

UDC 339.138:005.57:368(477)

DOI <https://doi.org/10.26661/2414-0287-2021-2-50-23>

INTERNET MARKETING AS AN INSTRUMENT FOR DEVELOPING INSURANCE SERVICES

Ignatovich L.S., Ivanov M.M.

Zaporizhzhya National University

Ukraine, 69600, Zaporizhzhia, st. Zhukovsky, 66

borisova.lilia@gmail.com, nn_iva@ukr.net

ORCID: 0000-0002-4432-2226, 0000-0002-1908-0763

Key words:

insurance, internet-marketing, digital strategy, marketing potential, insurance marketing, online insurance, social media.

The features of the development of internet marketing in the field of insurance services are investigated. It is determined that the main advantages of using Internet marketing (Marketing 4.0) is the convenience and saving of time by the subjects of the insurance market, an increase in the information security of the subjects of the insurance market, reducing the cost of doing business and expand the geographical boundaries of the company's activities, simplifying communications with customers. It has been established that an increase in the number of Internet users and social networks changes the process of making insuring solutions over the Internet. Therefore, insurers must adjust their marketing strategies and gradually introduce a digital strategy to preserve competitive advantages. The first analysis of the use of the Internet and communication channels by the population of Ukraine was carried out. Key factors affecting an increase in online sales of insurance services are identified. The dynamics of the conclusion of electronic auto insurance contracts from the moment the e-policy appears in the Ukrainian market is shown. The article shows how the change in customer behavior affects the change in the business processes of the insurance company. The stages of the introduction of a digital strategy in the insurance company are allocated.

ІНТЕРНЕТ-МАРКЕТИНГ ЯК ІНСТРУМЕНТ РОЗВИТКУ СФЕРИ СТРАХОВИХ ПОСЛУГ

Ігнатович Л.С., Іванов М.М.

Запорізький національний університет

Україна, 69063, м. Запоріжжя, вул. Жуковського, 66

Ключові слова:

інтернет-маркетинг, інтернет-страхування, онлайн-страхування, соціальні мережі, діджитал-стратегія.

Досліджено особливості розвитку Інтернет-маркетингу в галузі страхових послуг. Визначено, що основними перевагами використання Інтернет-маркетингу (Marketing 4.0) є зручність та економія часу, підвищення інформаційної забезпеченості суб'єктів страхового ринку, зниження витрат на ведення бізнесу та розширення географічних меж діяльності страхових компаній, спрощення комунікацій з клієнтами. Встановлено, що збільшення кількості користувачів Інтернету і соціальних мереж змінює процес ухвалення рішень щодо страхування через Інтернет. Через це страховики повинні коригувати свої маркетингові стратегії та поступово запроваджувати цифрову стратегію для збереження конкурентних переваг. Проведено перший аналіз використання Інтернету та каналів зв'язку населенням України. Визначено ключові фактори, що впливають на збільшення онлайн-продажів страхових послуг. Наведена динаміка укладення електронних договорів обов'язкового страхування цивільної відповідальності автовласників з моменту появи Е-полісу на українському ринку. Стаття показує, як зміна поведінки клієнтів впливає на зміну бізнес-процесів страхової компанії.

Statement of the problem

The features of the development of internet marketing in the field of insurance services are investigated. It is determined that the main advantages of using Internet marketing (Marketing 4.0) is the convenience and saving of time by the subjects of the insurance market, an increase in the information security of the subjects of the insurance market, reducing the cost of doing business and expand

the geographical boundaries of the company's activities, simplifying communications with customers. It has been established that an increase in the number of Internet users and social networks changes the process of making insuring solutions over the Internet. Therefore, insurers must adjust their marketing strategies and gradually introduce a digital strategy to preserve competitive advantages. The first analysis of the use of the Internet and communication channels by

the population of Ukraine was carried out. Key factors affecting an increase in online sales of insurance services are identified. The dynamics of the conclusion of electronic auto insurance contracts from the moment the e-policy appears in the Ukrainian market is shown. The article shows how the change in customer behavior affects the change in the business processes of the insurance company.

