



THE ROLE OF CREATIVITY AND INNOVATION IN DEVELOPMENT OF MARKETING AND ENHANCED SALE OF PRODUCTS AND SERVICES OF INSURANCE COMPANIES

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Abstract:

Today, competition and customer-orientation has been enhanced and the firms have to be active in such environments. In this regard and for survival of organization in the current competition arena, considering issues such as creativity and innovation and making adequate marketing policies is important for the organizations. In this field, due to their underlying and dynamic role at the society, insurance companies have to provide high-quality services day by day to satisfy the customers. In this study, using theoretical approach and with reliance on recent studies, the role of creativity and innovation is investigated in development of marketing and increase in sale of products and services of insurance companies. In general, it could be mentioned that development of creativity in insurance industry could lead to improvement of indices such as profitability, market share, sale, customer satisfaction, subjectivity and positive image of organization and quality of services. Due to proving positive and direct correlation of innovation and creativity with marketing development and more sale of products and services of insurance companies, it would be better for the insurance companies and firms to facilitate availability of new innovations through acquiring external innovations and identify and attract and adjust the external knowledge through identification of external environment and internal research and development

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and take measure to increase the power of communicating competitors and transferring knowledge to the competitors with the aim of achievement of commercial goals of the organization as a step towards enhancement of innovative processes in business. Moreover, more focus of insurance companies on knowledge management and development of research activities to make and use the newest innovative achievements could enhance quality of services and develop marketing of insurance products.

Keywords: creativity, innovation, marketing, insurance company, insurance products

1. Introduction

Today, the most important concern of majority of organizations is to codify and implement strategies guaranteeing their success and survival under changed and complicated environmental conditions (Kazemi and Shakiba, 2013). The real war of countries in next decades will be neither on energy, not on the markets, but also the real war could be on human capitals. Hence, more than before, countries need people with developed talents and existential capabilities in such way that they could take benefit of their expertise, skill and ability of creative thinking properly. In research and industrial organizations, preservation of competitive advantage is depended on innovation (A'rabi and Mousavi, 2009).

The available organizational resources, due to their portion in creating value, are not in same level. Hence, many scholars have emphasized the difference and have referred to the necessity of considering value of resources and identification of strategic resources (Sirmon et al, 2010: 2). Scholars believe that effective management of resources and intellectual assets is essential more than physical and financial assets to gain competitive advantage (Sengupta, Atri. Venkatesh, D.N, Sinha, 2013: 505). In view of "Resource-Oriented Attitude", success of economic firms is depended on efficient use of intangible assets and resources in line with tangible organizational assets. Insurance industry as one of the subsets of financial services is also based on various series of intangible resources. Zakeri et al (2013) have classified insurance in 4 main groups including human capital, structural capital, communicative capital (components of intellectual capital) and physical and financial capital. Physical and financial resources are less complicated than intangible resources because of their nature. Ambiguity and complexity of intangible organizational capitals could cause more complexity for their management compared to physical and financial capitals. On the other hand, achievement of intangible resources could be an important factor in creating difference and creating competitive advantage among knowledge-oriented firms such as

insurance companies (Sepahvand et al, 2016: 82). At the today's world, the companies could achieve competitive advantage based on the importance considered by them for evaluation, innovation and creativity. Marketing is one of the most fundamental factors to gain competitive advantage and for profitability of companies and the companies should have high capability to supply their products to the market and supply high-quality services for their customers compared to their competitors. Moreover, at the current world, with reduced lifetime of products and rapid saturation of demand, innovation should be considered as significant factor, since the lifecycle and lifetime of products could be increased using innovation and the product could continue its life in the arena of competition. With intensified world competition, innovation has been changed into a required and vital component for strategy of companies, so that the companies could use efficient production process through that and act better in the market, gain credit, fame and positive reputation in view of customers and achieve reliable competitive advantage through this (Nopasand Asil and Ramezanpour, 2016: 96). Today, organizations with the ability to achieve higher levels of innovation could be considered among successful and progressive companies of the world. Therefore, innovation is the essential element of survival of organizations. For the new and important feature (innovation), there is a direct and strong correlation between suppliers of services and customers (Rahimi and Delafrooz, 2014).

