

**CHALLENGES AFFECTING MARKETING OF INSURANCE SERVICES BY
INSURANCE AGENCIES IN NAIROBI KENYA**

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DECLARATION

This is to declare that this research project is my original work that has not been presented to any other University or Institution of Higher Learning for examination.

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This is to declare that this project has been submitted for examination with my approval as the university supervisor

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Date: -----

SUPERVISOR: CATHERINE NGAHU

DEDICATION

This research project is dedicated to my sons Victor Njeru and Jeremy Muriuki for your
much love and aspirations.

May you go beyond this!

ACKNOWLEDGEMENT

This research project bears the support of many people. I continually benefited from the wisdom of my supervisor Ms Catherine Ngahu whose critical comments and challenges provided me with valuable insights about the subject, I was studying. My deepest gratitude goes to my parents for their inspiration, tolerance and understanding. God bless them abundantly.

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ABSTRACT

The effective marketing effort of organization products increase market share, improve returns in the company's efforts generally promote growth of insurance company .Insurance marketing is basically just the marketing of insurance products. Insurance agencies emphasize the importance of the customer preferences and priorities. Marketing of insurance services is critical and complex. In the present scenario, insurance agencies are facing the problem of transitioning from a perceived selling activity to a structured strategic marketing activity. Insurance agencies are adopting strategies of marketing approaches to be in a position of making great sales of insurance services as they faced increased competition which are making them register low profits and even losses. The objective of the study was to investigate the challenges affecting marketing of insurance services by insurance agencies in Nairobi, Kenya. The study used a descriptive survey approach in collecting data from the respondents. A questionnaire was used as primary data collection instruments. Descriptive statistics such as means, standard deviation and frequency distribution was used to analyze the data. The study concluded that complex procedures in claims management, failure to adopt information technology strategy affected the marketing of the insurance service and mistrust in insurance relationships between insurance and the customers, lack of innovativeness in insurance product development affected the marketing of insurance services, cost of insurance services and pricing of the insurance policies challenged marketing of insurance services in insurance agency industry. The study concluded that choice of communication channel, lack of reliability, fraudulent claims and high premium insurance brand affected by marketing of insurance services by the insurance agencies , an unattractive building, poor landscaping and poor interior furnishing of insurance agency offices, inaccessibility of the insurance policies greatly affected marketing of insurance services. The study recommends that management in insurance agencies need to employ skillful, knowledgeable and qualified marketing workforces who could effectively market the agency insurance services. The insurance agencies need to adopt effective marketing strategies, select efficiency channel of advertisement and improve on delivery of quality of insurance services as well as advertise aggressively to attract more customers.

TABLE OF CONTENTS

DECLARATION.....	ii
DEDICATION.....	iii
ACKNOWLEDGEMENT.....	iii
ACKNOWLEDGEMENT.....	iv
ABSTRACT.....	v
LIST OF TABLES	ix
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 Concept of Marketing	3
1.1.2 Marketing of Insurance Services.....	4
1.1.3 The Insurance Industry in Kenya.....	5
1.2 Research Problem.....	8
1.3 Objectives of the Study	10
1.4 Value of the Study.....	10
CHAPTER TWO: LITERATURE REVIEW.....	11
2.1 Introduction	11
2.2 Theoretical Foundation of the Study.....	11
2.3 Challenges affecting Insurance Agency Marketing of Insurance Services.....	13
2.3.1 Ineffective Promotion	14
2.3.2 Choice of marketing Channels.....	15
2.3.3 Mistrust in Insurance Relationships.....	16
2.3.4 Distribution Channels	17
2.3.5 Competition.....	19
2.3.6 Availability of Trained Staff.....	19
2.3.7 Pricing of Insurance Services.....	21
CHAPTER THREE: RESEARCH METHODOLOGY	23
3.1 Introduction	23
3.2 Research Design.....	23

3.3 Population of the Study	23
3.4 Data Collection.....	24
3.5 Data Analysis techniques	24
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION.....	26
4.1 Introduction.....	26
4.2 Response rate.....	26
4.3 General information	26
4.3.1 Respondent's position	26
4.3.2 Level of education.....	27
4.3.3 Working period in Insurance Agency	27
4.3.4 Period insurance agency been in operations	28
4.4 Insurance services provided by Insurance agencies.....	29
4.5 Effectiveness in Marketing Insurance services	29
4.6 Factors hindering marketing of insurance services through agencies.....	30
4.7 Product factors greatly influence marketing of insurance services in Insurance agency.....	31
4.8 Marketing strategies adopted by Insurance agency in marketing insurance services	32
4.10 Effectiveness of Customer Relation management	32
4.11 Challenges affected marketing of insurance services in agency	35
4.12 Distribution Challenges affecting marketing of insurance services in insurance agencies	37
4.13 Overcoming challenges faced by insurance agencies in marketing of insurance services	38
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	39
5.1 Introduction	39
5.2 Summary of the findings	39
5.3 Conclusions	41
5.4 Recommendation for policy and Theory.....	42
5.5 Limitations of the Study.....	43
5.6 Recommendation for further study	43

REFERENCES.....	44
Appendix I: Questionnaire	47

LIST OF TABLES

Table 4. 1: Level of education	27
Table 4. 2: Working period in Insurance Agency	27
Table 4. 3: Period insurance agency been in operations	28
Table 4. 4: Insurance services provided by Insurance agencies	29
Table 4. 5: Effectiveness in Marketing Insurance services.....	29
Table 4. 6: Factors hindering marketing of insurance services through agencies	30
Table 4. 7: Product factors greatly influence marketing of insurance services in Insurance agency	31
Table 4. 8: Marketing strategies adopted by Insurance agency	32
Table 4. 9: Effectiveness of Customer Relation management.....	33
Table 4. 10: Promotion challenges faced by agency in marketing insurance services	33
Table 4. 11: Media choice affects agency in marketing insurance services	34
Table 4. 12: Challenges affecting marketing of insurance services in agency	35
Table 4. 13: Distribution Challenges affecting marketing of insurance services by insurance agencies	37

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The development of marketing is influenced by the development of society and its economy. Social and economic conditions largely influence the direction in which marketing evolves. Hence, marketing must continuously make the adaptation necessary for its healthy survival. According to Kotler (2005), marketing management is the analysis, planning, implementation and control of programs designed to create, build and maintain beneficial exchanges with target buyers for the purpose of achieving organizational objectives such as high profits, sales growth, and market share. The purpose of marketing is to generate customer value at a profit (Noble *et al* , 2002) monitors product and service quality through continuous customer surveys and puts great energy into improving marketing methods in order to simplify operations, bring down costs, speed up service and bring greater value to customers. Beyond these efforts each organisation works to become a part of its neighbourhoods through community involvement and service projects. According to Kotler (2005), marketing management is the analysis, planning, implementation and control of programs designed to create, build and maintain beneficial exchanges with target buyers for the purpose of achieving organizational objectives such as high profits, sales growth, and market share.

