	5	4	3	2	1	% of agreement
Useful	20	66	13	6	5	78.18
Well Designed	19	46	29	12	4	59.09
High Quality	13	58	27	7	5	64.54
Informative	10	57	25	13	5	60.90
Desirable	12	45	20	29	4	51.81
Sentimental	11	42	30	20	7	48.18
Direct and Convincing	25	55	13	12	5	72.72

Source: Field Survey (1= Strongly Disagree, 2= Disagree, 3= Neutral, 4 = Agree 5= Strongly Agree)

According to statistics presented in Table 6, promotional tools and practices of insurance companies are found effective using useful by 78.18% of the urban respondents followed by well designed, high quality, informative,

desirable, sentimental, and direct and convincing. To verify whether or not the responses differ significantly from one another Friedman's test was performed.

Table 7 : Test Statistics of Urban Customers' Opinion For Effectiveness Of Promotional Techniques

Test Statistics ^a	
N	272
Chi-Square	35.087
df	6
Asymp. Sig.	.000
a. Friedman Test	

Source: Field Survey

Based on the test statistics summary of Friedman's test presented in the above table 7, it was concluded that the responses are significantly different from each other. Aysmp Sig score found .000 which is lesser than 0.05 and confirms the significance of difference and result into the conclusion that there is the significant difference in urban customers' opinion for the effectiveness of promotional techniques used by insurance companies.

Conclusion

For the Promotional strategies used by insurance companies, the study revealed that the majority of insurance companies are using all the possible tools of advertising such as TV and newspapers, digital marketing. Highest exposure was observed for television and newspaper advertisement with 100%, and for word of mouth it was 83.82%. For digital marketing practices exposition rate was only 46.32%, which means that still good number of urban customers did not tapped advanced promotional techniques of the insurance sector.

Least exposition rate was observed for the customized letter (17.64%) among the respondents. A significant difference was observed in urban customers' perception for statements administering effectiveness of promotional tools, for such as Promotional tools of insurance increases use of insurance services, Promotional tools create a well-fit image of Insurance company and Products, Promotional tools helps to broadcast the vision and mission of the company and product, Promotional tools

of Insurance companies irritates the customer, Promotional tool influences decision to avail the insurance and Promotional tools of Insurance companies are attractive and creative. Test Statistics of Urban customers' opinion for effectiveness of promotional techniques revealed that there is significant difference in urban customers' opinion for effectiveness (Useful, Well Designed, High Quality, Informative, Desirable and Sentimental, Direct and Convincing) of promotional techniques used by insurance companies, which confirms that effectiveness depends on how the viewer perceives the tool and information.

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