

A STUDY ON THE EFFECTIVENESS OF ADVERTISEMENTS – WITH SPECIAL REFERENCE TO IDBI LIFE INSURANCE CO. LTD., ERODE

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ABSTRACT

Many marketers are trying to come to grips with how to best use mass media in new communication environment. Recall of advertisement is widely used as a measure of advertising effectiveness. Throughout the range of modern businesses, advertising can play an essential role in the success or failure of a given enterprise. 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. But advertising helps the agents to project their product more easily as the ads of the company already form a platform of creating awareness and giving first-hand information about their products. So advertising in insurance industry is an important aspect. And effectiveness of advertising is also very important. Most of us will agree that "recall and recognition measures may be used to establish the degree to which the advertisement attracted attention on exposure" (Joyce, 1967).

Keywords: - Marketers, Communication, Advertisement, Customers, Effectiveness, Awareness.

1. INTRODUCTION

Insurance is considered as an investment option. Insurance is also a form of risk management, where the risk of uncertain loss is covered in monetary terms. There could be different contexts where a person needs insurance. There could be many reasons because some goals cannot be left to chance. Education of a child, or daughter's marriage, or providing financial security to our near and dear, or a comfortable retirement income may be some of them. In India first policy was issued in the year 1870. Insurance companies are risk takers because they bear risk those individuals are willing to pay to avoid the risk of any contingent loss. Insurance policy will explain in detail under which circumstances benefit payment will be made and the amount of premiums to be paid.

Generally in India we have two types of insurance companies and they are Life insurance Companies and General Insurance Companies. The regulating body for these companies is IRDA (Insurance Regulatory and Development Authority). Life insurance is a form of insurance that pays monetary proceeds upon the death of the insured covered in the policy. Life insurance provides monetary benefits to the insurer's family or other designated beneficiary. It may also provide income for the insurer's family. Life insurance policies often allow the option of having the proceeds paid to the beneficiary either in a lump sum cash payment or an annual basis.

Life insurance policy is a contract between the insurer and insurance company wherein the insurance agrees to pay an agreed upon sum of money to the insured's named beneficiary as long as the insurer's premiums are current. Certain life insurance companies according to their contracts accumulate cash deposits, which may be taken by the insurer if the policy is surrendered or which may be borrowed against. Some policies, such as annuities and endowments, are financial instruments to accumulate or liquidate wealth when it is required. Insurance is generally purchased from an agent who represents the company from whom the policyholder buys the policy. And there is

heavy competition in the industry. According to IRDA the total number of life insurers registered with the authority is 23 now.

Seven years back insurance was just a normal word which a person would believe is a dull business. But in today's scenario insurance is no longer an unexciting business. The insurance market now in this country has come to life. It can be categorized into two phases and they are prior to privatization and after privatization. Before privatization, the insurance market in India grew at an average rate of 10 – 15%. In the last seven years the growth has been tremendous. The insurance penetration level, which was always stuck near 1.5%, has today crossed 4% mark and stands perched atop 4.8%.

According to the studies of Life insurance council, India is the world's fifth largest insurance market which is approximately a \$41 billion industry. And the growth rate is also very promising with a rate of 32%-34% annually. With a huge potential market India is booming in the insurance sector.

This study mainly deals with the measure of brand awareness and recall of the present advertising of IDBI Federal Life Insurance. In this study, we see that how the present advertising is reaching out the customers. Recall is mainly measured in television advertisements and hence the primary research is being conducted by using the television ads screen shots. This would help us to know whether the advertisement has a recall or not.

1.1 Company Profile

IDBI Federal Life Insurance Co Ltd. is a three way joint-venture of IDBI Bank, an Indian development and commercial bank; Federal Bank, one of India's leading private sector banks and Age as, a multinational insurance giant based out of Europe.

IDBI Federal distributes its products through a multi-channel network consisting of Insurance agents, Banc assurance partners (IDBI Bank, Federal Bank) Direct channel, and Insurance Brokers.

1.2 Scope of the Study

The scope of the project is that we get to know about the effectiveness of the advertisements and what are the things that made customer to remember that particular advertisement. The scope of the study is confined to Erode region only as the research is done in Erode and the recommendations are given considering the location.

1.3 Statement of the Problem

Many marketers are trying to come to grips with how to best use mass media in new communication environment. Recall of advertisement is widely used as a measure of advertising effectiveness. Throughout the range of modern businesses, advertising can play an essential role in the success or failure of a given enterprise. 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. But advertising helps the agents to project their product more easily as the ads of the company already form a platform of creating awareness and giving first-hand information about their products. So advertising in insurance industry is an important aspect. And effectiveness of advertising is also very important. Most of us will agree that "recall and recognition measures may be used to establish the degree to which the advertisement attracted attention on exposure" (Joyce, 1967).

1.4 Objectives of study

- ✓ To find out the factors that influences the audience to watch product placement in movies.
- ✓ To test the whether the various factors influencing product placement are significantly different.

