A Study on Insurance Marketing Strategies Influence on Buyers Buying Preference

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ABSTRACT

The current research looked at the insurance marketing strategies influence on buyers buying preference in Hyderabad, Telanagna state. Researcher used multi-stage random sampling method and primary data collected from 520 buyer's respondents and 48 agents respondents from the select Public and Private sector using a standardised questionnaire. The research data was analysed using ANOVAs in the SPSS 23.0 version to arrive at the final results and conclusions. According to the study's findings, there is a significant role of respondents Income in selecting the sector from which they buy the health insurance policies (H01); There is a significant influence source of advertisements on buyers buying preference in Select Public and Private Health Insurance Company (H02); there is a significant impact of motivating factors on buyers buying preference in Select Public and Private Health Insurance Company (H03).

Keywords: *Marketing strategies, Health insurance, motivation factor, advertisements, buying preference*

INTRODUCTION

The financial services industry is very competitive in today's global marketplace (Gidhagen, 1998). As a result of digitalization trends such as the increased availability of the internet, new tools for creating novel marketing strategies for this business have been made available. By the end of 2018, the total number of Internet users had reached 4.021 billion (or 53 percent of the world's population), representing a 7% increase over the same time in 2017. The number of Internet users throughout the globe is expected to expand by over 20% over the next five years by 2020; as a result, online business tactics will become more competitive and successful (Davis, 2006). When developing a marketing strategy, it is essential to consider how the organization's marketing objectives, policies, and action sequences (tactics) are integrated into a coherent whole. When developing marketing strategies, one of the primary goals is to provide the groundwork for developing tactical plans. So the organization can carry out its objective successfully and efficiently due to these efforts." Human life is fraught with unpredictability, and there is always the possibility that an occurrence may occur that

would result in financial loss for the one who is involved. Uncertainty in life is a standard quality seen throughout history, and it is particularly prevalent now. If life fails and death occurs, the dependents would probably experience instability due to their loss of support. The human life span is limited to a certain length of time, and death will come to everyone at some point, whether they are prepared for it or not. Before we can accept that death is the only truth, we must first realize the financial toll it takes on the lives of those who have lived to see another day. When it comes down to it, insurance is primarily the product of a human being's constant yearning for security and the development of diverse ways for coping with losses or unexpected calamities. It is related to the acquisition of life insurance to ensure that the economic values of assets are safeguarded. In reality, life insurance is the essential sort of insurance for every human being, ranking #1 among all other types of insurance in terms of importance. The philosophy of insurance may be summarised as follows: Because of the good fortune of many, the misery of a small number of persons is more than made up. Insurance is used as a social security strategy to compensate for unforeseen losses that may

occur due to a particular risk by using funds that have been set aside. Because a single individual cannot meet the cost of such incidents, the insurance company accepted a slight premium in exchange for taking on the risk of covering the costs. In recent years, however, there has been an increase in the number of investment-oriented products available on the market, which has tended to obscure the primary goal of guarding against premature death. When implemented correctly and efficiently, there is a range of insurance marketing tactics that may help any insurance company go from mediocrity to success in the marketplace. It may be challenging to recruit clients when starting a new business, and obtaining consumers can be a time-consuming effort. However, it is possible to become very successful when equipped with outstanding marketing methods, unique ideas, and innovative approaches.

REVIEW OF LITERATURE

Traditional insurance premiums will be undercut by insurance firms that take advantage of the new Internet pricing structure, while many are hesitant to fully embrace the Internet because they are concerned about the effect on their agency force (Conning and Company, 1997). Internet insurers have a cost advantage of 23.0 percent over agency insurers and a cost advantage of 5.1 percent over their closest competitors, the direct response insurer, according to the study. In the history of insurance sales, the Internet has shown to be the most cost-effective method of doing business. This is significant because, in the vast majority of situations, people choose basic "commodity-type" insurance plans based on price considerations (Data Monitor, 1996).

Insurance firms that offer and provide their products and services through the Internet will have a cost advantage over conventional insurers ranging from 58 percent to 71 percent over the course of a customer's lifetime. Reduced sales expenses, lower customer service and operational costs, and more affordable and better information acquisition all contribute to cost savings (1997, 1997; Booz-Allen & Hamilton). Insurance firms and producers have already begun to capitalise on the economic possibilities of the Internet by developing websites for their respective businesses (National Association of Insurance Commissioners, 1998). Following the

introduction of new concerns and technological advancements, the insurance business "remade itself" (Insurance marketing issues). There are differences between commercial retail insurance marketing and other financial services marketing, such as physical items advertising and marketing (Nogueira & Oliveira, 2003). When it comes to banking, information technology investments have enabled banks to rely more on ATMs to perform teller functions, and the lending function has become standardised and automated to the point where far fewer loan officers are required to manage a portfolio of a given size, according to the American Bankers Association (Wilhelm, 2001). To far, the only empirical data on the influence of the Internet on insurance premiums has come from a research conducted by Brown and Goolsbee in 1998. (2002). The Insurance Information Institute's president, Robert P. Hartwig, claims that stories of the insurance agent's death have been grossly exaggerated. Online insurance purchasing is already a competitive field, which includes, in addition to comparison sites, the formidable marketing arms of insurance companies (Robert P. Hartwig, 2015). It is anticipated that when e-commerce becomes more thoroughly integrated into insurance companies' business processes, academics will be able to conduct more empirical studies to determine the degree to which e-commerce influences insurance costs and insurer profitability (James R. Garven, 2002). The field of general marketing has seen considerable transformations in recent decades (Rust & Espinoza, 2006).

