



## Promoting Life Insurance Products via Personal Selling: The Case of a Leading Insurer in Ghana

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### Author's contribution

The sole author designed, analyzed and interpreted and prepared the manuscript.

### Article Information

DOI: 10.9734/BJEMT/2015/15807

#### Editor(s):

- (1) Tao Zeng, School of Business and Economics, Wilfrid Laurier University, Ontario, Canada.
- (2) Stefano Bresciani, Department of Management, University of Turin, Italy.

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- (1) Anonymous, Poland.
  - (2) Alex A. A. Bruce, Gombe State University, Nigeria.
  - (3) Anonymous, USA.
  - (4) Anonymous, USA.
  - (5) Marta Borda, Department of Insurance, Wroclaw University of Economics, Poland.
- Complete Peer review History: <http://www.sciencedomain.org/review-history.php?iid=980&id=20&aid=8628>

Original Research Article

Received 19<sup>th</sup> December 2014

Accepted 4<sup>th</sup> March 2015

Published 31<sup>st</sup> March 2015

### 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 life insurance products in Ghana. A lot of literature abounds on advantages of personal selling but the outcome of this study will help establish contribution of personal selling to the promotion of life insurance. Thus, the study focused on life insurance clients in Ho, Ghana. Data were collected with a questionnaire administered to 100 clients of a leading insurer in the city of Ho. Simple frequency distribution tables were used to analyze the data. It was found that personal selling is an essential tool in prospecting, informing, educating and persuading life insurance clients. Thus, insurers must recruit and train more salespersons to intensify these activities. Also, insurance companies should consider apportioning a good percentage of their promotion budget to developing salespersons.

*Keywords: Promotion; personal selling; insurer; salespersons; sales promotion.*

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## 1. INTRODUCTION

Life insurance business is one of the thriving sectors of the insurance industry in Ghana; if not in Africa. Insurers have now shifted their focus from motor and other forms of the insurance business to life insurance because of the huge untapped market for it in this part of the world. Most clients, both potential and actual, are however quite apprehensive when it comes to parting with premiums to insurers. This is largely traceable to lack of adequate information and education which are essential for customers in making the choice of the insurer to transact with. Insurers cannot effectively market their products without marketing communication or promotion. Personal selling is a vital marketing communication and promotional tool in the service industry today with the benefits of awareness creation, customer education and persuasion, and corporate image building. The importance of this promotional tool in the services marketing effort is what most life insurers in Ghana and elsewhere are yet to fully appreciate. This study therefore is to help bring to the fore some of the reasons why life insurers need to apportion substantial percentages of their promotional budget to recruiting and training sales reps for personal selling.

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 [1]. 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 [2]. In this regard, [1] argues that few goods or services, no matter how well developed, priced, or distributed, can survive in the marketplace without effective promotion. According to [3], 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.

Insurance products are unsought and therefore a lot of customer education, persuasion, and

information is required in promoting them. Most insurance companies in Ghana have not really appreciated the enormous role that personal selling can play in the marketing of their products and services. Visits to most of these insurers indicate that staffs are seated in their offices awaiting a knock on their doors from clients who want to buy a product. The essence of getting sales representatives to town to prospect for clients isn't an ideal for most insurers in Ghana.

This study is aimed at finding out the role of personal selling in persuading, educating and informing prospects and actual customers of life insurance products in Ghana. The research specifically focuses on the perspective of insurance clients and their views on the relevance of personal selling, a role performed by sales representatives, in the promotion of life insurance. This study is specifically focused on contrasting personal selling efforts with other awareness creation promotional tools in marketing of life insurance products. Again the study is aimed at determining how insurance companies adopt the tenets of personal selling in their promotional efforts. Additionally the study is intended to help in ascertaining how sales representatives help in informing, educating and persuading the public about life insurance products.

