

## THE METHODOLOGY OF USE OF THE MARKETING POTENTIAL BY SUBJECTS OF THE INSURANCE MARKET IN UKRAINE

**Ignatovich L. S.**

*Zaporizhzhia National University  
Ukraine, 69600, Zaporizhzhia, Zhukovsky str., 66*

borisova.lilia@gmail.com

ORCID 0000-0002-4432-2226

**Key words:**

insurance, marketing potential, insurance marketing, insurance marketing innovations, an insurance product, Internet - marketing.

The article identifies that introduction of insurance marketing requires the creation of an appropriate service or department that studies the marketing environment, analyzes the market situation and provides advice for successful market promotion. To improve the competitiveness of insurance companies is important to the organization of marketing service, which will ensure the timely provision of necessary and reliable information and will provide an opportunity to reduce the losses, to attract new customers and introduce new insurance services. Developed the stages of implementation of marketing activities of the insurance company. It is proved that the result of the development of information technologies were the changes in consumer behavior that led to the creation of alternative sales channels. According to the author, the main objective of innovative activity of the insurer is to bring insurance services to the existing needs of the policyholder in insurance coverage. Describes the main development trends of the Ukrainian insurance market. Identified key factors contributing to low levels of use of marketing potential of subjects of the insurance market of Ukraine. Proved that the dynamic development and significant potential of the insurance market of Ukraine provide for the establishment and effective management of the marketing activities of insurance companies. The author believes that today the population is the low level of insurance culture and trust companies through the lack of information about the insurance market and its individual segments, and the use of marketing capabilities will have a positive impact not only on the activities of individual insurance companies, but also on the development of the entire insurance market of Ukraine. Further development of theoretical propositions about the need for ways of improvement of innovative activity of the insurer.

---

## МЕТОДОЛОГІЯ ВИКОРИСТАННЯ МАРКЕТИНГОВОГО ПОТЕНЦІАЛУ СУБ'ЄКТАМИ СТРАХОВОГО РИНКУ УКРАЇНИ

**Ігнатович Л. С.**

*Запорізький національний університет  
Україна, 69600, м. Запоріжжя, вул. Жуковського, 66*

**Ключові слова:**

страхування, маркетинговий потенціал, страховий маркетинг, страхові маркетингові інновації, страховий продукт, інтернет-маркетинг.

У статті визначено, що впровадження концепції страхового маркетингу вимагає створення відповідної служби або відділу, який вивчає маркетингове середовище, аналізує ринкову ситуацію та надає консультації для успішного просування на ринку. Для підвищення конкурентоспроможності суб'єктів страхового ринку важливо правильно організувати маркетингову службу, яка забезпечить своєчасне надходження необхідної та достовірної інформації та дасть змогу зменшити збитки, залучити нових клієнтів та впровадити нові страхові послуги. Розроблено етапи процесу впровадження маркетингу в діяльність страхової компанії. Доведено, що наслідком розвитку інформаційних технологій стали зміни в поведінці споживачів, які привели до створення альтернативних каналів продажу. На думку автора, основним завданням інноваційної діяльності страховика є максимальне наближення лінійки страхових послуг до існуючих потреб страхувальника у страховому захисті. Розглянуто основні тренди розвитку страхового ринку України. Визначено ключові чинники, що сприяють низькому рівню використання маркетингового потенціалу суб'єктами страхового ринку України. Доведено, що динамічний розвиток та суттєвий потенціал страхового ринку України зумовлюють створення та застосування ефективної системи управління маркетинговою діяльністю страхових компаній. Автор вважає, що сьогодні в населення низький рівень страхової культури і довіри до компаній через недостатність інформації про страховий ринок та окремі його сегменти, а використання маркетингового потенціалу позитивно вплине не лише на діяльність окремих страхових компаній, а й на розвиток усього ринку страхових послуг України. Набули розвитку теоретичні положення щодо необхідності шляхів удосконалення інноваційної діяльності страховика.

### Statement of the problem

The dynamic development and significant potential of the Ukrainian insurance market determine the creation and application of an effective marketing management system for insurance companies. Unfortunately, most insurance companies in Ukraine do not use their marketing potential and do not understand that their activities in the market are nothing more than marketing. It has been established that Ukraine in terms of the level of marketing development in insurance lags significantly behind other countries of the world. This indicates that there are significant opportunities for the further development of insurance companies, a prerequisite for this is the use of marketing potential.

