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ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
COLLEGE OF BUSINESS AND ECONOMICS
GRADUATE STUDIES PROGRAM
DEPARTMENT OF MARKETING MANAGEMENT

**EFFECT OF DIGITAL MARKETING CHANNELS ON THE MARKETING
OF INSURANCE PRODUCTS: A CASE STUDY OF LUCY INSURANCE
S.C.**

**A THESIS PAPER SUBMITTED TO THE DEPARTMENT OF MARKETING
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STATEMENT OF DECLARATION

I, the undersigned, Eyob Alemayehu, declare that this thesis entitled "Effect of Digital Marketing Channels on the Marketing of Insurance Products: The Case of Lucy Insurance S.C." is my original work. This thesis has not been submitted for any degree or diploma program in this or any other institution, and I acknowledge that all sources of materials used for the thesis have been duly acknowledged. This study was conducted under the supervision of Hailmariam Kebede, PhD, Department of Marketing Management.

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CERTIFICATION STATEMENT

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ABBREVIATIONS ACRONYMS

- EM:** Email Marketing
- MC:** Mobile Commerce
- SM:** Social media marketing
- OM:** Online Marketing
- PM:** Product Marketing
- DM:** Digital Marketing
- SEO:** Search Engine Optimization
- AR :** Augmented Reality
- VR :** Virtual Reality
- RPA:** Robotic process Automation
- TAM:** Technology Acceptance Model
- DMF:** Digital Marketing Funnel
- DIT:** Diffuision innoviasion Theory

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ABSTRACT

This research paper aims to comprehensively examine the Effect of digital marketing on the marketing of insurance products. The study focuses on four distinct independent variables: Email, Mobile, Social Media, and Online Digital Marketing Channels. Surveys were administered to employees of Lucy Insurance Company, encompassing both the head office and city branches. Out of the 117 questionnaires distributed, 104 valid responses were collected, representing an impressive response rate of 88.89%. The collected data underwent rigorous analysis, including descriptive analysis, reliability testing, correlation testing, and multiple regression analysis. The results of this study underscore a robust and statistically significant relationship between digitalization and the marketing effectiveness of insurance products. Specifically, leveraging digital platforms was found to enhance the marketing strategies employed by insurance firms. This study's findings hold significant implications for the insurance industry, suggesting that firms should embrace digital strategies to capitalize on emerging technologies and online platforms. In an increasingly competitive commercial environment, insurance companies must prioritize digital marketing efforts to enhance brand visibility and maintain a competitive edge. In summary, this research contributes to advancing our understanding of the role of digital marketing in the insurance sector and underscores the necessity for firms to adapt and innovate in the digital landscape to remain relevant and competitive.

Key Words: Social Media, Email, Mobile, Online Marketing, Digital Marketing channels

CHAPTER ONE

INTRODUCTION

This chapter explained the background of the study, statement of the problem, research questions, objectives, scope and significance of the study.

1.1 Background of the study

The digitization journey within the global insurance industry has undergone a significant evolution, transitioning from manual processes to digitalized operations driven by advanced digital technologies and digital channels. This transformation has unfolded over decades, marked by key milestones and trends. Initially, the adoption of mainframe computers in the 1960s and 1970s laid the foundation for automating basic tasks like policy administration and claims processing. The proliferation of personal computers in the 1980s and 1990s further decentralized computing power and introduced desktop applications tailored to insurance functions. The advent of the internet in the 1990s revolutionized customer interactions, paving the way for online portals and e-commerce platforms. Subsequently, the integration of enterprise software in the 2000s facilitated centralized data management and automation of workflows. The emergence of InsurTech startups in the 2010s drove disruptive innovation, leveraging technologies such as AI, big data analytics, blockchain, and IoT to reshape traditional insurance models. Today, a plethora of digital technologies including AI, big data analytics, blockchain, IoT, RPA, chatbots, predictive analytics, digital platforms, AR/VR, and cybersecurity solutions are shaping the industry landscape.

In Africa, digitization presents unique opportunities and challenges for the insurance sector, African insurance industries are increasingly leveraging various digitalization channels. Mobile apps have become a cornerstone, enabling customers to manage policies, make payments, file claims, and receive updates directly from their smartphones or tablets. Additionally, online portals offer policyholders a convenient platform to access account information, policy documents, and claims processing services. Social media platforms are utilized to engage with customers in real-time, providing updates on products and services and addressing inquiries promptly. Chatbots and virtual assistants powered by artificial intelligence are deployed to offer round-the-clock customer support and assist with policy inquiries and

claims processing. Moreover, insurance aggregators and comparison websites have gained popularity, simplifying the process of finding suitable insurance coverage at competitive prices. Lastly, some insurers are embracing telematics and IoT technologies to offer usage-based insurance programs, promoting safer driving habits and personalized insurance pricing based on actual usage data. By leveraging these digitalization channels, African insurance industries aim to enhance operations, improve customer experiences, and foster growth in an increasingly digital landscape. However, despite the promise of digitization, limited digital infrastructure and regulatory barriers hinder the widespread adoption and growth of digital insurance markets across the continent. Moreover, cybersecurity threats pose significant concerns, emphasizing the need for robust security measures to protect sensitive customer data.

Ethiopian insurance industries are undergoing a significant transformation through the adoption of various digitalization channels aimed at modernizing operations and improving customer engagement. Among these channels, mobile apps have emerged as powerful tools, allowing customers to access policy information, make payments, file claims, and receive updates directly from their smartphones or tablets. Additionally, online portals provide policyholders with convenient access to account information, policy documents, and claims processing services. Leveraging social media platforms such as Facebook, Twitter, and LinkedIn, Ethiopian insurance companies engage with customers in real-time, providing updates and addressing inquiries promptly. Ethiopia's evolving digital landscape reflects the intersection of promise and challenges, with the industry poised for modernization amid rapid technological transformation. Despite the potential, navigating the complexities of digitalization in Ethiopia requires a nuanced approach, considering factors like digital infrastructure, regulatory frameworks, and cybersecurity. With the government's commitment to digital transformation initiatives and investments, Ethiopian insurers are well-positioned to capitalize on digital technologies, streamline operations, and enhance customer experiences in the evolving digital landscape.

Lucy Insurance S.C. is currently working on a manual underwriting process and uses mobile, Email, social media, and online marketing Digital channels for product marketing. The insurance industry is undergoing significant transformation, with a strong emphasis on digital marketing channels. This idea is widely supported by various authors, who argue that digital channels and digitized data are essential for enhancing business areas such as processes and creating new market opportunities and increased profits (Eling & Lehmann, 2018). Enhancements in business processes are considered digitalization when they aim to improve

efficiency through the use of digital technologies (Albrecher et al., 2019). This digital approach is becoming essential for many companies as it balances the role of the intermediary or at least decreases its importance. Additionally, digital technologies enable insurers to automate their manual processes, leading to greater efficiency and cost savings. Consequently, digital transformation is crucial for the insurance sector to stay competitive and provide an optimal customer experience. Despite this, challenges remain in adopting digital marketing strategies, particularly the absence of well-defined key performance indicators to assess the impact of these activities, as noted by Leeflang et al. (2014). Therefore, this study assesses the effect of digital marketing channels on product marketing of Lucy Insurance S.C.

1.2 Statement of the problem

Insurance firms have relied on manual processes and in-person contacts for generations, operating within the confines of traditional workflows. But this old order has been upended by the digital revolution, which offers both enormous opportunities and difficult challenges. Kreiss and Brennen (2016) Digital tools, ranging from web platforms and mobile applications to artificial intelligence and big data analytics, open up new possibilities for productivity and expansion. On the other hand, according to Gobble (2018a), navigating this unexplored region calls for a total overhaul of operations, business structures, and even industry dynamics.

The digitization journey within the global insurance industry has experienced a profound shift, moving away from manual, paper-based processes towards sophisticated digital operations driven by advanced technologies. This evolution spans decades and is characterized by significant milestones, trends and leveraging technologies such as AI, big data analytics, blockchain, and IoT to reshape traditional insurance models. Today, a plethora of digital technologies including AI, big data analytics, blockchain, IoT, RPA, chatbots, predictive analytics, digital platforms, AR/VR, and cybersecurity solutions are shaping the industry landscape. has fundamentally transformed traditional insurance models.

In Africa, the digitalization of the insurance sector presents a myriad of opportunities and challenges. African insurance industries are increasingly embracing various digitalization channels, such as mobile apps, online portals, social media platforms, chatbots, and IoT technologies, to enhance operational efficiency and elevate customer experiences. However, obstacles such as inadequate digital infrastructure and regulatory constraints impede the widespread adoption and expansion of digital insurance markets across the continent, while the

looming threat of cybersecurity breaches underscores the importance of implementing robust security measures. Ethiopian insurance industries, including Lucy Insurance S.C, are amidst a notable transition as they integrate diverse digitalization channels to streamline operations and enhance customer engagement. Despite the potential benefits, challenges persist in adopting digital marketing strategies, chiefly due to the absence of well-defined key performance indicators to gauge their efficacy.

