AN ASSESSMENT OF THE IMPACT OF SALES STRATEGIES AND THEIR EFFECTS ON SALES OF INSURANCE POLICIES OF INSURANCE COMPANIES IN KENYA
(A CASE STUDY OF ALICO INSURANCE GROUP, KENYA SUBSIDIARY)

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A RESEARCH PROJECT SUBMITTED TO KAMPALA INTERNATIONAL UNIVERSITY IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR COMPLETION OF A DEGREE IN INTERNATIONAL BUSINESS ADMINISTRATION

MAY 2008
DECLARATION

I declare that this research project is my original work and has never been submitted to any university for any award. Where the works of others have been cited acknowledgment has been made.

Signature: [Signature]

Date: 31/05/2008
APPROVAL

The work submitted by this candidate was under the supervision of Mr. Michael Ruteganda-BBA (ACCT) - U.S.A, M. Sc (FIN) - U.K, A.C.I.S. Her work is ready for submission, to be evaluated for the award of a Bachelors in International Business Administration at Kampala International University.

Supervisor. [Signature] Date. 31/05/08
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ABSTRACT

In chapter one I stated the problem and the objectives of the study. I formulated them research questions, significance of the study and the limitations.

In chapter two, I collected information from various sources including books, journals and also the internet.

In chapter three, I came up with a research methodology which would help me to collect the required data. I sampled out a population from which I would get the data from. I came up with a research instrument whereby I used a questionnaire in data collection.

In chapter four, I analyzed the data I had collected and I presented my findings. I categorized the data into two; I did a quantitative and qualitative analysis of the data.

In chapter five, I summarized my findings, gave conclusions and I also gave my recommendations based on the findings of my research.
CHAPTER ONE

1.0 INTRODUCTION:
Sales are an important aspect for every organization as a function that helps an organization to make profit which enables it to run smoothly.
Through sales we can be able to determine which market the organization has best served and which can be served by the company.

1.1 BACKGROUND OF THE STUDY
ALICO is a subsidiary of the America International Group (A.I.G) the biggest multi-line insurer in the world. The A.I.G has many subsidiaries engaged in property, casualty and life business in more than 135 countries.
The A.I.G enjoys the long experience it has in International Insurance affairs The company has US$485 billions of life insurance currently in force and enjoys the trust and honour of hundreds of thousands loyal customers and share holders around the world. ALICO Insurance Company has been in operation for over 38 yrs in Kenya and it has three divisions:

1. Group Management Division
This division specializes in providing employees’ benefits solution to International and local organizations. The division services include group life insurance, medical and pension plan.

2. Life and health department
This was launched in Kenya in February 1964. The division provides high quality insurance products and varied financial services to some of Kenya most respected citizens. The products for the department include life insurance, personal accident and Healthcare. The department is headed by the President assisted by various strategic managers who head the department.

3. General Insurance Division
This is an annual based contract; it was created the same time with others. Premiums are higher and a lot of professionalism features in underwriting business.
A General Manager is appointed with America International Group chairman being the head of department. The General Manager is assisted by several departmental managers who include; line manager, claim, manager, accident/health manager among others.
The department which was in focus in the current research dealt in such main services that includes motor insurance, fire and burglary, personal accident and life insurance.

**ORGANIZATION STRUCTURE OF ALICO INSURANCE COMPANY**

**FIGURE I.1**

The American International Group A.I.G is the mother of American Life Insurance Company (ALICO), which operates in Kenya. The Chairman, who is based in the Corporate Headquarters in the New York U.S.A, manages the AIG group of Companies.