Marketing in organizations generate customer value at a profit. The truth of the matter is that the relationship with a customer will break when value evaporates, ‘you’ve got to continue to generate more value for the consumer but not give away the house’ it’s a delicate balance indeed. For instance Noble *et al* (2002) monitors product and service quality through continuous marketing and puts great energy into improving hamburger in

service industry in order to simplify operations, bring down costs, speed up service and bring greater value to customers. Beyond these efforts each organisation works to become a part of its neighbourhoods through community involvement and service projects (Kotler, 2005).

The effective marketing of organization products influence increase market share , improve returns in the companies and generally promote growth of insurance company Marketing strategies serve as the fundamental underpinning of marketing plans designed to fill market needs and reach marketing objectives. Plans and objectives are generally tested for measurable results. According to Keegan, (2003) marketing integrates an organization's marketing goals, policies, and action sequences (tactics) into a cohesive whole. Insurance companies need to manage and market insurance products and services, since they face rigorous regulation and complex, information-rich value chains. Marketing of insurance services by insurance agencies is central to their competitiveness and license to operate, and yet many insurers lack adequate insight to operate as high performers.

Today's Kenya's businesses function in a marketing environment. The insurance industry is no exception. However, the changing world situation always requires insurance parties to reassess their strategies in order to stay competitive. Insurance agencies in Kenya have found their world changing significantly and more difficult to market insurance services and profits. Consumers are less loyal, more informed and more independent about their insurance needs. Traditional ways of marketing to customers and prospects have changed more so recently. Marketing and sales functions at insurance agencies has not been effective to attract and retain their best customers and capture their competitor's best

customers and therefore the need to seek what are the factor affecting marketing of the insurance services to the market (AKI, 2012).

1.1.1 Concept of Marketing

Marketing, as the term is commonly understood today, was developed initially in connection with the selling of consumer-packaged goods and later with the selling of industrial goods. The Committee on Definitions of the American Marketing Association (AMA) defined marketing as the performance of business activities that direct the flow of goods and services to the consumer (Alexander, 1960). The characteristics of services are the justification for the claim that services marketing is different to marketing physical products (Grove and John, 2004). Many of the developments in services marketing are fairly recent. The factors affecting the developments within services marketing are organization size and structure, regulatory bodies, growth in service industries, characteristics of services, customer/employee interaction, and specific service sectors. Marketing are the process of researching and promoting to a market with non-physical goods known as services.

According to Kotler (2009), marketing management is the analysis, planning, implementation and control of programs designed to create, build and maintain beneficial exchanges with target buyers for the purpose of achieving organizational objectives such as high profits, sales growth, and market share. This definition of marketing management emphasizes the carrying out of tasks to achieve the desired demand levels in various markets. The purpose of marketing is to generate customer value at a profit. A marketing strategy is most effective when it is an integral component of corporate strategy, defining how the organization will successfully engage customers, prospects, and competitors in

the market arena. It is partially derived from broader corporate strategies, corporate missions, and corporate goals. As the customer constitutes the source of a company's revenue, marketing strategy is closely linked with sales. A key component of marketing strategy is often to keep marketing in line with a company's overarching mission statement (Keegan, 2009).

1.1.2 Marketing of Insurance Services

Literature also suggests that insurance companies that compete effectively on time (speeding new products to market, manufacturing just in time, responding promptly to customer complaints) tend to be good at other business attributes. Some of those business attributes include assessment of customer requirements, product quality consistency, ability to exploit emerging markets, enter new businesses, generate new ideas and incorporate them in innovations (Stalk et al, 1992). Intensive market knowledge (good understanding of customers, competitors and the market environment) is considered to be one of the key approaches to low cost production and efficiency improvement (Storey, 1994). Bezzell et al. (1995) identified six factors for the business competitiveness. They are marketing effort, relative product quality, research and development, product innovation, relative service quality and product availability. The most powerful of these are marketing expenditure, relative product quality. According to Zairi (1994) the key elements of competitiveness include the “voice of the customer through current and future demands and the voice of the process through establishing the organizational capability to deliver customer wants (Fisk, *et al*, 2004).

Insurance marketing is basically just the marketing of insurance products. Insurance marketing emphasizes the importance of the customer preferences and priorities. Major objectives of insurance marketing are increasing customer awareness, successful distribution of insurance products, developing corporate image, improving customer service, improving customer base and its spread (Fisk, *et al*, 2004). Factors impeding the application of insurance marketing are insufficient experience of insurers while expanding insurance business, non-existence of long-term development strategies of insurance companies and the fact that insurers orient mostly to short term needs; and while trying to apply more actively insurance marketing means it is necessary to change the whole organizational management structure of an insurance company, the channels of insurance products sales, technologies of communication with clients innovation (Bezzell et al. 1995).

1.1.3 The Insurance Industry in Kenya

The main players in the Kenyan insurance industry are insurance companies, reinsurance companies, intermediaries such as insurance brokers and insurance agents, risk managers or loss adjusters and other service providers (Insurance Regulatory Authority, 2009). The statute regulating the industry is the insurance Act; Laws of Kenya, Chapter 487. The office of the commissioner of insurance was established under its provisions to strengthen the government regulation under the Ministry of Finance. There is also self-regulation of insurance by the Association of Kenya Insurers (AKI) established in 1987 as a consultative and advisory body to insurance companies and registered under the Society Act Cap 108 of Kenyan law (www.akinsure.com, 15/10/08). The professional body of the industry is the Insurance Institute of Kenya (IIK), which deals mainly with training and

professional education. Recently established was Insurance Regulatory Authority (IRA) mandated to supervise and regulate the insurance industry players. According to the (AKI) Insurance Industry Report for the year 2009, there were 44 insurance companies (9 long-term business insurers, 20 general business insurers, 15 composite insurers and 3 re-insurance companies. During the year , insurance intermediaries were: 137 licensed insurance brokers, 21 Medical Insurance Providers (MIPs), 3076 insurance agents, 2 locally incorporated re-insurers. Insurance service providers were: 18 loss adjusters, 2 claims settling agents, 5 risk managers, 163 loss assessors/investigators, 57 insurance surveyors.

The gross written premium by the industry was Kshs 64.47 billion compared to Kshs 55.19 in 2008 representing a growth of 16.8%. The gross written premium from General insurance was Kshs 43.11 billion (2008: Kshs 36.89 billion) while that from long term business was Kshs 21.36 billion (2008: Kshs 18.3 billion). This is a ratio of about 70:30 in favour of general insurance. General insurance premium grew by 16.8% while life insurance premium and contributions from deposit administration business grew by 16.7%. The penetration of insurance computed as a ratio of Gross Premium to Gross Domestic Product (GDP) was 2.84% compared to 2.63% in 2008. Long term insurance recorded a penetration ratio of 0.94% while that of general insurance was 1.9%. (AKI, 2012)

Insurance business can broadly be classified into general and life/ long term. Despite this classification, the different classes of insurance businesses can be viewed as lines of business along the profit centre concept. According to the Kenya Insurance Survey KPMG, (2004), the following lines of business drive the General insurance industry

business in Kenya: Motor- Commercial, motor-private, fire-domestic, aviation, Fire-Industrial and Engineering, theft, workmen's compensation, and Personal Accident, liability, marine, and miscellaneous. The life insurance industry is mainly driven by the following lines of business: Ordinary Life and Superannuation, which includes Group Life Insurance and Deposit Administration i.e. industrial life and bond investment. The Survey revealed that the General insurance business is facing two major challenges. The first challenge is to come up with a solution for companies whose viability is threatened by their inability to meet policy holder claims. The second major challenge is how to generate growth for an industry that has significant potential for growing as a percentage of GDP but has been stagnant. In contrast to the General insurance business, the life insurance business enjoyed a real cumulative average growth rate of 8.6 per cent between years 2000 and 2004.

