Designing a Marketing Pattern in Order to Increase the Profitability in Insurance Industry

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The insurance is a useful tool for the risk management in order to provide the peace and tranquility for people in society. The insurance companies and in total, the industry of insurance in each country, is amongst the most important active financial institutions in financial markets especially in an enterprise market that can play a very fundamental and determinant role in the motivation and dynamism of the financial markets and in providing the investment funds in economical acts in addition to providing the security of the economical acts which in this paper, a designation for an industrial marketing pattern is used in order to increase the profitability in insurance industry. The purpose of this investigation is to identify the effecting factors on increasing the profitability in industry of insurance. The statistical society of employees in an insurance company is including 400 people who had been chosen stochastically and in the next step, 131 samples is chosen using Kokran calculation method and the data analysis is done using SPSS software. Findings indicate that the marketing strategies are positively and meaningfully related to profitability in insurance industry and transformational leadership, organizing resources, and intensity of competition, have very moderating effects on this relation.

Key words: marketing pattern, profitability, insurance industry.

The insurance is one of the useful tools of risk management to provide peace and tranquility for people in society and is amongst the most important tools which is masterminded to create the readiness for encountering the threats. This valuable human production has controlled many of unpleasant effects of unexpected incidences with its abilities and as a result of investigation, the increment and the development of the insurance industry is affected by two groups of internal and external factors in each country. Disregarding the external factors which have considerable effects on the increment and the development of the insurance industry, the internal factors which are relating to structure and operation of this industry, are under the control of insurance authorities and references. If the structure of this industry is designed optimally, it can perform in order to grow and develop the insurance of country. As we observe, the area which the insurances are acting in it nowadays, is a developing and very competitional area and the insurances are forced to emulate several factors in national and international level and expand their acts through new investments in order to continue their lives. The insurances need financial sources for investment, but the financial sources and their use should be obtained well to make the insurances profitable and this is bank credits manager's task to obtain the financial sources and how to use them. Now, it seems that a motivation should be created in commercial unit in order to optimally use this financial providing resource which is also limited and this optimized use would be visible in the form of increasing the profitability (Lester, 2000). Today, the area which the companies are

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acting in, is a developing and very competitional area and the companies are forced to emulate several factors in national and international level and expand their acts through new investments in order to continue their lives. The companies need financial sources for investment, but the financial sources and their use should be obtained well to make the company profitable that in the present paper, the efforts are done to present a designation of an industrial marketing pattern in order to make the insurance industry profitable.

Problem statement

The insurance industry is one of the known indications to assess the rate of securement and welfare of people in countries and countries which their people have this securement according to their needs, take part in development programming and development of their society with more confidence (Roger, 2008). The insurance industries try to increase their ability to be survived and profitable by choosing appropriate financial structures. The investments of these companies are composed of two parts (Arbabian, Safari Garayeli, 2008): a) The rate of the necessary investment, b) The combination of the financial providing resources. The cases of consuming the investment include those that the company invests its fund in them and the right side of company balance sheet represents investment or investment consumption. Investment sources of funds which the company invests include company owners' products "shares owners' rights" and "bank loan or savings bond". Manager should try to provide the necessary funds from where that creates the highest profit and the lowest risk for the company in a financial providing (Qalibaf asl, 2006). In this study, the industrial marketing pattern is used to increase the profitability of insurance industry. The marketing has concentrated on concepts, measuring methods and the effects of market orientation on the economical performance of organizations and their updatings. The marketing is an aspect of organizational culture that apart from organization type, goods type or the service presented to society, has a long-term effect on all industrial aspects. The philosophy of marketing is based on this principle that the demands of market should be mentioned to achieve organizational targets and customers satisfaction should be provided with a more, better and higher

performance than the other competitors.