1.5 Need for the study

- ✓ To study the people's perception (Erode) towards insurance
- ✓ To analyze the advertisement effectiveness of IDBI Federal Life Insurance Co. Ltd. in Erode District
- ✓ To examine the level of awareness about the advertisement of IDBI Federal Life Insurance Co. Ltd. among people in Erode

2. LITERATURE REVIEW

While, by economic measures, the insurance industry is not viewed as highly concentrated, 25 of those 850 companies account for three quarters of the \$6.4 trillion industry assets. Further, just 10 carriers accounted for more than half of the \$1.4 billion in advertising dollars spent by life insurance companies in 2012. Recent LIMRA research demonstrates the effects of these industry truths on consumer awareness of insurance brands. Their survey asked 2,000 adults to name three insurance companies that sell life insurance and/or retirement savings products. They found that 3 in 10 Americans cannot recall a single insurance company that sells life insurance or retirement products. Of these consumers, 63% have no life insurance, 73% don't own a retirement savings product, and 54% have neither of these products. Certainly branding is not of equal priority for all insurance companies. Nevertheless, brand awareness is giving some carriers an advantage by laying the groundwork. For a level of consumer comfort necessary to make a major purchase.¹ The outcome of brand positioning is brand perception which can be gathered from multiple routes including customer experiences, marketing communication efforts and word of mouth. The perception of the brand is critical as is apparent from the huge amount of money being spent by organizations on brand development and measurement. Still very little is known about the relationship between brand perception and customer behavior including customer loyalty. This study has been conducted to empirically test two hypotheses about the relationship between brand perception and brand loyalty. The first part of the research shows very little evidence that any one brand attribute is more relevant or related to brand loyalty than other brand attributes. The second part observes that higher number of attribute association with a brand leads to higher brand loyalty. This is rather unfamiliar effect of brand perception which should be part of brand measurement metrics. It also emphasizes that brand uniqueness is critical in getting the customer attention however the source to create that uniqueness is a less important marketing decision. In conclusion the paper discusses different short and long term strategies of brand development.² This study investigates the persuasive advertising and informative advertising effects of CSR initiatives on corporate reputation and brand equity based on the evidence from the life insurance industry in Taiwan. The study finds, first, policyholders' perceptions concerning the CSR initiatives of life insurance companies have positive effects on customer satisfaction, corporate reputation, and brand equity. Second, the advertising effects of the CSR initiatives on corporate reputation are only informative. Third, the impacts of CSR initiatives on brand equity include informative advertising and persuasive advertising effects. This study contributes the literature by explicit defining the advertising effects of CSR initiatives. Following the first step made by McWilliams et al. (Journal of Management Studies 43(1):1-18, 2006), the hypotheses of this study crystallize their conceptual framework. The obtained results in this research first identify the informative advertising effects and persuasive advertising effects of CSR initiatives.³ Hakan Danielsson, President of OJSC ICAllianz, noted: "The process of consolidation of Allianz's assets in Russia, which we started in the summer of 2011, has come to its logical conclusion- rebranding. We timed the brand change properly- now we have got real opportunity to show that the consolidated company has become larger, stronger, more reliable, and that it has all it takes to achieve leadership in the Russian market. In course of branding, we must familiarize the Russian consumers with Allianz brand, improving their brand awareness as much as possible, and explain what additional advantages have they got thanks to ROSNO adopting the brand of the world's finance and insurance leader." "Our shareholder has been customarily bringing local brands under the umbrella of the parent Allianz brand which is well known within the international financial community and consumers in over 70 countries", noted Artashes Sivkov, Member of the Board of OJSC ICAllianz. -The launch of the new brand in Russia will enable IC Allianz to make full use of the international expertise and initiatives of the global Allianz conglomerate in all business directions and ensure maximum conformity to strict requirements of today's consumers to insurance services."⁴

The globalization of competition, saturation of markets, and development of information technology have enhanced customer awareness and created a situation where long-term success is no longer achieved through optimized product, price, and qualities. This research is focused to determine the effects of brand value, which is perceived by customers based on the services offered by the insurance company preferred, on the level of loyalty towards insurance companies. This study was carried out based on descriptive research model. Analysis was employed in the study so that the extent to which the level of customer satisfaction about each of the services offered by insurance companies influences the level of customer loyalty to insurance companies can be determined.⁵

3. RESEARCH METHODOLOGY

Research is a process in which it wishes to find out the end result for a given problem and thus the solution helps course of action. The research has been defined as, “A Careful investigation or enquire especially through search for new fact in any branch of knowledge”. Research Methodology is a way to systematically solve the research problem. This would include the procedure and techniques used to perform the research as well as any of the terminology and explanation of how these methods will be applied effectively. The research design is a basic framework which provides guidelines for the rest of research process. It is a map of blue print according to which the research in to be conducted. The research design specifies the method of studying research is design is prepared after formulating the research problem.

