Comparative Study Between Effectiveness Of Traditional And Modern Marketing Channels With Special Reference To Insurance Industry

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Abstract:

This study investigates the effectiveness of different marketing channels on customers in the insurance industry.The research objectives include assessing the effectiveness of traditional and modern marketing channels, analyzing factors influencing customer preferences, and identifying strengths and weaknesses of these. The research design employed is a descriptive research design, aiming to systematically describe and analyze customer perceptions and preferences. A judgment sampling technique is utilized to select participants based on their expertise and knowledge. The population consists of potential or existing customers in the insurance industry, and the sample size is defined as 100. Findings reveal a preference for modern marketing channels, particularly social media, websites, and search engines. Insurance agents and brokers, along with television advertisements, are influential traditional channels. Concerns regarding the reliability of modern channels and the trustworthiness of traditional channels are highlighted. Lack of technical knowledge emerges as a barrier to adopting modern marketing techniques. The study establishes a significant relationship between marketing channel preference and technical knowledge levels. These findings provide valuable insights for insurance companies to strategically utilize different marketing channels and address customer preferences and concerns effectively.

Key Word*:* Insurance Marketing, Modern Marketing, Insurance,

Introduction and Literature Review

Insurance plays a crucial role in India, providing financial security and risk mitigation to individuals and businesses. The insurance sector in India has experienced significant growth, offering a wide range of coverage options to meet diverse needs. Different types of insurance are available in India, including life insurance, health insurance, motor insurance, property insurance, and travel insurance.

Life insurance policies in India are designed to provide financial protection to the policyholder's family in the event of their demise. They encompass various types such as term insurance, whole life insurance, endowment plans, and unit-linked insurance plans (ULIPs). These policies offer different features and benefits to suit individual preferences and requirements.

Health insurance is another critical type of insurance in India. It covers medical expenses incurred by the policyholder and their family members. Health insurance policies can be individual plans, family floater plans, critical illness insurance, or group health insurance provided by employers. They help individuals manage healthcare expenses and provide access to quality medical services.

Motor insurance is mandatory in India for all vehicles. It consists of two main types: third-party liability insurance and comprehensive insurance. Third-party liability insurance covers damages caused to third parties, while comprehensive insurance provides coverage for third-party liabilities as well as damages to the insured vehicle. Motor insurance ensures financial protection against accidents, theft, and other related risks.

Property insurance safeguards against losses or damages to property caused by fire, natural disasters, theft, or specified perils. It includes home insurance, fire insurance, and burglary insurance. Property insurance policies provide peace of mind by offering compensation or rebuilding assistance in case of unforeseen events that damage the insured property.

Travel insurance is an essential coverage option for individuals traveling domestically or internationally. It offers protection against medical expenses, trip cancellations, lost baggage, and other contingencies that may arise during the trip. Travel insurance policies provide assistance and financial support to travellers, ensuring a worry-free journey.

Insurance companies in India utilize various marketing channels to reach their target audience. Insurance agents serve as intermediaries, educating customers, providing advice, and assisting with policy selection and purchase. Bancassurance is another channel where insurance products are distributed through tie-ups with banks, leveraging the existing customer base of the banks. Online platforms have gained popularity, allowing customers to compare policies, calculate premiums, and purchase insurance conveniently. Some insurance companies adopt a direct sales model, using telemarketing, direct mail, and online advertising to reach out to potential customers. Corporate tie-ups are common, enabling insurance companies to offer group insurance policies tailored to the needs of organizations and their employees. Additionally, insurance brokers act as independent intermediaries, providing unbiased advice and negotiating insurance options from multiple insurers on behalf of clients.

Numerous studies have examined the role and effectiveness of traditional marketing channels, such as insurance agents and brokers. Research by Smith (2018) emphasized the personal touch and expertise provided by insurance agents in building trust and enhancing customer satisfaction. Additionally, Johnson et al. (2019) found that face-to-face interactions with agents positively influenced customer decision-making and increased policyholder retention.In recent years, the emergence of modern marketing channels has significantly transformed the insurance landscape. Digital marketing channels, including insurance company websites, mobile applications, and social media platforms, have gained prominence. Research by Li et al. (2020) highlighted the influence of online platforms in improving customer engagement, providing information transparency, and facilitating convenient policy selection and purchase.