Analysis of recent studies and publications

Bill Gates in the book “Business at the rate of thought” in 1999 expressed the idea of how technology could contribute to business improvement and how this will change the nature of the company in the future. He stressed that “if the company is not on the Internet, then it does not exist at all.” K. Smith after 10 years has suggested that by 2010 the number of Internet users in the world will exceed 2 billion and as a result of the rapid development of the Internet will increase the use of digital marketing, which is considered as the strategic goal of any company. J. Ruintage confirmed in 2015 that the digital strategy should be the main direction of the market strategy of any company and the development of technologies will lead to new business forms [1]. D.Longo in 2016 put forward a hypothesis that Internet marketing strategy should be a priority and be an additional way of doing business in the company [2]. In the course of its research in 2017 S. Kingsnort expressed the opinion that digital marketing is widespread and is a relevant direction [3]. Ph. Kotler in 2017 expressed the opinion that digital innovations can bring the country to prosperity and the appearance of a new concept – Marketing 4.0. [4].

The prospects for the development of Internet marketing in insurance in Ukraine, such Ukrainian scientists were engaged in such as N.M. Spitzina, I.M. Mikhailovskaya, Tolstie, V. Yeerstov [5; 6; 7]. Thus, in domestic scientific publications, the main scientific approaches to the establishment of the essence and principles of Internet insurance, advantages and disadvantages are identified. In 2020 M. Ivanov investigated the use of intelligent data analysis in the management of economic objects. Its studies led to theoretical and practical developments in the field of marketing research [8].

Objectives of the article

The number of communication channels is growing annually, which means that the possibilities of interaction with the audience increase. According to the study of the sociological company INMIND on requesting Internews and USAID among the population of Ukraine in 2019, television was not first recognized as the most popular source of information. Only 66% percent of Ukrainian will find out the latest news on television. The indicator fell by 11% compared with the previous year (77%).

According to Figure 1, the first place is now occupied by social networks – 68%. Interest in them in 2019 increased by 15% compared with rates 2018. There is also a prevalence of social networks as the media, they are used by 56% of the population. 85% Ukrainian enter the Internet at least once a day, and the most popular today are messaging applications (Viber, Telegram, YouTube). The

third place in popularity is occupied by Internet media – 59%. More traditional channels of information – radio and printed press – occupy the last positions – 18% and 15%, respectively. Their indicators, as well as the television, decreased over the year – by about 7%.

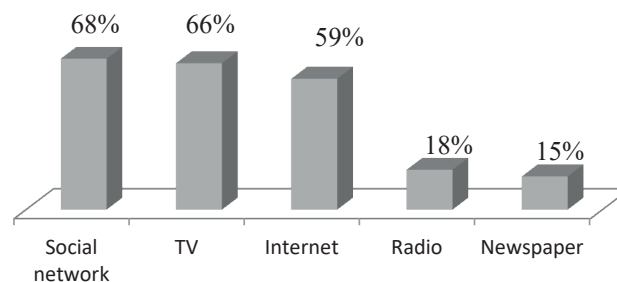


Fig.1. Channels to the population of Ukraine for 2019

Source: created by the author on the basis of Media Consumption Report by USAID

In the past few years, the transition from traditional sources of information to mobile messaging is a global trend that is only gaining momentum. This is caused not only to the fact that through mobile devices it is easier to constantly stay in touch and be aware of the events of 24/7.

Today, without the Internet, we do not present our lives. He flooded all the spheres of our activity. In the Internet we buy and sell goods, paying for utilities, learn what is happening in the world. And although the word “marketing” for a simple person is not entirely clear, even few specialists can give an accurate definition, but he also firmly entered our lives. And to be more accurate – in our subconscious. When we believe that we independently choose one or another product or service, they are deeply mistaken. We buy the goods that are properly proposed by marketers.