Globally, the insurance industry has enjoyed strong business conditions over the last few years but worsening economic outlook will likely pose considerable challenges in the years ahead. These challenges will be especially pronounced in the property and casualty segment, where growing pricing pressure as the market softens will drive a need for cost-cutting and greater efficiency (Deloitte, 2008).

1.1.4 Insurance Agencies in Kenya

The Kenyan Insurance agencies is governed by the Insurance Act (1984) administered by the Insurance Regulatory Authority (IRA). Under this Act, all assets, liabilities and lives within Kenya must be insured with an Insurance agencies registered in Kenya under the

Insurance Act. It is also a requirement under the Insurance Act that the Insurance Regulatory authority must approve all reinsurances abroad (AKI, 2012).

Additionally, all insurance must follow insurance regulation with the Insurance Regulatory Authority their schedule of premium rates for all classes of business. The Insurance Act lays down the terms and standards required by Law for the efficient operation of the Insurance Industry. The insurance agencies comply with all the requirements under the Law, to the letter (AKI, 2012) .

1.2 Research Problem

Markets are changing all the time and business firms need to be proactive or lose customers. Some of the main reasons why markets change rapidly are that customers develop new needs and wants, new competitors enter a market, new technologies developing meaning that new products can be made, a world or countrywide event happening for instance war, and government introducing new legislation e.g. increases in minimum wage. For domestic firms facing global competition, industry position imposes an additional competitive challenge that differs from purely domestic competition (Williams, 1997).

Marketing of insurance service is critical and complex. In the present scenario, insurance agencies companies are facing problem of transiting from a perceived selling activity to a structured strategic marketing activity. Insurance agencies are adopting all mean of marketing approaches to be in a position of making great sales of insurance services as

they faced increased competition which are making them register low profits and even losses. The growth of insurance industry and penetration of insurance service in Kenya remain low (AKI, 2012) Kenya is under-insured at a penetration rate of 2.6% for a population of over 40.4 millions. Compares poorly with India at 3.7% penetration for a population of over a billion and contrasts with South Africa with a penetration of 14.6% for a population of 44 million. The management of insurance agents and insurance personnel is found significant with the viewpoint of marketing and maintaining the norms for offering the services. The transformation of potential policyholders to the actual insurance policyholders is a difficult task that depends upon the marketing professional excellence of the marketing personnel in convincing the customers to buy the insurance product and services. This has been attributed to inefficient marketing of the insurance service by the companies as well as insurance agencies.

Various local studies have focused on investigating marketing strategies adopted by companies in different industries. For instance, Njoroge (2003), carried out a study on Diversification Strategy focusing on a case study of Nation Media Group and asserted that the stiff competition that had become the norm and influenced marketing decisions in the company. Ndungu (2010) carried out a study on the effectiveness of marketing strategies used in destination branding in the promotion of domestic tourism. Masika (2006) undertook a study on retail marketing strategies adopted by Commercial Banks in Kenya. There is no study that has a clear focus on assessing challenges affecting marketing of insurance services by insurance agencies in Kenya. This research study seek to determine the challenges affecting marketing of insurance services by the insurance

agencies in Nairobi so as to answer the question, What were the challenges marketing insurance services by insurance agencies in Nairobi, Kenya

1.3 Objectives of the Study

The objective of the study was to investigate the challenges affecting marketing of insurance services by insurance agencies in Nairobi, Kenya.

1.4 Value of the Study

The results of the study may be of benefit to the following: The study created insight to all the existing insurance agencies in the insurance industry in Kenya. The identification of the challenges would enable managers to devise marketing strategies to enhance marketing of insurance services and improve on the agencies performance.

The study provides information to potential and current scholars on the factor affecting marketing of insurance services by insurance agencies. This would expand their knowledge on marketing of insurance services in the insurance industry and also identify areas of further study.

Government agencies and policy makers may use the results to formulated positive national policies on a framework that is relevant and sensitive to the market forces influencing the insurance industry in Kenya and the East African region.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter review past studies on marketing of services. The chapter also discusses marketing of insurance service through agencies and challenges affecting marketing of insurance services.

2.2 Theoretical Foundation of the Study

Most of the challenges in service marketing arise from the basic characteristics of services like intangibility, heterogeneity, inseparability and perishability (Boelhouwer, 1999). These characteristics have been staples of service research for more than two decades. Each of these characteristics poses certain challenges and requires specific strategies. These challenges revolve around understanding customer needs and expectations for service, tangibilizing the service offering, dealing with a myriad of people and delivery issues, and keeping promises made to customers (Zeithaml and Bitner, 1996). The distinctive characteristics of services pose difficulties in customer evaluation, lead to greater variability in operational inputs / outputs and emphasize the importance of time factor.

With the growing competition in the domestic and international markets, more demanding and assertive customers, rapid advancement in technology, and changing government policies and laws, the marketing environment has changed dramatically in the last decade and is becoming more turbulent. Cravens (2002) argues that marketing is a major stakeholder in new product development, customer management, and

value/supply-chain management, and marketing strategy provides concepts and processes for gaining a competitive advantage by delivering superior value to the business's customers (Cravens 2002).

Agency relationship in marketing also stresses what it calls internal marketing, or using a marketing orientation within the organization itself. It is claimed that many of the relationship marketing attributes like collaboration, loyalty and trust determine what "internal customers" say and do. Contractual relationships are a pervasive fact of economic life. The theory due to their subjective needs, individuals have subjective preferences, and hence different interests. Occasionally, different subjective interest s gives rise to conflicts of interest between contracting partners (Zeithaml and Bitner, 1996).

These conflicts of interest may result, in turn, in one or both parties undertaking actions that may be against the interest of the other contracting partner. Agency theory deals with such problems. Agency theory is concerned with how these agency problems affect the form of the marketing contract and how they can be minimized, in particular, when contracting parties are variously informed (or uncertain). The pervasive nature of contractual relationships gives the agency theory an important place in marketing theory (Kotler, 2003).

According to agency theory, every employee, team, or department in the company is simultaneously a supplier and a customer of services and products. An employee obtains a service at a point in the value chain and then provides a service to another employee further along the value chain. If internal marketing is effective, every employee will both

provide and receive exceptional service from and to other employees. It also helps employees understand the significance of their roles and how their roles relate to other (Hausman, 2003)

The majority of the insurance companies' service products are found within the property/casualty business. The most important lines of insurance in this field are primarily commercial/industrial and property insurance, marine and transport insurance, professional driver and aviation insurance (Boelhouwer, 1999). During the last decade, there has been a development towards an expansion of mainly large-scale enterprises or corporate groups to form captives. These are insurance companies owned by a firm in order to, as far as possible, be able to level out and eliminate incurring risks on its own and thus lower its insurance costs.

