



Promotional Mix of Insurance Products – A Value Addition to Sale of Insurance Products

Dr. U. Arumugam

Assistant Professor, Department of Corporate Secretaryship, Alagappa University, Karaikudi

A. Iyappan

Research Scholar, Alagappa Institute of Management, Alagappa University, Karaikudi

ABSTRACT

The promotional mix is a term used to describe the set of tools that a business can use to communicate effectively the benefits of its products or services to its customers. The purpose of promotion is to reach the targeted consumers and persuade them to buy. Promotion has been defined as the coordination of all seller-initiated efforts to set up channels of information and persuasion to sell goods and services or promote an idea. Sales promotion is vital element of promotional mix. With the increase in the growth of players in Insurance sector (both public and private) the insurance companies are finding it difficult to promote their products. This paper tries to study the benefits of promotional activities as a tool for selling the insurance products to the final customer.

KEYWORDS

Promotional Mix, Insurance Products, Value Addition for sales

1. Introduction:

It is not enough for a business to have good products sold at attractive prices. To generate sales and profits, the benefits of products have to be communicated to customers. In marketing, this is commonly known as "promotion". Although promotion is not done only for these factors but for other such as to build brand loyalty, to remind and reassure customers, to launch a new product and maybe to defend market share by responding to competitors' campaigns with their own advertising. A business' total marketing communications programme is called the "promotional mix" and consists of a blend of advertising, personal selling, sales promotion, public relation and direct marketing.

The organization has to convey the message about the product on offer to its consumers. This helps in sustaining a perennial demand for the product and in suitably positioning it among the target audience. The process of communicating the message is called promotion. It influences the purchase decision of the consumer.

The different channels available to the organization for communicating the message constitute the promotion mix. It includes advertising, sales promotion, and public relations. The paper examines the different elements of the promotion mix and discusses the issues involved therein. It also delves into the advantages of using the Internet as a selling medium.

It is very important for every product to be promoted, that is to say it needs to be drawn to the attention of the market place and its benefit be identified. The aim of an organization promotional strategy is to bring existing and potential customers to a state of relative awareness of the organization's product and a not just that but also to a state of adoption.

The promotional mixes (sales promotion, publicity, personal selling, advertising, public relation) have a stage at which it will be most effective. Advertising and publicity are suitable for all stages while the remaining mix can be effective from stage three.

Whenever there is uncertainty, there is risk. The risk cannot be averted. It involves multi-faced losses. Risk is uncertainty of a financial loss. We do not have any command on uncertainties. This makes it essential that we think in favor of a device that

becomes instrumental in spreading the loss. It is in this context that we think about insurance which is considered to be a social device to accumulate funds to meet uncertain losses.

2. Review of Literature: Marketing mix

Drucker (1999) noted that marketers use numerous tools to elicit response from the target markets. These tools include: Place, Price, Products and Promotions also referred to as 4Ps of marketing (McCarthy, 1996). Marketing mix decisions must be made for influencing the trade channels as well as the final consumers and in return sales.

Typically a firm can change any of the marketing mix to achieve the desired response from the potential buyers. For instance, a firm can change its price, sales force size and advertising expenditures in the short run. It can develop new products and modify its distribution channel only in the long run.

Kotler (2000) indicated that the 4Ps represent the sellers' view of the marketing tools available for influencing buyers. From the buyers' point of view, each marketing tool is designed to deliver a customers' benefit. Lauter (1990) suggested that the seller's 4Ps correspond to the customer's four Cs that include: customer solution, cost, convenience and communication as shown in the Table below.

Table 1: Customers' Cs corresponding to sellers' Ps

Four P's	Four Cs
Product	Customer solution
Price	Customer cost
Place	Convenience
Promotion	Communication

Winning companies will be those who can meet customer needs economically and conveniently and with effective communication. Marketing mix is a controllable factor that the marketing manager can take to solve a marketing problem (Bekowitz et al 1997).

Cole (1996) defines promotional mix as "the means use in bringing customers from a state of relative unawareness to a state of actively adopting the product". It means of communicating with individuals, groups, or organizations to directly or indirectly facilitate exchange of informing and persuading one or more audience to accept an organization's product.

Ross (2001) sees promotional mix as “the total marketing communication programme of a particular product”. Adebisi (2006) defined promotional mix as “any marketing effort whose function is to inform or persuade actual or potential consumers about the merit a product possess for the purpose of inducing a consumer to either start buying or continue to purchases the firm’s product.”

