

Original Article

# The Influence of Market Intelligence on Competitive Advantage in the Insurance Sector of Pakistan: A Literature Survey

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## Abstract

This study investigates the patterns of collaborative creation of value for services in Pakistan's insurance industry, taking into account the distinct issues that the insurance sector in the region faces. The study highlighted how crucial it was to use marketing intelligence effectively in order to accomplish the more general objective of assessing its influence on the competitive environment of Pakistani insurance companies. This study's importance stems from its thorough investigation of provider, stakeholder, and client collaboration in Pakistan's insurance market. The study adds to industry expertise by identifying and resolving obstacles to co-creation processes, which facilitates the design of focused solutions. The goal of the suggested customer-centric approach is to better satisfy and retain customers by customizing insurance products to their needs and the reality of the market. Gaining a competitive edge is mostly dependent on the strategic placement of insurance products based on customer behavior and market conditions. Overall, by increasing customer satisfaction, industry knowledge, and competitive advantage, the research helps the insurance business in Pakistan expand and operate better.

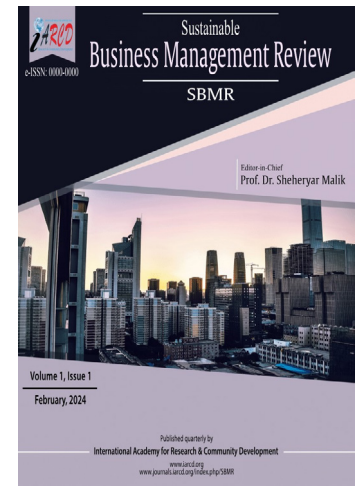
**Keywords:** Competitive advantage, Customer interactions, Customer preferences, Marketing intelligence, Strategic positioning

## 1. INTRODUCTION

Businesses need to innovate and provide fresh solutions to customers to succeed internationally. This calls for input from outsiders, such as customers and stakeholders. Co-creation is an approach that involves collaborating with external stakeholders to generate fresh ideas and solutions for problems that businesses cannot generate in-house. This aims to create better products and services according to customer needs and demands (Campos et al., 2018). Value is the opinion that consumers have about the benefits and value of a good or service relative to the price they paid.

Examples of a co-creation in service industries include DHL, LEGO ideas and American Airlines. DHL's parcelcopter and augmented reality application resulted from customer suggestions, while LEGO, ideas involved fans generating ideas for new kits. American Airlines released a benefits awards map and app to let users know where they can travel with their loyalty points (Campos et al., 2018). This study is concerned with the co-creation of service value, specifically in the insurance sector. Contractual risk management solutions are provided by insurance firms, with the insured party liable to pay a premium for an uncertain future event (Zainuddin et al., 2013).

Pakistan's insurance sector comprises various types of companies, including general life, property, accident, health, business, reinsurance and insurance for mistakes and omissions. Traditional insurance and takaful insurance make up the insurance division. with sub-classifications for life insurance. The insurance sector offers various coverage with urban areas having higher insurance needs. There are four state insurance firms in Pakistan, fifty private insurance companies, and five private businesses. It is



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imperative for insurance businesses in Pakistan to co-create service value, as they interact with customers and stakeholders face different challenges (Hassan et al., 2022). By assisting them in comprehending and addressing these obstacles, this study seeks to highlight the difficulties encountered by Pakistan's service sector, in particular the insurance industry.

When choosing a market for an insurance company, management must consider all market factors and analyze their impact on development strategy. Insurance companies must strategically position their products and services in specific market segments, considering consumer needs and preferences. This involves a marketing mix that includes price, promotional activities and distribution. To build profitable relationships with customers, insurance companies must understand their needs and offer superior value. Achieving solid markets positions requires maximum performance and professionalism in fulfilling promises to customers, ensuring they provide more value than competitors. Example health insurance company world -wide faced a substantial increase in claims due to COVID-19 hospitalization and treatments. Many insurance providers had to adapt their policies and coverage to accommodate the unique challenges posed by the pandemic.

### **Problem Statement**

To assess the influence of marketing intelligence on the competitive advantages of insurance companies in Pakistan and to identify the key factors that contribute to the effective utilization of marketing intelligence in gaining a competitive edge in the industry. Taking into account the particular difficulties that insurance companies in the area confront, this study attempts to explore the dynamics of co-creation in service value within the Pakistani insurance sector. By concentrating on the interactions of customers, stakeholders, and insurance providers, the study aims to pinpoint and resolve obstacles impeding efficient co-creation procedures. It also examines how insurance products and services should be strategically positioned while taking consumer preferences and market conditions into account. The ultimate objective is to improve industry understanding of difficulties and offer insights that support the sector's expansion and competitive advantage. The research statement emphasizes the significance of efficient utilization for acquiring an understanding of the larger goal of evaluating the impact of marketing intelligence on the competitive landscape of insurance businesses in Pakistan.

