

The Role of Personal Selling in Enhancing Client Satisfaction in Nigerian Insurance Market

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Abstract

Nigerian insurance industry is beset with a number of challenges, the most prominent is the low awareness level among the insuring public. This may be resolved through effective personal selling as promotional tool for insurance services. Personal selling is a unique element of marketing, it does not only create awareness and provide information about the features of the products; it also adopts individualistic approach that is designed to meet specific need of prospects and specific market segments. This study will be useful to insurance and marketing practitioners who wish to understand why there is variation in the demand for similar products of different producers. It will arouse the reasons for constant review and update of marketing strategies as response to changes in the business environment. This paper examines the roles of personal selling in enhancing clients' satisfaction in Nigeria insurance market. A descriptive cross-sectional survey research was adopted and 110{One Hundred and Ten} respondents from selected insurance firms were randomly selected. Data procedures were done using descriptive and inferential statistical instruments while independent T-test was used to test the hypotheses. Findings revealed that personal selling strategy is the most beneficial marketing communication tool that should be embraced by Nigerian firms. It may also be used to improve the image of the industry.

Keywords: insurance, personal selling, sales promotion, marketing communication and technical selling

INTRODUCTION

A product that is well conceived and produced through the combination of the most modern technologies and the best of inputs cannot sell itself. There is the need for the existence of such product to be made known to the target market. A good or service should respond favourably to the marketing mix which will result to the full performance of any good or service in the market. However, an important element of the marketing mix is promotion, otherwise known as marketing communication. This is the element that brings the existence of product or service to the awareness of consumers or clients. It further educates potential and actual buyer of a product on the usage, benefits, availability, price and other features of the product.

The New Zealand Qualification Authority, (2008) described personal selling as retail and wholesale activities in which a salesperson actively presents products to customers in seeking to make a sale. It could also be defined as a two-way flow of communication between a potential buyer and a salesperson that is designed to identify the potential buyer's needs, match these needs to one or more of the firm's products or services and convince the buyer to purchase the product.

Considering the nature of insurance product and the way it is perceived by the general public, particularly in Nigeria, personal selling seems to be a useful promotional tool for it. Avila, Inks and Avila, (2006) argued that for years the insurance industry has placed great emphasis on personal selling and the ability of an agent to use a process to generate sales.

STATEMENT OF THE PROBLEM

Insurance, despite its socio-economic responsibility of providing cushions against risks faced by individuals and corporate organizations, Nigerians still do not consider it attractive. The sales recorded by service firms like insurance companies depend on the acceptability of the service offered. Expectedly, consumers will only accept quality products capable of satisfying their wants. The challenge faced by the Nigerian insurance firms therefore is how to convince the consumers of insurance service of the quality of their offerings and persuade them to buy. Nigerian insurance industry is beset with a number of challenges (Gbede, 2003). The most challenging is the low awareness level among Nigerians couple with the poor image that characterized the industry. Nigerians do not know anything about insurance, they did not trust insurance". This lack of trust is linked to inadequacy of available information.

OBJECTIVE OF THE STUDY

The main purpose of this study is to determine the role of personal selling in enhancing clients' satisfaction in the Nigerian insurance market and to show the effectiveness of personal selling as a promotional tool for insurance services.

Hypotheses

- (1) Nigerian insurance companies do not use personal selling to reach their clients'.
- (2) Insurance salespersons do not contribute to the improvement of insurance image in Nigeria.

LITERATURE REVIEW

Concept of Personal Selling

Achumba, (2000) describes personal selling as an oral presentation in a conversation with one or more buyers for the purpose of making sales. The New Zealand Qualification Authority, (2008) defined personal selling as retail and wholesale sales activities in which a salesperson actively presents products to customers in seeking to make a sale. It could also be said to mean the presentation of goods and services before the customers and convincing or persuading them to buy the products or services. Kotler and Armstrong, (2008) posits that personal selling is the personal communication between a firm's sales force and customers for the purpose of making sales and building customer relationship. Kotler and Armstrong, (2008) and Kotler and Keller, (2009) submitted that personal selling is one of the oldest profession in the world. In fact, its development could be linked to the period of trade by barter, when people exchanges goods for other goods (Osuagwu, 2002).