Products with high innovation could have excellent sale and better financial performance and could generally lead to higher business performance. The importance of innovation is because of rapid growth of business and rapid changes in organizational environment and some other reasons (Cheng and Krumviede, 2012). Undoubtedly, companies are informed that being capable in innovation is one of the keys of successful competition in the changing markets. A company has competitive advantage at the time that has gained the resources and certain features, which are unique and rarely imitable and could also supply some services to the market providing higher value for the customers compared to competitors (Navarro et al, 2010). Along with the issue of innovation, considering creativity within an organization is also important. Creativity could be considered as the main point of competitiveness, productivity and the main factor of organizational power and survival in long-term (Kronfeldner, 2009; Ghaseminejad Mal Amiri, 2015: 35). Moreover, existence of innovation and creativity in insurance companies could cause high managerial perception of existing conditions and suitable intellectual capability to have access to marketing information and a factor for preservation and attraction of customers (Festus, 2011). According to the mentioned, this study has been conducted using a theoretical approach and with reliance on existing research sources and the recent studies to

investigate the role and effect of creativity on marketing of products and services of insurance companies.

2. Literature Review

Sehat et al (2015) have conducted a descriptive survey study with the aim of determining the relationship between organizational innovation and competitive advantage in insurance companies. Moreover, in this study, as a secondary objective, the existing situation of organizational innovation in insurance companies is investigated. Organizational innovation in this study includes innovation in product, process innovation and administrative innovation. Statistical population in this study consists of senior managers of private insurance companies in Tehran. The results obtained from the study showed that there is positive and significant correlation between organizational innovation and its types with competitive advantage in insurance companies. Among types of innovation, innovation in product has the most significant correlation with competitive advantage in insurance companies. Moreover, the results obtained from one-sample t-test showed that insurance companies are in favorable situation just in terms of process innovation.

Nopasand Asil et al (2016) showed in their study that there is significant correlation between marketing capability and organizational performance. Moreover, there is significant correlation between innovation capability and organizational performance. There was also significant correlation between marketing and innovation and learning capabilities as complementary capabilities and organizational performance.

Zand Hesami and Ashtiani (2014) conducted a study under the title of "analysis of the effect of technology innovation capabilities on competitiveness of small and medium firms". In addition to explain the dimensions of innovation, the authors have investigated its effect on competitiveness of small and medium firms. The results obtained from their study showed that there was significant and positive correlation between innovation capability and performance of small and medium firms and the innovation could always affect the performance of these firms.

Wu & Sivalogathan (2013) conducted a study under the title of "*innovation capability for better performance: Intellectual capital and organization performance of the apparel industry in Sri Lanka*". In this study, they have investigated the effect of intellectual capabilities on innovation capability and the effect of innovation capability on organizational performance. The results obtained from the study showed that

intellectual capitals have positive effect on innovation capability and there is significant and positive correlation between innovation capability and organizational performance. Festus (2011) has conducted a study with the objective of investigating the effect of innovation and capability on marketing and gaining competitive advantage in insurance industry and showed that marketing innovation and creativity are important in organizational success. Marketing innovation and creativity in insurance industry could improve business and pave the way for gaining competitive advantage. The results obtained from this study show that creativity and innovation could be very important factor in way of need to gaining customer satisfaction and in field of pricing and improving technology and innovation and creativity to attract the customers.

Ren et al (2010) have investigated the role of innovation in marketing in gaining competitive advantage in Huawei Technologies Co. Ltd. This study has considered innovation as the main sources of competitive advantage of companies. The results obtained from the study showed that innovation in marketing could result in gaining competitive advantage by the organization and improvement of organizational performance.