Moreover, the impact of direct-to-consumer (D2C) marketing channels has been investigated by Jones and Williams (2021). They found that D2C models offer convenience, control, and customization options to customers, leading to increased customer satisfaction and loyalty.Understanding the different types of insurance available in India and the marketing channels used by insurance companies is crucial for individuals and businesses seeking appropriate coverage. It allows them to make informed decisions and choose the insurance products that best suit their needs, providing the necessary financial protection and peace of mind.

Research Methodology

2.1 Research Objectives

1. To assess the effectiveness of traditional marketing channels, such as insurance agents and brokers, in the insurance industry.
2. To evaluate the effectiveness of modern marketing channels, including digital platforms, mobile applications, social media, and online aggregators, in the insurance industry.
3. To analyse the factors influencing customer preferences for traditional channels in the insurance industry.
4. To analyse the factors influencing customer preferences for modern marketing channels in the insurance industry.
5. To identify the strengths and weaknesses of traditional and modern marketing channels in terms of information transparency, convenience, personalization, and customer trust.

2.2 Research Hypothesis: H0: Technical knowledge levels has no significant impact on marketing channel preference

H1: Technical knowledge levels has a significant impact on marketing channel preference.

2.3 Research Design

The research design for this study is based on the descriptive research design. Descriptive

research aims to systematically describe and analyze the characteristics, behaviours, opinions, and preferences of a particular group or population. In the context of this study on the effectiveness of different marketing channels on customers with special reference to insurance products, a descriptive research design will provide a comprehensive understanding of customer perceptions and preferences towards various marketing channels in the insurance industry.

2.4 Primary Data: The primary data is collected through the administration of a questionnaire.

2.5 Secondary Data: Secondary data was sourced from journals, books, magazines and other digital and printed media.

2.6 Sampling Technique: The sampling technique employed in this study is judgment sampling. Judgment sampling is a non-probability sampling method where the researcher selects participants based on their expertise, knowledge, or judgment about the characteristics relevant to the research objectives.

2.7 Population: The population for this study comprises individuals who are potential or existing customers in the insurance industry.

2.8 Sample Size: The sample size is defined as 100 who are potential or existing customers in the insurance industry.

2.9 Sampling Unit: One respondent who is either potential or existing customers in the insurance industry.

**Data Analysis and Interpretation**

The data collected from the questionnaire will be analyzed using statistical methods, such as descriptive statistics and correlation analysis, to examine the relationship between customer perceptions and the effectiveness of different marketing channels in the insurance industry.

3.1 Preference towards Different Marketing Channels.

Table No 1: Preference Towards Different Marketing Channels.

Channel	Frequency	Percentage
Traditional Marketing Channels	43	43
Modern Marketing channels	57	57
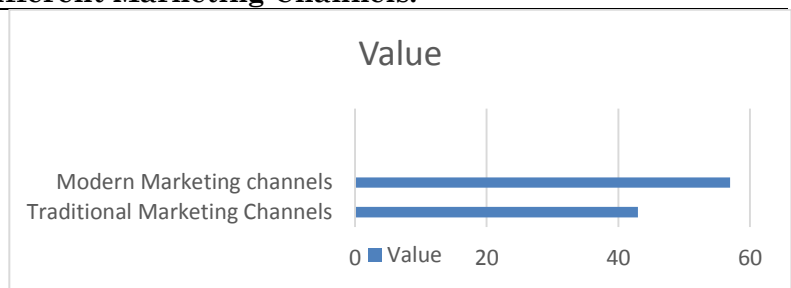
Figure 1 Preference Towards Different Marketing Channels.

From the data, it is found that modern marketing channls are having a bigger influence on customers as compared to traditional marketing channels. Modern marketing channels have the favour of 57 respondents while traditional marketing channels have a favour of 43 respondents