## 2. LITERATURE REVIEW

In the words of [4], some writers [5] use the term 'communication mix' rather than promotional mix, in the same context, while others [6] 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. Additionally, [4] 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), [4]. Other attempts have been made to distinguish more clearly between elements of the promotional mix. These include:

- i. Advertising; a non-personal persuasive communication in media not owned by the company,
- ii. Sales promotion; a non-personal communication in the media owned by the company,
- iii. Selling; a personal persuasive communication by sales people employed by the company [4]

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 [7], marketers generally identify the following objectives of promotion: provide information to consumers and others; increase demand; differentiate a product; accentuate a product's value and stabilize sales.

Informative promotion, according to [1], 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 [1]. Most promotions pursue the objective of increasing demand for a product [7]. Some promotions are aimed at increasing primary demand, the desire for a general product category such as HDTVs or DVD players. Again, [7] 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 [7]. Promotion is also aimed at

accentuating a product's value. By this, according to [7], 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 [7]. 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 [8]. According to [7], 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.

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 [9]. 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 [10]. 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 [9]. In a study of the life assurance sector, [11] 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. In the light of this, [9] argues that salespersons can be extremely useful in marketing research, for example by reporting on customers' comments, or providing information about competitors' activities. The task of selling can be broken down into a number of sequential stages [9]: prospecting; preparation and planning; the sales presentation; handling objections; closing the sale; follow-up.

## 2.1 Types of Personal Selling

There are many different types of personal sales jobs. A driver-salesperson merely delivers the product and has few selling responsibilities. An inside order taker—such as a sales clerk in a retail store or a telephone representative with a catalog sales company—takes orders from within a selling environment and requires some selling skills. In contrast, an outside order taker goes to the customer's place of business to take orders. Some selling skills are required in this position, especially to establish new accounts. A missionary sales person, rather than selling an actual product or service, instead tries to make a customer feel good about the company and products he or she represents. The pharmaceutical and liquor industries frequently employ missionary salespeople. A sales engineer might be found in technical industries such as computers and copiers. Sales engineers provide technical support, explain the product, and help adapt the product to the customer's needs. Finally, a creative salesperson may attempt to sell goods (such as vacuum cleaners or encyclopedias), but more often represents ideas, such as services (insurance) or causes (charities). These salespeople usually deal with customers who are unaware of their need for the service or product, so they must possess the most developed selling skills of all the types of salespeople.

Authors, [12] 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 acts 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 [13]. Aside from 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 between the insurer and the insured [14]. Kotler 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 [14].

## 2.2 Life Insurance Products

There are two basic kinds of life insurance policies: whole life and term insurance: Whole-life policies, a type of permanent insurance, combine life coverage with an investment fund. Here, a client is buying a policy that pays a stated, fixed amount on ones death, and part of the premium goes toward building cash value from investments made by the insurance company. Cash value builds tax-deferred each year that the policy is kept, and the insured can borrow against the cash accumulation fund without being taxed. The amount the insured pays usually doesn't change throughout the life of the policy. Universal life is a type of permanent insurance policy that combines term insurance with a money market-type investment that pays a market rate of return. To get a higher return, these policies generally don't guarantee a certain rate. Variable life and variable universal life are permanent policies with an investment fund tied to a stock or bond mutual-fund investment. The other type of coverage is term insurance, which has no investment component [15].

Unarguably, life 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. Similarly, [9] 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 [9] might be to:

- i. Develop an awareness of, and an interest in, the service organization and its service product(s)
- ii. Communicate the benefits of purchasing a service
- iii. Influence eventual purchase of the service
- iv. Build a positive image for the service firm
- v. Differentiate the service from its competitors
- vi. 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 [9]. In the words of [16], some of the advantages of personal selling to insurance services include:

- i. Being used as a veritable instrument for changing the negative perception of the public towards home insurance.
- ii. Personal selling also helps in increasing the level of demand for this insurance service by both new and existing clients.
- iii. Personal selling reduces the risks involved in purchasing home insurance services due to its complex and technical nature.
- iv. Personal selling is a significant tool for building long lasting relationship that is mutually beneficial between the insurer and the insured.
- v. The proper use of the personal selling strategy will lead to the creation of new clients and thus help expand the market for home insurance.
- vi. Personal selling provides opportunities for potential home insurance buyers to know about new insurance products in the market. Thus, it informs and educates the clients about new products.