The increment of the competition in global scale resulted in proliferating the companies which were seeking to find opportunities in international markets to gain their considered targets and protect the situation and survival of their markets. Parallel to development and evolution of marketing thought, coordination and constructive interaction between various factors and variables in are considered in marketing in order to gain the customer's satisfaction and profitability of company (Mroz, 1998).

Relying on process marketing and this problem that the survival of organization depends on the effectiveness of organizational processes and mentioning a uniform and harmonic marketing, macro-view and holistic view in industrial marketing pattern design caused more effective factors to be used in modeling. The process of marketing management also includes several steps in organization (Kotler, 2006).

• The first step is detecting the opportunities existing in marketing. Analyzing the macro-area of marketing (Cateora, 2005), competitional area, providers of ingredients and mediums (Porter, 1980), and customers (Peter, 2005) are among the proceedings of this step.

• The second step is searching and choosing target markets.

• The third step is codification of strategies and marketing programs.

• The final step is organizing the marketing sources including financial sources, human sources, organizational structure, implementation and controlling the marketing programs.

In this direction, the problem which is stated is that what effect does the industrial marketing pattern design have on increasing the profitability of the insurance industry?

The importance and necessity of research

Insurance companies and in total, insurance industry in each country is among the most important financial institutes acting in financial markets, especially in investment market which can play a very fundamental and determinant role in motivation and dynamism of financial markets and providing funds with ability to be invested through presenting insurance service in economical acts in addition to providing the securement of economical acts.

By originating the growing relations and service quality in accessing more profits through having business and using loyal customers in order to get new customers, the function optimizing tools are considered. In such an area, the success of market equals to this problem that an organization is able to gain the maximum available profit from its customers' set.

For this purpose, it's necessary that the organization management should turn to some strategies in order to be able to optimize its function and to develop outshining the rivals using them and most importantly to be able to convert the customers into loyal customers and parallel to this, to be resulted in increasing the profitability of the industry. Creating the loyalty in a customer depends on the satisfaction level which customer feels in his/herself by trading with the organization.

Therefore according to today's competitive environment, designing an industrial marketing pattern is deemed to be an important affair to optimize assessing and programing in insurance industry. Various patterns are presented to program the marketing which it can be mentioned that Mc Donald's, Kotler's and Armstrong's patterns are the most important among them. Responding to competitive pressures and financial straits, has converted the performance of the marketing to one of the principle priorities in marketing domain. The main role of designing this pattern for the insurance industry is identifying the problems and insufficiencies and helping to codify and implementing the marketing strategies.

Literature review

Sadeqi Shahedani *et al* (1391) conducted an investigation entitled as "An investigation on the relation between market structure and investment structure in Tehran exchange". The results of the investigation implies that the relation between market structure and investment structure is in non-linear form and this problem can be due to the complex relations existing in market, representation issues and bankruptcy costs. The meaningful negative relation of profitability and the meaningful positive relation of size and measure is confirmed by investment structure among the investigated variables. This issue means whatever the companies are more profitable, they finance more from the place of retained earnings or investment increment.

Moqaddam and Momeni Yansari (2012) conducted an investigation entitled as "An investigation on the effect of some characteristics of company governance on the decisions of financial structure of accepted companies in Tehran exchange". The obtained results from this investigation implies that the willingness to use debt increases in the companies that the directors' board president's task and CEOs task are separated from each other and also in the companies with less numbers of directors' board members while no relations is found between the ratio of non-bound managers of directors' board and financial structure.

