

Marketing Strategy for Life Insurance Companies in Reaching the Millennial Generation

Sri Lestari

STIE Mahardhika Surabaya, Indonesia

E-mail: sri.lestari@stiemahardhika.ac.id

Abstract

The current Covid-19 pandemic is a catalyst for social, economic, business and even consumer behavior change. These changes have forced the life insurance industry into a corner with the necessity to make changes on a large scale that may not have been imagined before. Millennials will be the target of all insurance companies, not only digital-based insurance companies, but other insurance companies that have just become aware of the swift technological disruption. In this case, insurance companies face the challenge of educating the millennial generation to become insurance buyers. This study uses the method of literature study. The results of this research are in the form of insurance marketing strategies for millennials including: 1) Explorative business and technology roadmap; 2) Expand digital scale to engage with the millennial generation; 3) Adopt a new method of distribution management; 4) Focus on consumer data governance and management.

Keywords | strategy, life insurance, millennial

INTRODUCTION

The current Covid-19 pandemic is a catalyst for social, economic, business and even consumer behavior change. These changes have forced the life insurance industry into a corner with the necessity to make changes on a large scale that may not have been imagined before. The scale of the current crisis needs to be matched by the courage in responding. Changes and half-measures will not be able to get the life insurance industry out of the storm of crisis in a strong position. This coupled with the transition from generation Z to the millennial generation and also the fact that the digital future is in sight, leaders in the life insurance industry must have the courage to respond by acting earlier to accelerate the digital transformation process and compete in the next normal era. The rapid scale of change has changed the course of history in the insurance industry in the last generation. It even caused the future of the life insurance industry to be at its lowest point (Nanda, 2021).

The future of insurance industry marketing no longer lies in agency channels or marketing through banks. Digital technology is predicted to become a mandatory marketing tool for insurance companies in the future. Millennials will be the target of all insurance companies, not only digital-based insurance companies, but other insurance companies that have just become aware of the swift technological disruption. Currently, millennials are still in a transitional period to become insurance buyers so this period can be used as an investment period for insurance companies. In 2018-2019, conventional insurance products will still be dominant, but in 2020 and above, when the millennial generation becomes the main insurance buyer, insurance companies must immediately adapt their products to the character of their buyers (Rossiana & Banjarnahor, 2018).

Regarding insurance marketing, insurance companies must be aware of general public awareness regarding low insurance, and this also affects the millennial generation. In this



case, insurance companies face the challenge of educating the millennial generation to become insurance buyers. The method used can be through social media or other creative education. This is because companies must be able to enter in their own way, they cannot use the old way (Rossiana & Banjarnahor, 2018). This article will discuss "Strategy of Life Insurance Companies in Reaching the Millennial Generation".

METHOD

This study uses the library study method, namely data collection techniques by conducting a review study of books, literature, notes, and reports that have something to do with the problem being solved. (Nizar, 1998).

RESULT AND DISCUSSION

The Importance of Life Insurance Company Marketing Strategies in Reaching the Millennial Generation

According to RI Law no. 40 of 2014 article 1 paragraph 6 Life Insurance Business is a business that provides risk management services that provide payments to policyholders, the insured, or other entitled parties in the event that the insured dies or remains alive, or other payments to policyholders, the insured, or other parties who are entitled at a certain time stipulated in the agreement, the amount of which has been determined and/or is based on the results of fund management.

According to Purwandi, in 2020 the main actors in Indonesian history will largely be determined by the meeting of three entities, namely the urban (city) community, the middle class, and millennials, which are called The Urban Middle-Class Millennials. Urban middle-class millennials are people who have purchasing power. The existence of this market segment will change the paradigm and concept of marketing direction and is a market that deserves to be won (Purwandi, 2016).

According to De Meuse et al. Generation Y or millennials are individuals born in 1980 until the end of 2000. Based on population data from BPS, in 2018 the number of people in the millennial category (ages 18 years-38 years) reached 62.5 million people. This age is the age that can still carry out productive activities so that this generation can boost insurance growth (Irfan, Ashal, & Aulia, 2020). The Millennial Generation is a huge market potential in the insurance industry, although in general they have low awareness of self-protection. In Nielsen Global research in 2015, the millennial generation is considered to be the generation least touched by insurance. The main cause of the millennial generation being lazy to insure is the low priority scale and the emergence of fears of losing premiums (Jatmiko, 2018).