According to the results of the research holding Factum Group Ukraine (the study was conducted in August – September 2019, by Face-to-Face interviews at the residence of the respondent) 71% of Ukrainian (almost 23 mln.) Ukrainian regularly use the Internet. A mobile phone or smartphone for network access is used by 66% of Ukrainians, and 21 mln. people have internet at home (65%).

In cities with a population of more than 100,000 people, the number of users in 2019. Grew by 3% (74%) than in 2018 (71%). They make up 42% of all Internet users in Ukraine. Cities with a population less than 100 000 people regularly use a network by 7% (70%) more than in 2018 (63%). They make up 29% of the total number of users, also 29% are residents of the village (Figure 2).

The growth in the use of the Internet is also observed in the villages, so in 2019 the figure rose by 5% (58%). The greatest number of users among people aged 25–34 years (25%). The second place is occupied by users aged from 35 to 44 years – 21%. 18% – persons aged from 45 to 54, adolescents and young people aged 15 to 24 are only 15%. 12% – aged 55 to 64 years and 8% of the face over 65 years.

In the modern world it is difficult to submit a financial institution that would not use the possibilities of the worldwide network to provide its services. The banks were actively involved in the first to introduce its capabilities, later insurance companies were also joined. It is on the

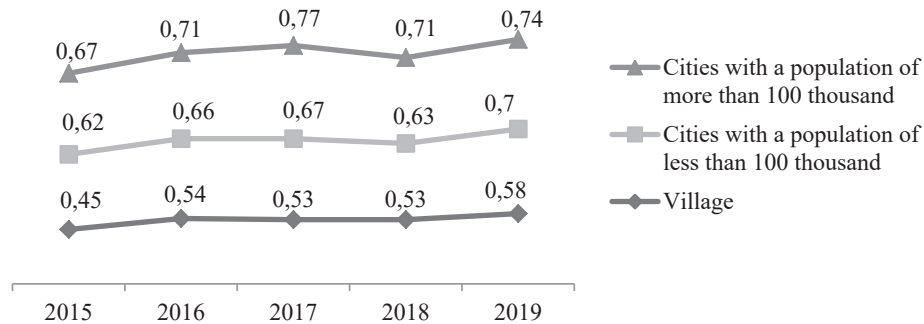


Fig. 2. Dynamics of Internet use in Ukraine

Source: created by the author on the basis of Research of Factum Group Ukraine Research Holding

Internet that the necessary information is being searched for, decisions are made to buy goods and services, the potential consumer actively rests and communicates in the network. Such high involvement becomes the reason for the transition of business structures in the sphere of Digital. Thus, Internet marketing becomes the most efficient tool for attracting consumers, promoting goods and is a convenient basis for the implementation of various studies [6].

The main advantages of Internet marketing are:

1. Saving time for the consumer and simplify the interaction between the insurer and the insured.
2. No boundaries. Any Internet user can enter the site from any point of the planet.
3. Season of obtaining information and the possibility of its use to study proposals and analysis of pricing policy.
4. Speed and ease of addition or change information.
5. A variety of promotion channels.
6. Timization of business processes.

Thanks to the development of digital advertising, information on insurance services in the form of banners can be placed on different sites using a huge amount of formats [11].

The global pandemic showed that in conditions of coronavirus there is a certain trend in the development of the IT-industry. Many insurance companies are now experiencing difficult times: the remote work of the team, the refusal of potential and existing customers from cooperation, the crisis in the economy. Under conditions, when people moved to remote work, online products are becoming relevant and in demand. At the same time, the transition of many offline companies in the online segment created the need to compete with experienced market players, which developed an Internet marketing system and there is a Digital strategy. And this leads to the need to be operational and inventive. The main channels for distributing information and interaction with the audience in the current conditions are: sites, social networks, Internet media, television.

