Effects of digital marketing practices on performance of insurance sector: A critical approach with a review

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ABSTRACT

Digital marketing practices have had explosive growth in the past decade, especially in the insurance sector of developing countries. In particular, the internet has been instrumental in providing digital marketing services to customers from the insurance sector. The purpose of this study, therefore, is to assess the effect of digital marketing practices on the performance of the insurance sector. A desktop literature review was used for this purpose. Relevant seminal references and journal articles for the study were identified using Google Scholar. The inclusion criteria entailed papers that were not over ten years old. The study found that the use of digital marketing strategies has a positive effect on the insurance sector's performance. Profitability improved, market share grew, and they expanded their market share. Increased customer loyalty and access to new markets are benefits of internet marketing for insurance companies. According to the findings, insurance companies should make IT infrastructure investments and implement technology-enhanced processes. Employers require adequate training on the use of e-business platforms, as well as collaboration with providers of digital services to enable them to store and market their products and services online. Aside from using traditional marketing methods (such as direct mail), the study advises general insurance companies to be innovative by implementing new strategies, such as digital marketing, to gain a larger share of their target market. This is because strategies for digital marketing have a positive impact on the overall performance of the insurance industry.

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Introduction

The insurance industry contributes to the continued growth of a nation's economy as well as its social infrastructure. In the event that a customer needs to file a claim, insurance companies are there to support and defend them. Due to the highly competitive nature of the insurance industry, many companies have begun adopting the practices of digital marketing in order to either increase their hold on the final market or strengthen their ties with their customers, ultimately leading to an improvement in the performance of the company (Vijay, 2019).

Advertising of a company's products and services through digital media can be directed toward a specific demographic of consumers. "Online marketing" and "digital marketing" are both terms that refer to the process of promoting businesses through the use of the internet and other forms of digital communication. Not only e-mail, but also social media and internet advertising are included in this category of marketing channels. Additionally, text and multimedia communications are included in this category (Hacioglu, 2019; Rowley, 2011).

According to "The Fourth Face of Digital Marketing," the final paternity principle of digital marketing is a direct marketing that links consumers with sellers digitally via media technologies such as emails and websites as well as online forums, newsgroups, interactive television, and mobile communications. This type of digital marketing is also known as "direct marketing." Because customers spend
a significant amount of time online, marketers utilize a wide variety of digital strategies and platforms in order to communicate with them, (Diez-Martin et al., 2019).

The advent of the twenty-first century has witnessed a number of advancements in financial services all over the world as a direct result of the digitization of financial transactions and the growth of the economy on a global scale (Hacioglu & Seygilıoglu, 2019). These new developments will have an immediate and direct effect on the sales effectiveness, market structure, and overall productivity of the insurance industry. Numerous breakthroughs in human knowledge have become feasible as a result of the ever-increasing presence of technology in everyday life, (Diez-Martin et al., 2019).

In the past ten years, there has been an explosion in the use of digital marketing strategies across all industries, but particularly in the insurance markets of developing countries. Customers in the insurance industry, in particular, have reaped significant benefits from the internet's provision of digital marketing services in recent years. Because of internet banking, financial institutions are now in a better position to establish and keep close ties with their customers, reduce their operating and fixed costs, and improve their overall performance financially (Hacioglu & Aksoy, 2021; Aksoy & Hacioglu, 2021). These banks and insurance companies are developing online services to ensure that they can continue to provide a level of service that is on par with their competitors as a guarantee to the customers they serve. Digital marketing services have become increasingly popular among financial institutions and insurance companies in recent years. This is primarily due to the fact that using these services is one of the most cost-efficient ways to distribute their products, (Ng'Ang'a, 2015).

The rise of digitalization has been beneficial to the one-of-a-kind marketing strategies utilized by the insurance industry (Hacioglu, 2019; Hacioglu, 2019b). As a direct consequence of this, insurance companies have already started to make the most of this newly discovered opportunity to increase their profits. Because of the intense competition, it is difficult for each player to differentiate themselves from the crowd and adjust to the ever-evolving requirements of their clients, (Vijay, 2019).