Personal selling is a unique element of marketing communication. Unlike advertising and sales promotion which main focus are to create awareness about the existence of a product or service and provide information as to the features of the products, its availability and price on a mass basis, personal selling is an individualistic approach that is designed to meet specific need of prospects. It is usually directed to specific market segments. It goes beyond the fundamental role of marketing communication, it plays significant role in the entire exchange process. That is, participating in the activities of each of the other elements of marketing mix, especially distribution (place).

According to the New Zealand Qualifications Authority, (2008) personal selling performs several activities which include; identification of customers, development of product knowledge, marketing, promotion, prospecting, knowledge of customers, service standards, gaining appointments, choosing sales approaches, meeting customers, identifying customer needs and requirements, demonstrating

products, use of selling techniques, use of sales aids, making sales pitches, overcoming objections, closing sales, completing documentation, receiving payments, recording sales, using sales technologies, providing after-sales services, following up sales, and sales analysis. However, essential elements of personal selling according to (Palmer, 2005) include; face-to-face interaction, persuasion, flexibility, promotion of sales, supply of Information and mutual benefit.

Types of Personal Selling

Personal selling is of four categories (Achumba, 2004; Osuagwu, 2002; Palmer, 2005). All the categories adapt similar methods in achieving their objectives. There variance however lies in the differences in their specific objectives. The four types of personal selling are: trade selling, missionary selling, technical selling and new business selling. Trade Selling involves the increase in the volume of the company's sales by providing promotional assistance to the intermediaries. This is useful in a situation when intermediaries are finding it difficult to sell-out their stock of a firm's products. However, missionary selling is an attempt to boost the company's sales by allowing the intermediaries to use the goodwill of the firm. It could be achieved by combining the producers sales force with the distributors salesmen and then pass all orders received through the distributor.

Technical Selling could be referred to as creative selling. It involves the provision of technical assistance and advice to customers by salesmen. This type of personal selling is most suitable for technical products like insurance services. Technical selling requires analytical and persuasive ability on the part of the seller in order to convince the customer by making him to know the worth of the product purchased (Osuagwu, 2002).

New Business Selling is used to obtain new accounts for the producer. This involves the salesmen looking for new opportunities or new users for his company's product in his territory. Obtaining new accounts may be slightly difficult and require specialists. In situations like this the company's most experienced salesmen are normally used. (Achumba, 2004).

The Personal Selling Process

Personal selling process consists of several steps that the salesperson follows when selling (Kotler and Armstrong, 2008). It could also be seen as the sequence of stages through which salespersons proceed in making a sale (Warren, 2000). The objective of these steps is to get new customers and obtain orders from them. The personal selling process consists of seven steps (Achumba, 2000; Warren, 2000; Osuagwu, 2002; Palmer, 2005; Kotler and Armstrong, 2008). The steps include; Prospecting and

Qualifying, Pre-Approach, Approach, Presentation and Demonstration, Handling objections, Closing the Sale and Follow-Up.

Challenges of Selling Insurance Services in Nigeria

Insurance is a service product for which its marketing is yet to be properly defined since the mid-1970s. Among the four categories of services identified by Osuagwu, (2002) Insurance falls in the pure service category since it has no relationship with a physical product. Marketing of Insurance services followed the same styles and strategies of marketing tangible products. Gummeson, (1999) submitted that rather than being two different types of marketing, goods marketing and services marketing could be approached as two perspectives on the marketing of the same offering.

Although it is possible for strategies use for selling tangible products to be adopted for services, selling insurance services in Nigeria is highly challenging. This is particularly so considering the uniqueness of Nigeria as a nation characterized by varying levels of development, vast income inequalities, and cultural diversity in terms of language, religion, ethnicity, and resource control crises (Tajudeen, Ayantunji, and Dallah, 2009).

