



Insurance-based marketing (IBM): a prevalent marketing strategy

Sandra Zwier¹

Received: 28 September 2020 / Revised: 6 November 2020 / Accepted: 4 February 2021
© The Author(s), under exclusive licence to Springer Nature Limited part of Springer Nature 2021

Abstract

Insurance-based marketing (IBM) is the marketing of products and services as being available for free or at a strongly reduced price due to coverage by clients' insurance plans. This paper introduces IBM, identifies its main characteristics and presents a theoretical model that can explain IBM's marketing function. A taxonomy with examples renders more insight into the different formats that IBM takes on in practice. Two studies into the prevalence of IBM for windshield repair and flu vaccination in different countries across the world provide evidence for the prevalence of IBM. Finally, a discussion of the ethical considerations highlights the benefits of IBM for clients' information provision, but also the risks of higher premiums through the encouragement of moral hazard. Diverse kinds of stakeholders can find value in thinking through their options to include IBM in their marketing mix.

Keywords Insurance-based marketing · Insurance marketing · Windshield repair · Flu vaccination · Moral hazard

Introduction

The present paper introduces a marketing strategy that has existed for some time already, but has not been recognized as a separate and significant financial marketing strategy so far. We will refer to the phenomenon as 'insurance-based marketing' (IBM). Insurance-based marketing is promotional communication by providers claiming that clients can obtain their product or service for free or at a strongly reduced price, since expenses will be (partially) covered by the client's insurance plan. IBM thus is primarily initiated by the providers of products or services and highlights the compensations offered by insurers as a third party. The below example from a windshield repair company from Arizona, USA, illustrates the practice:

And the best part? ProLite offers auto glass repairs and replacements for absolutely no cost to you. That's right, **0\$ out-of-pocket costs**, as long as you're covered for auto glass by your insurer of choice. No need to leave home or work either, as **we will come any-**

where that's convenient for you in the greater Phoenix Valley, for free! (bold in original).¹

IBM occurs in diverse industries, such as the automotive industry, dentistry, home restoration, counseling and therapy, optometry and pharmacy. It is a phenomenon of relevance not only because it is a recurrent marketing strategy across different business domains that has gone largely unnoticed in the literature so far. Also, IBM raises a number of ethical issues that warrant discussion. Among these is that IBM appears to walk a thin line between information provision, versus gaining advantage from benefits not borne by the providers themselves, but borne by insurers as a third party (Balafoutas et al. 2017).

The present paper introduces IBM by outlining the basic characteristics of IBM as a marketing strategy and the underlying processes through which IBM exerts its marketing function. Next, a taxonomy of IBM occurrences in practice is provided, followed by two studies into the prevalence of the use of IBM for the business areas of windshield repairs and flu vaccination in five different countries across the world. The paper ends with an outline of the ethical issues surrounding IBM and a general discussion.

✉ Sandra Zwier
s.m.zwier@uva.nl

¹ Department of Communication Science, Amsterdam School of Communication Research ASCoR, University of Amsterdam, PO Box 15795, 1001 NG Amsterdam, the Netherlands

¹ <https://proliteautoglassaz.com/service-areas/fountain-hills/>.



Basic characteristics of IBM

The main message of IBM is that the provider's products or services are available to clients for free or at a strongly reduced price due to coverage by a client's insurance plan. This message is communicated via the media, with the message sender being the provider of the relevant product or service. The insurer therefore plays the role of a third party that functions to leverage the free offer or price reduction and to therefore raise to clients' interest in the provider's product or service. The insurance plan concerned can be a private plan, but can also involve group insurance plans such as health maintenance organizations (HMOs) in the USA or public insurance plans such as the National Health Service (NHS) in the UK.

IBM is enabled through those insurance plans do not compensate their policyholders through a lump sum transfer, but through the coverage of expenses for products or services that can mitigate the client's damage or loss (Hayes 2019). Health insurance plans may, for instance, cover the supply of orthopedic footwear when a client's medical condition requires special footwear, home insurance plans might compensate the repair of a roof after hail damage, and legal expenses insurance could reimburse the costs of a lawyer in case of a legal dispute, among others. In all such cases, a provider, be it an orthopedic footwear supplier, home construction company or lawyer, can market their products or services as being available to clients for free or at a reduced price since expenses will be compensated by clients' insurance plans.

Three types of products and services typically compensated by insurance plans are especially relevant to IBM, namely those related to prevention, remedy and replacement. IBM for prevention products and services benefits from insurers' aim to reduce the risk of higher damages or losses. For instance, IBM for home smoke alarms benefits from home insurers' aim to avoid higher costs for restoration after a home fire. Similarly, IBM for medical diagnostic tests benefits from health insurers' interest in preventing higher costs when the client's condition remains untreated and worsens. IBM for remedy products and services, on the other hand, rests on the insurers' duty after the event of damage or loss. It can involve repairs to objects such as a car or family jewelry, or treatment of medical conditions such as arthritis or posttraumatic syndrome. IBM for replacement products and services, finally, rests on insurers' duty to replace an item in case of permanent damage or loss. The below example from a hearing aid company illustrates IBM for replacement in case of permanent damage or loss:

