IMPACT OF MARKETING SRATEGIES ON FINANCIAL PERFORMANCE OF LISTED INSURANCE COMPANIES IN SRI LANKA

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ABSTRACT

This study was attempted to investigate the impact of Marketing Strategies on Financial Performance of Listed Insurance Companies in Sri Lanka. The objectives of this study is to identify the impact of Product Related Strategies on the Financial Performance, to identify the impact of Price Related Strategies on the Financial Performance, Place Related Strategies on the Financial Performance and to identify the impact of Promotion Related Strategies on the Financial Performance of listed Insurance Companies in Sri Lanka.

In this study literature part explained independent variables, dependent variable and the relationship between those variables clearly defined by using previous literature reviews. Conceptual model is developed based on the existing literature. Few studies have been done in the area of marketing strategies and its contribution to the value of the firm. This study sets out to extend the evidence by investigating the marketing strategies of insurance companies in Sri Lanka. In this study panel data sets of Sri Lankan insurance sector were used to investigate the impact of marketing strategies on financial performance of listed insurance companies in Sri Lanka using the Random Effects model. Random Effect model has selected by using the results of Hausman Test. For the purpose of this study, 100 observations over the period 2009 to 2018 were included. Annual reports, especially the profit and loss accounts and balance sheets of the selected insurance companies have been used to obtain the data. Return on Assets (ROA) was considered as proxies for financial performance

Findings of this research indicates that, Sri Lankan insurance companies, in general, product related strategy, price related strategy and promotion related strategy have a significant positive relationship with financial performance while place related strategy has a significant negative relationship with financial performance. Further these findings would be both conceptually and practically appealing for insurer to apply knowledge management practice in their institutions Findings of this study help decision makers be aware of the importance of marketing strategies as a key factor that can enhance a firm's ability to maintain their competitive position.

Keywords: Marketing Strategies, Financial performance, Return on asset, Insurance Policy Modification Index, Insurance Premium Differentiation Index, Branch Development Index, Promotion Development Index

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