Oman, (2005) cited in Tajudeen, Ayantunji, and Dallah, (2009) studied consumers attitudes towards life insurance patronage in Nigeria and submitted that a reviewed marketing communication strategy that is based on creating awareness and informing the consumers of the benefits inherent in life insurance shall be adopted in order to reinforce the purchasing decision. The researcher's opinion is borne out of the fact that all the challenges confronting the marketing of insurance services in Nigeria centers on lack of awareness and inadequate information on the part of the potential buyers.

Gbede, (2003) identified some of the challenges facing the selling of insurance services in Nigeria. They include poor image, insurance touting, rate cutting, poor claims settlement reputation, low quality manpower, poor innovation, low income/poverty and product intangibility. These challenges can be broadly categorized into two based on the extent to which they could be controlled by forces within the insurance market. Some could be overcome through the efforts of insurers while others are obviously beyond their control, e.g. low income or product intangibility.

However, most insurance firms in Nigeria have not recognized the need for internal restructuring in a way that will embrace these challenges. The continuous provision of customer value in this 21st century demands improvement in production

activities, sales strategies and the flow of information within the company and between the company and its customers and business partners. (Smith and Hansen, 1996).

Advantages of Personal Selling to Insurance Services

Personal selling can contribute in a number of ways to the successful marketing of insurance services. The following are some of the advantages of personal selling to insurance services.

- As a promotional tool, personal selling can be used as a veritable instrument for changing the negative perception of the public towards insurance.
- Personal selling also helps in increasing the level of demand for insurance services by both new and existing clients.
- Personal selling reduces the risks involves in purchasing insurance services due to its complex and technical nature.
- Personal selling is a significant tool for building long lasting relationship that is mutually beneficial between the insurer and the insured.
- The proper use of the personal selling strategy will lead to the creation of new clients and thus help expand the market for insurance services.
- Personal selling provides opportunities for potential insurance buyers to know about new insurance products in the market. Thus, it informs and educates the clients about new products.
- Another benefit of personal selling to insurance services is that it guides clients in selecting the policy that suits their requirements and taste.

METHODOLOGY

The study focuses on insurance services providers in Nigeria. Majority of such firms are located in Lagos from where the sample was selected. Four insurance firms were selected to constitute the study sample. Structured questionnaires designed by the researchers were used to collect data from the sample. 130 copies of the questionnaires were administered.

However, data gathered from a sample were randomly selected. Officers and managers of the selected companies were required to respond to some statements in the questionnaires. A structured questionnaire was used for the collection of the required data. The questionnaire was divided into three sections. Section A comprises of statements requesting whether personal selling is useful to the respondents' organisation. Section B contains statements directed to the respondents asking for their expectations from salesforce while section C requests the relevant Bio-Data of the respondents.

A six point scale, ranging from No Extent at All (1) to Very High Extent (6) was adopted.

The questionnaire was subjected to expert opinion before it was administered. In addition, the same instrument was used previously for a similar study and the outcome was satisfactory. Data gathered were analyzed using descriptive and inferential statistical instruments while Independent T – test was used to test the hypotheses.

DATA ANALYSIS, RESULTS AND DISCUSSIONS

For in-depth analysis the researchers distributed the questionnaires to all the relevant units and departments of the companies chosen as sample. The table below shows the distribution and response rate.

Table 1

Level of Management	No. circulated	No. Received
Top management staff	25	25
Middle management staff	45	33
Lower management staff	60	52
Total	130	110

Source: Field survey, November 2011

Out of 130 questionnaires distributed, 110 people responded. This represents 84.62 %, it therefore

shows that there is a positive response to the enquiry.

Table 2: Do you promote your Product?

Option	Frequency	Percentage
Yes	110	100
No	0	0
Total	110	100

The above table depicts that all insurance companies in Nigeria promotes their products adequately.

Table 3: For what reasons do you promote your products?