You want to be able to trust your hearing aid. So you are being careful. But what if it is damaged by an accident? Or if you lose it? With the replacement insurance

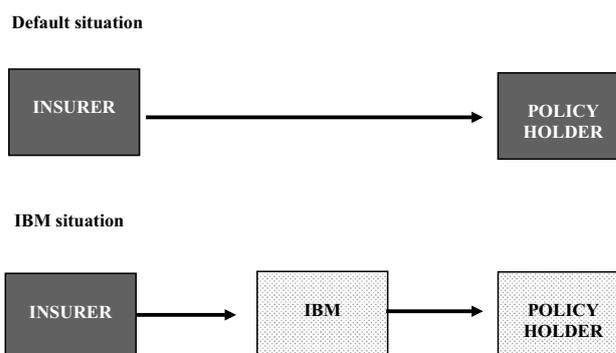


Fig. 1 Conceptual model for IBM

provided by Zurich Insurance PLC, your hearing aid is insured for a maximum of five years. In the event of loss, theft or irreparable damage, *Beter Horen* will replace your hearing aid as soon as possible in close consultation with you by the same type or a technically equivalent device.²

Theoretical model

How does IBM exert its marketing function? When considering this question, it is of relevance to recognize, first, that IBM takes places within a context of judgment under uncertainty from the side of clients. This is because insurance policies are typically very complex products, and a lack of 'insurance literacy' is highly prevalent among policyholders (Kim et al. 2013). Few policyholders thus know exactly what type of insurance compensation they can expect in what situation (Levitt 2015; Robson 2015; Tennyson 2011). Second, and due to the classic groundbreaking work of Tversky and Kahneman, we know that judgments under uncertainty is highly susceptible to message characteristics or 'frames' that highlight particular aspects of a situation while downplaying other aspects of the same situation (Tversky and Kahneman 1981, 1989).

Figure 1 pictures how the marketing function of IBM can be modeled, given its context of judgment under uncertainty where there is high susceptibility to message frames among policyholders. The top part in the figure represents the default situation where the insurer communicates to policyholders about its policy schemes and when and how specific insurance compensations apply. The role of IBM as a marketing strategy is modeled in the lower part of the figure. IBM is positioned between the message from the insurer to

² <https://www.beterhoren.nl/nazorg-en-service/hoortoestel-verzekering-en-vervanging>.



its policyholders here. IBM frames the insurer's policy message in one particular way, namely that policyholders can obtain certain products or services from this provider 'for free' or a 'strongly reduced price.' This framing of the insurer's policy message through IBM is illustrated in Fig. 1 by a change in the color of the insurer's message (dark gray) into the color of the message as framed by IBM (dotted pattern).

Tversky and Kahneman (1981, 1989) posit that the use of different message frames in situations of uncertainty can trigger notably different mental representations of otherwise identical issues. The specific message frame employed in IBM is that insurance compensation is a 'special opportunity' enjoyed by policyholders to obtain certain products or services for free or at a reduced price. This notably deviates from other frames that may be used for insurance compensation. From a consumer rights perspective, for instance, insurance compensation is not a special opportunity, but 'merely' a part of insurers' contractual obligations toward their policyholders (e.g., Merkin and Gürses 2015).

In line with Tversky and Kahneman's formative work, a myriad of research shows that message frames can impact audiences' mental representations and the decisions that follow from these, including how people perceive of insurance policies (Dreves and Tscheulin 2013) and gift promotions (Montaner et al. 2011). The lure of the frame that insurance compensation is a 'special opportunity' to obtain products or services for free or at a highly reduced price likely is hard to underestimate. People are willing to go a long way for reduced or free products, even if their value is relatively low (Lee and Yi 2019; Shampanier et al. 2007). Recent examples include frenzy brawls in French supermarket aisles after a Nutella price drop and Australian shopping mall visitors becoming injured in a stampede to win free coffee and parking vouchers (Molloy 2018; Smit and Ruiz 2019). Shampanier et al. (2007) suggest that the most likely explanation is the absence of anticipated regret. Thus, even if something that was obtained at very low or no charges proves unattractive or useless in hindsight, there are no monetary losses to regret. The types of products and services typically covered by insurance plans in fact are nearly always of significant monetary value, meaning that people perceive substantial savings from the 'reference price,' i.e., the price that one presumably would have paid otherwise (Ahmetoglu et al. 2014).

Taxonomy of IBM

A taxonomy of different occurrences of IBM can render more insight into the different formats that IBM can take on in practice. The present taxonomy is based on two dimensions, namely the insurer appeal and the service appeal, respectively (see Fig. 2).

