

DEVELOP A MARKETING STRATEGY FOR INSURANCE PRODUCTS

IDENTIFYING INSURANCE CUSTOMERS

- ✘ Customer focus- attracting, retaining, cross selling to customer
- ✘ Business growth- improving sales, distribution, accelerating new product and service introduction
- ✘ Cost reduction- improving process, transforming policy administration
- ✘ Risk management- business intelligence, analytics and reporting

✘

CUSTOMER ATTITUDE

- ✘ It is combination of customer belief, feelings and behaviour intention towards any products or service
- ✘ Components
 - ✘ Emotional components
 - ✘ Informational components
 - ✘ Behavioural components

CUSTOMER ATTITUDE FORMATION

- ✘ Psychological factors
- ✘ Direct instruction- attitudes of parents, schools, community, religious, friends.
- ✘ Operant conditioning- law of effect involves voluntary response(punishment)
- ✘ Classical conditioning- pairing of 2 stimuli. Events occur close together
- ✘ Social learning role model- influence from others behaviour
- ✘ Unconscious motivation- some attitudes held because they serve unconscious function
- ✘ Rational analysis- careful weighing of evidence

PERSONAL EXPERIENCE

- × Reducing surplus information- reducing excess information to format good attitude
- × Personal interest- people learned attitude through pleasant and unpleasant personal interest
- × Needs satisfaction- fulfil needs or desire
- × Solution for problem- solving problems
- × Previous experience
- × Isolated events
- × Parents influence
- × Teachers influence

CUSTOMER RELATIONSHIP MANAGEMENT

- ✖ Profiling the prospective customer
- ✖ Understand the needs of customer
- ✖ Building relationship
- ✖ Providing suitable products
- ✖ Enhanced customer service

BENEFITS OF C R M

- × Reduces cost
- × Increased customer satisfaction
- × Growth in number of customers
- × sustainability

ROLE OF C R M

- × Historical view and analysis of all acquired or potential customers
- × Can ascertain profitable and non profitable customer
- × CRM groups customers this helps in focusing
- × CRM helps in acquiring new customers
- × Cost effective
- × CRM system is centralized growth of the business

DISADVANTAGES

- × CRM software is complex
- × Educating the users
- × Cost of software
- × Customization of CRM

BRANDING

- × Giving name to a product, designing and a brand mark and establishing and popularizing.
- × create individuality in the product

MERITS

- × Advantages to the consumer
 - × Easy to identify
 - × Assurance of quality
 - × Easy selection
- × Advantages to the manufacturer
 - × Builds up reputation and image
 - × Builds product loyalty
 - × Discourages price competition
- × Advantages to middlemen
 - × Eases the selling process
 - × Reduces bargaining process and price flexibility
 - × Reduces distribution cost

BRAND TESTING

- ✘ Memory test- brand name are presented in the masses where memory method is used. maximum number of memories are chosen
- ✘ Preference test- the masses are told to express their order of preferences. maximum number of first preferences are selected
- ✘ Learning test- the masses are required to write the brand names or pronounce the brand name conveniently
- ✘ Association test- opinion in writing on a card. Brand name securing maximum number of choice is chosen
- ✘ Uniqueness test- the masses are told the proposed brand names Besides, told to write the other brand names. diagnosing the possibilities of confusion.

BRAND EXTENSION

- × strategy in which a firm marketing a product within well developed image uses the same brand name in different product strategy.

TYPES OF BRAND EXTENSION

Product form extension-, Amul milk extended to Amul condensed milk and Real juices extended to real juice concentrate

. Companion product extension- Colgate dental cream to Colgate tooth brush, Gillette razors to Gillette after shave.