3.2 Most Influential Traditional Marketing Channel.

Table No 2 Most influential traditional marketing channel

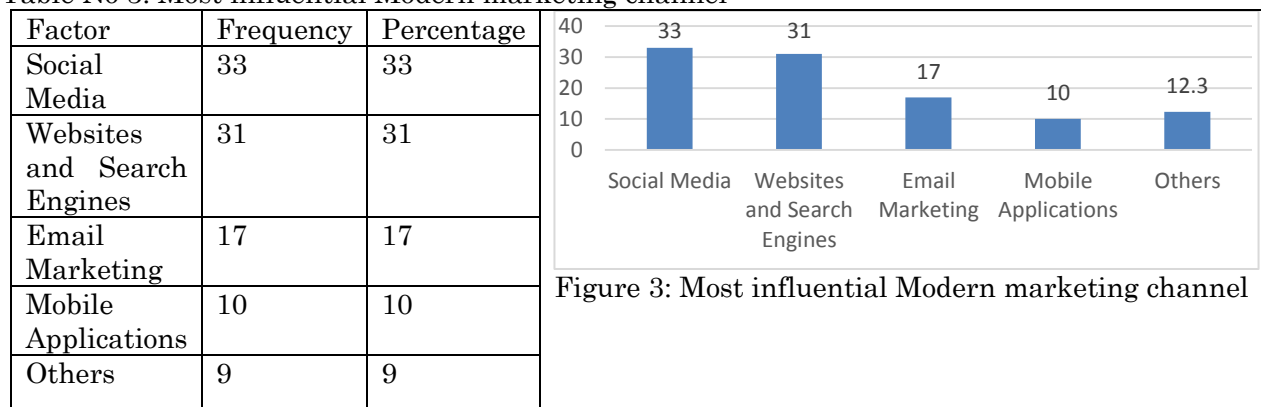| Factor	Frequency	Percentage
Insurance Agents	36	36
Printed Media	18	18
Television Advertisements	22	22
Telemarketing	13	13
Others	11	11
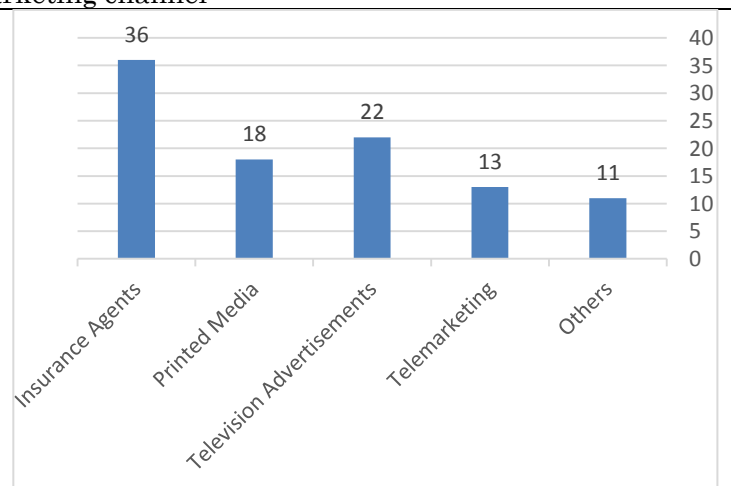
Figure 2: Most influential traditional marketing channel

Out of the 100 respondents, 36% respondents preferred insurance agents while 22% were attracted by television advertisements. Printed advertisements were influential on 18% respondents and telemarketing was influential on 13%. 11% respondents preferred other channels.

3.3 MOST INFLUENTIAL MODERN MARKETING CHANNEL.

Table No 3: Most influential Modern marketing channel

Factor	Frequency	Percentage
Social Media	33	33
Websites and Search Engines	31	31
Email Marketing	17	17
Mobile Applications	10	10
Others	9	9

