The Identification of Portfolio Attraction (Customer) Approaches; Case Study: Iran Insurance Company - Tabriz City

Author’s Details:
(1)Rahman Khohasteh Parsa (2)Abolfazl Moghadam (3)Kamran Yeganegi
(1)(2)Department of Executive Management, Islamic Azad University-Zanjan Branch, Zanjan, Iran (3)Industrial Engineering Department, Islamic Azad University-Zanjan Branch, Zanjan, Iran

Abstract:
The companies active in the insurance industry market play the role of a supportive collection for the economy and the various industries of the country in line with the main tasks and missions expected from the insurance industry. The nature of the insurance companies requires them to move in the direction of the client, and if they succeed in attracting and retaining the customer, they will cause the continuity and stability of the company. The purpose of the insurance companies is to identify the customer's need, and his satisfaction and the meet of these needs in order to be able to to have more sale. The statistical population of this research includes all managers and insurance agents of Tabriz city. The statistical sample of this research is 150. The research instrument was a researcher-made questionnaire and interviews with managers and insurance agents of Iran Insurance and experts. The validity of the questionnaire was confirmed due to standardization. The reliability of the questionnaire was measured using Cronbach's alpha. The results show that the reliability level of the questionnaire was calculated to be 80.25%, which has a desirable level. To analyze the data, data analysis and hypotheses are analyzed using spss18 and Expert Choose software. The main statistics used in this study are the central measurements (mean, median, and index) and the dispersion index of the standard deviation and the interval between the quarter and the Delphi method. The results of the test indicated that based on the results of the above table, the group places the most important for the strategy of market segmentation system design in order to determine the market (S3) as the most important factor affecting the attraction of portfolio with the priority coefficient (0.467); the market identification and identification of policy capacity (S2) and market segmentation (S1) are prioritized in the next categories.

Keyword: customer attraction, portfolio, Iran Insurance, Delphi method

1. Introduction

The companies active in the insurance industry market play the role of a supportive collection for the economy and the various industries of the country in line with the main tasks and missions expected from the insurance industry and are in fact one of the main pillars of national development of the country. Insurance companies, regardless of the nature of the state and the private sector, are always trying to receive the necessary assurance of the needs of the various strata of society, especially the owners of the industries and organizations, in an appropriate manner. Obviously, this economic activity must be consistent with the principles and policies governing the comprehensive development of the country and with its proper functioning, it is possible to achieve the expected goals in the country's planning system (Hosseinnia, 2007, 145).

Nowadays, people make final decisions as buyers (Farrell, 2011, 214). The nature of the insurance companies requires them to move in the direction of the client, and if they succeed in attracting and retaining the customer, they will cause the continuity and stability of the company. The purpose of the insurance companies is to identify the customer's need and his satisfaction and the meet of these needs in order to be able to have more sales. With regard to the activities of private insurance companies and the development of international information and communications, it is possible to easily compare the insurance services of different companies from the public; therefore, it is more difficult and more complicated to maintain the customer and attract him than before. Today, the quality of the work of insurers from different dimensions is taken into consideration by the customers; despite the customer's satisfaction, the insurance companies have reached the desired status, thereby have guaranteed the long-term benefit of insurance companies. Furthermore, the customers help the survival of the insurance companies through their satisfaction. Each company must have a clear communication strategy and concept to show its difference with others, and it is with this strategy that all
the goals, services, attitudes and actions of the company are aligned with the customer's aspirations. Naturally, insurance companies and organizations are not excepted from this, and each of them tries to implement their plans and achieve more sales by defining a targeted strategy and pattern (Jahankhani and Safari, 2011, 175).

The portfolio is a set of plans, projects or operations that are managed in a grouped form to achieve strategic goals. The components of the portfolio may not require affiliation or related goals. The portfolio components are quantitative, which can be measured, categorized and prioritized. The outputs of the portfolio are used to realize one or more strategic and organizational goals and may include a set of past, current, and future portfolio components (Rezaeian, 2006, 36). An organization may have more than one portfolio, each referring to specific strategies and goals. The proposed and formed plans as portfolio and components are identified, selected, evaluated and started. The portfolios may include the sub-portfolio (Jones, 2010, 128).

