



INSURANCE COMPANY MARKETING STRATEGIES: A COMPARATIVE STUDY OF PUBLIC AND PRIVATE COMPANY

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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, correlation and Independent t-test in the SPSS 23.0 version to arrive at the final results and conclusions. According to the study's findings, marketing strategies has a significant impact on the purchase preference of Select Public and Private Health Insurance Company; correlation results reveals that Marketing Strategies, Motivation factors, income and source of information has strong correlation with Purchase Preference; t-test revealed that income level, Motivational factor, marketing strategies, Purchase preference has a significant mean difference between public and private insurance companies.

KEYWORDS: Marketing strategies, Health insurance, motivation factor, purchase preference, Public and private sector

1. INTRODUCTION

In today's global economy, the financial services business is very competitive (Gidhagen, 1998). Developments in digitalization, such as the greater availability of the internet, have provided new instruments for developing unique marketing approaches in this field of expertise. As of the end of 2018, there were 4.021 billion Internet users (or 53 percent of the world's population), a growth of 7 percent over the same period in 2017. The number of Internet users worldwide is expected to expand by more than 20% by 2020 during the next five years, making online business techniques more competitive and profitable (Davis, 2006). The marketing goals, strategies, and action sequences (tactics) of a corporation are integrated into a coherent whole via a successful marketing strategy. A marketing strategy aims to provide a framework for creating a tactical plan for a company; this helps the organization carry out its mission more effectively and efficiently than before.

Every aspect of human existence is unpredictable, and there is always the risk that an incident may occur that results in financial loss for the involved individual. It is possible to see the uncertainty of life as a common characteristic throughout history. For example, it is possible that life itself may fail and perish, generating instability

among those who are reliant on it. The human life span is limited, and everyone will pass away throughout their lives, whether it be soon or late in their lives. When accepting that death is the only truth, we must first acknowledge the financial toll it takes on those who have lived to see another day. Insurance is essentially the result of a human being's constant need for security and the creation of various ways to deal with losses or unforeseen tragedies when it comes to it. The purchase of life insurance is associated with preserving the economic values of assets. Indeed, life insurance is the most vital form of insurance for every human being, ranking first among all other types of insurance in terms of importance. Insurance philosophy may be summarised in broad terms: The excellent fortune of many individuals more than makes up for the anguish of a small number of others. Insurance is utilized as a social security approach to compensate for unanticipated losses that may arise due to a particular risk by using money that has been saved with time. In return for taking on the risk of such calamities, the insurance company received a slight premium in exchange for taking on the expense of a single person. However, a surge in investment-oriented products has been on the market, which has contributed to obfuscating the fundamental purpose of protecting against early death from the public's attention. There are a variety of



insurance marketing strategies that, when done appropriately and efficiently, have the potential to elevate any insurance organization from mediocrity to prominence. It may be tough to get clients when starting a new job, and obtaining customers can be a time-consuming endeavour. However, it is possible to become successful when armed with fantastic marketing strategies, original ideas, and inventive approaches.

2. REVIEW OF LITERATURE

Traditional insurance rates would be reduced if the new Internet pricing system were used, but many insurance companies are reluctant to fully embrace the Internet because they are concerned about the impact on their agency force (Conning and Company, 1997). According to the research findings, direct response insurers have a cost advantage of 23.0 percent over agency insurers and a cost advantage of 5.10 percent over their nearest rival, agency insurers. With over a decade of experience in the insurance industry, the Internet has shown to be the most efficient means of doing business. Considering that most consumers purchase basic "commodity-type" insurance policies only for the cheap cost of coverage they get, this is crucial (DataMonitor, 1996).

According to research, purchasing goods and services from insurance companies that do business online can save customers between 58 and 71% on average throughout a lifetime; to save money, the most successful methods are to minimize sales expenditures, lower customer service and operational costs, and gather data more cheaply and efficiently; The book was first released in 1997 (Booz-Allen & Hamilton).

Several organizations, like insurers and manufacturers, have already started to capitalize on the economic possibilities of the Internet by establishing industry-specific websites that cater to their target audiences (National Association of Insurance Commissioners, 1998). Throughout history, the insurance industry has "remade itself" as new firms, and technical innovations have joined the market (Insurance marketing issues). Compared to advertising for other financial services, commercial retail insurance advertising is distinct in that it emphasizes physical objects rather than services (Nogueira & Oliveira, 2003). According to the American Bankers Association (ABA), technological advances have enabled banks to rely more on ATMs for teller operations. The lending function has been standardized to the point where much fewer loan officers are required to manage a portfolio of a specific size (Wilhelm, 2001). In terms of actual data, just one study, conducted in 1998 by Brown and Goolsbee, has shown that the Internet impacted insurance rates. (2002). "The rumours of the insurance agent's death are substantially

exaggerated," says Robert P. Hartwig, president of the Insurance Information Institute of America. Robert P. Hartwig is an American businessman and philanthropist. Much rivalry currently exists in the internet insurance field, which includes the marketing departments of insurance firms, and this will only increase (Robert P. Hartwig, 2015). It will be possible for academics to do more empirical research on the influence of e-commerce integration on insurance enterprises' business operations to assess how much it affects insurance costs and insurer profitability (James R. Garven, 2002). The discipline of general marketing has seen significant transformations throughout the previous few decades (Rust & Espinoza, 2006).