This research project seeks to fill this significant gap by offering an in-depth analysis of the effect of digitalization on the marketing of insurance products. It examines how digitalization affects key performance indicators throughout the entire value chain, including product development, risk assessment, customer service, and claims processing. By identifying the critical success factors and potential pitfalls of digital transformation, this study will equip insurance companies with the knowledge and insights they need to optimize their digital strategies, maximize their investments, and ultimately achieve superior performance in the digital age. Thus, this study endeavors to scrutinize the Effect of digitalization on insurance product marketing, business processes, and customer interactions within Lucy Insurance S.C.

1.3 Basic Research Questions

This report aims to examine the Effect of digital marketing channels within an insurance company, focusing on various digitalization channels and processes. Consequently, this study addresses five distinct research questions (RQs):

1. What is the Effect of Email marketing on the insurance Products of Lucy Insurance S.C?
2. What is the Effect of Online marketing on the insurance Products of Lucy Insurance S.C?
3. What is the Effect of Mobile Marketing/M-Commerce on the insurance Products of Lucy Insurance S.C?
4. What is the Effect of Social Media Marketing on the Insurance Products of Lucy Insurance S.C?

1.4 Objectives of the study

1.4.1 General Objective

The major objective of this study is to examine the Effect of digital marketing channels on the Marketing of insurance products in the case of Lucy Insurance Share Company.

1.4.2 Specific Objectives

1. To examine the effect of Email marketing on the Products of Lucy Insurance S.C.
2. To examine the effect of Online marketing on the Products of Lucy Insurance S.C
3. To examine the effect of Mobile marketing on the products of Lucy Insurance S.C
4. To examine the effect of Social Media Marketing on the Products of Lucy Insurance S.C.

1.5 Significance of the study

Digitalization is now a pervasive influence, affecting numerous industries, including the insurance sector. Insurance companies are under immense competitive pressure, necessitating the urgent development of digital opportunities to secure future success. As Gobble (2018b) points out, the question is not if or whether digitalization impacts insurance profitability, but rather how it does so. The traditional ways of conducting business are being challenged and must adapt to evolving market conditions. Although the topic of digitalization has been discussed for over two decades, it is only recently that insurance companies have recognized its strategic importance.

The findings of this study are crucial in identifying the effects of digitalization on the marketing of insurance products, enabling decision-makers in the insurance industry to make informed investments in digitalization. Additionally, the study provides valuable insights for policymakers and regulatory bodies in evaluating the legal frameworks, policies, and procedures related to digital regulation and service implementation. The outcomes will assist the CEO and marketing managers of the company in effectively allocating resources to marketing platforms and techniques that will most benefit the organization's performance. Furthermore, the study will help managers identify the digital marketing platforms that have the most positive impact on their performance. Researchers and scholars will find this study significant as it contributes to the body of knowledge and provides a framework for further exploration of the relationship between digital marketing and other strategies implemented by commercial enterprises.

1.6 Scope of the study

Conducting research in all service industries is challenging, as it demands significant financial resources, time, and effort. Given the constraints of money, time, and the willingness of insurance companies to provide necessary data, this study will be limited to examining the

effect of digitalization on the marketing of insurance products, specifically focusing on Lucy Insurance S.C. Geographically, although Lucy Insurance S.C. has branches across various regions of the country, this study will be confined to the head office and the Addis Ababa city branches. The aim is to obtain accurate information from employees and managers across different relevant divisions of the company

1.7. Definition of Terms

- **Digital Marketing:** Digital marketing involves promoting products or services using digital technologies available on the internet, including mobile phones, display advertising, and other digital mediums like Google and Facebook ads (adapted from Panda et al., 2022).
- **M-Commerce:** M-Commerce refers to the buying and selling of goods and services using mobile devices, a trend expected to continue growing in the foreseeable future (adapted from Safieddine, 2016).
- **Web Marketing:** Web marketing is an innovative approach to communication, collaboration, and information exchange on the internet (adapted from Enders et al., 2008).
- **Email Marketing:** Email marketing is a subset of electronic marketing used to drive traffic to websites and support sales. It involves sending targeted commercial and non-commercial messages to specific email addresses (adapted from D. Kris & M. Harper, 2010).
- **Social Media Marketing:** Social media marketing is an internet marketing approach that utilizes social networking platforms as promotional tools (adapted from Bansal et al., 2014).

1.8 Limitation of the study

This study primarily aims to investigate the effect of digitalization on the marketing of insurance products at Lucy Insurance S.C. The scope is limited to Lucy Insurance, specifically the head office and city branches in Addis Ababa. Samples will be collected only from these locations. Although the study should ideally encompass the entire industry across the country, constraints related to resources, time, and finances have limited the research area to these specific branches.

CHAPTER TWO

LITERATURE REVIEW

Introduction

In the contemporary landscape of the insurance industry, the convergence of digital technology and marketing channels has reshaped the dynamics of customer engagement and market outreach. This literature review investigates the multifaceted impact of digitization on the marketing of insurance products, with a specific focus on four independent variables: Email marketing, online marketing, mobile marketing, and social media marketing. Each of these digital channels represents a distinct avenue through which Lucy Insurance can communicate with and target prospective customers, leveraging the power of technology to enhance brand visibility, engage audiences, and drive conversion.

2.1. Digital Transformation

In the insurance industry, the emphasis has traditionally been on treating insurance as a commodity rather than a service. Keeping prices competitive, optimizing risk assessments, and efficiently processing customer interactions are crucial priorities. Consequently, digital transformation has often been a lower priority compared to other industries (Brennen & Kreiss, 2016). Meanwhile, today's insurance customers expect access to services anytime and anywhere through digital and online platforms. They desire personalized products and services accessible via mobile devices, tablets, or computers (Prause, 2020). The digital age has ushered in a new era where businesses, including insurers, must adapt to survive.

However, embracing digital transformation in a heavily regulated and historically structured industry like insurance presents challenges. Strict compliance requirements, complex legal frameworks, and established governance structures hinder innovation. Achieving digital transformation requires rethinking traditional methods and creating opportunities for reinvention. Insurers must therefore develop comprehensive digital strategies that can scale across their operations, integrating multiple functional processes and applications (Abbasi & Weigand, 2017). Digital transformation is a continuous journey that insurers are best served by approaching progressively. This phased approach acknowledges the complexities, dependencies, and risks inherent in such transformations. Insurers must be bold yet focused, aiming for incremental successes that can be reinvested into further digital advancements

(Abbasi & Weigand, 2017). Each step forward in digital maturity opens doors to future gains and prepares insurers to actively innovate, redesign operations, engage customers in new ways, and collaborate with new partners.

For the insurance sector, digital transformation is not merely an innovative process but a fundamental business imperative. It involves adopting customer-centric business models, enhancing product and service connectivity, leveraging emerging technologies, and utilizing real-time data to meet evolving customer expectations, particularly in submissions, claims processing, and customer service interactions (Manuel Reis Porto Guedes, 2020).

Minimizing Paper Documents: In digital transformation, insurance companies increasingly rely on electronic transactions, reducing the use of paper for document sales and claims processing. Contracts can now be validated with digital signatures, prompting international organizations to establish legal frameworks for e-commerce and electronic payments.

Narrowing the Distance Between Companies: Digital transformation has bridged the gap between large and small insurance companies in terms of production, distribution, and human resources. Small companies can now access both domestic and international markets via the Internet, leveling the playing field with multinational corporations without requiring similar infrastructure. This equalizes their competitive stance in the industry, facilitating electronic transactions for purchases, sales, and service delivery.

Combatting Fraud with Technology: As processes accelerate to deliver faster and better service to customers, the incidence of undetected fraud or fraudulent claims may increase. However, technology also aids in fraud prevention without compromising customer experience.

Access to Rural Areas: Digital transformation enables insurance companies to reach individuals in less developed and rural areas, providing insurance services that were previously inaccessible without direct contact. This expands market access and enhances service delivery beyond traditional means.

Visual Screening in Claims Processing: Visual screening, such as automated assessment of photos and videos of objects and damages, is invaluable for claims processing and fraud detection. This objective assessment speeds up claims processing by identifying distinct features and comparing them with various sources.

Impact on Gross National Product (GNP): The insurance sector's growth in premium volume and investment, coupled with improvements in legislative environments, contributes to an overall increase in national economic output.

2.2 Digital Transformation in the Insurance Industry

Insurance companies are increasingly aware of the necessity to act swiftly in response to this inevitable change. According to Bouwman, Nikou, and de Reuver (2019), insurers have been evaluating transformation opportunities over the past five years, recognizing the digital era as an opportunity for innovation.

This transformation entails introducing new products, adopting novel marketing approaches, and leveraging new data for more precise underwriting and pricing. It also enhances customer convenience by enabling easier policy purchasing and tracking. A successful digital transformation demands an innovative business model that prioritizes customer needs, integrates connected services, utilizes emerging technologies, and leverages real-time data. Moreover, it aids in combating fraudulent claims through the implementation of advanced systems powered by big data analytics.