The captive firm is run like a subsidiary, and it insures either directly or indirectly via reinsurance companies, parts of the company's risks. The main difference between private and commercial insurance is that the latter is less standardized and much more complex in its nature. Corporate customers often want individually adapted solutions, countered by insurance packages by the insurers, including combinations of individual insurance. (Bergendahl, Hartman & Lindblom, 1990)

2.3 Challenges affecting Insurance Agency Marketing of Insurance Services

Many of the developments in services marketing are fairly recent. The factors affecting the developments within services marketing are organization size and structure, regulatory bodies, growth in service industries, characteristics of services, customer/employee interaction, and specific service sectors (Daniell, 2006). Services

marketing are the process of researching and promoting to a market with non-physical goods known as services (Hausman, 2003). Insurance marketing is basically just the marketing of insurance products. Insurance marketing emphasizes the importance of the customer preferences and priorities. Major objectives of insurance marketing are increasing customer awareness, successful distribution of insurance products, developing corporate image, improving customer service, improving customer base and its spread, and etc. Factors impeding the application of insurance marketing are insufficient experience of insurers while expanding insurance business, non-existence of long-term development strategies of insurance companies and the fact that insurers orient mostly to short term needs; and while trying to apply more actively insurance marketing means it is necessary to change the whole organizational management structure of an insurance company, the channels of insurance products sales, technologies of communication with clients (Kotler, 2003)

2.3.1 Ineffective Promotion

The promotional mix is a term used to describe the set of tools that a business can use to communicate effectively the benefits of its products or services to its customers. Market communication performs three basic roles in marketing to inform, to persuade, and to remind (Coviello, *et al*, 2000). Traditional promotion employs a variety of methods including advertising, sales promotion, public relation, and personal selling to attract the attention of existing and potential customers, and to inform them of the products, services, and special offers made available by the firm (Peattie, and Peattie, 1994). Each of the categories of promotion mix has now become familiar in many areas of services marketing. In case of life insurance services, promotion is done through a mix of

advertising, personal selling, and sales promotion. Promotion communicates with the potential market so as to persuade the prospective customers to try a new insurance product (Periasamy, 2005).

The insurance services depend on effective promotional measures. In a country like India, the rate of illiteracy is very high and the rural economy has dominance in the national economy. It is essential to have both personal and impersonal promotion strategies. In promoting insurance business, the agents and the rural career agents play an important role. Due attention should be given in selecting the promotional tools for agents and rural career agents and even for the branch managers and front line staff. They also have to be given proper training in order to create impulse buying (Coviello, *et al*, 2000).

Advertising and Publicity, organisation of conferences and seminars, incentive to policyholders are impersonal communication. Arranging exhibitions, participation in fairs and festivals, rural wall paintings and publicity drive through the mobile publicity van units would be effective in creating the impulse buying and the rural prospects would be easily transformed into actual policyholders.

2.3.2 Choice of Marketing Channels

Distribution is a key determinant of marketing success of all insurance companies. In case of life insurance, it is combination of decisions regarding channels of distribution. Insurance agent market various insurance covers either directly or through various distribution channels individual insurance agents, corporate agents including bancassurance and Brokers (Adel and El-Ansary, 2006). These are generally called the traditional channels. In today's scenario agents continue as the prime channel for

insurance distribution in India and almost all the players follow this model primarily. However, with new developments in consumer's behaviour, evaluation of technology and deregulation, new distribution channels have been developed successfully and rapidly in recent years.

According to Zeithaml and Bitner (2003), to evaluate insurance services before its purchase and to assess their satisfaction with the service after it is bought; customers tend to rely on tangible cues, or physical evidence. The appearance of building, landscaping, interior furnishing, equipments, printed materials, and other visible cues all provide tangible evidence of a firm's service quality. This sort of physical evidence provides excellent opportunities for a service firm to send clear and consistent marketing messages regarding the firm's purpose the intended market segment, and the nature of the service (Bitner, 1992 and 1996). In case of insurance business, apart from office environment, materials such as brochures, policy documents, and periodic statements are the tangibles, which will influence the customers. Insurance agencies need to manage all these physical evidences carefully as they can have a profound impact on the impression of the customers. Although all insurance agencies provide similar essential service, the differences that do exist are the physical evidence (Adel and El-Ansary, 2006).

2.3.3 Mistrust in Insurance Relationships

A unique feature of the distribution of insurance services is, the fact that a customer buys a service which actually notice until a loss is suffered (Kotler and Armstrong, 2006). Hence, the policy holder initially consumes a service in the shape of extremely intangible risk coverage and then after some time has elapsed, when something occurs which is covered by the insurance policy, he or she may have the opportunity of consuming the

service in another shape, namely the claim settlement. In a recent case study made of ten corporate customers of one of the major Swedish insurance companies, this dual consumption involving two different insurance managers was concluded to be one of the causes of customer mistrust towards insurance firms (Arneving & Demelid, 1997). According to this study there is a mutual mistrust between insurance companies and their customers. From the insurers' view it was based on the customers' propensity to try to gain from fraudulent behaviour, but was more categorically expressed by the customers towards the insurance firm (Kotler and Armstrong, 2006).

The claim settlement is but one of four areas where relationships often fail due to imperfectly managed interaction. At the claim settlement, customers almost always perceive themselves to have been encountered with suspicion by the agent, as there is a possibility of the customer wanting to gain from his own loss. The second area is in relation to the offers made to gain customers, often through drastically lowered premiums. How are these really to be interpreted? Third is the concept of complexity and difficulty in understanding the service provided, which was discussed earlier. The final area concerns the history of the strictly institutionalized and regulated insurance business, entailing badly delivered services (Arneving and Demelid, 1997).

2.3.4 Distribution Channels

Distribution is a key determinant of success for all insurance companies. Today, the nationalized insurers have a large reach and presence in India. Building a distribution network is very expensive and time consuming. If the insurers are willing to take advantage of India's large population and reach a profitable mass of customers, then new distribution avenues and alliances will be necessary (Mitchell, 1998). Initially insurance

was looked upon as a complex product with a high advice and service component. Buyers prefer a face-to-face interaction (like consulting and sales innovation using multi touch table – MTT) and they place a high premium on brand names and reliability. As the awareness increases, the product becomes simpler and they become off-the-shelf commodity products (Kotler and Armstrong, 2006). Today, various intermediaries, not necessarily insurance companies, are selling insurance. For example, in UK, retailer like Marks & Spencer or in Germany the Deutsche Bank (using also the MTT for the Bank-consulting), sells insurance products.

