

PROMOTING INSURANCE PRODUCTS THROUGH PERSONAL SELLING: THE CASE OF A LEADING INSURANCE COMPANY IN GHANA

ABSTRACT

Personal selling is a paid personal communication that seeks to inform customers and persuade them to purchase products in an exchange situation. It is a powerful two-way form of communication. It allows an interactive relationship to develop between buyer and seller in which the latter can modify the information presented in response to the needs of the audience. The intent of this study is to establish the contribution of personal selling to the promotion of insurance products in Ho, Ghana. Lots of literature abounds on advantages of personal selling but the outcome of this study will help reveal contributions of personal selling to insurance companies. Thus, the study focused on insurance clients in the Ho, capital of Volta Region, Ghana. Data were collected with a questionnaire administered to a sample of 100 clients who represented customers of a leading insurer in the city of Ho, Volta Region, Ghana. Statistical Package for Social Sciences (SPSS) was used to analyze the data. It was found that personal selling is a critical tool for promoting products of the leading insurer. Thus, it's important that the insurer recruit and trains more salespersons to help stay ahead of competition. Also, insurance companies in Ghana should consider salespersons an important element in their promotion mix

Keywords: Promotion, Personal Selling, Insurer, Salespersons

1. INTRODUCTION

Promotion is defined as communication by marketers that informs, persuades, and reminds potential buyers of a product in order to influence an opinion or elicit a response, McDaniel et al. (2006). It can also be defined as a marketing activity aimed at communicating marketing messages to the market, to influence buying decisions and offer incentives to enhance sales of a company's product or service. Promotion can also be defined as any form of communication a business or organization uses to inform, persuade or remind people about its products and improve its public image (Farese, 1997). McDaniel et al. (2006) insists that few goods or services, no matter how well developed, priced, or distributed, cannot survive in the marketplace without effective promotion. According to Kotler & Keller (2006), promotion is now accepted by top management as an effective sales tool; more product managers are qualified to use sales promotion tools; and product managers are under greater pressure to increase current sales. In addition, the number of brands has increased and competitors use promotion frequently.

In the words of Wilson, Gilligan, & Pearson (1995), some writers (e.g. Kotler, 1986) use the term 'communication mix' rather than promotional mix, in the same context, while others (e.g. Jefkins, 1990) use the term 'communications, to represent company-wide communications rather than just marketing communications. Just as the elements of the marketing mix need to be integrated and tailored to the needs of particular market segments, so the elements of the promotional mix should be harmonized in order to

avoid conflict and confusion in messages being sent to the target audience and to achieve maximum communication effectiveness. Wilson et al. (1995) argues further that the role of the promotional mix is essentially to make the target audience favorably aware of the availability of products and services in the market-place. Each element of the promotional mix can play a distinctive part in this role.

Attempts to distinguish between advertising as 'above-the-line' and sales promotion as 'below-the-line' are somewhat artificial and arise from the fact that advertising agents receive commission on space bookings from the media. For this reason advertising agencies used to 'draw a line' in their accounts above which were the commissionable items (media advertising) and below which were the non-commissionable items (sales promotion), Wilson et al. (1995). Other attempts have been made to distinguish more clearly between elements of the promotional mix. These include:

- advertising; a non-personal persuasive communication in media not owned by the company,
- sales promotion; a non-personal communication in the media owned by the company,
- selling; a personal persuasive communication by sales people employed by the company, Wilson et al. (1995)

What specific tasks should promotion accomplish? The answers to this question seem to vary as much as the sources consulted during this study. However, in the words of Kurtz (2008), marketers generally identify the following objectives of promotion:

- Provide information to consumers and others.
- Increase demand.
- Differentiate a product.
- Accentuate a product's value.
- Stabilize sales.

Informative promotion, according to McDaniel et al. (2006), seeks to convert existing need into a want or to stimulate interest in a new product. It is generally more prevalent during the early stages of the product life cycle. People typically will not buy a product service, or support a nonprofit organization until they know its purpose and its benefits to them. Informative messages are important for promoting complex and technical products such as automobiles, computers, and investment services, McDaniel et al. (2006).

Most promotions pursue the objective of increasing demand for a product; Kurtz (2008). Some promotions are aimed at increasing primary demand, the desire for a general product category such as HDTVs or DVD players. Kurtz (2008) continues to debate that more promotions, however, are aimed at increasing selective demand, the desire for a specific brand.

A frequent objective of the firm's promotional efforts is product differentiation. Homogeneous demand for many products results when consumers regard the firm's output as virtually identical to its competitors' products. A differentiated demand schedule, in contrast, permits more flexibility in marketing variables such as price; Kurtz (2008).

