

“Advertising Effectiveness on Consumer Decision Making & Decision Making : Study of Insurance Industry”

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Abstract

This study is aimed at studying the impact of advertising and its various strategies in the insurance industry. This study also focuses on the role of insurance in general and the role of IRDA as a governing body for the insurance sector. The study also involves the overview of various players in the market for this specific sector.

Indian insurance is a flourishing industry, with several national and international players competing and growing at rapid rates. Thanks to reforms and the easing of policy regulations, so is the increasing role of advertising which effects the consumers' choice.

The study being descriptive and explanatory in nature, findings have been made through theoretical analysis in order to get an insight into the cause and effect relationship of advertising and consumers' perception relating to insurance products which ultimately effects the insurance industry on a whole. Thus detailed descriptions of specific issues concerning the consumers' purchasing behaviour and the effect of advertisement on this particular industry is being studied using a detailed questionnaire to interview the consumers and observe their behavior after which a detailed review is done.

Keywords-

Insurance Industry , IRDA , Consumer Behavior, Advertising Effectiveness

Introduction

Advertising denotes a specific attempt to popularize a specific product or service at a certain cost. It is a method of publicity. It always intentional openly sponsored by the sponsor and involves certain cost and hence is paid for. It is a common form of non- personal communication about an organization and or its products idea service etc. that is transmitted to a target audience through a mass medium.

Advertisements are sometimes spoken of as the nervous system of the business world. As our nervous system is constructed to give us all the possible sensations from objects, so the advertisement which is comparable to the nervous system must awaken in the reader as many different kinds of images as the object itself can excite. Advertising effectiveness means different things to the groups responsible for its different effects. Effective advertising must achieve all four goals, delivering messages to the right audience, thereby creating sales at a profit.

Indian insurance companies offer a comprehensive range of insurance plans, a range that is growing as the economy matures and the wealth of the middle classes increases. Indians

are becoming more familiar with the different insurance product ,all because of the increasing involvement of advertising which is being used by different insurance players to influence the consumers and make them more aware about the latest developments and the benefits of insurance.

Objectives

- To understand and measure the impact of advertising in the insurance market.
- To measure the effectiveness of advertisement/promotional activities for a particular product class and corporate advertising.
- To create awareness about the relevance of advertisement to the industry.
- To understand and measure the affect of advertising in brand building ,brand call and finally the choice of plan while buying it.

Literature Review

The insurance industry thrives on financial marketing organizations selling/marketing products to agencies...and agencies selling/marketing products to agents, who in turn sell to these products to consumers.

Broad advertising is typically done at the consumer level. However, at the end of the day insurance companies must attract agents to sell the products.

Matin Khan-“Consumer Behaviour and Advertising Management”,2006

The author deals with the consumer behavior as far as the advertising is concerned. The book deals with the usual aspects of consumer behavior like culture ,social class, lifestyle and psychographic segmentation etc. The author also discusses outlet selection, consumerism, customer delight ,e-consumer behavior and changing consumer behavior in the Indian Context.

Further value addition has been done by discussing ethical and social issues in advertising, management of an advertising

agency and role of advertising in national development with the help of various Indian examples and case studies.

Flemming Hansen, Sverre Riis Christensen-“Emotions, Advertising and Consumer Choice

Emotions, Advertising and Consumer Choice focuses on recent neurological or psychological insights originating from brain scanning or neurological experiments on basic emotional processes in the brain and their role in controlling human behavior. These insights are translated by the authors to cover the behavior of ordinary individuals in every-day life. The book looks at these developments in the light of traditional cognitive theories of consumer choice and it discusses the implications for advertising and other communication testing. The book offers a first-time thorough review of contemporary thinking in the field of consumer behavior and an exhaustive amount of empirical evidence to support the authors' notion of an emerging paradigm of emotionally-based consumer choice where mental brand equity becomes a central phenomenon.

