

MARKETING STRATEGIES IN KOSOVO INSURANCE COMPANIES - CONCEPTS AND APPROACHES

Stela TODOROVA¹, Gazmend DEDA²

¹Agricultural University of Plovdiv, 12 Mendeleev Boulevard, 4000, Plovdiv, Bulgaria, Mobile: +359878619414, Email: stelatodorova_au@hotmail.com

²University of Applied Sciences, Rr. University, p.n. 70 000, Ferizaj, Kosovo, Mobile: +383(0) 44693788, Email: gazmendi123@hotmail.com

Corresponding author: stelatodorova_au@hotmail.com

Abstract

In today's market conditions of living and working, the insurance market is constantly increasing in volume. As a result, competition is very high and the relationship between insurers is constantly changing. The strict approach to increasing insurance profits has shown insurers that they need to abandon the solid base offered to customers. The need for insurance service is constantly growing, so it is imperative that it is constantly improved and adapted to the conditions and needs of customers. For this reason, insurance institutions need to monitor and know what is happening in the insurance market in order to be able to respond in a timely manner to changes in the development of the insurance business. Increasing insurance profits is unthinkable without implementing a marketing strategy. The purpose of this article is to justify the need to develop marketing strategies in agricultural insurance activities in Kosovo. The research is carried out with a qualitative and quantitative method, or with the help of empirical parameters and indicators that the expert literature knows. The main conclusion that the authors make is that insurance is a complex category, as well as a profession. The reason is that it refers not only to the observance of methodological principles, but also to the ideas, enthusiasm and creativity of marketing in providing certain tasks in the field of insurance, especially in the field of agriculture.

Key words: marketing strategies, approaches, agriculture, insurance market, insurance services

INTRODUCTION

In today's working conditions, marketing orientation is a prerequisite for insurance companies in the highly competitive struggle in which they face the requirements of potential participants to succeed in the insurance market. In insurance companies, the key is to offer insurance services, and it can be said that there is a package of services that insurance companies offer in the insurance market. Namely, in the totality of market relations, market relations in the field of insurance are also realized. A more accurate prediction of the supply and demand of services in order to be realized in the field of insurance requires the implementation of a specific marketing concept (which in itself explores the market), due to the specificity of insurance compared to other activities.

When it comes to studying the application of marketing in the field of services that cover insurance, we believe that it is necessary to

first consider the nature of the insurance market, and then insurance itself as a marketing service.

The development of modern marketing in insurance services has been happening in the last 10-15 years. Unlike the classic marketing approach to products, this philosophy has emerged as a continuation of that in manufacturing. Namely, when it comes to the service business, the marketing of insurance services is an innovative area where the service is treated as unique and specific. The authors are unanimous that this discipline contributes to a significant change in the way of thinking of those working in this field.

The purpose of this article is to justify the need to develop marketing in service activities, including insurance. This need is really great in the current market conditions of Kosovo [2]. The specificity and authenticity of insurance services, as well as the imposed need, require that marketing and agribusiness insurance be covered and applied in Kosovo.

MATERIALS AND METHODS

The goals set to solve these problems lead to the use of different methods in the study. In this type of research, it is inevitable not to use the dialectical method of research, regarding the problems we put under observation in their dialectical unity, in their mutual belonging and in their mutual conditioning. The research is carried out with a qualitative and quantitative method, or with the help of empirical parameters and indicators that the expert literature knows.

The research covers a process that is performed from the analytical to the synthetic part. In this way, complete findings about the problem we are researching can be obtained and thus certain conclusions can be drawn. Also, forecasting methods are of great importance.

The study uses the rules for methodological techniques or tools. The regulations contain 25 rules in which the topic is developed in the four elements of marketing. These rules are closed and respondents are offered more possible answers so that they can indicate only one or more answers.

Creating marketing strategies in the function of increasing the insurance profit is a complete process aimed at specific goals. By defining the research problem, the following hypotheses arise:

1. Basic hypothesis

- the implementation of appropriate marketing strategies by insurance companies gives a sure result for increasing the insurance profit.

2. Auxiliary hypotheses

- in the insurance companies marketing strategies are applied for organizing a marketing mix as a result of the general hypothesis;

-to date, no more appropriate marketing strategy has been applied to enable insurance companies to increase insurance profits.

