

# **Analysis of Problems of Insurance Marketing and Innovation Path**

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**Key words:** Insurance marketing, Problem, Innovation path.

**Abstract.** Insurance marketing is crucial for the development of insurance industry and decides economic benefit of insurance enterprises. Since insurance marketing project is tedious, marketing problems often occur in practical operation process, affect economic benefit of enterprises and bring about adverse effects on enterprise development. Thus, insurance marketing personnel should pay attention to marketing mode innovation, continuously introduce advanced technology, enhance propaganda work, make sure no serious economic loss is caused to enterprises, and lay a favorable foundation for enterprise development.

## **Introduction**

At present, national insurance enterprises have put forward many marketing problems in actual development process, carried out innovation of insurance marketing in problem solving process and gained certain achievements. Not just does work efficiency of insurance marketing improve, but also competitive capacity of enterprises is enhanced. Hence, enterprises develop to a better direction.

## **Causes for insurance marketing problems**

From 1980s, insurance enterprises started to develop rapidly. Large development space exists. However, because current insurance marketing is still in promotion state, most insurance enterprises still apply agent marketing mode, i.e. huge-crowd strategy, and continuously recruit all kinds of marketing personnel to promote insurance products. In such circumstance, how do national insurance enterprises occupy a position in the market and how to improve insurance marketing benefit? These key problems need to be solved. To better survive, insurance marketing enterprises should attach importance to analysis of various problems and adopt effective measures to solve problems to avoid adverse effects on their economic benefit.

## **Analysis of insurance marketing problems**

In the development process of national insurance enterprises, marketing problems occur frequently. They can neither boost economic benefit nor provide good insurance service for people. Besides, they suffer serious economic loss. The detailed marketing problems include the following:

### **Backward insurance marketing concept**

Insurance marketing concept decides the attitude of insurance enterprises to marketing work and directly influences marketing efficiency. But, many insurance enterprises fail to establish correct marketing concept, mainly reflected in the lack of scientific and rational customer orientation work, lack of thorough marketing planning work and lack of market analysis etc.

Firstly, there is lack of scientific customer orientation work. Marketing concept of many insurance enterprises falls behind. They consider people will purchase insurance products under the influence

of external force. Hence, insurance marketing personnel will apply high pressure promotion mode. For example, they promote the sale of products in the residential area and sell products through telephone. Although they will succeed in promoting a product, they cannot formulate marketing system according to customers' actual needs. This results in adverse effects. Meanwhile, many insurance enterprises depend on propaganda and promotion of high-profit products, and cannot innovate for products according to customers' actual needs. Thus, customers generate contradiction mentality. These cannot facilitate rapid development of insurance enterprises.

Secondly, there is lack of thorough marketing planning work. Before insurance marketing, planning work is important and beneficial to insurance enterprises to increase their economic benefit. However, many insurance enterprises do not make market research before marketing, cannot carry out product innovation according to people's needs, and only value promotion link. Thus, products lack good reference data. Compared with Chinese insurance enterprises, foreign insurance enterprises will implement market research and analysis, and formulate thorough marketing strategy to improve marketing benefit before entering China.

Finally, there is lack of market segmentation. During studying marketing of insurance industry, some foreign experts hold that customers have certain differences and different needs, and the interests they pursue are also diverse. Insurance enterprises must segment according to customer's needs. But, Chinese insurance enterprises do not approve such idea, and cannot sort and handle products. Under the wrong guidance of sales personnel, many people with low income purchase some improper products in order to gain high returns. Once the capital market is sluggish, the products have no so high returns and the promised effect cannot be reached. In such condition, the reputation of insurance enterprises suffers adverse effect.

### **Insurance category isomorphism problem**

There are many same insurance categories in insurance market. This phenomenon is serious. When each insurance enterprise launches a product, mutual imitation is shown. Serious isomorphism problem exists, regardless of insurance articles or income. Although insurance categories will be updated frequently, the needs of people at each consumption level cannot be satisfied in actual marketing process. In addition, many insurance categories cannot be combined freely. For example, property insurance category mainly aims at motor vehicle, enterprise property and goods transportation etc. However, foreign property insurance owns huge development potential, including liability insurance and credit insurance etc. These insurance categories occupy a small proportion in China. Personal insurance is taken for example. Although the growth trend in Renshou County is good, there are only several categories of personal insurance in actual marketing process, mainly including endowment insurance and mixed insurance. Consumers' needs are not valued. Since national insurance enterprises fail to fully study the market and cannot set insurance categories according to different occupations or people with different income level. At present, modern medical liability insurance and lawyer liability insurance are few and even blank in national insurance enterprises. If insurance enterprises cannot cognize their mistakes and update insurance categories, the problems affecting their development will occur.

### **Defects of insurance marketing channel**

There are defects in insurance marketing channel. These defects not merely influence their economic development, but also restrict their long-term development. The detailed defects of marketing channel include the following:

Firstly, defects exist in individual agent marketing channel. Two defects often occur in individual agent marketing channel. The first one is that principal-agent relationship rather than employment relationship exists between insurance enterprises and individual agents. Thus, agents often show loose working state and even will not implement work according to enterprise objective. The second defect is that large staff turnover appears in many insurance enterprises. This may easily result in the rise in marketing cost. Besides, individual agents are not formal employees of insurance enterprises,

and their sense of belonging to the enterprises is poor. According to the statistics, the turnover rate of individual agents of insurance enterprises is as high as 80%. This is very adverse to insurance enterprises, and even serious economic loss will be caused to insurance enterprises.

