

Importance of Strategic Social Media marketing in insurance sector

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1. Abstract

The research is aimed to evaluate the importance social media marketing in insurance sector as its booming nowadays and companies are able to reach out the customers easily and at their convenience. Insurance is an arrangement by which a company or the state undertakes to provide a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a specified premium. Social media is a powerful way to develop your brand identity and consistently engage with your target audience. Through creative posts, digital marketing for insurance can develop awareness of your product, while at the same time, entertaining your audience. The gross direct premiums of non-life insurers in India reached Rs 1,69,972.48 crore in FY19 and Indian experts expect Indian insurance sector to grow to Rs. 19,56,920 crore by FY20. The insurance industry of India consists of 57 insurance companies of which 24 are in life insurance business and 33 are non-life insurers. The Insurance Regulatory and Development Authority of India (IRDAI) is an autonomous, statutory body tasked with regulating and promoting the insurance and re-insurance industries in India. It protects the interest of policy holders, to regulate promote and ensure growth of insurance industry. The paper explains about the industry and its importance, along with the importance of social media marketing, evolution of social media marketing, evolution of insurance sector, benefits of social media marketing in insurance sector, key players of insurance sector, future scope, challenges are described. The research drives secondary research data and literature review from other renowned research papers.

Keywords:- insurance industry, social media marketing, IRDAI, annual growth rate, functions and number of companies.

2. **Introduction**

In past decades technology has grown massively and so have the changes occurred in each and every industry. There are 3 major types of insurances which are:-

Life insurance:-Life insurance is a contract between an insurer and a policyholder in which the insurer guarantees payment of a death benefit to named beneficiaries when the insured dies. The insurance company promises a death benefit in exchange for premiums paid by the policyholder.

General insurance:-General insurance are contract that do not come under the ambit of life insurance. The different forms of general insurance are fire, marine, motor, accident and other miscellaneous non-life insurance.

Health insurance:- Health insurance is a type of insurance coverage that pays for medical, surgical, and sometimes dental expenses incurred by the insured. Health insurance can reimburse the insured for expenses incurred from illness or injury, or pay the care provider directly. It is often included in employer benefit packages as a means of enticing quality employees, with premiums partially covered by the employer but often also deducted from employee paychecks. The cost of health insurance premiums is deductible to the payer, and the benefits received are tax-free.

Social Media is a common thread running through all definitions is the blending of technology and social interaction for the creation of value. More specifically, social media may be defined as a group of Internet-based applications that allow for the creation and exchange of user-generated content. Marketing and advertising industry have revolutionized at an unprecedented rate over past few years. Social media marketing refers to techniques that target social networks and applications to spread brand awareness or promote particular products. Social media marketing campaigns usually center around, establishing a social media presence on major platforms. Big brands can be out smarted without making huge investments, and small brands can make big names for themselves. More than 250 million people are active Facebook users. More than 346 million people read blogs, and 184 million people are bloggers themselves. Twitter has more than 14 million users, and YouTube claims more than 100 million viewers per month. More consumers are connected than ever before, and every second a company is not engaging in social media is a wasted opportunity. Getting such a great number of audiences easily at cheaper price along with various features to market niche and limit advertisement to targeted audience is great advantage of social media marketing. But utilization of social media for advertisement requires knowledge and skill. There comes the part of strategic social media marketing.

A social media marketing strategy is a summary of everything you plan to do and hope to achieve on social media. It guides your actions and lets you know whether you're succeeding or failing. Every post, reply, likes, and comment should serve a purpose.

Website	Year of establishment	Users
Linkedin	2003	230 million professionals
Facebook	2004	1.5 billion users registered
Youtube	2005	1 billion youtube visitors
Twitter	2007	225 million active users

Table no.1 sources (<https://www.the-digital-insurer.com/wp-content/uploads/2015/04/498-leveraging-social-media-across-the-insurance-lifecycle.pdf>)

survey taken in the year 2013

3. Evolution of social media marketing

As the industrial revolution occurred, similarly marketing industry has been evolving by a decade and is becoming technology driven rather than being time and labor consuming. This required highly skilled employees with new technologies to automate various processes with new software which is known as marketing automation. The difference I'm talking about with relevance to marketing automation and evolution is such that software like act-on which could provide one with contacts according to the targeted segments and could definitely reach out to the prospects in minutes this is evolution taken place in the field of marketing. It is believed by experts that the next generation social media platform will be based on artificial intelligence and machine learning.