Arbabian and Garayeli (2009) conducted a research entitled as "An investigation on the
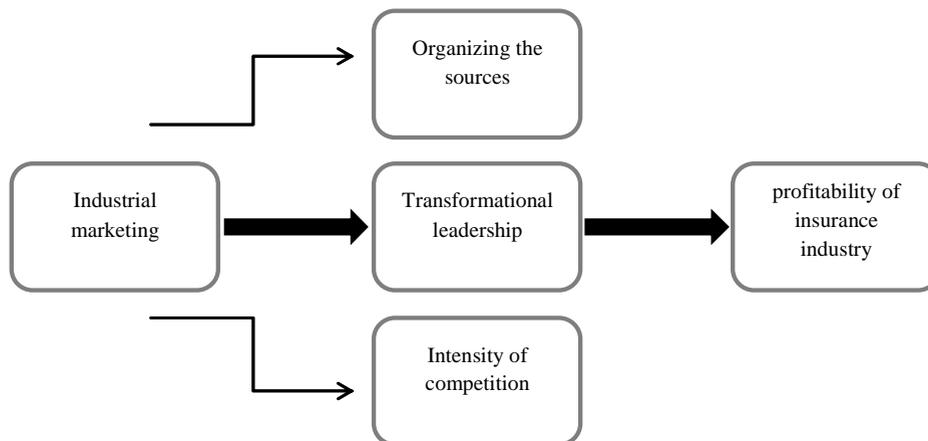
Fig.1. Conceptual model

effect of financial structure on the profitability of accepted companies in Tehran exchange. The results of the investigation shows a positive relation between the ratio of short-term debt to finance and profitability of company and also between the ratio of total debts to finance and profitability and shows a negative relation between the ratio of long-term debt to finance and profitability.

Paetzmann (2011) understood in a paper entitled as "Discontinuation of German life insurance exchange: rules in application, interest rate and debts payment risks" that the necessary investment for paying debts is depending on the approval of warranty for some of life insurances in a line that would miss their attraction. According to general use of life insurances in German markets, this investigation is discussing the proper application of operations on some of life insurances. The obtained strategy is able to maximize the current cashes of existing debts when it's not available to advance the investment.

Zubairi (2010) investigated the effect of economical and financial indications affecting the profitability of Pakistani companies. He chose the random of finances and the random of equity as the profitability criteria and the liquidity, financial leverage, annual growth in revenues, average price of shares and GDP (Gross Domestic Product). He understood that GDP (an extraneous factor) has a direct and meaningful relation on the profitability of reviewed period. Even though there is a direct relation between liquidity, average price of shares and annual growth in revenues to profitability.

Komonen (2008) has studied the effect of factors like: sales (size), work force numbers, ingredients, investment level and maintenance cost of other factors on the profitability of production companies. The results of his study implied that sales level and work force cost have more effects on the profitability of production companies.

Lin and Rowe (2005) investigated the profitability of chinese companies. They concluded that the growth of non-stock companies has a positive relation to the profitability of stock companies considering growth of non-stock companies, static finances, rate of debts and international commerce.

Investigation assumptions
• First hypothesis: organizing the sources is effective on increasing the profitability of insurance industry.
• Second hypothesis: transformational leadership is effective on increasing the profitability of insurance industry.
• Third hypothesis: the intensity of the competition is effective on increasing the profitability of insurance industry.

Table 1. The results of normality test for distribution of variables

Intensity of competition	Transformational leadership	Organization of resources	Variable
0.894	0.976	1.050	Z
0.299	0.297	0.220	level of meaningfulness

Table 2. Resources organization relation test and profitability of insurance industry

Variables	Independent	Organizing resources
	dependent	Profitability of insurance industry
	test	Pearson
	rate	0.55
	Meaningfulness level	0.000
	numbers	131

Table 3. Transformational leadership relation test and profitability of insurance industry

Variables	Independent	Intensity of competition
	dependent	Profitability of insurance industry
	test	Pearson
	rate	0.55
	Meaningfulness level	0.000
	numbers	131

Research methodology

The effects of marketing pattern designation on increasing the profitability of insurance industry is assessed about Parsian insurance company in this study. In the conceptual model, the marketing is independent variable and the Profitability of insurance industry is dependent variable. The method of data collection is in the form of questionnaire amongst the employees of the insurance company.

Statistical society

In the study, 400 people are chosen stochastically as samples and in the next step, 131 samples are chosen using Kokran calculation method.