Secondly, many defects exist in part-time agent channel. In the working process, adverse problems may occur easily and thus influence enterprise development. Firstly, national insurance enterprises will set insurance categories in banks, and insurance categories of many banks are dominated by sharing out bonus, and they do not set profitability gap. Thus, the problems adverse to long-term development of insurance enterprises occur. Secondly, the level of banks with which many insurance enterprises cooperate is very low. Generally, they have the relationship between agent and handling charge. Insurance enterprises have no certain business source, and the agreement term they sign is short. So, they cannot improve economic benefit. Thirdly, Insurance enterprises and other insurance companies show competitive relationship, and they will carry out competition battle with high handling charge proportion. Thus, insurance enterprises with low economic benefit have lower economic benefit, and adverse effects are caused to them.

### **Few professional insurance marketing personnel**

Currently, there are very few professional insurance marketing personnel. Thus, marketing quality reduces. Marketing personnel cannot recommend products according to customers' needs and even mandatory consumption behavior will occur. These bring about adverse effects on the development of insurance enterprises. Therefore, professional quality and service quality of marketing personnel of national insurance enterprises should improve.

### **Marketing mode innovation path of insurance enterprises**

Foreign insurance experts propose that insurance enterprises in insurance market no longer compete for marketing products, but for marketing concept innovation. Marketing concept directly decides economic benefit of insurance enterprises. So, marketing personnel of insurance enterprises must value the following innovation modes;

#### **Marketing mode innovation**

Insurance enterprises should pay attention to the following marketing management innovation methods in order to improve their economic benefit and facilitate long-term development:

Firstly, agent marketing mode should be established. In the development process of insurance enterprises, individual marketing mode of agents has direct connection with economic benefit of insurance enterprises. Individual agent marketing mode can be applied. In other words, insurance enterprises arrange personnel to provide door-to-door service in the specified area, guarantee supply of high-quality service and facilitate close connection between customers and insurance enterprises. After a period, they may offer favorable charging, insurance and claim settlement services. Besides, insurance enterprises should implement market cultivation and business expansion marketing mode, and open up new marketing channels. Insurance enterprises should assess individual agents in order to combine individual agents with collection and expansion. After they pass the examination, they can be included in the collection and expansion system and become an employee of collection and expansion. At the same time, for the individual sales persons who fail to enter the collection and expansion system, professional talent system should be formulated to make sure they can become professional sales persons. In this process, marketing personnel of insurance enterprises must allocate the customer sources in the region that they are responsible for and make sure individual sales persons can work as required. In addition, insurance enterprises also need to formulate sound talent training objective so as to better improve professional level of individual agents<sup>[1]</sup>.

Secondly, professional quality of marketing personnel should improve. To improve their marketing efficiency, insurance enterprises need to formulate sound talent training measures. Firstly, performance evaluation mode should be formulated. Performance evaluation mode should be applied

to boost service quality of marketing personnel. Traditional performance evaluation mode is based on sales volume of marketing personnel, and the wage also forms in the form of push money. Thus, marketing personnel only focus on their sales volume and ignore service quality. This gives rise to adverse effects on enterprise development. Hence, management personnel must attach importance to valuable information acquired by sales personnel. Even if the product sales contract is not signed, the performance can improve as long as there are certain potential customers. Meanwhile, for valuable information acquired by sales personnel, good improvement basis can be provided for insurance enterprises. Hence, the development efficiency of insurance enterprises improves. Secondly, it is required to enhance training and guarantee professional quality of individual agents. Insurance enterprises must provide marketing knowledge training regularly for individual agents and make them master professional skills. At the same time, ideological and political education should be enhanced to make them own certain professional ethics and then form good brand effect<sup>[2]</sup>.

Thirdly, commission payment mode should be reformed. Insurance enterprises must adjust commission proportion in commission payment mode reform, reduce the commission proportion in the first stage and then extend commission payment time. In this way, short-term behaviors of agents can decrease and then turnover rate of individual agents can reduce. Secondly, in adjustment of commission payment mode, it is required to establish thorough commission system, add assessment of agents, pay fixed wage to them, set rational commission proportion system and improve marketing efficiency of individual agents. Finally, performance assessment should be based on comprehensive assessment. The assessment content should differ from traditional sales volume assessment. The performance, business and service quality of individual marketing agents are combined to form a scientific assessment system. Besides, in the process of commission payment reform, once complaints occur in new insurance policy feedbacks, certain punishment should be given, and it is required to make sure there is no influence on the development of insurance enterprises<sup>[3]</sup>.

Fourthly, professional insurance agency department controlled by insurance enterprises should be set up. In order to enhance core competitiveness of insurance enterprises, relevant management personnel need to set up a professional insurance agency department. Then, professional insurance agency companies will emerge. In the development process of professional insurance agency companies, insurance enterprises can launch some tedious services and then form professional management mode<sup>[4]</sup>.

### **Insurance product innovation**

In the actual development process of insurance enterprises, insurance product category innovation is crucial. Relevant management personnel must pay attention to the connection between their products and customers' needs. Firstly, product category should innovate. Bonus sharing insurance, life insurance and other comprehensive insurances should be launched according to customers' needs. In this way, consumption groups at each level can purchase insurance products they need. Secondly, product price should innovate. The price of insurance products is interest rate. If the interest rate is too high, market development will be affected. If the interest rate is too low, insurers' economic benefit will be affected. Thus, relevant management personnel must carry out product price innovation for the sake of market stability and customers' economic benefit. After scientific and rational data analysis, product price should continuously innovate so as to lay a foundation for enterprise development<sup>[5]</sup>.

### **Conclusion**

In national development process, insurance industry is the most important economic support project. Thus, insurance enterprises must carry out insurance product and price innovation, reform individual agent marketing system, formulate sound liability system, assessment system and performance system and offer regular professional knowledge and professional ethics training for individual agents so as to improve service.

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