



**EFFECTIVENESS OF PROMOTION TOOLS IN CREATING FAVOURABLE SELLING ENVIRONMENT FOR
LIFE INSURANCE POLICIES**

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ABSTRACT

In the present competitive scenario in order to survive in a business all life insurance companies adopting innovative promotional strategy to gain attention of the customer for their product. The objective of this paper is to identify effectiveness of various the promotion tool used in life insurance sector in India. With this paper researchers aim to probe into the reasons of implementing right promotional strategies with innovative ideas as life insurance awareness and need is unsought. This study is based on sample of 501 respondents who are directly involved in purchasing decision. Finding of the paper reveals that in Life insurance sector it is crucial to arouse the need and attention effective promotion. Indian companies must adopt differentiated promotional strategies for rural and urban customer to sell their products. Promotion helps in creating favorable selling environment for unsought product like life insurance.

KEY WORD: *promotion, effect, life insurance, consumer, buying behaviour*

INTRODUCTION

Life insurance is always been an unsought product for consumers and required push sales strategies by life insurance companies. To attract towards life insurance purchase all companies use promotional tools as their marketing strategies but are they effectively influence the consumer decision making is the major research problem here. Since life insurance purchase decision is extended decision making which require high involvement the promotional strategies used by life insurance companies are playing vital role in this. Consumer attitude towards existing policy and new purchase both form by their experience and exposure toward companies promotional strategies whether it's in the form of advertising or sales promotion or personal selling. Life insurance reform bring new private players in the industry which make competition more fierce even though aggressive marketing strategies by many of private and public companies dint increase life insurance penetration to the global standards. There are still low awareness about actually benefits and need for life insurance among people. Promotion is the important components of marketing mix. The promotion aware the potential customer about that the right product is available at the right place and at the right price. Communication is the effective element of promotion. It must carry the message of product to the potential customer. Promotion mix is analyzed under advertising, sales promotion, personal selling, direct marketing and public relations. Right and effective promotion which aimed at not only informing consumers as well as educate them about life insurance is required to fill this gap. This research work aimed to find out prevalent promotional strategies and their effect on consumer buying behaviour for life insurance.

REVIEW OF LITERATURE

(D. K Dey et al. 2015) explored advertising strategies' effect on consumer purchase intention for mutual funds and also effect possible role of gender role and financial literacy in influencing advertising strategies. Their finding revels that transformation advertisements not prefer by females and investor with higher financial literacy are having more purchase intention in influence to transformational advertisement. Thus companies should bring more informational advertising to increase awareness. **(Crittenden et al. 2004)** research advocates adopting technological methods in personal selling for successful direct selling in order to create competitive edge in financial industry. They suggest establishing and maintaining a highly integrative, customer-oriented sales culture with trust building relationship management in financial service industry. **(Potluri, 2008)** in his research article evaluates the effectiveness of advertising and personal selling practices of Ethiopian Service Sector in communicating with its customers with the aim of finding solutions to improve the existing communication and customer satisfaction. Ethiopian Service Sector's advertising and personal selling

indicated moderately effective in providing information, creating awareness, and changing attitude and ineffective in building company image and enforcing brand loyalty. The research also identified lack of integration between advertising and personal selling. **(Mishra, 2009)** in his paper 'Indian perspective about advertising appeal' analyses 200 respondents in the age group of 18-25 years. Findings of the study revealed that persuasiveness, distinctness, perfectness, fascinating, sensational, energetic, aesthetic, elegance and captivating were the factors that emerged for the advertising appeal and dimensions were energetic, sensational, persuasiveness, distinctness and captivating. Factor and dimensions were compared on the basis of gender. It was found that persuasiveness, perfectness, sensational factors and energetic, sensational and persuasiveness dimensions do not vary on the basis of gender as males and females both felt that these factors and dimensions were important but females perceived that distinctness factor and dimension and aesthetic factor is more important than males but for males fascinating factor was more important than the females. **(Miremadi, Raee, & Ramezani, 2011)** Researchers describe the reason of implementing right promotional strategies in Iran. Researchers supported the use of AIDA model as the insurance companies launch product to grab attention and promote policies features to hold interest and then make desirable. **(Saaty & Ansari, 2011)** studied critical factors for developing suitable marketing strategy and also investigates problems faced by users of insurance in Saudi insurance industry. Their finding reveals that social and regulatory factors influence the purchasing decision in life insurance and marketers should focus on promotional activities. **(Joshi 2012)** studied impact of e advertising on consumer purchase decision. E advertising include Banner ads, website, skyscrapers, pop up mini sites, interactive format. They studied factors like awareness, services, discounts, experiences, physical appearance, preference, guiding purchase, promotion, online shopping affect purchase decision. Among these factors awareness is most important and physical appearance has less effect in purchase decision. **Onn & Mercer (1997)** Medium and creativity in advertisement had a effect on probability of buying insurance. **(Gera, 2011)** research studied favorable and unfavorable behaviour intensions in life insurance their result suggested that agent service quality attributes like product knowledge, empathy, reliability and trust were important for favorable behavioural outcomes like future buying and recommendations. **(Chang, Rizal, & Amin, 2013)** Their study tested empirically theoretical link between email advertising values, perceived intrusiveness, and the attitudinal-behavioural dispositions towards email advertising. Permission-based email is more effective as compared to spam email advertising. **Rajesh. J et al. (2005)** have discussed the sales promotional activities undertaken by the Life Insurance Corporation to face competition. According to the authors the Life Insurance Corporation undertakes the sales