Promotion is also aimed at accentuating a product's value. By this, according to Kurtz (2008), promotion can explain the greater ownership of utility of a product to buyers, thereby accentuating its value and justifying a higher price in the marketplace. This objective benefits both consumer and business products. A firm's promotional message must build brand image and equity and at the same time deliver a 'call to action'. Marketers must choose their words wisely when creating messages that accentuate their product's

value; Kurtz (2008). One expert advises staying away from five words: quality, value, service, caring, and integrity. These overused words are vague and tend to fall on deaf ears; McKee (2006).

According to Kurtz (2008), sales of most goods and services fluctuate throughout the year. These fluctuations may result from cyclical, seasonal, or irregular demand. Sales of bottled water and flashlights might spike just before a storm while vacation rentals might be cancelled in the path of the same oncoming hurricane. Stabilizing these variations is often an objective of promotional strategy.

According to Neil Kokemuller (http://www.ehow.com/facts_6905261_insurance-product-definition.html: 28/05/2014) insurance products are common financial arrangements in which an insurance provider states its guarantee to pay on covered claims. In return, the buyer agrees to pay a monthly premium cost. A customer buys insurance to protect against property loss or financial risk. The actual insurance product takes the form of a policy binder which states all the terms and conditions, including an overview of what events would lead to a claim payout. Insurance products include a wide range of solutions. Common insurance products include home, auto, life, health, dental, mortgage, and asset protection. Products can also be customized for various purposes, including protecting professional athletes from lost income due to injury.

Unarguably, insurance products are typical services in nature and therefore, promoting them might not necessarily follow the general promotion strategies usually adopted by the producers of tangibles. Palmer (2008) writes that specifying the objectives of service communication is important if appropriate messages are to be accurately targeted through the most appropriate channels in the most cost-effective manner possible. Typical promotional objectives for services according to Palmer (2008) might be:

- to develop an awareness of, and an interest in, the service organization and its service product(s)
- to communicate the benefits of purchasing a service
- to influence eventual purchase of the service
- to build a positive image for the service firm
- to differentiate the service from its competitors
- to remind people of the existence of a service and/or the service firm

Ideally, these objectives should be quantified as far as possible and thus promotional objectives for a new type of motor insurance policy may begin with an objective to achieve awareness of the brand name by 30% of the 25-55-year-old UK insurance buying public within one year of the launch; Palmer (2008).

The promotion mix refers to the combination of channels that an organization uses to communicate with its target markets. Communication is received by audiences from two principal sources – sources within an organization and external sources. The later includes word-of-mouth recommendations from friends and editorial in the press. Sources originating within an organization can be divided into those originating from the traditional marketing function (which can be divided into personal two-way channels such as personal selling and impersonal one-way channels such as advertising) and those originating from front-line production resources. Because services normally involve consumers in the production process, the promotion mix has to be considered more broadly than is the case with manufactured goods; Palmer (2008). Front-line operations staff and service outlets become a valuable channel of communication.

Personal selling is a paid personal communication that seeks to inform customers and persuade them to purchase products in an exchange situation; Pride & Ferrell (2009). It is a powerful two-way form of communication. It allows an interactive relationship to develop between buyer and seller in which the latter

can modify the information presented in response to the needs of the audience. Personal selling allows for the cultivation of friendship between buyer and seller, which can be an important element of a relationship marketing strategy. It can also be powerful in creating a feeling of obligation by the customer to the salesperson, thereby helping to bring about a desired response; Palmer (2008). In a study of the life assurance sector, George and Myers (1981) found that customers viewed their purchases as being highly risky and therefore unpleasant. As a consequence, they attached particular importance to the level of support they received from a salesperson in particular, and their organization in general. As well as being the mouthpiece of an organization, sales personnel can also be its ears. Palmer (2008) argues that salespersons can be extremely useful in marketing research, for example by reporting on customers' comments, or providing information about competitors' activities. He continues that in respect of their selling role, a number of selling situations can be identified:

- trade selling
- technical selling
- missionary selling
- new business selling

The task of selling can be broken down into a number of sequential stages; Palmer (2008):

- prospecting
- preparation and planning
- the sales presentation
- handling objections
- closing the sale
- follow-up

Jobber and Lancaster (2009) refer to these responsibilities of salespersons as secondary functions but were quick to note that although termed secondary, they are vital to long-term sales success.