S. Ramesh Kumar- “Consumer Behaviour and Branding: Concepts, Readings and Cases-The Indian Context”,Pearson Education.

India is one of the emerging markets that pose a unique set of challenges to marketers. The importance of the context and the usefulness of concepts in the Indian context is the core proposition. The diversity of a mix of factors such as cultural aspects, lifestyles, demographics and unbranded offerings make consumer behaviour a fascinating study. The autor focuses on the behavioural principles of marketing and its application to branding in the Indian context.

Research Methodology

Research methodology is a strategy that guides a research in providing answers to research questions and for this, research survey is being done. "Accuracy of the study depends on the systematic application of the method". The researcher has to decide the method to be used that helps him to get a desired direction in a systematic way. This studying the following manner.

Research Design:

A research design is a framework or blueprint for conducting the marketing research project. It specifies the details of the procedures necessary for obtaining the information needed to structure and/or solve marketing research problem.

Conclusive research is designed to assist the decision maker in determining evaluating and selecting the best course of action to take in a given situation

Being the study descriptive in nature, it will go through theoretical data collection, and its analysis of a survey questionnaire.

Source of Data: This study is mainly based on primary data which has also been gathered from different persons in the age group Of 25-40 and required secondary data is collected from various newspapers, journals, magazines and websites for the purpose of getting insights into the insurance industry.

Research Method: Study is based on sampling not the census method which limits its universality.

METHODOLOGY ADOPTED

Sample Techniques

The sampling techniques used in this project are probability sampling techniques and the methods used in cluster sampling. Random Sampling is used as a part of the survey to make it easier. Questionnaires were used to conduct the survey.

Various Pie Charts were used to depict the analysis.

Sampling Unit

The respondents who were asked to fill out questionnaires are the sampling units. These comprise of employees of MNCs, Govt. Employees, and Self Employed, housewives, students etc.

Sample size

The sample size was restricted to only 50 between age group of 25-40, which comprised of mainly peoples from different regions of the city.

Sampling Area

The area of the research was Delhi particularly the North West zone including model town, Kingsway camp and kamla nagar.

DATA COLLECTION

Structured Questionnaire

In this collection data, structured questionnaire is used as a tool by asking a set of standardized questions to know the effect of Insurance Advertisement and behavior of the people for their response

Interview

The next step involved in collecting information requires discussion with people. Thus valuable information was gathered through informal friendly talks with the people.

VARIOUS ADVERTISING STRATEGIES IN THE INSURANCE INDUSTRY

Study of promotional strategy of various insurance companies shows that they cover you at every step in life.

Over the last few months, advertising has been advertising in outdoor ,television and press. Building image and creating a differential identity in the most creative and compelling manner is what the advertising is doing as far as the insurance industry is concerned.The creative execution heightened the emotional connect with the brand.

For the same purpose ,various insurance companies are using different advertising strategies which can make their products and services reach to the masses.

ELECTRONIC MEDIA

Television advertising / Music in advertising

The TV commercial is generally considered the most effective mass-market advertising format, as is reflected by the high prices TV networks charge for commercial airtime during popular TV events. The annual Super Bowl football game in the United States is known as the most prominent advertising event on television. The average cost of a single thirty-second TV spot during this game has reached US\$3 million (as of 2009). The majority of television commercials features a song or jingle that listeners soon relate to the product. Virtual advertisements may be inserted into regular television programming through computer graphics. It is typically inserted into otherwise blank backdrops or used to replace local billboards that are not relevant to the remote broadcast audience. More controversially, virtual billboards may be inserted into the background where none exist in real-life. This technique is especially used in televised sporting events. Virtual product placement is also possible.

Infomercials

An infomercial is a long-format television commercial, typically five minutes or longer. The word "infomercial" combining the words "information" & "commercial". The main objective in an infomercial is to create an impulse purchase, so that the consumer sees the presentation and then immediately buys the product through the advertised toll-free telephone number or website. Infomercials describe, display, and often demonstrate products and their features, and commonly have testimonials from consumers and industry professionals.