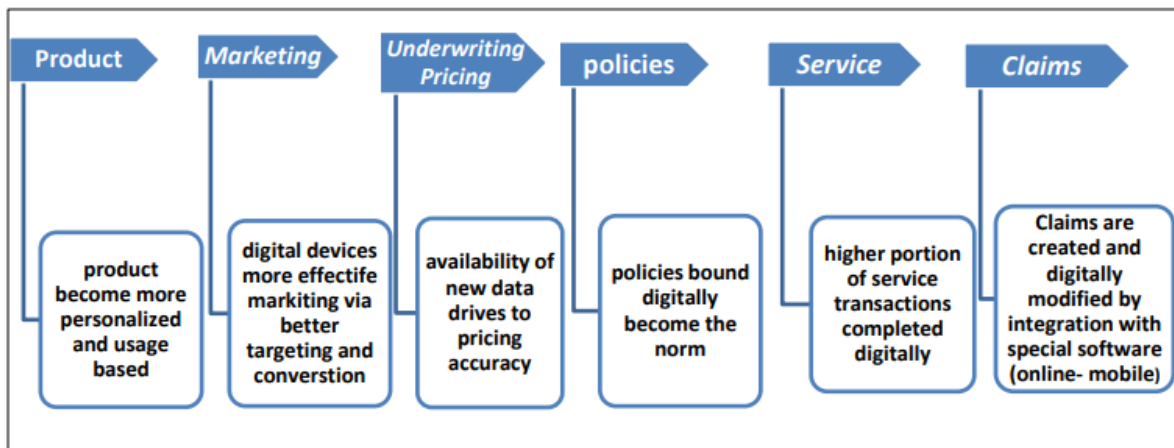


Figure 2.2.1 Digital transformation at many levels on the insurance industry

Source:-Sherif Mahmoud Radwan(2019)

2.2.1 Product

Insurance serves as a safeguard against financial instability, protecting against the risk of losing valuable assets. As digitalization becomes increasingly widespread, customer behavior is evolving. Customers now utilize multiple channels to access products, show a growing preference for self-service options, and expect — some already receive — personalized

products. This shift towards personalized interactions places customers at the center of insurance companies' efforts. Consequently, insurers must establish robust frameworks to effectively implement a customer-centric approach. Utilizing analytics that analyze customer feedback and identify patterns enables the identification of opportunities for new products. Furthermore, in-depth analysis of the customer base clarifies the most suitable distribution channels, including individual agents and brokers, for different customer segments (Trussell & Reader, 2015).

2.2.2 Services

Insurance providers are increasingly focusing on delivering superior customer experiences beyond traditional insurance products. Consumers now expect seamless, personalized interactions across various devices and at any time, akin to their experiences with online retailers like Amazon. Consequently, these enhanced services offer numerous benefits to insurance companies, facilitating deeper connections with customers and enabling them to identify new opportunities. In the following chapter, detailed services and the significant advantages they provide to insurance companies will be elaborated (Sherif Mahmoud Radwan, 2019).

2.2.3 Marketing

Changing consumer behavior is challenging traditional growth strategies such as TV advertising, prompting insurers to pivot towards personalized mobile and online channels. Insurers are increasingly utilizing multiple channels, including email, social media, websites, mobile apps, phones, and direct mail, to engage both existing customers and prospects. However, a critical challenge remains: seamlessly integrating these channels to facilitate smooth transitions between them. Consumers frequently switch between channels throughout their purchasing journey, necessitating effortless movement from one channel to another, or even from one device to another, to ensure a positive customer experience (Leiria, 2013).

2.2.4 Underwriting pricing

The integration of extensive customer data, telematics, and advanced computing capabilities is paving the way for usage- and behavior-based pricing models. These innovations could potentially lower barriers to market entry for newcomers who lack historical loss data necessary for accurate pricing. While the emergence of online competitors has posed challenges, it has also presented opportunities for insurance companies to leverage direct digital channels for

marketing and underwriting purposes. The growing use of digital and mobile platforms by consumers has somewhat reduced acquisition costs in certain regions and to some extent. However, in regions with intense competition and advanced digital services, the impact on acquisition costs has been less pronounced. Overall, acquisition costs remain a significant challenge across the board (Sherif Mahmoud Radwan, 2019).

2.2.5 Policies

Customers now have the convenience of purchasing insurance policies with just a click. These policies are fully automated and regularly updated using a database. Self-service dashboards further simplify complex insurance policies, allowing customers to calculate monthly premiums and understand their long-term financial implications. Transparent policy coverage costs enable customers to assess changes and determine the most suitable plans. Digitization also enables customers to monitor the growth of their policies in real-time.

Insurance providers are continually advancing in the digital age to enhance customer interactions. For example, in various countries, customers can use their smartphones to photograph items like cars, bicycles, or cameras for insurance coverage. The application uses available data to provide an immediate policy offer that customers can accept within seconds (Sherif Mahmoud Radwan, 2019).

2.2.6 Claims

Digitization in the insurance industry necessitates modern IT architecture, enabling faster processing, computation, and storage capabilities. This advancement has allowed insurance companies to manage and document claims using distributed ledgers. Previously, filing a claim after a car accident was cumbersome and involved extensive paperwork and lengthy phone calls with insurance agents. Now, these processes can be streamlined through mobile devices, significantly reducing claim processing times, although such advancements have been less pronounced in our country.

Moreover, this technological evolution has introduced "smart contracts," where policies are automated and updated using databases. Automation, analytics, and consumer preferences are reshaping claims processes, enhancing fraud detection, reducing loss-adjustment costs, and minimizing human interactions within insurance operations (Sherif Mahmoud Radwan, 2019).

2.3 Digital Marketing Channels

In today's era, digital marketing has significantly grown in importance within our country. This new marketing strategy is crucial for boosting product and service sales. The evolution of digital marketing has transformed how brands and businesses utilize digital technologies and channels for their marketing efforts (Rai, 2018). Consequently, digital marketing campaigns are becoming increasingly dominant and effective as digital platforms integrate more deeply into daily life, replacing traditional physical store visits with digital device interactions (Maha & Ranj, 2016). Digital marketing involves electronic communication channels that marketers use to promote products and services in the market. Specifically, digital marketing encompasses the buying and selling of information, products, and services through computer or internet networks (Rao & Ratnamadhuri, 2018). Overall, digital marketing empowers marketers to reach their products to consumers through various channels such as email marketing, online advertising, social media marketing, mobile marketing, and more.

2.3.1 E-Mail Marketing

E-mail marketing is a digital marketing method used to send targeted messages or promotional offers to individuals at optimal times. Businesses utilize email to deliver messages that cater to customer needs (Ugonna et al., 2017). Additionally, email marketing is a form of direct marketing that utilizes email to communicate promotional messages to target audiences (Lodhi & Shoaib, 2017). Broadly defined, email marketing covers every email sent to potential or existing customers (Rai, 2018). It serves as a critical tool within marketing strategies, enabling businesses to convey brand value propositions directly to their desired audience. Moreover, customers also use email to communicate their needs back to businesses (Reimers et al., 2016). Personalizing email content based on customer preferences and timing can enhance the effectiveness of email marketing messages, fostering positive responses among recipients (Bokde & Seshan, 2019).

2.3.2 Online Advertising

Online advertising is a promotional technique that influences consumer purchase decisions and delivers information to target audiences. When presented in a favorable context, information is

readily accepted (Mishra & Mahalik, 2017). Online advertising is a marketing strategy that leverages the internet to drive website traffic and deliver promotional messages to targeted potential customers (Budiman, 2021). A significant advantage of online advertising is its ability to promote products without geographical limitations (Khan & Islam, 2017). Therefore, online advertising plays a crucial role in digital marketing. It is also known as internet advertising, through which companies disseminate information about their products or services. Online advertising enables businesses to reach their target audience across multiple online platforms, raise awareness about their products, and potentially increase future sales (Dhore & Godbole, 2019). Moreover, online advertising is flexible, allowing companies to update their products, services, and information easily (Lim et al., 2011; Afzal & Khan, 2015). As consumer preferences and demands evolve alongside a wide array of products and services, manufacturers require faster and more effective means to build customer loyalty (Aqsa & Kartini, 2015). Finally, the effectiveness of online advertising in influencing purchase decisions, including among Jordanian users, underscores its widespread use and positive reception in advertising (Sherif Mahmoud Radwan, 2019).

2.3.3 Social Media Marketing

Social media marketing is a rapidly growing method for businesses to reach targeted consumers effectively and efficiently. Social media marketing involves using social media platforms to promote businesses and their products (Bansal et al., 2014). This type of marketing is an integral part of online marketing activities that complement traditional web-based promotional strategies like email newsletters and online advertising campaigns (Omar & Atteya, 2020). With this innovative approach to outreach and marketing, businesses are establishing and enhancing new channels. Social media marketers are gaining valuable insights through analytics tools provided by official social networking platforms (Nur, 2021). Social media encompasses various software channels that encourage and facilitate engagement in conversations. Common social media platforms include Facebook, Twitter, LinkedIn, and YouTube. Today, social media serves as a platform for marketers to engage in direct communication with consumers. Brands are leveraging social media to attract and engage with consumers (Budiman, 2021). Moreover, Kaplan and Haenlein (2010) define social media as internet-based applications built on the principles of web 2.0 technology, enabling users to create and share content quickly and interactively.

2.3.4 Mobile Marketing

Mobile marketing is among the latest and most crucial digital marketing channels. Today, mobile marketing stands as the broadest, fastest, most cost-effective, and most immediate channel for users to access information and features of appealing products, with the option to complete the buying and selling process without visiting the goods' location (Alam et al., 2015). Specifically, mobile marketing provides businesses with opportunities to understand consumer preferences and needs and influence their purchase decisions (Tiffany et al., 2018). Mobile marketing refers to a set of practices that enable businesses to interact and engage with their audiences interactively and relevantly through any mobile device or network (Mohamed et al., 2016). Mobile marketing has emerged as an exciting and interactive communication channel between businesses and customers. Messages conveyed through these media significantly impact consumer purchasing decisions.