Because insurance products are unsought, potential buyers are usually not convinced by advertisements. This phenomenon is what has principally resulted in using personal selling to convince potential customers about the benefits of the insurance product. As a promotional tool, personal selling act as a veritable instrument for changing the negative perception of the public towards the insurance products and together helps in increasing the level of demand for this insurance service by both new and existing clients; (Baku, 2007). Aside personal selling representing the company to customers, personal selling also represents the customers to the company bringing back insightful information to the management in order to improve their product and working hard in establishing mutually beneficial long-term relationship the insurer and the insured; (Kotler, 1999). He further hints that personal selling promotes insurance products by providing opportunities for potential insurance buyers to know about new insurance products in the market. Thus, it informs and educates the clients about new products and moreover aid customers to select that insurance policy that suits their requirements and taste, Kotler (1999).

2. METHODOLOGY

The target population for the study comprised the customers of a leading insurance company in Ho, Volta Region of Ghana. This population was chosen because these people interact with the bank and therefore served as a direct source of answers to the research questions that were asked.

The Volta Region lies at the eastern side of Ghana. Ho is the capital of Ho Municipal Assembly and doubles as the capital city of the Volta Region of Ghana. Ho lies between Mount Galenukui (Togo Atakora Range) and Mount Adaklu. The city is home to a museum, about ten (10) insurance companies, a large prison, among other notable landmarks. Ho has a settlement population of 271,881 people (<http://www.statsghana.gov.gh>). It was the capital of British Togoland. Ho has the highest concentration of insurance companies in the Volta Region and for that matter there exist a lot of customers of insurance companies in the township. The population size for the study is Four Hundred and Fifty-Five (455) which is made up of customers of the leading insurer in Ho, Ghana. Multistage sampling method was used to select the respondents for the study. First, a total of One Hundred (100) respondents representing approximately 22% of customers of the insurance company were sampled purposively for the study.

At the second stage, accidental sampling technique was used in the distribution of questionnaires to sample the opinions of respondents. In the use of accidental sampling, respondents were selected on the basis of chance; respondents were sampled based on the probability of meeting them at the premises of the insurance company. Both qualitative and quantitative data were collected from respondents. Questionnaires were administered on respondents to elicit the needful data. The first part of the customers' questionnaire was used to collect data on the demographics of the respondents such as gender, and period of 'customership' with the insurer. In the second part of the questionnaire, data collected included the impact of personal selling.

Data gathered were checked for clarity, organized and analyzed in line with the research objectives. The analysis of data was done by SPSS version 16 software to produce descriptive statistics in the form of frequency tables.

3. RESULTS AND DISCUSSIONS

The study was conducted on clients of the leading insurer at its branch office in Ho, Ghana. Equal opportunity was given to all sampled clients; the same questions were administered on all 100 respondents.

3.1 Initial Knowledge of the Insurer

The study found out how each of the sampled clients became aware of the products of the insurance company.

Table 1: Initial Knowledge of the Insurer

Medium	Frequency	Percentage	Valid Percentage	Cumulative Percent
Friends/Relations	15	15.0	15.0	15.0
Salesperson(s)	77	77.0	77.0	92.0
Electronic Advert (Radio/TV/Internet)	8	8.0	8.0	100.0
Total	100	100.0	100.0	

Source: Field Data, September 2014

Table 1 indicates that 77% of respondents got to know of the Insurer through salespersons other than the other promotional tools. This is largely attributable to the fact salespersons take time to adjust the insurance products sales messages to the understanding of the client. Though quite expensive and time

consuming, it is obvious from table 1 that personal selling is unbeatable when it comes to awareness creation for insurance products. This argument is buttressed by the evidence that a cumulative percentage of 92.0 got knowledge of the leading insurer through an encounter with friends, relatives, and or salespersons.

3.2 Benefit from Encounter with Salesperson(s)

The study considered benefits that sampled clients derived from their encounters with salespersons of the Insurer. The responses to this are indicated below:

Table 2: Benefit from Encounter with Salesperson(s)

Benefit	Frequency	Percentage	Valid Percentage	Cumulative Percent
I was persuaded by presentation	43	43.0	44.8	44.8
My fears about insurer were allayed	25	26.0	26.0	70.8
My queries were answered professionally	21	21.0	21.9	92.7
I was assisted to claim my indemnity	6	6.0	6.3	99.0
Others	1	1.0	1.0	100.0
Total	96	96.0	100.0	
Missing data	4	4.0		
Total	100	100.0		

