



**DEMYSTIFYING THE POTENCY OF MARKETING AS A TOOL FOR CREATING
COMPETITIVE ADVANTAGE IN CHALLENGING TIMES*****Steven Kayambazinthu Msosa¹, Thembisa Charity Khuboni², Siyabonga Maphumulo³,
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Abstract. The COVID-19 pandemic has caused unexpected shocks to several sectors of the economy, including the insurance industry. The devastating effects of the pandemic have also affected the marketing model and the strategies' effectiveness. Therefore, this study sought to demystify the potency of marketing strategies as a tool for achieving competitive advantage in challenging times. An exploratory and qualitative research design was used to gain in-depth insight into the motivations and perceptions of a purposive sample of 15 insurance customers. Thus, interviews were conducted to gather data to determine the potency of the marketing strategies. The research findings showed that different companies used various marketing strategies, resulting in varying customer satisfaction. Some companies used low-cost strategies, while others focused on product differentiation strategies. It was further found that most customers prefer a lower price and reliable service from trustworthy insurers. In addition, it was noted that companies with high customer satisfaction levels outperformed their competitors and achieved a competitive advantage in the short-term insurance sector. This sector is customer-centric, so a higher emphasis must be placed on delivering quality service and customer satisfaction. Consequently, companies in the insurance sector will be able to keep customers satisfied over long periods and ultimately achieve customer loyalty. The study elucidates the pathway for insurance companies to navigate challenging times successfully by focusing on delivering quality service and nurturing customer satisfaction for long-term loyalty.

Keywords: Marketing strategy; Covid-19; competitive advantage; marketing mix; insurance industry

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Additional disciplines: advertising, information and communication, insurance

1. Introduction

In recent times, global growth and the insurance industry have been severely impacted by the Coronavirus pandemic (Covid-19). The impact has been far more significant than the general public anticipated and has revolutionised how firms conduct business (Organization for Economic Cooperation and Development, 2020). Extant literature avers that marketing strategies play a crucial role in creating a competitive advantage for companies worldwide. Thus, companies must survive challenging times and devise strategies to gain a competitive advantage. Even though there is evidence from many studies on marketing strategies and

competitive advantage, most companies and industries examined have yet to experience the economic and environmental forces emanating from a crisis like the COVID-19 pandemic. Due to the precariousness of the economic environment, the application of previous research may not be viable in this changing environment. Therefore, a new wave of thinking is needed because yesterday's strategies may need to be revised in the present climate.

This is because the insurance sector in South Africa and elsewhere around the globe is facing significant hurdles emanating from a volatile and complex business environment. Furthermore, the insurers' and consumers' acceptance that most insurance policies do not provide coverage for the pandemic has significantly strained their reputations (Business Wire, 2020). Despite that, the development trends of the South African insurance industry have witnessed the industry's tendency to expand (Figure 1, Figure 2).

Number of insurtech startups in Africa as of H1 2021, by country

Number of insurtech startups in Africa 2021, by country

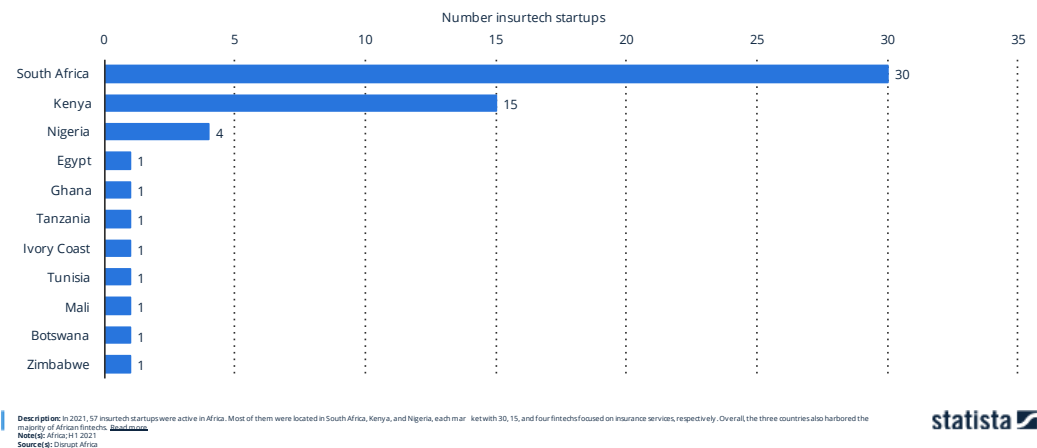


Figure 1. Development of South African insurance sector estimated by insurtech startups, 2021

Source: Statista <https://www.statista.com/study/46028/insurance-industry-in-africa/>

Total assets of insurance companies in South Africa from 2002 to 2022 (in billion U.S. dollars)