- vii. Another benefit of personal selling to home insurance services is that it guides clients in selecting the policy that suits their requirements and taste.

### 3. METHODOLOGY

The target population for the study comprised customers of a leading insurance company in Ho, Volta Region of Ghana. This population was chosen because these people interact with the insurer 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 of Volta Ghana. Ho lies between Mount Galenukui (Togo Atakora Range) and Mount Adaklu. The city is home to a museum, about ten (10) insurance companies and a large prison, among other notable landmarks. Ho has a settlement population of 271,881 people [17]. It was the capital of British Togoland. Ho has the highest concentration of insurance companies in the Volta Region which is why there exist a lot of insurance clients in the city. 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 respondents for the study. First, a total of One Hundred (100) respondents representing approximately 22% of customers of the insurance company were chosen 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. Data gathered were checked for clarity, organized and analyzed in line with the research objectives. The analysis of data was done with descriptive statistics in the form of simple cumulative frequency tables.

### 4. RESULTS AND DISCUSSION

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.

#### 4.1 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 indicates that 77% of respondents got to know of the Insurer through salespersons compared to other promotional tools. This is largely because salespersons take time to adjust their insurance products sales messages to the understanding of prospects. 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.

#### 4.2 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:

A 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 can adjust the message as they gain feedback from message receivers. 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.

#### 4.3 Value of Information from Salespersons

The study sought to discover how clients assessed information they received from salespersons. The figures below are instructive enough to draw any meaningful conclusion.

The results revealed by Table 3 indicates that 46% of respondents rated 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.

#### 4.4 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 in Table 4 reveal the opinions of clients about the quality of product education received from salespersons.

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% indicated that they were poorly educated. It is recommended that the Insurer considers sales force training in order to convince this percentage of clients who feel poorly educated.

**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	

**Table 2. Benefit from encounter with salesperson(s)**

<b>Benefit</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Valid percentage</b>	<b>Cumulative percent</b>
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		

**Table 3. Value of information from salespersons**

<b>Rating</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Valid percentage</b>	<b>Cumulative percent</b>
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	

**Table 4. Customer education provided by salespersons**

<b>Assessment</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Valid percentage</b>	<b>Cumulative percent</b>
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	

#### **4.5 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 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 feel confident dealing with the company's sales representatives. He explained that the company does few electronic and outdoor ads because they are very expensive yet yielded little results (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.

#### **5. CONCLUSION**

A cursory analysis of the findings of the study indicates that the value of information received from insurance sales representatives was excellent, very good, or good. It is thus inferred that 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; it has also contributed to 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 recruiting and training salespersons to help win new clients and stay ahead of competition. Based on the findings of the study, the following recommendations are proposed:

- i. Insurers in Ghana should consider engaging more salespersons in their awareness creation campaigns
- ii. Insurers in Ghana should train recruited salespersons in customer persuasion skills before deploying them to the field for prospecting and selling.
- iii. Customer education is vital in the service industry and this requires that insuring organizations equip salespersons with the needful information for persuading prospects and clients. This will help reduce the 3% of sampled clients who were of the view that they were poorly educated in their contacts with salespersons.

### CONTRIBUTION TO KNOWLEDGE

The attempt of this study is to examine how much contribution personal selling makes to the promotional efforts of insurance companies in Ghana. Careful analyses of the roles of salespersons were revealed by the study. This study serves as a source of vital information on the below-the-line promotion strategy suitable for the Ghanaian insurance industry. The findings provide a good lead to insurance companies who want to pursue business opportunities in the Ghanaian or West African market and make effective in-roads since most West African industries and markets share similar dynamics.

### ACKNOWLEDGEMENTS

The study was wholly organized and funded by the author.

### COMPETING INTERESTS

Author has declared that no competing interests exist.

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*Peer-review history:*

*The peer review history for this paper can be accessed here:*  
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