3. Concept of creativity and innovation

Scholars have defined creativity under various interpretations, so that each definition could sometimes show just one dimension of important dimensions of creativity. For example, Herbert Fox believes that the creativity process refers to any kind of thinking process solving the problems usefully and in innovative way. Moreover, according to George Sidle, the ability to relate and link issues, regardless of the field of this action, could be the basis of taking benefit of creative mind. Moreover, Erich Fromm believes that creativity is the ability of seeing (being informed) and showing response. Hence, it could be mentioned that creativity in general means use of intellectual capabilities to create a thought or a novel concept (Kayeser, 1968; Ahmadi, 2016: 211). Innovation is derived from the Latin word "Innovate" meaning making something new and the term is defined for the first time by Schumpeter in 1934. Schumpeter believed that innovation is associated with economic development and introduced it as a new combination of resources creating wealth (Soltani, 2010). Fayol, in the book "General and Industrial Management", has presented the proposed principles in 14 general principles and one of the most important principles is the principle of providing suitable opportunities for innovation and explains that the aim by innovation is creating and innovating a new project and design (Mohammadi Meimanat and Mazloomi, 2015: 55). According to Drucker, from managerial point of view, innovation means taking benefit of new idea

(Allegri, 2011). In fact, innovation is one of the vital and key resources of competitive advantage in the increasingly changing environment of the today's world. According to management scholars, innovation capability is the most important factor affecting performance of an organization (Crossan and Apaydin, 2011). The range of innovations is extended from the product and service level to the organizational and even social level (Kossiak, 2005: 13).

4. Innovation in product/service

In general, in the studies in field of innovation, no difference is considered between innovation in product and innovation in services. In other words, innovation in services provided by service organizations is considered as the products produced in manufacturing organizations. However, innovation in service could be defined as follows: innovation in service refers to supplying new products for existing or new customers and supplying existing services for new customers (Damanpour et al, 2009). Innovation in product refers to introducing and supplying a product or service or improvement of features of a product with regard to the considered uses and needs of customers (Gandy et al, 2011).

5. Role and impact of innovation in organization and firm

Innovation is one of the main and key success factors in long-term for business in dynamic markets. For survival in competitive environment of manufacturing and service organizations and firms, the ability to tolerate increasing complexity and rapid changes should be provided (James & Sanz Valle, 2011). Innovation in companies includes acceptance and use of new ideas, processes, technologies, products and services within the organization. Organizational innovation refers to use of novel ideas for the company and use of these new ideas in the management system, processes, services and marketing system of insurance companies is essential and could cause competitive advantage and achievement of higher market share. Over the years, new evolutions have affected the insurance industry of Iran and the measures taken for privatization could be the most important event. It is expected that applying policy of privatization and increase in number of insurance companies has led to enhancement of efficiency and increased competitive power of economic firms. Finally, with increased economic efficiency and sustainable economic growth, economic welfare of ordinary people could be provided. Under such conditions, competition is increased in insurance companies to supply services for customers and the companies need reduce their costs

to preserve and attract customers and improve instead the quality of their services (Sehat et al, 2015: 3). Marketing capabilities and innovation could have significant effect on performance of companies, since there is significant and positive correlation between marketing capabilities, innovation and learning with performance and the capabilities could always affect performance of companies (Sok et al, 2013).

6. The effect of creativity in product marketing

Marketing is one of the most fundamental elements to gain competitive advantage and for profitability of companies and the companies should have high marketing capability to supply the products to markets rapidly and supply the best products and services compared to their competitors. Moreover, at the current world, with decreased lifetime of products and rapid saturation of demand, innovation should be considered as an important issue, since the lifecycle and lifetime of product could be increased by means of innovation and the product could remain in arena of competition through innovation (Nopasand Asil, 2016: 97).

One of the problems with product and service marketing is poverty of ideas. It is true that product and service suppliers take useful steps in different dimensions of marketing like advertisements, packing and logo designation and supplying new products, the only way for competition at the current market is creativity and innovation. It should be mentioned that creative marketing enables the marketers to take benefit of new opportunities to prepare the conditions for entrance of new product encompassing wide range of audiences. In other words, the marketers offer new products to customers instead of offering repurchase of one product again and again. Creative marketing enables marketers offer new products and this could be impossible unless through using the ways of identification and exploration of useful ideas.