Assets of insurance companies in South Africa 2002 -2022

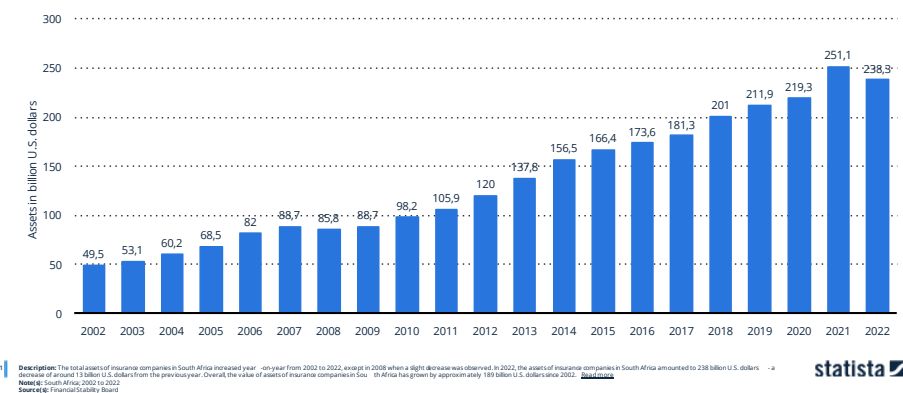


Figure 2. Dynamics of total assets of insurance companies in South Africa from 2002 to 2022 (in billion US dollars)

Source: Statista <https://www.statista.com/study/46028/insurance-industry-in-africa/>

In addition, surges in petroleum prices, tax increases, and high unemployment rates have made it exceedingly challenging for individuals to buy insurance products. Moreover, the disposable income of consumers is under significant pressure, which has had a direct impact on their inclination to engage in investment and saving activities (Michel et al., 2020). Therefore, the insurance industry may encounter difficulties in the future. Given the rapid changes emanating from the COVID-19 pandemic, most studies have been theoretical and conceptual. There is still a need for empirical research disclosing consumer perceptions and attitudes.

Thus, from an empirical perspective, the study aimed to demystify the potency of marketing strategies as a tool for achieving competitive advantage in challenging times. The study could interest businesses and consumers because the COVID-19 pandemic has impacted everyone. In the long run, marketing strategies will affect the sustainability and profitability of all companies. Since the study focuses on the insurance industry, it could be used as a tool for benchmarking by companies in sectors with similar management architectures.

2. Literature Review

2.1 Theoretical Background of Porter's Generic Strategies and Competitive Advantage

Generally, most organisations have different strategies to gain and maintain a competitive advantage. Michael Porter developed generic strategies to help firms gain a competitive advantage. Moreover, previous research has shown a relationship between Porter's generic strategies and competitive advantage (Islami et al., 2020). Porter (1985), believed that the degree to which a company can develop a sustainable and secure position in an industry is a significant determinant critical to outperforming its competitors in the long term. Therefore, he claimed that generic strategies are ways companies develop a competitive advantage and create a secure position. These strategies are (i) overall cost leadership, (ii) differentiation, and (iii) focus. Porter argued that by adeptly pursuing cost leadership, differentiation, or focus strategies, businesses can attain a significant and enduring competitive advantage over their rivals.

The generic strategies allow a company to choose an alternative approach to gaining a competitive advantage (Hameed & Anwar, 2018). For instance, a cost leadership strategy enables a company to benefit by using a low-cost seller method or decreasing manufacturing costs within the industry to obtain the same profit (Firoz Suleman et al., 2019). Porter's generic cost leadership approach focuses on gaining a competitive advantage using the industry's lowest expenses and cost structure. To get a low-cost advantage, a firm must embrace a low-cost leadership attitude and low-cost production with quick distribution and replenishment, and workers must buy into the low-cost strategic approach. The corporation must be willing to discontinue any operations that do not offer value to the cost advantage framework and outsource them to other organisations that do. There are several methods for achieving cost leadership, including mass manufacturing, mass distribution, economies of scale, technology, product design, input cost, capacity utilisation of resources, and raw material availability (Ye & Lau, 2022; Natalia & Ellitan, 2019).

Differentiation occurs when a corporation strives to differentiate itself from the competition by providing distinctive goods or services that offer higher value to a wide range of clients. To surpass the competition, a business that can distinguish itself should be able to charge higher pricing and make better profits (Hales & McLaren, 2017). A focused approach, on the other hand, focuses on a particular target or market sector. Thus, the business might use a focused approach if the differentiation and cost leadership strategies fail. This method may also be used for time-limited goods or services (Augustia et al., 2020). Despite Michael Porter's assertion, other scholars argue that generic strategies are not viable. As a result, Parnel (2006), as cited by Hales and McCartney (2017), believe businesses can choose any point along the continuum, and multiple value propositions may be possible at the same moment. Thus, in this context, the key to a successful competitive strategy is low costs, differentiation, and a focus on combining multiple strategic components into a compelling overall value offer. As a result, the definition of value encompasses the concepts of low cost, differentiation, and focus, with no mutual exclusivity involved. Organisations with more appealing value propositions are likelier to succeed than those with less appealing ones.