Radio advertising

Radio advertising is a form of advertising via the medium of radio. Radio advertisements are broadcast as radio waves to the air from a transmitter to an antenna and a thus to a receiving device. Airtime is purchased from a station or network in exchange for airing the commercials. While radio has the limitation of being restricted to sound, proponents of radio advertising often cite this as an advantage. Radio is an expanding medium that can be found not only on air, but also online. According to Arbitron, radio has approximately 241.6 million weekly listeners, or more than 93 percent of the U.S. population.

Online advertising

Online advertising is a form of promotion that uses the Internet and World Wide Web for the expressed purpose of delivering marketing messages to attract customers. Online ads are delivered by an ad server. Examples of online advertising include contextual ads that appear on search, banner ads, in text ads, Rich Media Ads, Social network advertising, online classified advertising, advertising networks and e-mail marketing, including e-mail spam.

Press advertising

Press advertising describes advertising in a printed medium such as a newspaper, magazine, or trade journal. This encompasses everything from media with a very broad readership base, such as a major national newspaper or magazine, to more narrowly targeted media such as local newspapers and trade journals on very specialized topics. A form of press advertising is classified advertising, which allows private individuals or companies to purchase a small, narrowly targeted ad for a low fee advertising a product or service. Another form of press advertising is the Display Ad,

Celebrity branding

This type of advertising focuses upon using celebrity power, fame, money, popularity to gain recognition for their products and promote specific stores or products. Celebrities are often involved in advertising campaigns such as television or print adverts to advertise specific or general products. Amitabh Bachchan has been the brand ambassador of ICICI Pru.

PRINT MEDIA

Mobile billboard advertising

Mobile billboards are generally vehicle mounted billboards or digital screens. These can be on dedicated vehicles built solely for carrying advertisements along routes preselected by clients, they can also be specially equipped cargo trucks or, in some cases, large banners strewn from planes. The billboards are often lighted; some being backlit, and others employing spotlights. Some billboard displays are static, while others change; for example, continuously or periodically rotating among a set of advertisements. Mobile displays are used for various situations in metropolitan areas throughout the world, including: Target advertising, One-day, and long-term campaigns, Conventions, Sporting events, Store openings and similar promotional events, and Big advertisements from smaller companies.

In-store advertising

In-store advertising is any advertisement placed in a retail store. It includes placement of a product in visible locations in a store, such as at eye level, at the ends of aisles and near checkout counters (aka POP—Point Of Purchase display), eye-catching displays promoting a specific product, and advertisements in such places as shopping carts and in-store video displays.

Coffee cup advertising

Coffee cup advertising is any advertisement placed upon a coffee cup that is distributed out of an office, café, or drive-through coffee shop. This form of advertising was first popularized in Australia, and has begun growing in popularity in the United States, India, and parts of the Middle East.

ROLE OF ADVERTISING IN INSURANCE INDUSTRY

It is an informative or persuasive message carried by a non personal medium & paid for by an identified sponsor whose organization or product is identified in some way. It is an impersonal and one way communication about a product or organization that is paid by a marketer

Advertising is a form of communication used to persuade an audience (viewers, readers or listeners) to take some action with respect to products, ideas, or services.

Corporate advertising can tell a story about a company as a whole, large organizations may need to use corporate ads to simplify their image in the minds of key constituents and to show what unifies the company, despite the geographical spread and variety of its businesses. To establish the brand, build awareness and give the brand a larger-than-life image.

Advertising effectiveness means different things to the groups responsible for its different effects. To the writer or artist, effective advertising is that which communicates the desired message. To the media buyer, effective advertising is that which reaches prospective buyers a sufficient number of times. To the advertising or marketing manager, effective advertising is that which, together with other marketing forces, sells his brand or product. To the general manager, effective advertising produces a return on his firm's expenditure

Throughout the range of modern businesses, advertising can play an essential role in the success or failure of a given enterprise. The ability to reach audiences, convey messages, and create an overall image for an individual or business are powerful tools, and some companies may even spend most of their budgets on advertising efforts in an attempt to use these tools to their fullest advantage. In the insurance industry, a great deal of an agent or firm's success depends on the skill with which prospects are approached and handled, and the

very best insurance agents in operation know that the creation of positive impressions and the establishment of credibility are essential ingredients for success. On their own time, agents must use various methods to achieve these goals of making the right impression and maintaining trust throughout the sales and consultation process. But this requires personal attention, and can only be delivered to a limited number of prospects at any given time. Insurance industry advertising, then, addresses the need for creating positive impressions and establishing credibility in the absence of the actual agent.

