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Effect of Advertising on Public Awareness in life Insurances: a Case Study of Dana Insurance Company in Mashhad

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Abstract

Considering significance of life insurance and as these insurance policies are regarded as a development criterion in many countries worldwide, as well as lack of knowledge about the existence, recognition, features and advantages of such insurance policies, advertising plays a critical role in marketing and selling these policies. Therefore, this research studies the effect of advertising on public awareness with comprehensive life and Endowment insurance based on Dagmar model. It is an applied research in term of objective and a descriptive-survey research in term of methodology. Research statistical population consisted of 750 policyholders of life and endowment insurance in Dana insurance Company. Data collected through questionnaire. Sample size was estimated 254 individuals according to statistical Morgan's table of sample size. Finally, 300 samples were tested for better validation of obtained data and results. Regarding disparity of insurers in different urban areas, Mashhad city insurers selected through cluster random sampling method. Data analyzed using SPSS software. In addition, advertising effect on Public awareness and familiarity with life insurance examined by Pearson correlation coefficient, Binominal test and t-test. Research results showed that advertising positively influences people knowledge and recognition of saving and life and endowment insurance. In other word, the higher the advertising is informative, the more the people are aware of such policies. More advertisements about benefits and characteristics of insurance

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policies leads to increased knowledge of people on such policies so that they tend to purchase more insurance policies.

Keywords: Advertisement, public knowledge and recognition, life insurance and endowment.

Introduction

Continuous concern of the future and difficulties that may threaten human life due to various events instigates human being to identify ideal future ways through using past experiences and scientific achievements. "Insurance" phenomenon is one of the approaches that an intelligent human provides to deal with threats and meet socioeconomic and mental requirements, since insurance is not only the means of compensation for disasters' economic loss, securing the future, enhanced life level and a safe foundation of economic growth and development, but also comforts the community, which itself leads to dynamic social life, talents prosperity and increased efficiency and efficacy in the society. The family, when the primary family income collapsed due to risks such as premature death, disability, unemployment and or aging and retirement, if no alternative is substituted, is exposed to bad situation. These adverse consequences are dealt with individual insurance mechanisms (Roshnavadi and Dehnavi, 2008).

Need is a typical shortage serves as human drive and human community efforts' motor. Marketing, as the proper realization of organization' audience needs and trying to better satisfy them in such a way that the organization also achieves and prospers, is recently introduced. Studies conducted on this area reveal that marketing operation consists of four stages as follows: initially, the customers and markets are to be well studied; next, some market sectors must be selected for penetration. Market penetration and higher sale makes use of the means such as product, price, distribution as well as communication elements necessary. Marketing and advertising has been developed for finding new markets and customers such that today, marketing has been turned to an academic field and advertising activities have been professionally developed (Rostami, 2009).

Marketing is the set of processes and activities whereby individuals and organizations try to achieve their own goals through meeting others' needs by altering the quality and quantity of transactions (Rosatmai, 2009). Studies demonstrate that inadequate public knowledge of insurance services is one of the main factors of lack of national insurance industry development. Since insurance services are subjective and intangible and familiarizing people with these services require providing wide information, professional advertising activities of insurance companies highly manifested for developing people knowledge and awareness. However, insurance culturalization is the most debated issue for years and highlighted by all authorities, no serious measure taken to enhance insurance culture and still insurance authorities complain about lack of insurance culture, which may be the main reason of national low insurance penetration. Thus, it is necessarily required to make effective advertising policies in this progressive, dynamic industry to increase the value of national insurance industry on the behalf of policymakers'

institutions including central insurance and active insurance companies. One of the critical issues that managers face today is decision making and policy making in advertising domain. Insurance industry as one of highly valuable industries in any community always caused increasingly economic growth and development. Nowadays, all development-oriented communities regard insurance as development critical factor since they believe that insurance considerably contributes in growing different economic sectors; moreover, it increases investment incentives through covering losses of community economic and development activities.

