

About the cultural activities by insurance companies.

Before the 2000s, people commonly said the purpose of the corporate is generating profit. Milton Friedman wrote that “In each case of social responsibility corporate executive follows “would spending someone else’s money for general social interest. Social responsibility reduces the return to stockholder” on New York Times Magazine. (“The Social Responsibility of Business is to Increase its Profits”, 1970). He emphasizing profit-generating saying “there is one and only one social responsibility of business: to use its resources and engage in activities designed to increase its profits...”. This concept was widely spread for a long period of time.

However, the perception that a company should focus only on profit has been gradually revised.

From 2000s CSR(Corporate Social Responsibility) has been accepted by big companies and financial institutions. CSR is emphasized and believed that it can increase the cost in a short time of period but eventually it can contribute a company’s health for a longer period of time.

There are many studies that show that companies pursuing social responsibility have performed better in the long run. We can see how well social responsibility-seeking companies just by looking at the performance of FTSE4Good, Dow Jones Sustainability Index, or similar indices. As the perception changes, social responsibility has become very popular and companies have begun to actively engage in these activities.

There are also cases in which public interest activities are more directly related to the performance of the entity. Cause Marketing is exactly that. Cause Marketing is to associate the value of the public interest with the sale of goods. Toms Shoes, famous for Cause Marketing, also led the sales increase with the "One for One" policy of donating a pair of shoes to children from the Third World if they bought a pair of shoes under the slogan "Shoes for Tomorrow." Of course, it is a marketing activity directly related to sales, but it is a good example of giving a public value to the company's business activities.

Insurance companies are also implementing social contributions in various ways.

Insurance companies sometimes providing financial support to troubled customers in cases of difficulties. Very recently, under the Covid-19 situation, they announced support to help ease the financial burden of small businesses and individuals.

Other than direct financial support, they have included social contributions in the course of their business and activities. Many financial institutions currently invest their tremendous assets into ESG investment. People believe that “Social Responsibility” can affect positively in investment result. Many insurance companies are participating in ESG investment and also signing PRI(Principles for Responsible Investment) or Equator principles(ESG for project financing).

Also, they use Cause marketing. Farmer’s insurance has introduced a program named “Thank America’s Teachers” and granted more than \$4 million to support hundreds of classrooms

These contributions, whether purely donation or marketing-linked activities, directly or indirectly have a positive impact on the performance of companies, but also contribute positively to society. Contributing activities are meaningful in themselves, but they are also an opportunity to convey the value of a company and to shape its image and brand value.

These contribution activities can take place in many areas. Social Responsibility is quite a broad concept that includes the environment, workplace, community, etc. In the point of responsibility to the community using broad interpretation, there is a “cultural contribution to the community” based on the impact on society. The cultural contribution could be a more important aspect for insurance companies.

Unlike contribution to environment, workplace, or governance, culture is more directly connected to the public: in other words, present or future customers. Because of this direct connection with the public, I believe that cultural contributions can contribute more to the performance of the companies while having a stronger impact on the community than any other social response activity.

I think these cultural activities are more appropriate and important, especially for insurance companies. Because there are certain features in insurance products and those that make cultural attribution to society is just right for the insurance companies.

First, insurance is an intangible and very complicated financial product. Usually, people hardly notice the differences between each product. Of course, product competitiveness is also an important selling point, but it is difficult to differentiate the product in a situation where many companies compete in the market with similar demographics and interest rate environments. Sometimes, people purchase insurance products based on prices, recommendations, and sometimes company brands which they can trust because products are really hard to compare. Among those criteria, price cannot gain long term customer relationships because one insurance company cannot have price competitiveness in all ranges of products, and at all times. So, the relationship between customer and company is very important to insurance companies.

Second, the insurance product is usually a contract for certain periods of time. Health insurance can be a lifelong product. Fire insurance also has a specific contract period and will continue to purchase products to avoid risks. So, insurance companies have to maintain a long relationship with their customer.

Third, insurance is an industry for people. Their products are about people and their concerns. Buyers of insurance products are people and they may also be beneficiaries of the company's cultural social contribution activities. Because of their exchangeable relationship, consumers and insurance companies can easily share each other's values and also benefit each other's interests.

