

MOTOR INSURANCE MARKETING STRATEGIES WITH REFERENCES TO 4P's IN SELECT COMPANIES

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In order to take the competitive advantage, there is a very much need for the insurers to move from the traditional standard and stereotypic products to the realm of customized products which suits best for each niche. At the same time make the product different from their competitors. Marketing strategies brings a new set of rules which makes to think “out of the box” and adopt latest technologies.

Marketing strategy is choosing the target market and making the appropriate marketing mix. It tells how an organization reaches its predetermined objectives. Marketing strategies helps the organizations in

- Being an edge over its competitors
- Developing goods and services with best profit making potential
- Ensures effective departmental co-ordination
- Helps in fixing the appropriate price for organization's goods and services based on information sources collected by market research

The insurance industry is saturated with national brands making a lot of noise and making it tough for local insurers to be heard by consumers. Smart marketing strategies are necessary so that an insurance company can stand out from national and local competition. A great marketing strategy will definitely help the companies to improve and expand their business to reaches that are usually beyond their grasp. Marketing insurance companies can base their marketing strategies in terms of 7 P's of marketing viz., Product, Price, Place, promotion, people, physical evidence and processes

Key Words: Marketing Strategies, Niche, Net Premium, Product, Price, Place and Promotion

OBJECTIVES OF THE STUDY

1. To know or understand the product related, pricing, place and promotional strategies adopted by the select companies.

IMPORTANCE OF THE STUDY

In today's competitive world, the achievers will be defined not just by how much they spend on marketing but how smartly they spend it. In order to make reach the products or services into the hands of customers organizations require marketing strategies. Marketing strategy provides an organization an edge over its competitors.

SAMPLE SELECTION

The present study has selected the top two insurance companies based on their Net Premium collections in both public and private sectors. The study focuses on 4P's of marketing strategies although there are seven marketing P's with regards to service sector. The study been done by administering a structured questionnaire to the top marketing executives of the select companies and from the information in the company's websites.

PRODUCT RELATED STRATEGIES

Table 1

The techniques in Motor Product Designing

Technique	New India	National Insurance	ICICI Lombard	Bajaj Allianz
Data Analytics – drivers age, gender, driving experience	✗	✗	✗	✗
Customer feedback	✗	✗	✗	✗
IRDAI wording	✓	✓	✓	✓
Claims experience, cubic capacity of the vehicle	✓	✓	✓	✓

Source: Primary data

The techniques used in motor product designing are based on claims experience, cubic capacity of the vehicle and regulator wordings. In all the select companies it is the same i.e., the products

are designed based on actuarial views, claims incurred in the previous years, vehicles used in different geographical locations.

Table: 2

Products and Add-on facilities in the Select Companies

Products and add on facilities	New India Assurance	National Insurance	ICICI Lombard	Bajaj Allianz
Two wheeler Insurance cover up to 3 years and one year package policy	✓	✓	✓	✓
Car Guide	✓	✓	✓	✓
Liability only motor insurance	✓	✓	✓	✓
Commercial Vehicle Insurance	✓	✓	✓	✓
Commercial Vehicle liability Only Insurance/Package policy	✓	✓	✓	✓
Hassle free inspection process	✓	✓	✓	✓
Car Insurance	✓	✓	✓	✓
24*7 Call Assistance	✓	✓	✓	✓
Personal Accident cover	✓	✓	✓	✓
SMS update for claims support	✓	✓	✓	✓
Transfer of NCB up to 50%	✓	✓	✓	✓
Cashless claim settlement across network garages	✓	✓	✓	✓
Towing facility in the event of vehicle breakdown	✓	✓	✓	✓
Zero Depreciation cover	✓	✓	✓	✓
Drivesmart telematics service	✗	✗	✗	✓
Add on covers 24*7 Spot Assistance	✓	✓	✓	✓
Lock and Key replacement cover	✗	✗	✓	✓
Accident shield	✗	✗	✓	✓
Consumable Expenses (engine oil, coolants)	✗	✗	✓	✓