The research results of the Alvara Research Center in 2017 showed that the percentage of the millennial generation who chose insurance products was still less than 50%, with life insurance choosing at 24.4%. Based on the results of this study, it can be seen that the millennial generation, which is considered to have great potential, has not been fully covered by insurance. They do not have sufficient knowledge and long-term planning in their lives. The millennial generation is also often stigmatized as extravagant because they have a lifestyle that tends to fulfill more wants than needs (Irfan, Ashal, & Aulia, 2020). They do

not realize that risks threaten at any time and financial losses can occur anytime and anywhere. In addition, the lack of information among young people about the importance of protection from risk makes them less interested in buying insurance products.

On the other hand, research conducted by Accenture (Customer Segmentation Indonesia) and Nielsen (Understanding Indonesian Millennials and Online Shopper) stated that the millennial generation has great potential in the life insurance business and found that most millennials do not want themselves to become a financial burden on their families if something when experiencing the impact of risk in life. This is another big potential in the development of life insurance (Suhendra, 2018).

Data from the Indonesian Life Insurance Association (AAJI) regarding revenue in the third quarter of 2019 which reached IDR 171.83 trillion, an increase of 14.7 percent from the third quarter of 2018 revenue of IDR 149.87 trillion. This increase in income was due to an increase in the total number of individual insured persons by 14.7 percent from 54.57 million people in 2018 to 62.58 million people in 2019. Nini Sumohandoyo, Head of the AAJI Communications Department, noted, from an individual perspective, growth was slight, namely only 0.8 percent in contrast to group (company) policies which were observed to increase by 21.3 percent (AAJI, 2019).

Research conducted by Permata, Martinus, Elias, & Ivan, by analyzing the factors that influence bank selection for the millennial generation in Jabodetabek shows that out of twenty-eight factors, there are five most important factors for the millennial generation in bank selection, namely ATM locations, bank services, bank reputation, availability of internet banking services and accuracy of banking transaction services. This indicates that the millennial generation has high mobility and tends to be less patient. In addition, the millennial generation adapts more quickly to existing technological developments. The characteristics of the millennial generation have a high mobility tendency, so they need efficiency both in terms of time and process in carrying out financial transaction activities in banking (Permata, Martinus, Elias, & Ivan, 2017).

Based on the above, the marketing strategy becomes mandatory to be implemented in the latest planning of life insurance companies. Insurance Product Marketing Strategy is a form of sales activity that is currently still in great demand by the public. The real meaning of insurance is the protection of the economic value of a person or group (corporate). Another meaning of insurance can also be interpreted as partial or even total compensation due to a loss, be it life or material, experienced by an individual or group. Insurance Product Marketing Strategy is likened to offering virtual or invisible products, such as: money market fund products, bond products and stock products. This intangible asset has a drawback in the form of a money value that cannot be consistently predicted in the future. This is what causes companies to not be careless in selling insurance products (Handayani, 2016).

Companies need to recognize the company's strengths and weaknesses in competition, this will be very helpful in controlling themselves, and taking advantage of every opportunity that exists. Where the marketing strategy is an effort to find a profitable marketing position in an industry or arena of competition fundamentals take place. Marketing in a company, in



addition to acting dynamically, must always apply superior principles and the company must abandon old habits that are no longer valid and continuously innovate. Because now is not the era where producers force their will on consumers, but instead consumers force their will on producers (Handayani, 2016).

Marketing Strategy for Life Insurance Companies in Reaching the Millennial Generation

According to Philip Kotler, Marketing is a process and managerial by which a person or group obtains what they need and want through the creation and exchange of products and value (Kotler, 1997). So, the marketer is someone to design and plan in determining prices, promoting and distributing goods to satisfy consumers. In conducting an analysis of competitors, a company must examine in detail which strengths are owned by competitors who have long entered the competitive arena and newcomers, then that a very important aspect in formulating strategy is an analysis of competitors who are reliable and will determine positioning. a business, so that it has a differential advantage from competitors. According to Fandy Tjiptono, Marketing Strategy is a fundamental tool planned to achieve company goals by developing a sustainable competitive advantage in marketing that is used to serve the target market (Tjiptono, 1997).