To increase the competitiveness of insurance companies, it is necessary to study marketing trends and introduce new approaches, in particular marketing innovation.

Using the marketing potential will positively affect not only the activities of individual insurance companies, but also the development of the entire insurance market of Ukraine.

### Analysis of recent studies and publications

A significant contribution to the study of issues related to the development of the insurance market in Ukraine and in the world was made by such scientists as V. D. Bazilevich [1], Trinchuk and L. I. Vasilenko [2], O. M. Lobova [3], I. Y. Kirillova [4], P. Doyle [5].

The main advantages of applying marketing approaches in insurance activities are the ability to increase the competitiveness of insurers and find effective ways of working in the face of environmental uncertainty. O. B. Ponomareva notes that one of these advantages is the development of a completely new or modernization of an existing product or service. This requires the development of marketing in the field of insurance [6].

### Objectives of the article

The objective of the article is the developing of the stages of the marketing implementation process in the activities of an insurance company. Determine the level of use of marketing potential by the insurance market of Ukraine. To develop ways to improve the organization of marketing activities of the insurance company. Identify the main trends in the development of the insurance market of Ukraine.

### The main material of the research

Currently, in Ukraine the development of marketing insurance consistent with the early stage the economically developed countries of the world. The formation of interest in the marketing of domestic insurance companies on the one hand is the duplication of marketing technologies focused on the production or sale of goods. On the other there is a concentration of insurance industry marketing and advertising activities and stimulate sales activity, although they are the final stages of marketing the scope of activities [7].

Insurance marketing should be understood as a peculiar system of interaction of subjects of the insurance market

aimed at meeting the needs of the insured and the profitability of the insurance company. Feature of insurance marketing is the variety line of insurance services with a specific purpose in the market and in the characteristics approach to the adoption of effective management decisions regarding the development of an appropriate strategy and its implementation.

According to V. V. Tanchuk and L. I. Vasilenko [2] among the main factors that caused the necessity of introducing marketing tools in the activities of domestic insurers include:

- the development of information technologies and means of communication;
- internationalization of economic processes, which is accompanied by the interaction of domestic and foreign insurers in the global insurance market and reinsurance;
- increased competition in the insurance business;
- diversification of insurance industry by expanding the range of insurance services;
- restrictions on price competition in the market of insurance products through state regulation.

According to the author, this list should be added the low level of financial literacy and awareness about insurance services, their advantages and misunderstanding of the principle of insurance in general.

Basic marketing tools for agents on the insurance market in Ukraine are:

1. Agents (brokers) insurance. They interact directly with the insurer. They inform a potential customer about the insurance company, the benefits of its services.
2. The actual purchase of insurance in the office. Such sales activity is passive. Drawback – it focuses on a few active insured persons, independently make a selection of an insurance product.
3. Cooperation with large enterprises. Are able to offer a wider range of services to a large portion of policyholders. Relevant at the moment is the insurance of employees of enterprises [8].
4. Sale online. The consequence of the introduction of marketing in the insurance business of the company is the search for new approaches to managing the insurance company. The use of Internet marketing has a positive effect not only on the activities of individual insurance companies, but also on the development of the entire insurance market of Ukraine.

The current conditions for the activities of insurance market entities require a quick response to changes through the development and implementation of specific measures and, finally, the achievement of the ultimate goal of the activity - making a profit and long-term functioning of the company. Therefore, the process of introducing marketing into the activities of the insurer should take place sequentially (Table 1).

Table 1 – Follow the process of marketing to the insurance company.

Stage	Stage content
1.	Creation of a marketing unit. Formation of tasks and level of responsibility.
2.	Distribution and delegation of authority.
3.	External analysis.
4.	General market research, competitor analysis. Market segmentation.
5.	Analysis of the internal. Studying the capabilities of the insurer to implement the line of insurance products.
6.	Development of a marketing strategy and a set of actions.

In the process of development of marketing techniques, a significant problem facing the insurance company is the organization of work of the respective unit.

Functions of marketing Department are: market research; the study of consumer behavior of potential policyholders, the formation of requirements to insurance products based on the needs of the market; informational and promotional support for the process of promotion of insurance products; creating a positive image of the company, assessment of efficiency of marketing activities.

