

EVALUATING AND RANKING THE EFFECTIVENESS OF ADVERTISING METHODS USED FOR PROPERTY AND LIABILITY INSURANCE: A CASE OF IRAN INSURANCE COMPANY

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Abstract

Effective advertising is one of the most critical determinants of success in sales and marketing services especially unsought sales such as insurance. Therefore, the present study attempts to evaluate and rate effectiveness of six commercial advertising methods used to for liability and life insurance. This study is applicable based on objectives and descriptive survey based on data collection. The population of this study also consists of customers of various covers of property insurance and liability insurance of Iran Insurance A stratified random sampling method was used. The results of data analysis using hierarchical analysis showed that environmental advertising have the highest priority than the other advertisings and then direct sales, internet, press, TV and radio are in the next ranks of effectiveness of advertising methods for these types of insurance. On this basis, applicable recommendations for promoting advertising effectiveness have been provided in this area.

Keywords: Marketing, Effectiveness of commercial advertising, Property and liability insurance

INTRODUCTION

Advertising influences all current human activities including scientific, cultural, economic, political, social, personal and collective activities in general developments of this world. Advertising has been interwoven in the fabric of human life. Advertising is essential in its positive aspect and indeed it creates the necessary and logical communications (Motevali, 1994). Kotler (2002) defines advertising as provision and presentation of ideas, goods or services of an advertising unit, individual or institution that requires payments. Blech (2003) emphasizes promotion and advertising as inseparable part of the today's economic and social systems. In today's complex societies, promotion has been emerged as a critical and important communication system both for consumers and firms. The ability to advertise and promote in other ways in order to transfer of messages of organization to the targeted audience, has given a major role to these methods in marketing programs of that most organizations (Blech, 2003, p5).

But among all these methods, the missionary work is to attract the consumer's attention, to have memorable impact on the consumer, and to stimulate the audience's act of purchase, and to awaken the sensory perceptions of customers (Samsam et al., 2008). To this end, it is necessary to use a set of factors that can influence the perception of customers and accomplish the expected goals of advertising. Effectiveness of commercials in a given scientific pattern is determined according to the objectives and degree or extent to which consumer will achieve his targeted goals and includes given staged research planning process such as determining the objectives, budgeting, decision making about message, media and comparison of these to predetermined objectives. If all the stages complete correctly then the amount of advertising effectiveness will increase considerably (ibid., 2008).

Accordingly, the present study was to evaluate and prioritize the effectiveness of the advertising methods used by property and liability insurance. The methods of advertising are used in this research are: radio advertising, TV commercial, online advertising, press advertising, direct sales and environmental advertising. To achieve this main goal, we initially investigate familiarity with liability insurance and property insurance, as well as familiarity with advertising this type of insurance in target population and then examine correlation between each of the six expressed advertising methods with the effectiveness of this type of insurance and finally we study and rate the difference between the effectiveness of these methods of advertising.

In the following, the theoretical background of this article is reviewed to explain the concepts of advertising, advertising effectiveness assessment, types of advertising. And then

research methodology will be explained and after that the findings of research are expressed and at the end we discuss and conclude the research.

THEORETICAL BACKGROUND

Advertising

Promotion and advertising are inseparable parts of social and economic systems today. In today's complex societies, promotion has been emerged as a critical and important communication system both for consumers and firms. The ability to advertise and promote in other ways in order to transfer of messages of organization to the targeted audience, has given a major role to these methods in marketing programs of that most organizations (Blech, 2003, p5). The success of marketing effort depends on its ability to create an advantage for a product in the minds of consumers. Competitive advantage is granted to a product when a consumer judges this way that mentioned product meets his needs better in compared with competing product. One way to develop this mindset in consumer is advertising.

To evaluate the effectiveness of advertising

Advertising Management consists of three stages: planning, implementation and evaluation. In fact, the final stage of an advertising process has been designed as a sustained and focused feedback on the effectiveness of an advertising program. In fact, it can be used as the input of planning process (Mohammadian, 2007, p. 268). It is not enough that the advertising is produced and broadcasted. For having a professional work and effective results, it is necessary to evaluate advertising (Farbey, 2002, p150).