1971

First email sent

1986

Listserv

It's an automated mailing list manager.

1988

Internet relay chat

It was an open protocol that allowed users with an IRC client to exchange text messages in real time over the internet. it was one of the first chat systems to allow more than two participants to join in an discussion.

1996

Sixdegree.com

It is considered to be first social networking site.

2002

Friendster

It was once the best thing in social networking.

2003

Linkedin

Social media for business

2004

Facebook

King of social media networking

2005

Youtube

Online video streaming platform

2006

Twitter

Platform where you could easily communicate with celebrities

The beginning of social media revolution

2009

Whatsapp

It was a messaging platform

2010

Instagram

It gave tough competition to facebook

2011**Snapchat**

It revolutionized the social media by adding feature of posting stories and now everyone is following it.

2017**Tiktok**

video sharing platform where users can edit video and share it.

4. Literature review:-

Drastic development in the software industry, penetration of internet in the people lives leads to become the connection of the medium from web world. The wired computers have been emerged as wireless, introduction to 4g made globe small village the connectedness and dynamicity of internet is revolutionizing the traditional models of society from technology to academics to administration to entertainment. Still, the internet is considered as a source of information gathering for the majority of your customers. Many people are there who still prefer the live interaction when they buy. This may deter customers from buying if you have a small business with one location. The insurance sector has still been reluctant to adapt E-business due to factors such as lack of essential software facility, on awareness among customers and security issues. But gradually through social media insurance companies started creating campaigns and made people aware about the product, price and reason to buy. Now it became easier for customer to compare the product and penetrate the market and that's where online insurance companies are having a competent advantage in selling the insurances at low premiums to attract more customers. This is how social media and e-commerce platforms are growing insurance sector and yet the scope of insurance sector in India is very high. (DR. R. KARTHI in 2003) Electronic marketing as one of the most important aspects has been applied by many companies of the world and they are penetrating markets. Insurance being an important part of economy plays vital role in individual's life nowadays. Life insurance is becoming an integral part of individual with context to savings of one's life and helping at overall macro level. So as an important part of one's life insurance has become more easier to sell as individual's standard of living has increased. Consumers want security for each and every purchase they do and so insurance industry has boomed in last few decades. (DR. MOHAMMAD HOSSINPOUR – april 2014) There are certain drawbacks as well in insurance sector where cost of operations, regulatory pressure and inflexible technology infrastructure are increasing and on the other hand economic recession is not allowing to increase the insured

persons, premium and profit growth. The overall competition is increasing, its also compared to pensions's funds, banks and financial institutions in order to define its market share. But insurance companies are keeping all these points in mind and forming such attractive policies to maintain its existing customer base and attract new customers. (*ANANDA RAMAIAH SHETTY - 2019*)

A social networking service (SNS) is an online vehicle for creating relationships with other people who share an interest, background, or real relationship. Social networking service users create a profile with personal information, photos, etc. and form connections with other profiles. These SNS then grow a connecting relationship through sharing photos, emails, instant messaging & commenting. In the above Article there are several characteristics involved for Social Networking Services. (*Will Kenton Updated 2020*). Talking about the growth rate of insurance sector, its around 70-80 % and compared to other industries it has low number of competitors as well. The FMCG industry which is all about needy items, its growth rate is 12-15 %. The number of insured people divided by population is lowest around 5%. This ensures that the scope of this industry is way higher. Despite of recession this sector has noticed 30-40% of growth rate. The 5% population who has insurance is majorly present in urban areas and we all know 70% of Indian population lives in rural areas. This boosts individual to increase its sales. The main hindrance to the industry is that people still take insurance as an tax planning element whereby it as well provides investment planning. This depends upon how much awareness you are creating. Here comes the role of social media marketing. (*yogeshbhanderi - 2013*).