Research problem and significance

Since the beginning of human communities, human being was seeking for instincts to meet physical, economic, social and political needs. In this regard, insurance companies intended to satisfy and facilitate this economic and financial stability drive by innovative and distinguished patterns in proportion to human community needs so that avoid families economic collapse and deceased related individuals benefited from this economic supply. Statistics of central insurance show that 55% of people do not welcome insurance industry services due to lack of any culturalization plan. Earlier studies evidently represent that over 70% of individuals use medical insurance, 28% of car insurance and 2% of life and saving policies; whereas, 80% of the statistical population totally lack any knowledge of life and saving policy advantages, 20% have negligible information and highly informative individuals are also limited.

Therefore, regarding low public knowledge of policy coverage, the evident fact is that no effective and efficient planning and policy making is formulated and implemented on developing and advertising national various insurance services. Hence, policies slowly developed in life insurance, responsibility insurance, etc. excluding third party car insurance. This causes low life insurance penetration in Iran, 1%, comparing average value of other countries in the region and around the world. According to earlier studies, it is found out that life insurance was negligibly advertised and the importance and effect of informing on individual and public knowledge and awareness were ignored. Thus, the major problem of the present research is how advertising influences people familiarization with life insurance. Therefore, it tries to answer this question by studying advertising effectiveness in people familiarity with life insurance among Dana insurance company insurers in Khorasan Razavi province. According to the issue of life insurance, significance of marketing and sale, and regarding that these insurance policies considered as development criterion in many countries throughout the world, in addition to lack of knowledge of such insurance policies, the people may require such insurance policies and purchase. This study investigates advertisement as an effective, critical factor influencing public familiarity to life insurance such that if information properly and timely provided, it would increase public realization and familiarity of life insurance and other type of insurances consequently leading to families' safety and mental health followed by society. This research tries to study advertising effectiveness in people knowledge and familiarity with life insurance of Dana insurance companies in Khorasan Razavi province.

Past researches

Taghizade (2011) studying effectiveness of advertising media in purchase process of life and saving insurance policies through using AIDA model concluded that Iran insurance advertisement was effective in attracting customers and successfully passed quadruplet steps of AIDA model. Uchani et al (2013) in a research investigating the effect of different media advertisements as one of marketing strategies on car purchasers' behaviors discovered that various visual, audio and written advertisements influence the behavior of car buyers in different priorities levels. Mavahebi Tabatabaie (2009) found out that insurance industry advertisements are not effective in any steps; furthermore, four components of AIDA model are prioritized in order from interest, tendency, purchase, and attention attract. Roustaei (2010), in a study naming evaluating advertisement effectiveness in Zarrin Ghazal industrial company (Dayti) using AIDA model, figured out that Dayti Company advertisement was effective in all four components.

Harati Sani (2006) in his study found that Iran insurance company advertisements were not adequately efficient during insurers' decision making process. Joyl Robinson (2009), in a research naming experimental evidences of TV advertisement effectiveness, showed that users in effective marketing design must apply a combination of multiple marketing designs in consumer purchase process. Hall (2002), in a study titled a new measurement model of advertisement effectiveness, concluded that an advertisement must always remembered by the consumer; then, it requires continuity to retain in the viewer's mind. Shavio (2001), in a research entitled experimental studying of the relationship between customers' active participation and advertisement effectiveness, demonstrated that high participation of customers directly and largely influences advertisement. Thus, it recognized as the critical indicator of advertisement strategy. Stewart Adam (2006), in a research titled an exploratory Investigation of Attitude Toward The website and The Advertising Hierarchy of Effect, concluded that websites-oriented attitude is positively related with effect hierarchical model.