Personal Baggage	x	x	✓	✓
Return to invoice	x	x	✓	✓
Engine and gear box protection	x	x	✓	✓
Int 23 cover for commercial vehicles (cover for lamps, tyres, tubes mudguards, bonnet, side parts, bumpers, headlights and paintwork of damaged portion only)	✓	✓	✓	✓

Source: Company’s website

PRICING STRATEGIES

For any firm, price is the basis for generating profits. It is that marketing mix variable that generates revenue to the organization. Although it may not be that glamorous as promotion it is the most important P in marketing mix. In services it is further more important and also difficult to price a particular service especially in insurance. Insurance companies are seeing to move towards a technical pricing of risks

Table: 3

Pricing Strategies of the Select Companies in Motor Insurance

Pricing Formula	New India	National Insurance	ICICI Lombard	Bajaj Allianz
Cost Orientation i.e., Pricing economics, actuarial view, risks costs	✓	✓	✓	✓
Customer Orientation i.e., Pricing to value, Willingness to pay, segmentation, product differentiation, channel differentiation	x	x	x	✓
Competition Orientation i.e., dynamic pricing, discounts, position relative to competition	x	x	x	x

Source: Primary data

There is no usage of predictive Analysis in motor insurance like multiple sensors, GPS devices fixed to vehicles to trace the way of driving, telematics, mobility and connected cars unlike the developed countries where the motor policies are User Based Pricing or Risk based Pricing.

However, in the select companies only Bajaj Allianz Company is using the drive smart prestige whereby the vehicle and its battery condition is tracked and it is an add-on cover.

PLACE STRATEGIES

Location of the service/product assumes importance. It is how and where a company will place its products and services in an attempt to gain market share and consumer purchases. Insurance is generally bought directly through an insurer through its captive agents, web or other direct channels or through independent agents and commercial brokers who provide access to the products of several insurers.

Table: 4

Distribution Strategies of the Select Companies in Motor Insurance

Strategy	New India	National Insurance	ICICI Lombard	Bajaj Allianz
Major distribution channel	Dealers/ Auto tie-ups	Agents and brokers	Dealers	dealers
Distribution of policies at pollution check points	✗	✗	✗	✗
Policies distributed through Point of Sale Persons (POSPs)	✓	✓	✓	✓

Source: Primary data

Major distribution channel for **New India Assurance** is dealers for new vehicles. Maruti is the major dealer all over India for New India Assurance 80% of motor polices sold by Maruti. Auto tie-up is the main source of new motor vehicle business and New India has been able to tie up with motor dealers across India through partnership with major brands in the Indian market such as Maruti Suzuki, Tata motors Hyundai, Ford, Royalenfield etc. For renewals it is Agents, brokers, Mee seva, E seva and Points of sale persons (POSPs). 34 claims hubs which handle the claims of over 800 operating offices. Solatium fund for motor “hit and run” accident cases. The fund balance is at Rs. 80 crores as on 31st march 2018.

In **National Insurance** the major distribution channel is the Agents and brokers. During the year 2016-17, National insurance company has focused on energizing the agency channel focus on local level tie-ups, bancassurance and retail broking.

In **ICICI Lombard**, it is dealers first and next agents and brokers and in Bajaj it is the dealers acting as major distribution channel. Bajaj Allianz retail channels like agency motor and bancassurance continue to be the mainstay of company's channel mix contributing to around 57% of the business.

No select company is distributing policies at pollution check points and petrol bunks though IRDAI has permitted to issue the policies. Bajaj Allianz Company is offering instant policies at few supermarkets. However, from March, 2018 IRDAI has issued order saying that pollution check certificate is mandatory for issuing and renewing the motor policies

Promotion Strategies

The main objective of differentiating a product is by surpassing and having competitive advantage over the competitors in the market. Today digital marketing is reaching heights by educating its customers through mails, online sites with content marketing, mobile- Apps etc.