Promotional elements Berkowitz (et al.) (1997) defined promotion as a means of communication between the seller and buyer. To communicate with consumers, a company can use one or more of the promotional alternatives that is personal selling, advertising, sales promotion and public relation.

Objectives:

1. To know the various promotional strategies used by the insurance companies in India.
2. To analyze what extent that strategies helped the company to develop in the competitive market.
3. To identify the role of promotional mix in Insurance products.
4. To offer valuable suggestions based on research study.

3.Elements of Promotional Mix:

Every product needs to be drawn to the attention of the target market, and its benefit identified. The principal methods are;

- Advertising
- Personal Selling
- Sales promotion
- Publicity
- Public relation

The aim of an organization’s promotional strategy is to bring existing or potential from a state of relative unawareness of the organization’s product to a state of actively adopting them. Several stages of customer’s behaviors have been identified. This has been described in several ways, but in summary can be stated as follows;

Table 2: Stages of Product Awareness:

Stages	Behaviors
One	Unawareness of product
Two	Awareness of product
Three	Interest in product
Four	Desire for product
Five	Conviction about value of product
Six	Adoption/purchases of product

Source: Ross (2001) Stages of Product Awareness

Advertising:

Advertising is the process of communication, persuasive information about a product to the markets by means of the written and spoken word. There are five principal media of advertising as follows; the press, commercial television, direct mail, commercial radio and outdoor.

Sales Promotion

Sales promotion activities are a form of indirect advertisement, designed to stimulate sales mainly by the use of incentives; Free sample, Twin-pack bargain, Temporary price reduction, Special discount bonus.

Publicity

Publicity differs from other promotional mix in that it is costless most of the time. Publicity according to Cole (1996) is “news about the organization or its products reported in the press”. Publicity sometimes cost but its cost is always related with advertisement. Publicity is a very necessary tool because it creates the good will of an organization.

Use of publicity

Publicity when properly managed by the Public Relation Officer of an organization can serve the following purposes; it

can be used to attract public attention, it can also be used to maintain public visibility and used for the provision of information to the public. Publicity often takes the form of news released or press conferences, appearance or event sponsorship.

Public Relation

Public relation is another form of promotion. It is the means by which the organization related or communicates with the environment. Public relation is aimed at better customer relations and immediate feedback.

4. Various Promotional Strategies adopted by Indian Insurance companies:

Following are the main ways in which Indian Insurance companies promote their products/services and create awareness in the market.

- Newspaper
- Hoardings
- Pamphlets
- Magazines
- Television
- Distributors
- Local events
- Techno marketing

5.Role of promotional mix for sale of Insurance products:

Small company promotions play many roles in marketing, designed to produce certain desired effects. The methods used in achieving these effects may vary, depending on a company’s goals, priorities, markets and industries. Promotions typically include advertising, publicity, sales promotions and other tactics. The key to producing results through promotions is ensuring that companies target the right consumers those who are more apt to buy their products. Moreover, the promotional message must be convincing and run frequently enough to achieve the desired effects.

Increase Brand Awareness

Promotions such as television, radio and magazine advertising increase brand awareness. More people tend to learn about a particular company or its brands if they frequently see or hear about them. New companies particularly have to advertise to apprise consumers who they are and what they offer. This is true with local or even national companies, as brand awareness can be measured by market, regionally or nationally.

Provide Information

A small consumer products manufacturer may use displays and pamphlets to describe the benefits of a new health food. High-tech manufacturers often use in-store videos and demonstrations to show people how to use their products. Promotions can inform people during all stages of the buying process, including their initial search. Small business owners also use promotions to inform consumers about price, product features and outlets that sell their products to the customer.

Maintaining Public Profile

A combination of advertising and public relations helps to establish a public profile for insurance company and its products. Public relations are media messages you don’t pay for, and the objective of PR messages is to promote goodwill with communities. By telling the community how your company is involved with and good for society, you give people a deeper connection with your brand and more reasons to buy from you. Managing your public image by dealing with any negative publicity is central to this promotional objective.

Build Sales and Profits

The primary objective in using promotions such as advertising, sales promotions and public relations is to build sales. Promotions are designed to get people to try products and services. Promoting high-quality products or services aims to get customers to return and spend more money. Ultimately, companies use promotions to build a loyal customer base, which leads to greater sales and profits.

Conclusion:

Insurance sector is one of the most booming sectors in India. The penetration level of insurance in India is only 2.3% when compared to 9-15% in the developed nations. There is a huge market for the Insurance products in the future in India. The promotional strategy of Insurance products is very simple and straightforward. Its main aim is to inform the consumers about its various policies 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.

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