Research methodology

This is an applied study in term of goal and a descriptive survey in term of research method. Research statistical population consisted of all Dana insurance branches in Khorasan Razavi province in term of place; and the customers purchased life insurance within this period (according to table, 254 individuals selected as sample). Representatives in Mashhad city were initially selected as the cluster; then, the determined sample randomly selected from customers of these agents; finally, 300 questionnaires returned. Since this research studies and analyzes advertisement effectiveness in people familiarity with life insurance; thus, it is an applied research in term of objective. Moreover, regarding that this research tries to investigate the level and type of variables' relations through using questionnaire to answer a scientific issue in real world, this is a descriptive-survey study in term of methodology. Research data collected through a questionnaire in a five-point Likert scale. The questionnaire validity and content validity verified by the advisor, consulter, and some practitioners. The most common internal logistic coordination reliability test is Cronbach alpha coefficient, which is used for multiple questions. Thus, research reliability was estimated by Cronbach alpha method through using SPSS software. In this regard, a sample of 50 questionnaires was

piloted The estimated Cronbach alpha coefficient for the primary 50 distributed questionnaires was 0.7, which is relatively high exceeding the limit of 0.6. Thus, it claims that the research tool has an acceptable reliability.

Data analysis

Respondents' demographic information

According to obtained data, among 300 individuals 39.3% were males and 60.7% were females; 29.3% were in age range of 25-35 and 3.0% within 45-50; 20.7% and 79.3% were married and single, respectively. 54.0% had bachelor degree, 32.7% diploma, 7.3% graduated, and 6.0% lacked university degrees.

Hypotheses test results

H_1: There is a significant relationship between advertisement and public awareness with life insurance.

Table 1 Correlation coefficient between advertisement and people knowledge of life insurance

Variables	Numbers	Correlation coefficient	Sig.
Advertisement	300		1
Public awareness	30	0.878 **	0.000

Data analysis results show that the correlation coefficient measured for advertisement and public awareness variable of life insurance is 0.878 at 0.000. Indeed, the correlation of the two variables of advertisement and public awareness of life insurance is positive and significant at p<0.01, meaning that the more advertisement, the higher public awareness of life insurance; thus, the null hypothesis is rejected.

Table 2 Binominal test between advertisement and public knowledge of life insurance

Variable	Group	Groups' level	Numbers	Observed ratio	Previous ratio	Decision criterion
Awareness	Group 1	2.5≤	0	0.000	0.50	0.000
	Group 2	2.5>	300	1.00		
	Total		300	1.00		

Results of t-binominal test data analysis, table 2, reveal that there is a significant relation between advertisement and public awareness at significance level of 0.05 despite decision criterion of 0.000 less than 0.05. Thus, according to statistics of the aforementioned table, the null hypothesis is rejected. Indeed, it inferred that the more the advertisement, the higher public awareness will be.

H_2: There is a significant relationship between advertisement and public knowledge with life insurance.

Table 3 Correlation coefficient of advertisement and public knowledge of life insurance

Variables	Numbers	Correlation coefficient	Sig.
Advertisement	300		1
Public knowledge	300	0.897**	0.000

Results of data analysis, table 3, demonstrate that the calculated correlation coefficient of advertisement and public knowledge variables of life insurance equals 0.897 at significance level of 0.000. Therefore, a positive, significant correlation is seen between the two variables at $p<0.01$. In fact, people are much known with life insurance through more advertisement; therefore, the null hypothesis is rejected.

Table 4 Binominal test between advertisement and public knowledge of life insurance

Variable	Group	Groups' level	Numbers	Observed ratio	Previous ratio
Public Knowledge	Group 1	2.5≤	0	0.000	0.50
	Group 2	2.5>	300	1.00	
	Total		300	1.00	

Results of analyzing data t-binominal test show that in spite of decision criterion of 0.000 less than 0.05, there is a significant relationship seen between advertisement and public knowledge variables of life insurance at significance level of 0.05. Therefore, according to table statistics, null hypothesis is rejected. Indeed, it inferred that the more the advertisement, the higher the public knowledge and familiarity with life insurance.

H3: There is a significance difference between the effect of advertisement in males and females.

Table 4: Independent t-test of advertisement effect difference in males and females

Variables	t-statistics	df	Sig.
Effect of advertisement	-4.058	298	0.009

Since significance level is 0.009 and smaller than 0.05; thus, the null aforementioned hypothesis is rejected. In fact, advertisement effectiveness level significantly differs in males and females since significance level is zero smaller than 0.05; furthermore, test statistic value is -4.058.

H4: There is a significant difference in the effect of advertisement among married and single individuals.