Through its value offer, a corporation may produce more enormous profits while providing better value to consumers. All firms must build a customer-driven marketing plan that incorporates a value proposition. “A company's value proposition is defined as the set of benefits or values that it promises to provide to consumers to meet their needs“ (Kotler & Armstrong, 2014). The changes in the global business arena require entities to utilise innovation and approaches to remain competitive (Flak & Glod, 2020). Furthermore, global entities consider competitive advantage the cornerstone of their businesses because competitive advantages allow companies to operate better than competing brands. An ageing cliché emphasises that every business aims to maximise profit; hence, having a unique offering becomes the cornerstone of every successful entity (Azeem et al., 2021).

According to Kotler and Armstrong (2018), competitive advantage can be achieved if a company focuses on being economical or above average in their pricing strategy. Furthermore, a company must also consider the scope to be covered, whether narrow or broad. According to Kar and Navin (2021), a company can use the Porter (1985) model to establish possible competitive advantages and map out all the value chain activities to achieve the desired competitive advantage. Still, the service industry is complex. Scholars recommend models incorporating customer satisfaction as the core since service is known to be intangible. The value chain framework must include mapping infrastructure, services and marketing (Kar & Navin, 2021).

2.2 Core Competencies

According to Ceglinski (2020), a collaboration of the firms' differentiated knowledge, skills and technology must be considered to maintain long-term sustainability in a firm's competitive advantage. In addition, according to Krishnan and Islam (2019), core competencies must integrate employee and managerial skills and resources. Core competencies allow a firm to structure its daily activities and accomplish its strategic goals. According to Ceglinski (2020), “core competencies are the product of the organisation's intangible resources, which include, in particular, the company's knowledge and capabilities.” However, according to Krishnan and Islam (2019), scholars and industry experts often confuse core competencies with company capabilities. These scholars believe that company capabilities combined will map out the core competencies. If the company can have core competencies that competitors cannot significantly imitate, the competitive advantage and sustainability level will be greater. If the company can design core competencies that are difficult to replicate, unique resources, skills, processes, and strategic flexibility must be integrated.

According to Eizaguirre, Feijoo, and Laka (2019), the scope covered in most curriculums aimed at preparing future business managers or graduates for the topic of core competencies needs to be revised, even though it is essential to be thorough. The basis of core competencies must also look into the impact of different cultural and local contexts to have the company's crucial sets of activities and skills to serve its purpose of sustainability and create a competitive edge. Furthermore, Krishnan and Islam (2019) argue that a company needs to be ultra-careful and methodical when mapping out core competencies because a company may want to design unique and sustainable competitive advantages. Thus, this process must be designed so competitors cannot emulate it. This is consistent with Bertozzi, Ali, and Gul's (2017) research presented a similar viewpoint. Thus, the efficiency of these techniques will differ depending on the firm and the sector in which they operate. Because cost is inversely connected to market share, lowering costs allows a business to grow its market share.

Previous research has demonstrated that adopting merely one of these basic tactics provides a corporation with a competitive advantage. Businesses may use a focus strategy by concentrating on a particular market sector and emphasising either product distinctiveness or reduced cost. A company's success depends on selecting the most effective approach for gaining a competitive edge. Due to numerous limiting variables, a plan for one firm may not work for another. There is a threshold amount of market share over which any growth will be modest (Grant, 2016). According to Salavou (2015), service businesses with hybrid strategies (that focus strongly on low cost and differentiation) outperform firms with no strategy or confused strategists who place little emphasis on differentiation.

2.2 Marketing Strategies

Marketing strategy is about organising resources to satisfy the needs of a market and achieve business objectives (Sudirjo, 2023). If well thought out, strategy can assist managers in testing actions and proposing tactics that can lead to consistency, which is imperative for business success (Fifield, 2012). Another school of thought contends that a marketing strategy is a development that allows a company to concentrate its limited resources on the most profitable prospects to increase revenue and gain a competitive edge (Terho et al., 2015). The marketing mix is one of the marketing methods or frameworks used to obtain a market competitive advantage. Thus, a well-thought-out and seamless application of the marketing mix can lead an organisation to achieve superior results against competitors in the market. The marketing mix is critical for companies to understand what parts must be blended to fulfil their goals and objectives and ultimately gain a competitive edge. This technique incorporates the four Ps of marketing: product, price, place, and promotion (McCarthy, 1960).

These are the four most crucial factors that must work together to offer value to the consumer and help the company stand out from the competitors. Marketing mix components and activities must be aligned and used efficiently to achieve success. The evolution of the marketing mix traces back to the 60s, and this development has seen the 4Ps increase to more than 7. The marketing mix is still valuable for assisting businesses when structuring segmentation, positioning, and other marketing concepts (Kwok, Tang & Yu, 2020). According to Lahtinen, Dietrich and Thiele (2020), marketing mix is still a core factor in the success of a business. Service marketers have been criticising the 4 Ps because of the nature of service; for example, service cannot be touched like a product, and service is considered perishable. Furthermore, scholars have identified inadequacies in the 4Ps framework, and as a result, over 25 Ps have been added to the marketing mix.