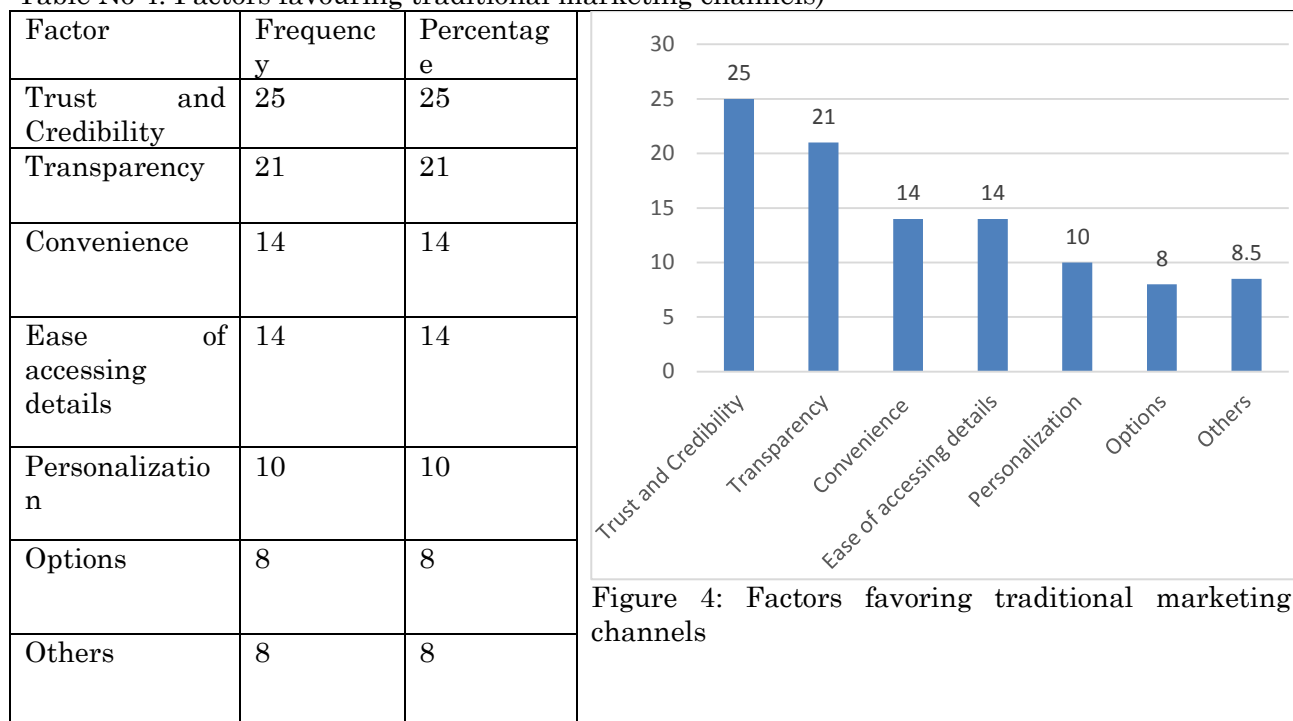Figure 3: Most influential Modern marketing channel

Social media is the most influential modern marketing channel with 33% responses followed by websites and search engines at 31%. Email marketing has 17% response and mobile applications have 10% responses respectively. 9% preferred other channels.

3.4 Factors Favouring Traditional Marketing Channels.

Table No 4: Factors favouring traditional marketing channels)

Factor	Frequency	Percentage
Trust and Credibility	25	25
Transparency	21	21
Convenience	14	14
Ease of accessing details	14	14
Personalization	10	10
Options	8	8
Others	8	8

Figure 4: Factors favoring traditional marketing channels

The most favoured traditional marketing channel is Trust and credibility, the personal interaction with agents directly is providing more confidence to customers. 25% of respondents shared this opinion. 21% are attracted to the transparency and 14% finds traditional marketing more convenient. 14% finds it easier to access details and 10% are attracted by personalization. 8% were able to find more options and 8% had other reasons.

3.5 Factors Favouring Modern Marketing Channels.

Table No 5: Factors favouring modern marketing channels

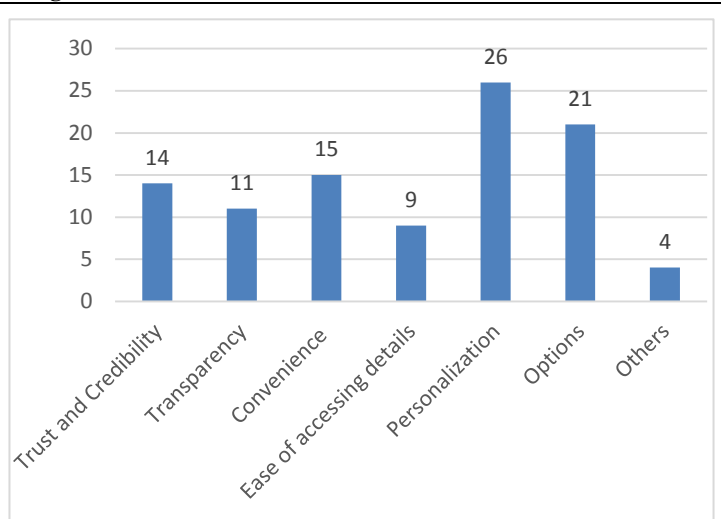| Factor	Frequency	Percentage
Trust and Credibility	14	14
Transparency	11	11
Convenience	15	15
Ease of accessing details	9	9
Personalization	26	26
Options	21	21
Others	4	4

Figure 5: Factors favouring modern marketing channels

With 26% responses, personalization is the most preferred factor when it comes to modern marketing channels. 21% are attracted by the option available and 15% are attracted by the convenience. 14% are attracted by the trust and credibility and 11% are attracted by the transparency. 9% are of the opinion that modern channels are more easier to gain information and 4% prefer other reasons.