An insurance company's marketing efforts are absolutely necessary if it is to achieve success in the insurance industry, which is characterized by intense competition and the transaction of intangible goods. When shopping for insurance products, consumers want to pay reasonable prices, find a company that places a strong emphasis on marketing, employ distribution strategies that are effective, and receive excellent customer service. New channels of communication with potential customers are made available to businesses thanks to digital marketing. It is interesting to note that almost forty percent of customers with internet access search for information in advance online, but seventy-five percent of these customers will still go through the standard process of signing a policy in person with an agent. Customers are conducting research on the internet to find information about insurance that will assist them in making a purchasing decision. Because of the shifting behaviors of customers, insurance policies also need to be modified, which is why so many businesses are currently in the process of doing so. The potential of the internet has been recognized by a number of different insurance companies, and these companies are making significant investments to take advantage of it, (Emanuelsson, 2019).

Digital marketing can take many different forms, such as the use of websites that provide businesses with the ability to track the number of people who have seen their advertisements over the course of an hour, a day, or a month, as well as the amount of time that each viewer spent on each advertisement (exposure time). Other types of marketing include "social media marketing," which refers to the promotion of a company or website on a variety of networks and well-known media channels such as Twitter and LinkedIn. This type of marketing is just one example of the many different types of marketing. When businesses promote their websites through social media marketing, they can anticipate an increase in website traffic as well as an increase in website revenue, (Jayadeva, 2022).

Mobile advertising is a form of digital marketing in which promotional text messages sent to mobile devices are used to disseminate information about a company's products and services. Email marketing, on the other hand, encourages customer loyalty and may provide fantastic benefits for customers by allowing them to sign up for newsletters that keep them up to date on new products, launches, and other deals that are provided by the company on a regular basis. This keeps customers informed and engaged with the company, which in turn increases the likelihood that they will continue to be loyal customers. Email marketing. In addition, online blogs and articles give the audience they are targeting an inside look at the company as well as the opportunity for direct communication with the employees of the company. On the other hand, an online market allows multiple third parties to provide product and inventory information while the marketplace operator handles the actual transaction processing. This category of marketplace is represented by a wide range of online platforms, including eBay, Bid or Buy, OLX, and Deal Fish, amongst others. These stores make it easier for their customers to shop by providing a variety of conveniences, some of which include price reductions and free delivery services (Post sales services). (Jayadeva, 2022). Because the insurance industry is always evolving and transforming, it is necessary to conduct an analysis of the influence that digital marketing strategies have on the overall performance of the insurance sector. This is the primary objective of the research (Jayadeva, 2022).

Digital marketing practices play a leading part in the growth of enterprises mainly due to the fact that a digital marketing strategy aids in identifying customers who the business can competitively serve, and tailoring product offerings, prices, distribution, promotional efforts, and services towards those customers.
In addition, a sound strategy enables an enterprise to develop long range plans which ensure survival, profitability, growth, and perpetuity. Marketing of products is a challenge that faces many entrepreneurs. However, research can be undertaken to enhance insurance sector’s growth and survival.

The study will benefit the scholars and researchers who will gain insight on effects of digital marketing practices on performance of firms and organizations. This study was carried out to establish the influence of digital marketing practices on performance of insurance sector.

The study adopted a desktop methodology. Desk research refers to secondary data or that which can be collected without fieldwork. Desk research is basically involved in collecting data from existing resources hence it is often considered a low-cost technique as compared to field research, as the main cost is involved in executive’s time, telephone charges and directories. Thus, the study relied on already published studies, reports and statistics. This secondary data was easily accessed through the online journals and library.

This paper continues with theoretical and empirical review in the next section. A critical approach linking with the effect of digital marketing practices on performance of insurance sector continue with research gap. Finally, this paper concludes with recommendations, limitations and suggestions.

