

ADVERTISING IN INSURANCE: THE IMPACT OF CORPORATE CREDIBILITY ON CONSUMER REACTION TO ADVERTISEMENTS

B.K. Sugathapala¹ and D.A.M. Perera²

¹*CF Insurance Brokers (Pvt.) Limited Head Office,* ²*Department of Accountancy, Faculty of Business Studies and Finance, Wayamba University of Sri Lanka, Kuliyaipitiya, Sri Lanka*

Corresponding author: methsila240@yahoo.com

Advertising is an important way for an organisation to get the word out about a product or service and grow a customer base, which usually translates to increased sales and higher profits. This paper discusses about the advertisements use in insurance industry and investigates the impact of corporate credibility on consumer reaction. Data was collected from a purposive sample of 187 insurance policyholders selected from Colombo district, representing the largest five insurance companies in Sri Lanka. A pilot study was also conducted to test the validity and reliability of the research. This research suggests that consumers' attitudes towards insurance advertisement (ATIA) are positively associated with their attitudes towards corporate credibility (ATCC) and, in turn, a positive ATCC has a positive influence on consumer responses. To measure customer's ATCC and their ATIA, a 12-item scale was adapted from previous studies. Five items were used to measure attitudes towards insurance advertisements and the balance seven items were used to measure attitudes towards corporate credibility. Responses were measured on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). It was found that corporate credibility is significantly relevant to advertising value of insurance industry ($R^2 = .874$, $p < .001$). There existed a significant difference of corporate credibility belief of respondents ($F = 15.99$, $p < .001$). Results also showed that all five groups differed with each other on the corporate credibility and the ATIA. The finding of this study provides marketers with an understanding of consumers, their attitude toward advertisements, so as designers and marketers can better strategize their advertising designs in insurance industry. This study was also able to give the insight of the various dimensions and their extent of influence on insurance advertising.

Keywords: Advertising, Attitude, Credibility, Insurance