This study delves into the insurance industry in Pakistan, emphasizing the cooperation among providers, stakeholders, and clients. In order to enhance insurance goods and services, it seeks to comprehend and resolve co-creation process barriers. By emphasizing particular issues encountered in the field, the study advances industry knowledge, which is essential for creating focused solutions. It also proposes a customer-centric strategy that will customize insurance to match consumer demands and market realities, resulting in increased satisfaction and loyalty. By strategically placing insurance products according to consumer behavior and market circumstances, businesses can gain a competitive advantage. The sector's growth and performance in Pakistan are facilitated by this method, which also improves customer satisfaction, industry understanding, and competitive advantage.

### **Research questions**

- How does marketing intelligence influence the competitive advantages of insurance companies in Pakistan?
- What are the key factors that contribute to the effective utilization of marketing intelligence in gaining a competitive edge in the insurance industry in Pakistan?
- How should insurance products and services be strategically positioned in the Pakistani market, taking into account consumer preferences and market conditions?
- What are the dynamics of co-creation in service value within the Pakistani insurance sector, considering the interactions among customers, stakeholders, and insurance providers?

## **2. LITERATURE REVIEW**

The impact of customer dissatisfaction, conflicts, and complaints on value co-destruction is explored. Furthermore, the review extends its focus to the challenges specific to the insurance sector, detailing how company culture and external factors may hinder successful co-creation. Evidence from Pakistan is also presented, emphasizing the need for adaptability, authentic dialogue, and trust-building in the context of insurance companies' co-creation of service value. In accordance with a written agreement between the insurer and the life assured, insurance is commonly defined as a risk transfer mechanism that allows

one entity to compensate another entity in the case of a loss (Iqbal & Jalees, 2016). The challenges include managing unfavorable criticism, handling customers unaware of policies, and addressing tech-anxiety among less tech-savvy individuals. Although life insurance channels in Pakistan operate in accordance with their standardized functions and procedures, no interdependency or correlation has been observed between them to aid in assessing the penetration of life insurance and its impact on the consumer sector (Iqbal & Shamsi, 2017).

Empirical research consistently underscores the pivotal role of Intellectual Capital (IC) in enhancing corporate performance across various industries. Sharabati et al. (2010) conducted a study in the Jordan pharmaceutical industry, affirming that IC, comprising human capital, structural capital, and relational capital, significantly and positively influences corporate performance.

In the context of Malaysia, structural capital exerts a more positive influence on both service and non-service industries' performance, while human capital plays a more significant role in non-service industry performance. The performance of foreign and domestic banks, concluding that both commercial and foreign banks experience a more positive and significant impact from Human Capital Efficiency (HCE). Similarly, IC value creation has a significant effect on firms' financial performance. For each asset, businesses must consequently develop a different approach to assure appropriateness and maximize value (Iqbal, 2022).

Studies employing the Value-Added Intellectual Coefficient (VAIC™) model consistently demonstrate the positive impact of IC on financial performance. Pew Tan (2007) used the VAIC™ model to show that human capital efficiency (HCE), structural capital efficiency (SCE), and customer capital efficiency (CEE) collectively contribute positively to the financial performance of publicly listed companies in Singapore. Riahi-Belkaoui (2003) found a strong association between IC and the financial performance of USA multinational corporations.

Research extending to Iran by Ahangar (2011) using the VAIC™ model emphasized that HCE has a more positive influence on corporate performance when discussing insurance in corporate context, translating into increased corporate profitability. In high-tech industries, capital employed efficiency (CEE) is a major component influencing the financial and stock market performance of these sectors.

Studies on specific sectors, such as the Australian insurance sector and Spanish firms' sales growth, consistently highlight the positive association of IC, particularly human and structural capital, with companies' financial performance. Kamath (2008) emphasized the importance of human capital in Indian pharmaceutical companies. Maditinos et al. (2011) extended this understanding to the Athens Stock Exchange, revealing that HCE significantly affects the financial performance of listed firms.