In one of the models of evaluating the effectiveness of advertising presented by Steiner and Laviedge, awareness, impact and behavior are emphasized. Advertising leads initially to recognize and then results in influencing the individual and finally ends in behavior (Lee and Leckenby, 2004). "Awareness" means knowing and refers to mental assets and the quality of acquiring them. The meaning of awareness in this model is that the potential customer will raise awareness toward the existence of a product or a brand. "Impact" means the effect of advertising on customer's emotion and attitude and finally the "behavior" is all visible actions or at least comment of customer based on his decision to perform a particular action (behavioral decisions).

Types of Advertising

Advertising can be divided in terms of its function. Accordingly, advertising consumer goods and personal services, advertising services and corporative consumer goods, public and

governmental advertising, advertising for recruitment, advertising financial institutions, private advertising and advertising non-profit institutions fit in this category. The advertising can be divided in four categories of international, national, regional and local according to the geographical area (Farbey, 2002, p10).

Types of advertising based on purpose include ads to inform, ads to encourage, ads to remind and advertising to consolidate the relationship between organizations and customers. Advertising can be divided in two different types of print advertising and broadcast advertising based on the type of media. The main print media are newspapers and magazines and the main broadcast media are radio and television (Qorbanlu, 2005). Table 1 shows the advantages and limitations of each type of advertising methods according to the type of media

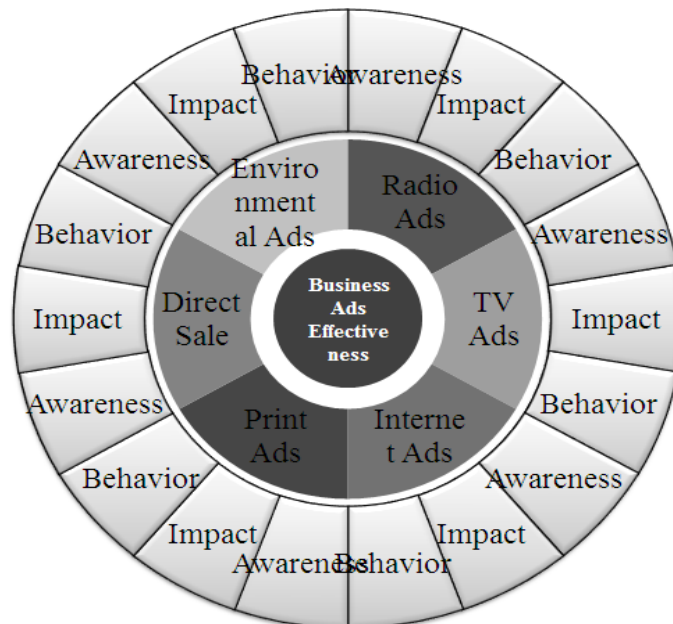
Table 1: Comparison of advertising methods (Qorbanlu, 2005)

Media	Advantages	Limitations
Newspaper	Flexibility, timeless, good coverage for local market, wide acceptance, high believability	Short life, low quality printing, lack of attention in customers
TV	Along with visual, auditory and motor tools, high attraction, high attention, high availability	High final price, high parasite, temporary exposure, lower selectability of targeted customers
Radio	Wide usage, geographical selectability and high cognitive population, low cost	Only auditory tools, less attention than TV, non-standard structures, temporary exposure
Magazine	geographical selectability and high cognitive population, high creditability, high quality printing, long life, audience according to advertising	Long waiting time to buy advertising, positioning without guarantee
Ads outside home	Flexibility, high repetition of exposure, low cost, low competitiveness of similar product in advertising place	Limited selectability of customers, limitation of creativity
Yellow pages	Good local coverage, high believability, wide availability, low cost	Competition of similar products in one place, long waiting time to buy advertising, limitation of creativity
Newsletter	Very high selectability of customers, complete control, interactive opportunities, relative low costs	Costs can be wasted
Leaflet	Flexibility, high control, ability to show messages	Costs can be wasted
Internet	high selectability of customers, interaction opportunity, relative low cost	New media with low volume of users in some countries

Conceptual model of research

According to the research objectives and questions, and reviewed background on a conceptual model of research has been drawn as Fig 1.