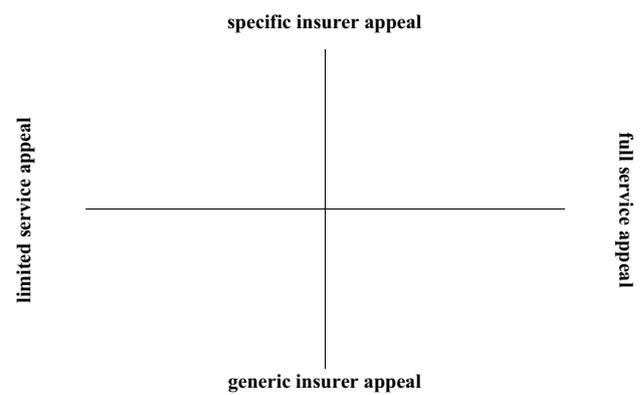


Fig. 2 IBM taxonomy

Insurer appeal

The insurer appeal in IBM can range from generic to specific. In case of generic insurer appeals the IBM message does not name specific insurance plans, but refers to 'several' or 'many' insurance plans that will cover the expense. An example:

If you're considering gastric bypass but you are worried about insurance coverage, you'll be happy to know that this procedure **is covered** by many insurances. (bold in original).³

Generic insurer appeals typically build upon common uncertainties regarding insurance coverage regulations. People, for instance, often do not know what the insurance status of contraceptive products is (Raissian and Lopoo 2015). Providers of contraceptive product employing IBM therefore regularly give potential clients detailed guidance on how to check their personal health insurance plan for potential coverage. Similarly, cosmetic clinics and salons invest in informing clients that health insurance plans may in certain cases cover cosmetic treatments. The example below is from a beauty salon:

Acne treatments are (fully or partially) covered by most health insurers. The ANBOS website provides the most recent list of health insurers that compensate acne treatments. Is your health insurer not on this list or in case of doubt, contact your health insurer or check your insurance policies. (translated from Dutch).⁴

Rather than referring to insurance plans in general, IBM can also refer to specific named insurance plans. In

³ <https://www.foothillsweightloss.com/04/gastric-bypass-is-covered-by-many-insurance-plans/>.

⁴ <https://www.advancebeauty.nl/blz/acne-therapie.html>.



some cases, such specific insurer appeals result from provider–insurer partnerships. A car insurer may, for instance, enter a partnership with a dashboard camera provider to reduce the former’s risk of insurance liability in case of an accident. The provider then promotes a discount on dashboard cameras for policyholders of the specific insurance plan. The primary reason why providers make reference to specific insurance plans, however, is when insurers have a (near) monopoly position. The formerly compulsory and state-owned automobile insurer in British Columbia (ICBC), for instance, has a near monopoly over car insurance in this Canadian state (Bird 2013). Several British Columbia-based providers, such as car repair companies, lawyers, physiotherapists, acupuncturist and counselors, therefore habitually refer specifically to ‘ICBC coverage’ options in their IBM. An example from a concussion clinic from Victoria, British Columbia:

ICBC has made some exciting changes to accident benefits. Most services for accidents happening after April 1st 2019 are now pre-approved—meaning you can access them without a referral and the full cost is covered for up to 12 weeks.⁵

Service appeal

Besides insurer appeals, IBM can vary in its service appeals. In some cases, providers make reference to a full-service handling of clients’ insurance claims, meaning that the provider will handle financial compensation directly with the client’s insurer. Such full service appeals often hinge on the notoriously labor-intensive reputation of filing insurance claims, whereby the provider promises clients to relieve them from this job. An example from a roof repair company in Illinois, USA:

Insurance companies are large organizations. As such, the amount of information and paperwork they generate can be impressive. Remember, we work on your behalf and deal directly with your insurance company. Accordingly, we will handle all necessary paperwork and documentation they require. [...] Our office will follow-up with the insurance company. We will invoice them to release the final payment. Then, once we receive final payment, the insurance claim process is now complete.⁶

Besides full service, IBM appeals can span a broad range of service levels, from full to minimal. There can, for

instance, be a pledge to assist clients in the process of filing insurance claims, although final settlement will need to take place between the client and the insurer. More at the other end of the continuum, the service appeal can be limited to a promise to ‘advise’ the client with their insurance claims, as in the following example of a Finnish marine engineering company:

We may also advise on insurance claims and communicate with classification societies.⁷

Study of IBM in two business areas

A study of IBM in two business areas will now be presented that provides further insight into the prevalence of IBM in different countries across the world. The two business areas in question are windshield repairs and flu vaccinations, respectively. As well, the study endeavors to establish the use of different insurer and service appeals across the two business areas and countries.

IBM for windshield repairs

The first study targeted windshield repairs, a market that arose some forty years ago when cost-effective technologies were developed for removing air in damaged windshields and replacing it with a resin (Shuh 2019). The current-day market for windshield repairs is one of the intense competitions between providers (Market Research Engine 2018). Since the repair of windshield chips and cracks is covered by many car insurance plans, it is also a suitable market for IBM.

Method

The study of IBM for windshield repairs was based on an analysis of 75 English-language providers’ websites. This selection of websites is not to suggest that IBM occurs merely through online media. However, if IBM occurs in other media channels, then this will very likely be reproduced on the providers’ websites.

