

The Impact of Marketing Innovation and Creativity – Achieving Competitive Advantage in Insurance Industry.

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Abstract

In order to achieve new gains for its stakeholders and fulfill their needs and requirements, organizations must continuously search for the development of its product and services through marketing innovation and creativity. This will play a very important role in achieving competitive advantage especially in the insurance industry where competition is much stiffed, through the forces of change brought into the industry by recapitalization and consolidation. The study was carried out to find out whether marketing innovation and creativity has an impact on achieving competitive advantage in the insurance industry. The study shows that marketing innovation and creativity are crucial in organizational success. It also concluded that through marketing innovation and creativity, the insurance industry can improve their businesses and achieve a competitive advantage.

Keywords: Marketing Innovation, Creativity, competitive advantage, insurance innovation, management's perception, client's perception, training programs.

INTRODUCTION: -

During the last few years, the insurance industry has undergone a series of changes through financial reforms, advancement of communication and information technologies, globalization of financial services and economic development. Those changes have had a considerable effect on efficiency, productivity change, market structure and performance in the insurance industry. There is an established relationship between business strategy, innovation and organizational performance. Innovation which refers to the use of a new product, service or method in business practice immediately subsequent to its discovery, influences economic success and market share in increasingly competitive global markets. In response to new technology-driven global

markets, companies have increased their use of advanced technologies as well as their innovation efforts. The increasingly competitive environment in the financial services market has resulted in pressure to develop and utilize alternative delivery channels. Insurance companies are now facing extreme challenges in the current competitive environment because the changes and new services became the base of marketing and in order to face those challenges, insurance companies started to go towards marketing innovation and creativity which includes creating new services, delivering insurance services to customer and promoting those services and delivering them to customers in the right time and place since time and speed became essential in the world of financial services and depends on innovation in this world of competition in order to deliver the best products and services to achieve competitive advantage and gain customer satisfaction and loyalty.

RESEARCH PROBLEM

The study was carried out to find out whether marketing innovation and creativity has an impact on achieving competitive advantage in the Insurance Industry. The study shows that marketing innovation and creativity are crucial in organisational success. It also concluded that through marketing innovation and creativity, the insurance industry can improve their businesses and achieve a competitive advantage.

OBJECTIVES OF THE STUDY

1. To find out whether marketing innovation and creativity has an impact on achieving competitive advantage in the insurance industry.
2. To improve their businesses and achieve a competitive advantage.
3. To allow a company to achieve and maintain superior margins, a better growth profile, or greater loyalty among current customers.
4. To achieve new gains for its stakeholders and fulfill their needs and requirements.

LITERATURE REVIEW

Competitive advantage is an organization's ability to perform in one or more ways that competitors will not and cannot match (Kotler, 2000) and is realized by the organization's marketing strategy, the implementation of this strategy and the context in which competition

unfolds. The target consumers will be the core and center of the organization's marketing strategy. The organization should identify the total market and divide it into smaller segments and it should select the segment(s) and focus on serving them. The organization then engages in marketing analysis, planning, implementation and control to find the best marketing mix and take action. Contemporary business theory argues that companies must compete to keep or gain market share. Innovation is considered to be the key to creating competitive advantage (Stalk, 2006). A more developed service is one that provides the customer with the opportunity to gain access to the services required and execute transactions or buy policies online, Daniel (1999). The most recent delivery channel to be introduced is electronic or online insurance delivery. The term electronic service delivery is used to describe the provision of information about an insurance company to its customers, via a computer network. In its simplest form, online insurance service can mean the provision of information about an insurance company and its products via a page on the World Wide Web. Innovation is associated with competitive advantage in both growing and mature markets. Innovation, unlike most other business practices can change the competitive balance in mature markets (Brown, 1992). The concept and practice of innovation became closely associated with economic gain and competitive advantage in the 1930s. Joseph Schumpeter (1883-1950) created a theory of economic development based on five types of economic innovations: set up or discovery of a new product, a new manufacturing process, a new market, source or new organisation (Letenyei, 2001)