SIGNIFICANCE OF THE STUDY

The insurance sector has been growing rapidly over the years in mobilising the savings from the household sector. Even when one takes the origin of Mediclaim into consideration, health insurance is relatively new in India, particularly compared to that of insurance sector. *As noted earlier,* only a negligible proportion of the population is covered under health insurance in India, underscoring the fact that there is a huge latent market which waits to be tapped. Improving the coverage of health insurance will not only provide medical benefits to the insured, but will also augment mobilisation of savings from the household sector. In this regard, it is necessitated to examine the methods and strategies adopted by the companies which are engaged in the health insurance segment and thereby finding out

ways and means of improving or modifying the same. This will facilitate in enhancing the extent of coverage of health insurance products on the one hand and will increase the rate of household sector savings on the other.

OBJECTIVE OF THE STUDY

The fundamental purpose of the study is to examine the marketing strategies of insurance companies, both public and private. Based on this context, the study's particular objectives are as follows.

- To analyse the position of health insurance sector in India in the study period

- To examine the characteristics of the respondents who hold health insurance policies in the study area.

- To ascertain the methods and strategies adopted by the insurance companies in marketing health insurance policies in the study area.

HYPOTHESES OF THE STUDY

Hypotheses are recognized as an essential tool in research analysis; it influences the significance of new judgments and expectations. Hypotheses are formed into every research report based on underlying beliefs or assumptions. Following a comprehensive review of the relevant literature, an attempt was made to construct a conditional assumption to investigate its logical implications. For the analysis, the following hypotheses have been generated.

- **H01**: There is no significant role of respondents Income in selecting the sector from which they buy the health insurance policies.

- **H02:** There is no significant influence source of advertisements on buyers buying preference in Select Public and Private Health Insurance Company.

- **H03:** There is no significant impact of motivating factors on buyers buying preference in Select Public and Private Health Insurance Company.

METHODOLOGY

- **Research Design:** Descriptive research

- **Sources of Data:** This study used a structured questionnaire to acquire primary data from insurance company marketing strategies and buyer buying preference. Secondary data is gathered from a variety of journals and periodicals, such as magazines and business newspapers, as well as from subject-specific books and websites, among other sources.

- **Data Collections Methods:** The information was gathered via the use of a structured questionnaire, a survey approach, and a personal interview with customers.

- **Sampling Area:** Hyderabad, Telanagna state

- **Sampling Method:** The sampling design is based on multi-stage random sampling method. In the first stage, Hyderabad city has been chosen as the sample area, since all the major companies which sell health insurance products exist here. In the second stage, the sample companies have been identified. This comprises of all the four public sector companies, viz., *National Insurance, New India Assurance, Oriental Insurance, and the United India Insurance*, as they sell more than half of the health insurance policies. Among the private sector companies, more than 10 companies are involved in this segment of business, of which *ICICI Lombard, Tata AIG, Bajaj Allainz and Birla Sun Life* are the top performers, as these four companies account for around 75 per cent of the private health insurance business and thus, they have been selected as the sample companies. Total Sample size will be 520 buyers' respondents and 48 agents' respondents from the select Public and Private sector.

- **Statistical Tools Used:** ANOVAs and correlations, as well as multiple regression, were performed using SPSS 23.0 version for data analysis

Table1. *Reliability Statistics*

Table-1:Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.805	.792	18

According to Table 1, the questionnaire was assessed for reliability and the findings are shown below. The constructed questionnaire has been pretested and validated via face validity by being provided to a carefully chosen group of experts, and it also has a sufficiently high reliability score. The outcome was a value of 0.805 for the. It shows that the data has a high level of dependability and validity.

Demographic Variables

The frequency distribution of demographic variables is presented in the following table.

Table2. *Demographic Analysis*

Particulars	Classification	No of Responses	Percentage
Age	Below 25 years	15	2.9
	26-35 Years	53	10.2
	36-45 years	132	25.4
	46-55 years	152	29.2
	56 and above	168	32.3
Gender	Male	365	70.2
	Female	155	29.8
Education	SSC	41	7.9
	Intermediate	63	12.1
	Degree	151	29.0
	Post Graduation	175	33.7
	Above Post Graduation	90	17.3
Occupation	Govt Employee	160	30.8
	Private Employee	187	36.0
	Business	59	11.3
	Professional	54	10.4
	Other	60	11.5
Monthly income (in rupees)	below 35,000	45	8.7
	35,001 - 40,000	79	15.2
	40,001- 45,000	207	39.8
	45,001 - 50,000	130	25.0
	50,001 and above	59	11.3
Marital status	Married	471	90.6
	Unmarried	49	9.4
Total		N= 520	100.0

ANOVA for Buyer's Income Level and Preference to Purchasing Health Insurance from the Selected Company

ANOVA is conducted to understand whether there is any significant difference in the income level of the respondents and preference to purchasing health insurance from the selected company.