The selection of the providers was motivated by a ‘most different systems approach’ (Rössler 2013), meaning that providers were chosen from five different countries from five different continents and from different provider markets, with the aim to optimally test the assumption that IBM occurs across global, national and local contexts. The five

⁵ <http://concussion.talltreehealth.ca/icbc>.

⁶ <https://abcroof.net/insurance-claim-process/>.

⁷ <https://www.wartsila.com/services-catalogue/seals-bearings-services/wartsila-shaft-line-repair-services>.



Table 1 Windshield repair providers per country using IBM

	Country ^a					X^2 ($df = 4$, $N = 75$)
	Australia <i>n</i> (%)	England <i>n</i> (%)	Gulf region <i>n</i> (%)	South Africa <i>n</i> (%)	USA <i>n</i> (%)	
Insurance coverage options	11 (73.3%)	13 (86.7%)	5 (33.3%)	10 (66.7%)	12 (80.0%)	11.89*
Full-service appeals	4 (26.7%)	8 (53.3%)	3 (20.0%)	3 (20.0%)	7 (46.7%)	6.60

* $p < .05$ ^a $N = 15$ providers per country

countries from which providers were chosen were Australia, England,⁸ the Gulf region,⁹ South Africa and USA, with 15 providers per country each.

To ensure variation in the selection of providers within countries, first five provinces/states per country were randomly selected and thereafter three providers per province/state. Because chain providers' marketing tend to have a more uniform character than independent providers, six of the selected providers per country (40%) furthermore were always chain providers, meaning that the provider was part of a group of windshield repair providers sharing the same brand name and website. The other nine providers per country (60%) were independent providers. Differences might also arise due to providers operating in a more rural versus metropolitan context, and that is why one of the windshield repair providers per province/state was always based in the province/state's largest city, while the other two providers were based in smaller cities or towns from the same province/state.¹⁰

Findings

A majority of 51 out of the 75 windshield repair providers in the sample (68.0%) across countries were found to refer to insurance coverage options for windshield repairs. Table 1 (top row) shows that the share of windshield repair providers referring to insurance coverage options was at least two-thirds in four of the five countries, with the exception is the Gulf region where reference to insurance coverage appeared somewhat more limited to around a third of windshield repair providers.

Twenty-five windshield repair providers in the sample (33.3%) furthermore offered clients a full-service handling of the insurance claim process. Table 1 (bottom row) shows that the offer to handle the insurance process on the client's

behalf was used by a minimum of one-fifth of the windshield repair providers per country and by up to half of the providers in England and the USA. Furthermore, all windshield repair providers without exception made use of generic insurance appeals rather than mentioning any specific car insurance plan that would cover the costs.

Chain providers seemed slightly more likely (75.9%) than independent providers (63.0%) to refer to insurance coverage options for the windshield repairs and also somewhat more likely to offer a full-service handling of the insurance claim process (41.4%) than independent suppliers (28.3%). Chi-squared tests, however, were not significant X^2 ($df = 1$, $N = 75$) = 1.34, $p = 0.25$ and X^2 ($df = 1$, $N = 75$) = 1.38, $p = 0.24$, respectively). Finally, the use of IBM proved independent from whether providers were based in the largest cities or smaller cities and towns (X^2 ($df = 1$, $N = 75$) = 0.024, $p = 0.88$).

IBM for flu vaccination

The second study focused on IBM for flu vaccination, i.e., immunization against influenza viruses. Flu vaccinations were first applied on an extensive scale among American soldiers during World War II (Stern and Markel 2005) and are nowadays widely regarded as the preferred method to prevent possible severe outcomes from influenza (WHO 2012).

Insurance coverage options for flu vaccinations vary per country. Many middle- and high-income countries, such as Australia, the UK and the United Arab Emirates, have governmental funding programs for flu vaccination in place. These programs typically cover the costs of flu vaccination for certain citizen groups, notably pregnant women, senior citizens and people with chronic medical conditions such as HIV or diabetes. In other countries such as South Africa and the USA, clients' health insurance plans may cover the costs for flu vaccination. This allows providers of flu vaccinations to use these coverage arrangements as a basis for IBM.

⁸ Not including Scotland, Wales and Northern Ireland.

⁹ Countries included were: Kuwait, Oman, Qatar and the United Arab Emirates.

¹⁰ This proved not possible for the Gulf region, where suppliers in almost all cases were based in the capitals and/or major cities.



Table 2 Flu vaccination providers per country using IBM

	Country ^a					χ^2 ($df = 4$, $N = 75$)
	Australia <i>n</i> (%)	England <i>n</i> (%)	Gulf region <i>n</i> (%)	South Africa <i>n</i> (%)	USA <i>n</i> (%)	
Insurance coverage options	9 (60.0%)	11 (73.3%)	0 (0%)	3 (20.0%)	7 (46.7%)	22.22**
Specific insurer appeals	7 (46.7%)	10 (66.7%)	0 (0%)	1 (6.7%)	1 (6.7%)	12.83*

* $p < .05$; *** $p < .001$

^a $n = 15$ providers per country

Method

The selection of providers for the study of IBM for flu vaccination was exactly similar to the study into windshield repair providers. Thus, the study was based on 75 English-language flu vaccination providers from the same five countries and selected on the basis of the same criteria as the study into windshield repairs.

