Chapter 1

Introduction
The story of insurance is probably as old as the story of mankind. The same
instinct that prompts modern businessmen today to secure themselves against loss
and disaster existed in primitive men also. They too sought to avert the evil
consequences of fire and flood and loss of life and were willing to make some sort
of sacrifice in order to achieve security. Though the concept of insurance is largely
a development of the recent past, particularly after the industrial era – past few
centuries – yet its beginnings date back almost 6000 years.

Marketing concept

Marketing is a total system of business, an ongoing process of: (1)
discovering and translating consumer needs and desires into products and services
(through planning and producing the planned products), (2) creating demand for
these products and services (through promotion and pricing), (3) serving the
consumer demand (through planned physical distribution) with the help of
marketing channels, and then, in turn, (4) expanding the market even in the face of
keen competition. " The modern marketer is called upon to set the marketing
objectives, develop the marketing plan, organize the marketing function,
implement the marketing plan or programme (marketing mix) and control the
marketing programme to assure the accomplishment of the set marketing
objectives. The marketing programme covers product planning or merchandising,
price promotion and physical distribution.
In short, modern marketing begins with the customer, not with production cost, sales, technological landmarks and it ends with the customer satisfaction and social well-being. Under the market-driven economy buyer or customer is the boss. Under the systems approach (a system is a series of interlocking steps) marketing is defined as an ongoing social process for the creation and delivery of standards and styles of life. Marketing covers 1:

1. Seeking: It is the first function. The purpose of seeking is to discover the customer and customer needs. The marketing opportunity is revealed through an analysis of the environment.

2. Matching: Market is matching process. Customer demand has to be matched with organizational resources and environmental limitations, such as competition, government regulations, general economic conditions, and so on.

3. Programming: The marketing programme, called the marketing mix, covering product, price, promotion and distribution strategies (4 P's) will be formulated and implemented to accomplish the twin objectives of customer satisfaction and profitability.

On the basis of customer-oriented marketing approach (marketing concept) and the concept of strategy (marketing planning and control) we may evolve a precise definition of marketing:

Marketing is a system of integrated business activities designed to develop strategies and plans (marketing mixes) to the satisfaction of customers wants of selected market segments or targets. We can evolve a planned system of action dealing with the problem of moving large volume of products, by looking forward to ultimate customers and backward to suppliers, and by licking customers and suppliers together in a sequence of proper steps. 2
EVOLUTION OF INSURANCE MARKETING

Though the insurers had good structure, systems, staff and skills required for marketing, they were indifferent to marketing concern. But in view of ever changing environment, insurers can no longer afford to maintain its share of total deposits and lending from ancillary services by simply being in the market. Today people except better service from all the firms they patronize. If they don't get it, they go else where.

Marketing as advertising, sales promotion and publicity

Marketing came into insurers not in the form of the “marketing concept”, but in the form of the “advertising and promotion concept”. Insurers were facing increased competition for savings. A few insurers started to do heavy advertising and sales promotion to attract new customer accounts by offering umbrellas, radios and others. Their competitors were forced to adopt the same illensures and scurried out to hire advertising agencies and sales promotion experts.

Marketing as smiling and a friendly atmosphere

The insurers learned that attracting people to a insurance is easy, but converting them into loyal customers is hard. These insurers began formulation programmes to please the customer. The bars were removed from the tellers’ windows. The insurance office interior was re-designed to produce a warm and friendly atmosphere.

Marketing as segmentation and innovation

Insurers found a new competitive tool when they began to segment their markets and innovative products for each target segment. Insurance services however are easily copied and specific advantages are short-lived
Marketing and positioning

Insurers must examine its opportunities and take a position in the market. The positioning goes beyond image making. The image making insurance seeks to cultivate an image in the customer's mind as a large, friendly, or efficient insurance. Positioning is an attempt to distinguish the insurers from its competitors along with real dimensions in order to be the preferred insurance companies for certain market segments.

Marketing as a marketing analysis, planning and control

This is a higher concept of insurance marketing. In this the insurer has installed effective systems for marketing analysis, planning, implementation and control.

MARKETING OF INSURANCE PRODUCTS BY INSURANCE COMPANIES

Among the various services, insurance services are considered as one of the important services. Like a manufacturers who deal in money and credit. In other words, insurance is a service industry which provides security to the customers. Insurance companies accept premiums for the purpose of lending and investment with a view to earn profit. Insurance companies deal with money, the classical undifferentiated product, and the only way which those dealings are settled to gain any competitive advantage and customer satisfaction. The marketing approach enables the insurance companies to devise the customer satisfying services, innovative and venture in to areas, where their expertise would help the customers.

Features of insurance services

In applying marketing technique to insurance services, some special characteristics of insurance services are to be taken into account, which are as follows: 
Insurance marketing is like marketing of any other services.
It is innovative marketing of insurance products.
The insurance products are intangible in nature.
The customer interface process plays a very dominant role. The services are consumed at the same time as they are produced.
These services are perishable and heterogeneous in nature.
The aim is to satisfy customer’s needs and wants.
The needs and wants are large financial in nature.
The competitive element, efficiency and effectiveness are major factors in the process.
Organizational objectives are still the driving force.