promotional activities in three forms namely: Customer-oriented promotion that is tax benefits, payment of bonus, provision of accidental benefits and higher non-medical item, trade promotion such as salary saving scheme and Sales force promotion given in the form of commission, gifts, advances for the purchase of cars, club membership etc. **(Kumar & Raju, 2013)** studied influence of advertisement on attitudinal buying behaviour of male and female. According to them brand cognition influence consideration, evaluation, and finally purchases. Buyers are generally more responsive to different brand advertisements while they are seeking information on these brands.

OBJECTIVES

- To know effect of promotion mix on consumer buying behavior towards the life insurance
- *To know consumer behavior respondent towards life insurance promotional strategies.*

HYPOTHESIS

H1: There is no significant difference in effect of various promotional tools on consumer buying decision for life insurance

H2: There is no significance difference in consumer behaviour of user and nonusers of life insurance

RESEARCH METHODOLOGY

Research was conducted to know the effectiveness of life insurance promotion strategies adopted by life insurance companies and their effect on consumer behaviour. Different promotional tools were assessed on six criteria's awareness creation, positive brand building, and need generation, buying influences, brand recall and sales. Descriptive research design was applied and primary data was collected from three major regions of Punjab i.e. Maja Malwa and Doaba and Chandigarh, Mohali through structured questionnaire includes multi choice answer. Purposive convenience sampling technique was used to collect data from 10 cities selected from regions population wise. Data was collected from 520 respondents out of which 19 questionnaires were rejected. Prior to the analysis of the results, the research instrument was tested for its reliability. The internal consistency of the grouping of the items was estimated using the reliability co-efficient called Cronbach's alpha. With this coefficient, an alpha value of 0.60 or above is considered to the criterion for demonstrating internal consistency of new scales and established scales respectively. The computed reliability co-efficient is shown in table1. The Cronbach's α value of variables of effectiveness of promotion mix are .898 and .9380 that testifies strong scale reliability.

Table 1: Validity and Reliability score

| No. Of respondent | Variables | No. Of item | Cronbach's alpha |
|-------------------|--------------------------------|-------------|------------------|
| | Effectiveness of Promotion Mix | 36 | .898 |
| | Effectiveness of Promotion Mix | 36 | .938 |

Source: survey data

RESULT AND DISCUSSION

The collected data was analyzed in SPSS and various statistical test like Friedman ranking and co relation test were applied on data. Table 2 represents the frequency distribution of the respondents with respect to the research area. From the total number of 501 respondents, 22.8% of the respondents are from Majha, 23% of the respondents are from Doaba, 22.8% of the respondents are from Malwa, 12.6% of the respondents are from Mohali and 19% of the respondents are from Chandigarh.

