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**An Empirical Study on Role of Market Segmentation in Insurance Market****Mrs. Dimple Meena**

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**Abstract**

*Insurance Marketing refers to the marketing of insurance services with the motto of customer orientation and profit generation. A fair blending of profit generation and customer satisfaction makes the ways for development and expansion. The insurance marketing focusses on the formulation of an ideal mix for the insurance business so that the insurance organizations survive and thrive in a right perspective. In order to conduct present study, the main emphasis is towards analyzing the important or say crucial aspects of insurance marketing mainly with special context to market segmentation. In order to conduct this study, the specific preference towards respondent's opinion is taken into consideration which is taken by a mail survey which have a good interest and obviously knowledge about it. The study was done on a sample of concerned respondents like marketers, customers of insurance companies. The analysis of this study was done through Chi square test. It was analyzed that there is a significant impact of segmentation in insurance markets. After analyzing the data, it was assessed that segmentation proves to be significant to the insurance professionals in enriching the market potentials. The study of this paper might be helpful to various concerned persons in their better decision making and dealing practices and more better services provided to customer. A company after knowing segment proves helpful in formulation of a pragmatic plan and an optimal budget has a far-reaching effect.*

**KEYWORDS:** Advertising, Online Advertising, Offline advertising, Mass market, Chi square test, Null Hypothesis, Alternate Hypothesis.

**Introduction**

Insurance marketing refers to the marketing of insurance services with the motor motto of customer's correlation and profit generation. A fair blending of profit generation and customer satisfaction makes the ways for development and expansion. The insurance marketing focuses on the formulation of an ideal mix for the insurance business so that the

insurance organization survives and thrives in right perspective. The quality of services can be improved by formulating a few mix of services (core and peripheral).

The persuasion process can be speeded up with the support of creative promotional measures. The premium and bonus decisions can be made motivational the gap between the services promised and services offered can be bridged over the

quality and value based personal can make possible performance orientation and these developments can made the insurance organization stronger enough to face the challenges and threats in the markets. It is meant managerial proficiency which makes an assault on unethical and unfair practices by regulating profiteering. The organization thus are found successful in increasing the market share maximizing the profitability and keeping on the process of development.

Before the adoption of mass production, the markets were automatically segmented because each product or service was tailored to the needs of buyers or users who had ordered for supply. With an increase in the scale of operation the segmentation occupied a place of significance. This was due to the fact that the scale of production large in found unmanageable. know the market was made a difficult process and the consumption processes were found complicated, the potential policyholders are in a very good number and their needs and requirements are not identical. The segmentation helps the insurance organisations in dividing and subdividing the market into small segments in which the needs and requirements are found by and large identical.

Like in all product and services market segmentation important even to the insurance business. If the market

segmentation is done in a right fashion the marketers find it convenient to identify the level of expectation of users. The main purpose of market segmentation is to know the market. Unless we know the needs and requirements and identify the level of expectations of the policy holders, it is difficult to formulate a sound marketing strategy, spoiling of opportunities in right time is found essential to influence the target market. It is quite natural that the needs and requirement of different users living in different segments, regions are not identical. The marketers bear the responsibility of identifying the difference in preferences so that the strategic decision is formulated in line with the same. This helps in sensitizing the marketing resources. The marketing inputs are found instrumental in developing the requires marketing outputs.

The purpose of insurance business is to cover the maximum possible potential policyholders. In addition, it is also pertinent that liquidity, safety and profitability are given due weight age mobilization of savings and channelization of investment, it done in a right way would make the insurance business productive. A market is composed of different uses and the corporate objectives focus on covering all the segments so that a sound product portfolio is designed in which the services/ schemes of present and future are blended

optimally. The market segmentation would more possible formulation of a sound market planning which would make the strategic decisions sensitive.

### **Insurance Market Overview**

The Indian insurance industry had a CAGK of 10.49% over the past 11 years. Despite the global economic slowdown of 2010-2013 there was a remarkable recovery in the premium growth in India. The life insurance market grew from 10.5 billion USD in FY 02 to 54.58 billion USD in FY16 from FY 02-16, life insurance premiums expanded at a CAGR of 12.49% till 2016. Despite multiple challenges industry has the potential to grow by 2-2.5 limit by 2020 supported by long term trends and fundamental underlying household savings.

Growing interest in insurance, innovative product offerings and distribution channels have aided the growth of the industry. The India insurance market is a huge business opportunity waiting to be exploited.

Despite being the second most populous nation India currently accounts for less than 1.5% of the world's total insurance premiums and about 2% of the world's life insurance premiums. The country is the fifteenth largest insurance market in the world in terms of premium volume with the potential to grow exponentially in the coming years.

### **Objectives**

- To study the significance of segmentation to the insurance business.
- To understand and analyse the insurance market through various types of segmentation.
- To explore the importance of market segmentation in insurance market.
- To suggest about the significance of market segmentation in expanding the insurance market.