Insurance is a business that requires constant communications. Communications with customers, partners, employees. Insurance companies become the subjects of the global electronic market. They get access to the customer base and have the opportunity to offer their services at any time anywhere in the world. The main task of the insurance company is to convince the client to acquire

the insurance policy, draw attention to its product line and form the client's commitment to the company. One way to solve this problem is the planning and implementation of the Digital Strategy within the overall promotion strategy.

In our dynamic world, there are important issues of service and time: the quality of service, the rate of execution of the policy and the period of receipt of compensation, that is, the resolution rate in the event of a risk. The client wants to quickly and just get a service, preferably not taking off from the smartphone. Obvious trends – the introduction of European service standards, which largely depend on the chosen strategy, from the team, its level of qualifications, skills, knowledge and experience. And on degree of digitalization of the company. To satisfy the needs of the client, operating activities are not submitted without the use of business processes automation. Progress does not stand still. The Internet allows us to reduce the level of exposure to the consumer, that is, there is no need for direct communication with the employees of the insurance company. The most significant advantage for the insured is the convenience and saving time.

Today, insurance policies are sold in the market of Ukraine online through sites of insurance companies, assets-aggregators, online platforms of partners, including banks. At the same time, there is both full-fledged online sales - the client chooses, contributes its data, pays, signs a contract via SMS and receives a policy to its email address and work with customer applications left on the site (online sales are difficult, rather – direct Sales through a contact center or other division in the company). Online selling express insurance policies providing for standardized insurance conditions, a limited set of risks covered, a fixed amount of insurance coverage, as well as a clear and unified pricing algorithm.

Starting from 07.02.2018, it is possible to conclude internal agreements of compulsory insurance of civil liability of the owners of land vehicles (which are valid solely on the territory of Ukraine) in electronic form. Statistics speaks for itself. In just all the time of operation of the electronic policy system (since February 2018), the number of electronic contracts amounted to more than 3,8 mln (Figure 3).

The number of electronic contracts in Ukraine in 2020 amounted to 3,05 mln. which is 2.5 times more than in 2019. The amount of insurance payments for such agreements is 260 000 000. UAH (+ 176%) [8].

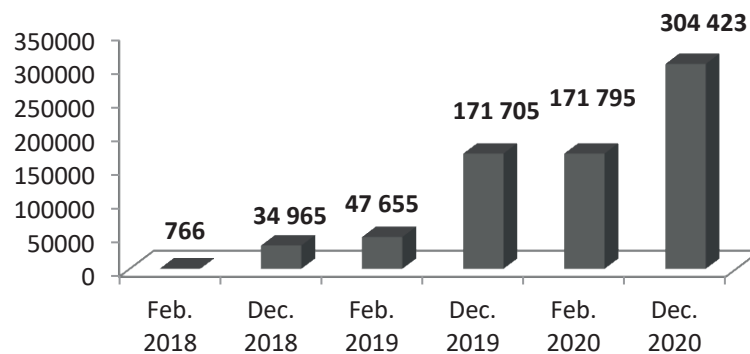


Fig. 3. Statistics of the number of concluded electronic policies 2018–2020

Source: created by the author on the basis for insurer

If a few years ago, conversations about online insurance prospects were only abstract forecasts, today we can safely say that in the field of Internet insurance in Ukraine there was a breakthrough. Migration of insurers in the Internet is not just a marketing stroke, but a necessary step that will allow the insurance market of Ukraine to become much more civilized and to enter the level of developed countries in Europe and the United States.

Insurance business is fully built on reputation. Before buying an insurance policy, a potential client will surely ask the reliability of the insurance company, the quality of service and the efficiency of settlement. The population receives information reading reviews on specialized portals and forums. Many insurance companies perfectly understand this and work independently on the forums, placing both positive feedback and giving official answers to unhappy customers.