Marketing strategies for competitive advantage

In the 1950s, framework such as the marketing mix was developed to make the most of market demand. The 4 Ps, product, price, place and promotion were used to describe the levers that if used appropriately could lead to an increase in company's profitability. The strategy to strengthen the relationship between the needs and wants of the user and the products and services offered by the organization is better known as the marketing mix. This mix incorporates four elements, namely, products, price, place and promotion. To put in another way, a typical marketing mix consists of product or service offering at a price, targeting a customer segment in certain place and a set of modalities to reach the target customer and promotion to tell the potential customer about the availability of the offering (McCarthy, 1978). The 4 Ps represent the sellers' view of the marketing mix variables available to influence buyers perspective, each marketing tool is

designed to deliver customer benefits. Lauterborn (1990) suggested that the sellers 4 Ps corresponds to the customers 4Cs product corresponds with customer needs and wants, price responds with cost to the customer, place responds with convenience and promotion corresponds with communication.

Marketing mix variables for services

Products and services are different in many ways. Unlike products/manufactured goods, services are intangible and cannot be stored, transported or resold. In goods manufacturing, on the other hand, repeatability and systematically controlled production are the key variables of success. A key factor distinguishing the services marketing from marketing of physical products is the human element, often included as new parameter in the services marketing mix (Booms and Bitner, 1981; cowell, 1984; Heuvel, 1993; Melewar and Saunders, 2000; Grove et al. 2000). The human factor underlines the personal nature of the services marketing the personal nature of the services marketing; service providers play a double role in the marketing process as a servicedelivering factors: the personnel is a powerful element tool of customer persuasion and a major parameter affecting the customers perception on the delivered service quality. The services marketing function in an organization is much broader than the traditional marketing department, requiring close co-operation betweenmarketers and those managers responsible for operations and human resources (Lovelock), 1996).Therefore, the traditional marketing mix has been expanded by the addition of the new marketing mixvariables people, processes and physical evidence. This expanded marketing mix consists of thefollowing instruments product, price, place, promotion, people, processes and physical evidence.

Employee Development

A developmental program for employees includes regular training on product issues, company changes and how to improve the quality of life. The quality of life trainings can be on how to save for retirement or how to exercise and be healthy. Investing in the development of employees has benefits, and it can create certain competitive advantages for an employee. Employees are important company resources, and the more positive their work experience is the more the company benefits.

Organizations believe that one of the best investments a company can make is the development of its employees. Success in the insurance industry is based not only on what we can do today, but also on our ability to meet the needs of tomorrow. Developing the skills of our employees assures us of meeting the exciting challenges the insurance industry provides.

Entry-level training provides a basic knowledge of insurance. This is accomplished through a combination of self-study courses, classes, and on-the-job training. Experienced personnel are always available to answer questions. An informal training atmosphere recognizes that not all people learn at the same pace. This concern for individuality assures the trainee of a program that is challenging and flexible, suited to the trainee's learning needs.

An organization also offers all employees the opportunity to continue their personal education development after initial training. Organization's support and encouragement of employees who wish to enroll in a variety of professional insurance training and education programs is an important benefit.

Training Program: Employees have the opportunity to discuss future development with their manager or supervisor on an annual basis. A written development plan can help employees meet or exceed their performance standards, assist them in becoming familiar with new procedures, provide cross training, prepare them for additional responsibility, and help them maintain their level of professional expertise.

Workshops: Company workshops are offered periodically to assist employees with their training and development needs. Companies have an extensive library of books, videos, and DVDs to assist employees in a variety of areas.