Furthermore, IC is considered a crucial strategic asset for sustainable growth, as demonstrated by studies on Indian banks (Kamath, 2008), the Greek banking sector, and a diverse set of firms listed in the Athens Stock Exchange (Maditinos et al., 2011). Even in specific sectors like oil, gas, and cement (Makki et al., 2008), and microfinance institutions in Uganda (Kamukama et al., 2010), IC has shown a substantial influence on financial performance.

To maintain competitiveness in today's dynamic market environment, organizations must undergo a process of unlearning old habits and acquiring new ones through organizational learning. However, the facilitation of the organizational learning process lacks consensus. Despite this, various factors crucial for organizational learning have been identified. In the banking industry of Pakistan, Bushra and Masood (2017) found that factors such as organizational commitment, selective staffing, team collaboration, communication, compensation, training, employment stability, and status reduction positively impact organizational learning capabilities, thereby enhancing overall performance. Similarly, a study in the Spanish banking industry emphasizes that an organizational learning culture is driven by continuous learning, inquiry dialogue, team learning, embedded systems, empowerment, system connection, and strategic leadership. Market leaders in the insurance sector view the customer experience as a means of demonstrating true client centricity (Iqbal, 2023).

Exploring beyond the banking sector, human resource management (HRM) activities, including HR strategies, training, teamwork, rewards, incentives, and knowledge creation, as influential factors in organizational learning for Indian global firms. In the context of U.S. schools, validated psychological safety, experimentation, and leadership as factors reinforcing organizational learning. Furthermore, Farrukh and Waheed (2015) integrated various researchers' opinions, highlighting critical factors such as innovation, leadership, self-development, empowerment, information sharing, and collective collaboration for organizations aspiring to be ideal learning organizations.

In the insurance industry, Wandera's (2008) study on Kenyan insurance companies emphasized effective leadership behavior, training, teamwork, and idea sharing as essential for fostering an environment conducive to organizational learning. Torkestani et al. (2014) asserted that individual and team learning, coupled with information systems/technology, play vital roles in influencing organizational learning in Iranian insurance companies.

Comparing the organizational chores of both banking and insurance industries, it is evident that while they have distinct operational patterns, their ultimate purpose is aligned toward contributing to economic growth and societal welfare. Despite these variations, the study aims to explore whether factors supporting organizational learning in both industries share similarities or differences, drawing insights from the identified factors in the literature.

## Discussions

The study explores the complex dynamics of co-creation in the insurance industry in Pakistan, emphasizing the value of provider, stakeholder, and customer collaboration. The research study emphasizes the significance of emotional, social, and cultural intelligence for successful co-creation processes, as well as the role these abilities play in management performance. The difficulties noted in the literature study make sense in the context of the insurance sector given the special requirements of risk management and the contractual structure of insurance products. It is stressed that flexibility, real communication, and trust-building are essential for handling problems including handling policyholders' technology concern, handling consumer ignorance of policies, and managing criticism.

The incorporation of marketing intelligence into the discourse denotes a more comprehensive commercial outlook, emphasizing the necessity for insurance firms to carefully arrange their offerings within the Pakistani marketplace. The significance of agility and reactivity in the face of unforeseen occurrences is further shown by the instances of multinational corporations adjusting to difficulties, such as the health insurance company reacting to the spike in COVID-19 claims.

## 3. CONCLUSION

The study has the potential to make a substantial contribution to our knowledge of co-creation in the insurance industry in Pakistan. The research intends to give insurance firms practical insights to improve their services and obtain a competitive edge by identifying obstacles and suggesting a customer-centric strategy. The literature study delves deeper into the topics of emotional, social, and cultural intelligence, highlighting their significance in management performance, in addition to co-creation issues. The comprehension of the abilities and proficiencies necessary for effective co-creation procedures in the insurance industry is enhanced by this more comprehensive viewpoint.

### Policy Implementation

The research's conclusions may influence Pakistan's insurance sector's policy suggestions. These regulations may prioritize:

#### *Training and Development:*

- Putting in place courses to improve insurance professionals' social, emotional, and cultural intelligence. During co-creation, this can help with efficient communication and teamwork.

#### *Technological Literacy Initiatives:*

- By enabling clients to simply navigate and comprehend insurance operations online, we may help policyholders who are apprehensive about technology.

#### *Transparent Communication Strategies:*

- Creating plans to help clients understand insurance policies, clearing up any confusion, and boosting public confidence in the insurance sector.

#### *Adaptability Programs:*

- Establishing structures that allow insurance firms to swiftly adjust to changing conditions, akin to international models addressing the difficulties presented by occurrences like as the COVID-19 pandemic.

### Competing Interests

The author did not declare any competing interest.

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