Table 5 Independent t-test of advertisement effectiveness difference in married and single individuals

Variable	t-statistics	df	Sig.
Effect of advertisement	-2.056	291	0.037

Since significance level is 0.037, which is smaller than 0.05; thus, this null hypothesis is rejected. In fact, advertisement effectiveness significantly differs for married and single individuals. Therefore, the hypothesis of advertisement effectiveness significance among married and singles maintained by test statistics of -2.056.

H5: There is a significance difference between the effect of advertisement and various education levels.

Table 6 Independent t-test results of comparing advertisement effectiveness mean in term of education level

Variables	t-statistics	df	Sig.
Effect of advertisement	-2.34	257	0.02

Observed t-statistics in table is -2.34, regarding the absolute value and significance level of 0.02 smaller than 0.05, null hypothesis rejected and research hypothesis maintained, meaning that advertisement effectiveness and education levels significantly differs. According to average table, advertisement effectiveness is higher in undergraduate and graduate level comparing those in lower levels.

Conclusion and recommendations

The main purpose of the present research is to study advertisement effectiveness in people knowledge of Dana life insurance. The objective introduced through two hypotheses, which were maintained according to obtained statistical results. In fact, statistical findings revealed that advertisement positively influences public knowledge of comprehensive life and saving insurance. In other word, the more effective and efficient advertisement increased, the higher public knowledge of life insurance existence, merits and benefits. These results are consistent with Taghizade (2011), Quchan et al (2013). Taghizade, for instance, concluded that Iran insurance advertisement effectively attracted customers and successfully passed AIDA quadruplet steps. Therefore, since the first step of saving and comprehensive life insurance decision-making process is being aware of the existence of such insurance policy. Thus, advertisements of being aware of this insurance policy are effective and may increase public knowledge and awareness level of the merits and confidence of such insurance for the future.

The other objective of the present study is to test the relationship between advertisement effectiveness and people familiarity with life insurance. This objective was also measured by research second hypothesis. Results showed that advertisement not only makes public aware of life insurance, but may also increase and enhance the level of familiarity and recognition level. In other word, more advertisement of life insurance advantages causes increased knowledge of such insurances. These results are consistent with Tabatabei (200), Harati Sani (2006) as well as Robinson (2009). Since familiarity to a product or service means developing the idea of what is this product and how it is applied for customer to satisfy its requirements, once people are informed of saving and life insurance, and regarding the present research results of the positive effect of advertisement on people knowledge of saving and life insurance, the more the individual familiarity with features and advantages, price, services and terms (conditions) of this insurance policy increased and improved, they will be show higher tendency in purchase

and benefiting life insurance advantages i.e. developing the concept of what is this product, how much is it useful, and which requirements are satisfied with. Other research findings provided by hypotheses investigating the difference effect of advertisement among males and females, married and single individuals, as well as in various education levels. Obtained results represented that advertisement effectiveness differs in males and females; indeed, advertisement may differently influence statistical populations of males and females in term life insurance knowledge. Moreover, research findings also determined that single and married individuals are differently influenced by advertisement; how and to what extent the advertisements are presented may differently and significantly influence single and married ones due to their individual and community responsibilities. On the other hand, advertisement effectiveness difference in term of education level was also measured by research final hypothesis. The findings obtained show that here advertisements differently influence the community, too such that according to research results individuals with bachelor and higher degrees are more influenced by advertisement comparing lower level education. It recommended that regarding research obtained results, companies, marketers, and insurance agents adopt following measures in order to more and better effectiveness in customers and to encourage them buying saving and life insurance:

1. Better suggestion for knowledge variable effectiveness is using informative advertisement in the form of introducing insurance company brand, being aware of new life insurances, the insurance services delivered by the company, new prices of insurance policies, as well as familiarizing with policies' after-sale servicing.

2. The better recommendation of knowledge variable effectiveness is to apply remaindering advertisement in the form of huge information about new product presented in the form of description of life insurance services, recalling insurance policy purchase place, life insurance features and advantages, information about insurance price as well as distribution, discount and sale terms of insurance policy.

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