The Kenyan Subsidiary that is the G.M.D (Group Management Division), the Life and Health Division and the General Insurance Division are managed by the General Manager who is the President and General Manager respectively. They are all answerable to the New York Head offices to the regional Managing Directors, senior management levels staff who is leader in their profit centers or departments support the teams. Tactical staff that carries on daily business and implement decisions made also support and implements decisions made and also support the senior level management. The company business depends on brokers and agents who act on their behalf. They pay commissions to their Intermediaries.
1.2 STATEMENT OF THE PROBLEM
The current research aims at examining the factors contributing to low sales of insurance policies so that findings and recommendations can be useful to the management of insurance companies in making selling decisions. Effective sales strategies are deemed to the purchase of insurance policies and increase the market share of the organization.

1.3 OBJECTIVES OF THE STUDY

Broad Objectives
To examine the factors contributing to low sales of insurance policies in the insurance firms.

Specific Objectives
❖ To establish if lack of proper selling is a factor contributing to low sales of insurance policies.
❖ To establish if competition from other companies is a factor contributing to low sales of insurance policies.
❖ To establish whether the nature of the products offered to consumers is a factor contributing to low sales.
❖ To establish whether distribution of insurance polices is a factor contributing to low sales of insurance policies.
❖ To establish if advertising of insurance policies is a factor contributing to low sales of insurance policies.

1.4 RESEARCH QUESTIONS
1. Is lack of proper personal selling a factor contributing to low sales of insurance polices?
2. Is intense competition a factor contributing to low sales of Insurance policies?
3. What is the nature of the company’s products?
4. Is lack of proper distribution strategies a factor contributing to low sales?
5. Is lack of proper advertising strategies a factor contributing low sales of insurance polices?
1.5 SIGNIFICANCE OF THE STUDY

i) It’s hoped that the study will be useful to the staff of ALICO Insurance Company during planning and forecasting company’s business activities.

ii) It will help management that is directors of ALICO Insurance Company to identify strengths and weaknesses of their insurance firms.

iii) It will add to the theoretical and empirical literature knowledge on factors contributing to low sales of insurance policies within insurance firms in Kenya.

iv) It’s hoped that the study will be useful to those aspiring to venture into the same line of Insurance industry.

v) It’s hoped that it will be useful to those who would like to carry out further research beyond the scope of the study.

1.6 LIMITATIONS OF THE STUDY

i) Non-response from the respondents that is some respondents were unwilling to answer questions for the fear of posing new threats from their competitors while others answered for the sake of it.

ii) Limitations of accessibility of data. It was not possible to get all the date required because some documents are confidential and the authority would not let them out.

iii) Study was limited to only ALICO Insurance Headquarters and time factor could not allow the study to be conducted on other branches thus correspondence with other branches was not there.

iv) Inadequate financial resources. Due to limited financial resources it led to restriction of date being collected in ALICO Headquarters only leaving out other branches, however if there were sufficient financial resources, data in other branches would have been collected. Also a lot of money is required to travel type and print the project.

1.7 THE SCOPE OF THE STUDY

The scope of study was limited to the ALICO head office in Nairobi located state house road opposite Serena hotel. The study centered on one firm being a case study focusing ALICO Insured Company leaving out other insurance firms like C.I.C, Apollo Insurance Company and United Insurance Company. The study also left out other Alico Branches in Kisumu,
Nakuru and Mombasa. The study targeted ALICO Life Insurance and Accident Insurance leaving out others Insurance divisions.

1.8 CONCEPTUAL FRAMEWORK
There are both internal and external factors, which affects the sales of Insurances policies in the market. The internal factors are within the control of the organization for instance costs, company objectives and motivation. External factors are generally beyond the perfect control of the organization but they have to be considered for instance the demand, competition and also legal factors.
Sales of insurance policies will improve if the company improves distribution, advertisement personal selling and new product development.