Findings

Thirty out of the 75 flu vaccination providers in the sample (40.0%) were found to refer to coverage options. Table 2 (top row) shows differences between countries: England tops the list with more than 70 percent of the providers highlighting the insurance coverage options, followed by Australia and the USA. Reference to coverage options for flu vaccination, on the other hand, was scarcer for providers from South Africa, while it was absent in the Gulf region, although flu vaccination is covered by several medical aid schemes in South Africa (Malherbe 2018) and by a governmental vaccination program for native Emiratis and vulnerable groups in the United Arab Emirates (Haziq 2019).

The bottom row in Table 2 shows that all English providers except one referred to a specific coverage scheme. This was always the British National Health Service (NHS), which covers the costs of flu vaccination for British citizens vulnerable to complications from influenza, such as senior citizens and people with chronic conditions, although a prescription charge may apply for those on a higher income. Australia proved largely similar to England, with most providers specifically referring to the Australian Governmental Immunization Programme (GIP) that covers the costs for vulnerable citizen groups. Flu vaccination in the USA, on the other hand, is mostly covered by individual citizens' health insurance plans (Galewitz 2019). As shown in Table 2 bottom row, US flu vaccination providers therefore tended to use generic insurer appeals stating that clients' health insurance plans in general may cover the expense. No provider in the sample of flu vaccination providers explained their service level in handling the coverage claim.

Chain providers seemed slightly more likely (45.2%) than independent providers (36.40%) to refer to insurance coverage, but the Chi-squared test was not significant (χ^2 ($df = 1$, $N = 75$) = 0.59, $p = 0.44$). Also, reference to insurance coverage proved independent from whether providers were based in large cities or rural areas (χ^2 ($df = 1$, $N = 75$) = 0.013, $p = 0.91$).

Conclusion

A study into two IBM business areas was carried out to provide first insight into the prevalence of IBM on an international scale. These study of these two business areas suggests, first, that IBM for windshield repairs and flu vaccination is a widespread phenomenon that significant shares of providers across the world engage in. This conclusion proved unequivocal for Australia, England and the USA, while it was somewhat more mixed for the Gulf region and South Africa. Conclusions regarding the latter two countries/regions therefore must be taken with some caution, also since English-language provider websites may not be representative for all providers from these countries. English however is a widely used advertising language in both South Africa and the United Arab Emirates, even when target audiences are local (Kamwangamalu 2008; Nickerson and Camiciottoli 2013). The more mixed findings for the latter two countries/regions thereby suggest that national factors are playing a role in the prevalence of IBM, be they economic, cultural, religious or otherwise. For instance, reservations over the compatibility of marketing with Islamic values (Zarrad and Debabi 2015) may have a dampening effect on the use of IBM in the Gulf region.

The share of providers engaging in IBM for windshield repair proved somewhat higher than for flu vaccination providers in all countries. This likely reflects a long-standing reservation among health professionals toward marketing practices, more than among providers of other types of services such as the automotive industry. This reservation was formulated by Pellegrino (1999) as 'health is a human good that a good society has an obligation to protect from the market ethos' (p. 243). Many countries, for instance, strictly regulate the marketing of healthcare products such



as prescription medicine (Ortiz and Rosenthal 2019; Zwier 2014). At the same time, it should be noted that the prevalence of IBM for flu vaccination proved far from negligible in the present study.

Besides the conclusion that IBM is a widespread phenomenon, the study further showed that the particular appeals used are shaped by characteristics of the relevant markets. There are many different car insurers on nearly every national market (Market Research Engine 2018), which explains why windshield repair providers use generic insurer appeals to engage as many potential clients as possible. Flu vaccination coverage, on the other hand, is often dominated by public insurance plans (Houle et al. 2019). Providers often name this specific plan, likely to enhance perceived eligibility among potential clients. In a similar vein, full-service handling of clients' insurance claims is not so much customary in the automotive market that providers will not boast it when they have it in place. Flu vaccination providers, on the other hand, tend to omit issues of claim handling, likely because full service is a rather common practice in health care provision that clients will not perceive as a special opportunity.

Ethical considerations

Is IBM a fair practice? On the one hand, IBM educates insurance policyholders about their rights in return for insurance premium payments. Research clearly shows that most people have limited knowledge of the rights and obligations that come with insurance arrangements (Kim et al. 2013). This has been shown to have negative effects on people, such as avoidance of aid owing to fear of the expected costs (Kim et al. 2013; Tipirneni et al. 2018; Zhao et al. 2019). IBM can thus help to mitigate these concerns, which is especially relevant for groups in society suffering from financial hardships.