Table 2: frequency distribution of respondents according to their area

| Respondent profile area-wise | | |
|------------------------------|-----------|---------|
| Area | Frequency | Percent |
| Majha | 114 | 22.8 |
| Doaba | 115 | 23.0 |
| Malwa | 114 | 22.8 |
| Mohali | 63 | 12.6 |
| Chandigarh | 95 | 19.0 |
| Total | 501 | 100.0 |

Source: surveyed data

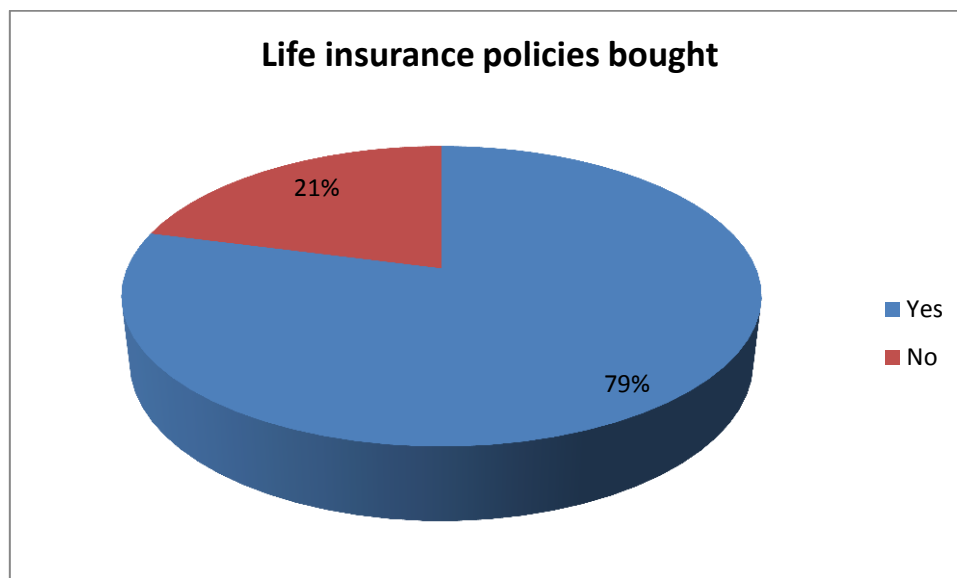
Table 3 represents the frequency distribution of the respondents for having life insurance policy. From the total number of 501 respondents, 79% of the respondents have bought the life insurance policy and 21% of the respondents haven't bought the life insurance policy. Figure 1 exhibits the frequency of the respondents for having the life insurance policy.

Table3: Frequency distribution of the respondents for life insurance policies

| Life insurance policy bought | | |
|------------------------------|-----------|---------|
| | Frequency | Percent |
| Yes | 396 | 79.0 |
| No | 105 | 21.0 |
| Total | 501 | 100.0 |

Source: surveyed data

Figure 1: Life Insurance user and Non user



Source: surveyed data

Figure 3: Frequency distribution of the respondents for having the life insurance policy

CONSUMER BEHAVIOUR FOR LIFE INSURANCE

Consumer behaviour depicts consumer preferences, buying behaviour and attitudes of consumers toward companies marketing strategies. To study this behaviour researched data was analyzed by independent sample t-test among user and nonuser of life insurance to test aforementioned hypotheses. Since, the p-value for the test for variables reasons for purchasing the life insurance policies, features of life insurance policies and reason for not interested in life insurance are coming out to be less than 0.05 hence we can say that there is significant differences between user and nonusers in regards to reasons for purchase ($t = 2.236$, $p\text{-value} < 0.05$), and features in life insurance policy for purchase ($t = 4.3$, $p\text{-value} < 0.01$), for reasons of having low interest in life insurance user and non-user have significant differences ($t = -3.207$, $p\text{-value} < 0.01$)

Whereas, since the p-values for variables source of information for life insurance purchase ($t = -1.134$, $p\text{-value} > 0.05$) shows no significance between purchase status of consumers. Same case with promotion strategies Influence on purchase decision ($t = -0.327$, $p\text{-value} > 0.05$) and advertising appeals ($t = 0.436$, $p\text{-value} > 0.05$) which also found in life insurance non-significant difference, for user and non-user profiles. This shows that consumer give similar importance to all sources of credible information for insurance irrespective of earlier purchase experience. This may also reflect that user and nonuser have similar approaches towards advertisement appeals and influence of promotional strategies on decision making.