2.4 Understanding Digitalization: Definitions and Effect on the Insurance Industry

Digitalization, a term widely discussed in literature, has various definitions reflecting its multifaceted nature. Generally, digitalization refers to the integration of digital technologies into everyday life, transforming business models, and operational processes. At its core, digitalization involves the availability of digital data, where every aspect of life is stored in interconnected databases, enabling real-time information exchange. This technological shift results in the industrialization and automation of processes, altering communication between customers and insurers, and generating new data for evaluation.

2.4.1 Definitions of Digitalization

Technical Definition: Digitalization is the process of converting information into a digital format, wherein data is stored in binary form and can be easily accessed, processed, and transmitted electronically.

Business Definition: Digitalization involves using digital technologies to innovate business models, improve efficiency, and enhance customer experiences by automating processes and leveraging data analytics (Brennan & Kreiss, 2016).

Customer-Centric Definition: Digitalization focuses on creating seamless customer experiences by providing access to products and services through digital channels, allowing for real-time interactions and personalized offerings (Prause, 2020).

2.4.2 Business Consequences of Digitalization

Digitalization profoundly impacts the insurance industry, especially in how companies interact with customers and manage internal processes. The integration of new technologies industrializes processes, changes communication methods, and leverages new data sources to drive business decisions. **Information Access:** Traditionally, customers relied on personal interactions with agents, brokers, or banks for product information. Today, they access most information online, directly comparing products and prices through aggregator platforms (Bohnert, Fritzsche, & Gregor, 2019). **Purchasing Process:** Some insurance products can now be purchased entirely online without any personal interaction, making the process more convenient and efficient for customers. **Support and Assistance:** Digital technologies, such as mobile apps, provide customers with tools for reporting claims and receiving support, enhancing the overall customer experience.

Value Chain Digitalization: Digitalization affects all stages of the insurance value chain, from sales and customer service to claims processing and underwriting. **Automated Processes:** Business processes are increasingly automated, including contract processing, claim reporting, underwriting, and claim settlement. This automation leads to greater efficiency and accuracy. **Background Processing:** Transaction-intensive industries, like health insurance, widely adopt background processing for various operations, further streamlining their processes.

2.4.3 Technologies Influencing the Insurance Industry

Several technologies are driving the digital transformation in the insurance sector:

Big Data Analytics: Analyzing vast amounts of data to identify patterns, predict trends, and make informed business decisions.

Artificial Intelligence (AI): Using AI for tasks such as automated underwriting, fraud detection, and personalized customer service.

Internet of Things (IoT): Devices connected to the internet collect and transmit data, providing insurers with real-time information for better risk assessment and management.

Blockchain: Ensuring secure, transparent, and tamper-proof transactions and records, particularly useful in claims processing and policy management.

Mobile Technology: Enhancing customer interaction through mobile apps that facilitate policy management, claims reporting, and customer support.

Telematics: In automotive insurance, telematics devices collect data on driving behavior, allowing for usage-based insurance models.

Digitalization is reshaping the insurance industry by transforming how companies interact with customers and manage their internal processes. The shift towards digital channels, process automation, and the use of advanced technologies like AI and big data analytics enable insurers to operate more efficiently and provide better services to their customers. As digitalization continues to evolve, insurance companies must adapt to remain competitive and meet the changing expectations of their customers.

2.5 Theoretical Review

Similar to how the Industrial Revolution transformed societies over a century ago, today's digital revolution is reshaping our lives and workplaces. It's driving fundamental changes in businesses, altering customer relationships, introducing disruptive technologies from new players, and creating new channels, products, and services. This transformation is breaking down traditional industry barriers and often necessitates a rethinking of business models (Bohnert, Fritzsche, & Gregor, 2019).

The rapid pace of change makes predicting the future uncertain. In response, insurance companies must swiftly embrace digital technologies to leverage their benefits. Digital technology has already revolutionized various industries, including mobile banking, e-books, and digital financial services, indicating its potential to reshape the insurance sector as well (Albrecher et al., 2019). However, in regions like the Arab insurance industry, the adoption of digital technologies remains limited. Factors such as low insurance literacy, cultural barriers, lack of expertise, and insufficient marketing capabilities pose significant challenges. This

reluctance hinders the sector from modernizing insurance transactions and leveraging the efficiencies digitalization offers (Aldin & de Cesare, 2011).

Furthermore, digital marketing can simplify insurance processes by automating document issuance, reducing the need for human intervention in future stages of insurance operations. This underscores the critical need for the insurance sector to overcome barriers and embrace digital transformation to stay competitive in a rapidly evolving market.

2.6 Theories and Models Related to Digital Marketing

2.6.1 Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM), developed by Davis in 1989, serves as a framework for evaluating the success of new technologies based on user acceptance. It emphasizes two key factors influencing users' decisions: perceived usefulness and perceived ease of use. Perceived usefulness relates to how much users believe technology will enhance their performance, while perceived ease of use concerns the user's perception of how effortless the technology is to operate.

Users' reactions and perceptions towards Information Technology (IT) significantly influence their acceptance of the technology. This includes their attitudes toward the technology's utility and ease of use, which serve as critical determinants in their decision-making process. The TAM, rooted in psychological theories, explains user behavior based on beliefs, attitudes, intentions, and actual usage patterns related to technology (Susanti & Astuli, 2020).

The model aims to elucidate the primary factors affecting user behavior and acceptance of IT. It categorizes user attitudes into dimensions of ease of use and usefulness, which collectively determine their acceptance of IT. The TAM underscores that user perceptions regarding the utility and ease of using IT significantly shape their attitudes toward adopting the technology. This revised model includes constructs such as Perceived Ease of Use, Perceived Usefulness, Attitude Toward Using, Behavioral Intention to Use, and Actual System Usage, reflecting real-world conditions of technology implementation (Susanti & Astuli, 2020).

2.6.2 Digital Marketing Funnel Model

The digital marketing funnel serves as a structured framework utilized by sales and marketing teams to attract and convert potential customers into paying clients. It consists of several touch points strategically designed to guide individuals through various stages until they complete a purchase. Initially, the funnel begins with the Awareness stage, where potential customers become aware of the brand's existence, values, and products. At this point, bombarding them with direct sales pitches isn't effective because they are just learning about the company. Instead, educating them about the brand and its offerings is crucial.

Moving further down the funnel, the Consideration stage follows, where prospects evaluate the brand against competitors and decide whether to proceed with further engagement. This is followed by the Conversion stage, where prospects take the decisive action of making a purchase or completing a desired action. Once a prospect has converted, the Action stage ensures that they receive excellent customer service and a seamless experience, aiming to retain their loyalty. Finally, the Retention stage focuses on nurturing the customer relationship to encourage repeat business and advocacy.

Each stage of the funnel requires tailored strategies and content to effectively guide prospects through the journey. The specifics of each company's funnel may vary based on industry, target audience, and marketing approach, but the overarching goal remains consistent: to move prospects smoothly from awareness to conversion and beyond.

2.6.3 Diffusion of Innovations Theory

Proposed by Everett M. Rogers in 1962, the theory of diffusion of innovations is a cornerstone of behavioral science research, particularly in understanding how technology adoption unfolds, initially rooted in agricultural contexts. Derived from the two-step flow model, which focuses on how information spreads from individuals to others, diffusion theory zooms in on the final stage: whether an innovation is embraced or rejected by a community.

Diffusion is defined as the spread of new ideas across a wide area, often involving the dissemination of information through various channels. Rogers distinguishes between spontaneous diffusion, where ideas spread organically, and managed dissemination, where diffusion is deliberate and directed. Regardless of the approach, communication plays a pivotal role in the diffusion process. For instance, companies use media to communicate product

information to potential buyers, highlighting features, benefits, and competitive advantages. The novelty of ideas in diffusion introduces an element of uncertainty for recipients. Innovations, typically technological, provide new information that reduces uncertainty about problem-solving and outcomes. For example, adopting digital printing technology in the publishing industry reduces uncertainty about future costs associated with book returns.

According to Kantar (1991), the source and timing of innovations can be unpredictable. Therefore, diffusion can encompass both planned efforts and spontaneous spread. Effective diffusion requires sustained communication over time through various means such as media campaigns, seminars, classrooms, and informational materials, ensuring information reaches the intended social systems.

2.7 Empirical Review

According to Abdel Fattah AL-AZZAMI , Khaled AL-MIZEED.(2021) the research conducted on “The Effect of Digital Marketing on Purchasing Decisions: A Case Study in Jordan” with four independent variables of Email Marketing, M-commerce, Social Media and Online Marketing concluded that “ the results of this study demonstrated that the four independent factors positively affect student purchase decisions. Among the four digital marketing tools representing independent factors in this study, targeting is the most important factor in the student purchasing decision. Moreover, we can see that the strongest impact on student decisions is in the assessment stage, and this can be caused by the resorted channel directed to users who have searched for the product. This user already knows the product and is looking for more information to assess its diverse products and alternatives to complete the purchasing decisions. Moreover, Email marketing as a digital marketing channel is the most negligible influential factor in student purchasing decisions”.