The argument that IBM can educate consumers reflects one side of a long-standing debate over whether marketing and advertising can inform the public or whether the persuasive intent inevitably compromises the information provision (e.g., Calfee and Ringold 1994; Pollay 1986; Steiner 1976). For instance, where proponents of prescription drug marketing argue that it enables patients to make better informed choices about their treatment (e.g., Bonaccorso and Sturchio 2002), opponents claim that prescription drug advertisements render a biased picture of the advantages versus drawbacks of the marketed drugs, leading to overall negative effects on patients (e.g., Frosch et al. 2007). In a similar vein, though IBM can educate people about their rights for insurance compensation, there are obvious limitations to the information provision. IBM, for instance, does not inform

policyholders about the risks of heightened insurance rates after filing an insurance claim. Also, while IBM suggests that the coverage is somehow unique to the provider's products or services, clients can nearly always obtain coverage for comparable or perhaps higher-quality products or services from other providers.

A general concern surrounding IBM is that it is likely to drive up insurance rates due to increased 'moral hazard.' In the insurance literature, moral hazard refers to the increased propensity to take risks, as well as the increased use of compensation for damage or losses, when these are covered by insurance (e.g., Pauly 1986; Shavell 1979). Healthcare utilization, for instance, goes up when health insurance is extended (Buchmueller et al. 2005), and people are also more likely to seek legal advice when they are on legal expenses insurance (Van Velthoven and Klein Haarhus 2011). Balafoutas et al. (2017) have shown that providers are among the drivers of moral hazard as they tend to expand their supply when clients' expenses are covered by a third party, a phenomenon labeled 'second-degree moral hazard' by these authors. IBM can be regarded as a manifestation of such second-degree moral hazard in encouraging clients to utilize insured products and services, which inevitably leads to higher premiums for all.

Conclusion and managerial implications

This paper introduced IBM as a prevalent marketing strategy in diverse industries and across countries. The present concluding section discusses some of the theoretical and managerial implications of the recognition of IBM. First, from a theoretical point of view, the present analysis suggests that uncertainty in the relationship between consumers and providers forms an especially fertile ground for third parties' marketing initiatives broadly. In case of IBM, this concerns uncertainty among insurance policyholders regarding the precise conditions under which insurers' coverage applies. This lends room to product and service providers as a third party to strategically frame the insurers' message in a direction aligning with the provider's goals. In other cases, such as direct-to-consumer marketing of prescription medicine (Donohue et al. 2007; Wilkes et al. 2000), the fertile ground for marketing initiatives concerns uncertainty over agency in the physician-patient relationship. This ambiguity creates an opportunity for pharmaceutical companies as a third party to strategically frame their drugs as being available to patients upon request to their physician. At the same time, our analysis of third-party marketing initiatives as rooted in uncertainty in the relationship between consumers and insurers, points to certain boundary conditions. These boundaries seem to lie in those insurance services that people have grown accustomed to or take for granted. Few people will,



for example, regard insurance coverage of bone fractures or firefighting services as a special opportunity. Extra services, such as physical therapy after a bone fracture or fire prevention consultancy, may, on the other hand, be more viably framed as ‘special opportunities,’ even when they are just as much part of the conventional insurance package as core services.

Managerial implications

Diverse kinds of stakeholders may find value in thinking through their options to include IBM in their marketing mix. This concerns providers of products and services that are typically covered by private insurance plans. Besides private insurance plans, this also includes organizations offering products or services covered by public funding schemes. An example are schools that can strengthen their competitive advantage through IBM for those programs they can offer their students through state or local government aid. Second, recognition of and insight into IBM as a prevalent marketing strategy can motivate management of insurance providers to further position themselves toward a practice that puts insurers in an essentially passive, yet funding role. Insurers’ attitudes toward IBM are presently unknown. A well-disposed attitude, however, does not seem likely, given the increased risk of moral hazard through IBM. Car insurers, for instance, have allegedly referred to windshield repair providers’ IBM practices as a ‘plague to insurers’ (Wilson 2019), while health insurers in Europe have considered legal action against eyewear companies for driving up their costs through IBM (Hotse Smit 2016). Individual insure companies might be more positively inclined toward IBM practices that stress the unique opportunities of their own insurance plans. Even in these cases, insurers may however prefer to keep the marketing of their unique benefits into their own hands, rather than seeing them appropriated by third-party product and service providers.