4. Benefits of social media marketing for insurance

Insurance companies are using social media to increase visibility, enhance familiarity, develop relationships and build trust. Perhaps, presently, the primary advantage of using social media is to mine customer data, and utilize predictive analytics to gather customer insights and help customers to take proper decisions. Another key use of social media in insurance industry is to provide customer service in order to build and maintain relationships with consumers. The insurance industry has built its foundation on networking and building a good reputation. Because of this, the potential value of social media to insurance companies is quite extraordinary. As a result, insurance companies are investing a great deal of time and resources in social media marketing. There are numerous articles regarding the importance of insurance companies using social media to their advantage. The theme of most articles is that companies should use social media in all its forms as early as possible, not to overtly sell their products and services, but to build consumer relationships, based on trust and the exchange of information. The goal of developing these relationships is the creation of market presence and product branding, which, in turn, should generate new customers. Additionally, social media is being utilized as a customer-service tool. Insurance companies utilize social media to inform and communicate with insurers regarding the claims process and other relevant and timely information. Before social media, a company facing a public relations crisis often hurried to spend a large amount of money on an ad campaign. While companies had some evidence this helped, many insurance consumers already distrust insurance companies and are skeptical of marketing efforts. Social media, on the other hand, allows

companies to share information in much smaller pieces that can speak directly to a consumer's needs and in a language that is much more meaningful to the average consumer.

The marketing of insurance industry is definitely going to help the organization to grow massively. Today starting from industry players, marketers to customers everyone is available online. Digital platform is playing a role of making the world smaller. Social platforms like Facebook, Twitter, Youtube and LinkedIn are means of connecting world with varied organizations and making trade simpler. The biggest advantage of these platforms is that marketing gets cheaper and gives access to much broader target audience. The advent of Smartphone and its evolving internet technology has been given access to the platforms anytime, anywhere. Social media helps an industry in building engagement, strengthening brand authority by backing one's website and content offers.

The 84% of the insurance companies have already marketed their products via social media and got a positive result according to experts. Average revenue generated by insurance companies is \$ 1.4 million in last year. Social media marketing helps to improve customer satisfaction. It detects fraudulent claims and make customers aware about such claim related information. It obtain customer information if they are inactive and provide intimation about upcoming maturities and surrender payments. It creates interactive sessions for problem discussions, product improvement, feedback, and other services. Find the right prospects by sites like linkedin. Social media is highly cost effective marketing channel. It's available 24*7 for customers to access and buy insurance. It's highly effective in peer to peer influential model. Today's youth is mostly found and convinced on social media so its best tool to convince youth of the country. Social media spans borders and time zones and allows insurers to build solid online relationships, leading to improved brand promotion and better trust levels in advance to launching in new geographies.

Hence this proves that the growth of insurance sector has drastically improved, even government is issuing certain norms to increase the sales of insurance.

5. Key players

The insurance industry is present in India since 1818 which used to cater to European community. Gradually the sector started growing by 1870 where India's first insurance company "Bombay mutual life assurance society" got incorporated and after that sector started growing immensely and today there are 57 companies in insurance sector. In the year 1956 the ordinance was issued and 245 Indian and foreign insurers had been absorbed by LIC as there were many cases regarding unfair trade practices and so government decided to nationalize it. Until late 90's LIC had its monopoly and after that private players were invited the sector by government. Today India's insurance sector is growing by 15-20% yearly. In this fast-moving world, many insurance companies are using social media as a tool along with agents. LIC being at top who used to believe in keeping more and more agents to reach out more and more people with changing times has evolved itself and even it is using social media as tool of marketing. The companies using social media are jotted down below:-

LIC:-

For those who thought that only private companies are aggressively using social media space, it might be surprising to know that India's largest insurance provider, the government-owned Life Insurance Corporation of India is on Orkut, Facebook and Twitter via its 'LIC India Forever' handle. It uses social media to disseminate information about products and policy updates. It also has a dedicated YouTube channel for promotional activities and contains information on new products.

Apart from initiatives about customer zones, or how one can become an LIC agent, LIC also introduces fun dedicated Facebook apps like the "LIC Holi hai app" to let the world know how you celebrated Holi this year, color your profile picture with vivid colors and share it with your friends

Reliance General Insurance:-

The Company has capitalized on the speed and efficiency of the web and social media to create online platforms which are very user-friendly and have quick response times. Their online platforms are capable of transactions and issue of digitally signed policies instantly, for most retail products.

TATA AIG GENERAL INSURANCE:-

Tata AIG General Insurance In keeping with the core values of the Tata Group, Tata AIG has worked to build customer relationships and offer customer service by establishing its presence on social networking sites. Apart from using social media for marketing and branding they also use it to respond to customer issues. Their marketing plans include using Facebook and Twitter to manage feedback. Tata AIG's vision for the future can be understood as being that "in times to come customers will interact with social media to manage all the processes that are currently managed by their branches." Need they say more?

Dedicated Facebook apps, simple and engaging contests like "There 4 You" and status updates that shed light on making life healthier and encouraging people to drive safely, are a big part of the company's social media initiatives.