If this seems like a challenging feat, that's because it by all measures, it is. Trust and credibility are privileges typically won through a great deal of face time and the consistent demonstration of dependability and good intentions, and such traits can be especially difficult to portray from a distance. Thankfully, there are many ways that advertising can accomplish this task through creating various impressions and ideas that either overtly or discreetly suggest the good qualities of an agent or firm, without the need for personal attention.

Insurance industry advertising accomplishes the task of reaching out to those prospective clients who would otherwise be left to approach insurance agents and brokers on their own, unprompted. Able to present solutions to those who may have no other method of arriving at a sound answer for their insurance questions, such advertising serves as the broad public face of a given agent or firm, and is the first point of contact that will be established between a client and the agency from which a policy or package is purchased. Far from being a simple gimmick to increase sales, though such an objective can certainly be present in some campaigns, insurance industry advertising has its roots in the establishment of a relationship between clients and companies, setting the stage for future interactions and aiding the course of contract development.

This function isn't only an essential one; it's also able, in many cases, to help catalyze the process

of selling insurance. While agents and firms without extensive advertising –or any advertising at all-- must often rely on performing each step of the trust-building process manually, truly excellent insurance advertising campaigns can make this process move much more quickly, allowing for a higher volume of more successful sales. Great insurance industry advertising has a great deal to do with establishing an image and distributing it to prospective clients, but it is also a way to streamline insurance sales itself, providing a compounded benefit that makes working in the modern market without considerable advertising efforts somewhat difficult.

Embracing the necessity of advertising, and following through with the creation of quality, carefully-prepared campaigns, is a great way for modern insurance agents and companies to expand their business and take advantage of the powerful possibilities in forming and conveying targeted messages about the benefits and wisdom of retaining insurance.

IRDA(The Insurance Regulatory and Development Authority)

The IRDA Act, 1999 was passed as per the major recommendation of the Malhotra Committee report (1994) which recommended establishment of an independent regulatory authority for insurance sector in India. Later, It was incorporated as a statutory body in April, 2000. The IRDA Act, 1999 also allows private players to enter the insurance sector in India besides a maximum foreign equity of 26 per cent in a private insurance company having operations in India. The FDI limit in insurance sector was raised to 49% in July 2013. It serves as an Authority to protect the interests of holders of insurance policies, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith. IRDA role is to protect rights of policy holders & they provides registration certification to life insurance companies & responsible for renewal, modification, cancellation & suspension of this registered certificate.

Role of the Insurance Regulatory and Development Authority (IRDA)

The Insurance Regulatory and Development Authority (IRDA) was constituted to regulate and develop insurance business in India. As a key part of its role, it is responsible to protect the rights of policyholders. In order to create awareness about IRDA, it's role, duties and responsibilities are stated here under:

IRDA provides a certificate of registration to a life insurance company. IRDA is responsible for the renewal, modification, withdrawal, suspension or cancellation of this certificate of registration.

IRDA frames regulations on protection of policyholders' interests thus offering policyholders the right to voice their complaints against insurers or insurance companies.

The IRDA has set up the grievance redressal cell to take up the complaints of the policyholder.

It specifies the requisite qualifications, code of conduct and practical training for intermediaries or insurance intermediaries and agents.

It specifies the code of conduct for surveyors and loss assessor,also promoting efficiency in the conduct of insurance businesses.

It promotes and regulates activities of professional organisations connected with life insurance,it also levies fees and other charges to carry out the purposes of the IRDA Act.

It can call for information from, undertake the inspection of, conduct enquiries and investigations including the auditing of insurers, intermediaries, insurance intermediaries and other organisations connected with the business of life insurance.

