Impact of Using Marketing Strategies on Performance Through Supply Chain Performance in Insurance Industry

Nazanin Nikanloo*[1], Azar Kafash poor[2], Ahmad Zendehdel[3]

[1]Department of Business Management, Neyshabur Branch, Islamic Azad University, Neyshabur, Iran
[2]Department of Management, Ferdowsi University of Mashhad, Iran
[3]Department of Statistics, Neyshabur Branch, Islamic Azad University, Neyshabur, Iran

*Corresponding Author E-mail: Nazanin_Nkanoo@yahoo.com

ABSTRACT

Creating a proper understanding of the strategies which are used in different parts of the organization and its impact on performance, can cause Managers to have an accurate understanding for decision making. The aim of this study is to investigate the impact of using marketing strategies on performance through supply chain performance in insurance industry in the present study, data were collected through questionnaire and the questions were drawn from the Green *et al*, (2012) study which has been used after localization. Statistical sample of this survey is all employees of Iran Insurance Company in Mashhad which are selected by simple random sampling. In the present study, in order to examine the research hypotheses, we use structural equations. LISREL and SPSS software are used so as to analyze questionnaires data and hypothesis testing. The results indicated that using of marketing strategies has a positive impact on supply chain performance and it impacts on marketing performance positively through supply chain performance, but supply chain performance impacts on the financial performance indirectly through marketing function.

Key words: Marketing Strategies, Supply Chain Performance, Financial and Marketing Performance, Insurance Industry.

Introduction

Insurance industry is one of the most competitive industries in Iran which is used as a reduction of risk and environmental uncertainty in fields of property, persons and business. Experts believe increasing competition is not unexpected in this industry according to the scope of the insurance industry in all aspects of human life, especially because nowadays various economic parts with interaction are effective in growth and sustainable development. meanwhile insurance industry by offering financial services and interacting reasonably with other sectors of the economy such as industry, agriculture and services through collecting slight premium from insurer and various business groups and the timely payment of compensation can establish security and comfort for the individuals; in

addition to, providing and maintaining public and private funds. competitive conditions in the insurance industry has led to increase interest of stakeholders in this industry to marketing topics, but different concepts of marketing make them confused so that lack of understanding of transposition measures reduces the effectiveness of marketing programs . On the other hand, many companies, insurance agents and insurance brokers considered marketing only as techniques to increase sales and involve in a minor orientation and short sighted of marketing (Rojuei, 2010).

Literature Review

Implementation and deployment of integrated and coordinated marketing strategies with focusing on ultimate customer is known as a competitive advantage for the company. Marketing strategies must be set in such a way that had been enhanced supply chain performance before the financial performance and marketing organization improved (Green et *al.*, 2012).

Implementation of marketing strategies: success in marketing depends on the correct implementation of marketing strategies which are an integrated set of choices about how we create value in the long run (Hosseini *et al.*, 2011).

Supply chain performance: the mission of this chain is customer satisfaction ; moreover, its aims is to minimize the costs which are associated with the flow of materials and information so that appropriate goods and services in the right place and the right time reach to customer with adequate quality and in good condition. As it is crystal clear, this goal was not achieved unless after integrating

of these activities and improving supply chain relationships leading to improved performance of the chain ultimately (Heydari Ghare bagh, 2009).

Performance of Marketing: Managers strive to increase market's share and sale organizations with improvement of marketing performance. Increasing market's share and sale revenue improve profitability and return on investment. Greater market's share may also lead to economies of scale; As a result, it will lead to reduce costs for per unit sold, and this also increases profitability, and improves financial performance for organizations. Marketing performance is focused on organization's ability for conducting sales in comparison with the industry average (Green et al., 2012).

Financial Performance: in addition to marketing performance, financial performance is also important. Insurance companies holding funds of policyholders in the form of technical reserves use them as profitable assets and invest them in appropriate economic activities. These companies as financial institutions can invest policyholder's funds in commercial or industrial enterprises belonging to the government or private sector. Hence, insurance companies invest their non-insurance sources including their investments and reserves in different way such as government bonds, corporate bonds and stocks, mortgage loan and loan to employees or to participate in other projects (Peykarjo, 2001).