Source: Field Data, September 2014

Referenced [http://www.knowthis.com/personal-selling/advantages-of-personal-selling\(18/12/2014\)](http://www.knowthis.com/personal-selling/advantages-of-personal-selling(18/12/2014)), one key advantage personal selling has over other promotional methods is that it is a two-way form of communication. In selling situations the message sender (e.g., salesperson) can adjust the message as they gain feedback from message receivers (e.g., customer). This means if a customer does not understand the initial message (e.g., doesn't fully understand how the product works) the salesperson can make adjustments to address questions or concerns. Many non-personal forms of promotion, such as a radio advertisement, are inflexible, at least in the short-term, and cannot be easily adjusted to address audience questions. Table 2 reveals that the case of the leading Insurer in this study is not different as 43% of respondents were indicated that they were persuaded by the presentation of salespersons encountered. The cumulative percentage of 92.7 confirms that personal selling is a formidable promotional tool that every insurance company, especially in the study area, should employ.

The interactive nature of personal selling also makes it the most effective promotional method for building relationships with customers, particularly in the business-to-business market. This is especially important for companies that either sell expensive products or sell lower cost but high volume products (i.e., buyer must purchase in large quantities) that rely heavily on customers making repeat purchases. Because such purchases may take a considerable amount of time to complete and may involve the input of many people at the purchasing company (i.e., buying center), sales success often requires the marketer develop and maintain strong relationships with members of the purchasing company; [http://www.knowthis.com/personal-selling/advantages-of-personal-selling\(18/12/2014\)](http://www.knowthis.com/personal-selling/advantages-of-personal-selling(18/12/2014)). This is confirmed by the figures from the field data of this study.

3.3 Value of Information from Salespersons

The study sought to discover how clients assess the information they received from their encounters with salespersons. The figures below are instructive enough to draw any meaningful conclusion.

Table 3: Value of Information from Salespersons

Value	Frequency	Percentage	Valid Percentage	Cumulative Percent
Excellent	30	30.0	30.0	30.0
Very Good	46	46.0	46.0	76.0
Good	22	22.0	22.0	98.0
Poor	2	2.0	2.0	100.0
Total	100	100.0	100.0	

Source: Field Data, September 2014

The results revealed by table 3 indicates that 46% of respondents assessed the value of information from salespersons as very good whiles 30 % and 22% think salespersons provide excellent and good information respectively. The Insurer must however work hard to convince the 2% who think information from salespersons is poor.

3.4 Customer Education Provided by Salespersons

Customer education is very important in any sales attempt. It provides information and or training on the offering of an organization. The statistics below reveals the assessment of sampled clients about the quality of education they received from salespersons.

Table 4: Customer Education Provided by Salespersons

Assessment	Frequency	Percentage	Valid Percentage	Cumulative Percent
Excellent	29	29.0	29.0	29.0
Very Good	39	39.0	39.0	68.0
Good	29	29.0	29.0	97.0
Poor	3	3.0	3.0	100.0
Total	100	100.0	100.0	

Source: Field Data, September 2014

The study indicates that a total of 98 of the 100 clients sampled representing 98% say they were well educated about the Insurer when they encountered salespersons. A negligible 2% revealed that they were poorly educated by salesperson. It recommended that the Insurer considers sales force training in order to convince this percentage of their clients who feel poorly educated.

3.5 Importance of Personal Selling in Promoting Products of the Insurer

According to the Branch Manager of the Insurer in Ho Ghana, the company started employing the services of salespersons since the year 2005 which has benefited the company greatly. He indicated that the company resorted to salespersons due to the increased competition they received from the influx of hitherto lesser known insurers. This he said explains why the company spends 60% of its annual promotional

budget on salespersons which he disclosed has yielded lots of benefits since most of their clients fill confident dealing with the company's sales representative.

He explained that the company does few electronic and outdoor ads because they are very expensive yet yielded little results (as per their internal assessment).

The Branch Manager further revealed that the company relied mainly on personal selling for four reasons: to sustain favorable publicity, to gain more market exposure, to attract customer attention, desire, and action, and to increase sales volume.

4. CONCLUSIONS

The study shows that most clients of the insurer (77%) got to know about its products via salespersons. Also, 44.8% of clients are of the view that they benefited from their encounter with salespersons. A cumulative of 98% of sampled clients indicated that the value of information received from sales representatives was excellent, very good, or good. Thus, salespersons have a significant influence on the promotion decisions of the company. The study also revealed that personal selling is carried out as a competitive strategy to promote the insurer and increase its market share and exposure against competitors. Personal selling has also helped to gain good public image which contributes to strengthening loyalty of clients, and has also resulted in increasing the customer base of the insurer constantly. It is therefore clear that personal selling has significant effect on the sales of the company.

It is therefore imperative for the company to focus more on training salespersons to help in winning new clients and stay ahead of competition.

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