Option	Frequency	Percentage
To create awareness	86	48.3
To create understanding	12	6.7
To create change in attitude	63	35.4
To reinforce positive behaviour	17	9.6
Total	178	100

It is shown on the above table that the major reasons why Nigerian Insurers promote their services are to create awareness and to create a change in the attitude of consumers.

Test of Hypotheses

Hypothesis One

Paired Samples Test

Paired Differences	T	Df	Sig. (2-tailed)				
			95% Confidence Interval of the Difference				
Mean	Std. Deviation	Std. Error Mean	Lower	Upper			
95.66667	5.57375	2.27547	89.81738	101.51596	42.043	5	.000

RESULT AND INTERPRETATION

Since the computed value of 42.043 is higher than the statistical value of 2.571 at 0.05 (5%) significance level. Therefore, the null hypothesis that Nigerian insurance companies do not use personal selling to

reach their clients is rejected and the alternative hypothesis is accepted. The implication of this analysis is that Nigerian insurance companies make use of personal selling as a promotional tool to reach their clients.

Hypothesis two

Paired Samples Test

Paired Differences	T	df	Sig. (2-tailed)				
			95% Confidence Interval of the Difference				
Mean	Std. Deviation	Std. Error Mean	Lower	Upper			
98.00000	6.44981	2.63312	91.23134	104.76866	37.218	5	.000

RESULT AND INTERPRETATION

Since the computed value of 37.218 is higher than the statistical table value of 2.571 at 0.05 (5%) significance level. Therefore, the null hypothesis that Insurance salespersons do not contribute to the improvement of insurance image in Nigeria is rejected while the alternative hypothesis is accepted. The implication of this result is that insurance salespersons contribute greatly to the improvement of the image of insurance services in Nigeria.

CONCLUSION AND RECOMMENDATIONS

Personal selling has a lot of advantages that could bring about a long-term business relationship between the two parties involve in an insurance contract. Although most Nigerian insurance firms generate sales through salespersons efforts, there are still potential benefits of this viable promotional tool untapped. Furthermore, through the performance of certain functions linked to personal selling, insurance salespersons are able to communicate the value

inherent in insurance services to clients thereby increasing their level of satisfaction. Also, personal selling ensures that clients get the exact quality of the service they require because with personal selling, products and information could be modified to suit specific needs.

The big challenge of inadequate awareness which has been battling insurance since its introduction to Nigeria is best confronted and overcome with the effective usage of personal selling. A good salesperson will be able to establish the right impression about the product in the mind of a prospect.

In addition, personal selling enhances product innovation, development and improvement. From the foregoing, it is clear that personal selling strategy is the most beneficial marketing communication tool that should be embraced by Nigerian insurance firms to increase clients' patronage, generate higher income and profit, and guarantee mutually beneficial marketing relationships that last.

RECOMMENDATIONS

The researchers submit the following recommendations based on the findings of this study.

- Nigerian insurance firms should consider sales promotion as an integral part of their operations and increase the budgetary allocation to this vital marketing activity.
- Personal selling should be considered by all insurance services providers as the ideal method of marketing communication. This is because no other promotional tool allows personalized and modifiable buyer-seller communication which is necessary for insurance services' selling.
- Insurance firms should be careful in recruiting and selecting salespersons. Selected salespersons should be adequately trained and found physically, socially, technically and intellectually sound for the job.
- Heads of marketing departments in insurance firms must insist on feedbacks from salespersons. This will give them idea about how clients perceive their services and their level of satisfaction.
- The research and development (R&D) departments of insurance companies should at intervals conduct studies to find out clients' degree of acceptability and satisfaction with the firm's products, and suggest useful amendments for implementation where necessary.
- Personal selling could be combined with other promotional tools like advertising sales promotion, direct marketing and public relations.

CONTRIBUTION TO KNOWLEDGE

This study examined the role of personal selling in enhancing client satisfaction in Nigerian insurance market. The study provided a basis for closer scrutiny of the marketing strategies adopted by Nigerian insurance companies. It also revealed that the nature of insurance as a service justifies the necessity of personal selling as the ideal promotional tool.

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