Using mission and long-term goals, the management of an insurance company must identify a set of activities of the company, that is, a set of activities and insurance policies that determine the main body of the company. The best “set of activities” is determined by the strengths and weaknesses of the agency or the insurance company and also based on the opportunities available in the relevant environment. The company or agency must: 1) analyze the set of its current activities and determine in which areas it should invest or not invest, and (2) provide the growth strategies in order to enter the new insurance policies and add to new activities (Hosseinnia, 2007, 147).

2. Portfolio

The word “portfolio” means a large briefcase, which means a bag or basket of shares in the stock exchange. When a person speaks of his portfolio, he means the type of stock available in his basket of shares (portfolio) (Aghazadeh, 2011, 141).

The basket of assets or portfolio is a proper mix of stocks or other assets that the investor has bought them. The purpose of creating a stock portfolio is to divide the risk of investment between several shares; thus, the interest of a share can recompense the loss of other stocks. This behavior is evidenced by the well-known proverb that says, “Do not put all the eggs in a basket,” because the risk of the break of the basket will destroy all the eggs (Porter, 2011, 124).

Insurance companies, like any other company, have portfolios of investment in various assets that are reflected in the balance sheet. On the other hand, the insurance company earns its revenues from different types of insurance that are received through insurance premiums. Therefore, insurance companies have an insurance portfolio that is a combination of fire insurance, transport, car body, third party, accident, engineering, liability, aircraft, ship, life, and treatment. Each of these types of insurance has its own returns and risks. Moreover, each insurance company faces payable damages that are different in terms of insurance types. Therefore, a damage portfolio is a combination of a variety of damages too. These damages can be categorized in general terms, including payable damages inside the country for various types of insurance policies, payable damages for foreign representation and payable reimbursement losses. In addition, the damage portfolio can be defined as a combination of paying damages for insurance types that is similar to the insurance portfolio (Baseri, B. et al., 2011, p. 321).

3. Study literature

A review of previous studies is represented in table 1:

<table>
<thead>
<tr>
<th>Row</th>
<th>Name of the researcher</th>
<th>Title of the research</th>
<th>Results</th>
</tr>
</thead>
</table>

Table 1: a review of previous studies
<table>
<thead>
<tr>
<th></th>
<th>Author(s)</th>
<th>Title</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Moharrami (2013)</td>
<td>Using the SWOT model in order to determine the strategies of Mellat Insurance Co. in life insurance</td>
<td>The results of the study showed that the life insurance in Iran has not found its place, as it should be, but is expected to be one of the most profitable products of this industry in the country in the future. In this research, Moharrami has focused on life insurance and tried to identify the factors that are involved in success or failure by reviewing this product and its market as well as the insurance providers involved in this product. Using the SWOT model, he tried to devise a proposed strategy for Mellat Insurance Co. in order to have better function than its competitors through using it in providing life insurance products. Thereby, the company can succeed in obtaining a larger share of the tools, which can lead to the more profitability.</td>
</tr>
<tr>
<td>2</td>
<td>Rojuee (2012)</td>
<td>Marketing Management in Insurance Companies: Developing a Conceptual Model</td>
<td>The results of the research indicate that today there is a need for a top-down and holistic approach to marketing management in insurance companies in order to clarify the importance of commercial issues in insurance companies such as strategic planning of marketing, making marketing plan, organization of sales network, designing systems and organizational policies supporting the sales network, optimal allocation of organizational resources, and also controlling marketing plans, and provide a conceptual model to help the directors of representation centers, brokers, and insurance companies to develop their supportive actions from the sales network. In fact, the holistic model complements previous atomistic approaches in the marketing of insurance companies.</td>
</tr>
<tr>
<td>3</td>
<td>Zarei et al., 2011</td>
<td>Business Development Strategies for Life Insurance</td>
<td>In this research, a conceptual framework for the business development of life insurance is the first outline; in this framework, in the strategic level, the business development strategies for life insurance are presented, and in tactical levels, the business life insurance tactics are stated. In this framework, a total of forty-four business development of life insurance solutions are proposed, combining four life insurance business development strategies and eleven life insurance business entities.</td>
</tr>
<tr>
<td>4</td>
<td>Shahbazi, 2010</td>
<td>Insurance consortiums; A solution to the success of the insurance industry in attracting insurance portfolios of large economic enterprises of the country</td>
<td>The results of this research indicate that in today's competitive environment, where competition is disrupted, organizations are not able to achieve their strategic goals individually and solely on the basis of their resources; they must cooperate with other companies and organizations. This is true in the insurance industry too, and the insurance companies are not able to cover the risks due to the imbalance between their capital and resources with the great value of the existing risks in the country, and despite support, this problem exists. This leads to the uncertainty of large firms about the ability of any insurance company in the country to cover the risks and fulfill their obligations in the case of damage. Therefore, this issue requires the joint and compassionate cooperation with insurance companies in order to overcome the above problems. One kind of these collaborations is a strategic alliance that has become an important tool for business management in order to improve the organization's ability to compete and fills the gap between existing resources of the company and its future requirements and increases the competitiveness of organizations through providing organizations with access to external resources, by enhancing synergy and promoting learning.</td>
</tr>
</tbody>
</table>
and rapid change. In this paper, joint investment and the establishment of joint consortia as two types of strategic alliances contribute to the success of the insurance industry in attracting portfolios of insurers of large economic enterprises of the country.

