

RELATIONSHIP BETWEEN MARKETING PROMOTIONAL COSTS AND THE PROFITABILITY IN THE INSURANCE INDUSTRY

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ABSTRACT

This research study investigates an Analysis of relationship between marketing promotional cost and the profitability in the insurance industry. The research study was conducted over three months of period. The researcher has identified four factors that has make contribute on marketing promotional cost through the literature reviews and interviews conducted with staffs of selected insurance companies. The purpose of this research study is to identifying the contribution caused the factors which the researcher has previously determined through the literature reviews.

The research study is entirely based on the cases of insurance companies all over Sri Lanka.

When making the analysis, the researcher has used data from annual reports. . To identify existing level of marketing promotional cost “promotional cost and sales ratios” were used and to identify the existing level of profitability of the insurance industry “net profit margin” were used. The Pierson’s Correlation analysis was used to identify the basic relationship between the variables. In this survey four variables are addressed under the independent variable (personal selling, advertising, public relation and sales promotion) and one variable was discussed under the dependent variable as profitability in the insurance industry.

The empirical results obtained through this investigation provided several interesting points that necessitate further discussion. As was expected, given the widespread empirical support shown for this influence in other contexts, a higher level of promotional cost, variables related strategies were found to be negatively correlated with profitability in insurance industry.

The findings of this research study shall be important on the theoretical as well as on the practical level. The findings of this study were important to improve implementation of promotional cost to increase the profitability in the insurance industry.

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