

## **PRINCIPLES OF FORMATION OF MARKETING CHANNEL DISTRIBUTION AT THE LIFE CYCLE OF INSURANCE PRODUCTS**

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The author of the article covers the basics of building marketing distribution channels in the lifecycle of insurance products. Systematized approach to forming the marketing channels of distribution highlights the major components of the stages of formation. The analysis of changes in the principles of the formation of marketing distribution channels depending on the stage of the life cycle of an insurance product is provided. Basic tasks that need to be implemented during the formation of marketing distribution channels, depending on the stage of the life cycle of an insurance product are viewed in the article. The approaches to the choice of distribution channels depending on the stage of the life cycle of an insurance product are considered.

The formation of a marketing distribution channel is a process that is constantly fraught with the analysis of a large number of factors. The task of marketing channel is the most important task for any organization. Note that most of the decisions related to the formation channel directly connected with the successful implementation of insurance products on the market, and, basically, have a prolonged effect.

Activities undertaken during the formation of marketing channel affect the majority of all the tasks associated with marketing solutions for the organization of breeding and sales of insurance products on the market. In this connection it is necessary to consider the impact of the formation of marketing channel, not only on the specific insurance product, but also on the efficiency of the entire organization, because it addresses to the main issues of the organization's effectiveness in the market of insurance products and alignment of interactions with other organizations.

In our opinion, it is the stage of product life cycle that is believed to be the most influencing factor of the distribution channel formation.

The question of forming a channel of distribution is widely covered in the scientific literature. The difference of approaches consists mainly in a detailed description and the sequence of some steps. This aggregative pattern formation of marketing channel, the proposed educational materials on marketing, can be represented as follows:

- ◆ decision on the structure of distribution channels;

- ◆ selection of the types of intermediaries;
- ◆ selection of participants in the channel of distribution;
- ◆ motivation of channel participants;
- ◆ assessment of the participants in the channel sales.

This pattern reflects the main stages of the formation of marketing channels, however, does not clarify the essence of each of the stages. In addition, this scheme does not reflect the specific steps or tasks of distribution marketing functions among channel members.

Today the methodology developed by L. Stern is regarded as the most developed method of building marketing channels of distribution. This method includes 14 steps, among which, according to developers, none should be omitted for practical reasons.

Thus, the method proposed by L. Stern, includes a fairly detailed description of the actions taken by the company during the formation of the distribution system. It should be noted that the author in this case operates with the categories "ideal distribution system", "existing distribution system", "controlled distribution system", "optimal distribution system.

According to the analysis we can divide formative stage marketing channel of distribution into two main groups. The first group includes problems associated with the formation and management of marketing channel of distribution which must be carried out in various stages of the life cycle. The second group of problems is closely connected with transitions

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Table 1

**The problem of marketing distribution channel forming at the appropriate stages of the life cycle of an insurance product**

Stages of the life cycle of an insurance product	The problem of forming a marketing distribution channel
Research	Study of existing distribution channels and their functional load
	Analysis of distribution channels of competitors
Installation	Evaluation of the immediate prospects of existing channels
	Of short-term action plan in the marketing channel
Growth	Analysis of consumers and their requirements
	Analysis of the unique insurance product
Maturity	Creating a regulated system based on the direct management of marketing channel
	Analysis of marketing channel
Recession	Organization of work in the best distribution channels

Table 2

**The choice of the formation of a channel of distribution depending on the stage of the life cycle of an insurance product**

Stages of the life cycle of an insurance product	Features of the life cycle of the insurance product	Distribution channel
Research, Installation	High development costs. The high cost of implementation. The low level of sales	Direct distribution channel: - Staff; - Offices; - Agents
Growth	The high cost of implementation. The high level of sales	Direct distribution channel: - Staff; - Offices; - Agents. Facilitators: - Partners
Maturity	Low implementation costs. The high level of sales	Direct distribution channel: - Staff; - Offices; - Agents. Facilitators: - Partners; - Brokers
Recession	Rising costs of implementation. The low level of sales	Direct distribution channel: - Agents. Facilitators: - Partners

between stages of the life cycle of an insurance product.

Thus, it is necessary to form a marketing channel, focusing on the stage of the life cycle of an insurance product; it will effectively build all the stages of formation, and, therefore, of achieve maximum results from the produced events. In organizing the formation of a marketing distribution channel allocates several blocks associated with the analysis of marketing channels of distribution, analysis of insurance products and organization structure of marketing channels. A number of tasks was performed during different stages of the formation of marketing distribution channels having cycles.

Considering the stages of the life cycle of the insurance products are distinguished by the problem of formation of marketing channels to be implemented. The influence of life cycle stages are not the same at different stages of the formation of a marketing distribution channel that allows you selecting the most universal action, and pay more attention to problems associated with particularly dependent on the phases of the formation of a marketing distribution channel.

Systemized approach to building the marketing channel of distribution depending on the stage of the life cycle of an insurance product is listed in table 1. You need to select the study

phase, the stage of life cycle of the insurance product that is different formation of the insurance product. It is necessary to use, as efficiently as possible, all the marketing decisions associated with the competitive environment that is not only a unique insurance product, as well as customer segments and distribution channels of existing own and channels competitors. At this stage, a point of view is formed that will be used throughout the existence of a channel of distribution. In this regard it should be possible to organize effectively the research of applying all the possible means. Problems associated with analysis of distribution channels, competitors are among the most expensive, while they lay in the proper formation of the distribution channel.

While considering the stages of the life cycle of an insurance product, patterns can be identified that are associated with the costs of selling and sales. Based on this information,

you can create a generalized system presented in table 2, effectively choose an existing distribution channel of insurance products, depending on the stage of life cycle, in which it is located. The main channel of distribution at all stages of the life cycle of an insurance product is a direct channel, which includes agency, office and sales staff members of the insurance company. The use of this channel reasonably increases the efficiency of the reaction, when changes are made inside the channel.

The developed method of forming a marketing distribution channel, based on the stages of formation of the life cycle of an insurance product, can effectively build a marketing channel, regardless of development level at the moment. This approach could be formed at any stage of the life cycle of an insurance product that allows you to speak of a universal approach to the construction of a marketing distribution channel.

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