RESULTS AND DISCUSSIONS

Concepts for managing and ensuring a stable rise in the development of insurance. When it comes to insurance, a large number of theorists and practitioners find a number of

opinions, according to which insurance is a strong service activity in which the so-called. identification, risk management analysis. It is defined as a system for transferring the risk from the insured to the insurer and as such, the insurance determines the fate of the tertiary sector. This means that insurance, as an activity, belongs to the group of service activities. In more developed market economies, insurance as an activity is increasingly important in the overall socio-economic development. This is confirmed by the fact that the safety of property and individuals is increasing in the amount of gross national income. The number of insured persons and their property is constantly growing due to the growing need for insurance. At the same time, we ask ourselves whether the users of an insurance service (the insured) will provide this service in order to provide the same service to the insurance institutions (insurers). The answer to this question currently lies in the flexible development of the theoretical and applied approach by the insurance provider. As part of this, as a reflection of the development of market relations in general, the need for continuous improvement of marketing is currently prevalent, as well as the idea of ensuring the implementation of the concept of marketing in the field of insurance.

When talking about the need for continuous improvement and development of marketing in insurance, we believe that it is necessary to set out the following findings:

- insurance in general shows more dynamic development in relation to the overall development, especially in economically developed economies;
- the marketing concept in the field of insurance is still at the level of insufficient development, insufficient accuracy and often direct transfer to the marketing function of the market, which is found in material production;
- in the period from the end of the Second World War to the 1980s, as a result of the rapid revival of economic activities, new investments, increased international trade and rising living standards, conditions were created for the supremacy of the insurance market;

• this cannot happen without its positive and negative consequences.

The negative consequences consist in the involvement of insurers, reporting only their own problems, ignoring the requirements of the insured. This means that in this period the concept of sales in the management of insurance is manifested. The positive consequences consist in what is related to the general development of insurance and lead to the creation of a large number of insurance organizations with greater mutual competition. In this way, consumers of insurance services are in a more favorable role in terms of choosing the insurer and selecting and covering the risks that will be covered when choosing the appropriate insurance. This cannot but affect the institutions dealing with insurance and lead to a shift from sales to marketing concept of insurance. Apparently unfavorable conditions for carrying out activities in the field of insurance are caused by:

- 1) Economic downturn, general stagnation and decline in living standards;
- 2) Greater competition between insurance institutions; and
- 3) The creation of the so-called own companies (by large multinational companies), as a result of the independent action at that time of industrial and banking capital, with the desire to create their own financial base and funding base, caused a reduction in premiums, regardless of the risks, as and the emergence of insurance selectivity as to which insurance institution will be. All this has led to a certain transformation in the realization of the insurance market, the market of insurers and the market of insured persons. These circumstances have led to the recognition that in the field of insurance, traditional management concepts are not able to provide a steady rise in the development of insurance. The prevailing recognition is that the concept of sales should be abandoned and the concept of insurance marketing should be adopted as soon as possible, the concept should be adopted, according to which insurance should be treated as a marketing service. In this context, it should be mentioned that insurance should start with the

provision, from the point of view of marketing, more precisely, to use the term - marketing in the insurance market, instead of the terms: acquisition of insurance, placement of insurance, etc.

When we talk about marketing in the insurance market, as a set of measures and activities for the development of successful insurance, then we think of the perception of insurance as a scientific discipline, and of course, as a concept of insurance operations. on a platform for unique and integrated marketing within the insurance. In implementing such a concept in the field of insurance marketing, we encounter a number of factors:

1. It is not possible to develop the insurance business without considering and getting to know the insurance stakeholders - the users of the insurance, the usefulness and the advantages of what the different types of insurance have. If this is unknown, no increase in insurance contracts can be expected, and thus no increase in the protection of property and people;
2. Stakeholders and consumers of insurance and insurance services must be aware of and motivated by the benefits conferred on them by insurance and insurers, as one of the participants in insurance;
3. The need for constant promotion of the relations on the part of the insurance institutions with the citizens, the state and private enterprises;
4. It is not possible to develop modern insurance as a service without achieving well-thought-out advertising; and
5. The organizational structure of insurance institutions should be considered: branch, representative office, branches, etc.

In the context of what has been said so far, it is concluded that the concept of insurance marketing is defined as a concept of insurance activity from the standpoint of its function, which will depend on its existence and development [7]. This essentially means that in the practice of insurance, the insurance service is a specific phenomenon that appears on the side of the insured in view of the need, in the form of desire or expressed willingness to buy this service under certain conditions

and quality and the price, which are entered in the insurance premium. Accordingly, the concept of insurance marketing is based on the insured, as the main and unique consumers and holders of total consumption, called insurance. This means that the purpose of the modern concept of marketing will meet the needs of insured persons and thus achieve optimal income as a prerequisite for sustainable development of insurance institutions. Accordingly, the system of marketing in insurance consists in adopting the concept of marketing in the system of work and attitude of insurance institutions.

