

Insurers' ad spend hits Rs 650 crore

by Business-Standard

In their bid to create awareness about the importance of insurance and to strengthen brand recall, insurance companies, especially life insurers, are emerging as major spenders on advertising and marketing, next only to banks. These companies have spent close to Rs 650 crore in 2005-06, 38 per cent increase over the previous year. Of this, life insurance companies account for nearly 80-85 per cent. State-owned Life Insurance Corporation (LIC) of India, which is estimated to have spent about Rs 175 crore, is the largest advertiser in the sector. Interestingly, LIC had resorted to newer ways to retain its brand recall among commoners. It was for the first time that the insurance behemoth sponsored a function like last year's Zee Cine Awards. When asked about the objective behind such a splurge even as the company had a quick brand recall in the country, a senior LIC official said the corporation wanted itself to be placed as a vibrant brand, by erasing the image of a state-owned entity. N S Kannan, executive director, ICICI Prudential, told Business Standard that it was essential for private insurance companies to create awareness about insurance as well as brand name. In spite of having a larger parent brand, ICICI Prudential Life spent Rs 21.6 crore from April to December 2005.

“Focusing on brand recall is crucial since policies offered by various companies are almost similar,” said Kannan. SBI Life Insurance has earmarked Rs 20 crore for the current financial year. As far as the medium is concerned, television was the favourite for life insurers. Products highlighted were life cover, children's policies and pension products. The business areas of life insurance and general (or non-life) insurance firms are different since the former involves investment for a long term compared to the latter. Since life insurance companies come out with long-term (10-20 years) policies, they can afford to spend more on marketing and advertising. General insurance products are, on the other hand, renewed annually. Gaining customers' confidence is key as far as life insurance firms are concerned. Another significant feature is that claims are much higher in general insurance and so customer service is also to be focused.

S Bridget Leena / Chennai May 30, 2006

Business Standard Ltd. Copyright & Disclaimer

Insurers' ad spend hits Rs 650 crore by Business-Standard