FIG 1.2 FACTORS AFFECTING SALES ON INSURANCE POLICIES

Poor Distribution → Poor Advertisement → Competition → Poor personal selling → Nature of the product → Low Sales of Insurance Policies

(Independent variables) → (Dependent variable)

Source: Secondary data (2008)
The conceptual framework above shows clearly that independent variables have contributed to low sales of insurance policies (dependent variables). Due to poor advertising methods this has led to decline sales hence leading to little market share of the company. Therefore increase in sales of Insurance policies will depend on whether the independent variables are fulfilled.
CHAPTER TWO

2.0 LITERATURE REVIEW

This chapter will seek to review literature that relates to factors that has contributed to low sales of insurance policies within the insurance industry and specifically ALICO Insurance industry company Kenya Limited. The Chapter has also described what other researchers and other individual personality in existing knowledge have done as it regards sales strategies in marketing. The research has also acknowledged the contributions of other people in the area of selling. Extensive study was reviewed on items of specific objectives of:-

- Poor distribution
- Poor advertisement
- Competition
- Poor personal selling
- Nature of product

2.1 PREVIOUS STUDY DONE IN THE AREA

2.1.1 INSURANCE JOURNAL

An Insurance magazines journal written “Insurance age” of May 2002 issue tries to examine some of the problems causing low sales and the activities of insurance companies. It explains that most of the companies are trying to offer training tactics both to their employees and brokers but states that efforts will be needed in order to avoid duplication of work. The journal also explains that Insurance companies have to take some measures to increase policies. According to the Central Bureau of Statistics 2000, it shows that there are 40 insurance companies operating in the country. It explains that these insurance companies are supported by a host of other intermediaries comprising of 165 insurance brokers, 178 agents, and 16 loss adjusters. There were 26 insurance surveyors and one claims settling agent additionally there were 768 insurance agenda up from 490 in 1998 and 5 risk managers.

An insurance newsletter Journal written risk of March 2003 issues tries to examine some of the reasons as to why insurance companies in Kenya are not able to withstand competition and attract more customers, Their editor says that when insurance levy has increased this automatically explain if the complainant makes any claim thus means the company will go at a loss if the case arises.
According to an article by Rebecca Kamungo in the same journal risk head of life and pensions division. She says that with the enactment of the retirement Benefit Act (1997) which established Retirement Benefits Pension Fund Trustees are now personally responsible for any action and decisions they make on the day-to-day management of the fund this has demotivated staff since they fear their assets to put into risk.

Eslie Owindo say in her article that customer services is one of the most talked about ideal in every business, she says customers like personal attention they always feel like they are doing you a favour by choosing your products or services while they could have just gone to the next shop says that they should be appreciate to attract them.

An insurance journal written Insurance Link of October 1999 Mr. Henry W. Awori, Commissioner of Insurances says that unless sales people and the staff of an insurance company sits down and lays down ways and means of improving their performance, their company will always registered losses, unless they work together in order to achieve their sales targets and also be able to take care of their customers to enhance loyalty to their insurance services.

2.1.2 COMPETITION
According to Michael E Porter (1979) developed a powerful framework for analyzing industrial structure and formulating appropriate competitive strategies. He came up with a model that identified the forces that determine the intensity of competition in a given industry and therefore profit potential. The five forces highlighted in the model included:

i) Rivals among existing firms
ii) Threats of new entrances
iii) Threats of substitute products or services
iv) Bargaining power of suppliers
v) Bargaining power of buyers
Therefore when the management is formulating appropriate competitive strategies the above five forces are vital. Porter further noted that the key to a success of a strategy is to develop a position that is invulnerable to attack those forces. He further went with strategies he called “generic strategies” that tends to insulate firms from the damaging effects of the competitive forces. These were views as general approaches to out perform competitors in any industry. They are:

**Cost Leadership**
This requires an efficient scale of facilities and aggressive programmers to reduce all costs. This strategy usually demands a higher market share because it may rely heavily on the cumulative effects of the experience curve. The low cost position tends to give favourable posture that it can continue to make profits after its rivals here completed their ways and also the strategy defend as the company from powerful buyers since the buyers can only bargain prices down to the level of the next met efficient competitor.