MARKETING AND ITS RELEVANCE TO INSURANCE SERVICES

Marketing is becoming increasingly necessary in today’s insurance’s competitive environment. Intensified rivalry from the other institutions made insurance companies to develop ways and means to evolve competitive strategies. The marketing of insurance by insurance company can be defined as design and delivery of customer needed services worked out by keeping in view the corporate objectives of the insurance companies and environmental constraints.

Insurance marketing deals with providing services to satisfy the security needs of the customers. Insurance companies may also require satisfying the customer’s financial and other related needs and wants. The individuals and corporate bodies have certain needs in relation to security of life and property. To satisfy these needs customers want specific services. Different insurance companies offer different benefits by offering various schemes which can take care of the wants of the customers. This dual role of insurance marketing is depicted as follows.
Marketing helps in achieving the organizational objectives of the insurance companies. Marketing is equally applicable to achieve commercial and social objectives of the insurance companies. Marketing of insurance services is a managerial-cum-social approach. It is a tool to activate employee-orientation and more so, it is a managerial approach to excel competition. The changing perception of insurance marketing has made it a social process. Marketing of insurance services is a device to establish a balance between the commercial and social considerations. Indian insurance companies have dual organizational objectives:

- Commercial objective to make profit and
- Social objective, which is a developmental role, particularly in the rural areas.

The marketing of insurance services by insurance companies is development of new schemes, continuous understanding of the needs and
improvement in customer services on an on-going basis. Marketing of insurance services by insurance companies also requires accurate, reliable and up-to-date marketing information and research. It becomes necessary for the insurance marketer to find the customers wants and fulfill them rather than creating a product and trying to sell them. All the techniques and strategies of marketing are used by insurance companies to induce the people to do business with a particular insurance company. Marketing is an organizational philosophy. The first and most important step in applying the marketing concept is to have a whole hearted commitment to customer orientation by all the employees. Marketing is an attitude of mind. The central focus of all the activities of insurance company is customer. The marketing function in Indian insurance company is required to be integrated with operation.

**REASONS FOR PRACTICING OF MARKETING PRINCIPLES IN INSURANCE COMPANIES**

Marketing principles, if practiced in a right fashion, be the efficacy of enriching the business potentials, satisfying the customers and sub serving the social interests. The marketing practices would simplify the task of insurance professionals responsible for managing the marketing mix. Application and request innovation would make the ways for qualitative transformation. The policy decision makers need to think over the problems on apriority basis. The insurance companies serving the public need to realize the gravity of the situation.

**Understanding the customers**

The concept of insurance marketing is of late, well supported by sophisticated information technologies. In an age of information explosion, the insurance services depend substantially on the marketing information system. With the help of different subsystems and to be more specific with instrumentality of marketing research, the insurers get an opportunity to study and understand the
changing levels of expectations of customers. The marketing practices simplify the task of formulating creative policies and strategies which contain more sensitivity.

Satisfying the customers

In almost all the organizations, the first and foremost task is to satisfy the customers. If the insurance company understand the customers in a right perspective, the success rate reaches at its peak. If the marketing processes help us in understanding the customers, the task of satisfying them is found easier. The formulation and innovation processes of the marketing mixes move in a right and desired order.

Excelling competition

The modern marketing principles are conceptualized in the insurance organizations also with the motto of excelling competition. Of late, the intensity of competition is found moving upward. Even the insurance organizations have been facing numerous problems on that account. The public sector insurance companies would find it easier to excel competition if they practice marketing and keep on moving the process of innovation since the foreign insurance companies till now emerging as the leading competitors have been found promoting innovation frequently.

Formulating and innovating the mixes

While formulating or innovating the product mix they assign an over-riding priority to the peripheral services since the core services in almost all the insurance companies are by and large the same. While promoting the insurance companies need to us sophisticated technologies and the co-operation of advertising professional to make the process creative.
Social-orientation

It makes more impact generating that the policy makers have opposite attitude towards the social costs and the boardrooms assign due weight age to social interests while formulating the policy. To be specific in the Indian setting, it is assuming a place of special significance since the masses have high expectations from the Insurance organizations.

MARKETING ESSENTIALS TO INSURANCE’S SUCCESS

- The insurance companies can not exist without the customers.

- The starting point for organizational design should be the customer and the insurance company should ensure that the services are performed and delivered in the most effective way. Service facilities also should be designed for customer's convenience.

- The purpose of the insurance company is to create, win and keep a customer. The customer is and should be the central focus of everything the insurance company does.

- Ultimate aim of insurance company is to deliver total satisfaction to the customer.

- Customer satisfaction is affected by the performance of all the personnel of the insurance company.
# REFERENCES


3. Ronald J. Roderique, “Begin with Basics: without customers, the best Marketing efforts don’t count for much”, ABA journal


7. Marketing of Insurance in India- G. Radha Krishna


9. “Marketing to the Affluent” by Thomos, J. Stanley


11. “Service Marketing Management” – B. Balaji