Extension of customer franchise- Johnson and Johnson company takes care of the diverse needs of customers by offering baby shampoo, baby talc, baby oil, baby diapers etc

- × Extension of company expertise- Honda offers Honda cars, Honda gensets, Honda scooters, Honda lawn movers etc.
- × Extension of Brand Distinction- Parachute has imbibed coconut nourishment in customer's minds. Marico industries which have achieved this distinction may launch a variety of products
- × Extension of Brand image or Prestige- Nescafe, Nescafe chocolate, Nescafe biscuits, Nescafe milk supplement, Nescafe Gold Coffee

BRAND AWARENESS

- ✘ analyses of proportionate of the target market familiar or aware about the presence of the particular brand
- ✘ understand potential customer's accurately associate the brand with a given product

- ✘ Brand awareness may exist in 3 levels
- ✘ Brand recognition- recognition is the sense of familiarity
- ✘ Brand recall- it is the higher level of awareness is reflected in a person's ability to recall a brand without any aid when many brands are given
- ✘ Top- of-the-mind recall---it indicates the relative superiority a brand enjoys over others. It is the next level of awareness.

HOW DOES BRAND AWARENESS CREATE VALUE

- ✘ Brand recognition must be created without which other associations cannot be established
- ✘ Recognition- confirmation of prior exposure- implies familiarity, which sometimes leads to liking.
- ✘ Awareness also acts as a support system for firm's commitment
- ✘ . Generally when a brand is not able to get recall it is not included in the consideration set

PRICING OF INSURANCE PRODUCTS

- ✘ Rate making refers to the pricing of insurance
- ✘ Insurance company -does not know in advance what its actual cost
- ✘ The total premiums charged may be inadequate for paying all claims
- ✘ after the protection has expired that an insurer can determine its actual losses and expenses.
- ✘ insurer hopes charges plus investment income will be sufficient to pay all claims and expenses

- ✘ An actuary is involved in insurance company operations, including planning, pricing and research.
- ✘ The actuary studies statistical data on births, deaths, marriages, diseases, employment, retirement and accidents.
- ✘ Based on this he determine premium for life and health insurance policies
- ✘ Objectives is to make business profitable, to compete effectively with other insurers and to pay claims and expenses as they occur

- × Judgment rating
- × Manual rating or class rating
- × Pure premium method
- × Loss ratio method
- × Merit rating
 - × Experience merit rating
 - × Retrospective merit rating
 - × Scheduled merit rating

JUDGEMENTAL RATING

- × There are done for special cases of insurance in applying the rules for various policies. It is widely used in ocean, marine insurance because ocean going vessels, ports, and cargoes are so diverse, ocean and marine rates are determined largely by judgmental of the underwriter.

MANUAL RATING

- × . This method is based on the assumption that future losses to insured will be determined largely by the same set of factors in homeowners insurance include construction material, age of the home, and protective devices like smoke detectors, fire extinguishers etc under this method of rating, predetermined rates are located in manuals are used to set rates for each policy.

MANUAL RATING

- × Pure premium method- it can be determined by dividing amount of loss incurred by number of exposure of risk units. Loss include all loss paid during the accounting period plus reserves for future
- × Loss ratio method- in this method the actual loss is compared with the expected loss ratio, and is adjusted accordingly

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MERIT RATING

- × This method is based on assumption that loss experience of particular insured will differ substantially from the loss experience of other insured.

- × Experience merit rating: the applicant generally asks about pertinent behavior or occurrence's associated with the insurance coverage over a specified period and rates are determined on the basis of the experience of the insured
- ×
- × Retrospective merit rating: under this method underwriter reviews the loss experience during the policy period and then sets rate based on that loss experience during the policy period and then sets a rate based on that loss experience.
- ×
- ×

- ✘ Scheduled Merit rating is a sophisticated form of manual rating. Manual rates are used as the base rate, and rates are added or subtracted from this base rate based on amounts determined for various risk characteristics.

- ✘ For example, the use of certain fireproof construction materials may result in a reduction of the standard rate under this type of rating system. There are several factors including
 - ✘ Construction refers to the physical characteristics of the building
 - ✘ Occupancy refers to the use of the building like welding equipments, open flames and sparks from torches etc.
 - ✘ Protection refers to the quality of city's water supply and fire department installed in the building

WHITE LABELLING

- × a product or service produced by one company
- × other companies rebrand
- ×

- × Full cycle insurance schematic
- × New business
- × Mid term adjustment
- × Renewals
- × Lapses
- × Cancellation