**Theoretical and Conceptual Background**

**Innovation Diffusion theory**

Rogers proposed the idea in 1995 when it was first considered. Rogers (1995) identified five distinguishing features of innovations, each of which played a significant role in the process of innovation adoption. Venkatraman and Price (1990) concurred with Rogers in his assertion that there are particular aspects of a product or service that have an impact on the process of product or service diffusion and can play a role in determining the degree to which consumers accept new products or services. According to Rogers (1995), the relative advantage of an innovative product or service is its offering in comparison to other products or services already on the market, which speeds up the rate at which the target market adopts the product or service. The habits and routines of consumers' daily lives also play a role in determining how quickly the product is adopted by the general public.

According to Rogers (2009), the decision to adopt an innovation is based on the perceived advantages of the innovation, how compatible it is with already established systems and processes, how complex the innovation is, how simple it is to test out, and whether or not the results of adopting the innovation are easily visible. This model is appropriate for this research because it sheds light on the steps involved in the adoption of digital marketing as well as the factors that encourage insurance companies to adopt digital marketing. According to Kihinji (2014), the use of digital advertising has a number of advantages, some of which are increased brand awareness, increased sales, and improved customer relations.

**The Technology Acceptance Model (TAM)**

David Fred first proposed the Technology Acceptance Model (TAM) in 1986 as a way to better understand and predict how people will react to new technology. The theory proposes that what determines usage of a new technology system is affected either directly or indirectly by the user’s attitude and intentions, as well as the user’s perception of the usefulness of the system and their perception of how easy it is to use (Davila et al., 2003). This theory is appropriate for this research because digital marketing is still a relatively new phenomenon on a global scale. The strategies analyzed in this paper are, for the most part, straightforward and easy to implement for technologically literate individuals (Minama, 2016). The adoption of a technology, in this case digital marketing, is said to be determined by the perception that the user has on its usefulness and ease of usage, according to TAM.

**Empirical review**

Kihanya (2018) carried out research with the intention of determining the impact that integrated marketing communication tools have on the overall performance of businesses in the insurance industry using the Kenya Orient Insurance Limited as a case study. This study employed a descriptive research strategy. 384 people were surveyed, including 302 agents and 82 members of the company's executive team at various levels of management. For this study, the researcher collected primary data through the use of questionnaires. Data was gathered from primary sources using questionnaires. The questionnaire was administered one-on-one to each respondent by the researcher. This study used descriptive statistics and a statistical package for the social sciences to analyze the quantitative data (SPSS). In the study, it was found that advertising services through the most important media channels had a significant impact on company performance, including: above-the-line media such as TV, radio, newspapers, and billboards; below-the-line media such as wall branding, newsletters, and leaflets; and social media such as Facebook and YouTube.

Nikanloo and Zendehdel (2017) did a study to find out how using marketing strategies affects performance through supply chain performance in the insurance industry. A questionnaire was used to gather the information. The survey's statistical sample consists of all of Iran Insurance Company's Mashhad employees, chosen at random from the company's workforce. Analysis of questionnaire data is done using LISREL and SPSS software. Using marketing strategies has a positive impact on supply chain performance, which in turn has a positive impact on marketing performance, but supply chain performance has a positive impact on financial performance through marketing.
According to a study conducted by Esfidi, Daghighi, and Esmaeeli (2019), the internet's impact on life insurance marketing performance and efficiency in Iran was specifically studied and measured in the study. To do so, the internet's role in communication, marketing, sales, improving brand image, cost reduction, and competitive advantages was examined. According to the findings of the research, internet-based life insurance marketing is more effective. In addition, data bases and human resources are shown to be the most important items for improving the efficiency of internet-based life insurance marketing.