The marketing Department assists in developing strategic and tactical plans of the insurance company. Proper organization will ensure the timely flow of reliable information, which will enable insurance companies to effectively carry insurance to attract new customers and promote new insurance services.

The analysis of possibilities of insurance companies is carried out to obtain data on market conditions, activities of the insurer (external environment) and on the real opportunities (internal conditions). The first involves techniques and methods for comprehensive study of the insurance market. In the second case, the so - called "situational analysis".

The specificity of marketing insurance is determined by the characteristics of the insurance sales, as the insurer sells a product that has no specific material form and value of which the client is difficult to understand. Thus, the formation and promotion a marketing strategy is a process designed to help a potential client understand the benefits and the principle of insurance and to estimate the insurance service.

Development of marketing strategy supports the objective need for the orientation of managerial and marketing activities of the insurance company taking into account market demand, needs and requirements of consumers.

If to speak about strategy, marketing actions of the company, it agreed on the following aspects of activity:

- brand development and company image;
- determination of the target audience;
- developing insurance products to meet the needs of the target audience;
- identify effective channels of promotion and sales.

Evaluation of results – the final stage of implementation of marketing activities of the insurance company. To evaluate the results of the implementation and monitoring of the plan of implementation of the strategy will be much

easier if you establish clear criteria for the achievement of results – figures that will show the amount of the target audience, the % conversion and the rate of sales, growth and so on. In the process of implementation of complex of measures, regular analysis of promotion results and adjust subsequent actions with regard to the actual situation.

Relationship insurance company and its customers should not be a mere conclusion of the first transaction, and should be focused on the long term. However, during the first treatment the client to the insurer, the preparation and signing of the first contract of insurance to collect, analyze and systematize information about the customer for its further use on the personal characteristics of the client and its preferences or needs.

To enhance the competitiveness of insurance companies need to focus on providing the best personal service. Now that the competition is huge, to attract customers attractive rates possible, and therefore, this service plays a crucial role. To achieve this purpose, the helper can make use of CRM-system of customer relationship management (Customer Relationship Management).

In today's insurance market, almost every insurance company offers its customers their own loyalty program because loyalty is in most cases associated with repeated purchase of the insurance policy.

In conditions of intensified competition on the insurance market becomes more urgent the task of finding effective methods of marketing communications and innovation actors of the insurance market. Insurance marketing innovation is the use of new technologies to improve existing types of insurance products and services or to develop new ones that eventually make a profit.

You should also consider the term “innovation”, which is derived from the Latin *novus* means change, refresh. It should be noted that the most famous is the approach in which the concept of “innovation” is translated from the English word *innovation*, i.e. “introduction of innovations” [9]. In Economics the term "innovation" was introduced in the twentieth century. In the scientific works of J. A. Schumpeter, particularly in his book "the Theory of economic development" (1912) defined innovation as any possible changes arising from the application of new and improved solutions of technical, technological and organizational issues in the field of production, marketing, management, etc [10].

Thus, insurance innovation can be seen as various innovations in the insurance field, or improving already known to the consumers of products and services to attract

more customers and effective functioning in conditions of growing competition.

It is proposed to classify marketing innovation depending on the components of the marketing mix[10]:

- innovation in place, that is, in marketing research, segmentation, positioning;
- innovation in product, that is, in the marketing product policy;
- innovation in price, that is, in marketing pricing policies;
- innovation in promotion, i.e. the marketing policy of communications.

According to the economic substance of insurance innovation can be divided into:

- technology (selling online, calculating insurance premiums on the company's website, etc.);
- grocery (new insurance products related to new or traditional operations, develop, and services).

The insurance feature of innovation is that they are more interdependent than innovation in other sectors of the economy. Another necessary condition for the implementation of the innovation process in activity of the insurer is its openness, transparency and accessibility, the quality of insurance services, the image of the insurer, financial performance, security and reliability, prompt settlement of insurance claims.

A distinctive feature of the insurance business in Ukraine is the low level of demand for innovation due to the high level of consumer distrust of insurance companies, as well as the introduction of innovations, which focus on large corporate clients.

In order for an innovative product started to make a profit, you need a certain amount of time for which this product is entrenched in the market and would have generated a steady demand for it. Most insurers are not willing to focus on the long term, which is one of the biggest challenges facing the insurance industry in the implementation of innovative changes.

