Chapter 17
The Role of Data-Driven Marketing Strategies in Sustainable Insurance

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ABSTRACT

In the rapidly evolving insurance landscape, data-driven marketing strategies have emerged as a powerful tool for enhancing customer engagement, optimizing resources, and fostering sustainability. This chapter will explore how insurers can leverage data analytics to not only improve their marketing efforts but also drive sustainable practices within their organizations. By emphasizing customer-centricity, operational efficiency, and environmental responsibility, this chapter aims to provide insights into the intersection of marketing, data analytics, and sustainable insurance practices.

1. INTRODUCTION

Taking into consideration the contemporary changes in the insurance industry, the implementation of new data-driven marketing persuasion mechanisms gains higher demand to become an essential measure for favorable development. Current research shows that customer sensitivity to ESG has increased lately: a global insurance consumer study showed that 75% of all consumers make sustainable choices when selecting insurance. Such shift in the consumer behavior indicates the market

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opportunity for insurers, in using data analytics in responding to the emerging adjustments (Zarifis & Cheng, 2021).

Defined, data-driven marketing is process of gathering, organizing, and using data in the process of communicating marketing strategies to the target markets. It helps insurance companies to establish relevant advertisements that may be in harmony with the environmental-friendly consumers. More so with the contemporary advancement in artificial intelligence and machine learning, has accelerated this approach to enable real-time analysis of large datasets with insights about customers (Kumar et al., 2013).

With the focus on sustainability rising steadily, this sector has no choice but to shift toward change (Mehrabi et al., 2021). With the help of effective and efficient data management, companies can improve their competitive advantage and provide a needful value proposition in the sustainable insurance product development and sales and, therefore, improve their customer relations. This chapter aims at discussing the interaction between data driven marketing and sustainable insurance as to its significance, issues and potentials in consideration to the recent advancements within the field.

Overview of Data-Driven Marketing and Sustainability

Data driven marketing is an operational tactic which involves using data analytical tools in the marketing process as a way of determining consumer behavior, marketing campaign efficiency and customer satisfaction. Since sustainable business practices are becoming the focus of the insurance industry, effective use of data for marketing is now a primary method used. According to a McKinsey's report in 2023, it was revealed that marketers who incorporate data marketing can generate up to five times more customer interactions so beneficial to the company targeting buyers with green conscience (Rosário & Dias, 2023a).

This means that sustainability in marketing is not only defined by the promotion of environmentally friendly products but also with truthful practices with consumers' moral principles. A recent survey conducted by Accenture showed that 62% of consumers over the globe are more likely to engage with companies that publicly declare their sustainability policies. Another way is to understand customer needs and wants better by using data to know which segment values sustainability most and create products that would meet these needs (P. Jain et al., 2021).

In addition, application of advanced analytics also help insurers to predict the sustainability of their products on the environment and this way, they make the right decisions concerning the strategies to adopt in the marketing of specific products. For instance, the data analytics can be used by the insurance companies within giving incentives for such policies as taking insurance for green automobiles or insurance