In addition, Wambugu, Maina, and Ndung’u (2021) conducted research to determine the effects of strategic marketing on the market penetration of general insurance companies in Kenya. The study's goals were to determine whether direct response marketing has a significant impact on the market penetration of general insurance companies in Kenya, whether electronic marketing has a significant impact on the market penetration of general insurance companies in Kenya, and whether strategic alliances have a significant impact. The resource dependence theory, the commitment trust theory, and the resource-based view theory guided the research. A total of 160 employees in general insurance companies in Nyeri County were surveyed, and a sample of 64 was chosen from that group. The questionnaires were used to gather information. The relationship between the dependent and independent variables was established through the use of multiple regression analysis. Coeff/beta =0.131, P-value= 0.001), electronic marketing had a positive but insignificant effect (Coeff/beta =0.162, P-value=0.063), and strategic alliances had both a positive and significant impact on market penetration (coeff/beta = 0.196, P-value =.031). If the general insurance companies wanted to increase their market share, they had to be innovative and use strategic alliances as a marketing strategy in addition to traditional direct marketing methods.

Knowledge Gaps

Studies by Nikanloo & Zendehdel (2017), Wambugu, Maina, & Ndung’u, (2021), Rezvani, Parsaei, & Fathollahzadeh, (2018), Mathews et al., (2016), Ahadi, & Saberian, (2021) and Davhana, (2019) had knowledge gap. In addition, all the mentioned studies did not establish the effect of digital marketing practices on performance of insurance firms. Therefore, the current study seeks to address these knowledge gaps.

Methodology gaps


An investigation into the impact of e-business strategies

An investigation into the impact of e-business strategies on insurance company performance in Nairobi Kenya was conducted by Chepkwony, (2018). Information systems, information technology platform functionalities, mobile phone technology, online delivery of services, advertising, and automated risk analysis were the independent variables for the study. Firm performance was the study's dependent variable. The study was carried out using a descriptive cross-sectional research design. 55 insurance companies in Nairobi County were included in the study's sample size. The questionnaire was completed and returned by 45 insurance companies, resulting in an overall response rate of 81%. Descriptive statistics, such as frequencies, percentages, means, and standard deviations, were used to examine the data. Multiple linear regression was also used for inferential statistics. The researchers were able to determine the overall impact of e-business strategies on firm performance using multiple linear regression analysis. Information systems, online services, and automated risk analysis were found to have a negative beta coefficient with insurance company performance in a further examination of these factors. The study's findings, which had a 95% confidence level, suggested a strong link between insurance companies in Nairobi Kenya's e-business strategies and their performance. According to the findings, insurance companies should make IT infrastructure investments and implement technology-enhanced processes. Employers require adequate training on the use of e-business platforms, as well as collaboration with providers of digital services to enable them to store and market their products and services online.

Digital marketing strategies and the marketing performance

Digital marketing strategies and the marketing performance of Kenya's top 100 SMEs were the focus of a recent study by Kasimu, (2017). For this study, the primary goal was to examine the impact of digital marketing strategies on the marketing performance of the country's top 100 small and medium-sized enterprises (SMEs). A regression design was used in the study. The researcher created a questionnaire for data collection from the Top 100 SMEs and 100 SMEs formed the study's target population. Random sampling was used to select 30 of the Top 100 SMEs in Commercial and Trade, Service, Construction, and Technology sectors using a stratified random sampling technique. Only the top 100 small and medium-sized businesses in 2016 were considered for this research. Drop and pick data collection was used to gather information from a representative sample of small and medium-sized businesses. Regression analysis was used to determine the significance of the correlation coefficient on the association between the variables based on quantitative data. SME marketing performance was significantly influenced by the use of digital marketing strategies, according to a recent study. The study found that SMEs’ marketing performance improves when they use digital marketing strategies. Small and medium-sized businesses (SMEs) should use digital marketing tactics like social media, SEO, display advertising, and the
creation of websites and blogs. The study concluded that further research was needed to compare the results of the study with those of other small and medium-sized enterprises (SMEs) and different levels of company hierarchy.