Approaches to formulating marketing strategies in insurance companies

The creation of strategies is based on analyzes (diagnostics and forecasts) and certain goals of insurance companies. The role is taken over by the company and the sector in which it works. An appropriate strategy is required that will increase insurance profits. The strategy should contribute to the fulfilment of the role that the company has taken, as well as to coordinate and direct all activities towards achieving this goal. It must also be possible to save resources and efforts and allocate them to the safest field of activity of the insurance company.

The marketing strategy must be rational in terms of providing an effective way to use the tools of the marketing mix [5].

Rationality not only means finding optimal combinations of marketing mix, but also applicability through the implementation of certain solutions that contribute to the achievement of goals [6]. The strategy must be in line with the company's position in the economy. Marketing strategy is a logical approach to problem solving and decision making. Strategic decisions are made on the basis of knowledge or forecasts of the decisions and actions of other participants in the insurance market and, above all, of competing insurance companies. A state of competition exists when two or more insurance companies want to achieve the same goal and assume that all companies will be able to achieve the goal. The result of the strategic decision stems from the alleged

actions and reactions of competing insurance companies.

When choosing an appropriate strategy, it should be preceded by an analysis of alternatively possible directions in the action of the insurance company. It is necessary to analyze a number of alternatives that lead to the realization of a certain goal to increase insurance profits. The strategy must meet external factors - demand and competition, not only at the time of decision-making, but also in the expected period of its implementation. One of the criteria for the rationality of the chosen strategy is that it meets the capabilities of the insurance company (financial and human resources). Without the possibility to create adequate marketing efforts, the justification of the proposed strategy is called into question. If the proposed strategy requires more marketing effort and the reactions in the field of competition and demand are more difficult to predict, the degree of risk that the insurance company has taken in choosing the strategy is greater and vice versa. The period for which the bet will be chosen is long, as many alternative strategies compete for limited funds and therefore the more adapted alternative has an advantage over others.

[9] gave a useful approach to the development of goals and strategy, starting with the goal of the insurance company. The feasibility guidelines show that it is possible to change the objectives and the process of determining their implementation (taking into account market opportunities and factors beyond the company's control that have acted on market opportunities).

People who do marketing in insurance companies need to understand the basic elements of effective communication. Two models are used: macro-model and micro-model. The macro-model of the communication mechanism will describe the macro-model of communications with nine elements: the directions of the communication side: the recipients and the receiver; basic communication tools: message and media; main communication functions: encoding, decoding, response and feedback. The last element in the system is noise (random and

competing messages that may interfere with the intention to communicate) [10, 3].

The marketing of micro-products for marketing communications focuses on the specific responses of consumers.

All of these models assume that potential insurers have a cooperative, sensitive, and behavioural phase in the process. This series is suitable when potential insurers actively participate in the category of services that are perceived as having high differentiation.

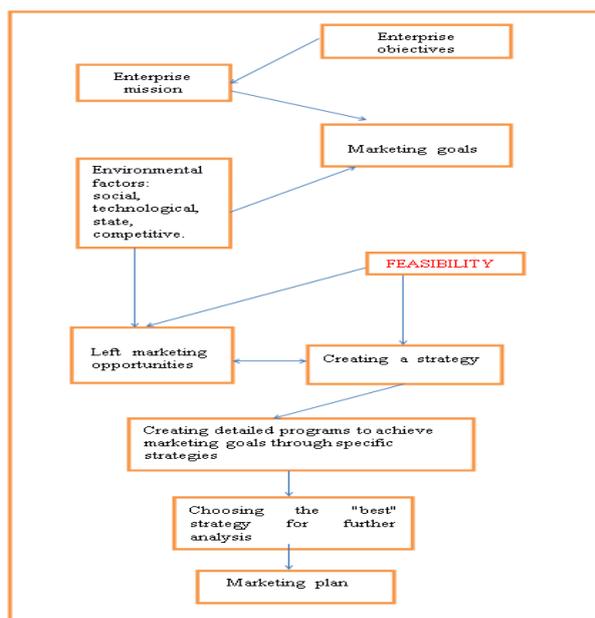


Fig. 1. Approach to the development of the insurance company's goals and strategy
 Source: [2].