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Darvishi et al., 2012</td>
<td>Devising the projects portfolio strategy, using the market attraction matrix / competitive position</td>
</tr>
<tr>
<td></td>
<td></td>
<td>In this study, the management tool for devising a portfolio of marine science and technology complex, used as a parent organization in the field of marine products, has been used and analyzed. The method of creating a matrix is described, and various factors are presented regarding two dimensions of market attraction and competitive position. Using the comments of the experts of the organization, the factors related to the attraction of the market and the competitive position in the current and future status of the organization, have been scored according to their level of importance from the viewpoint of the experts of the organization under study. These factors are weighted by the Shannon Entropy method, and ultimately, the current and future status of the organization is displayed in the General Electric / MacKenzie matrix, and the relevant strategies are proposed in accordance with this matrix.</td>
</tr>
</tbody>
</table>

|   |   | The good performance of a company is the result of the interaction between business management and its internal and external environment. In this paper, a knowledge-based system is presented, considering the components of SWAT analysis. |

|   | Cortial, Passona, Kongasb & Kojansu (2010) | Use of Analytical Hierarchy Process in Delphi Analysis as a Combined Method and its Application in the Case Study of Forest Protection |
|   |   | The results show that paired structures are very useful because they make decision makers think carefully about the weight of the factors and the analysis of the situation. |

|   | Chang and Hung (2011) | Application of Delphi Analysis Method Using Qualitative Data for Devising Sale Strategy |
|   |   | Delphi analysis is used in order to evaluate the strength of each of sale strategy and ultimately recommends a practical strategy that is adaptable to the strategy. |

### 4. Findings

In this research, descriptive data on gender, age, level of education and work experience have been studied. Based on the obtained results, the highest frequency of respondents is 78 people in the age range of 36-45 years, and 26- 35, 46- 50, under the age of 25 and more than 50 years with frequency of 40, 13, 12 and 7 are placed in the next categories. Regarding the frequency of gender, the frequency of men's group is equal to 125, which is more than the frequency of women with 25 people.

Furthermore, the level of education of participants in the statistical population of the research was 0.02 of people having a diploma, 0.05 of students having an associate degree, 0.664 of those with a bachelor's degree, 0.26 of them had a master's degree, and 0.006% had a doctorate.

#### 4.1. Findings of the ranking of variables and marketing strategies to attract portfolio

Based on the results, the strategy of market segmentation system in order to determine market (S3) as the most important factor affecting portfolio attraction with priority coefficient (0.467) has the most importance and the market recognition and identification of policy capacity (s2) and the market segmentation (s1) are placed in the next categories of priority.
4.1.1. Findings derived from the prioritization of sub-criteria for market segmentation

Based on the obtained values, the most important criterion has been found to be that Iran Insurance Company should divide the cities into different regions and divide them according to the characteristics of each region.