In his research, Kithinji, (2016) focused on the internet marketing and performance of small and medium-sized businesses in Nairobi County. The study's goals were to determine the extent of internet marketing use by small and medium-sized enterprises (SMEs) in Nairobi County, to identify the challenges SMEs in Nairobi County face when implementing internet marketing, and to examine the impact of internet marketing use on SMEs' performance in Nairobi County. This was a descriptive survey with a sample size of 90 small and medium-sized businesses. SMEs' top executives completed questionnaires to provide us with primary data. Frequencies, percentages, means and standard deviations as well as factor and regression analysis were used to analyze the collected data. Research found that internet marketing was used at a moderate level and that SMEs were unable to use internet marketing due to various obstacles. It was the fear of losing current customers who were unable to access the internet that was the most common obstacle to implementing internet marketing. The study found that the most pressing issues were a lack of funds for internet marketing integration and a scarcity of IT specialists. The success of small and medium-sized businesses (SMEs) has been boosted by internet marketing. Internet marketing techniques such as using social media and creating websites were the most widely used. Profitability improved, market share grew, and they were able to expand their market share. As a result of implementing internet marketing strategies, these small and medium-sized businesses have improved their public image, gained a competitive advantage, increased customer loyalty, and opened up new markets.

The impact of e-marketing practices

Researchers Adede, Kibera, and Owino (2017) investigated the impact of e-marketing practices on the performance of Kenyan telecommunications companies. All Kenyan telecommunications companies were included in the study's population. Semi-structured questionnaires collected primary data while industry performance reports retrieved secondary data for this study. Descriptive statistics, factor analysis, and regression analysis were all used to analyze the data. The results showed a statistically significant link between e-marketing practices and organizational success. The results of the competitive environment's moderating effect on the relationship were also statistically significant. According to the findings, companies that have adopted e-marketing practices have also shown better results. Although e-marketing practices contribute to organizational performance, the competitive environments in which they operate necessitate the development of mechanisms that enable scanning and adapting to the competitive environment for competitiveness and better performance. This relationship is therefore moderated by the competitive environment. However, an organization's demise is still possible even if the company employs appropriate marketing strategies, such as, for example; electronic marketing practices.

Manyaga and Hacioglu (2019) investigated the impact of mobile telecom service characteristics on consumer satisfaction in urban Uganda, using a Servqual model. The association between customer satisfaction level and service quality characteristics has been tested with a regression analysis. In their study, assurance as a Servqual dimension has been substituted with tariffs to exhibit its effect on customers' satisfaction levels. Findings verified that some of the Servqual dimensions including reliability, empathy, and responsiveness have been positively affecting the customer satisfaction level in the Ugandan context. The study also demonstrated that the prices of products and services of telecom companies were not the major concerns for telecom consumers in Uganda. The study, finally, provides some practical guidelines to managers of telecom companies as well as hinting out which Servqual dimensions are valued most by customers in Uganda.

Another study by Mobydeen, (2021) aims to investigate the impact of digital marketing practices on the organizational performance of Jordanian mobile phone companies. Methods of descriptive and quantitative analysis are employed by the researcher. As opposed to this, the data was collected from an independent sample of Jordanian telecom companies using a well-structured questionnaire that included (40) questions based on the systematic variation of the study variables and examined the impact of digital marketing practices on organizational performance. This questionnaire included five sub-dimensions (Email Marketing, Social Network Marketing, Mobile Phone Marketing, Website and Organizational Performance). As a result, a representative sample of Jordanian telecom company managers, team leaders, and supervisors was chosen for this study. A mean of 3.652 (SD=0.7224) was found to indicate moderate presence of digital marketing in all its forms in relation to the performance of the telecommunication company (the main dimension). All Jordanian telecommunications companies have shown great positive movement over the past five years, which indicates that digital marketing has had a significant impact on their business. The most important conclusion is that all forms of digital marketing have an impact on the telecom company's performance and improve the results of digital marketing. For this reason, some digital marketing tools are clearly superior to others in terms of their impact on a business' performance.