4. DATA ANALYSIS

Chart 4.1 Top of Mind Recall

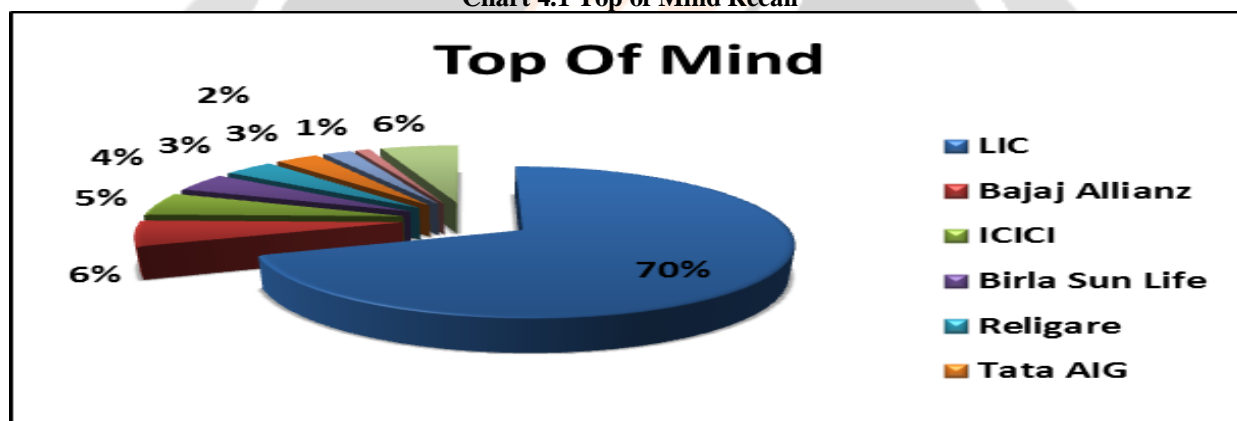


Chart 4.2 Channels / Medium of Awareness

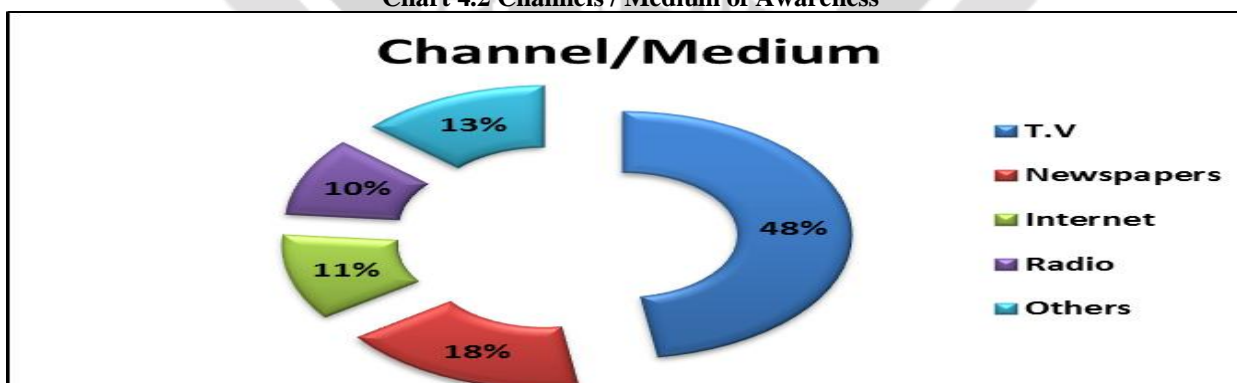


Chart 4.3 Awareness of ICICI

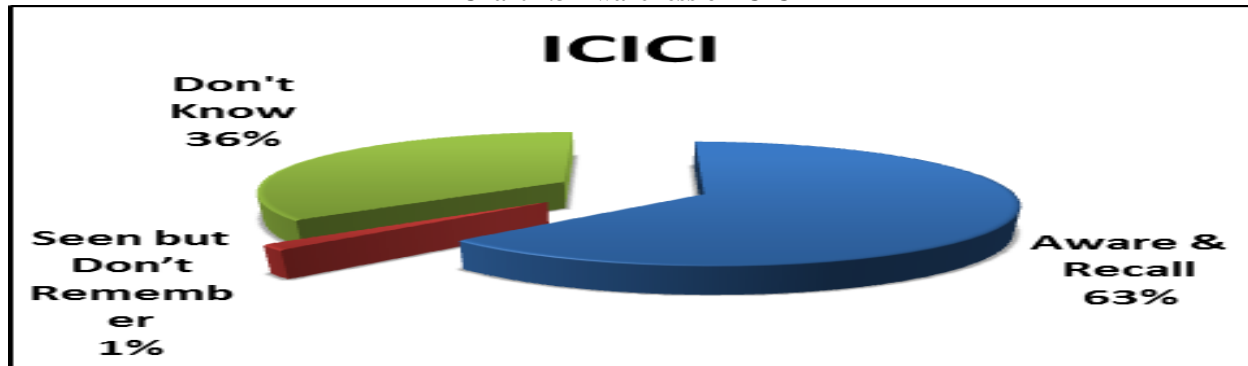


Chart 4.4 Awareness of Bajaj Allianz

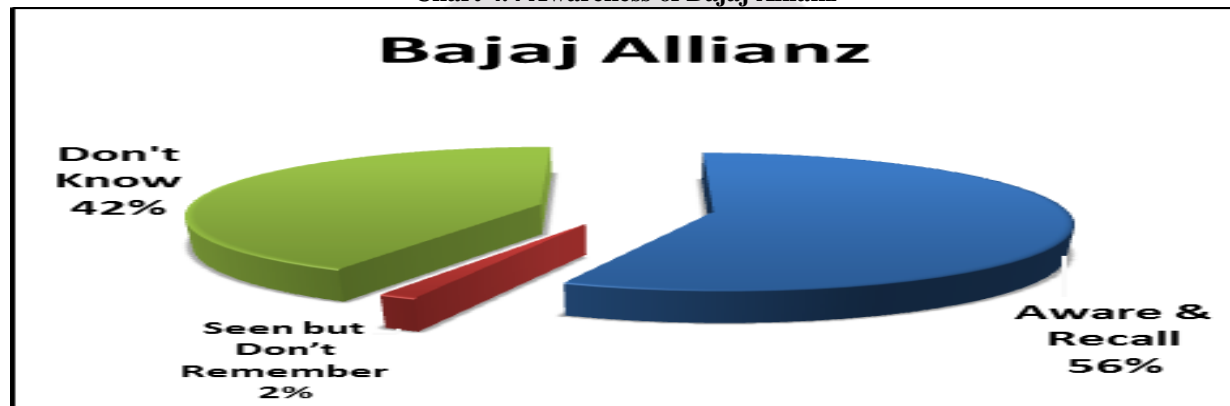


Chart 4.5 Awareness of HDFC

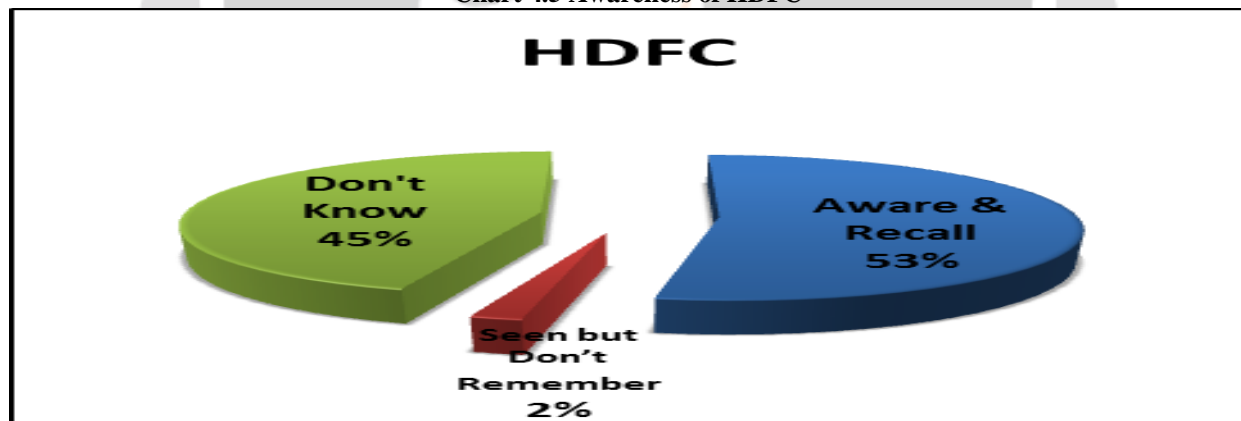


Chart 4.6 Awareness of IDBI

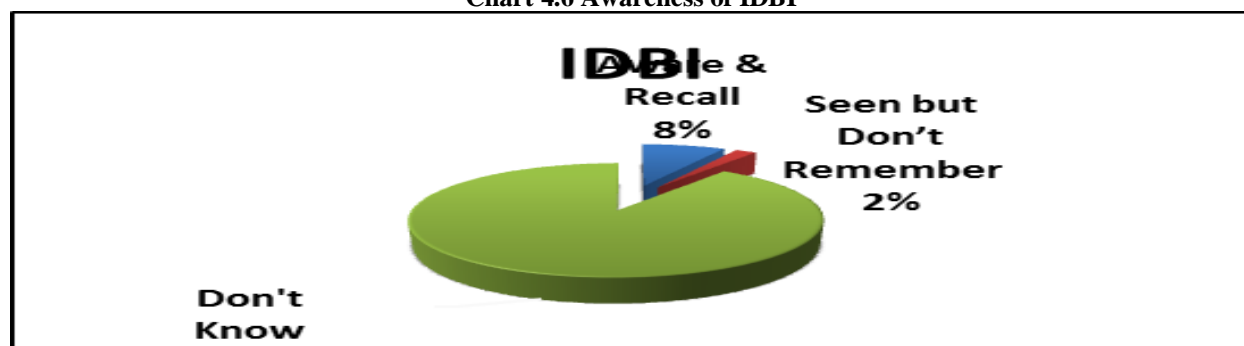


Chart 4.7 Awareness of SBI

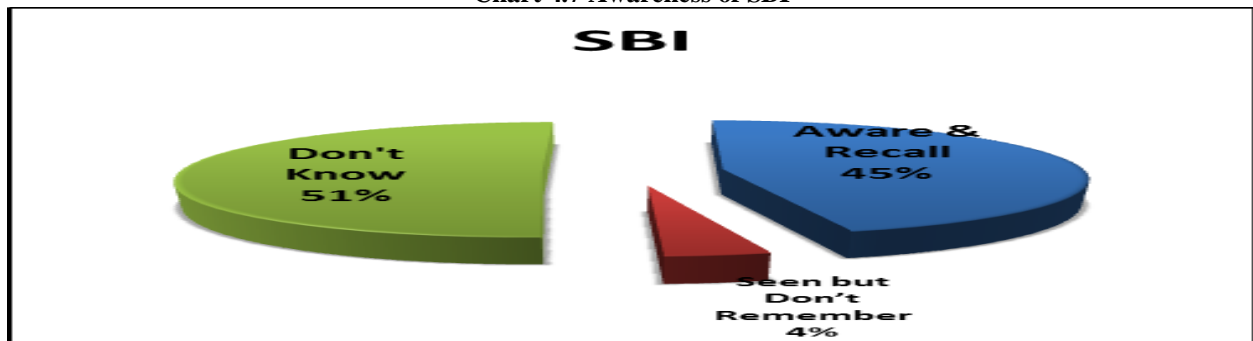


Chart 4.8 Awareness of Max New York

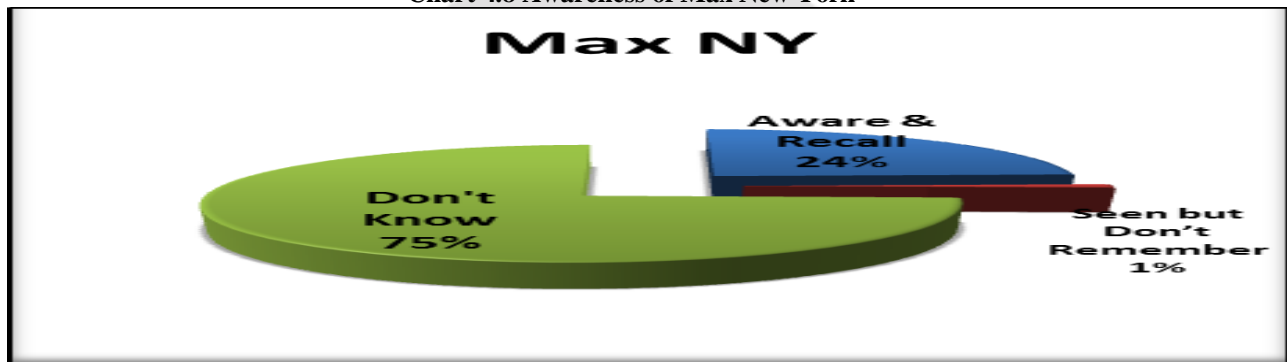


Chart 4.9 Liking Aspects in ICICI Commercials

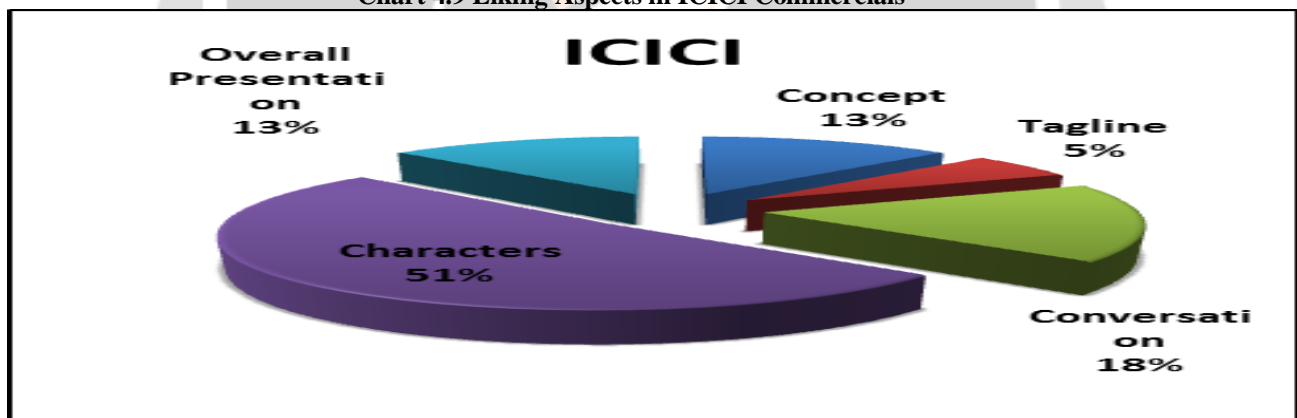


Chart 4.10 Liking Aspects in Bajaj Allianz Commercials

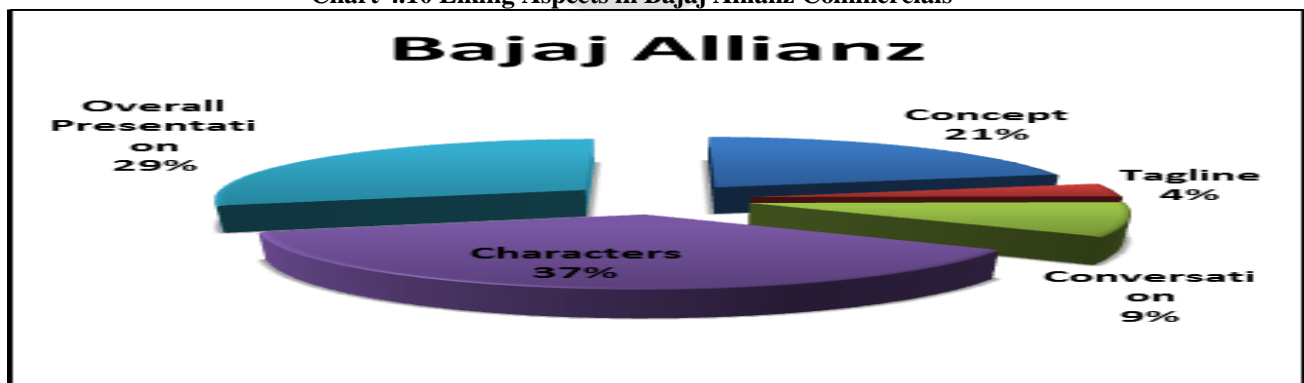


Chart 4.11 Liking Aspects of SBI Commercials

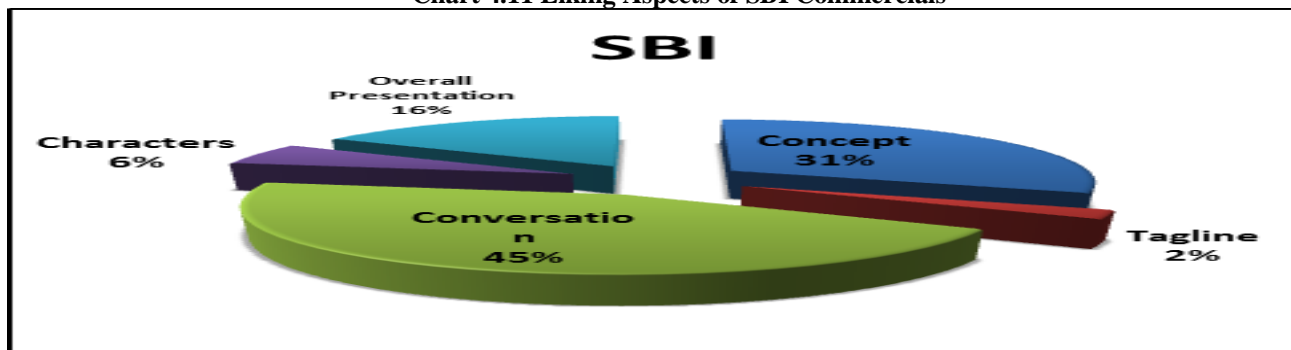