According to Lim (2021), a company needs to be careful in structuring and controlling its marketing mix because the elements of the mix should assist the company in realising its marketing objectives. According to Nikbin, Iranmanesh, Ghobakhloo and Foroughi (2022), during COVID-19 and post-COVID, for a company to be able to sustain and improve its market position, directors must not cut costs in research and development. Furthermore, they must disinvest in products and services that are non-profitable. Though the COVID-19 pandemic era was a challenging season for most industries, it was necessary for firms, including those in the insurance sector, to structure their offering to meet the recent needs of customers. Introducing new and affordable products must be considered in order to move from current sales to desired sales. The focus must lean towards producing durability and a wide size range. To remain competitive, a company must provide better services (Nikbin et al., 2022).

The existing body of knowledge needs a comprehensive exploration of the intricate dynamics that limit the efficacy of marketing strategies, particularly in the face of challenging and unpredictable circumstances, such as those witnessed during the COVID-19 pandemic. Thus, more research is needed to provide an in-depth understanding of the factors that impact a company's competitiveness in times of crisis. This research aims to address this critical gap by exploring the nuanced complexities surrounding the effectiveness of marketing strategies during challenging times. By delving into this area of research, the study seeks to contribute valuable insights to the existing body of knowledge, offering a more nuanced perspective on the multifaceted relationship between marketing strategies and competitive advantage, especially in turbulent times. Through this investigation, the study aims to demystify the potency of marketing as a tool for creating and sustaining competitive advantage in the dynamic landscape of challenging circumstances.

3. Research methodology

This study used an exploratory and qualitative research design. Thus, qualitative research techniques analyse linguistic expressions, affective states, emotional experiences, auditory perceptions, and other non-numeric and non-quantifiable components. The selection of a qualitative research technique was based on recognising that different approaches would not provide a comprehensive understanding of client demands and satisfaction. Qualitative data is sometimes considered to possess a more comprehensive perspective than quantitative data due to its capacity to include data collected from many sources. According to Gall, Gall, and Borg (2007), a qualitative study enhances the participants' comprehension, perspectives, and attitudes.

Moreover, exploratory research is characterised by its inclination to address novel topics that have received little or no prior investigation, like events surrounding the COVID-19 pandemic (Brown, 2006). A purposive sampling technique was used to select 15 respondents based on their specific experiences within the insurance business in 2022. The data was gathered via interviews, deemed more reliable and appropriate due to their capacity to elicit diverse responses and provide open-ended inquiries. The interview guide was organised, enabling study participants to give all pertinent data necessary for the research objectives. The data was analysed using content analysis techniques.

4. Results and Discussion

4.1 Demographic profile of respondents

Most respondents (80%) were less than 60 years old. The rest were working adults aged 60 or older but younger than 65. In addition, 60% of the respondents were unmarried, while 20% were divorced or legally married. By March 2020, all participants had successfully met their obligations and kept their premiums current, and their short-term insurance contracts remained operational. The COVID-19 lockdown started at this point. Due to the economic slowdown, many South Africans needed help to meet their obligations, such as insurance premium payments.

4.2 Marketing strategies used by insurance companies

Customers' fundamental need for coverage is the foundational principle of insurance products. It also relates to the need for assurance on the part of customers in uncertain times. The term "actual product" describes the policy and its aspects. In addition to brand name, product quality and dependability, this level considers each product's specific characteristics and the insurer's reputation (Kotler & Armstrong, 2018). This research included several more recent companies that employ technological advancements to implement novel business strategies. Better business models are the outcome; this leads to a smoother and more efficient claims procedure for specific firms. Customer satisfaction is one of the most crucial factors, if not the most critical, in the short-term insurance market, as it is a customer-centric business. Companies that can reliably provide exceptional customer service will have the most incredible opportunity to gain and hold onto a competitive edge. Companies may have the largest market share and be industry leaders, but if their clients are dissatisfied and lose faith in them, their market share will gradually decline. It has been shown that competitive advantage in this sector is correlated with high customer satisfaction. Therefore, the information gleaned from the data for the marketing strategies adopted by insurance companies is discussed in detail below.

4.3 Price and relief measures

One of the insurance businesses is recognised as one of South Africa's most dependable, renowned, and trustworthy short-term insurers. This corporation competes on value rather than price. Respondents who purchased this company's products were aware of this and chose to pay a premium for a high-quality product that was dependable and would pay off. Customers are reminded by the company's marketing approach that a cheaper product only sometimes implies a superior product. Company Z has also been known to pay more claims than any other insurer. This is why these policyholders picked the firm and agreed to pay a higher premium, as intimated by one of the respondents who observed that "*The company offers personal and commercial clients a multi-product and multi-distribution offering which provides comprehensive cover through a wide range of value-added products. Unique benefits are offered to each targeted segment.*" (Interviewee B).

Company X is the most well-established and experienced short-term insurance in South Africa. It has been in business for around 180 years, making it the most experienced short-term insurer in the country. It does not compete based on pricing, and respondents selected the company's product because they believed it to be the most dependable and well-established short-term insurance, as suggested by one of the participants who said that "*Company X has taken out additional marketing strategies to retain customers and to make premiums more affordable for customers during the lockdown.*" (Interviewee C). Its goal is to be a reliable companion for its clients during times of uncertainty. For May and June 2020, Company X had reserved R60 million to provide a 15% premium discount to all eligible clients. In addition, the company committed to keeping premium hikes as low as possible over the next 12 months and also implemented methods such as premium deferrals with

delayed repayment periods and leniency on any debit orders missed due to revenue loss from the COVID-19 lockdown.