In their study, Rezvani, Parsaei, and Fathollahzadeh (2018) attempt to measure the effect of viral marketing on the success of developing a new financial service. New financial service's success can be predicted using viral marketing indicators, such as the number of online comments and their evaluative value, user specialization and visual features. To that end, a standard questionnaire based on a Likert scale was created and administered to 224 employees of Tehran-based life insurance companies. For the statistical analysis, we used SPSS and Smart PLS software, as well as structural equation modeling (SEM). New financial service's success is influenced by viral marketing indicators, such as the number and valence of online comments, as well as visual features and the specialty of the responders.
A conceptual model of Internet marketing capabilities

A study by Mathews et al. (2016) looked at the potential of internet marketing and the expansion of the global market. A conceptual model of Internet marketing capabilities and international market growth is developed and tested using structural equation modeling (SEM) on a sample of 224 Australian firms. Companies that use Internet marketing capabilities will reap the benefits of reduced information uncertainty and increased capacity to develop international network capabilities, according to the findings. Furthermore, when a company has a strong international strategic orientation and international network capabilities, Internet marketing capabilities can indirectly lead to growth in the international market. As a whole, Internet marketing capabilities help the company develop other internal capabilities that in turn help the company grow on the world market.

A comparative study by Ahadi, & Saberian, (2021) on the comparison of content marketing influence through social networks and traditional marketing has focused on increasing customers’ willingness to buy life insurance. All Iranian insurance and savings insurance providers were included in the study’s sample size. In total, forty people were subjected to various tests and controls. The study found that while both traditional and content marketing methods increase the desire to buy life insurance, the increase in the desire to buy content marketing audiences is significantly higher than the other. As a result, the use of relevant messages has a significant impact on the marketing of life insurance.

In Malaysia, Mustafa et al. (2018) conducted a study to determine the impact of marketing strategies on travel insurance services. Research aims to determine how marketing strategies affect travel insurance companies' effectiveness. The four strategies of marketing are often referred to as the "4Ps" In Shah Alam, the majority of the staff at Ace Jemeh Insurance Bhd, Tune Insurance, Etiqa Insurance, and Takaful Insurance have begun the study, which is currently in progress. When it comes to a travel insurance company's sales volume, cost management, innovation and customer satisfaction, the study found a strong link between a company's marketing strategic factors (such as its product or sales promotion).

Davhana, (2019) conducted an exploratory study to see how mobile advertising affects short-term insurance customers. In this study, the researchers look at whether or not marketers are reaping the benefits of using this medium to reach their target market. Results show that consumers in the short-term insurance industry are influenced by mobile marketing. When mobile advertising appears to have no effect, it was also thought to have a mass marketing approach at its root. Customers expect mobile marketing messages to be completely tailored to their specific needs, tastes, and preferences, as well as their geographic location and the time of day. Additionally, marketers are advised to incorporate campaign metrics, targeting, and optimization into their workflows for maximum impact.

Conclusion

Companies can now reach out to (potential) customers in new ways thanks to digital marketing. Despite the fact that nearly 40% of customers with internet access seek information in advance online, three quarters of these customers will proceed to sign the policy in the traditional manner with an agent. This is a significant development. As technology has become more ubiquitous in human life, numerous advances in human knowledge have been made possible.

The insurance industry's innovative marketing strategies can now be developed with the help of new digital tools. Because of this, many insurance companies are now making significant investments in the internet. The study found that the use of digital marketing strategies has a positive effect on the insurance sector's performance. Profitability improved, market share grew, and they were able to expand their market share. Increased customer loyalty and access to new markets are just some of the benefits of internet marketing for the insurance company.

According to the critical review of studies reviewed in this paper, insurance companies should make IT infrastructure investments and implement technology-enhanced processes. Employers require adequate training on the use of e-business platforms, as well as collaboration with providers of digital services to enable them to store and market their products and services online. Aside from using traditional methods of marketing (such as direct mail), the study advises general insurance companies to be innovative by implementing new strategies, such as digital marketing, in order to gain a larger share of their target market. This is due to the fact that strategies for digital marketing have a positive impact on the overall performance of the insurance industry.

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