It specifies the form and manner in which books of account should be maintained and statements of accounts should be rendered by insurers and other insurance intermediaries.

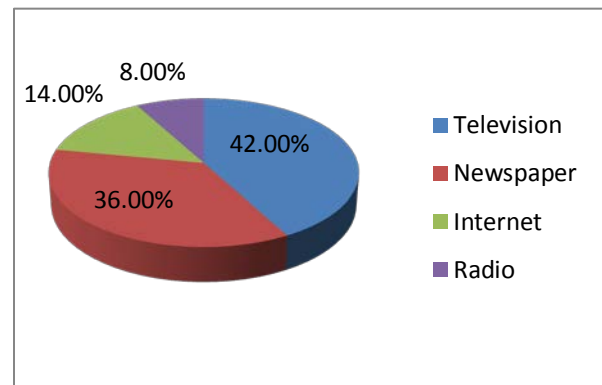
It regulates the investment of funds by insurance companies. The IRDA also regulates the maintenance of margins of solvency. It adjudicates disputes between insurers and intermediaries or insurance intermediaries.

It specifies the percentage of premium income of the insurer to finance schemes for the promotion and regulation of certain specified professional organizations.

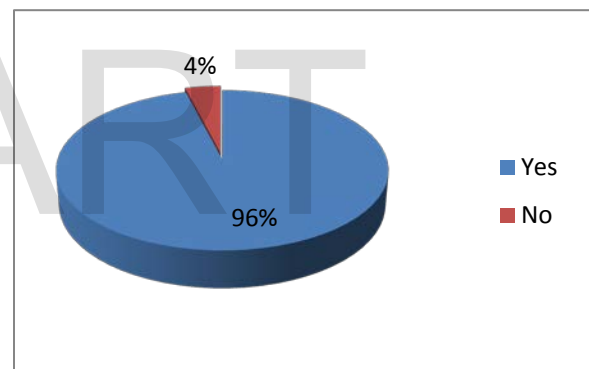
It specifies the percentage of life insurance business to be undertaken by an insurer in the rural or social sector and it exercises any other powers as may be prescribed.

Data Analysis and Interpretation

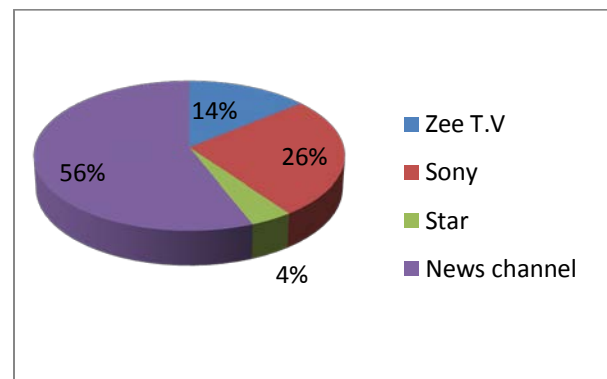
Q1. Which media you mostly use for information about Insurance?



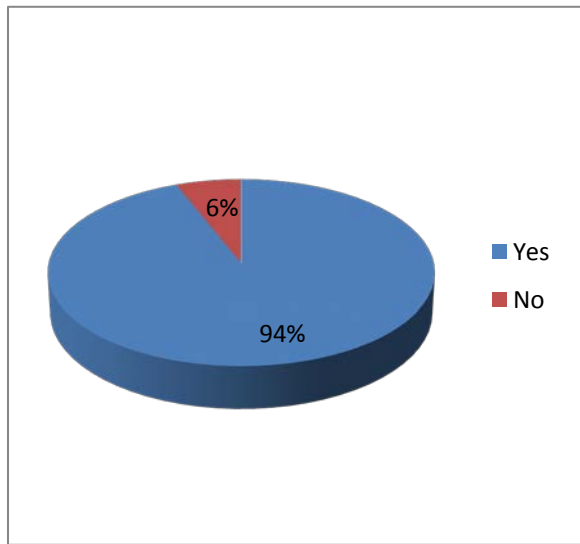
Q2. Have you seen any Insurance Product Advertisement?