**Focusing**
This has to do with concentrating on specific buyers group or segments of the product or segments of the product line or geographical area. Whereas low cost and differentiation strategies aim at fewer goals, industry wide the focus narrowly defends the market the bottom line is that a firm can serve a limited market more efficiently than companies that are competing more broadly.
Differentiation

It focuses on offering products or services perceived by customers as being unique. Higher prices are charged because of their values. There are various ways differentiating products or a service that is durability design, style, quality and price from which the firm can defend itself against the five competitive forces and thereby earning above average industry profits.

Robin (1988) observed that the notion of superior performance requires a business to gain and hold, as an advantage over competitor is centrally contemporarily strategies thinking. Business seeking advantage is exhorted to develop distinctive competence and manage for lower delivery cost differentiation through superior customers care.

Kottler (1984) stated that new competition is not between what companies produce in their factories but what they add to their factories output in form of packaging services, advertising, customer services, financing, delivery arrangements, warehousing and other things tat customers may value.

2.1.3 DISTRIBUTION

Distribution is the process of getting products or services from the producer to consumers and uses when and where they are needed. It provides time, place and possession utilities and transfer of legal ownership. Distribution is one of the key functions of marketing mix. It is the junction that connects products with the end users of goods or services.

According to Willmshurst J. (1995) is the most cost effective to use physical distribution management (PDM). It involves in planning, implementing and controlling the physical flow of products from points of use to meet customer needs at a product.

Laser, W & Culley J.D. (1983) also writes that physical distributor is concerned with moving products to consumers a process that includes time and space dimensions of consumer services. The strategy not only increases profitability but also adds a value to the product by making it available quickly, conveniently and in good condition.

According to Stern and El- Ansory (1997) are in agreement that a marketing channel (Distribution channel) is set of interdependent organization involved in the process of making a product or service available for use or consumption by the consumer or business user.
Craes (1991, 418) depicts a distributor channel as one which consists of interdependent and interrelated institutions and agencies, functionary as system or network who corporate their efforts to produce and distribute a product to the end user. According to Citicorp (1979) distribution channel sometimes seems not to interest pricing and advertising however once a company has chosen its channels and developed relationship with its intermediaries there is reluctance to do anything that might upset the management.

**Figure 2.2 Channel of Distribution**

I  
![Diagram I: Producer → Consumer]

II  
![Diagram II: Producer → Retailer → Consumer]

III  
![Diagram III: Producer → Wholesaler → Retailer → Consumer]

IV  
![Diagram IV: Producer → Agent → Retailer → Consumer]

V  
![Diagram V: Producer → Agent → Wholesaler → Retailer → Consumer]

Source Kibera & Waringe (1992)

### 2.1.4 ADVERTISEMENT

Advertising is any paid message presented in media by an identified sponsor while choosing the media the advertise faces both a micro scheduling and macro scheduling problems. According to France and Chege (1988) said that advertising has many and furious functions, it forms educate persuade and reminds many people about the product and services where to get them and at what price.

Jay Forrester (1979) has proposed using his industrial "dynamics" methodology to test cyclical advertising policies. He believes that advertising has a delayed impact on consumer awareness, awareness has delayed impact on factory sales and factory sales have a delayed impact on advertising expenditures.
As he concludes he said most time relationship can be studied and formulated mathematically into a computer simulation model. The model can simulate alternatives timing strategies to access varying impacts on company sales cost and profits.