The insurance sector has experienced a notable uptick in policy sales following the integration of digital marketing channels for advertising, promotions, and customer service. These platforms have effectively bolstered brand visibility and product awareness, consequently expanding sales networks and capturing a larger market share. Research highlights that insurance companies leverage website marketing to gather valuable data on potential customers who visit their online platforms (Hossinpour, Hasanzade, & Feizi, 2014).

Moreover, Kithinji (2014) emphasizes that the adoption of digital marketing enables businesses to broaden their customer base, enhance brand recognition, and effectively address customer concerns, thereby improving overall financial performance. In a related context, Mwarania (2012) underscores the pivotal role of websites in facilitating digital marketing strategies, attributing this approach to increased market share and profitability among tour firms in Kenya.

Chung et al. (2014) conducted a study on the top 100 Korean firms and concluded that firms achieving high financial performance often prioritize effective management of social media platforms. They found that innovations in marketing and sales promotion significantly enhance overall company performance by providing a competitive advantage in the market. This advantage includes product differentiation and increased consumer demand, which are sustainable benefits derived from financial effectiveness.

Moreover, research by Aluri, Slevitch, and Larzelere (2016) indicates that both social media and hotel websites influence visitor behavior significantly. Their study revealed that these digital platforms impact consumer perceptions by offering information, entertainment, social interaction, and gratification, thereby influencing purchasing intent. This underscores the critical role of digital channels in shaping consumer decisions and engagement strategies within the hospitality industry.

Research in the hospitality sector and hotel management highlights the significant impact of digital marketing on performance. Melián-González and Bulchand-Gidumal (2016) found that leveraging information technology-based systems and equipment for marketing purposes substantially enhances performance by effectively capturing customer attention and providing timely information.

Furthermore, Aluri, Slevitch, and Larzelere (2016) reported that social media and hotel websites play a crucial role in influencing visitor behavior. These digital platforms influence customer perceptions through information dissemination, entertainment, social interaction, and gratification, thereby influencing their purchasing decisions.

However, despite the evident benefits, Apenteng and Doe (2014) noted a lack of comprehensive evaluations on the impact of digital media on economic performance in various countries. This gap underscores the need for further research to fully understand and harness

the potential of digitalization trends in enhancing economic outcomes across different sectors and regions.

According to Sherif Mahmoud Radwan (2019), Digitalization is widening the role of insurers from one primarily concerned with loss indemnification to a broader advisory service for insureds on how to prevent, mitigate, and manage risks. That is to say, new technologies allow insurance to evolve from pure risk protection to risk prediction and prevention. Underwriting, pricing, claims handling—all these processes could become more efficient thanks to digital technologies.

Numerous studies have explored various aspects of digitalization, yet empirical analyses specifically focusing on the effect of digitalization on the marketing of insurance products remain sparse. Moreover, existing empirical studies predominantly originate from other countries, with limited research conducted within the Ethiopian insurance sector. Consequently, this study aims to bridge this gap by investigating the impact of digitalization on insurance product marketing within Ethiopia. By doing so, it seeks to provide valuable insights into how digital technologies influence marketing strategies and outcomes in the local insurance industry context.

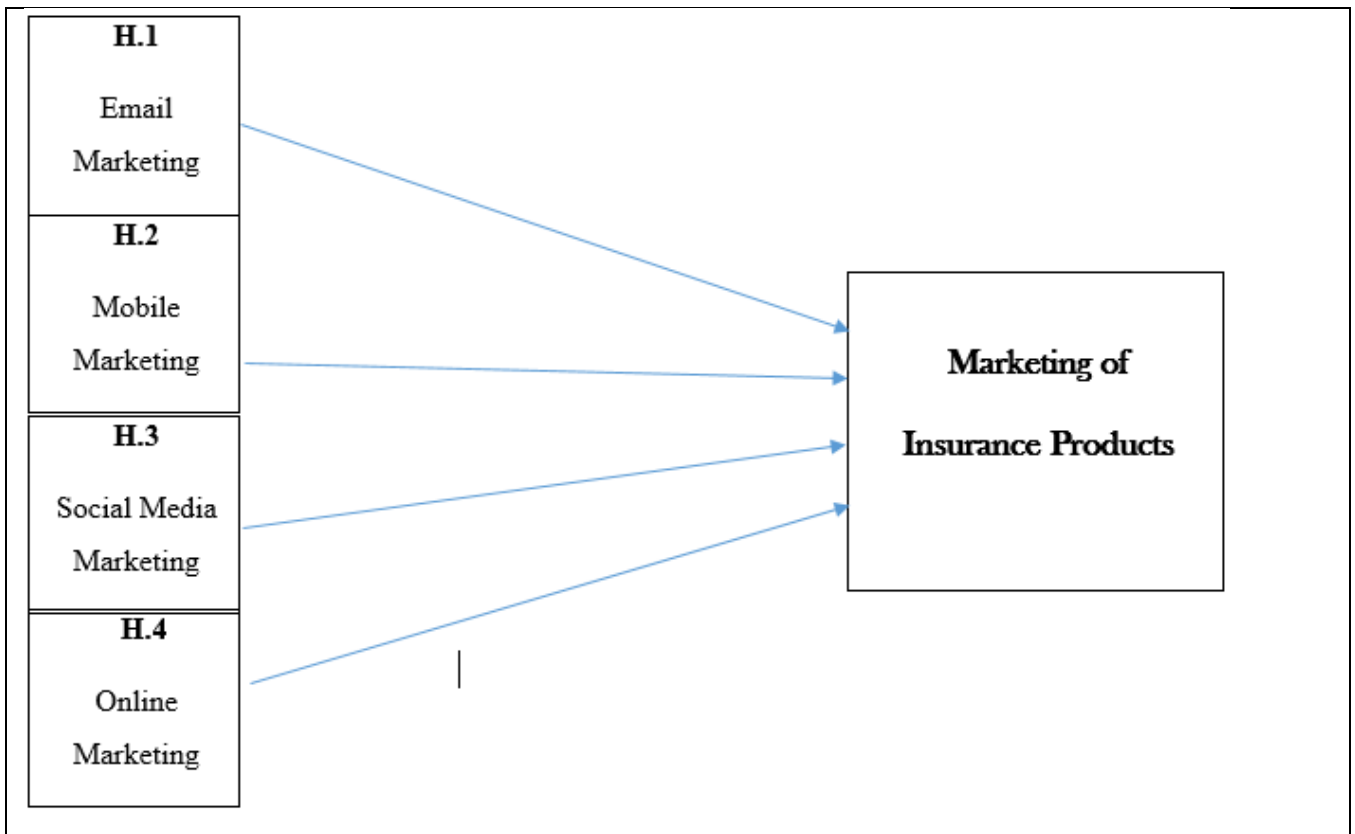
2.8 Conceptual Framework

Based on the arguments presented, the conceptual framework below elucidates the Effect of digital marketing channels on the marketing of products at Lucy Insurance S.C. The study considers digital marketing channels such as email marketing, social media, online marketing, and mobile marketing as independent variables. The dependent variable analyzed is the marketing of insurance products, focusing on constructs related to: awareness, customer engagement, sales conversion, and customer retention. These constructs will be assessed to understand how digital channels influence the marketing effectiveness of insurance products within the company.

3.5

Figure 2.8.1 represents the conceptual framework.

Source Researcher



The hypotheses mentioned above were refined and formulated based on the literature reviews and theories discussed.

H1: There is a significant and positive effect of Email marketing on the Products of Lucy Insurance S.C.

H2: There is a significant and positive effect of Mobile marketing on the products of Lucy Insurance S.C.

H3: There is a significant and positive effect of Social media marketing on the products of Lucy Insurance S.C.

H4: There is a significant and positive effect of Online marketing on the products of Lucy Insurance S.C.

Chapter Three:

Research Methodology

3.1 Introduction

This chapter outlines the methodology conducted in the study. It begins by delineating the research design, followed by an explanation of the methods and tools used for data collection, as well as the sampling strategy. Subsequent sections detail the data processing and analysis procedures. Finally, it provides definitions of the study variables, along with their measurement methods and model specifications.

3.2 Research Design

This study utilized descriptive research designs. The descriptive research design enables a thorough description of the phenomenon and its characteristics (Hussein, 2015). During this phase, the study employed a descriptive approach to gather data and evaluate the current Digital Marketing channels effect on the company.

3.3 Research Approach

Bryman (2012) defines quantitative research as "a research strategy that emphasizes quantification in the collection and analysis of data." Similarly, Robbins (1987) describes it as "denoting the measurement of something." This study used a quantitative approach to examine the relationship between the dependent variable and the independent variables, aiming to answer the research questions and achieve the study objectives. In the context of this study, the quantitative approach was chosen to explore and measure the relationship between the dependent variable (likely related to digital marketing practices or outcomes) and the independent variables (such as different digital marketing channels or strategies).

Quantitative research aims to provide precise and statistically valid answers to research questions by gathering data through structured methods such as surveys, experiments, or statistical analyses. This approach enables researchers to generalize findings across populations and draw objective conclusions based on numerical evidence. By employing a quantitative research design, this study seeks to uncover insights into how digital marketing practices

impact the marketing strategies of the company under investigation, using numerical data to support its findings.