MATERIALS AND METHOD

The population targeted for the study was the adult (18 years and over) population residing in Nagpur city, whom are 50 insurance services user and employees in the selected 10 insurance companies. A random sample of the population from the insurance companies and their branches has been chosen. Where questionnaires were given to the insurance companies and their branches, questionnaires were given to the insurance clients as well. About 100% questionnaires were recovered from the insurance company's clients. Several procedures were used to analyze

the data for the purpose of addressing and answering the hypotheses and research question of this study.

Study Questions:

With the given sample size the data analysis is done on the basis of questionnaires. This study is concerned with answering the following questions:

1. What are the main categories of core competencies in the insurance companies?
2. To what extent do the following dimensions of core competence (Marketing Innovation, Creativity, competitive advantage, insurance innovation, management's perception, client's perception, and training programs.) positively affect the achievement of competitive advantage in the insurance companies?

Hypothesis and Study Model:

1. The dimensions of core competencies have a significant positive relationship with competitive Advantage.

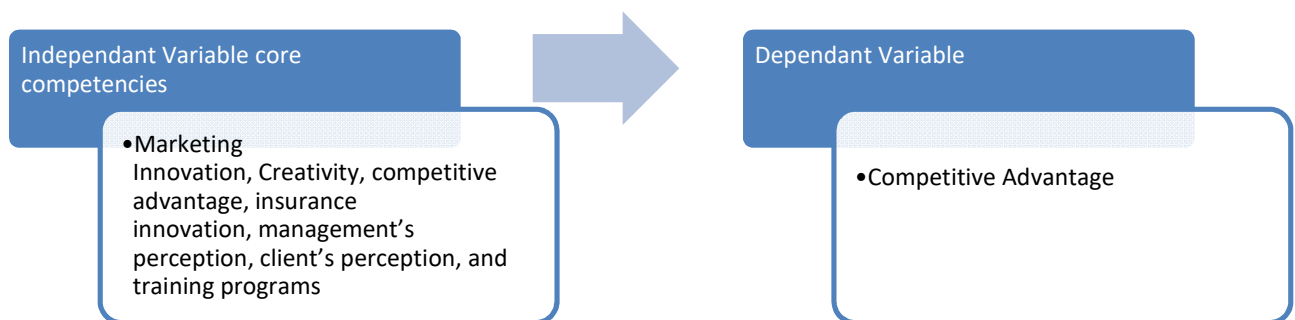
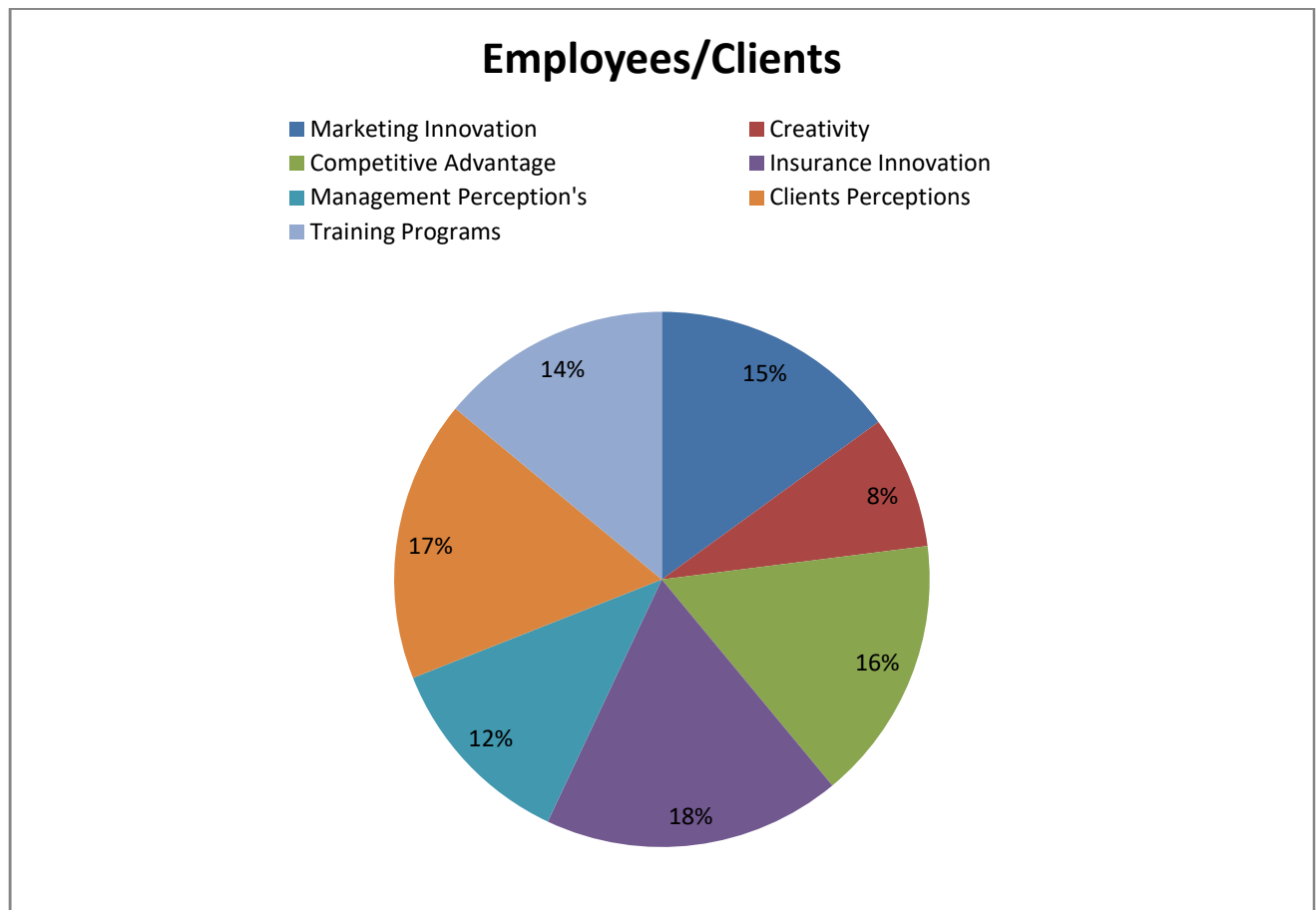


