Ubiquitous channel-based marketing in insurance industry

Jang Hee Lee

School of Industrial Management, Korea University of Technology and Education, 307 Gajeon-ri, Byeong cheon-myun, Cheonan City, Choongnam Province 330-708, South Korea  
janghlee@koreatech.ac.kr

Abstract. In insurance industry, main distribution channel of the insurance products is the human agent system. To reduce the excessive dependency on the human agent channel, this study designs a new ubiquitous channel-based marketing in insurance industry. In this study, we particularly present an insurance marketing model in the Health Care Store using three new channels: Corporeal Insurance Product, Smart Cart, and Health Examination. The proposed model can decrease the dependency of the human agent system, save commission cost, diversify the insurance products flexibly and create the real value of being healthy which meets customer’s expectation for the premiums paid.

Keywords: Ubiquitous channel, human agent, insurance industry

1 Introduction

In insurance industry, the human agent system is the main channel of distributing insurance products in many countries such as republic of Korea and Japan [1], [2]. Human agent plays an important role in product marketing [3]. The excessive dependency on the human agent channel has caused many problems such as poor interaction, high commission cost, waste of time and money due to unspecified marketing, limited interpersonal relationship, inefficient matching, and limited usage of data, and so on. Although the insurance companies tried to develop new channels such as direct mail, telephone and internet to decrease the dependence on agents, the agent system still holds most of sales. New channels are still needed urgently.

On the other hand, in the new era of Ubiquitous Commerce (U-Commerce), the concept of channels is extended to all the interfaces where information is created, collected and applied, and sales, payment, and interaction with customers take place. The internet’s utility continues to grow rapidly [4]. New channels such as internet will create new market in U-Commerce, where buyers and sellers are able to do commerce at anytime, anywhere, and in any way they like. New channels can also provide more choice, more convenience, and more control on the business ways [5]. The new channels can make the business more intellectualized and make the customers more satisfied to the business quality [6].

In this study, in order to overcome the existing shortcomings in the insurance industry, we designed a marketing model using ubiquitous channel for the insurance
industry. The model is based on 3 new ubiquitous channels: Corporeal Insurance Product, Smart Cart, and Health Examination. Corporeal Insurance Product can be various. Health Examination can check a customer’s health condition. Smart Cart can help a customer to select suitable insurance products.

2 Ubiquitous channel-based marketing model in Insurance Industry

In particular, this study presents an insurance marketing model in the Health Care Store using three new channels: Corporeal Insurance Product, Smart Cart, and Health Examination. Corporeal Insurance Product, Smart Cart, and Health Examination are new concepts and also three new channels that are realized in Health Care Store in U-Commerce for insurance industry.

Corporeal Insurance Products are distributed to customers on the basis of sales and payment in U-Commerce through Health Care Store. As a result, it will help insurance industry to decrease its dependency on the agent system, extend contact points with customers and improve the automation of sales and payment processes. Smart Cart in Health Care Store, on the other hand, will play as a dietary advisor over just a carrier or a shopping assistant. Health Examination will check up on an insured customer’s health regularly in Health Care Store and inform the result to the customer. After all, through Smart Cart and Health Examination in Health Care Store, insurance company can provide the true value of being healthy which insured customers want to get by insurance products. In the proposed model, Corporeal Insurance Products are variable. Smart Cart in Health Care Store can assist insured customers in selecting suitable products. Health Examination can examine insured customers’ health situations and keep the customers being notified the results.

2.1 Corporeal Insurance Product

To distribute an insurance product through Health Care Store, the insurance product needs to be transformed into the proper shape. So, we propose a corporeal insurance product as the first new channel of Health Care Store. Feature and characteristic of a corporeal insurance product are dependent on occasions. For example, it may be a box containing a contract and a description about an insurance product. And according to how we package it and what kind of stuffs we put into the box, we can flexibly diversify it into many kinds.

However, a corporeal insurance product must have its unique code which makes it identifiable based on the code system. The unique code has a lot of advantages. For instance, by sensing RFID tag that contains its unique code, we can link it to the customer’s data stored in data base quickly and accurately. It can be used as a key field for information of the corporeal insurance product in data base. Thus, with the introduction and recognition of a unique code, we can pave the way for automation in purchase and payment processes to come.
2.2 Smart Cart

When a customer inserts membership card with RFID tag into Smart Cart, it starts its operations. Smart Cart identifies the customer by reading his/her membership id from RFID on the membership card and recognizes whether the customer is insured by a corporeal insurance product in Health Care Store or not.

For insured customers, Smart Cart sends foodstuffs’ ids to the central health advisory system of Health Care Store and shows the results of analysis about their ingredients on its screen with their health conditions examined. By doing so, it helps an insured customer to select foodstuffs according to the condition of his/her health.

Smart Cart provides information about groceries inside of itself through its front display. Smart Cart gives advices on convenient ways such as quick and automatic figuring up, or guiding the customer to the place where a certain product is located.

2.3 Health Examination

We suggest a space for health examination in Health Care Store. The space is used to check up an insured customer’s health regularly, and to inform the result in Health Care Store. Health Examination is useful for protecting insured customers from any kinds of diseases in advance. Therefore, an insurance company can provide all real values which insured customers demand by paying their premiums. With Corporeal Insurance Product, we can arrange a premium according to the result of a regular health examination. With Smart Cart, whether each of foodstuffs in Smart Cart is appropriate to an insured customer’s health condition can be analyzed, and if a food is not suitable to his/her health condition, then Health Examination indicates the result on the screen of Smart Cart.

3 Conclusion

We designed a new ubiquitous channel-based marketing model for insurance industry by presenting the concept of Health Care Store using new channels: Corporeal Insurance Product, Smart Cart, and Health Examination. The proposed model can decrease the dependency of the human agent system, save commission cost, diversify the insurance products flexibly and create the real value of being healthy which meets customer’s expectation for the premiums paid.

In the future works, we will propose and illustrate marketing processes using those new channels in order to overcome the existing shortcomings and enhance the customer satisfaction in the insurance industry.

References