4.1.2. Findings derived from the prioritization of the sub-criteria of market recognition strategy and identification of policy capacity

Based on the obtained values, the respondents placed the highest importance on this criterion that Iran Insurance Company should classify the market based on the interests of buyers and customers; this criterion had a priority coefficient of 0.3775.

4.1.3. Findings derived from the prioritization of the sub-criteria for the design of the market segmentation system in order to determine the market (S3)

Based on the results obtained from the above table, among the subsets of the strategy of designing the market segmentation system in order to determine the market, the respondents attached great importance to this criterion that Iran Insurance Company should specify the prioritization of investments in different sectors and the hierarchical classification of markets based on the importance, in order to allocate the necessary resources and to identify the attributes and characteristics of the target market for devising appropriate strategies with the priority coefficient of 0.4445.

4.1.4. Findings derived from the final rankings of strategies for finding positions and marketing strategies for attracting portfolio

According to the obtained results and given the priority of the coefficients obtained, Iran Insurance Company should specify the prioritization of investments in different sectors and the hierarchical classification of markets based on the importance, in order to allocate the necessary resources and to identify the attributes and characteristics of the target market for devising appropriate strategies. Furthermore, according to the observed coefficients in the last strategy, Iran Insurance Company should identify the system of dialogue and interactions between the company and the customers and classify the products and services.

4.2. The final option

Table 2 lists 15 strategies that have been studied. Table 3 lists the ranking of these strategies.

**Table 2.** Research strategies

<table>
<thead>
<tr>
<th>Row</th>
<th>Questions</th>
<th>Name of the variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Iran Insurance Company should divide the cities into different areas and divide them according to the characteristics of each region.</td>
<td>E1</td>
</tr>
<tr>
<td>2</td>
<td>Iran Insurance Company should use demographic variables more than other variables in the time of dividing the market.</td>
<td>E2</td>
</tr>
<tr>
<td>3</td>
<td>Iran Insurance Company should divide the market based on the wishes, preferences, and rate of the use of the products.</td>
<td>E3</td>
</tr>
<tr>
<td>4</td>
<td>Iran Insurance Company should divide the market based on the activities, interests, and beliefs of individuals in different groups.</td>
<td>E4</td>
</tr>
<tr>
<td>5</td>
<td>Iran Insurance Company should group the market based on the buyers and situations of the use of products.</td>
<td>E5</td>
</tr>
</tbody>
</table>
Iran Insurance company should divide the market into different geographical units such as provinces and cities.

Recognition of the market and identifying policy capacity

Iran Insurance Company should group the market based on the interests of buyers and customers.

E7

Iran Insurance Company should identify the system of dialogue and interactions between the company and customers and classify the products and services.

E8

Iran Insurance Company should identify the purchasing process and the factors affecting the purchasing process of each group with respect to their geographical concentration or distribution, in order to develop its markets.

E9

Iran Insurance Company should examine and analyze competitors' products and services based on indicators such as quality and price, and review of distribution way and policy advancement of competitors, in order to increase its sales.

E10

Iran Insurance Company should identify social, economic, political indicators and changes that affect the activities of the organization and its goals and policies in order to increase its sales.

E11

Designing the system of market segmentation in order to determine the market

Iran Insurance Company should focus on delivering services to those parts of the market that have the most attractiveness based on competitive advantage.

E12

Iran Insurance Company should use the instrumental and human power method to compete with its competitors and make permanent changes.

E13

Iran Insurance Company should specify the prioritization of investments in different sectors and the hierarchical classification of markets based on the importance, in order to allocate the necessary resources and to identify the attributes and characteristics of the target market for devising appropriate strategies.

E14

Iran Insurance company should determine the program of finding the position and operational program of marketing based on the marketing max.