3.4 Population of the Study

The Department that is Relevant for this Study and responsible for the Marketing of Insurance products is called the Underwriting Department/division. Therefore, the study was conducted in consultation with staff involved in underwriting operations at the head office level and city branches in Addis Ababa, using a survey design with structured self-administered questionnaires.

To conduct this research, the researcher involved both the head office/main branch employees and all twenty-eight city branch employees currently employed at Lucy Insurance S.C. The total permanent employee count, according to the Human Resources Department of Lucy Insurance S.C., stands at 117 individuals. This figure includes seven top-level department employees directly engaged in the underwriting division's operations. Therefore, these 117 individuals constitute the entire population intended for study in this research.

3.5 Sampling Method

The study employed a **census** method, which involves studying all members of a population. In this case, the population comprises employees directly involved in product marketing at Lucy Insurance S.C. in Addis Ababa city. This includes top-level managers, branch managers, branch supervisors, senior staff, and underwriting officers. The decision to use a census approach was justified by the manageable size of the population and the need for comprehensive and accurate information from all relevant personnel involved in marketing activities. This method ensures that every eligible individual within the specified roles is included, thereby providing a complete and representative view of the organization's marketing practices without sampling errors or biases.

3.6 Sample Size

The selection of employees directly engaged in insurance product marketing at Lucy Insurance S.C., including top-level managers, branch managers, supervisors, senior staff, and underwriting officers, is crucial for this study due to their direct involvement in the marketing process. These professionals are responsible for executing marketing activities, communicating product features and benefits to customers, and managing customer relationships within their

respective roles. Their involvement ensures that the study captures firsthand insights into how insurance products are marketed, communicated, and perceived in the marketplace. They possess in-depth knowledge of customer preferences, market demands, and competitor offerings, which are essential for understanding the dynamics of insurance product marketing.

By including these individuals, the research gains access to detailed information about the challenges and opportunities specific to insurance product marketing at Lucy Insurance S.C. Their perspectives will provide valuable insights into customer needs, effective marketing tactics, and strategies that resonate with the target market. Furthermore, their direct involvement ensures that the study's findings are grounded in practical experience and real-world scenarios. This enhances the study's credibility and applicability within the insurance industry context, offering actionable recommendations to improve marketing effectiveness and customer engagement strategies.

In summary, focusing on employees directly engaged in insurance product marketing at Lucy Insurance S.C. ensures that the study delves into the operational aspects of marketing within the organization. Their roles and responsibilities provide a comprehensive understanding of how insurance products are marketed, thereby enriching the research with practical insights and contributing to its relevance and impact in addressing marketing challenges and optimizing strategies within the company. The selection of employees directly engaged in product marketing at Lucy Insurance S.C., including top-level managers, branch managers, supervisors, senior staff, and underwriting officers, underscores the relevance of the research sample. By focusing on these professionals, who play pivotal roles in marketing strategies and operational decision-making, the study ensures an in-depth exploration of the dynamics shaping marketing effectiveness within the organization. Their insights and perspectives will provide valuable insights into the challenges, opportunities, and best practices in product marketing, contributing significantly to the research objectives and enhancing the study's relevance and applicability within the context of Lucy Insurance S.C.

In this study, the sample size equals the population size, employing a census sampling method. Every individual or unit within the population is included in the sample, ensuring a comprehensive representation of the entire population. A total population of 117 professionals working at Lucy Insurance related to the marketing of insurance products, including operational top-level department employees, will be selected as part of the study. As I tried to

mention in the above statement, this research will use census sampling, so all of the population will be taken as the sample size in this study.

3.7 Types of Data

The research systematically gathered, presented, and analyzed both primary and secondary data. Primary data collection involved distributing questionnaires to respondents. These questionnaires were designed to directly gather insights and opinions from individuals within Lucy Insurance S.C. Secondary data sources included publications from Lucy Insurance S.C. itself, as well as data from other financial institutions such as the National Bank of Ethiopia and various Insurance Associations. This dual approach ensured a comprehensive dataset for analysis, combining firsthand perspectives with authoritative industry data to enrich the research findings.

3.8 Method of Data Collection

Primary data was collected through questionnaires distributed to respondents face to face or by email or other social media platforms drop and pick later method. That involves Department Managers and Senior Officers working on underwriting jobs. Such a group involves underwriting, Division Heads, Managers, supervisors, and Officers, etc. Secondary Data was directly gathered from different records of Lucy Insurance S.C. under sample studies like credit annual reports, published and unpublished documents/ books, magazines, etc.

3.9 Method of Data Analysis and Interpretation

The data collection process was followed by a thorough editing and validation phase. During this stage, the researcher carefully reviewed all collected responses to ensure they met the coding and analysis criteria. Once validated, the questionnaire data was entered into the Statistical Package for the Social Sciences (SPSS) software for coding. The results generated by SPSS were then presented in tabular format to facilitate clear visualization of the findings. This tabular presentation allowed for an easy-to-understand representation of respondents' answers across different variables.

Following this, descriptive statistical tools such as frequency, mean, and standard deviation (SD) were applied to analyze the SPSS data. These tools provided a detailed examination of the dataset, offering insights into the distribution and central tendencies of the responses.

Moreover, to explore the relationship between the impact of digitalization on insurance product marketing, inferential statistical methods like correlation and regression were utilized. These methods enabled a deeper investigation into how various digital marketing initiatives influence the organization under study.

Overall, this comprehensive methodological approach ensured that the study could derive valuable insights into the effects of digital marketing strategies on insurance product marketing within the organization.

3.10. Validity and Reliability

3.10.1. Validity

To ensure the validity of the questionnaire, expert reviews and consultations will be conducted, as described by Kothari (2004). The survey questions underwent adaptation and validation through consultations with advisors and experts. Before proceeding with data collection, the instrument and research approach were thoroughly reviewed and critiqued by a professional advisor. Furthermore, a preliminary questionnaire was distributed to selected employees across various roles within Lucy Insurance S.C.

3.10.2. Reliability

something and yields the same results over time. According to Heale and Twycross (2015), it is about the degree to which a research tool consistently produces consistent results. Carmines and Richard (1979) further elaborate that reliability is determined by the consistency in outcomes across repeated attempts in an experiment, assessment, or any measurement process.

Ensuring reliability is crucial as it serves as a prerequisite for results to be interpretable and applicable for generalization (Ghiselli, 1981). In this study, Cronbach's Alpha coefficient will be employed to assess internal consistency, a key aspect of reliability. This statistical measure will help gauge how consistently the survey questions measure the intended constructs. The insights gained from this assessment will guide any necessary adjustments to ensure the research instrument effectively measures what it was designed to assess, thereby enhancing the questionnaire's reliability.

3.11. Ethical Consideration

The researcher adhered to ethical principles throughout the study. The confidentiality of information and the anonymity of participants will be guaranteed, and no individual identities will be mentioned in the study. By adhering to these ethical principles, the researcher demonstrated their commitment to conducting the study responsibly and protecting the rights and privacy of the individuals involved.

CHAPTER FOUR

DATA PRESENTATION, INTERPRETATION AND DISCUSSION

4.1 Response Rates

The study targeted 117 employees and managers from Lucy Insurance's Head office and various city branches. As shown in Table 4.1, 117 questionnaires were distributed. After a thorough screening process to check for missing data and other discrepancies, 104 questionnaires were deemed valid and usable for statistical analysis, resulting in a response rate of 89%. According to Hair et al. (2010), a response rate of at least 50% is required for the results to be statistically significant. Therefore, a response rate of 89% is not only sufficient but also excellent, ensuring the reliability and validity of the data collected for analysis.

The high response rate suggests a strong engagement from the participants, which enhances the credibility of the findings. It also indicates that the majority of the target population provided their insights, making the data robust and representative of the entire group. This level of participation is crucial for drawing accurate conclusions and making informed recommendations based on the research outcomes.

Table 4. 1.1: Response Rate

| Response Rate | Sample size | Percentage |
|--------------------------------------|--------------------|-------------------|
| Valid (Returned) Questionnaires | 104 | 88.89 |
| Unvalued (Unreturned) Questionnaires | 13 | 11.11 |
| Total | 117 | 100 |

Source:-Researcher Calculation Based on Primary Data

4.2 Demographic Data of Respondents

This section provides an overview of the respondents' demographic and professional profiles. The respondents' details were analyzed based on their gender, age, tenure with the company, educational qualifications, and the departments they work in. This information helps in

understanding the composition of the sample and provides context for interpreting the study's findings.