According to The Boston Consulting Group, the millennial generation is an engaged generation. In addition, the millennial generation is not interested in print and television media advertisements that are considered suitable for the older generation. Product advertisements through video content on the internet and digital marketing will be more attractive to the millennial generation. The research results of the Alvara Research Center in 2015 found that product information that was most sought after by the millennial generation via the internet was information about product features, prices, promotion programs, and customer reviews (Purwandi, 2016).

Based on these considerations, the variables that are suitable to be the main factors in the company's marketing planning lie in the company's Products, Promotions, Premiums and Digital Transformation:

1. Product

A product is anything that is expected to meet human or organizational needs. The millennial generation prefers life insurance products that have elements of savings and investment and gets the highest average of 4.05%, this means that the millennial generation prefers life insurance products that have elements of savings and investment. This will be related to buying interest, or the desire to buy a product. Purchase intention will arise if consumers are already affected by the quality and quality of a product. Based on emotional motives, life insurance products guarantee self and family protection in the future. This shows that the millennial generation does not want to become a financial burden on their family if one day experiences the impact of a risk in life (Irfan, Ashal, & Aulia, 2020).

The variety of products offered by life insurance companies makes the supply of products/services greater than the demand. So that consumers have the freedom to choose

products that suit their needs from a wide selection of products offered. Prospective life insurance customers will consider several things in choosing a product, such as the benefits to be obtained, the products provided by trusted life insurance, and the ease of finding information about a product.

2. Promotion

Promotion is an activity carried out to influence consumers so that they know about the products offered by the company and then they feel interested and then buy the product. On the variable indicator of the media used for advertising with questions about getting promotions about products on the internet or social media (word of internet and word of social media) it gets the highest average of 3.76. This shows that product promotion on the internet or social media will be more attractive to the millennial generation (Irfan, Ashal, & Aulia, 2020).

If the promotion increases, then buying interest will increase. The role of the promotion mix is very important for life insurance. Promotion is a means to publicize and introduce the company, for the millennial generation product promotion on the internet or social media will be more attractive. In addition, it is hoped that promotions with discounted prices and prizes will attract the millennial generation market to buy life insurance products.

3. Award

The price of insurance is usually referred to as the premium. A premium is a payment of an amount of money made by the insured to the insurer to replace a damage, loss or loss of expected profit due to the emergence of an agreement on the transfer of risk from the insured to the insurer (transfer of risk). On the variable indicator of affordability of premiums with the question of more affordable premiums if applying for a policy at a young age gets the highest average of 3.76%. This shows that the millennial generation is interested in getting premiums that are more affordable than applying for policies at an advanced age (Irfan, Ashal, & Aulia, 2020).

Competition between life insurance companies is also inseparable from price/premium competition. Determination of the premium in one company is not the same as other companies, as well as the premium of one product is not the same as other products. If the amount of premium offered is more affordable and in accordance with the benefits and sum insured provided, the interest in buying life insurance will increase. In addition, if you apply for a policy at a young age, the premiums offered are more affordable because age is a major concern that is directly related to mortality (death) and morbidity (morbidity) (Anwar, 2007).

4. Digital Transformation

The rapid growth of digital in Indonesia has made information technology have a very important role in every aspect of life. Decoupled with the millennial generation transition and also the fact that the digital future is in sight, leaders in the life insurance industry must have the courage to respond by acting earlier to accelerate the digital transformation process and compete in the next normal era. This generation has the characteristics of always wanting to be connected with technology, and wanting



flexibility in using technology and for them the freedom to interact with technology is everything (Nanda, 2021). Strategy to Do:

- a) Exploratory business and technology roadmap
- b) Extending digital scale *toengagewith* the millennial generation
- c) Adopt a new method of distribution management.
- d) Focus on consumer data governance and management (Nanda, 2021).

The speed of change hitting the life insurance industry has shown that systems that have been rooted in supporting the business for years such as overlapping regulations, methods and technologies, as well as internal company processes cannot match the dynamics of the current crisis. Leaders in life insurance companies must align their overall digital vision, strategy and proposition with the generational change that is taking place. The digital strategy starts with assessing internal capabilities first, estimating the resources needed, and thinking about potential partnerships with these two generations to achieve digital transformation goals (Nanda, 2021).