H01: There is no significant role of respondents Income level on purchasing preference of health insurance from the selected company

Table3. *ANOVA*

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	62.649	28	2.237	1.769	.010
Within Groups	620.920	491	1.265		
Total	683.569	519			

The table exhibits the performance of the ANOVA study results, it any significant difference in the income level of the respondents and preference to purchasing health insurance from the selected company.

The study results illustrated that 62.649 is the between-group variation and 620.920 is the within-group variation. It also reveals that F-distribution 1.769. Followed by the level of significance is .010, which is less than 0.05.

Thus, there is a significant role of respondents Income in selecting the sector from which they buy the health insurance policies.

ANOVA for Buyer's Source of Advertisements and Preference to Purchasing Health Insurance from the Selected Company

ANOVA is conducted to understand whether there is any significant difference in the source of advertisements of the respondents and preference to purchasing health insurance from the selected company.

H02: There is no significant influence source of advertisements on buyers buying preference in Select Public and Private Health Insurance Company.

Table4. *ANOVA*

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	81.311	28	2.904	2.736	.000
Within Groups	521.081	491	1.061		
Total	602.392	519			

The table exhibits the performance of the ANOVA study results, it any significant difference in the source of advertisements and preference to purchasing health insurance from the selected company. The study results illustrated that 81.311 is the between-group variation and 521.081 is the within-group variation. It also reveals that F-distribution 2.736. Followed by the level of significance is .000, which is less than 0.05. Thus, there is a significant influence source of advertisements on buyers buying preference in Select Public and Private Health Insurance Company.

ANOVA for Buyer's Motivating Factors and Preference to Purchasing Health Insurance from the Selected Company

ANOVA is conducted to understand whether there is any significant difference in the motivating factors of the respondents and preference to purchasing health insurance from the selected company.

H03: There is no significant impact of motivating factors on buyers buying preference in Select Public and Private Health Insurance Company.

Table5. *ANOVA*

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	68.058	28	2.431	2.156	.001
Within Groups	553.509	491	1.127		
Total	621.567	519			

The table exhibits the performance of the ANOVA study results, it examine any significant impact of motivating factors on buyers buying preference in Select Public and Private Health Insurance Company. The study results illustrated that 68.058 is the between-group variation and 553.509 is the within-group variation. It also reveals that F-distribution 2.156. Followed by the level of significance is .00; which is less than 0.05. Thus, there is a significant impact of motivating factors on buyers buying preference in Select Public and Private Health Insurance Company.

LIMITATIONS OF THE STUDY

- The study will be carried out to understand of marketing strategies adopted by insurance company.
- The research was done in Hyderabad, and eight banks from the private and public sectors were evaluated. As a result, the study's conclusions will be limited in their generalizability to the overall population.
- The respondents may sometimes fail to articulate the feelings and opinions. Therefore, the in-articulation may creep in to the study.

RESULTS

Compared to the business environment that existed before to the period of economic reforms, the business environment now is completely different. Survival of the fittest has become a well-known adage for businesses operating in today's hyper-competitive climate, whether they are manufacturing companies or service providers. It is becoming more important to build client loyalty in order to improve market share and profitability. The same is true for the Indian health insurance market; as the industry has been opened up to private and international companies, the number of health insurance service providers has expanded, resulting in more competition for consumers and businesses. The sampling design is based on multi-stage random sampling method and total Sample size will be 520 buyers' respondents and 48 agents'

respondents from the select Public and Private sector. Demographic profile results revealed that 32.3 percent of respondents were between 56 and above years. 29.2 percent were between the ages of 46-55 years, 25.4 percent were 36-45 years, 10.2 percent were between the ages of below 26-35 years, and 2.9 percent were Below 25 years. 70.2 percent of the respondents were male, while the remaining 29.8 percent were female. 33.7 respondents have a Postgraduate degree. Following that, 29 percent of the respondents have degree, 17.3 percent have an above Post Graduation, 12.1 percent have an intermediate, and 7.9 percent have an Above Post Graduation. 36 percent of whom were private workers. Following that, 30.8% were government employees, 11.5 percent were others persons, 11.3 percent were businesspersons, and 10.4 percent were Professional. 39.8 percent have a monthly salary of 40,001- 45,000 rupees. Following that, 25 percent earn 45,001 - 50,000 rupees, 15.2 percent earn 35,001 - 40,000 rupees, 11.3 percent of them were 50,001 and above and 8.7 earn below 35,000 rupees monthly. , 90.6 percent of the respondents were Married, while the remaining 9.4 percent were unmarried. Results of the hypotheses revealed that there is a significant role of respondents Income in selecting the sector from which they buy the health insurance policies (**H01**); There is a significant influence source of advertisements on buyers buying preference in Select Public and Private Health Insurance Company (**H02**); there is a significant impact of motivating factors on buyers buying preference in Select Public and Private Health Insurance Company (**H03**).

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