Today there is no insurance company that did not have a corporate site. Therefore, the web site is a business card of the insurer. Such a simple truth, but many insurers ignore it. The modern level of use of various Internet marketing tools on the part of Ukrainian insurance companies is significantly different. So, most efforts are sent to the creation and support of the company's website. Insurers improve the structure of sites, are saturated with information, optimize them for the requirements of leading search network algorithms to provide the company's first positions of search engines. Such activities increase the likelihood of transition to the site of representatives of the target audience, and, as a result, increases sales. The successful website of the insurance company must have saturated content and constantly update, not be static. At the moment, this requirement is very rarely performed by Ukrainian insurers, and the update is reduced only to the company's news feed.

Insurance is a special scope of a business in which marketing and advertising has its own specifics, including in promoting social networks. The task of social networks is to attract the client's attention, show the benefits of insurance, explain the nuances and the most important thing to convince the policy. This is done with the help of tools such as SEO articles, forums, viral posts, e-mail mailing, chat bots, videos, etc. Internet marketing executes one of the main functions of the insurance company. It helps to promote, sell and popularize insurance services.

Internet marketing has its own toolkit, namely:

SEO (Search Engine Optimization) – Internal resource optimization for search networks, improved site work, work with content.

SMM (Social Media Marketing) – Marketing on social networks, blogs, forums.

SMO (Social Media Optimization) – Site Optimization for Social Media.

SEA (Search Engine Advertising) – contextual advertising.

Change in the behavior of the consumer of insurance services in the digital age, respectively, changes the business approaches. The presence of a digital strategy turns into a vast necessity for the subjects of the Insurance market of Ukraine. Its implementation allows you to expand the markets and sales channels of insurance services, speeding up this process, reduces the cost of insurance services and attracts more customers.

The phased application of the Digital strategy shows a simple and orderly approach to the planning of the company's activities in the digital sphere:

1. When developing any strategy, first of all, goals should be defined. Objectives should be put on the Smart principle and be: specific, measurable, agreeable, realistic, defined in time.

The following important step is the analysis of the external environment, which is carried out to the definition of advertising channels. Each insurance company is in a competitive environment and occupies a certain place in the insurance services market. For proper identification, you must select 2–3 competitors in the segment (similar insurance portfolio, price positioning, promotion channels) and compare the following parameters: strong/weaknesses of competitors; key differences and similarities in the market positioning; Marketing tools that are used.

2. Definition of the target audience. Personalization of customers helps see existing customers and understand their motives when buying. Creating a portrait of the buyer helps to understand what kind of insurance product is needed in the market, as it will be used, what customer needs will satisfy.

3. Select communication channels. It will help to establish a connection with a potential client at every stage of the decision to make them a purchase and effectively and timely affect the client with relevant information.

4. After all communication channels are defined, it will be necessary to arrange priorities between them (from more important to less important), prepare the media plan and calculate the budget.

5. Staging KPI. For each advertising channel, their key performance indicators are prescribed (since each tool they have different). The execution of KPI in aggregate leads to the achievement of the main goal of the campaign. This result will be a confirmation of a properly planned and implemented Digital strategy.

6. Forecast of results. The main averaged indicators of the entire campaign (total traffic, % of conversion, the cost of one “contact”, etc.) is derived.

Thus, Digital is a strategy – the work plan is specified for each Internet marketing tool. The strategy is developed for a period of 6 months to 2 years. For a longer period, the strategy is inappropriate since even with a stable situation in the market and a minimum of external factors, the strategy must be reviewed and, if necessary, to make adjustments at least 1 time per quarter.

Findings. Global digitalization of business occurs, respectively, and marketing becomes another. Modern users are confident that advertising must take into account individual needs. Studying the peculiarities of customer behavior, the insurance company may contact them at the right moment with the current proposal. This will make it possible to occupy niche markets with minimal cost and receive an instant response to suggestions.

Today, the insurance market of Ukraine did not simply have a tendency to use modern technologies in the field of business management organization, as well as new

information technologies, and they are the driving force that allows you to successfully interact with increasingly demanding and impatient customers. Consumers, perfectly dealt with technological innovations and actively using them in everyday life, expect a corresponding technological level of service and from insurers.