E15

Table 3. The final ranking of solutions for finding positions and marketing strategies for attracting portfolio

<table>
<thead>
<tr>
<th>Row</th>
<th>Strategy</th>
<th>Priority coefficient</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>E1</td>
<td>0.3912</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>E2</td>
<td>3628</td>
<td>8</td>
</tr>
<tr>
<td>3</td>
<td>E3</td>
<td>0.3516</td>
<td>9</td>
</tr>
<tr>
<td>4</td>
<td>E4</td>
<td>0.3752</td>
<td>7</td>
</tr>
<tr>
<td>5</td>
<td>E5</td>
<td>0.3837</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>E6</td>
<td>0.3511</td>
<td>10</td>
</tr>
<tr>
<td>7</td>
<td>E7</td>
<td>0.3775</td>
<td>6</td>
</tr>
<tr>
<td>8</td>
<td>E8</td>
<td>0.1565</td>
<td>15</td>
</tr>
<tr>
<td>9</td>
<td>E9</td>
<td>0.2764</td>
<td>11</td>
</tr>
<tr>
<td>10</td>
<td>E10</td>
<td>0.1652</td>
<td>14</td>
</tr>
<tr>
<td>11</td>
<td>E11</td>
<td>0.2004</td>
<td>12</td>
</tr>
<tr>
<td>12</td>
<td>E12</td>
<td>0.2004</td>
<td>13</td>
</tr>
<tr>
<td>13</td>
<td>E13</td>
<td>0.4003</td>
<td>3</td>
</tr>
<tr>
<td>14</td>
<td>E14</td>
<td>0.4445</td>
<td>1</td>
</tr>
<tr>
<td>15</td>
<td>E15</td>
<td>0.4241</td>
<td>2</td>
</tr>
</tbody>
</table>

Given the priority of the obtained coefficients, Iran Insurance Company should specify the prioritization of investments in different sectors and the hierarchical classification of markets based on the importance, in order to allocate the necessary resources and to identify the attributes and characteristics of the target market for devising appropriate strategies. Furthermore, according to the observed coefficients in the last strategy, Iran Insurance Company should identify the system of dialogue and interactions between the company and customers and classify the products and services.
5. Summary and Conclusion

New technologies are progressing at a fast pace, so that the societies, in general, and the market, in particular, are searching quickly for tricks in order to guarantee their survival in this turbulent arena. The organizations must admit that their philosophy of life has been changed, and that viability does not mean achieving continuous profitability, and that they should seek competition and its tools; because today there are few companies in this field trading traditionally and away from the new rules. In order to be able to keep up with the rivals or to take one step skillfully, the companies should dominate the new rules of the game, so that one day it would be possible to consider itself a new rule. The survival and success of organizations in a mysterious and competitive environment of the contemporary world, in which evolution, speed, complexity, and uncertainty are its main property, requires the selection and implementation of effective strategies and continuous improvement of performance. Today, one of the concerns of senior management of each organization is to implement the devised strategies. A survey of senior executives from organizations has shown that their greatest concern is “the implementation of the strategy.” Contrary to the supposition of many managers, the success of superior organizations is not having a good strategy but is the good implementation of a strategy. Strategic success is achieved when the correct strategy is implemented correctly. The fact is that only 10% of the organizations that recognize the importance of devising strategy have been able to implement their strategies successfully. Various principles, tools, and instructions have been developed to implement the organization's strategies. But one of the most effective tools for implementing strategies in project-based organizations is the implementation and use of portfolio management in the organization. When various projects and plans have been defined in an organization, and project management offices are performing the tasks and roles expected of project management standards in the organization and portfolio management in that organization the design and deployment of portfolio management offices and the designation of portfolio managers will play the most important role in completing the missing link between the strategic plan of the organization and the operational categories in the projects and plans. It is also necessary to design and implement portfolio management offices based upon the portfolio management standard.

6. References

* Persian References


v. Central Insurance of Iran (2008), Development plan of the insurance industry in the country

vi. Central Insurance of Iran (2011), Report of the performance of the insurance industry in the country


x. Rezaian, A., & Rezzadah Borouyi, H. (2012), Presentation of the optimal mix of marketing services with the aim of increasing the purchase of life insurance and savings (Case Study: Asia Insurance Company of Tehran Province), Insurance Industry Quarterly, No. 3, serial No. 87, Pages 21-45


xiii. The World Bank (2012), the Business Space, Translated by Jafar Kheirkhahan, Research Center of the Islamic Consultative Assembly.

- English References


xxi. Institute for Management Development, 2005, World Competitiveness Yearbook, IMD.


http://www.ijmsbr.com