References

- Ahmetoglu, G., A. Furnham, and P. Fagan. 2014. Pricing practices: A critical review of their effects on consumer perceptions and behavior. *Journal of Retailing and Consumer Services* 21 (5): 696–707.
- Balafoutas, L., R. Kerschbamer, and M. Sutter. 2017. Second-degree moral hazard in a real-world credence goods market. *The Economic Journal* 127 (599): 1–18.
- Bird, M.C. 2013. The insuring crowns: Canada’s public auto insurers. *BC Studies: The British Columbian Quarterly* 177: 127–145.
- Bonaccorso, S.N., and J.L. Sturchio. 2002. Direct to consumer advertising is medicalising normal human experience: Against. *The BMJ* 324 (7342): 910–911.
- Buchmueller, T.C., K. Grumbach, R. Kronick, and J.G. Kahn. 2005. The effect of health insurance on medical care utilization and implications for insurance expansion: A review of the literature. *Medical Care Research and Review* 62 (1): 3–30.
- Calfee, J.E., and D.J. Ringold. 1994. The 70% majority: enduring consumer beliefs about advertising. *Journal of Public Policy & Marketing* 13 (2): 228–238.
- Collinson, P. 2012. How insurance companies defraud us. *The Guardian*, 14 September, <https://www.theguardian.com/money/blog/2012/sep/14/insurance-companies-defraud-us>
- Donohue, J.M., M. Cevalco, and M.B. Rosenthal. 2007. A decade of direct-to-consumer advertising of prescription drugs. *New England Journal of Medicine* 357 (7): 673–681.
- Dreves, F., and D.K. Tscheulin. 2013. The effect of framing on the choice of co-payment policies, reducing moral hazard and post-choice-evaluation. *Journal of Business Economics* 83 (3): 213–233.
- Frosch, D.L., P.M. Krueger, R.C. Hornik, P.F. Cronholm, and F.K. Barg. 2007. Creating demand for prescription drugs: A content analysis of television direct-to-consumer advertising. *The Annals of Family Medicine* 5 (1): 6–13.
- Galewitz, P. 2019. Why our free flu shots actually cost us down the road. *Washington Post*, 24 November, https://www.washingtonpost.com/health/why-our-free-flu-shots-actually-cost-us-down-the-road/2019/11/22/8c445d80-0aec-11ea-97ac-a7ccc8dd1ebc_story.html
- Hayes, A. 2019. What is an insurance claim? *Investopedia*. https://www.investopedia.com/terms/i/insurance_claim.asp Accessed 7 July 2020.
- Haziq, S. 2019. UAE ministry offers free vaccination for high risk groups. *Khaleej Times*, 14 October. <https://www.khaleejtimes.com/news/uae-health/uae-ministry-offers-free-flu-vaccination-for-high-risk-groups->
- Hotse Smit, P. 2016. Zorgverzekeraar wil brillenwinkels aanklagen wegens opjagen zorgkosten, [Health insurer want to sue eyewear companies due to driving up healthcare costs]. *De Volkskrant*, 19 November. <https://www.volkskrant.nl/economie/zorgverzekeraar-wil-brillenwinkels-aanklagen-wegens-opjagen-zorgkosten~b052c4af/>
- Houle, S.K.D., C.A. Carter, R.T. Tsuyuki, and K.A. Grindrod. 2019. Remunerated patient care services and injections by pharmacists: An international update. *Canadian Pharmacists Journal/Revue des Pharmaciens du Canada* 152 (2): 92–108.
- Kamwagamalu, N.M. 2008. From linguistic apartheid to linguistic co-habitation: Codeswitching in print advertising in post-apartheid South Africa. *Journal of Creative Communications* 3 (1): 99–113.
- Kim, J., B. Braun, and A.D. Williams. 2013. Understanding health insurance literacy: A literature review. *Family and Consumer Sciences Research Journal* 42 (1): 3–13.
- Lee, S., and Y. Yi. 2019. Retail is detail! give consumers a gift rather than a bundle: Promotion framing and consumer product returns. *Psychology & Marketing* 36 (1): 15–27.
- Levitt, L. 2015. Why health insurance literacy matters. *JAMA* 313 (6): 555–556.
- Lusardi, A., and O.S. Mitchell. 2014. The economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature* 52 (1): 5–44.
- Maheswaran, D., and J. Meyers-Levy. 1990. The influence of message framing and issue involvement. *Journal of Marketing Research* 27 (3): 361–367.
- Malherbe, K. 2018. Why it is important to get the flu injection. *Independent Online*, 21 March. <https://www.iol.co.za/lifestyle/health/why-it-is-important-to-get-the-flu-injection-13931386>
- Market Research Engine. 2018. Automotive glass market by type. *Global Industry Analysis and Forecast 2018 – 2024*. <https://www.marketresearchengine.com/reportdetails/automotive-glass-market> Accessed 7 July 2020.