3.6 Factors Opposing Traditional Marketing Channels

Table No 6: Factors Opposing Traditional Marketing Channels (47 Responses)

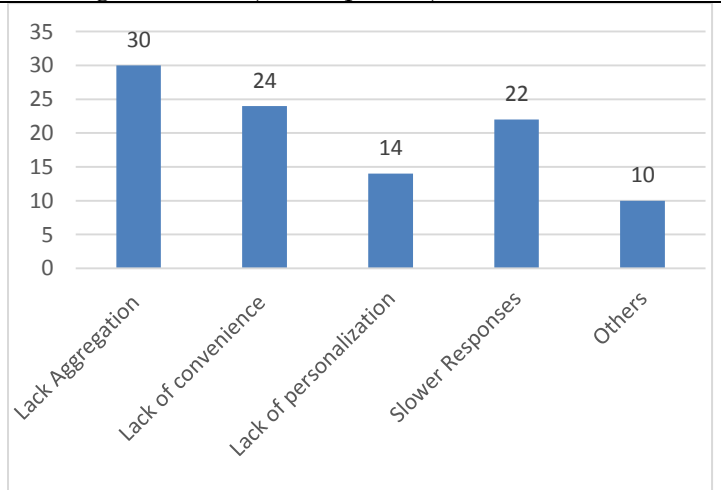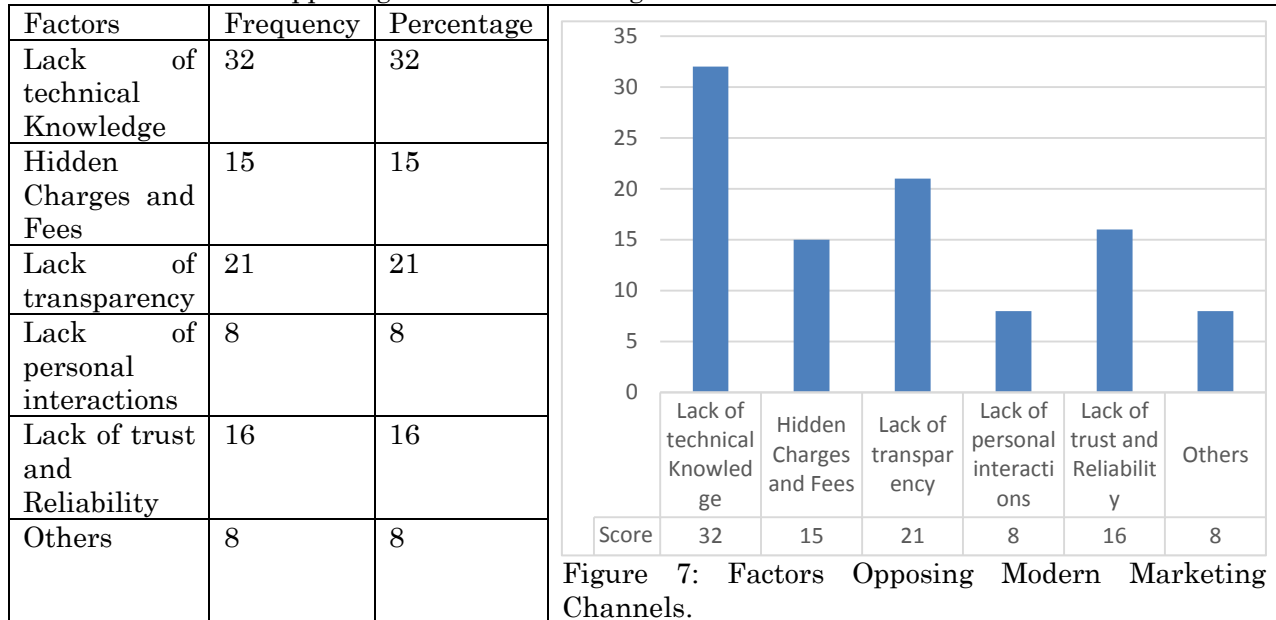| Factor	Frequency	Percentage
Lack Aggregation	30	30
Lack of convenience	24	24
Lack of personalization	14	14
Slower Responses	22	22
Others	10	10

Figure 6: Factors Opposing Traditional Marketing Channels

Most respondents (30%) believe that lack of aggregation is the major disadvantage of traditional marketing channels while 24% believe Lack of convenience is the major issue. 22% blamed slower responses and 14% was unsatisfied by the personalisation options. 10% had other reasons.