Table 4.2. 1 Demographic Data

| Demographic Parameter | | Frequency | Total | Percentage (%) |
|----------------------------------|--------------|------------------|--------------|-----------------------|
| Gender | Male | 61 | 104 | 58.65 |
| | Female | 43 | | 41.35 |
| Age | 20-25 | 13 | 104 | 12.50 |
| | 26-30 | 65 | | 62.50 |
| | 31-35 | 23 | | 22.12 |
| | 36-40 | 3 | | 2.88 |
| | 41-45 | 0 | | 0.00 |
| | 46 and above | 0 | | 0.00 |
| Work Experience | 0-3 | 16 | 104 | 15.38 |
| | 4-6 | 63 | | 60.58 |
| | 7-9 | 19 | | 18.27 |
| | 10-12 | 3 | | 2.88 |
| | 13-15 | 3 | | 2.88 |
| | 16 and Above | 0 | | 0.00 |
| Educational Qualification | Diploma | 9 | 104 | 8.65 |
| | Degree | 85 | | 81.73 |
| | Masters | 10 | | 9.62 |
| | PHD | 0 | | 0.00 |
| Department | Underwriting | 86 | 104 | 82.69 |
| | Claim's | 16 | | 15.38 |
| | Marketing | 0 | | 0.00 |
| | Operation | 1 | | 0.96 |
| | IT | 1 | | 0.96 |
| | Others | 0 | | 0.00 |

Source:-Researcher Calculation Based on Primary Data

Table 4.2.1 shows the demographic profile of respondents. Among the 104 samples, the majority (58.65%) are male, while the remaining 41.35% are female. The largest age group is

26-30 years old, comprising 62.5% of respondents. This indicates that the company has a significant advantage in creating digital marketing platforms, as the majority of its employees are young and likely adept at using the latest digital marketing technologies and trends, which can aid in business success. Most respondents (63%) have 4-6 years of work experience, indicating good employee retention. Additionally, 81.73% hold a degree, suggesting a well-educated workforce. Lastly, 82.69% of respondents work in the Underwriting Department, justifying the researcher's focus on this relevant department for the study.

4.3. Scale of Reliabilities

Cronbach’s alpha was used to evaluate the instrument's internal consistency and reliability. This method assesses the reliability of results derived from measurements based on correlations among study factors, known as internal consistency. Additionally, Cronbach’s alpha helps test the average of items that can be evaluated in assessments and their interrelationships. SPSS software was employed to analyze the reliability of the collected data. According to Hair et al. (2006), a Cronbach’s alpha value exceeding 0.70 is considered acceptable for confirming the consistency of the scale under current and selected conditions. In this study, Cronbach’s alpha values ranged between 0.777 and 0.912, indicating excellent reliability (see Table 4.3.1).

Table 4.3.1: Reliability Analysis

| Variables | Number of Items | Alpha |
|------------------------|------------------------|--------------|
| Mobile Marketing | 6 | 0.777 |
| Online Marketing | 6 | 0.912 |
| Social Media Marketing | 6 | 0.831 |
| Email Marketing | 6 | 0.898 |
| Product Marketing | 6 | 0.917 |

Source: Researcher Calculation based on Primary Data

4.4. Descriptive Statistics

In this study, Descriptive statistics is employed to capture employees’ perceptions towards each variable/factor in the study and their respective effects on their performance. Each variable is subject to a 5-scale Likert measurement aiming to measure the responses in a range

of 1-5. As it has been discussed in the questionnaire, 1 represents strong disagreement, 2 is for disagree, 3 for neutral is represented, 4 stands for agree, and 5 for strong agreement level. Mean and standard deviations have been used to reflect the perception of employees of the organization towards each variable as it is displayed in the table below.

Table 4.4.1 Likert Scale Interval

| Likert- Scale Description | Likert Scale | Likert Scale Interval |
|----------------------------------|---------------------|------------------------------|
| Strongly Disagree | 1 | 1.00-1.80 |
| Disagree | 2 | 1.81-2.60 |
| Neutral | 3 | 2.61-3.40 |
| Agree | 4 | 3.41-4.20 |
| Strongly Agree | 5 | 4.21-5.00 |

Source:https://www.researchgate.net/figure/Qualitative-Interpretation-of-5-Point-Likert-Scale-Measurements_tbl2_348329285 [accessed 8 Jun 2024]

4.5 Mean and Standard Deviation

Descriptive analysis was employed to thoroughly examine the data by detailing or explaining the descriptive evaluation of participants as a study variable. This approach allowed the research to capture a clear picture of the characteristics and responses of the study population. By using descriptive statistics, the analysis provided an understanding of the central tendencies, variations, and distribution patterns within the dataset. In this phase, the descriptive analysis of participants' responses was specifically utilized to determine the evaluation criteria of the participants. This was achieved through the calculation of average value scores, which represent the mean responses for various survey items. The use of mean scores is critical in summarizing the general trends and tendencies in participants' evaluations, thereby offering insights into common perceptions and attitudes among the respondents.

Table 4.5.1 illustrates these findings, presenting the Mean and standard deviation of the responses. This table is essential as it encapsulates the core descriptive statistics, offering a comprehensive overview of the participants' assessments. The detailed presentation of these statistics helps in identifying patterns, trends, and outliers, which are crucial for understanding

the overall data landscape and making informed conclusions based on the study's objectives. By applying this methodical approach, the research ensured a robust and detailed examination of the data, thereby enhancing the reliability and validity of the study's findings. This comprehensive use of descriptive analysis provided a solid foundation for subsequent inferential analysis, which further explored relationships and impacts within the dataset.

Table 4.5.1 Mean and Standard Deviation

| Component | Mean | Standard Deviation |
|------------------------|-------------|---------------------------|
| Mobile Marketing | 3.08 | 0.159 |
| Online Marketing | 2.88 | 0.319 |
| Social Media Marketing | 2.87 | 0.272 |
| Email Marketing | 2.89 | 0.333 |
| Product Marketing | 2.88 | 0.382 |

Based on Table 4.5.1 above, 104 valid answers' mean and standard deviation for each variable were analyzed. The results were derived from the highest mean score of the variable of Mobile marketing based on the participant's answers. Also, the findings show that Mobile marketing is the most important variable. It seems that there is no low level of mean scores. The high mean scores entail that participants agree that these variables impact Product Marketing. these findings indicated that there is a strong relationship to Product marketing of Lucy Insurance S.C.

4.6 Correlation Analysis

Correlation analysis assesses the strength and direction of the linear relationship between two variables (Cohen, 2013). The degree of correlation indicates how strongly and significantly two factors are related. In this study, a bivariate association was performed, calculating the Pearson correlation coefficient to determine the significance and strength of these relationships. The Pearson correlation coefficient ranges from -1 to 1, where a value of 1 or -1 indicates a perfect linear relationship, meaning the variables can be accurately predicted from each other. Conversely, a value of 0 signifies no linear relationship between the variables.

The results of this correlation analysis are summarized in Table 4.6.1. The findings show a strong, positive, and significant relationship between Email Marketing and product marketing (correlation coefficient of 0.760) and between social media marketing and product marketing (correlation coefficient of 0.636). This indicates that as Email Marketing and Social Media Marketing efforts increase, there is a corresponding significant increase in product marketing effectiveness. Additionally, the analysis reveals positive and significant relationships between Online Marketing and product marketing (correlation coefficient of 0.466) and between mobile marketing and product marketing (correlation coefficient of 0.398). Although these relationships are slightly weaker compared to Email Marketing and Social Media Marketing, they still demonstrate a significant positive impact.

In summary, the correlation analysis indicates that Email Marketing has the strongest relationship with product marketing, followed by Social Media Marketing, Online marketing, and Mobile marketing. These results underscore the importance of digital marketing channels in enhancing the effectiveness of product marketing efforts.

Table. 4.6.1 Correlation Analysis

| | | Correlations | | | | |
|---------|---------------------|--------------|-------|-------|-------|----|
| | | MM | OM | SMM | EM | PM |
| MM | Pearson Correlation | 1 | | | | |
| | Sig. (2-tailed) | | | | | |
| | N | 104 | | | | |
| OM | Pearson Correlation | .704 | 1 | | | |
| | Sig. (2-tailed) | <.001 | | | | |
| | N | 104 | 104 | | | |
| SM M | Pearson Correlation | .327 | .470 | 1 | | |
| | Sig. (2-tailed) | <.001 | <.001 | | | |
| | N | 104 | 104 | 104 | | |
| EM | Pearson Correlation | .445 | .713 | .492 | 1 | |
| | Sig. (2-tailed) | <.001 | <.001 | <.001 | | |
| | N | 104 | 104 | 104 | 104 | |
| PM | Pearson Correlation | .398 | .466 | .636 | .760 | 1 |
| | Sig. (2-tailed) | <.001 | <.001 | <.001 | <.001 | |

| | | | | | | |
|--|---|-----|-----|-----|-----|-----|
| | N | 104 | 104 | 104 | 104 | 104 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | | | |

Source: computed by the researcher through SPSS

4.7 Regression Analysis

The correlation analysis conducted previously examined the relationships between the dependent variable (Product Marketing) and several independent variables (Digital Marketing channels). Moving forward, the study will employ regression analysis to further explore and quantify the strength of these relationships between the Digital Marketing channels and Product marketing.

Regression analysis is a statistical technique that allows researchers to model and understand the relationship between a dependent variable (in this case, Product marketing) and one or more independent variables (Digital Marketing channels). By analyzing regression coefficients, the study will determine the magnitude and direction of the impact that each Digital Marketing channel has on Product marketing. This analysis aims to provide insights into which digital channels contribute most significantly to enhancing the effectiveness of marketing products within Lucy Insurance S.C.

Through regression analysis, the study will go beyond correlation to establish more nuanced insights into how changes in Digital Marketing efforts—such as Email Marketing, Online Marketing, Mobile Marketing, and Social Media Marketing—affect the outcomes in Product marketing. This approach will help in identifying key factors and strategies that can optimize the use of digital channels to achieve marketing objectives effectively within the organization.