The financial services industries have successfully used remote distribution channels such as telephone or internet so as to reach more customers, avoid intermediaries, bring down overheads and increase profitability. A good example is UK insurer Direct Line. It relied on telephone sales and low pricing. Today, it is one of the largest motor insurance operator. Technology will not replace a distribution network though it will offer advantages like better customer service. Insurance brokerage firms are among the earliest users of information technology (Federal Reserve Board, 1998). A number of researchers (Cooper, 2000) have studied a few factors that contribute to the revenue growth of firms in the insurance sector in relation to technology. Of particular importance is technology strategy, which represents the pattern of decisions, the position relative to competitors and the perspective from which management makes decisions regarding technological activities, equipment, materials and knowledge (Herman, 1998). Schilling and Hill (1998) note that the purpose of technology strategy is to identify, develop, and nurture those technologies that will be crucial for the firm's long run competitive position.

2.3.5 Competition

Marketing is becoming increasingly vital in the contemporary Nigerian insurance business environment. Environmental variables and intense competition from other financial institutions have compelled Nigerian insurance companies to devise ways and means to survive and operate efficiently and effectively. Specifically, Nigerian insurance companies are showing some interest in the relevance of marketing techniques in their businesses. These interests have been manifested in form of myriads of products and prices, among other marketing activities. Osoka (1992) asserts that for the Nigerian insurance industry to survive the stiff competition and other environmental forces, it is necessary for practitioners in the insurance industry to adopt innovative marketing strategies (Kotler and Keller, 2006).

2.3.6 Availability of Trained Staff

Professionalism constitutes the main thrust of insurance practice. Hence, it is hypothesized to be positively related with increased consumption. The unique nature of insurance industry should serve as the foundation for a distinctive marketing system in the insurance market (Marney,2000). The agent is very central in insurance marketing process. While this is true, the relationship between the agent and the company they represent can be is often varied. Because of the technical complications of the insurance products, it is particularly important that those selling insurance understand the contracts they are supposed to sell. Because a common problem associated with agency is the professional attitude of most insurance agencies. With little or no qualification, one can become an agent or broker (Drucker, 1993).

Understanding the customer better allows designing appropriate products. Being a service industry which involves a high level of people interaction, it is important to use this resource efficiently in order to satisfy customers. Training, development and strong relationships with intermediaries are the key areas to be kept under consideration. Training the employees, use of IT for efficiency, both at the staff and agent level, is one of the important areas in marketing of insurance services (Gnyawali and Madhavan, (2001)

Zeithaml et al. (1990) indicate that the service-performance gap between what is expected and what is often delivered may be narrowed through increased and better employee training. In order for agents to be responsive to the pre-sale, during-sale, and after-sale service needs of their local clients, agencies must invest in training programs in which their agents are comfortable using the technological resources made readily available to them through their providers (Herfled, 1999). The purchase of an insurance contract from insurance agencies is often based, for example, on such criteria as the reputation of the company, the perceived professionalism of the agent, and the price of the policy in relation to the coverage provided. Nonetheless, since new forms of distribution have started to erode the perceived quality relationship that once required a trained agent as part of the traditional buying process, two additional criteria for evaluating service delivery quality may now be needed. The first includes the level of technology provided by the insurance firm, and the second relates to the added psychological cost involved in purchasing the policy without an agent present, (Schlesinger *et al.*, 1993).

2.3.7 Pricing of Insurance Services

As might be expected, neither price nor the technology available during the delivery of the service constitutes the principle concern of the average customer. According to an early survey by Cummins *et al.* (1974), only about half of those who purchased insurance actually checked other companies for prices on the same or similar policies. In many cases the individual purchased insurance from an agent who was a friend, a relative, a neighbor, or a referral from some trusted source. Hence, insurance transactions are, more often than not, seen as an act of friendship rather than a strictly market-based decision (Schlesinger et al., 1993).

2.3.8 Cost of Insurance

The factor that determines the client's ability to purchase any Insurance product is the issue of cost. The other issue that is facing property insurance and liability today is the high cost of insurance for some segments of the insurance buying public and the response that this high cost has generated among those buyers and among certain other groups. This is against the backdrop that insurance agent must be made available to all who want and need it and that it must be affordable (Bernard and Raymond, 2008) that will increase the revenue to the industry in particular to the growth of the insurance brokers.

The demand for availability and affordability of the supply of any product is the function of cost, which means that there is an inevitable conflict between these two goals. When the cost of losses for a given group is low, it is clear that insurance was available and

affordable. Conversely when the cost of losses for a given group is high the premium must also be high (Ennew, Reed and Binks, 1993).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents methodology that was used to conduct the study. It covered the research design, the target population, data collection instruments and procedures and the method of data analysis.

3.2 Research Design

The study used a descriptive survey approach in collecting data from the respondents. Descriptive survey research portrays an accurate profile of persons, events, or account of the characteristics, for example behaviour, opinions, abilities, beliefs, and knowledge of a particular individual, situation or group (Cooper and Schindler, 2008). The descriptive survey method is preferred because it ensures complete description of the situation, making sure that there is minimum bias in the collection of data (Kothari, 2008). A descriptive study is concerned with finding out the what, where and how of a phenomenon. This design is considered suitable because it aided in collecting information from respondents on their attitudes, awareness and opinions in relation to the subject area.

3.3 Population of the Study

Population of study refers to the entire group of individuals or objects from which the study seeks to generalize its findings (Cooper and Schindler, 2008). The target population

of this study was all 22 insurance agencies in Nairobi. Currently there are 22 insurance agencies in Nairobi (AKI, 2012) and all of them were involved in the study, therefore it was a census.

3.4 Data Collection

A questionnaire was used as primary data collection instruments. This is because questionnaires are easier to administer and save time. The questionnaire was divided into sections representing the various variables that were adopted for the study. The questionnaire included closed and open ended questions which sought views, opinion, and attitude from the respondents which might not have been captured by the closed ended questions. The questionnaire was administered through drop and pick method to the 22 marketing managers in all the 22 insurance agencies in Nairobi. The questions were designed to collect qualitative and quantitative data. The open-ended questionnaires gave unrestricted freedom of answer to respondents.

3.5 Data Analysis techniques

The collected data was examined and checked for completeness and comprehensibility. The data was then be summarized, coded and tabulated. Descriptive statistics such as means, standard deviation and frequency distribution was used to analyze the data. The data was tabulated with the help of the Statistical Package for Social Sciences (SPSS 17.0) that has data handling and statistical analysis capability that can analyze data statistics and generate descriptive statistics such as frequency, percentages, means and standard deviations. Data presentation was done by the use of pie charts, bar charts and graphs, percentages and frequency tables. This ensured that the gathered information is

clearly understood. The content analysis was used to analyze the respondents' views about the challenges affecting insurance agencies in marketing of insurance services.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the data analysis, results and discussion of the findings based on the objectives of this study. The objective of the study was to establish the challenges affecting marketing of insurance services in Kenya.

4.2 Response rate

From the study, the study population was 22 where 21 respondents responded and returned the questionnaires. The 21 respondents were the marketing managers of insurance agencies in Nairobi. This constituted 95% response rate. Mugenda and Mugenda (2003) indicated a respondent rate of 50%-70% is sufficient for a study and therefore a respondent rate of 95% for this study was very good.

4.3 General information

The study sought the background of the respondents focusing on respondent's position in the insurance agency, respondent level of education and period the respondents had been working in the insurance agency.