Fig: 1

Data Analysis & Data Interpretation:

Insurance customers are, by and large, satisfied with their insurance providers.¹⁾ However, a closer look at the data suggests the industry has got the impact of Marketing Innovation and Creativity to achieve Competitive Advantage in Insurance Industry.

Findings:

The study shows that the independent variables (Marketing Innovation and Creativity) which were tested through the hypothesis plays a major role in achieving competitive advantage. The study shows the innovation and creativity are crucial in organizations success through the innovation and creativity in services, prices, promotion, distribution and the role of the upper management and their encouragement and motivation of the staff and the clients in accepting the innovations. The study also shows the role of the client's perception of innovation and creativity on achieving competitive advantage and that it aims to serve the clients and provide better services and the importance of marketing information availability to serve marketing innovation and creativity and the understanding of the client's needs and finally the importance of having a recovery strategy in order to correct the errors that may happen when conducting transactions and keep the clients satisfied.

CONCLUSION

From the study findings, we can conclude that creativity and innovation in providing new and innovative services as an important factor in order to satisfy the client's need and that creativity and innovation in pricing and promotion and innovation and creativity in distribution, technological innovation are crucial in attracting new clients. The upper management perception and acknowledgement of innovation and creativity in insurance industry helps in motivating the innovation and creativity in the insurance sector. While the availability of marketing information for the innovation and creativity, whether through knowing services provided by other insurance companies or creating a research and development department may be hard to achieve but it will keep the insurance company more up to date with the services and new technologies. And finally, having a services recovery strategy, for correcting the errors that may occur when providing the services for the clients will help the insurance industry in keeping the clients satisfied and attract new clients in Nagpur.

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