3. SIGNIFICANCE OF THE STUDY

The insurance industry has seen considerable growth in recent years as a result of the mobilisation of funds from the household sector. Even if one considers the origins of Medici, health insurance in India is still a relatively young concept, especially when compared to the rest of the insurance industry in the country. As previously said, just a small fraction of the Indian population is covered by health insurance, highlighting the fact that there is a significant untapped market waiting to be discovered. Improving the coverage of health insurance will not only bring medical advantages to those who are covered, but it will also increase the amount of money that can be saved by the average family. At the same time, it is necessary to investigate and compare various approaches and tactics used by the firms that are involved in the health insurance sector, with the goal of identifying ways and means of enhancing or altering the same. One benefit of this is that it will make it easier to raise the amount of coverage of health insurance products, while at the same time increasing the rate of savings in the household sector on the other side.

4. OBJECTIVE OF THE STUDY

In order to answer the research questions, the following research objectives have been established for the study:

- 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.
- To determine the factors affecting consumer buying behaviour in Health insurance industry with respect to marketing strategies.



5. 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 influence of marketing strategies on buyers buying preference in Select Public and Private Health Insurance Company.
- **H02:** There are no significant differences buyers buying preference in Select Public and Private Health Insurance Company.

5. 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

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.822	.801	20

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 0.822 for the. It shows that the data has a high level of dependability and validity.

5.1 Demographic Variables: The frequency distribution of demographic variables is presented in the following table.

Table 2 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
	<i>Total</i>	N= 520	100.0

ANOVA for buyer's marketing strategies and preference to purchasing health insurance from the selected company: ANOVA is conducted to understand whether there is any significant difference in the marketing strategies of the respondents and

preference to purchasing health insurance from the selected company.

H01: There is no significant influence of marketing strategies on buyers buying preference in Select Public and Private Health Insurance Company

Table 3 ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.681	4	.420	.991	.000
Within Groups	218.450	515	.424		
Total	220.131	519			

The table exhibits the performance of the ANOVA study results, it examine any significant impact of marketing strategies factors on buyers buying preference in Select Public and Private Health Insurance Company. The study results illustrated that 1.681 is the between-group variation and 218.450 is the within-group variation. It also reveals that F-distribution .991. Followed by the level of significance is .000; which is less than 0.05. Thus, there is a significant influence of marketing strategies

on buyers buying preference in Select Public and Private Health Insurance Company.

Correlations between research variables such as income level, motivators, marketing methods, and preference to acquire health insurance: To comprehend the relationship between many research variables such as income level, motivation factors, marketing strategies, and preference to purchase health insurance.

Table 4 Correlations

		Income level	motivation factors	Marketing Strategies	Purchase Preference
Income level	Pearson Correlation	1	.511**	.588**	.686**
	Sig. (2-tailed)		.000	.000	.000
	N	520	520	520	520
Motivation factors	Pearson Correlation	.511**	1	.657**	.692**
	Sig. (2-tailed)	.000		.000	.000
	N	520	520	520	520
Marketing Strategies	Pearson Correlation	.588**	.657**	1	.663**
	Sig. (2-tailed)	.000	.000		.000
	N	520	520	520	520
Purchase Preference	Pearson Correlation	.686**	.692**	.663**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	520	520	520	520

** . Correlation is significant at the 0.01 level (2-tailed).

Concerning Income level, it has a strong correlation with Purchase Preference ($r=.686^{**}$; $p<0.01$) and Marketing Strategies ($r=.588^{**}$; $p<0.01$) at 2-tailed significance level. Likewise, Motivation factors has

a significant correlated with Purchase Preference ($r=.692^{**}$; $p<0.01$) and Marketing Strategies ($r=.657^{**}$; $p<0.01$) at 2-tailed significance level. Similarly, Marketing Strategies has a significant

correlated with Purchase Preference ($r = .663^{**}$; $p < 0.01$) at 2-tailed significance level. Respectively, Purchase Preference has a strong correlation with

motivation factors ($r = .692^{**}$; $p < 0.01$), Income level ($r = .686^{**}$; $p < 0.01$) and Marketing Strategies ($r = .663^{**}$; $p < 0.01$) at 2-tailed significance level.

Table 5 Independent t-Test

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Income level	Equal variances assumed	1.313	.012	.803	518	.998
	Equal variances not assumed			.801	282.883	.998
Motivational factor	Equal variances assumed	.131	.018	.578	518	.859
	Equal variances not assumed			.568	289.587	.859
Marketing strategies	Equal variances assumed	1.882	.011	.373	518	.709
	Equal variances not assumed			.364	275.260	.716
Purchase preference	Equal variances assumed	.748	.028	.907	518	.915
	Equal variances not assumed			.904	275.544	.917

Concerning the above table, the results of the independent t-test reveals that income level of the respondent of t-value (.803) was a statistically significant at the 5 percent significance level. The Significance level and the p-value (.012) is less than 0.05 ($p < 0.05$). Therefore, the income level showed a significant mean difference across the selected public and private health insurance companies. Motivational factor of t-value (.578) was a statistically significant at the 5 percent significance level. The Significance level and the p-value (.018) is less than 0.05 ($p < 0.05$). Therefore, the motivational factor showed a significant mean difference across the selected public and private health insurance companies; marketing strategies (.373) was a statistically significant at the 5 percent significance level. The Significance level and the p-value (.011) is less than 0.05 ($p < 0.05$). Therefore, the marketing strategies showed a significant mean difference across the selected public and private health insurance companies. Purchase preference of the respondent's t-value (.907) was a statistically significant at the 5 percent significance level. The Significance level and the p-value (.028) is less than 0.05 ($p < 0.05$). Therefore, the respondents purchase preference showed a significant mean difference across the selected public and private health insurance companies.

7. 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.

8. 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 percent 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 According to the study's findings, marketing strategies has a significant impact on the purchase preference of Select Public and Private Health Insurance Company; *correlation results reveals that Marketing Strategies, Motivation factors, income and source of information has strong correlation with Purchase Preference; t-test revealed that income level, Motivational factor, marketing strategies, Purchase preference has a significant mean difference between public and private insurance companies.*

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