Conceptual model of research

According to presented subjects in the form of variables, conceptual model of the impact of marketing strategies on performance through supply chain performance which is drawn from model

Green *et al* (2012) is presented in figure 1. This model is representation of conceptual framework of study including using of marketing strategies as independent variable, the performance of supply chain as intermediary variable and marketing and financial performance as our dependent variables.
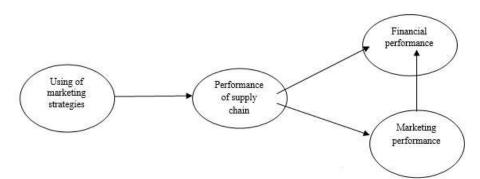

Figure 1. Conceptual model of research

Previous Empirical Studies

relationship among culture and marketing strategy, consumer society, religious identity, services quality, language effects, consumer behavior and government activities were studied by Laroche (2009) which the relationship between culture and marketing strategy have more development than above mentioned variables; further more, he expressed the role of culture and cultural change on consumer's decision process and marketing strategy ;moreover, he believes that more work should be done on other aspects of marketing strategy including pricing, distribution and presentation of the new brand.A research with the aim of creating a marketing strategy for a new pet insurance with using decision tree was performed by Abrahams *et al.,* (2009). In this paper, decision tree is used because of simplicity of the structure, understanding and interpretation. The results indicated that Method of decision tree creation based on entropy method which is focused on the purity of the node (superiority one over another at each node of the tree) has lower profits in comparison with method of decision tree creation based on profit. Factors which are important for marketing strategy creativity and effective implementation of marketing strategies was studied by Slater *et al.,* (2010). They found creativity of marketing strategy and its effective implementation has a positive relationship with the business unit's goals.Relationship between supply chain and insurance contract was studied by Lee et a*l.,* (2011). they stated that although the insurance contract is effective for coordination of supply chain components, there are a number of limitations which the most important one is the high administrative costs in order to monitor the conditions of the supplier up to the retailer.

Materials and methods

This study examines the impact of implementation of marketing strategies on the performance through supply chain performance in the insurance industry which is in terms of practical.

Sample

Statistical sample of this survey is all employees of Iran Insurance Company in Mashhad city. according to interview with officials of Iran

Insurance Company and statistics released by this company, total number of employees of this state insurance in Mashhad are210 in the year of 1390 which 88 samples is obtained by using Cochran formula.

$$n = \frac{Z_{\frac{\alpha}{2}}^2 \; p \; q \; N}{d^2 \; (N-1) + Z_{\frac{\alpha}{2}}^2 \; p \; q} = \frac{(1.96)^2 \, (.5)(.5)(210)}{(.08)^2(210-1) + (1.96)^2 \, (.5)(.5)} = 88$$

N= Statistical population size
n= Sample size
Z= Standard normal variable
P= Amount of existing attribute in the Community
q=Percentage of people in the community who does not have this trait
d= Amount of permitted error

in this study, the required information are collected through a questionnaire which each of the variables have allocated a number of questions in the form of Sspectrum 7-item Likert that value of score 1 is for strongly disagree option and Value of score7 is for to strongly agree option. The questions were drawn from the Green *et al* (2012) study which has been used after localization and it has been included 18 specialized questions.

Reliability of questionnaire
Cronbach's alpha was used to determine the reliability of questionnaire. According to 20 Primary samples, there was 90% correlation between the questions which is representation of high reliability of measuring tools.

Data Collecting Tools

Table 1. Cronbach's Alpha coefficient for the questionnaire

reliability	Number of Questions	variables
0.86	6	Implementation of marketing strategies
0.81	6	Supply chain performance
0.91	3	Performance Marketing
0.86	3	Financial Performance

Research hypotheses

The main hypothesis of the research:
1-Implementation of marketing strategies has a positive impact on marketing performance through supply chain performance.
2- Implementation of marketing strategies has a positive impact on financial performance through supply chain performance

Sub-hypotheses of research:
1- Using of marketing strategies has a

positive impact on supply chain performance.
2- Supply chain performance has a positive impact on marketing performance.
3 - Supply chain performance has a positive impact on financial performance.
4- Marketing performance has a positive impact on financial performance.

Fitness of the research model

Table 2. Fitting indexes

Evaluation indexes	Amount
Root Mean Square Error of Approximation (RMSEA)	0.072
Normed Fit Index (NFI)	0.86
Comparative Fit Index (CFI)	0.83
Goodness of Fit Index (GFI)	0.85
Adjusted Goodness of Fit Index (AGFI)	0.79
Root Mean Square Residual (RMR)	0.048

After confirming the model fitness, the structural model is presented in this section. Structure model is obtained with application of LISREL software. Diagram (2) indicates coefficients among the examined constructs. Significant coefficients should be examined by the amount of t-value presenting in the diagram (2). Considering these amounts, we conclude that all hypotheses are accepted except for the third sub-hypothesis that amount of t-value is located within the range of -1.96 and 1.96 (rejection Zone).
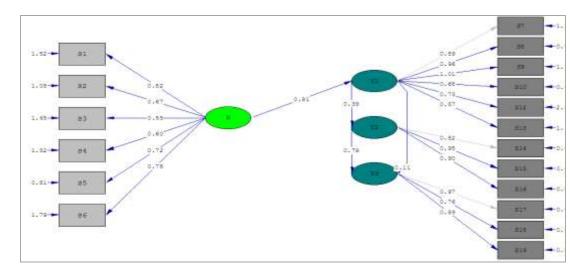