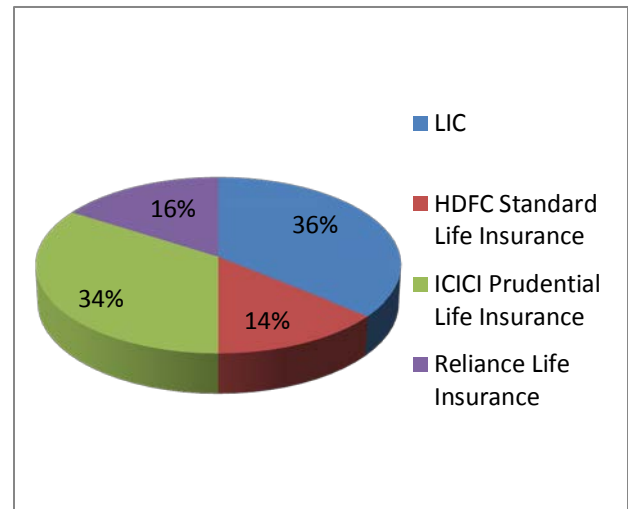
Q3. On Which channel you saw Insurance advertisements mostly?



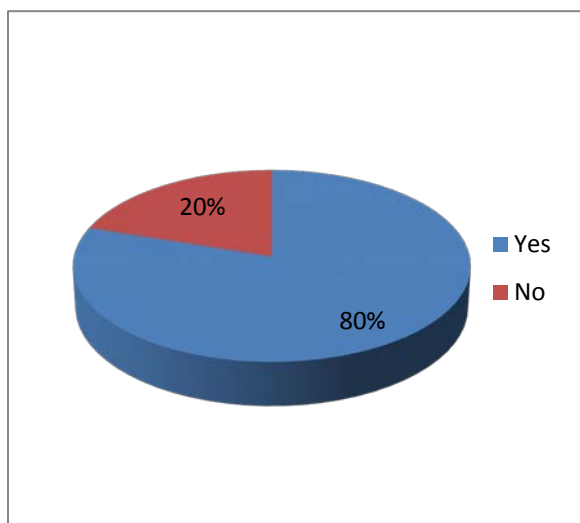
Q4. Can u recall the content of advertisement of any insurance company?



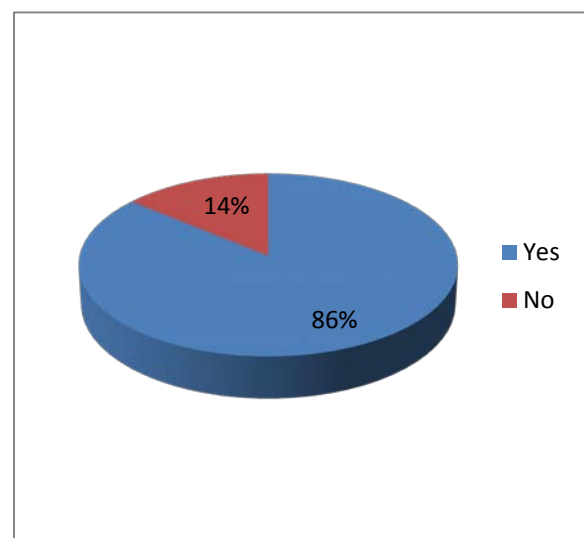
Q6. Which Insurance Company would you prefer the most?



Q5. Does advertisement of any product leaves a lasting impact on your mind regarding the brand?



Q 7. Does advertising effect ultimately your decision making regarding the insurance product?



CONCLUSION

There has been a tectonic shift in advertising the insurance companies. Insurance can help them against such calamities. People bought the idea and started buying insurance. If we see the recent ads they are talking about how “SBI Life” can help smoothen your old-age life or how “ICICI Prudential” can help you in receiving pensions etc. This sounds more logical. Each ad speaks about how their firms offers can help you instead of telling how insurance as a whole can help you.