Aviva India:

Research on social media at Aviva has indicated that 95 per cent of their target group was on social media platforms and 74 per cent were happy to engage with brands and services. No surprise then that Aviva India is well entrenched on Facebook, Twitter and YouTube. The company has a customer and a product center on Facebook, that leads to their website, to finalize sales for online products. Plans are afoot to further strengthen social media endeavors on LinkedIn and YouTube.

Aviva's "Want to meet Sachin?" on Facebook together with the recent Aviva Monsoon Moments contest implemented through a dedicated app, is just one example of the company's many social media initiatives.

ICICI Prudential Life Insurance:

Making innovative use of social media through a blend of videos, TVC's and social media campaigns, ICICI is working to build a strong social brand. A Twitter campaign powered by the hashtag '#AchcheBande' trended in February this year. A contest aimed at increasing awareness about their Child Plans was implemented through an interactive app created for the contest on the Youtube page.

Kotak Life Insurance:

Another example of how insurers are using social media to engage with customers and prospects is Kotak Life Insurance. Their Facebook page has updates with tidbits of information called “Faydekibaat” (which incidentally is their tag line) wherein they share tips on health, work, traffic, etc. They have also developed and used dedicated apps, one among which helps customers to buy life insurance worth rupees one crore online.

L&T GENERAL INSURANCE:-

Garnering attention for its campaign for insurance for domestic workers is the latest social media endeavor by L&T. This Father’s Day they had the LikhKe Do Campaign where participants could win a Blackberry for dad hosted on a dedicated Facebook app. Tips to get your car ready for the monsoons is another example of their social media initiatives.

Focus area for social media for insurance companies

	Name	Percentage
1.	Image building and branding	85%
2.	Connecting with customers and agents	64
3.	Consumer feedback and opinion	48
4.	Connecting leads to agents	24
5.	Empowering agents or brokers	18
6.	Recruitment	15
7.	Empowering employees to solve customer problems	15
8.	Fraud investigation during underwriting and claim process	15
9.	Internal networking between employees	12

Table no.2 source (<https://www.the-digital-insurer.com/wp-content/uploads/2015/04/498-leveraging-social-media-across-the-insurance-lifecycle.pdf>)

6. Research Methodology: -

This research is based on desk research methodology and non-empirical research. This research includes literature reviews, conceptual articles, and opinions of various research experts. This paper contributes to the

understanding of current usage of strategic social media marketing in the field of financial service provider and insurance service provider. This understanding is important for identification and promotion of the modern era of marketing in those fields. This study can be used by researchers and young scholars for their future research, publications and collaborations. Since the research is done by studying past researches and publications along with present research held by studying various author's articles.

7. Future scope of strategic Social media marketing: -

In this digital era, brands are trying to connect with their target customers across a range of social media platforms. Many companies are allocating 15-20% of their budget in social media marketing in brand advertising. There are more than 268 million users as per 2019 statistics and India being 10 largest economy and 2nd most populated country. The companies are also customizing their marketing, promotion and collaboration which addresses the customer needs and desires and it's getting innovative and agile day by day. In 2019 according to statistics 90.4% of millennial, 77.5% of Gen X, and 48.2% of baby boomers were active on social media. About 54% of users are searching on social media for products and its reviews. The 2019 new users who joined social media network are 321 million users. The trends of social media marketing which makes it grow faster and faster are: - Influencing marketing, video marketing, augmented reality and virtual reality, chat bots, automation and many more. Marketing is becoming dynamic day by day and these changes are making it grow immensely and these mediums are helping the industry to connect to target audience easily at low cost and attempting to enrich the industry. The industry also occurred to play important role in financial service provider sector and insurance sector. This made possible one click processes where companies now have not that tough time to crack customers as well as they are able to reach out customers nationally via social media at low cost and high profits.