In a similar way, the strategy regulates and preserves market opportunities in two directions - adaptation, without finding a suitable alternative. After selecting the "best", detailed alternatives are formulated to achieve the goals through the strategy.

After choosing the right marketing strategy, it cannot be assumed that the strategies are mutually exclusive. When creating a comprehensive strategy, sometimes additional strategies are created, such as combinations of existing ones, to obtain the so-called synergistic effect. The strategy must be widely disseminated so that it does not apply to an inconsistent strategy. Strategies are interdependent. Often the effectiveness of one strategy determines the effectiveness of another.

There is no single approach to strategy formulation [4]. By recognizing them individually, the insurance company can choose and customize the most appropriate one.

Specificity of insurance system and strategy for agricultural companies

The agriculture is an important branch of the economy in any country as it assure food, employment, raw materials for processing industry, export revenues and contribute to GDP. Compared to other sectors of the economy, agricultural production is dependent on natural conditions, which determine its seasonal characteristics, high risk and uncertainty, and a limited control on production and agricultural market.

Droughts, heavy rainfall, hail, frost, fullness, storms, floods, fires, pest attack, diseases etc produce important damages and losses both in crop and animal sectors, making production uncertain and risky [1].

To reduce the risks and uncertainties, the producers must be assured. Agricultural insurance is the basis of this insurance system and its purpose is to cover the losses registered in agriculture [12].

Agricultural insurance can perform the role of development stimulus, improvement in quality and improvement in the degree of agribusiness modernisation, and, as a consequence – growth in its competitive capacity on the market [11].

But, many times, there are registered regional differences in potential consequences of natural risks. As a consequence, the analysis of the aggregated data at the level of a country does not reflect the variability of local losses and also creates a hazard of inadequate determination of the potential effect of natural hazards on agriculture, and hence the adaptation needs towards natural disasters [8].

For these reasons, policymakers and insurance companies have to take measures to design better risk management tools of mitigating natural disaster losses in agriculture taking into consideration the regional disparities regarding the causing factors of damages and losses and setting up individualized strategies for each region to eliminate or diminish the natural risks on agricultural production [11].

Marketing strategies of service companies

In the past, service companies lagged behind manufacturing companies in the use of marketing, as they were small or professional companies that did not apply marketing, or did not meet the huge demand, or weak competition. Today, things have certainly changed.

Special discounts - companies decide to increase fees and reduce services for those consumers who pay for their services, and they consider large consumers in order to maintain their patronage for as long as possible. Consumers with high consumption receive special discounts, promotional offers and many special services, consumers with low non-profit consumption can receive higher taxes, reduced services and voice messages to be processed when they pay.

Changing the attitude towards consumers - the companies did not invest in providing excellent service to all buyers. In many service activities, users complain about inaccurate information, irresponsible, rude and poorly trained staff and waiting too long to be served.

Empowering consumers - consumers are becoming more demanding about buying services. They may require special prices for each element of the service and the right to choose the element they want. Consumers are also increasingly collaborating with a number of service distributors. Most important is the fact that consumer empowerment is also supported by the Internet, which allows them to express their satisfaction with the service or reward the best services and with just one click to direct them around the world.

Most of the companies respond to the requests immediately, and some need only one hour. Much more important than sending a response to dissatisfied users is to stop the dissatisfaction in the future. This can mean finding time to train staff on their relationships with consumers and putting consumers' attention on a real person.

CONCLUSIONS

In principle, it can be concluded that insurance is a complex category, as well as a

profession. The reason is that it refers not only to the observance of methodological principles, but also to the ideas, enthusiasm and creativity of marketing in providing tasks in the field of insurance, especially in the field of agriculture. The insurance industry is undergoing significant change. In recent years, there has been a significant erosion of traditional insurance coverage, as a number of important players have withdrawn from normal employment due to negative results and certain constraints, or this sector has become less attractive due to loss of rating and risk in agriculture.

Developed market economies attach much more importance to marketing channels in agribusiness than in our country. Marketing channels inevitably allow for effective agricultural, rural and overall economic development. The structural changes occurring in developed countries are characterized by a significant change in the relations between the participants in the marketing channels. The changes are characterized by strengthening the position of retail outlets.

In Kosovo, the analysis of agribusiness development is in most cases limited to taking into account comparative but not competitive advantages. The low level of competitiveness and profitability of marketing channels, including in the insurance business, directly affects the structure and volume of exports of agricultural food products.

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