Chart 4.12 Liking Aspects of HDFC Commercials

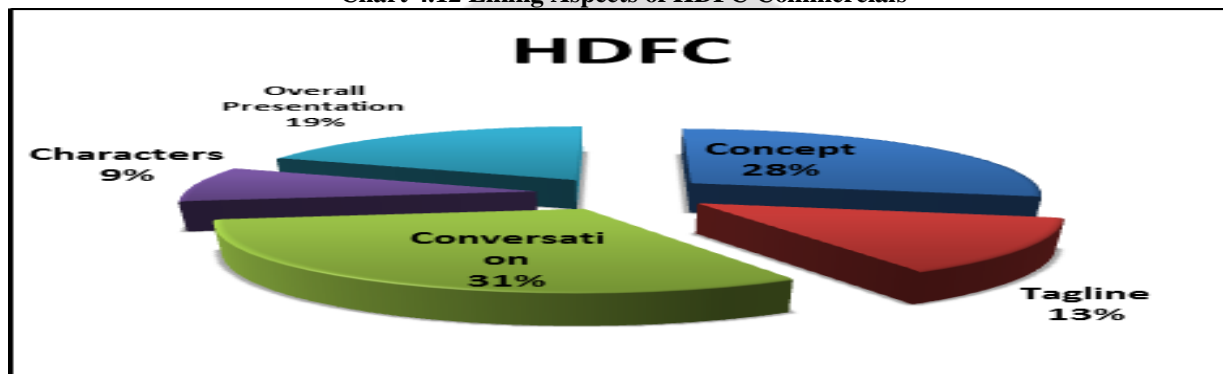


Chart 4.13 Age Category of 20-25 Years and their Preference

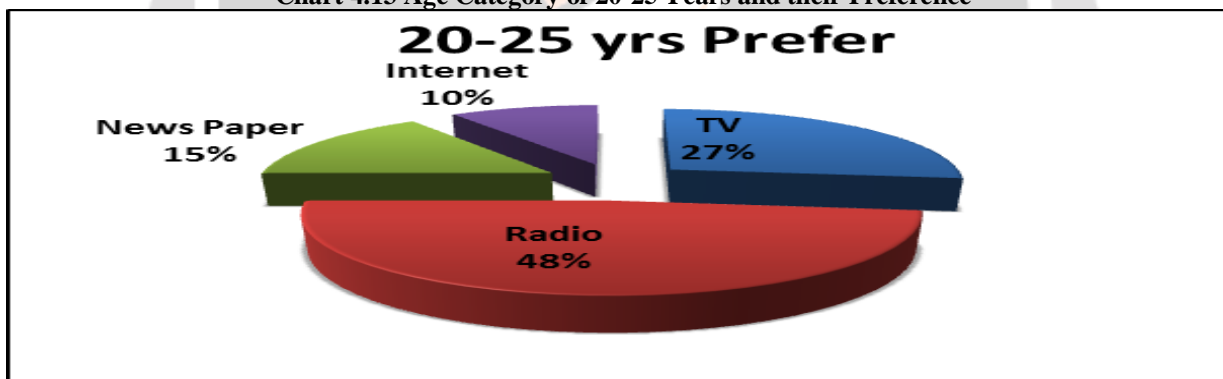


Chart 4.14 Age Category of 25-30 Years and their Preference

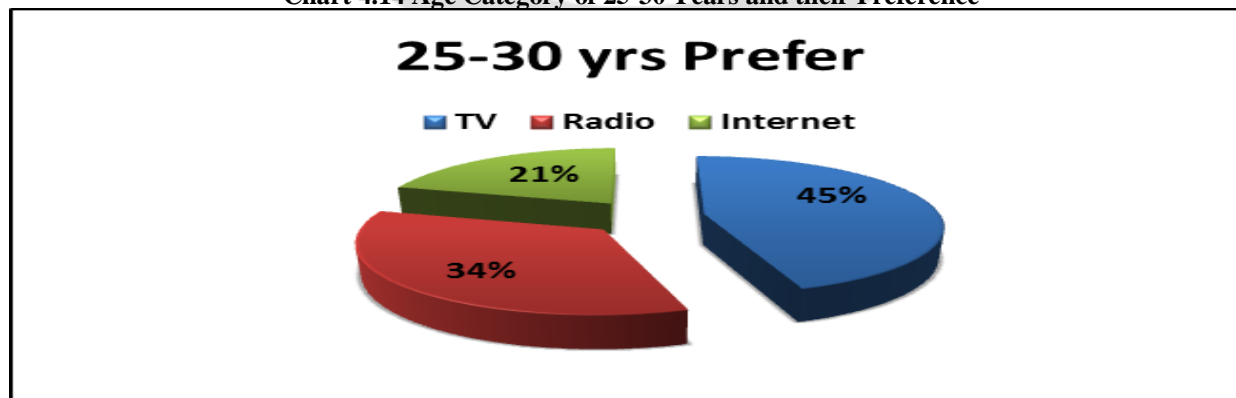


Chart 4.15 Age Category of 30-35 Years and their Preference

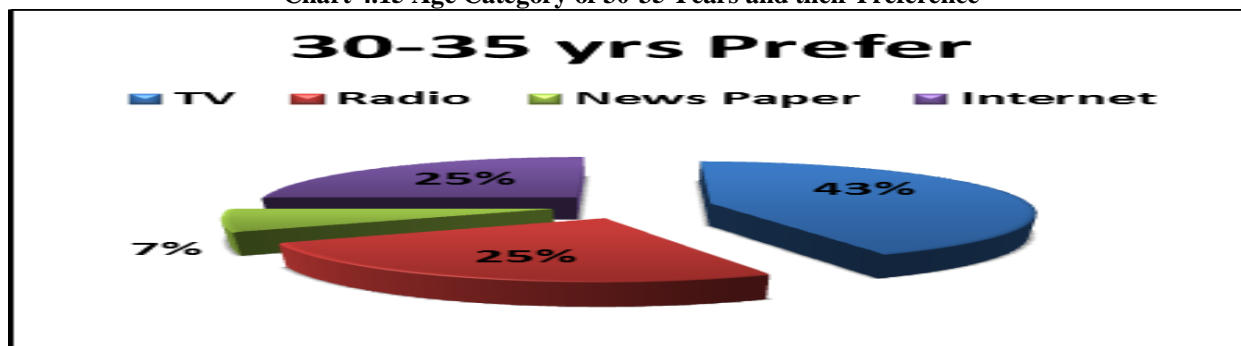


Chart 4.16 Age Category of 35-40 Years and their Preference

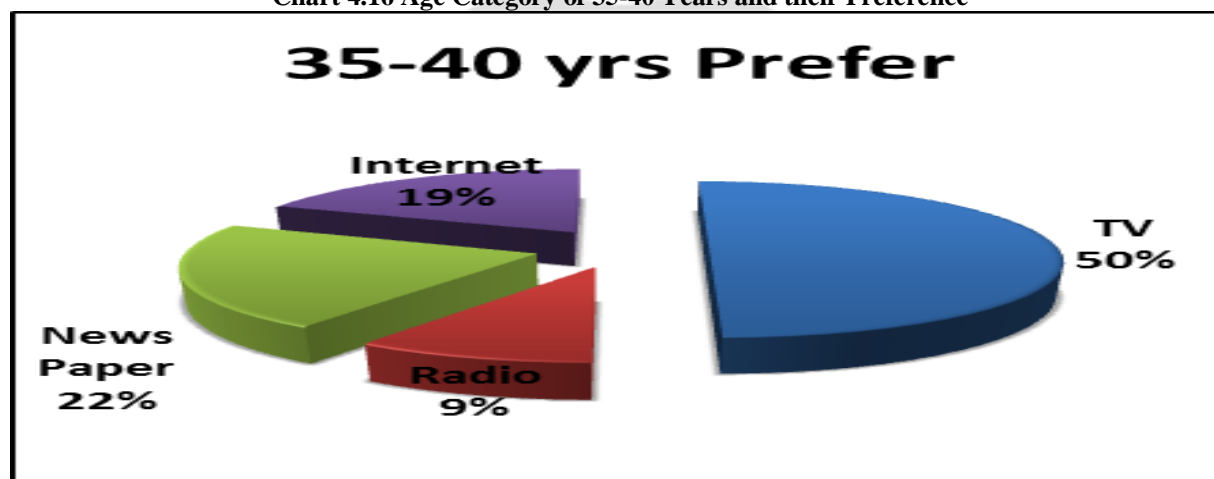
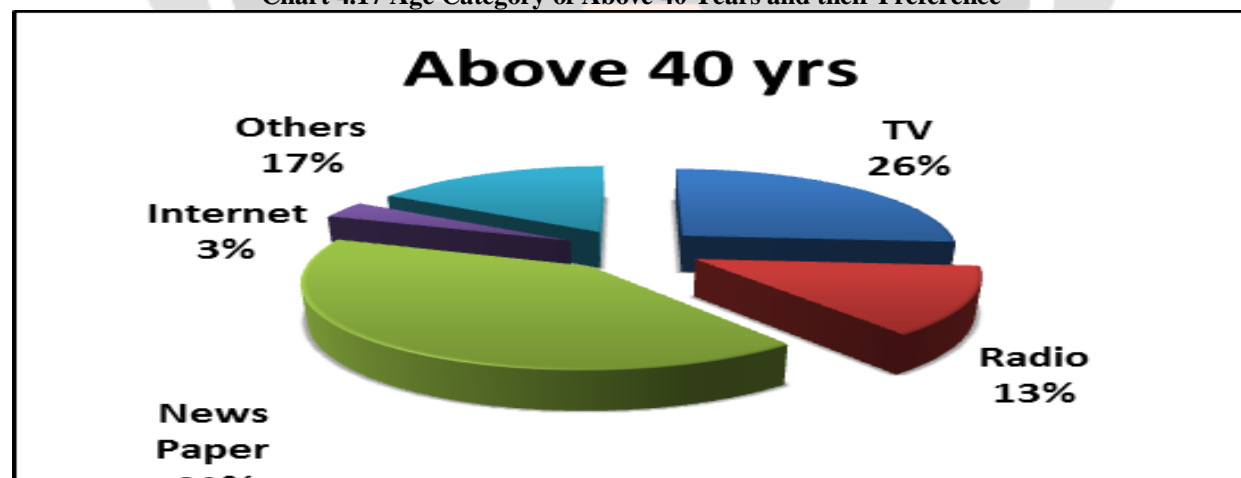


Chart 4.17 Age Category of Above 40 Years and their Preference



5. FINDINGS

✓ From the research findings, it is found that out of the 100 respondents, 53% are aware of the IDBI Federal Life Insurance Co. Ltd., Erode through the medium of Television, followed by Word of Mouth 20%, Newspapers 18% and the least being internet 9%.