Scope	
Robust demand	Insurance sector targets to reach \$280 billion by year 2020 by innovation and various distribution channels.
Opportunity	Insurance reach is low in india and overall penetration in India is 3.69% in 2017
Policy support	Tax incentives 100% foreign direct investment permitted
Increasing investments	Reduction in net owned fund requirement from Rs. 5000 crore to 1000 crore proposed to facilitate on shoring of international transactions. Companies in india raised around Rs.434.3 billion through public issues in 2017

Table no. source (<https://www.ibef.org/industry/insurance-sector-india.aspx>)

8. Challenges faced in strategic social media marketing

Along with deluge content it has become increasingly difficult for marketers to grab users' attention and attempt to engage with them. The trust issue is majorly faced by every company at present as along with use of technology fraudulent cases have also increased day by day. The experts have a say that they face many challenges in the social media marketing which are given below as followed:-

9.1 Technology Costs and Challenges

To gain maximum leverage from social media, insurers must completely integrate their social media strategy with CRM systems to automate processes and take timely action in response to customer input. Yet this involves significant costs. The amount of data available on social media is massive and insurers need to invest in predictive analytics tools to mine that data and extract valuable customer input. Additionally, insurers need automated systems to monitor social media and offer suggestions to help enhance customer service and satisfaction. With vendors specializing in these services, many insurers have chosen to outsource this work. The IT partner would provide the requisite technical infrastructure to integrate input from social media into the insurer's CRM strategy. It would also monitor customer chatter on social media platforms, analyze the information available, using predictive analytics tools, and provide a consistent stream of valuable insight to the insurer. This would be an ideal way to allow the insurer to focus on core aspects of the business, while leaving technology to the experts

9.2 Data Privacy Rules and Regulations

While obtaining and utilizing customer data, insurers would need to be mindful of country-specific data privacy rules and regulations and ensure compliance. To help address this regulatory issue, insurers would need dedicated social media experts who are well versed in utilizing social media in this regard. Moreover, employee training in social media compliance would need to ensue. Additionally, insurers would need to recruit and train social media experts who can post active and interesting content to engage customers, while constantly monitoring social media for valuable customer information.

9.3 Customer Reluctance to Share Information

While it is true that there is a vast amount of customer-related information on social media, much of it is typically available only to friends and family members. Customers might be reluctant to befriend their insurers on various social media sites for fear of the potential for data misuse. This reluctance could limit the benefits arising out of leveraging social media. This can be overcome through sustained interaction and engagement, assuring customers about the privacy rights of their information. Other options many insurers use are discounts and other benefit offerings to customers who befriend them on social media and provide the insurer access to their personal details.

9.4 Negative Feedback and Reputation Damage

This is the biggest fear that insurers have against fully embracing social media. The comments or feedback posted by customers is open to all and could have a spiralling effect when feedback is negative. This could

cause severe reputation damage and harm future growth prospects. However, this should not deter insurers from social media. Rather, they should strive to provide instant and direct responses to negative feedback and work proactively toward resolution. This would, in turn, result in increased trust and help attract additional customers.

9.5 Unpredictable Lifetimes of Social Media Platforms

It is only natural to be concerned about whether a social media site on which an insurer's strategy is based will be around long-term. However, insurers should still invest in developing effective social media strategies. Social media sites have had extremely volatile lifetimes. MySpace and Orkut, which were the most popular social media platforms until a few years ago, are nearly obsolete today. If any insurer based its social media strategy on the functionality of these platforms, it would be non-functional today. It is therefore important that an insurer's analytics solution focus on the general features of varying and different social media platforms and be flexible enough to adapt to new social media sites that will inevitably arise.

These are the challenges which social media marketing are facing and striving to solve.

9. Conclusion: -

This research is prepared to understand the importance of insurance industry along with its strategic implications. How nowadays companies are using social media marketing tool as potential tool for marketing in insurance sector. The growth of insurance sector and its scope has been described in the research done. The articles reviewed are written by professors and gone through thoroughly for understanding the topic in depth. The evolution, usage, advantages and disadvantages have been explained in the research. The evolution describes how banner and ad campaign has been replaced by digital marketing. So as the time changes the method of marketing changes, it cannot be continued by the traditional method forever. The marketing is done on social media which has very deep impact on the customer buying behavior. After critical situation like covid19 each and every industry understood the power of social media and how great it influences the buying behavior of both current and potential customer. This not only helps in sales but also influences buying behavior and helps in sharing information and in making the company more versatile. Company uses social media strategy in such a way that it will have very deep impact on the consumer. Social media adoption by companies is rising exponentially. As we discussed that through social media customers provide their personal information and perception that leverages insurance company to provide product which are familiar to customers. Few social media platforms are utilized for selling goods and services while few are used to have feedback from experts. The market penetration is taking place and that's why overall industry is shifting towards the digital world. Hence these things are taking industry towards major transformation as customers are relying more on social media and digital world and getting engage on that with companies.

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