All respondents with Company X products were aware of these relief measures and seemed happy with their current products. One customer needed help getting through to Company X customer service and wanted a better experience. *“I found it very disappointing and distressful that the lines were busy and that it took almost two weeks to hear back from the insurer. I will consider other insurers if provided with a better deal”* (Interviewee D). The lack of staff during the lockdown period affected customer satisfaction, as in the case of Company X mentioned above. Customers were aware that Company X products were not the cheapest available. Still, they opted for quality over a more affordable price, as suggested by one of the respondents who said that. *“I heard about these products through referrals and word of mouth. I took up this policy through a family broker. Referrals helped to sway my purchase decision. Advertising and media were ignored, and I remained loyal to Company X. I do not care about loyalty programs and benefits. Company X was chosen because it is a company that all my friends and family trust. I am willing to pay a higher price for a trusted product. I will remain loyal to my current insurer and have no plans on changing insurers”* (Interviewee H).

4.4 Incentives

By offering cashback and other incentives for driving correctly, Company Y follows a marketing approach comparable to Company Z. The price strategy is more intricate and differs somewhat. This insurance had been promoted on television, which is how the respondents learned about it. One respondent reiterated the importance of cashback: *“Other insurers did offer me better premiums, but the cashback was considered when making my decision.”* (Interviewee L). This resulted in customers paying a lower effective premium. On the other hand, one of the participants remarked that *“Company Z offers an optional payback bonus to customers. This slightly increases the cost of cover and pays back the lower of (25% of premiums or the total of the first year's premiums after four years). This cashback is still paid even when some qualifying claims are made.”* (Interviewee G).

In contrast, Company Z only reimburses 10% of premiums if three years pass without a claim. Because Company Y provides what it requires at the most affordable cost, its clients believe it delivers a stronger value proposition. The respondents who had purchased insurance from Company Y attested that Company Z did have the lowest upfront charge and maintained their Best Price Promise. It was seen that because of the cashback, Company Y provided the lowest long-term coverage cost. *“It works out cheaper for me in the end. Once cashbacks are received, the premium becomes cheaper than other insurers currently offer. I do not want to change insurers right now. After a few years, I might reconsider once the cashbacks are in my pocket. The cashback and discounts are why I have stayed loyal to this insurer. I would lose out on my cashback if I were to cancel now.”* (Interviewee F).

“All customers can easily attain the standard 25% cashback after 4 years. Another payback bonus is offered called the Monthly Payback Booster, which gives customers up to 75 per cent of their monthly premiums.” (Interviewee I). There is a fee associated with the Payback Booster, which may raise the premium significantly. Compared to quotations given by Company Z, respondents have verified that their upfront premiums have risen considerably with the addition of these extra features. This particular feature led these people to choose Company Y for their insurance. This is an optional benefit that is only included in some plans. *“Company Y is one of the best offerings for people like us who understand the product well and can take advantage of the benefits and discounts. Most customers may not be aware of these optional features and may unwillingly be sold policies that only offer a standard 25% cashback after 4 years. I have comprehensive coverage and have performed all activities to qualify for the cashback. I am on a 4-star rating and qualify for cashback of 40%”* (Interviewee H).

“The percentage of the discount will depend on a 5-star rating system which analyses driver behaviour. A 1-star rating is classified as bad driver behaviour and gets a 0% monthly cashback for their driver behaviour. A 5-star rating scales this discount up to 60%. Drivers with 1-star ratings are still allowed 10% cashback if they have coverage for household contents and buildings. An additional 5% discount is given for performing a vehicle safety check and eye test.” (Interviewee C).

Women who combine their home and auto insurance are eligible for a discount. Through word of mouth, the responder became aware of this insurance. There is a high level of customer satisfaction. Before the lockdown, there were no significant problems with claims. There are no plans to switch insurance providers. This customer utilises the extra advantages provided by the insurance, such as Company Z, which provides free roadside help around the clock. The perks include emergency medical aid, a mobile accident detector, and towing services. Home emergencies are covered under the Home Assist benefit. Women with comprehensive insurance policies are also eligible for free tax, financial, and legal help. Legal experts and attorneys will be on hand to guide various matters. This policyholder finds excellent value in sticking with the provider and has taken advantage of all these extra incentives. In 2019, there is just one little complaint about a claim. The response is as follows. *“I chose this insurer because it offers lower premiums to women and a range of benefits that I use. A low price is not the only deciding factor when choosing my insurance. I look at the additional benefits that are provided as well. No accident claims have been made yet, but I did claim for emergency roadside assistance a few years ago. This was the only claim experience I have had with this insurer, and I was not happy with the time it took for the towing service to show up. It took almost 2 hours, which could be dangerous for women alone on the road. This is something that can be improved. I will hesitate to switch to other insurers because they may not offer me the same services and benefits.” (Interviewee B).*

However, this customer has verified that quotations have yet to be received from all insurers. The insurer was selected mainly for the value delivered to them rather than the lowest price. Although there is no wish to transfer insurers, this client has confirmed their knowledge. The consumer may rethink their decision if presented with cheaper estimates that provide comparable advantages at a lower price. When it came to processing a roadside assistance claim, a slight problem occurred. It was before the lockdown that this took place.