Table: 5 Promotional Strategies of the Select Companies in Motor Insurance

Company	Promotional strategies followed by their ranks
New India Assurance company	<ol style="list-style-type: none"> 1. Hoarding in Public places, Indigo Airways 2. Sponsoring IPL Programmes 3. Word of mouth, Radio FM 4. Mobile Apps
National Insurance company	<ol style="list-style-type: none"> 1. Newspapers and print media 2. Television and Radio 3. Internet email and content marketing <p>Mobile apps</p>
ICICI Lombard	<ol style="list-style-type: none"> 1. Internet, email and content marketing 2. Mobile apps 3. Television and Radio

	4. Newspaper and other Print media
Bajaj Allianz company	1. Internet, email and content marketing 2. Mobile Apps 3. Newspaper and other Print media 4. Television and Radio

Source: Primary data

National Insurance Company

The company's main emphasis was reaching maximum customer at low cost. Print media was the main tool. Insurance on Wheels (IOW) is started to reach out customers at their doorstep and premium from this source during 16-17 was 798.96 lakhs. The company focused mainly on daily local and regional news papers that have good review. Electronic and print media and out of home (OOH) media is carried out by Head office and Regional offices respectively. In radio, vivid Bharati is company's medium for spreading the message to different corners of country. Radio FMs and TV channels are used for publicizing various range of Health, motor and households insurance products national level FM channels namely Radio mirchi, Big FM, Red FM, Radio City Fever FM, Radio one carried the campaign.

Also the company advertises in prestigious magazines such as India Today, Top gear, frontline, National geographic etc.

New India Assurance Company

The company has choosed various advertising media to reach all the segments of customers. Print and electronic media and outdoor media served the purpose of publicity. At major road junctions, highways, airports hoardings and glow signs are used. buses, trains, barricades etc. are used for advertising. Active participation in exhibition fairs, sponsoring social gatherings, sports, customer education camps etc.

Bajaj Allianz Company

Bajaj Allianz channelized their strategies by distinct offers as against their competitors. The company used customer centric devised and fuelled strategies that resulted in the three main outcomes. First, uninterrupted and faster insurance experience, second availability of insurance

services in the remotest areas and third is the sustainable growth. Digital capabilities are built. Drive Smart, India's first telematics based solution, Virtual Offices and self-servicing app Insurance Wallet, that allows them to even settle their own health and motor claims within minutes are some examples that created a unique insurance experience. Low cost digital channel uses electronic hand held devices with minimum paperwork.

ICICI Lombard Company

To improve brand awareness and to reach the target customers company is utilizing various media. To increase the scale of operations and channel responsiveness technology is majorly used. To improve channel service ability and customer connectivity the company undertook various techno marketing initiatives. Key initiative is "I partner" for the channel partners.

Findings

1. The techniques used in motor product designing are claims experience, cubic capacity of the vehicle and IRDAI guidelines and it is the same for all the select public and private companies.
2. Pricing for motor policies is done based on cost orientation i.e., pricing economics, actuarial view and risks costs for all the select companies except for Bajaj Allianz which apart from the above basis considers product differentiation in its pricing.
3. None of the selected companies uses predictive Analytics like multiple sensors, Global Positioning System(GPS) devices fixed to vehicles to trace the way of driving, telematics and connected cars unlike the developed countries.
4. The major distribution channel is dealers for New India, ICICI Lombard and Bajaj Allianz whereas; agents and brokers are the major distribution channel for National Insurance Company.
5. No select companies is distributing the motor policies at pollution check points though IRDAI has permitted to issue the policies.
6. Point of Sale Persons (POSPs) are appointed by all the select companies mainly to increase the penetration rate of motor insurance.
7. Different Promotional strategies are adopted by the select companies with regard to sale of motor policies. The select private companies are focusing more on Internet of Things

(IoT) while the select public companies are using Print and electronic media as their promotional strategies.

Suggestions

1. The Companies need to educate the policyholders as many does not know the ins and outs of motor insurance other than they know that its mandatory
2. Content marketing is the best way to reach today's digital savvy policyholders who just go through the company information on their smart phones. More focus to be done on retaining their interest and intent of purchase while going through the websites. Interesting content should be placed on the top of the site and complete information about the products to be provided.

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