

## Factors Determine Marketing Research Utilization Within Insurance Companies in Albania

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### Abstract

*Doing business in today's competitive environment is becoming very difficult and one of the most important factors for success is considered marketing research. Market research can provide the necessary information about consumer's needs and expectations which is the first step on new product development and more market it. The aim of this paper is to give an overview of the factors that determine marketing research orientation in insurance companies in Albania, trying to understand of the role that marketing research information plays in management.*

**Keywords:** marketing research, insurance companies.

### Introduction

Marketing research, as the systematic and objective search of information and its analyses, provides decision makers the possibility to make better actions and decisions, and develop the right strategy. That's why many researcher of the field correlate it with the decision support system within the company which play a crucial role in decreasing the risk of uncertainty for the executives based on the research. Taking in consideration this, there is very important to pay attention to the process starting with the careful and clear statement of the problem to be researched, which is considered the first step.

### Research methodology

The instrument of primary data collection was questionnaire which was developed, based on the previous studies by the author and other work in the area. The information intended to collect through it was general characteristics and marketing research orientation used within the insurance companies. The questionnaire is used to determine the perceptions of respondents of the level of control exercised by insurance companies; the level of research activity performed by these companies and the cost and usefulness of marketing research. The first one was pretested with 15 marketing executives. Then questions about marketing research activities and techniques were shortened and reformulated to make them more relevant. The questions on marketing research department structure were moved in the begging of the questionnaire. The questions that were found not to clear and didn't provide meaningful response were discarded from the questionnaire. The questions about demographic information like revenue, number of employees, number of selling agents in the small areas (rural or urban), the age of the company, were moved to the end of the questionnaire. The reason was these questions gave the impression at some of the respondents as they were commercial sensitive questions. In the first section, some questions on organizational demographics (revenue, number of personnel, and the age of the organization) were moved towards the end of the questionnaire. This was principally because it was found that a number of respondents viewed the questions as commercially sensitive and their reaction influenced their decision to continue with the questionnaire. The final sample used in analysis consisted of 63 marketing executives from all the branches of the insurance companies that operate in Albania. The sample was probability.

Referring to literature review in the marketing research use for knowledge acquisition, we identified several variables which have the great impact in the marketing research use. These variables included the purpose of the research project, organizational structure of the firm, stage of the product life cycle.

Respondents were asked to indicate which of the specific marketing research activities they had performed, their frequency, and whether the research was developed and analysed internally or externally. Marketing research activities were

categorised under eight broad headings: A. Pricing Studies; B. Buying Behaviour Studies; C. Distribution and Sales Force Studies; D. Product Studies; E. Promotion Studies; F. Business / Economic and Corporate Studies; G. Internal Studies; and H. Other Studies.

Based on the literature review (Yaman, 2000), in order to characterize the marketing research orientation of the companies included in the research, the following research questions were raised:

- What are the marketing research activities and techniques used by companies?
- What are the relationship between the organizational characteristics of marketing executive and their marketing research orientation?
- What was the relationship between the individual characteristics of decision makers (such as their age, formal education and business specialization) and the marketing research orientation of the company?
- What were the perceptions of decision- makers of the company with regard to the cost and complexity of marketing research?

## Research results

Research results show that majority of marketing executive were satisfied with the quality and the outcomes of the marketing research activities performed by their companies. They thought that marketing research their companies performed was worth since it was cost effective. Even though the respondents evaluated somehow the factor marketing research education, the use of knowledge enhancing through marketing research, they had some reserves about it.

Only a few of them believed that marketing research was not used just for affective reasons. Regarding to the status report, nearly 94 % of the respondents answered that they viewed their company as highly centralized and the operational procedures highly formalized. Majority of the respondent's precipitation about the environment were their company operates as very competitive. One of the factors for such a high competitiveness was consider the technology. Regarding the effect that marketing research have on financial performance of the company, the majority of the respondents were of the opinion that the team spirit of the employees were positive and their moral in company were high too.

The research results show that the most important variables that affect most the marketing research utilization in the companies are the structure of the organization and the executive's orientation. A high scale of decentralization and formality in the firm provides a greater possibility for the research use.

Regarding marketing research activities performed by the company, nearly 78 % of the respondents reported that marketing research activities were undertaken to understand better the buying behavior of the customers. These research activities were followed by the them that intended to better understand the consumer motivation and attitudes, effectiveness of advertising and other marketing communication tools used by the company, public image, etc. Lower percentage got the product and pricing studies.

Regarding the use of marketing research techniques, in a total of 16 % of the respondents answered that they recognize the techniques listed in the questionnaire and used them, the other part either did not use such techniques or did not recognize the term. The list of techniques included research design, sampling procedures, data collection, measurement, data analysis. More than half of the respondents didn't recognized or used the most basic research design, descriptive ones.

Regarding the financial benefits of the marketing research, four questions were included in the questionnaire to determine the respondent's perception of the cost effectiveness of marketing research. These four questions referred to the most recent marketing research project in which the respondents had participated. In 91% of the cases the respondents agree that marketing research provided results that justified financial and time cost.

Regarding the form of utilization of marketing research, the questions included in this section intended to measure the scale of marketing research by the company in policy making, strategy decisions, knowledge development etc. Research results show that 89 % of the respondents have a highly positive perception of the usefulness of marketing research. In most of the cases it was used to confirm value for managers, to validate or confirm their understanding of something.

Regarding the manager's perception of the effect that marketing research have on company's performance, 94% of the respondents answered that they have a positive opinion about the effect of marketing research on their company' financial performance specially regarding to promotional activities and new product introduction.

## Conclusions

As the literature review reviles, any company that apply knowledge in a properly way, can profit from the competitive advantage. Research is considered as the best way to acquihire and utilizes the knowledge. The findings that marketing research use provides positive financial outcomes, must serves as a good reason for marketing research use by companies in a competitive environment. This paper provided general understanding of the marketing research activities by the insurance companies in Albania. As the research results indicated some individual characteristics of the decision makers of the insurance companies in Albania were not related to the marketing research orientation of the company. The paper results indicated that manager's belief that they did not need to increase the research for the customer need recognition, that much that their companies conducted were enough.

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