3.7 Factors Opposing Modern Marketing Channels

Table No 7: Factors Opposing Modern Marketing Channels.

Factors	Frequency	Percentage
Lack of technical Knowledge	32	32
Hidden Charges and Fees	15	15
Lack of transparency	21	21
Lack of personal interactions	8	8
Lack of trust and Reliability	16	16
Others	8	8

Figure 7: Factors Opposing Modern Marketing Channels.

Lack of technical knowledge (32%) is the major opposing factor for modern marketing channels followed by Lack of transparency (21%). 16% of respondents don't find modern channels trust worthy. 15% are of the opinion that there are hidden charges and fees. 8% each of respondents voted for lack of personal interaction and other reasons

3.9 Chi-Squared distribution table for Technical Knowledge and Channel Preference

Table No 9: Chi-Square Distribution Table

	Channel Preference			
		Traditional	Modern	Total
	Very High	5	20	25
	High	4	16	20
Technical	Neutral	6	10	16
	Low	15	6	21
	Very Low	13	5	18
	Total	43	57	100

The chi-square statistic is 23.1056. The p-value is .000121. The result is significant at $p < .05$. Thus the null Hypothesis **H0:** Technical knowledge levels has no significant impact on marketing channel preference is rejected and the alternative hypothesis **H1:** Technical knowledge levels has a significant impact on marketing channel preference is accepted.

IV Findings

1. More people are preferring modern marketing channels over traditional ones but traditional channels are still significant and has a good amount of acceptance.
2. Most influential modern marketing channel is Social media followed by websites and search engines.
3. Most Influential traditional marketing channel is Insurance Agents and brokers Followed by television advertisements.
4. Aggregation and multiple options are some of the key factors favouring modern marketing channel.
5. Some respondents shared a concern about the reliability and trustworthiness of modern marketing channels.
6. In the case of traditional marketing channels, people feel its is more trust worthy and that hidden fees and charges are comparatively low.
7. Lack of technical knowledge is the most popular reason opposing modern marketing techniques
8. There is a significant relationship between preference of marketing channels and level of technical knowledge

V Conclusion And Suggestions

In conclusion, the research findings underscore the shifting preference towards modern marketing channels in the insurance industry, while acknowledging the continued

significance of traditional channels. Social media emerges as the most influential modern channel, followed by websites and search engines, indicating the importance of establishing a strong online presence. Insurance agents and brokers remain influential among traditional channels, with television advertisements also playing a significant role in reaching a wide audience.

To capitalize on these findings, it is recommended that insurance companies adopt a balanced marketing strategy that incorporates both traditional and modern channels. This could involve leveraging the power of social media platforms through targeted advertising, engaging content, and customer interaction. Building user-friendly and informative websites, optimizing search engine Visibility, And Investing In Search Engine Marketing Can Help Capture The Attention Of Digitally Savvy Customers.

Furthermore, Maintaining Strong Relationships With Insurance Agents And Brokers Is Crucial For Providing Personalized Assistance And Establishing Trust. Collaborating With Them To Enhance Their Digital Presence And Equip Them With The Necessary Tools And Knowledge To Navigate Online Channels Can Bridge The Gap Between Traditional And Modern Marketing.

Additionally, Insurance Companies Should Consider The Concerns Raised By Customers Regarding The Reliability And Trustworthiness Of Modern Marketing Channels. Transparency Should Be Prioritized, With Clear And Accurate Information About Insurance Products, Coverage Options, And Pricing.

Overall, A Well-Integrated Marketing Approach That Combines The Strengths Of Traditional And Modern Channels Is Essential For Insurance Companies To Effectively Engage Customers, Maximize Reach, And Adapt To The Evolving Preferences Of Their Target Audience In The Dynamic Insurance Industry.

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