Table 4: T test result for consumer behaviour

| Variables | Life insurance bought | N | Mean | Std. Deviation | t-value | p-value |
|---|-----------------------|-----|---------|----------------|---------|---------|
| Reasons for purchasing life insurance | Yes | 396 | 24.8283 | 4.49031 | 2.236 | .026* |
| | No | 105 | 23.619 | 6.31448 | | |
| Features of life insurance policies | Yes | 396 | 33.6717 | 5.28943 | 4.3 | .001** |
| | No | 105 | 30.8286 | 8.23508 | | |
| Source of information for life insurance purchase | Yes | 396 | 34.2424 | 5.27251 | -1.134 | 0.257 |
| | No | 105 | 34.9143 | 5.84925 | | |
| Promotion strategies Influence on purchase decision | Yes | 396 | 45.8409 | 5.93487 | -0.327 | 0.744 |
| | No | 105 | 46.0667 | 7.45405 | | |
| Advertisement appeals | Yes | 396 | 25.149 | 3.50703 | 0.436 | 0.663 |
| | No | 105 | 24.9714 | 4.39505 | | |
| Reason for not interested in life insurance | Yes | 396 | 22.4545 | 5.53977 | -3.207 | .001** |
| | No | 105 | 24.3333 | 4.48859 | | |

EFFECTIVENESS OF PROMOTION MIX IN LIFE INSURANCE

Various promotion Mix were assessed on the basis of six criteria's to find out if it's able to create awareness or not, helps in positive brand building , able to create need generate for life insurance among consumers , influencing in buying decision and helps in brand recalls or finally helps to have sales of the life insurance. Table 5 represents the results of the Friedman test, to find out that ranking of various variables. Results show that respondent gave highest rating to most popular promotion mix i.e. TV advertising for awareness creation, need creation and brand recalls. Whereas print advertisement also got good rating in these aspect and highest in positive brand building as being more trusted promotion tool. Personal selling is also important part of promotion mix and that plays important role in buying influence and sales. For these aspects Agents selling techniques got higher rating above all. Company online ads/ pop up ads/emails have got lowest mean ranks for most of the aspects that shows people don't entertain this type of push marketing for life insurance. Other tools got average mean ranking in all aspects. So we can say that we reject our hypothesis that there is no significant difference in effect of various promotional tools on consumer buying decision for life insurance.

Table 5: Friedman Test results for Effects of promotion mix

| Promotion Mix for life Insurance | Awareness Creation | Positive Branding | Need Creation | Buying Influence | Brand Recall | Sales |
|----------------------------------|--------------------|-------------------|---------------|------------------|--------------|-----------|
| | Mean Rank | Mean Rank | Mean Rank | Mean Rank | Mean Rank | Mean Rank |
| TV Advertisement | 8.65 | 8.07 | 7.94 | 7.43 | 8.45 | 7.79 |
| Print Advertisement | 7.89 | 8.27 | 7.21 | 6.65 | 6.92 | 6.37 |
| Workshops/seminar | 7.07 | 7.51 | 6.47 | 7.56 | 6.65 | 7.93 |
| Agent selling | 7.44 | 7.69 | 8.2 | 8.24 | 7.93 | 8.42 |
| Bank manager selling | 6.84 | 6.46 | 6.3 | 7.74 | 6.65 | 7.5 |
| Outdoor banner | 6.16 | 5.41 | 5.53 | 5.71 | 6.34 | 5.3 |
| Sponsorships | 5.79 | 6.68 | 5.98 | 5.63 | 6.53 | 5.13 |
| Sales promotions | 6.01 | 6.91 | 6.31 | 6.35 | 5.85 | 6.68 |
| Direct marketing | 6.71 | 5.91 | 6.88 | 6.47 | 5.67 | 6.03 |
| Pamphlet/ Brochures | 5.53 | 5 | 5.43 | 5.71 | 5.69 | 6.04 |
| Web Aggregators | 5.18 | 5.48 | 5.89 | 5.44 | 5.46 | 6.17 |
| online ads popup/ emails | 4.72 | 4.61 | 5.86 | 5.06 | 5.86 | 4.64 |

Source: Survey data

RELATIONSHIP BETWEEN PROMOTION AND CONSUMER BUYING DECISIONS

Table 6 represents the correlation between different variables. Correlation table shows the linear relationship between the variables. It varies from -1 to +1. -1 signifies the perfect negative correlation and +1 signifies the perfect positive correlation. Reasons for buying life insurance has positive and significant correlation with features of life insurance, source of information, promotional mix influence for decision making and advertisement appeals with correlation coefficient values (r) 0.519, 0.443, 0.393 and 0.446, where as reasons for purchase is negatively and significantly correlated with low interest in life insurance, with coefficient value of -0.102. Features of life insurance have positive and significant correlation with source of information, promotional mix influence for decision making and advertisement appeals with correlation coefficient values (r) 0.195, 0.319 and 0.409 respectively. Source of information has positive and significant correlation with promotional mix influence for decision making and advertisement appeals with correlation coefficient values (r) 0.639 and 0.456 respectively. Promotional mix influence for decision making has positive and significant correlation with Advertisement appeals with correlation coefficient values (r) 0.578; and advertisement appeals has positive and significant correlation with reasons of purchase, features in life insurance and source of information for buying life insurance and also with