✓ Further, in terms of local newspaper, Eenadu contributes the maximum share of 59% of awareness when compared to the other newspapers such as Sakshi 29% and the Deccan Chronicle 12%.

✓ Then, it was also found that the respondents who are above the age of 40 years are getting to know about the IDBI Insurance through newspapers only where the company is supposed to concentrate in order to create the awareness among such group of people.

✓ Finally in terms of awareness through National newspapers, Times of India stands tall at 47%, closely followed by the Hindu newspaper which stood at 38% of awareness level among the respondents. The remaining newspapers being Indian Express 7%, Business Line 4% and Economic Times 4%.

6. SUGGESTIONS

✓ Today each and every common man has a mobile. So mobile advertising can help the company to create awareness among customers.

✓ Instead on advertising monthly in a magazine company should think of advertising in more than one magazine.

✓ As the company is relatively new to this clustered insurance market it should try to increase its promotional budget.

✓ Sponsoring the whole programs on the television on special occasions can help to an extent. As Scorpio did at its inception where it advertised its commercial on Republic Day. It sponsored all the programs on that particular channel.

✓ On special occasions the television viewership is more relatively.

✓ There numbers of hoardings in Hyderabad are low. So increasing this number increases brand awareness.

✓ According to me any message can be presented in a number of execution styles. Some of them which I think can help the company to conceptualize for their commercials are;

1. **Straight Sell or Factual message:** Facts of insurance product like premium details, life coverage etc.,
2. **Lifestyle:** Where customer is shown himself in different situations.