- Merkin, R., and O. Gürses. 2015. The Insurance Act 2015: rebalancing the interests of insurer and assure. *The Modern Law Review* 78 (6): 1004–1027.
- Molloy, M. 2018. Discount Nutella sparks violence and stampedes in French supermarkets. *The Telegraph*, 26 January. <https://www.telegraph.co.uk/news/2018/01/26/discount-nutella-sparks-violence-stampedes-french-supermarkets/>
- Montaner, T., L. De Chernatony, and I. Buil. 2011. Consumer response to gift promotions. *Journal of Product & Brand Management* 20 (2): 101–110.
- Nickerson, C., and B. Crawford Camiciottoli. 2013. Business English as a lingua franca in advertising texts in the Arabian Gulf: analyzing the attitudes of the Emirati community. *Journal of Business and Technical Communication* 27 (3): 329–352.
- Ortiz, S.E., and M.B. Rosenthal. 2019. Medical marketing, trust, and the patient-physician relationship. *JAMA* 321 (1): 40–41.
- Paul, D.P., A. Handlin, and A. D'Auria Stanton. 2002. Primary care physicians' attitudes toward direct-to-consumer advertising of prescription drugs: still crazy after all these years. *Journal of Consumer Marketing* 19 (7): 564–574.
- Pauly, M.V. 1986. Taxation, health insurance, and market failure in the medical economy. *Journal of Economic Literature* 24 (2): 629–675.
- Pellegrino, E.D. 1999. The commodification of medical and health care: the moral consequences of a paradigm shift from a professional to a market ethic. *The Journal of Medicine and Philosophy* 24 (3): 243–266.
- Pollay, R.W. 1986. The distorted mirror: reflections on the unintended consequences of advertising. *Journal of Marketing* 50 (2): 18–36.
- Raissian, K., and L. Lopoo. 2015. Mandating prescription contraception coverage: Effects on contraception consumption and preventive health services. *Population Research and Policy Review* 34 (4): 481–510.
- Robson, J. 2015. General insurance marketing: A review and future research agenda. *Journal of Financial Services Marketing* 20 (4): 282–291.
- Rössler, P. 2013. Comparative content analysis. In *The handbook of comparative communication research*, ed. F. Escher and T. Hanitz, 481–490. New York and London: Routledge.
- Shampanier, K., N. Mazar, and D. Ariely. 2007. Zero as a special price: The true value of free products. *Marketing Science* 26 (6): 742–757.
- Shavell, S. 1979. On moral hazard and insurance. In *Foundations of insurance economics*, ed. G. Dionne and S.E. Harrington, 280–301. Dordrecht: Springer.
- Shuh, D. 2019. *History of windshield repair*. <https://nwrassn.org/history-of-windshield-repair/> Accessed July 7, 2020.
- Smit, T. and K. Ruiz 2019. Westfield shoppers caught in midnight stampede were trying to get their hands on vouchers for coffee and free parking hidden in balloons. *MailOnline*, 24 December. <https://www.dailymail.co.uk/news/article-7823809/Westfield-shoppers-injured-stampede-trying-COFFEE-VOUCHERS-free-parking.html>
- Steiner, R.L. 1976. The prejudice against marketing: society honors those who build better mousetraps but suspects those who market mousetraps better. *Journal of Marketing* 40 (3): 2–9.
- Stern, A.M., and H. Markel. 2005. The history of vaccines and immunization: Familiar patterns, new challenges. *Health Affairs* 24 (3): 611–621.
- Tennyson, S. 2011. Consumers' insurance literacy: evidence from survey data. *Financial Services Review* 20 (3): 165–179.
- Tipirneni, R., et al. 2018. Association between health insurance literacy and avoidance of health care services owing to cost. *JAMA Network Open* 1 (7): e184796.
- Tversky, A., and D. Kahneman. 1981. The framing of decisions and the psychology of choice. *Science* 211 (4481): 453–458.
- Tversky, A. and D. Kahneman. 1989. Rational choice and the framing of decisions. In *Multiple criteria decision making and risk analysis using microcomputers* (pp. 81–216). Berlin: Springer.
- Van Velthoven, B., and C.M. Klein Haarhus. 2011. Legal aid and legal expenses insurance, complements or substitutes? The case of the Netherlands. *Journal of Empirical Legal Studies* 8 (3): 587–612.
- Varadarajan, P.J., and A. Menon. 1988. Cause-related marketing: A coalignment of marketing strategy and corporate philanthropy. *Journal of Marketing* 52 (3): 58–74.
- World Health Organization. 2012. Vaccines against influenza. *WHO Position Papers* 87 (47): 461–476.
- Wilkes, M.S., R.A. Bell, and R.L. Kravitz. 2000. Direct-to-consumer prescription drug advertising: Trends, impact, and implications. *Health Affairs* 19 (2): 110–128.
- Wilson, D. 2019. Insurance summit: Auto glass AOBs are plaguing insurers. *Newstex Blogs Florida Politics*, 5 November. <https://floridapolitics.com/archives/310442-insurance-summit-auto-glass-aobs-are-plaguing-insurers>
- Youn, S., and H. Kim. 2008. Antecedents of consumer attitudes toward cause-related marketing. *Journal of Advertising Research* 48 (1): 123–137.
- Zarrad, H., and M. Debabi. 2015. Islamic marketing ethics: A literature review. *International Journal of Management Research and Reviews* 5 (2): 60–66.
- Zhao, J., X. Han, Z. Zheng, M.P. Banegas, D.U. Ekwueme, and K.R. Yabroff. 2019. Is health insurance literacy associated with financial hardship among cancer survivors? Findings from a national sample in the United States. *JNCI Cancer Spectrum* 3 (4): pkz061.
- Zwier, S. 2014. The neglected repercussions of a physician advertising ban. *Journal of Medical Ethics* 40 (3): 198–201.
- Zwier, S. 2017. Click for closer care: a content analysis of community pharmacy websites in four countries. *Journal of Medical Internet Research* 19 (6): e205.

Publisher's Note Springer Nature remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

Sandra Zwier (PhD, 1997) is senior lecturer and researcher in communication science at the University of Amsterdam. Her research focuses on the—often delicate—boundaries between marketing communication and information provision in areas such as pharmacy, cosmetic surgery and financial services.

