MARKETING USE BY THE INSURANCE COMPANIES IN ALBANIA

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Abstract- The marketing of insurance services, as special form financial services, is a unique and highly specialized branch of marketing. Due to the characteristics that services have, which make them different from the tangible goods, its marketing is more difficult. Marketers of insurance services are facing challenges in communicating these products due to the difficulty of visually communicated in advertisements, or their unexciting nature which make harder the task of attracting customer attention.

The aim of this paper is to describe the perceptions that marketing managers in the insurance companies in Albania have of the activities they perform that are most deserving of priority attention. A list of the main areas of insurance services marketing is provided referring to the point of view of marketing managers. Taking in consideration that improvements on each area are expected to provide the highest returns in terms of improved company performance, this list is ranked according to those areas which should be given more importance

Keywords- services marketing, insurance services, improving performance.

I. INTRODUCTION

As one of the forms of financial services marketing, insurance services marketing is more specialized that that of traditional marketing of tangible goods. Due to its special characteristics that insurance services have, marketers need to pay more attentions the process of planning and undertaking marketing activities. Compared to the tangible products, insurance products are intangible and rather complex. Customers in general do not recognize the need for these products. In other cases when they are aware of their need, they do not take the initiative to get more information about them. The category of the insurance products, different from tangible products, does not provide to the customers the same prestige that some tangible products do for them. Challenges faced by marketers of the insurance products are many, and they vary depending to the moment of the marketing campaign.

To reach out their actual or potential client, marketers should use more events since customers do not often take the initiative to get more information about the product, its advantages compared to the competitors' offer. First step for marketers is to make customers aware about their needs for insurance products by focusing in the communication process. The best way will be if marketers attract customers to be part of the new product development in order to give the company the chance to create a product that fits best to the customer specific needs. There are marketing events that provide the company the chance to get the appropriate feedback from their customer so they can offer the appropriate solution to them full filling their needs. Due to their complex nature, insurance products required more communication from the company to its potential and current customers convey products' attributes and benefits to the customers.

II. METHODOLOGY OF RESEARCH

This paper is based on primary and secondary data. Secondary data are results of literature review and other studies in the field. Referring to the literature review, seven marketing activities were identified. These included product management, interdepartmental relationships, internal and external communications issues, technology, pricing issues, marketing techniques, and new product development. Then marketing managers of the insurance companies included in the research were contacted and were asked to elaborate on these seven areas and the aim was to:

- Confirm these overall areas of marketing activities;
- Identify particular areas which they considered important and which impinged on the firm's performance.

Primary data are results of a marketing manager's survey. The study consists on face to face interview with marketing managers of the insurance companies that operate in Albania. The reason why were asked for collaboration with the marketing managers was because they are considered a category that are the most aware of and sensitive to the marketing issues affecting their companies and the impact of such issues in the companies' performance. In total were conducted 63 face to face interviews with marketing managers of the all insurance companies that operate in Albania. Than the second step was to rank by priority these areas of marketing. Each area of marketing activity was subjectively assessed on four, bipolar five-point scales, adapted from Lupton and Tanner. This was made due to the fact that some areas of marketing activity are relatively easy to improve but have limited impact on performance, whereas others are more difficult to improve but have more significant effect on performance. These scales

measure each area's current as well as potential impact on performance as well as the potential for achieving improvement in the particular marketing areas. The scales were as follow:

First scale called 'current effect on performance' directly measures the effect that each marketing area is currently having on performance. It is a measure of the status quo.

Scale 1: Current effect in performance

Low				High
1	2	3	4	5

Second scale ('scope for improvement') measures the extent to which it is considered that an area could be improved, regardless of the impact this may have and also regardless of whether or not the capability exists to make the improvement. It is a measure of the extent to which performance in an area falls below the maximum possible.

Scale 2: Scope for improvement

None				Much
1	2	3	4	5

Third scale ('sensitivity to change') is an estimate of the sensitivity of organizational performance to improvement in each area of activity. It is an 'elasticity' measure.

Scale 3: Sensitivity to change

Low				High
1	2	3	4	5

Fourth scale ('ease of change') is a measure of the ease with which change can be effected within a marketing area, but this time taking into account any possible constraints imposed by existing practices, organizational culture, organizational competences, etc.

Scale 4: Ease of change

Veryhard				Very easy
1	2	3	4	5

Using the questionnaire, marketing managers included in the research were asked to rate the 26 areas of marketing activity on the four scales.