A key task of innovative activity of the insurer is to bring insurance services to the existing needs of the policyholder in insurance coverage. The challenge in developing motivational incentives for growth of the insurance interest of potential customers of the insurance company. Only under condition of application of the European innovative insurance programs that provide a balance of qualitative and quantitative parameters of the insurance agreement, it is possible to achieve stable demand for a particular insurance service.

At this stage of development of the insurance market is most often implemented innovative changes, such as automation of business processes, self service, remote service, kalantri, individual consultations, using the tools of e-insurance.

Each year, new marketing trends, or trends. It is important to follow these trends for many reasons: they help to know what to the customer's liking what he's doing, what platform he uses to communicate with the company.

Marketing trends:

1. Marketing is a set of actions and not individual solutions.

2. Customer-oriented approach. Suggestions of insurance companies needs to solve a specific problem the client, offering the desired insurance protection. Continually improve the service due to speed registration and delivery of the policy, the convenience of online purchasing, expediting the settlement of insurance claims. The client must be satisfied with the service and be interested in other suggestions. Customer focus must be integrated into the corporate culture and have the values and guidelines by which you can and should improve the life of the customer.

3. Digital. You need to maximize the potential of the Internet environment and to automate all business processes. For example, to use chat-bots. They are easy to program and customize, so you can use with a different purpose: quick answers, solutions complaints, assistance in registering or filling out applications.

4. Internet marketing. Internet marketing in the insurance business contributes to the expansion of the coverage of insurance consumers and opens up new market niches. At the present stage of development of information technology rapidly growing popularity of social networks. The results of the research of the leading Ukrainian analytical companies (GFK Ukraine, InMind, Bigmir) the most popular social network in Ukraine is "Facebook" — about 24163 947 Ukrainians have an account in this network, which is 67% of registered in social networks; to "Instagram" was 63% of Ukrainian Internet users [10].

These trends require that insurers actively use them in marketing activities that will determine the possibility of direct and non-intrusive interaction with consumers.

The Internet is an important center of the image of the company. The modern consumer is becoming very choosy. He needed more information, more products at the best price and convenient way. Almost every insurer before buying the policy tries to learn as much information about the policyholder.

The current situation in the insurance market of Ukraine allows to make a conclusion that there are certain factors that do not contribute to the development of the insurance marketing business, as well as prevent it.

Thus, we define the key factors contributing to low levels of use of marketing potential of subjects of the insurance market of Ukraine [9]:

1. Insufficient practical experience of civilized business in insurance entities, lack of long-term forecasting and planning of the future state and degree of development of insurance organizations, their short-term concentration.
2. A sufficiently high degree of development of captive and corporate insurance.
3. The high cost of applying modern insurance marketing trends.
4. The predominant focus of insurers on insurance of large enterprises.

The key ways to improve insurance marketing include:

1. Introducing an active communication policy.

2. Raising the level of "insurance culture" through the implementation of outreach activities
3. Development of affiliate programs and customer loyalty programs.
4. Use of digital marketing tools.
5. Automation of business processes and the use of CRM systems.
6. Continuous study of marketing trends in the insurance market.

For the effective work of the insurance market of Ukraine, you need to monitor market trends, take into account the needs and wishes of customers and provide existing products with new properties.

### Conclusions

Proper organization of marketing service can ensure that the necessary and reliable information, which will enable insurance companies to effectively carry insurance to reduce the losses, to attract new customers and introduce new insurance services. The process of implementation of marketing activities of an insurer must be completed in sequence.

The task of the insurer is to make information accessible to buyers. And the consumer evaluates the information through the analysis of different options. Then, as the user analyzes the results of the evaluation of the products allow the insurer to develop a different marketing behavior. In some cases, the company improves the selection by preference, others trying to change the negative attitude and indifference of consumers, proving the benefits of these goods or services over similar.

In the insurance business, there is certain specificity in its innovative development. In order for the insurance company was competitive in the market, they must

constantly improve their activities, to update the range of insurance services to develop a system of communication with customers, to develop new marketing channels.

A key task of innovative activity of the insurer is to bring insurance services to the existing needs of the policyholder in insurance coverage. The challenge in developing motivational incentives for the growth of the insurance interest of potential customers of the insurance company.