3. **Mood or Image:** Creating a mood of insecurity of the future of a person and showing concern for him.
4. **Personality Symbol:** Sachin for AVIVA and Amitabh for ICICI.
5. **Technical Expertise:** Financial expert talking about insurance product
6. **Animation:** Using an animated picture as a symbolic way to represent a logo or service as Bajaj Allianz did.
7. **Humor:** It is the ultimate way to advertise a product.

Combinations of any of the above mentioned execution styles can create more impact on consumers mind.

7. CONCLUSION

Indian consumers are moving away from buying insurance products for tax saving towards concern for personal security. This made Indian insurance companies marketing strategies versatile and promotional mix strategy emerged as a tool. The advertising of insurance services is a tool for creating awareness and positioning strategy and also brand building tool due to competitive insurance market.

The role of advertising in insurance became a predominant promotional component besides other promotional mix elements as market growth is high and many players are entering the market. The options of strategy left for players is through advertising/message execution styles which can influence decision making of a consumer in opting for a particular brand of insurance.

To conclude 'Insurance is subject of solicitation i.e., it means consumer and marketer are expected to debate each other's requirements. The development of relation between marketer and consumer happens in the context of faith, disclosure and transparency.' In order to achieve the "solicitation," as expressed for insurance, marketing strategies of the company should strike balance between business proportion and insurance basic values and philosophy.

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