Figure 2. Amount of structural equation model of path coefficients to explain the research hypotheses
X: implementation of marketing strategies
Y1 :Supply chain performance
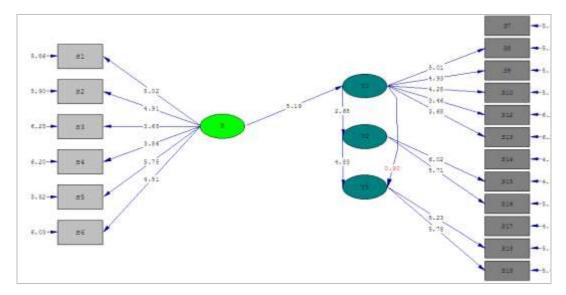Y2 :marketing performance
Y3: financial Performance

Figure 3. T-statistic amount for the structural equation model to explain the research hypotheses

Analysis of the hypotheses

The first main hypothesis
1-Implementation of marketing strategies has a positive impact on marketing performance through supply chain performance.Since significant level of the test for impacting of marketing strategies implementation on supply chain performance is less than 0.05 and also the test significant level for impacting of supply chain performance on marketing performance is less than 0.05, supply chain performance plays the interface role. In fact, implementation of marketing strategies with 0.351 path coefficient affects on marketing performance through supply chain performance positively. Path coefficient is obtained by multiplying 0.91(path coefficient of impacting of marketing strategies implementation on supply chain performance) and 0.39 (path coefficient of impacting of supply chain performance on marketing performance).

0.39 × 0.91=0.351

The second main hypothesis:2-Implementation of marketing strategies has a positive impact on financial performance through supply chain performance Although significant level of the test for impacting of implementation of marketing strategies on supply chain performance is less than 0.05, the test significant level for impacting of supply chain performance on financial performance is more than 0.05; hence, implementation of marketing strategies does not have a meaningful impact on financial performance through supply chain performance.

The first sub-hypothesis of research is as follows: Implementation of marketing strategies impacts on supply chain performance positively.The results for the first sub-hypothesis are as follows.

Because the significant level of the test for impacting of employing marketing strategies on supply chain performance is less than 0.05, we conclude employing marketing strategies is effective on supply chain performance with the confidence of 95 percent. Furthermore, since the coefficient is positive, implementation of marketing strategies affect on supply chain performance positively.

The second sub-hypothesis of research is as follows: Supply chain performance has positive influence on marketing performance.

Table 3. Results of the first sub-hypothesis

Result	Sig.	T Statistic	Path coefficient
H_0 Rejected	0.000	5.19	0.91

Table 4. Results of the second sub-hypothesis

Result	Sig.	T Statistic	Path coefficient
H_0 Rejected	0.000	2.68	0.39

Since the significant level of the test for impacting of supply chain performance on the marketing performance is less than 0.05, we conclude supply chain performance has a meaningful relationship with supply chain performance with the confidence of 95 percent. Furthermore, since the coefficient is positive, implementation of marketing strategies affects on supply chain performance positively.

The third sub-hypothesis of research is as follows: Supply chain performance has a positive effect on financial performance.

Since the significant level of the test for impacting of supply chain performance on financial performance is more than 0.05, we conclude there is not a meaningful relationship between supply chain performance and financial performance.

The fourth sub-hypothesis of research is as follows: Marketing performance impacts on financial performance positively.

Table 5. Results of the third sub-hypothesis

Result	Sig.		T Statistic	Path coefficient
H_0 confirm	1	0.45	0.9	0.11

Table 6. Results of the fourth sub-hypothesis

Result	Sig.	T Statistic	Path coefficient
H0 Rejected	0.000	4.83	0.79

arketing performance effects on financial performance because significant level of the test is less than 0.05, (with %5 error level)

Conclusion

Implementation of marketing strategies has a positive influence on supply chain performance and it affects on the performance of marketing organization positively through supply chain performance, but effecting of supply chain performance on financial performance is not directly, and it effects on financial performance indirectly through the marketing performance. Considering the effect of using marketing strategies on supply chain performance, it recommended which organization tries to inform members of the supply chain about their marketing programs.Considering the impact of supply chain performance on the marketing

performance, it is proposed which all members of the supply chain are aware of the policyholder's problems in order to keep pleased their policyholders and increase their market's share.And according to the financial performance on marketing function, it is also proposed which organizations try to raise their sales share at a certain time period so that they can return greater amount of money which invested in the services value into the organization.

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How to cite this article: Nazanin Nikanloo, Dr. Azar Kafash poor, Dr. Ahmad Zendehdel, Impact of Using Marketing Strategies on Performance Through Supply Chain Performance in Insurance Industry. *International Journal of Advanced Studies in Humanities and Social Science*, 2012, 1(2), 129-136. http://www.ijashssjournal.com/article_83358.html