4.3.1 Respondent's position

From the findings respondents were marketing managers in the insurance agencies. This clearly indicates that the information on challenges affecting marketing of insurance services was collected from relevant parties hence data was valid.

4.3.2 Level of education

Table 4.1 indicates the findings on the respondents' level of education

Table 4. 1: Level of education

	Frequency	Percentage
Diploma	2	9
Graduate	13	63
Post Graduate	6	28
Total	21	100

From the findings as in Table 4.1, majority 63% of the respondents indicated that they were graduate holders, 28% of the respondents were post graduates while 9% of the respondents had diploma level of education. This implies the insurances agencies employed qualified personnel to market insurances services to the market and could thus offer relevant information concerning challenges affecting marketing of insurance services in Nairobi.

4.3.3 Working period in Insurance Agency

Table 4.2 indicates the results on working period in insurance agency

Table 4. 2: Working period in Insurance Agency

	Frequency	Percentage
1-3 years	11	54
4-6 years	6	30
7-10 years	4	16
Total	21	100

Table 4.2 above shows that 54% of the respondents indicated that they had been working in insurance company for 1-3 years, 30% of the respondents indicated that they had been working for 4-6 years while 16% had been working for 7-10 years This implied that the

majority of the respondents had worked in insurance agencies for a long period and had experience on challenges affecting marketing of insurances services.

4.3.4 Period insurance agency been in operations

Table 4.3 shows the period insurance agency has been in operations

Table 4. 3: Period insurance agency been in operations

	Frequency	Percentage
1-3	2	11
4-6	5	23
7-10	6	28
Above 10	8	38
Total	21	100

Table 4.3 shows that 38% of the respondents indicated that insurance agencies had been in operation for over 10 years, 28% of the respondents indicated that insurance agencies had been in operation for 7 to 10 years, 28% indicated that the insurance agencies had been in operation for 4-6 years while only 11% indicated that the insurance agencies had been in operation for 1-3 years. This implied that insurance agencies had been in marketing insurance services for long period and had experience challenges in marketing insurances services by insurance agencies.

4.4 Insurance services provided by Insurance agencies

Table 4.4 indicated the findings on insurance services marketed in the agencies

Table 4. 4: Insurance services provided by Insurance agencies

Insurance services	Frequency		% of yes
	Yes	No	
General insurance Services	21	0	100
Life insurance services	19	2	90
Medical insurance services	17	4	81
Saving and Investment	18	3	86
Education	20	1	95
Retirement or pension services	15	6	71

Table 4.4 indicated that all 21(100%) of the insurance agencies market general insurances service, 20(95%) of the insurances agencies market education insurance services, 19(90%) of the insurance agencies market life insurance services while 18(86%) of the insurance agencies market saving and investment services. The study found that 17 (81%) of the insurance agencies market medical insurances services while 15(71%) of the

4.5 Effectiveness in Marketing Insurance services

The finding in Figure 4.5 indicated respondent's responses on effectiveness of marketing of insurance services.

Table 4. 5: Effectiveness in Marketing Insurance service

	Frequency	Percentage
Great Extent	2	11
Very great Extent	19	89
Total	21	100

From the findings, 89 % of the respondents indicated that the effectiveness of marketing of insurance service was to a very great extent while 11% indicated that effectiveness of

the marketing insurance service was to a great extent. This implied that the management of the insurance agencies thought they had done sufficiently well to market the service effectively.

4.6 Factors hindering marketing of insurance services through agencies

The results in Table 4.6 indicated the findings on factors hindering marketing of insurance services through agencies

Table 4. 6: Factors hindering marketing of insurance services through agencies

Factors hindering marketing of insurance services	Mean	Std dvt
High competition in the market	4.53	0.44
Rigorous regulations	4.20	0.24
Ineffective advertisement of insurance services	4.72	0.46
Lack of customer awareness on insurance services	4.16	0.12
Incompetence and inexperience's of staff	4.50	0.49

The results in Table 4.6 indicated that ineffective advertisement of insurance services hindered marketing of insurance service through agencies as indicated by a mean of 4.72.

The results also indicated that high competition in the market affected marketing of insurance services in insurance agencies to a very great extent as indicated by a mean of 4.53 while incompetence and experiences of staff in insurance agencies hindering marketing of insurance services in insurance agencies.

The study further found that rigorous regulations and lack of customer awareness on insurance services greatly hindered marketing of insurance services in insurance agencies

to a great extent as indicated by a mean of 4.20 and 4.16 respectively. The findings concurred with Osoka (2002) who found that environmental variables and intense competition from other financial institutions have compelled insurance companies to devise ways and means to survive and operate efficiently and effectively.

4.7 Product factors greatly influence marketing of insurance services in Insurance agency

Table 4.7 indicate how the product factors greatly influence marketing of insurance services in insurance agency

Table 4.7: Product factors greatly influence marketing of insurance services in Insurance agency

	Frequency	Percent
Nature of the Insurance products	7	36
Consumer perception	8	40
Availability of marketing channels	4	21
Cost of marketing	2	3
Total	21	100.0

Table 4.4 indicated that 40% of the respondents agreed that consumer perception greatly affected marketing of insurance services by the insurance agencies. The respondents 36% and 21% indicated that the nature of insurance services and products affected marketing of insurance services; lack of availability of marketing channels hindered marketing of insurance service through insurance agencies. The least factor as indicated by 3% of the respondents that was cost of marketing.

4.8 Marketing strategies adopted by Insurance agency in marketing insurance services

The results in Table 4.8 indicate extent to which marketing strategies adopted by insurance agencies had been ineffective.

Table 4. 8: Marketing strategies adopted by Insurance agency

Responses	Frequency	Percent
Very great extent	18	84
Great extent	3	16
Total	21	100.0

Marketing strategies adopted by insurance agencies was found to affect marketing of insurance services to a very great extent as indicated by 18 (84%) of the respondents while 3 (16%) indicated that marketing strategies adopted in marketing of insurance services affecting marketing of the services to a great extent. This clearly indicated that marketing strategies adopted by the insurance agencies in marketing of insurance are not suitable hence ineffective.

4.10 Effectiveness of Customer Relation management

The findings in Table 4.9 indicate the results on whether customer relation management had been effective in marketing of insurance service in insurance agencies.

Table 4. 9: Effectiveness of Customer Relation management

	Frequency	Percent
Yes	5	25
No	16	75
Total	21	100.0

From the findings, 16 (75%) indicated that customer relation management had not been effective in marketing of insurance services from insurance agencies while 5 (25%) indicated customer relation management had been effective in marketing of insurance services from the insurance agencies. The respondents explained that poor customer relation management had been affecting insurance service quality where customer feeling unsatisfied.