Data collection tools

Some questionnaires are provided in order to examine the investigation assumptions. Also library method and taking notes from books, articles, thesis, documents existing in universities are used in order to collect data in considered field of study. Therefore, the assumptions are formed based on the conducted investigations and based on this assumptions, a theoritical model is presented which is analyzed after data collection through questionnaire using SPSS software.

Data analysis method

In this study, a descriptive statistics method (frequencies distribution, tables, percentages and calculating measures of central tendency) and also an inferential statistics method (Pearson correlation coefficient and one-way regression test to assess the contribution of each studied variables in the increasing rate of the insurance industry profitability) are used. The data is also analyzed through SPSS statistical software after entering PC.

Normality test

In order to assess the normality of investigation variables distribution, Kolmogorov–Smirnov test is used. This test deals in one-sample state with the comparison of the observed cumulative distribution function to the expected cumulative distribution function in a variable at the sequential measurement level. In other words, the distribution of a property in a sample is compared with the distribution assumed for the society in this test. If a meaningful value is less than 0.05, then the observed distribution is different from the expected distribution and the distribution above would not be normal.

In the above table, the level of meaningfulness is more than 0.05 and it means a normal distribution of variables.

First hypothesis: organizing the resources is effective on increasing the profitability of insurance industry.

Table 4. Rate of R^2 for the variables of the study

Net determination coefficient	Determination coefficient	Correlation	Regression
0.64	0.55	0.74	Enter

Table 5. ANOVA table

Sig	F	Mean square	Degrees of freedom	Sum of squares	Life
0.000	83.1	2689.4	1	16136.8	Regression
		32.3	130	12983.1	Remainder
			131	29119.9	Total

Table 6. Regression coefficients

Sig	t	Beta	Std Error	B	Variables
0.000	5.879		2.091	0.54	(constant)
0.000	12.356	0.272	0.032	0.39	Organizing the resources
0.003	0.080	0.506	0.081	0.006	Transformational leadership
0.010	2.573	0.105	0.052	0.135	Intensity of competition

The above hypothesis is of causal assumption type and since the level of assessment is distant in both variables of investigation, Pearson test is used to examine the correlation coefficient of the hypothesis.

The results of the test show that there is a meaningful relation between two variables mentioned above (the meaningfulness level is less than 0.05). The intensity of the relation equals 55 which is a moderate rate.

Second hypothesis: the transformational leadership is effective on increasing the profitability of insurance industry.

The above hypothesis is of causal assumption type and since the level of assessment is distant in both variables of investigation, Pearson test is used to examine the correlation coefficient of the hypothesis.

The results of the test show that there is a meaningful relation between two variables mentioned above (the meaningfulness level is less than 0.05). The intensity of the relation equals 61 which is a strong rate.

Now, this question should be answered that what rate of dependent variable variance are the total independent variables taking into account. In order to get to the answer, regression is used. The below table shows that this variables could explain 0.54 of total variance of dependent variable.

Multi-variable linear regression analysis is used to determine the multi-variable effect of the independent variables on increasing the profitability of insurance industry. The results showed that the independent variables explain 0.54 of variance of profitability of insurance industry. The results also showed that transformational leadership with a beta coefficient of 0.506 has the greater effect on increasing the profitability of insurance industry. The effect of resources organization (0.272) is in the next step and in the third step, the intensity of competition is effective (with a beta coefficient of 0.105).

CONCLUSION

Marketing may be as a strategy to access competitive profit based on the accessibility and using data in company and a satisfying performance in the market. In this study, organizing the sources, transformational leadership and the intensity of competition are introduced as three direct results of a wider and more general conception. The relation between marketing strategies and economic performance allows us to have a better interpretation of the economic performance through three mediation strategy. This investigation is applied in the companies presenting insurance service and although its results cannot be attributable in other terms of service, it can be used in terms of theory and application and discussing about the ways which relate the marketing strategies into the economic performance.

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