Figure 1: conceptual model of research



Hypotheses

H 1: Familiarity with liability insurance and property insurance is not in good condition according to targeted population.

H 2: Familiarity with advertising of liability insurance and property insurance is not in good condition according to targeted population.

H 3: There is a positive and significant relationship between advertising method and effectiveness of advertising these types of insurance.

H 4: There is a significant difference between effectiveness of advertising methods used for liability insurance and property insurance.

RESEARCH METHODOLOGY

Totally, the methodology of present research is descriptive survey given data collection. The sampling method of collecting data was carried out by using LISREL. On the other hand, this study is an applied research; because suggested tools are used administratively in organization

and identifies the type of effective advertising in organization practically. In order to collect the required information, the questionnaire and interviews were used. The study sample consisted of Iran insurance customers who have purchased property insurance and liability insurance. A sample was selected from customer groups with any types of life insurance and liability insurance coverage. To calculate the sample size, Cochran's formula was used and sample size was 177. According to type of study, a questionnaire was used in this research.

Questionnaire Measure and Validity & Reliability

Validity: in order to determine validity, first a preliminary test of the questionnaire was administered. In this regard, primary questionnaire was distributed among 7 people of professors in the fields of marketing management and advertising.

After this, vague and irrelevant questions were identified and those questions that were modifiable re-edited and included in future questionnaires in order to assess reliability. Those irrelevant questions were totally eliminated from the questionnaire. To assess the reliability, Cronbach's alpha coefficient was used and with 30 questionnaires distributed among experts and targeted population, collecting them, or using SPSS software, obtained reliability of questionnaire was 0.93 that is acceptable.

ANALYSIS & FINDINGS

In order to achieve the research objectives and answer its questions and analyze research data, these statistical tests have been used. In order to investigate the status of variables, mean statistical hypothesis testing of a population or one sample t-test has been used. To examine the relationship between variables, correlation test was used and to compare the difference of means and their ranking, Fisher test and multiple comparisons were used.

Investigating the familiarity with liability insurance and property insurance and their advertising

Table 2 shows the mean test of a population in status quo of familiarity with liability and property insurance. Due to the fact that the p-value, i.e. the value of Sig is 0.001 and is smaller than $\alpha = 0.05$, the null hypothesis that the component of familiarity with liability insurance and property insurance is greater than 3, is not confirmed; Negativity of lower ad higher bounds of this interval indicates that the mean of this variable is smaller than 3. This means that this factor in targeted population is not in good condition.

Table 2: one-sample t-test of familiarity with the liability and property insurances

Component	Test Value = 3					
	Statistic (t)	Degrees of freedom (Df)	Level of Significance	Average	Lower bound	Higher bound
Familiarity with liability and property insurances	-3.401	132	0.001	-0.31203	-0.4935	-0.1305

Table 3 also shows the status of familiarity with advertising the liability insurance and property insurance in targeted population. Since the value of Sig (0.000), is smaller than the value of $\alpha = 0.05$, the null hypothesis that shows the component of familiarity with advertising the liability insurance and property insurance is more than 3, is not confirmed; Negativity of lower ad higher bounds of this interval indicates that this factor in targeted population is not in good condition.

Table 3: one-sample t-test of familiarity with advertising the liability and property insurances

Component	Test Value = 3					
	Statistic (t)	Degrees of freedom (Df)	Level of Significance	Average	Lower bound	Higher bound
Familiarity with liability and property insurances	-6.035	132	0.000	-0.54511	-0.7238	-0.3664

Investigating the relationship between the various advertising methods used by insurance and the effectiveness of advertising

Correlation test was used to examine this relationship. The results of this analysis are presented in table 4. Given that the obtained error for all variables is smaller than 1%, it can be said that there is a relationship between them and the effectiveness of advertisements. Positivity of these relations also indicates that there is a direct and positive correlation between these methods and the effectiveness of advertising. The highest and lowest correlation, respectively are related to environmental advertising and online advertising.