Additionally, this has resulted in a decrease in customer satisfaction and has made it possible for other insurance companies to approach her with a more favourable offer, as observed by one of the participants who believed that *“Existing clients from these other divisions are given an added incentive to take up Company X products. Premium discounts and incentives for being a loyalty program member are offered. Company X uses a loyalty program called Vitality Drive to reward good driving behaviour.” (Interviewee H).*

The product offered by Company X is very distinctive, and it does not need any additional payment for specific claims. In contrast to other insurers, in which a set excess is required, selecting a flexible excess as an alternative is possible. When a more considerable excess is chosen, the premium for the policy is reduced by a significant amount. The respondents have selected a more considerable excess to take advantage of the advantages associated with a lower premium. A claim will increase the burden for these customers if filed. At this point, the issue of cost is both respondents' primary worry. It is one of the most reasonably priced plans currently available and competes with other plans based on pricing. At the same time as it provides comprehensive pricing, the Classic Plan also provides improved advantages. These items are designed to cater to two distinct segments of the market. The Classic Plan emphasises the value and advantages it gives consumers more than the pricing it offers. Among the perks not included in the basic plan are free automobile rental for thirty days and a reimbursement of up to fifty per cent of the monthly gasoline spent.

Much like Company Y, Company Q delivers cashback to clients using a rating system based on five stars. On the other hand, companies Q use a cutting-edge tracking device that produces a Driver Quotient specific to each driver. The most current advancement in telematics technology for motor vehicles is called DQ-Track. The monitoring device that is provided to customers by Company Y is not free of charge. Before moving to Company Q, respondents were required to pay an extra R99 per month to monitor their automotive accounts: *“This technology collects information about driving behaviour. Data relating to acceleration, braking, speed, distance driven, and cellphone use is collected and analysed. This behaviour is then analysed to reward good driving behaviour. Driving skill is ranked in one of five levels, from Bronze to Diamond status. The telematics system assigns Vitality Drive points to each driver. These points range from 0 to 1600. Cashback on fuel expenses is capped at R800. The cashback is calculated as follows: 50% of the lower (Vitality Drive points or Actual Rand value spent on fuel for the month). Drivers with lower Vitality Drive points are given lower discounts. The amount of cashback customers receive can be up to 25% on the Essential Plan and up to 50% on the Classic plan.” (Interviewee H)*

All customers who participated in the interviews felt that their present insurance was reliable. Some clients thought businesses' treatment of their claims during the shutdown was unacceptable. *"I understand that it was beyond the company's control because of staff shortages, but I would prefer a faster claims process if such a crisis were to occur in the future."* (Interviewee K). The customers choose their insurance based on their distinct needs and preferences. These customers are classified into several market segments, each with specific and individual needs that must be met. To obtain a competitive advantage, short-term insurers must develop strategies to efficiently meet the varied needs of a broad client base.

4.5 Effectiveness of Marketing Strategies

The effectiveness of marketing strategies may be evaluated using the 4 Ps of Marketing. The strategy will be classified into one of the following four groups. These tactics must align with the four Cs to achieve optimal outcomes and ensure customer satisfaction:

- Product - Customer solution
- Price - Customer cost
- Place - Convenience
- Promotion - Communication

Each of these eight companies offers similar intangible products/services but has differentiated their products from the competition using different characteristics and packaging. (Interviewee A). These organisations use product differentiation techniques, including various branding tactics. The branding initiatives included various colour combinations, names, and logos to establish distinctiveness from comparable services provided by other insurers. Each of these organisations offers diverse services tailored to specific consumer categories. Each of these products exhibits variations in terms of the risks provided and the structures of excess. All insurance providers provide aftersales support services. *"1st for Women offers free telephone support for tax, financial, and legal issues that women may experience"* (Interviewee G). The insurers, as mentioned above, do not provide these distinctive qualities.

Similarly, it is noteworthy that Companies Y and Q provide cashback incentives that are only sometimes offered by the majority of other firms examined in this research. Each of these tactics has effectively contributed to the differentiation of the product from its competitors. Companies use a wide range of advantages. These strategies aim to provide a distinctive value proposition to their clientele and establish a competitive edge. This brings us back to the overarching objective of these marketing tactics, which is to acquire a competitive edge.

The majority of these organisations, namely 6 out of 8 (75%), have implemented methods that have shown to be successful in delivering sufficient value and quality service, resulting in client retention over an extended period. These clients are unlikely to be receptive to changing their insurance provider. These goods have effectively addressed consumer needs and met the demands of their intended market segment. *"The pricing strategies recover all costs and are used as a service differentiation tool. All these strategies were formulated to generate a good return and to have sufficient reserves and premium income to pay claims."* (Interviewee H). The ongoing COVID-19 epidemic poses a significant challenge for all firms in developing strategic approaches. An excessive number of claims and insufficient earnings may give rise to several difficulties. Most of the surveyed firms, namely 75%, believed that their goods are priced at a reasonable level.