Table 4.7.1 Regression Model Summary

| Model Summary^b | | | | | | |
|--|-------------------|-----------------|--------------------------|-----------------------------------|------------------------|----------------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | R Square Change | Durbin-Watson |
| 1 | .851 ^a | .724 | .713 | .205 | .724 | 2.04 |
| a. Predictors: (Constant), EM, MM, SMM, OM (Email Marketing, Mobile Marketing, Social Media Marketing and Online Marketing) Dependent Variable: PM (Product Marketing) | | | | | | |

Source: computed by the researcher through SPSS

Table 4.7.1 illustrates that the independent variables accounted for 71.3% of the variance in Insurance Product Marketing, as indicated by the coefficient of determination ($R^2 = 0.724$). The adjusted R Square value of 0.713 suggests a robust model fit, indicating that the chosen digital marketing channels have a statistically significant impact on product marketing outcomes within the study.

This means that approximately 71.3% of the variability observed in the Dependent Variable can be explained by variations in the selected independent variables (Email Marketing, Online Marketing, Mobile Marketing, and Social Media Marketing). The adjusted R Square value reinforces the model's reliability in predicting and understanding how this digitalization affects on the marketing of insurance products at Lucy Insurance S.C.

4.7.2 ANOVA Model

ANOVA analysis is normally used to compare the mean scores of more than two variables. It is also called analysis of variance because it compares the variance between variables and tests whether the R-squared is significantly greater than zero and that the overall regression model is a good fit for the data (Pallant, 2005).

Table 4.7.2 ANOVA

| ANOVA^a | | | | | | |
|---|-------------------|-----------------------|-----------|--------------------|----------|--------------------|
| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
| 1 | Regression | 10.875 | 4 | 2.719 | 64.882 | <.001 ^b |
| | Residual | 4.148 | 99 | 0.042 | | |
| | Total | 15.023 | 103 | | | |
| a. Dependent Variable: PM | | | | | | |
| b. Predictors: (Constant), EMM, MM, SMM, OM | | | | | | |

Source: computed by the researcher through SPSS

4.8 Regression Coefficients

Table 4.8.1 Regression coefficient Table

| Model | | Coefficients ^a | | | | | | Collinearity Statistics | |
|-------|------------|-----------------------------|------------|---------------------------|--------|-------|-----------|-------------------------|--|
| | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. | Tolerance | VIF | |
| | | B | Std. Error | Beta | | | | | |
| 1 | (Constant) | -1.438 | 0.444 | | -3.240 | 0.002 | | | |
| | MM | 0.550 | 0.180 | 0.229 | 3.054 | 0.003 | 0.498 | 2.008 | |
| | OM | -0.511 | 0.116 | -0.427 | -4.419 | 0.000 | 0.299 | 3.343 | |
| | SMM | 0.533 | 0.087 | 0.380 | 6.140 | 0.000 | 0.729 | 1.372 | |
| | EMM | 0.889 | 0.090 | 0.776 | 9.893 | 0.000 | 0.453 | 2.207 | |

Source: computed by the researcher through SPSS

Table 4.8.1 shows the result of multiple regression analysis between the dependent variable (product marketing) and independent variables (Email Marketing, Social Media Marketing, Mobile Marketing, and Online Marketing).

The incremental change of one present in mobile marketing results in a positive and significant incremental change in insurance products by 0.550 units by keeping other variables constant. Arunga and Kahora (2007) concluded that the mobile phone revolution has been highly advantageous for individual business owners and small enterprises in Kenya. Online marketing has a negative and significant change in insurance products by -0.511 units. A unit of change in Online Marketing results negative effect on insurance products marketing by 0.511 units keeping other variables constant. The researcher accepted this result due to its significant result. Social media marketing indicates Positive and significant relationship with insurance productus ($\beta = .533$, $p = 0.000$). As a result, change in unit of social-media marketing result in an increase in Insurance product marketing by .533 units keeping other variables constant. a study conducted by Kimani (2014) States that the utilization of social media marketing has a constructive impact on a company's overall performance. This can be achieved through the strategic placement of ads on different social media platforms. The relationship between e-mail marketing and insurance products shows a positive and significant effect with ($\beta = 0.889$, $p = .000$). This meant that a change in units of e-mail marketing resulted in an increase of insurance product marketing by 0.889 units keeping other variables constant. Abdel Fattah AL-AZZAM(2021) mentioned that Email marketing as a digital marketing channel is the most negligible influential factor in purchasing decisions

4.9 Hypothesis Summary and Results

The study accepted all hypotheses because they have a positive and significant effect except hypothesis four. Hypothesis four has a negative effect but due to its significant value, the researcher accepted these results. The result from the hypothesis has been summarized as follows;

Table 4.9.1 Hypothesis Results

| Hypothesis | Results | | Decision |
|---------------------------|---------|-------|----------|
| | Beta | Sig | |
| H.1 Email Marketing | 0.889 | 0.003 | Accepted |
| H.2 Mobile Marketing | 0.550 | 0.000 | Accepted |
| H.3 Socialmedia Marketing | 0.533 | 0.000 | Accepted |
| H.4 Online Marketing | -0.511 | 0.000 | Accepted |

Source: Researcher computation

4.10 Discussion

Chapter Four offers an extensive examination of the gathered data in this study. The response rate was notably high, and the demographic profile of respondents reveals a young, educated workforce ideally positioned for engaging in digital marketing strategies. Reliability analysis has validated the internal consistency of the measurement scales employed.

Descriptive statistics, correlation analyses, and regression analyses collectively underscore the substantial influence of digital marketing channels on product marketing effectiveness at Lucy Insurance. Particularly, Email Marketing and Online Marketing emerged as the most impactful channels, emphasizing critical areas for concentrated digital marketing strategies. This chapter's findings suggest that Lucy Insurance can enhance its marketing outcomes significantly by focusing on these effective digital channels. The implications underscore the potential for leveraging digital platforms to strengthen customer engagement, brand visibility, and ultimately, business performance within the competitive insurance sector.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary of Findings

This study assesses the impact of digital marketing channels (Mobile Marketing, Online Advertising, Social Media Marketing, and Email Marketing) on Insurance product marketing at Lucy Insurance Share Company. Data was gathered through questionnaires distributed among employees at both the company's Head Office and City Branches. Out of 117 distributed questionnaires, 104 usable responses were collected after excluding incomplete ones, resulting in an 88.89% response rate.

The study validated four hypotheses, indicating that all four independent digital marketing factors positively influence Insurance product marketing at Lucy Insurance S.C. Descriptive analysis was employed to evaluate the impact of these digital marketing channels within the company. Results revealed that M-commerce, Email Marketing, and Online Marketing channels scored high with mean values of 4.00, 3.85, and 3.46, respectively. However, Social Media Marketing achieved a moderate level with an average mean value of 3.38.

Furthermore, inferential analysis through correlation and regression analyses was conducted to explore the relationships between the independent variables (digital marketing channels) and Insurance product marketing. The correlation analysis indicated significant and positive correlations between all four independent variables and organizational performance. Regression analysis confirmed these relationships and demonstrated a good fit for the model.

5.2 Conclusions

The insurance sector plays a pivotal role in driving economic development across nations. It offers several advantages, including increased investments, strong demand, market attractiveness, and opportunities for brand building and market capitalization. Embracing technological advancements is crucial for the insurance industry to stay competitive and effectively meet customer expectations. Digital marketing platforms, in particular, provide numerous benefits such as cost reduction, transparency, data adequacy, flexibility, and higher

conversion rates. These advantages contribute significantly to the growth and efficiency of insurance organizations, enabling them to adapt swiftly to market changes and enhance customer engagement.

The research focused on evaluating how digitalization Effect the marketing of insurance products at Lucy Insurance S.C. Data was gathered from managers and employees at both the head office and city branches. Through descriptive analysis, the study found that Lucy Insurance S.C. demonstrates strong proficiency in m-commerce and email marketing. However, social media and online marketing were rated at a moderate level. The study highlighted that advancements in technology and the adoption of digital marketing platforms, like social media and email marketing, significantly influence consumer decisions to purchase insurance products.

The insurance organization should strategically adopt digital marketing tools to enhance its business operations. Additionally, there should be a strong focus on ensuring the ease of use of technology, particularly for middle-aged and elderly individuals. Furthermore, targeting rural customers holds substantial potential for expanding market reach and increasing customer base in underserved areas. This approach can contribute significantly to the organization's growth and competitiveness in the insurance industry.

5.3 Recommendations

The insurance organization should effectively adopt digital marketing tools to enhance its business operations. It's crucial to ensure that these technologies are user-friendly, especially for middle-aged and elderly individuals. Additionally, targeting rural customers holds significant potential for expanding market reach and increasing customer base.

In the insurance industry, various technologies such as Prima and Nit are utilized for product marketing, data storage, easy report generation, fast service delivery, and cost efficiency. Therefore, Lucy Insurance should transition from manual processes to digital technologies to enhance competitiveness in the market.

The study highlighted the significant impact of M-commerce and Email marketing strategies on the company's product marketing. Therefore, it is recommended that the

company prioritize these two digital marketing strategies. Moreover, efforts should be intensified in the other two strategies to maximize their effectiveness.

Based on the findings, the researcher recommends that the insights gained from this study be utilized by the company to develop robust tools for the selection, training, and development of capable employees. Future research could expand upon this study by incorporating additional factors across different digital marketing channels and including multiple branches and insurance companies nationwide. This broader approach may reveal variations from the current findings and uncover new insights relevant to the industry.

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