Table 4. 10: Promotion challenges faced by agency in marketing insurance services

Statement	Mean	Std deviation
Ineffective advertisement	4.51	0.55
Lack of sale promotion	4.81	0.87
Poor public relation	4.64	0.63
Ineffective choice of promotion strategies	4.63	0.59
High cost of promotion	4.30	0.45
Ineffective personal selling	4.76	0.56

Table 4.10 indicates the results on the extent to which promotion challenges faced by insurance agencies in marketing insurance services. The study found that lack of sale promotion and ineffective personal selling affecting marketing of insurance services to a

very great extent as indicated by a mean of 4.81 and 4.76 respectively. The study found that poor public relation, ineffective choice of promotion strategies and ineffective advertisement affected marketing of insurance services to a very great extent as indicated by 4.64, 4.63 and 4.51 respectively. The study further found that high cost of promotion affected marketing of insurance service to a great extent. This clearly indicated that lack of sale promotion, ineffective personal selling affecting marketing of insurance services, poor public relation, ineffective choice of promotion strategies and ineffective advertisement affected marketing of insurance services to a very great extent. The findings concurred with Periasamy, (2005) who found that in case of life insurance services, promotion needed to be done through a mix of advertising, personal selling, and sales promotion as promotion communicates with the potential market so as to persuade the prospective customers to try a new insurance product.

Whether type of media choice affects agency in marketing insurance services

The results in table 4.11 indicated the respondent's responses on whether the choice of media in promotion of insurance services affected marketing of insurance services by the insurance agencies.

Table 4. 11: media choice affects agency in marketing insurance services

	Frequency	Percent
Television	3	12
Radio	9	45
News paper	8	37
Bill boards	1	6
Total	21	100.0

From the results, 45% of the respondents indicated that choice of radio affected marketing of insurance services, 37% indicated that the choice of newspaper affected marketing of insurance services insurance services while 12% indicated that the choice of televisions affected marketing of insurance company while 6% indicated that use of billboard affected marketing of insurance services. This clearly indicated that ineffective choice of media in marketing and advertising insurance services to the marketing greatly affected the marketing of the insurance services through the insurance agencies.

4.11 Challenges affected marketing of insurance services in agency

The results in Table 4.12 indicated the challenges affecting marketing of insurance services in the insurance agencies in Nairobi.

Table 4. 12: Challenges affected marketing of insurance services in agency

Statement on challenges affected marketing of insurance services in agency	N	Mean	Std deviation
Mistrust in insurance relationships between insurance and the customers	21	4.64	0.55
Failure to adopt information technology strategy	21	4.79	0.44
Low trained and inexperience marketing staff	21	3.97	0.33
Pricing of the insurance policies	21	4.03	0.31
Cost of insurance services	21	4.20	0.49
Lack of innovativeness in insurance product development	21	4.31	0.41
Complex procedures in claims management	21	4.84	0.87

The results indicated that complex procedures in claims management, failure to adopt information technology strategy affected the marketing of the insurance service and mistrust in insurance relationships between insurance and the customers to a very great extent as indicated a mean of 4.84, 4.79 and 4.64 respectively. The results further indicated that lack of innovativeness in insurance product development affected the marketing of insurance services, Cost of insurance services and pricing of the insurance policies to great extent as indicated by a mean of 4.31, 4.20 and 4.03 respectively. The study further found that low trained and inexperience marketing staff affected that marketing of insurance services from the insurances agencies in Nairobi to a great extent as indicated b y a mean of 3.70. This clearly indicated that complex procedures in claims management, failure to adopt information technology strategy affected the marketing of the insurance service and mistrust in insurance relationships between insurance and the customers, lack of innovativeness in insurance product development affected the marketing of insurance services, cost of insurance services and pricing of the insurance policies challenged marketing of insurance services in insurance agency industry. The findings concurred with Kotler and Armstrong, (2006) who noted that mutual mistrust between insurance companies and their customers, fraudulent behaviour hinders effective marketing of insurance services.

4.12 Distribution Challenges affecting marketing of insurance services in insurance agencies

The results in Table 4.13 indicated the results on distribution challenges affecting marketing of insurance service in insurance agencies.

Table 4. 13: Distribution Challenges affecting marketing of insurance services in insurance agencies

Statement on challenges affecting marketing of insurance services in insurance agency	Mean	Std deviation
Choice of communication channel	4.86	0.87
High premium insurance brand	4.51	0.37
Lack of reliability	4.74	0.43
Fraudulent claims	4.60	0.63
Lack of brochures, policy documents, and periodic statements are the tangibles, which will influence the customers	3.73	0.69
Inaccessibility of the insurance policies	4.03	0.89
Poor appearance of building, poor landscaping and poor interior furnishing of insurance agency offices	4.41	0.44

The results in Table 4.13 indicated choice of communication channel, lack of reliability, Fraudulent claims and high premium insurance brand affected by marketing of insurance services by the insurance agencies as indicated by a mean of 4.86, 4.74 , 4.60 and 4.51 respectively. The results also indicated that an unattractive building, poor landscaping and poor interior furnishing of insurance agency offices, Inaccessibility of the insurance policies and of brochures, policy documents, and periodic statements are the tangibles, which will influence the customers greatly affects marketing of insurance services. The

finding concurred with Coviello, Brodie and Munro, (2000) who found that ineffective promotional mix greatly affected marketing of organization products and services. The findings further concurred with Arneving and Demelid, (1997) who noted that poor relation to the offers made to gain customers, high premiums and complexity and difficulty in understanding the service provided as well as regulated insurance business, entailing badly delivered services resulting to ineffective marketing of the insurance services through insurance agencies.

4.13 Overcoming challenges faced by insurance agencies in marketing of insurance services

The respondents were requested to indicate how challenges affecting marketing of insurance services in insurance agencies. From the findings, the respondents indicated that the management in insurance agencies need to employees skillful, knowledgeable and qualified marketing workforces who could effectively market the agency insurance services. The study found that the insurance agencies need to adopt effective marketing strategies, select efficiency channel of advertisement and improve on delivery of quality of insurance services as well as advertise aggressively to attract more customers.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusions and recommendations of the study based on the objectives of the study. The main objective of this study was to establish challenges affecting marketing of insurance services in insurance agencies in Nairobi.

5.2 Summary of the findings

The study revealed that the insurance agencies market various insurances services such as general insurances services, education insurance services, saving and investment services and medical insurances services. The established that ineffective advertisement of insurance services, high competition in the market , incompetence and lack of experiences of staff , rigorous regulations and lack of customer awareness on insurance services greatly hindered marketing of insurance services by insurance agencies to a great extent.

The study revealed that negative consumer perception, nature of insurance services and products affected marketing of insurance services. The study also revealed that lack of availability of marketing channels hindered marketing of insurance service through insurance agencies.

The study revealed that marketing strategies adopted by insurance agencies were no hence affected marketing of insurance services to a very great extent. The study revealed that poor customer relation management customer relation management had not been effective in marketing of insurance services from insurance agencies as it led to customer feeling unsatisfied and always sought insurance service from the insurance companies rather than through the agencies.

From the findings, it was revealed that promotion challenges faced by insurance agencies in marketing insurance services such as lack of sale promotion and ineffective personal selling affecting marketing of insurance services to a very great . Poor public relation, ineffective choice of promotion strategies and ineffective advertisement affected marketing of insurance services to a very great extent.

The study further established that high cost of promotion affected marketing of insurance service to a great extent clearly exhibiting that lack of sale promotion, ineffective personal selling affecting marketing of insurance services, poor public relation, ineffective choice of promotion strategies and ineffective advertisement affected marketing of insurance services to a very great extent.