Table 4: Correlations between various methods of advertising and advertising effectiveness

Variables	Numbers	The significance level (Sig.)	The amount of correlations
Radio advertising	133	0.000	0.486
TV advertising	133	0.000	0.435
Online advertising	133	0.000	0.232
Press advertising	133	0.000	0.367
Direct sales	133	0.000	0.456
Environmental advertising	133	0.000	0.494

Assessing significance level if variables difference

To assess the significance of mean differences in value of advertising effectiveness of property insurance and liability insurance, Fisher test has been used. Table 5 divides all changes into two components of changes within groups and between groups and shows sum of squares, degrees of freedom and mean of squares for each of these components.

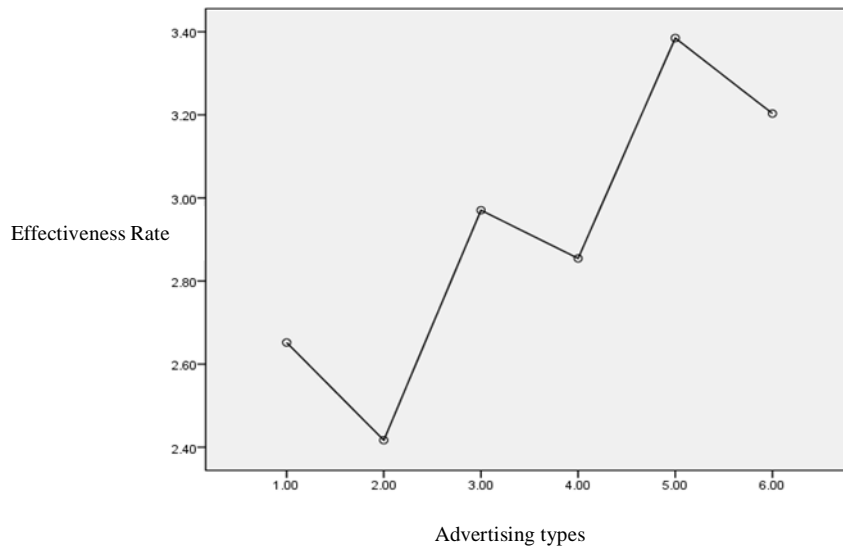
For the first stage of interpretation, it must be considered the result of significant level (Sig.)of t-test in Fisher test table. If the F-test significant level is smaller than 0.05, the hypothesis of mean difference of groups will be confirmed and the hypothesis of statistical similarity will be rejected. This means that at least one of the groups is different given the mean score. In this study, the value of Fisher test with error level smaller than 0.01 or confidence interval of 99 percent is significant and indicates that the mean difference of effectiveness score in various advertisements is statistically significant.

Table 5: Test results of variance analysis

The effectiveness					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	83.524	5	16.705	21.618	0.000
Within Groups	611.988	792	0.773		
Total	695.512	797			

The quality of mean difference of advertising effectiveness scores between the types of advertising can be seen in Fig 2.

Figure 2: Effectiveness mean score of various methods of advertising used by insurance



Assessing significance of mean differences between groups two by two (multiple comparisons)

To assess the significance of the mean differences between each of the studied methods of advertising, Tukey HSD test has been used. In this case, if obtained significance level of each pair of methods is smaller than 0.05, their mean difference of effectiveness score will be significant. But if it is larger than the 0.05, mean difference of effectiveness score between the two groups will not be confirmed.

Table 6: Multiple comparisons (Tukey HSD)

(I) Radio	(J) Radio	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
1	2	0.23516	0.10779	.248	-0.0728	0.5431
	3	-0.31847 *	0.10779	.038	-0.6264	-0.0105
	4	-0.20254	0.10779	.416	-0.5105	0.1054
	5	-0.73294 *	0.10779	.000	-1.0409	-0.4250
	6	-0.55127 *	0.10779	.000	-0.8592	-0.2433
2	1	-0.23516	0.10779	.248	-0.5431	0.0728
	3	-0.55363 *	0.10779	.000	-0.8616	-0.2457
	4	-0.43769 *	0.10779	.001	-0.7456	-0.1298
	5	-0.96810 *	0.10779	.000	-1.2760	-0.6602
	6	-0.78643 *	0.10779	.000	-1.0944	-0.4785
3	1	0.31847 *	0.10779	.038	0.0105	0.6264
	2	0.55363 *	0.10779	.000	0.2457	0.8616