These are the reasons why the long-term relationship between customer and company are important to insurance companies.

Although continuous TV commercials are also a way to build brand awareness among customers, it is difficult to change the long-standing belief or image. No matter how fast the trend goes these days, basic values do not change. If you enjoy the cultural activities provided by the company from an early age, it will have an indirect effect on customer retention.

The Millennials, in particular, are not very interested in insurance these days. However, insurance is a product that everyone needs. Millennials will also be insured by necessity. They are a generation that

actively uses SNS and creates their own content. For them, cultural ripple effects are faster and higher than for other generations. For them, cultural experience is expected to have more ripple effects than any other generation. Also, trust and familiarity will be a factor in product choice for them as well, and the long-accumulated cultural experience from a particular company will work positively.

Thus, for insurance companies, more than any other area, the cultural sphere is suitable for the purpose of social contribution, but can also help the company's performance.

Then how should cultural activities be done?

First of all, these activities should be targeted at the general public. Of course, activities targeting certain customers or groups in specific situations are also have good intentions for social responsibilities. But these activities have a little ripple effect.

Second, there should be a unique message for the activities. There will be better results if it blends well with the company's unique value system. Cultural activities are targeted at the public, so without messages, they become simple advertising activities. Sponsorship research from IEG said, "insurance companies allocated 57 percent of spending to sports followed by causes (20 percent), entertainment (15 percent) and the arts (8 percent)." (by number of deals, "Insurance Companies Find Peace Of Mind With Sponsorship" 2017).

At some point, sponsorship for sports and entertainment can be seen as a cultural activity of the public. However, the message beyond the entity's brand exposure is unclear in this activity. These areas have an overflow of money. The company contributes little to the well-being of the public. Therefore, it can only be accepted as a simple marketing activity for both the company and the customer.

Amazon started out as a simple retail company and expanded its business to digital content. Amazon has a huge cultural impact on the public, but the message it conveys is sparse. Their content is just products. As in the case of sports marketing, without a message, this activity will only become just a business area.

The third factor is that the activity should be long-term. Culture is not formed in one day. Also, the

insurance company's operations are not short-term. It is a culture that people start to get wet for a long time. And it takes a long time to build company's image. Only long-term activities will enable two roles: proper cultural performance and corporate image building.

The fourth is that the entity should perform these activities directly. Of course, social contribution objectives can be achieved in an indirect way that supports a particular outside institution. However, as cultural activities continue to target the public, the act of communicating and interacting directly with the public is absolutely important. Direct action can lead to long-term high-quality activities that the public needs. Many insurance companies are posting their social contribution activities on their websites or publishing CSR reports, which can inform the public that the company is making continuous efforts to contribute to society. However, direct cultural contributions naturally allow the public to know without publicity efforts how the company works to affect positively to society.

There is an example of this cultural contribution. Culture may be global in some ways, but it can usually be seen as a homogeneous act between communities. Therefore, I would like to take an example in Korea that I am very familiar with, because each country may have different cultures.

Kyobo Life Insurance is one of South Korea's top three life insurance companies. There is a headquarter building in the center of Seoul. In front of the building, millions of people walk or drive by car every day. There is a huge board hanging in front of this building. Every season since 1991, this board has a new passage. It can be poems, novels, or lyrics of songs. The company sets up a committee with poets, novelists, journalists, etc. and chooses the phrase that reflects the present times well among the recommendations of citizens and committees to give hope and comfort to the public. For example, when Korea was struggling with financial stress in 1998, it hung the passage from a poem, "Leave to a new place, From the old repetition of each day of your life " to console the frustrating hearts of the public. As this behavior becomes an issue, the board is introduced to major newspapers every season, and Korean men and women even kids know about it. A line of poetry comforts the public, and this becomes a culture to the public, making the company's image more friendly and smooth even though there is no brand exposure on the board. By continuing the same activities for decades, the company has formed a

new culture itself that shares words with the public.