Conversely, a minority of the companies, comprising 25% of the sample, indicated that the current pricing is deemed too low and suggested an increase to cover expenditures adequately. Additionally, it is evident that most organisations, namely 75%, see reduced costs as a viable and impactful approach to marketing. Thus, one of the participants believed that *"a price increase would not be feasible right now as customers are finding it increasingly difficult to survive in this economy."* (Interviewee H). Figure 3 shows the participants' price views of the different products offered by the insurance companies".

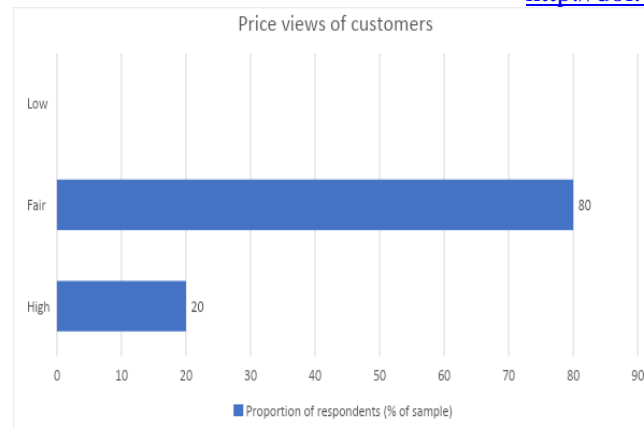


Figure 3. Price views of customers

Source: Authors' Construct

According to industry data collected from insurers, almost 50% of individuals possessing insurance policies saw salary reductions due to the COVID-19 pandemic commencing in March 2020. Some individuals had a period of unpaid absence lasting many months, while others faced complete job loss within the client base. Consequently, there was a decrease in income, although fixed financial obligations such as rent, mortgage payments, and insurance premiums remained constant. All these organisations are concerned about customers' potential cancellation of policies if the cost becomes too high. Policies may also terminate in the event of missing premium payments. Corporations have offered reduced premiums to their clients during the lockdown period to address this issue. The efficacy of these pricing tactics is shown by the absence of policy lapses resulting from unpaid premiums and client cancellations. According to the data shown in Figure 1, a majority of the consumers questioned, namely 12 out of 15 individuals, expressed the belief that the premiums charged are reasonable and within their financial means, accounting for 80% of the sample. 3 out of 15 consumers, accounting for 20% of the sample, believe their insurance rates are too elevated. The three consumers mentioned above had issues with their insurance before implementing the lockout measures. Therefore, it is not justifiable to attribute the inefficiencies in some of these organisations only to the lockdown.

The three dissatisfied consumers are open to exploring other insurance providers. All eight firms used a variety of promotional methods. This practice guarantees that the firms effectively convey the desired message to consumers. Advertising is the primary promotional tactic these firms use to generate client awareness. The approach mentioned above was used by most organisations, namely six out of eight, constituting a percentage of 75%, to entice clients. 33.3% (5 out of 15) of the clients in the list chose their purchase by relying on recommendations and word of mouth. The participants in this study consisted of individuals who were customers of Old Mutual and Santam goods. The influence of advertising on their purchasing decisions was shown to be negligible. A majority of 66.6% of individuals were found to be affected by advertising and/or social media while making their purchasing choices. This is seen in Figure 4, which was presented after that. This advertising method is used to effectively convey the inherent worth of the product to the target buyers. The distribution strategy should prioritise these items' timely and convenient availability to clients, as remarked by one of the participants who said, *“Unlike life insurance, which requires face-to-face meetings with customers due to the nature of the services and signatures required, short-term insurance products are not affected by outlet locations or office opening/closing times.”* (Interviewee D)

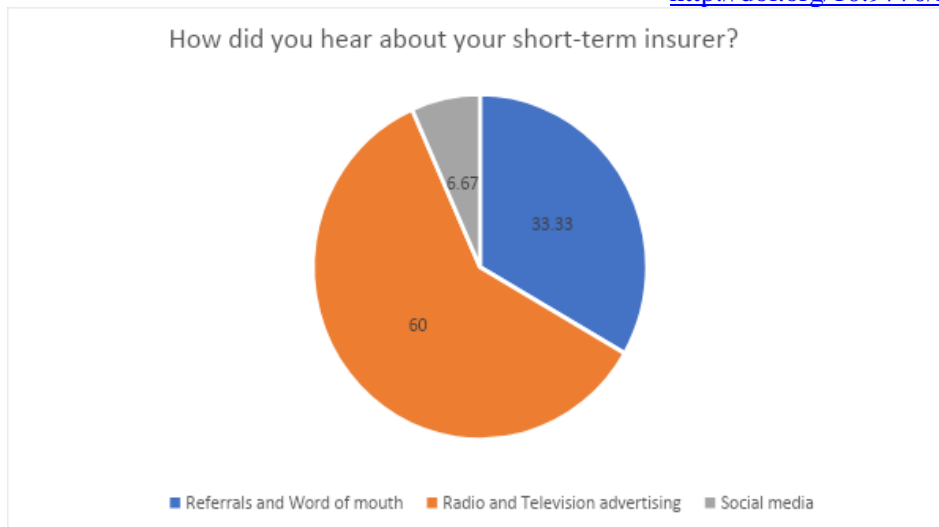


Figure 4. Customer information regarding short-term insurer
Source: Authors' construct