	4	0.11593	0.10779	.891	-0.1920	0.4239
	5	-0.41447 *	0.10779	.002	-0.7224	-0.1065
	6	-0.23281	0.10779	.258	-0.5407	0.0751
4	1	0.20254	0.10779	.416	-0.1054	0.5105
	2	0.43769 *	0.10779	.001	0.1298	0.7456
	3	-0.11593	0.10779	.891	-0.4239	0.1920
	5	-0.53041 *	0.10779	.000	-0.8383	-0.2225
	6	-0.34874 *	0.10779	.016	-0.6567	-0.0408
	5	1	0.73294 *	0.10779	.000	0.4250
2		0.96810 *	0.10779	.000	0.6602	1.2760
3		0.41447 *	0.10779	.002	0.1065	0.7224
4		0.53041 *	0.10779	.000	0.2225	0.8383
6		0.18167	0.10779	.542	-0.1263	0.4896
6		1	0.55127 *	0.10779	.000	0.2433
	2	0.78643 *	0.10779	.000	0.4785	1.0944
	3	0.23281	0.10779	.258	-0.0751	0.5407
	4	0.34874 *	0.10779	.016	0.0408	0.6567
	5	-0.18167	0.10779	.542	-0.4896	0.1263

*. The mean difference is significant at the 0.05 level.

Ranking effectiveness of various studied advertising methods

For ranking the effectiveness of various methods of advertising studied for property insurance and liability insurance, homogenous groups are formed based on the mean difference of effectiveness score of these advertising methods. In this regard, each homogeneous group forms a column. In this research, 5 homogeneous groups have been formed. In table 7 associated with this interpretation, the average of each homogeneous group has been presented in ascending order from lowest to highest. In this case, radio advertising has the lowest score of effectiveness (2.416) and environmental advertising has the highest effectiveness score (3.384).

Table 7: Tukey HSD

Type of ad	N	Subset for alpha = 0.05				
		1	2	3	4	5
Radio advertising	133	2.4168				
TV advertising	133	2.6520				
Online advertising	133		2.8545			
Press advertising	133			2.9704		
Direct sales	133				3.2032	
Environmental advertising	133					3.3849
Sig.		.248	.416	.891	.258	.542

DISCUSSION AND CONCLUSION

The present study aims to evaluate and rank the effectiveness of various advertising methods used for property insurance and liability insurance. After reviewing the theoretical background in this field, six methods of radio advertising, TV advertising, online advertising, direct sales and environmental advertising have been selected as conventional advertising methods in insurance industry and their effectiveness has been evaluated in three dimensions of knowledge, impact and response.

The results of the analysis showed that customer knowledge of benefits, features and the necessity of life insurance and liability insurance are not in good condition as well as the current status of advertising these insurance in target population has not been desirable. These results indicate the need to adopt a comprehensive approach to advertising these types of insurances. Moreover, the obtained results have conformed significant correlations between all these methods of advertising or advertising effectiveness. Meanwhile, the highest correlation is related to environmental advertising. The results of effectiveness rating of these advertising methods show that there is significant difference between the effectiveness of these significant methods. And environmental advertising and direct sales have come in the first and second places in this field. These findings suggest that the use of such methods of advertising can help to create awareness, effectiveness and responsiveness of these insurances customers.

In addition, most users have introduced commercials as informative and the most effective method of advertising and in the follow is online advertising. This is the result of research by Scholsser (1999) who realized that the factor of being pleasurable helps to create positive attitude toward online advertising but online advertising has had less of this factor.

According to this fact that online advertising is more memorable and attractive than radio and press advertising, it can be said that internet has attracted audiences of other types of media. Consequently, marketers of traditional media face challenges in this field and they should find ways to contend against internet and make their audiences return. The low rate of effectiveness of other press advertising methods perhaps is because of low influence of press in a country like Iran.

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