For example: BRI Life Insurance is an insurance company that uses social media platforms (Medsos) as a preference for communication strategies, in carrying out financial literacy and self-protection, especially among millennials. This insurance literacy is conveyed through the web series “Believe This Is Missing”, which was produced in 6 episodes via the BRILIFE Youtube channel (AAJI, 2019).

In addition, there are several Life Insurance Strategies to increase customer numbers as follows:

1. Strategic cooperation with banks and other financial institutions. The more cooperation, the more policyholders and customers will use Life Insurance services. Based on the strategic management model according to Wheelen and Hunger which consists of four stages of the process, namely: *environmental scanning, strategy formulation, strategy implementation, dan evaluation and control*.
 - The cooperation strategy at a Life Insurance Company may include meetings to explore the needs and wishes of policyholders at the stage of the process *environmental scanning*.
 - The next step of the cooperation strategy is the submission of risk profile information and data on insured participants, the design of sharia insurance products and the calculation of contributions, as well as the determination of risk selection provisions and contribution rates, all three of which enter the process stage *strategy formulation*.
 - Furthermore, the strategic steps are at the presentation stage (if needed), signing the Life Insurance Application Letter (SPAJ), issuing a policy, submitting membership data, submitting membership acceptances and invoices for payment of contributions, services and payment of sharia insurance benefits. The six entered the process stage *strategy implementation*.
 - Finally, the cooperation step in the evaluation stage of the implementation of the policy or insurance cooperation and policy extension, both of which enter the process stage *evaluation and control*.

2. Emphasis on a faster service strategy with a processing period of less than 14 working days, namely 7 days when claims have been paid.
3. The strategy of convenience in managing requirements, as well as ease in processing claims that are not difficult as long as the requirements are complemented by benefits if the customer dies before the financing is due and has not been paid off, the unpaid debt will be paid as soon as possible and by holding visits to institutions and gatherings, institutions partners will continue to maintain loyalty to use Life Insurance services (Yulianto, 2018).

Apart from that, other strategies that can be applied to consumers with the main target of the millennial generation are:

1. Increase the number of trained agents and collaborate with various parties, to conduct education and marketing of life insurance products.
2. Expanding the agency network by establishing branch offices in various regions.

The large number of agents aim to reach all regions in providing information, education and marketing of life insurance products. Collaborating with various parties, including the government, banking, educational institutions and so on, can make it easier for information about life insurance products to reach the community, especially the millennial generation. Positive support from various parties certainly influences the company's image and increases consumer confidence in life insurance products, which in turn fosters awareness of life insurance (Setiawan, Manggabarani, & Ilyas, 2018).

CONCLUSION

The millennial generation has great potential in the life insurance business, and on the other hand, they don't realize that risks threaten at any time and financial losses can occur anytime and anywhere. In addition, the lack of information among young people about the importance of protection from risk makes them less interested in buying insurance products. They do not have sufficient knowledge and long-term planning in their lives. The main cause of the millennial generation being lazy to insure is the low priority scale and the emergence of fears of losing premiums. Based on this, the marketing strategy becomes obligatory to be implemented in the latest planning of life insurance companies.

Companies need to recognize the company's strengths and weaknesses in competition, this will be very helpful in controlling themselves, and taking advantage of every opportunity that exists. Where the marketing strategy is an effort to find a profitable marketing position in an industry or the fundamental arena of competition taking place, in this case the product information that is most sought after by the millennial generation via the internet is information about product features, prices, promotion programs, and customer reviews. variables that are suitable to be the main factors in the company's marketing planning lie in Products, Promotions, Premiums and Digital Transformation.

The strategies that must be implemented are: 1) Explorative business and technology roadmap; 2) Expand digital scale to engage with the millennial generation; 3) Adopt a new method of distribution management; 4) Focus on consumer data governance and management. In addition, a cooperation strategy with banks and other financial institutions



was carried out; Emphasis on faster service strategy; Ease strategy in managing requirements; not a difficult claim. Because the millennial generation is still lay or green, another strategy that should be implemented is to increase the number of trained agents and collaborate with various parties, to educate and market life insurance products through digital platforms, both web and social media.

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