The study shows that advertisement is very much important for any business. A huge amount is paid by companies against advertisement. There are many ways available to give advertisement on which this amount is paid these are TV, Newspaper, Radio, Internet etc. At the initial phase of a company it is important that they give emphasis on corporate advertising because it helps in brand recall.

Giving advertisement in any type of media is not the only medium, there are many other ways also like social service, by way of educating people.

In the market it can easily be realized that the Television audience had a huge impact of these ads. Although the most popular medium of information gathering has emerged as the arena of media war. But yes the old players news paper and radio are still on their high trying to dominate in the market. Internet being in its youth phase is rapidly reaching in the elite class.

The survey clearly determines that people are aware of insurance advertisements as most of them have seen Insurance advertisements which could provide them with ample knowledge about the products provided by the insurance companies.

Apart from entertainment channels like Zee T.V , Sony etc where family soaps are having the highest TRPs contribute mainly for in FMCG sector. Though they show a bit of Insurance Ads too. In the emerging economy of INDIA News and business channels have risen surprisingly and contributing in the promotion of insurance sector.

Maximum number of people could recall the content of the advertisement of of the insurances company which again signifies that the content of any advertisement have a lasting impact on the consumer’s mind which can determine his buying behavior with respect to the policy. Thus the content has to be realistic and authentic.

Insurance is considered to be sold by push strategy only, and we are witnessing alternative financial Instruments available in the market giving tough competition. The first thing before buying an Insurance Product in the competitive market comes in the mind, is the BRAND. It really plays a tremendous role for a product to be bought. It seems clearly in the survey.

As per the survey the most preferred insurance company among the policy buyers in public sector is none other than LIC but the private players are also not far behind and when it comes to the private sector, ICICI Prudential Life Insurance is the most favoured among the consumers followed by Reliance Life Insurance and HDFC Standard Life Insurance.

It can be interpreted from the survey that effective advertising has a great impact on the decision making process of the consumers for which the advertising has to be effective so as to leave a lasting impact on the

consumers' mind and help them make correct decisions.

FINDINGS

Brand building advertising is synonymous with product advertising and is commonly seen in traditional mass media, including TV, radio, magazine, and newspaper which is depicted from the analysis.

Brand building advertisements tend to be product/service- (or retailer-) oriented with the purpose to establish a positive image and creating demand for a product or service that leads to eventual purchase.

The communication route is typically one-to-many and is designed to reach a mass audience by using a tactic of capturing the attention of users.

Majority of public use television for entertainment or information gathering, followed by friends and family and newspaper. Radio is seems to be outdated in urban areas. But after revolution in mobile technology and satellite radio it again starts growing.

This survey question shows that how much brand awareness is important. Majority of the public goes behind brand name. That's why corporate advertising plays a vital role in growing stage. It is also found that Insurance companies like to give their ads in News/Business channel. It may be because of Insurance is related to finance and Insurance is mainly taken as a tax saving instruments.

During survey a collection of various insurance companies ad were also shown to the respondent..They liked some very much. Some of them even got emotional because it touches their heart. But when it is asked that how many of them now would like to purchase insurance policies then instead of raising hands deep silence come as an answer. It shows that Liking an advertisement does not always guarantee the sale of an insurance policy.. Only few of them actually buy after seeing ad especially in case of Insurance

RECOMMENDATIONS

The recommendations are as follows:

An intense AIDA model needs to be adopted the AIDA model (Awareness, Interest, Desire, and Action).

To create the awareness regarding Product through

1. Print & Electronic Media Advertisement should be done (As we can see intense ad campaign of HDFC Standard Life and Bajaj Allianz.)

2. After the initial promotional campaign the relative advantage of an Insurance Company should be highlighted over their competitors.

3. Hoardings at prime areas should be used.

Creating offers like lucky draws for the users of Internet and giving free gifts to the customer may encourage them.

The insurance sector has largely stuck to images of happy families, carefree couples and cute babies. We have to use a different route to break the clutter, and humor and endorsement of celebrities is some of the routes available to us

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