Influencing factors in purchase decision with correlation coefficient values (r) 0.446, 0.409, 0.456 and 0.578 values.

Table 6: Correlations' between promotion and consumer buying decision

| | | Reasons of purchase | Features in life insurance | Source of information | Influencing factors in purchase decision | Advertisement appeals | Reasons of low interest in life insurance |
|--|---------------------|---------------------|----------------------------|-----------------------|--|-----------------------|---|
| Reasons of purchase | Pearson Correlation | 1 | .519** | .443** | .393** | .446** | -.102* |
| | Sig. (2-tailed) | | 0 | 0 | 0 | 0 | 0.022 |
| | N | 501 | 501 | 501 | 501 | 501 | 501 |
| Features in life insurance | Pearson Correlation | .519** | 1 | .195** | .319** | .409** | 0.015 |
| | Sig. (2-tailed) | 0 | | 0 | 0 | 0 | 0.733 |
| | N | 501 | 501 | 501 | 501 | 501 | 501 |
| Source of information | Pearson Correlation | .443** | .195** | 1 | .639** | .456** | 0.002 |
| | Sig. (2-tailed) | 0 | 0 | | 0 | 0 | 0.958 |
| | N | 501 | 501 | 501 | 501 | 501 | 501 |
| Influencing factors in purchase decision | Pearson Correlation | .393** | .319** | .639** | 1 | .578** | 0.057 |
| | Sig. (2-tailed) | 0 | 0 | 0 | | 0 | 0.204 |
| | N | 501 | 501 | 501 | 501 | 501 | 501 |
| Advertisement appeals | Pearson Correlation | .446** | .409** | .456** | .578** | 1 | .137** |
| | Sig. (2-tailed) | 0 | 0 | 0 | 0 | | 0.002 |
| | N | 501 | 501 | 501 | 501 | 501 | 501 |
| Reasons of low interest in life insurance | Pearson Correlation | -.102* | 0.015 | 0.002 | 0.057 | .137** | 1 |
| | Sig. (2-tailed) | 0.022 | 0.733 | 0.958 | 0.204 | 0.002 | |
| | N | 501 | 501 | 501 | 501 | 501 | 501 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | | | | |
| *. Correlation is significant at the 0.05 level (2-tailed). | | | | | | | |

Source: survey data

CONCLUSION AND RECOMMENDATIONS

From the analysis it can be concluded that various promotion mixes have different effects on consumer behavior. Promotion mix broadly comprises of Advertisements, personal selling, sales promotion, publicity, public relation and direct marketing. Since life insurance is an unsought offering with service attributes like intangibility it's always sold rather than purchased. TV advertisements and print ads were found effective in building awareness and positive branding but most of the time personal selling is being ranked highly effective in buying influence and sale of life insurance. Life insurance comparing sites which are called web aggregators are a new style of promotional tool which is used by life insurance companies is also being liked by consumers in survey but on the other hand companies' online pop up ads and unsolicited emails are found to be annoying thus received lowest ranking in all the criteria. There was found significant positive co-relation between promotional strategies and buying decision like source of information, reasons of purchasing like insurance and features of life plans.

The Indian consumers are now more educated and knowledgeable that creates need of understanding effect of promotional mix adopted by life insurance companies in India. The companies are designing various marketing strategies with help of promotional tools and try to create awareness for life insurance products. There is a need to select right mix of promotional activities to suit customer needs from life insurance companies at particular time and to use it correctly to achieve result. The life insurance companies are developing and implementing brand image and trying to stimulate their target audience to buy their products or services. Due to various measures taken by life insurance sector, the customer is largely affected. It is important to find out the impact on customer and his reaction due to such measures. Companies instead of focusing only on improving the variety of products need to focus on targeting new segments and implement innovative strategies in order to achieve sustained growth and ensure profitability of business.

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