III. RESEARCH RESULTS

The interviews with the marketing managers produced 26 areas of marketing activity affecting firm performance in the financial services sector as following:

1. Determining 'best' price
2. Advertising and promotion strategy
3. Advertising split between inter-mediaries and end users
4. Managing product improvements and extensions
5. Managing product proliferation
6. Managing product deletion
7. Involvement with the development of companies' strategy
8. Managing the salesforce
9. Utilizing technological develop-ments
10. Cooperating with other departments
11. Marketing's working relationship with personnel management
12. Marketing's working relationship with financial management
13. Marketing's working relationship with operations management
14. Marketing's working relationship with computing management
15. Training of customer contact staff
16. Managing customer contact staff
17. Developing new products
18. Maintaining a complete product line
19. Introducing products ahead of the com-petition
20. Designing 'unique' products
21. Using marketing research
22. Using concept testing
23. Segmenting the market
24. Economic modeling
25. Branding of products
26. Positioning products

Interpretation of a large database such as this, comprising many variables, is often assisted by use of factor analysis. Factor analysis identifies groups of variables.

The six major areas of marketing activity affecting performance of insurance compa-nies were as follow:

- New Product Development strategy
- Customer interface
- Marketing department influence
- Width of product line
- Depth of product line
- Pricing policy:

The average scores for each factor on 'current effect on organizational performance', 'scope for improvement', 'sensitivity to change' and 'ease of change' were measured. The two factors currently considered to have the most impact on firm performance were found to be customer interface and marketing influence.

The area with the highest potential scores in financial services was found to be:

- Management of contact staff training

- Management of product extensions
- Determining 'best' price
- Segmentation
- Involvement in determining firm strategy.

According to our sample, better performance in these areas ought to lead to better firm performance. Factor scores, can give a better direction for management action, because factors aggregate individual variables. For instance, a factor scores high on 'potential' only if on average its constituent variables also score high. This indicates a clearer emphasis than a high score for one variable only. The average scores on potential for each factor were:

Pricing policy: According to the research results, pricing policy has the highest score on 'potential'. Pricing is seen as offering good scope for improvement which would impact on firm performance. However, unlike the other factors, it is seen as relatively easy to improve within the existing firm restraints and it is this that produces the high 'potential' score. Thus, pricing seems to be a priority area in financial services.

Customer interface: According to the research results, consumer interface has the second highest score on potential behind pricing. It is seen as offering scope for improvement and will impact on firm performance, very similar to pricing. However, it is seen as harder to change than pricing. It is a large and complex area and it is not surprising that change is expected to be harder to win.

Marketing influence: According to the research results, marketing influence is seen as offering scope for improvement and will impact on firm performance. However, it is seen as harder to effect change in this area within the firm climate and so its potential is lower than that of customer interface.
Depth of product line: According to the research results, depth of product line is good scope for improvement on this factor, but the organization's performance is less sensitive to improvements on this dimension and, in addition, improvements are not expected to be easily won. That means that 'potential' is lower.

New product development strategy: According to the research results, there is good scope for improvement and any improvements would feel through to improved firm performance. However, new product development strategy is seen as the most difficult area in which to effect improvements within the constraints of the firm and its environment. It is this that causes its low 'potential' score. Thus new product development strategy must receive some priority, given its potential impact, but it would be unrealistic to expect improvements to be easily won or to materialize in the short term.

Width of the product line: According to the research results, width of the product line, is given the lowest 'potential' score. It deserves the lowest priority from financial services marketing managers. The main reason for this is that improvements in this area are thought to have the least effect on firm performance and, in addition, there is less scope for improvement and change is not particularly easily won.

CONCLUSIONS

The aim of this paper was to describe the perceptions that marketing managers in the insurance companies in Albania have of the activities they perform that are most deserving of priority attention. They were asked to evaluate a number of areas of marketing activity. The reason was to evaluate the extent to which each area offered scope of improvement, on the sensitivity of organizational performance to improvements in the areas, and on the degree to which it would be possible to improve performance in each area, given prevailing circumstances. There was developed a single measure of opportunity provided by each area, which was called "potential". Factor analyze was used to interpret the huge information, and that made possible to reduce the individual areas of marketing activities, to a smaller number of factors.

The research results showed that pricing, customer interface and marketing influence were worthy of prior attention according to marketing managers of the insurance companies included in the research. Improvements in these factors would result in better performance of the company. The research results provides some similarities in emphasis found in literature and field research with the priorities expresses by the marketing managers.

Research results show that the area most addressed in the literature is interface with customer, including service quality, is the area considered of a high potential by the managers. Another result that indicate conformity between literature and given priority by the marketing manager were that of organizational issues, which were addressed the same to both sources. Literature and marketing managers were further apart in the case of pricing. Marketing mangers gave highest priority to it, different from literature. Examples of gaps in the opposite direction were present too. That were areas that are given low priority by marketing managers were emphasized in the literature. An example was technology, which were given low priority by the marketing managers even though it has been the subject of many articles. New development product strategy was given the lowest priority by the marketing managers too, even though it is much addressed by the literature. The reason why marketing managers gave low priority to the new development product strategy is because they

thought it is not easy to make improvements in this area.

It is important to emphasize that marketing managers considered that many marketing areas offered scope for improvement and furthermore that improvements within the prevailing firm culture.
This does mean that researches and writers on service marketing in the insurance marketing will increasingly need to address issues to change. 'Pure' marketing contributions may not be so highly valued.

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