### **Research Methodology**

In order to investigate the possibility of segmenting consumers according to their willingness in the insurance marketing wherein 2 types of survey were undertaken i.e. mail survey of a total of 100 customers through questionnaire and in-depth discussion and interview with concerned person of the insurance area.

### **Data Collection**

Mail survey through questionnaire and discussion interview with concerned persons and customer has taken into consideration for collecting the data. Data has also taken from various reports which proves a major instrument in finding the results and analysis of results.

### **Data Analysis / Results and Findings**

The insurance industry has been at the forefront of economic development in India. After analysis the opinion of individuals customers, concerned persons

and after considering the reports it has been stated that:

- Segmentation very much effective in exploring the profitable opportunities. It is well known to us that while segmenting the market is divided into different groups and sub groups, and this simplifies, the process of studying and understanding the customers in a right perspective.
- Market segmentation makes it easier to formulate a sound strategy. Since the insurance professional and aware of the changing needs and requirements of a segment the marketing resources can be developed in tune with the needs and requirement of a segment.
- Segmentation also become helpful to the policy planner's since they are well aware of the emerging trends in the business environment.
- By considering the opinion of insurance professionals it would say that if a company knows about a segment it would be helpful in formulation of a pragmatic plan and an optimal budget has a far-reaching effect.
- Segmentation process to be significant to the insurance professional in enriching the market potential. If they know about the preferences needs requirements attitudes, lifestyle it is

found easier for them to develop the marketing resources accordingly.

- Govt. policy of insuring the uninsured has gradually pushed insurance penetration in the and proliferation of insurance schemes
- Gross premium in India reached Rs 5.53 trillion (US \$94.48 Billion) in financial year 2018 with RS. 4.58 trillion (US \$ 71.1 billion) from life insurance and Rs. 1.51 trillion (US \$ Rs. 23.38 billion) from non-life insurance. overall insurance penetration in India reached 3.69% in 2017 from 2.71% in 2001.

#### **Market Segmentation Criteria in Insurance Business**

Before the adoption of mass production, the markets were automatically segmented because each product or services was tailored to the needs of buyers or users who had ordered for supply, with an increase in the scale of operation, the segmentation occupied a place of significance. This was due to the fact that the scale of production cause in size was found unmanageable know why market was made a difficult process and the consumption process were found complicated. It was against this background that marketing studies engineered a sound foundation for segmenting the markets of insurance

business. The market for the insurance business is found vast, the potential policy act as a motivational tool.

The segmentation would help insurance professional in making the promotional measure creative which would be very much instrumental in sensitizing the prospects. The main utilizes in segmentation is perceiving the expectation of users/ prospects in a right fashion. If we occurred in understanding the users, we also succeed in making the marketing decision proactive. These facts are a meet testimony to this preposition that markets segmentation would before its instrument in knowing and understanding the changing level of expectations which would simplify the task of insurance professional. They can also have an idea of identifying the emerging profitable segment of the future. A market is composed of different was and the corporate objective focus on coaching all the segments so that a sound product portfolio is designed in which the services / schemes of present and future are blended optimally.

### **Significance of Segmentation to the Insurance Business**

Market segmentation plays an important role to the insurance business. If the market segmentation is done in a right fashion the marketers find it convenient to identify the level of expectations of users.

Purpose of market segmentation is to know the market unless we know the needs and requirements and identify the level of expectations of the policy holders it is difficult to formulated a sound marketing strategy.

Knowing and understanding the market is considered significant to the insurance professionals since the process helps them in scanning the changing needs and requirements. The formulation of an optimal marketing strategy is not possible unless we makes a segment. A study of segmentation would help insurance professional in formulating a sound marketing strategy. The product mix would be competitive and all the prospects would have additional attractions in using the services. The product portfolio would be sound which would make the marketing process productive not only for the present but even for the future. The formulation of the sound package would reduce are in a very good number and their needs and requirements are not identical. The segmentation helps the insurance organization in dividing and sub-dividing the market into small segments in which the needs and requirements are found by and large identical in figure given below for different segment for the insurance.

### **Conclusions and Suggestions**

The insurance industry in India has grown exponentially over the last decade and

opportunities for further growth exist. But in this competitive scenario it is virtually impossible to satisfy all customers so it is up to the company to select the specific parts of the market which they can best serve. Therefore, business could identify market segments, select a few profitable

segments and develop products and marketing mixes that are aimed at particular customers. Hence segmentation in insurance marketing proves a helpful instrument as it is helpful in identification of customer groups who share similar characteristics.

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	House hold sectors, salaried class, self employed, retired employed	
	Industrial sectors, public sector, private sector	
	Trade Sector Small Business Big Business	
	Institutional Sector	

Segments	Universities Colleges, Schools, Institutes	Sub Segments
	Regional Wise Central Zone Eastern Zone Northern Zone Southern Zone	
	Rural Sector Gender- Men/ Women Age - Kids, Teens Youth	

Figure: Market Segmentation for insurance.