The use of Internet marketing tools is expanding the possibilities of communications between the subjects of the insurance market and improves the efficiency of business processes. The development of the Digital strategy and its implementation is an inevitable step for the sustainable development of insurance bands in Ukraine. The phased application of the Digital strategy shows a simple and orderly approach to planning the company's activities in the digital sphere. Development and application of Digital – Insurance Strategies will allow insurance companies to create insurance products adapted to customer needs that are uniquely suitable for each client.

To achieve success in the market, domestic insurance companies must meet the requirements of this and modern social trends, and therefore, comprehensively use all Internet marketing tools. The Internet has become a simple means of informing customers into an interactive system in which the priority appears “feedback” - the consumer's response to the actions of the company.

The modern situation with Coronavirus showed that the use of Internet marketing is extremely favorable both on the results of the activities of individual companies and in the state of the market as a whole. The use of Internet marketing is one of the most promising directions for the development of Ukrainian insurance in the near future.

References

1. Armitage, J. (2015). Strategic insights. *Marketing Insights*, 27(1), pp. 22–23.
2. Ivanov, M.M. (2019). Cloud-based Digital Marketing. *Experimental Economics and Machine Learning for Prediction of Emergent Economy Dynamics (M3E2-EEMLPED 2019)*. 395–404. Retrieved from <http://ceur-ws.org/Vol-2422/paper32.pdf> [in English]
3. Kingsnorth, S. (2017). Digital marketing strategy. *Digital Marketing Strategy*, pp. 1–6. [in English]
4. Longo, D. (2016). Why Strategy Must Come First in Digital Marketing. *Convenience Store News*, 52(5), pp. 57–60. [in English]
5. Media Consumption Report of the United States Agency for International Development (USAID) and the international organization Internews (2019). [in English]
6. Mykhaylovs'ka I.M. (2015). Osnovni pidkhody do vyznachennya sutnosti, struktury ta pryntsyypiv Internet-strakhuvannya (Basic approaches to defining the essence, structure and principles of Internet insurance). *Visnyk Khmel'nyts'koho natsional'noho universytetu*, (3), pp. 157–160. [in Ukrainian]
7. Philip Kotler, Hermawan Kartajaya, and Iwan Setiawan *Marketing 4.0*. (2017). Moving from traditional to digital. Published by John Wiley & Sons, Inc., Hoboken, New Jersey. 208 p.
8. Shapovalenko K.S., Agayev V. (2013). Metody pidtrymky komunikatsiyi brendu (Methods of communication support of the brand). *Bulletin of NTU “KhPI”*, (45,1018), pp. 115–121. [in Ukrainian]
9. Smith, K.T. Digital marketing strategies that millennials find appealing, motivating, or just annoying. *Journal of Strategic Marketing*, 19(6), 489–499. doi: 10.1080/0965254X.2011.581383 (2011).
10. Statystyka prodazhiv elektronnykh dohovoriv OSTSPV v Ukrayini. Rezhym dostupu: <https://forinsurer.com/news/19/09/02/37119> [in Ukrainian]
11. Tlusta G. Zarubizhnyy dosvid funktsionuvannya ta rozvytku Internet-strakhuvannya (Foreign experience of functioning and development of Internet insurance). *Visnyk Kyyivs'koho natsional'noho universytetu imeni Tarasa Shevchenka*, (3), pp. 55–62. [in Ukrainian]
12. “Vykorystannya internetu naseleennyam Ukrayiny”. *Doslidzhennya Doslidnyts'koho kholdynhu Factum Group Ukraine [Elektronnyy resurs]*. Rezhym dostupu: <https://mind.ua/news/20204323-majzhe-23-mln-ukrayinciv-regulyarno-koristuyutsya-internetom-doslidzhennya> [in Ukrainian]