The development of information technology, resulting in changes in consumer behavior, has led to the creation of alternative sales channels. A few years ago. corporate websites of insurance companies were mainly used as advertising space, which housed the main information about the company and its insurance services, today through sites of insurance companies, it becomes possible to communicate with customers and conduct sales of insurance products.

The peculiarity of the insurance business is the need to constantly maintain and restore customer relationships. For example, the insured person does not always remember that he ends the term of the contract. In this case, the email reminder about the necessity to continue it is not only appropriate, but useful. CRM systems provide automatic notification of upcoming events, approaching deadlines renewal of contracts, etc. Such "signs of attention" can be regarded by the client as attentive to his own person and will be the basis of loyalty to the company.

The modern customer wants to quickly get a quality service and decent service. This dictates the new trends for insurers. Application of the marketing trends will give an opportunity for insurance companies to develop competitive insurance products to attract new customers and retain existing ones, and strengthen market position.

### References

1. Basilevich, V.D., Basilevich, K.S., Pikus, R.V. (2008). Strakhovaniye [Insurance]. Kyiv: Knowledge [in Ukrainian].
2. Trinchuk, V.V., Vasilenko, L.I. (2003). Istoryko-ekonomichni peredumovy vynyknennya strakhovoho marketynhu. Strakhove dilo [Historical and economic prerequisites for the emergence of insurance marketing]. Insurance business [in Ukrainian].
3. Lobova, O.M. (2017). Teoretychni osnovy marketynhovoyi diyal'nosti strakhovoyi kompaniyi [Theoretical Foundations of Marketing Activity of Insurance Company]. Retrived from [http://www.investplan.com.ua/pdf/6\\_2017/14.pdf](http://www.investplan.com.ua/pdf/6_2017/14.pdf) [in Ukrainian].
4. Kirilova, I.Y. (2016). Strakhovyy rynek Ukrayiny: problemy i perspektyvy rozvytku [The insurance market of Ukraine: problems and prospects of development]. Odessa: ONEU [in Ukrainian].
5. Doyle, P. (2003). Marketynh – menedzhment i stratehiya [Marketing - management and strategy]. St. Petersburg [in Ukrainian].
6. Ponomaryova, O.B. (2016). Problemy ta perspektyvy rozvytku strakhovoho marketynhu v Ukrayini [Problems and prospects of development of insurance marketing in Ukraine]. Young Scientist, 12 (39) [in Ukrainian].
7. Kondratyuk, K.V. Osoblyvosti rozvytku strakhovoho marketynhu v Ukrayini. [Features of development of insurance marketing in Ukraine]. Retrived from <http://nauka.kushnir.mk.ua/?p=67634>.
8. Muzyka, O. (2006). Paradoxy marketynhu na suchasnomu etapi rozvytku rynku strakhovoykh posluh Ukrayiny [Paradoxes of marketing at the present stage of development of the insurance market of Ukraine]. Retrived from <https://forinsurer.com/public/06/01/24/2831> [in Ukrainian].
9. Kovalchuk, S. (2012). Aktualizatsiya marketynhovoykh stratehiy v konteksti innovatsiynoho rozvytku promyslovykh pidpryemstv [Updating marketing strategies in the context of innovative development of industrial enterprises]. Khmelnytsky: LLC [in Ukrainian].

10. Galasyuk, E. (2009). Strakhovyy marketynh: teoretyko-kontseptual'ni zasady [Insurance marketing: theoretical and conceptual foundations]. Retrived from [http://elartu.tntu.edu.ua/bitstream123456789/291/2/GEB\\_2009\\_No2E\\_HalasyukInsurance\\_marketing\\_theoretical\\_and\\_conceptual30](http://elartu.tntu.edu.ua/bitstream123456789/291/2/GEB_2009_No2E_HalasyukInsurance_marketing_theoretical_and_conceptual30).
11. Turchi, L. J. (2018). Konspekt lektsiy po distsiplinam «Marketingovyye innovatsii» dlya studentov vsevozmozhnykh form obshchestvennogo pitaniya «Magístr» [Notes of lectures on the discipline "Marketing of innovations" for students of all forms of education of higher education level "master"]. Ternopil: TSTU [in Ukrainian].