This feature offers a high level of convenience for consumers across various geographical regions nationwide, enabling them to initiate their policy applications by telephone quickly. This practice guarantees that the items are made available at a location that is also handy for clients. These products are classified as short-term insurance products and may be marketed and sold telephonically. 67% of the enterprises used digital distribution channels. 33% of clients purchased insurance policies via their respective insurance brokers. The four Ps of marketing applicable to these organisations have now been associated with the four Cs of consumers. A total of 15 consumers were surveyed, of whom five individuals, representing 33.3% of the sample, reported encountering issues with customer service and the claims procedure. This is seen in Figure 4, which was presented after that. The potential for clients to move to another insurer will be considered if they are presented with a more favourable proposition. Customers were duly informed that the abovementioned grievances pertain to a widespread situation that impacts the whole sector rather than being confined to a single entity.

Consequently, any organisation would have experienced comparable challenges throughout enforced confinement. The situation was met with understanding from customers. During the lockdown time, 40% of consumers complained that they had not encountered any issues with the claims procedure. The clients exhibit a high level of understanding and are willing to overlook little inconveniences. However, most consumers, namely 60%, had comparable issues for an extended duration before the lockdown. In 2019, customers expressed dissatisfaction with the suboptimal handling of their claims. They reported difficulties in accessing customer care hotlines of some well-established insurers due to excessive call volumes and unavailability. The respondents from Company Q and 1st for women observed that *“although there has been a minor issue and delays with a claim before the lockdown, I am willing to overlook it for the time being. I am just unhappy about how long it takes to get the claim approved and paid out.”* (Interviewee H)

In this study, an in-depth exploration of the short-term insurance landscape has been undertaken, encompassing the demographic profile of respondents, the diverse marketing strategies employed by insurance companies, and the overall effectiveness of these strategies in the face of the COVID-19 pandemic. Notably, the study unveils the significance of pricing strategies, relief measures, and incentives, shedding light on their impact on customer satisfaction and loyalty. Despite challenges in the claims process and customer service, companies' resilience and adaptability during the pandemic are evident, reflected in the low incidence of policy lapses. This study emphasises the alignment of effective marketing strategies with the 4 Ps of Marketing principles. It concludes by acknowledging areas for improvement, particularly in enhancing customer service and claims processing capabilities during crises.

Conclusions

This research aimed to demystify the effectiveness of marketing techniques as a tool for gaining a competitive advantage. Marketing tactics are critical in establishing and maintaining a competitive edge. Companies with effective marketing strategies have better levels of customer satisfaction. Because customers are the lifeblood of a company, achieving customer satisfaction over the competition will ultimately lead to a competitive advantage.

However, each company's strengths and limitations must be assessed before applying any marketing technique. Some techniques may be effective in keeping one firm afloat while sinking another. This is one of the reasons why some managers are under pressure and need help figuring out where to go next. They understand that making the incorrect judgment under volatile, unexpected situations might spell doom for themselves and their staff.

Furthermore, the Covid-19 problem has made the market volatile and unpredictable for businesses. This is true for all sectors, not just short-term insurance. It has wreaked unending havoc and devastation on the economy and countless enterprises. To survive and thrive, new solutions and thinking methods will be required.

Conventional remedies will no longer work and have already resulted in the irreversible closure of several firms. These solutions cannot be implemented via a one-size-fits-all approach. It must be carefully adjusted to each company, employing management discretion and judgment. Companies and executives must welcome diversity, innovation, and change. This is now absent in certain short-term insurance companies that use antiquated technology and business procedures. The present grave scenario necessitates it, and businesses must either adapt to this new environment or die.

While this research provided valuable insights into the demystification of marketing effectiveness for gaining a competitive advantage, it is essential to acknowledge its limitations. One limitation stemmed from the specific focus on the short-term insurance industry, which may have limited the generalizability of findings to other offerings. Additionally, the study operated within the context of the COVID-19 pandemic, introducing a temporal constraint that influenced the long-term applicability of the identified marketing strategies.

The reliance on qualitative interviews, while providing in-depth perspectives, introduced subjectivity and limited the quantitative validation of the findings. The research was also constrained by the availability and willingness of participants, potentially affecting the diversity and representativeness of the sample.

For future research, it is recommended that broader industry analyses be conducted to validate the identified marketing strategies across diverse sectors. A longitudinal study could also provide insights into the sustained effectiveness of marketing tactics over time, considering the evolving nature of business environments. A mixed-methods approach could enhance the comprehensiveness of research findings by triangulating qualitative insights with quantitative data. In addition, exploring the impact of emerging technologies on marketing effectiveness and considering cross-cultural variations could further enrich the understanding of this dynamic field.

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