Kyobo Life Insurance also provides hands-on offline content for students. For example, a smartphone AR application allows students to become detectives and actually walk around historical sites and collect evidence based on historical sites or objects and support history study by solving cases. It is an event where children can study history through fun experiences. This event is open to all students. In fact, it is an event unrelated to the insurance industry, but it is also socially meaningful and also an activity that provides a positive image of the company to young students and parents.

Kyobo Life Insurance offers online humanities content services to the public through its separate website(www.kyobostory.co.kr) to its main homepage for the insurance business. The site began its service in 2013 with the intention of allowing the public to fill in the wisdom and emotions of life while reading and walking. With the aim of empowering people to live better in their daily lives, the site also provides various e-books, columns, videos and other contents on various areas such as literature, history, philosophy, education, and life, and offers events for the public. Events are related to humanities. For example, an event that people can think of close people and select and share food recommendations.

Another activity is the operation of a bookstore chain in Korea. It opened the nation's largest bookstore on the basement floor of its headquarters in 1980, although it is thought to be somewhat out of its main business as an insurance company. This business is a for-profit venture. However, it serves as a public cultural space such as a free gallery as well as plenty of spaces where customers can sit freely like the library. For example, it has a desk called "Desk for 100 people" where 100 people can sit at once. More than 10 million people visit the bookstore every year. While general bookstores are only selling books and their operations are gradually reducing, Kyobo Bookstore has become a preferred place for large retail projects based on the effect of attracting visitors because of the creation of cultural spaces. For some Koreans, Kyobo Bookstore is more friendly than Kyobo Life Insurance. Because people can enjoy visiting the place from a very young age. The bookstore's operation enabled the company to deliver its corporate brand to the public. Although it is a profit-making business, it also includes elements of public interest in that it has increased access to books and provided a space for participants to enhance the

public's cultural experience.

One might think of all of these activities as marketing activities, or a thoughtless expansion of non-core businesses. However, Kyobo Life Insurance's activities have a big stem. Kyobo Life Insurance Co. is a company that started with education insurance to raise funds for children's education when Korea was a poor country. Naturally, "education" became the company's cultural identity. And the activities of Kyobo Life Insurance Co., which gave examples earlier, have been expanded to a wide range of long-term activities under a consistent message to the broad public and are being led by the company. Of course, Kyobo Life Insurance also directly or indirectly conducts various activities, including volunteer groups, scholarship foundations, and rural support activities. But what attracts the most attention and public awareness is a cultural activity.

It is not easy to measure the contribution of these cultural activities to corporate performance. However, Kyobo Life Insurance, along with Samsung and Hanwha, is one of the top three life insurance companies in Korea. In 2019, Interbrand, a brand consulting group, valued Kyobo's brand value at 1.457 trillion won. The competitors are acquired by a global manufacturer, branded acquired companies by their own brand, and operated on the basis of their brand power. For example, Samsung's brand value is No. 1 in Korea due to Samsung Electronics. Kyobo Life Insurance, on the other hand, has maintained the brand since its foundation, focusing mostly on the insurance industry. Of course, it is hard to say that Kyobo Life Insurance's brand value stems only from its cultural contribution activities. However, it is hard to deny that this cultural activity contributes to maintaining the current brand value.

Of course, I think this approach can be accepted differently depending on the circumstances facing insurance companies in each country. Kyobo Life Insurance is engaged in humanities like literature and history within the boundaries of education, but in fact, I think another type of cultural activity will be possible in other business environments. In particular, in an environment where cultural ripple effects based on the internet are high, I believe that the possibilities will be more diverse and the effects will be even higher. The company may serve to spread movies, literature, art, etc. to the public digitally, or it can be a way of providing good lectures and experiences. In particular, there are companies that

deliver witty cheering messages to the public who are tired of Covid-19. I believe that if these activities continue and develop in certain ways, they will be able to establish themselves as a culture.

To sum up, among various social contribution areas, I think the most suitable area is a cultural contribution for insurance companies that sell complex products to society and operate for a long period of time. While having a positive impact on society, it can also have the most positive impact on corporate performance in the long run. Even now, many insurance companies are already doing enough cultural contribution activities through donations and foundation operations. If they can put a message suitable for the company and sincerely operate it directly to the public for a long period of time, they will be able to provide a more positive image over the long term than any other advertisement while having a positive impact on society.