Creativity within the organization and firm should be always based on organizational needs and market, since only new ideas could not guarantee the success of organization in such competitive environment, but also success is depended on effective implementation of those ideas to improve organizational performance. Hence, it would be better for the organizations to create suitable conditions for identification and evaluation of environmental factors and market opportunities and placement of organization in unique situation and use of customer value network to gain the customer's interests and preferences and to use new pricing models to improve marketing strategy creativity within the organization (Mirzaei, 2011).

Today, marketing is more complicated than any other time. Although the challenges and problems have been existed in the past, the today's problems and

challenges have been changed considerably. The issue of fighting against decompositions, saturations and attack of newcomers are the main routine issues observed abundantly at the competitive markets. These ideas could lead to immediate results that if:

1. Innovation and supply of new products is the basis for competitive strategy;
2. The success level of new products is low.

Whether it is important to find new ways and supply more successful products or not? In fact, this issue is one of the main goals of creative marketing (Cottler, 2014: 20-22).

7. Conclusion

Nowadays, one of the most important fields of activity as the best strategy to supply welfare in mind of many people with global reputation is insurance. With review of the emergence and history of insurance, it could be found that insurance has been along with innovation from the beginning of creation.

Innovation is one of the variables affecting development of selling products and variety of supplying services. In fact, innovation means realization of idea; meaning that an idea has entered to the world of action and technologic innovation means that a technical or practical idea is changed into semi-industrial production and has reached to market through the process passing over the concept of development (Bushehri, 2004). At the today's competitive world, those organizations could be successful, which could take measure for innovation and creativity. Organizational innovation is a way to advancement and exceeding competitors at the current competitive world. According to Dracker in view of management attitude, innovation refers to an interpretation creating new dimension of performance; although in organizational view, the process of creation and development of innovation means utilization of new idea.

The results obtained from various studies have shown the significant correlation between innovation and its types (innovation in product, process innovation and administrative innovation) with competitive advantage in insurance companies (Sehat et al, 2015; Gandy et al, 2011; Ren et al, 2010) and have also shown significant correlation between creativity and development of product marketing (Festus, 2011; Mirzaei, 2011).

The issue of market is very underlying issue in insurance industry. In an efficient and effective market, information circulation is fast and the information could be available for beneficiaries and the market participants rapidly. Competition in an efficient market is in highest level, but it is healthy and constructive and could lead to

improvement of business environment and freedom of action. In an efficient market, innovation in knowledge technology and products for pricing in market is in competitive form and meeting needs is mutual and no one of market actors could affect the prices. Pricing is taken freely and in competitive manner. Hence, to remain at the market, a certain goal should be followed and the survival could be achieved with innovation. For many years, traditional products are being supplied in the markets and new insurance companies have not the ability and required branding to compete with old companies and hence, they take measure for damping. For logical reduction of insurance fees, considering risk management and the health and safety principles should be considered in agenda to reduce the coefficient of losses. In financial supervision, there is no cost breaking and all criticisms in field of cost breaking could be explained by technical cost. On the other hand, all economic and insurance experts are aware that the time of management and supervision of economy has been passed. In this field, using knowledge-orientation and customer-orientation of insurance market in Iran, experts could help growth and marketing of insurance industry.

The source of creation of innovation and creativity in insurance industry could be creative thoughts and ideas trying not only for increasing the quality and quantity of products and enhancement of service level, but also they consider any even as good event and use it for development of insurance activity. In fact, with use of the concern caused by London's Great Fire, firing insurance was created. Responsibility and engineering insurances have been created based on a novel idea and feeling of fear by insurance scholars and are still under update. Innovation has some features in every society, which its examples may be different from examples of innovation in other societies. Major part of innovation in Iran should be focused on creating reforms, by which the trust of society in insurance is increased at the first to provide suitable condition as a result of increased social trust and paving the way for innovation in field of supplying insurance products. For example, some items and articles should be reformed. According to the results obtained from this study and with analysis of the relevant works, to improve the situation of innovation and creativity in insurance companies to gain competitive advantage and for purpose of development of product marketing, it would be better to develop an extroverted approach to customers and markets and consider environmental opportunities and threats. This is because; this is the need of customers and the market that emphasizes the necessity of change and improvement of the way of supplying new insurance services and products for companies.

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