The ineffective choice of media channel was also found to affects marketing of insurance services such as radio, newspapers, televisions affected marketing of insurance company while 6% indicated that use of billboard affected marketing of insurance services. The study revealed that ineffective choice of media in marketing and advertising insurance services to the market greatly affected the marketing of insurance services through the insurance agencies.

From the findings, the study revealed that complex procedures in claims management, failure to adopt information technology strategy affected the marketing of the insurance service and mistrust in insurance relationships between insurance and the customers to a very great extent. The results further found that lack of innovativeness in insurance product development affected the marketing of insurance services, cost of insurance services and pricing of the insurance policies, low trained and inexperienced marketing staff affected that marketing of insurance services from the insurance agencies.

It was also revealed that choice of communication channel, lack of reliability, fraudulent claims and high premium insurance brand hinders insurance agencies from effectively marketing insurance services. The results also indicated that an unattractive building, poor landscaping and poor interior furnishing of insurance agency offices, inaccessibility of the insurance policies and lack of brochures, unclear policy documents greatly affects marketing of insurance services through insurance agencies.

5.3 Conclusions

The study concluded that complex procedures in claims management, failure to adopt information technology strategy, mistrust, lack of innovativeness in insurance product development affected the marketing of insurance services, cost of insurance services and pricing of the insurance policies posed a challenge to marketing of insurance services by insurance agencies.

The choice of communication channel, lack of reliability, fraudulent claims and high premium insurance brand affected by marketing of insurance services by the insurance agencies an unattractive building, poor landscaping and poor interior furnishing of

insurance agency offices, inaccessibility of the insurance policies greatly affected marketing of insurance services.

The marketing strategies adopted by insurance agencies had not been effective in attracting to increase number of customers hence the need to devised new marketing strategies by insurance agencies to effectively market insurance services

The study concluded that poor customer relation management customer relation management had not been effective in marketing of insurance services in insurance agencies. The poor customer relation management had been affecting insurance service quality where customer feeling unsatisfied and always sought insurance service from the insurance companies rather than through the agencies.

5.4 Recommendation for policy and Theory

The study recommends that management in insurance agencies need to employ skillful, knowledgeable and qualified marketing workforces who could effectively market the agency insurance services.

The insurance agencies need to adopt effective marketing strategies, select efficiency channel of advertisement and improve on delivery of quality of insurance services as well as advertise aggressively to attract more customers.

The study recommends that management of insurance agencies need to make effective choice of communication channel, enhance reliability in delivery of insurance, reduce fraudulent claims and manage premium insurance and develop insurance brand to enhance marketing of insurance services by the insurance agencies.

The insurance agency premises should be located in an attractive building, attractive landscaping and good interior furnishing of insurance agency offices, accessibility of the insurance policies to enhance marketing of insurance services.

The insurance agencies should consider the nature of products, cost, consumer awareness and availability of marketing strategy to ensure that the selected marketing strategies achieve its effectiveness and improve marketing of insurance services.

5.5 Limitations of the Study

The researcher encountered various challenges that tended to hinder access to information sought by the study. The respondents approached were reluctant in giving information fearing that the information sought would be used to intimidate them or print a negative image about the insurance agencies. The researcher handled the problem by carrying with her an introduction letter from the University and assured them that the information they would offer would be treated confidentially and it was to be used purely for academic purposes.

5.6 Recommendation for further study

The study investigated the challenges affecting marketing of insurance services by insurance agencies in Nairobi, Kenya. A study should be carried out to establish the factors hindering promotion of insurance services .A further study should be carried out to establish the challenges facing advertising of insurance services in in insurance industry.

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APPENDICES

Appendix I: Questionnaire

Section A: General Information

1 What is your position in the company? _____

2 What is your level of education?

- i. Diploma []
- ii. Graduate []
- iii. Post Graduate []

Any other, kindly specify.....

3 Indicate the period of time you have been working for your insurance agency

- 1-3 years [] 4-6 years []
- 7--10 years [] Above 10 years []

4. How long in years has your insurance agency been in operations

- 1-3 years [] 4-6 years []
- 7--10 years [] above 10 years []

SECTION B

4. Which of insurance services listed below does your insurance agency market

	Yes	No
General insurance Services		
Life insurance services		
Medical insurance services		
Saving and Investment		

Education		
Retirement or pension services		

Any other, please specify.....

4. Has marketing of insurance service in your insurance agency been effective?

1. Yes []

2. No []

Give a reason for your answer.....

5 Kindly indicated the extent to which the following has been hindering marketing of insurance services through your agencies? Use a scale of 1-5 where 1= to no extent at all.5= very great extent

	1	2	3	4	5
High competition in the market					
Rigorous regulations					
Ineffective advertisement of insurance services					
Lack of customer awareness on insurance services					
Competence and experiences of staff in your agency					

6. Which of the following factors greatly influence marketing of insurance services in your agency?

i) Nature of the Insurance products []

ii) Consumer perception []

iii) Availability of marketing channels []

iv) Cost of marketing []

Any other (Kindly specify).....

7. To what extent has marketing strategies adopted by your agency in marketing insurance services been affecting marketing of the insurance services?

- i. To Very great extent []
- ii. To Great extent []
- iii. To Moderate extent []
- iv. To Less extent []
- v. To No extent []

8. Has customer relation management been effective in marketing of insurance service in your firm?

- i. Yes []
- ii. No []
- iii. Give reasons for your answer

9. To what extent do you agree with the following statements that relate to promotion challenges faced by your agency in marketing insurance services? Use a scale of 1-5 where 1= to no extent at all.5= very great extent

Statement	1	2	3	4	5
Ineffective advertisement					
Lack of sale promotion					
Poor public relation					
Ineffective choice of promotion strategies					
High cost of promotion					
Ineffective personal selling					
Any other, specify					

10. Which type of media has your agency used mostly in marketing insurance Services? (tick 2 using a symbol ×)

- i. Televisions []
- ii. Radios []
- iii. News paper []
- iv. Bill Boards []

11. To what extent do the following challenges affected marketing of insurance services in your agency? Use a scale of 1-5 where 1= to no extent at all.5= very great extent

Statement	1	2	3	4	5
Mistrust in insurance relationships between insurance and the customers					
Failure to adopt information technology strategy					
Low trained and inexperience marketing staff					
Pricing of the insurance policies					
Cost of insurance services					
Lack of innovativeness in insurance product development					
Complex procedures in claims management					

12. Kindly indicated the extent to which the following issues have affected marketing of insurance services in your agency? Use a scale of 1-5 where 1= to no extent at all.5= very great extent

Statement	1	2	3	4	5
Choice of communication channel					
High premium insurance brand					
Lack of reliability					
Fraudulent claims					
Lack of brochures, policy documents, and periodic statements are the tangibles, which will influence the customers					
Inaccessibility of the insurance policies					
Poor appearance of building, poor landscaping and poor interior furnishing of insurance agency offices					
Other (specify)					

13. In your own opinion, indicate the how challenges faced by insurance agencies in marketing of insurance services can be overcome

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