Mr. Kinyanjui a lecturer at Kenya Institute of Management (2003) defined advertising as any paid form of non-personal presentation of the organization products or ideas through an identified sponsor. He further identified the advantages and disadvantages of advertising and circumstances through which advertising can be applied.

i) **Advantages of Advertising**
   a) The organization can repeat the message many times. It allows the buyer to compare and contrast messages of various competitors.
   b) Can be used to build a long term image for the product or service through artificial use of visual print sound and colour.
   c) *Can reach masses, geographically dispersed buyers especially if the company is dealing with scattered buyers.*

ii) **Disadvantages of Advertising**
   a) It is very expensive especially if the company wants the message to be repeated several times.
   b) Its only one-way communication because evidence may fail to bring back the feedback for they are oblique to the response.
   c) *The customer choice cannot be immediately established because advertising is a one-way communication.*
   d) The interrupted messages may tend to be generalized and the individual desire preference of the audience may not be taken to account.

ii) **Circumstances to use Advertising**
   a) When a company wants to introduce new product or services
   b) When a company has a geographically dispersed market.
   c) When there is stiff competition form other companies

Kotler (1996) on his book, *(marketing management planning implementation and control)* 9th edition has defined advertising as any paid forum of non-personal presentation and
promotions of ideas, goods and services by an identified sponsor. Advertising is cost effective way of disseminating messages.

Advertising should be developed not only in the context of a clear statement of marketing strategy but also in the context of the plans and expectations for the programmers, sales promotion and personal selling. The advertising form can be used to:

- To inform
- To persuade
- To remind.

iii) Other Views on Advertising

According to Buell (1979) Professor of Marketing Emeritus School of Management said, advertising is use for many non-business purposes such as disseminating government information or promoting political and social causes. Advertising by business however for exceeds other uses. The end purpose of business product advertising is to create sales, yet because advertising is only one of the marketing forces that influence purchase it often is assigned a more limited role in the sales creation process and this role may be different at different times. The three products advertising that P. Buell talked about are as follows:

i) Create Awareness

While using advertising one will create awareness of the company’s trade name, brand and products / services and that is what he termed as brand image or brand personality advertising. Its purpose is to make product known to the customers or recognition of old products.

ii) Inducing Action

Advertising creates enough interest conviction and desire to induce purchases. This is mostly happening in the case of convenience goods sold in self service store. Advertising can often influence consumer to pick the product of the self or display rack for trial.

iii) Maintaining buyer interest

For repetitive purchased products advertising acts as a customer maintenance that is it maintains buyer interest in order to offset competitive advertising and the tendency of people to forget. Maintaining that interest for a long time is a great challenge to some organizations.
2.1.5 PERSONAL SELLING

Personal selling that the writer has focused on is defined by Kotler P. (1984) as oral representation in a conversation with one or more prospective purchasers for the purposes of making sales. Personal selling is said to have started centuries ago with itinerant peddles. The sales were done either door-to-door, office-to-office or at home sales parties Kotler P. (1989). This is the basis of the GNLD marketing strategy, which according to them is the process of seller bringing the products to the customer’s home. This refers to sales made for personal or household consumption and not wholesale purchase for resale (GNLD (1997).

Willmshurst, J. (1995) also defines personal selling as a door-to-door direct selling. He says it is the most important form of promotion because it can deal with the complete selling process, from making an initial contact with customer to closing the deal taking the money and can react flexibly to meet individual customers’ needs. This is not found in other forms. He also points out that being a person to person – to person situations, it establishes customers needs and can help to shape the products to fit them.

Baker M.J. (1996) in his book says that the function of personal selling of to provide specific inputs which advertising or non-personal selling cannot offer at the individual level. This has been termed by Guiltminan P.J. and Paul G.W. (1988) as hybrid programs, which combines advertising and sales promotion as one. This strategy is also being used by at least two other companies in selling their products. These companies are Swissgarde and Tupperware. Swissgarde sells exclusive persona care products while Tupperware deals with kitchenware. These companies especially Tupperware has helped to popularize the home – sale parties’ method is selling in which several friends and neighbours are invited to a party is someone’s home and these products are demonstrated to them.

According to Francis N. Kibera and B. Chege Waruinge (1988) personal selling constitutes the first elements of the promotion mix and refers to the process of planning, organizing staffing directing and controlling the activities. For salesperson to work efficiently and generate sales they have to come up with a message development in order to ease communication. In communicating with potential buyers, marketers’ argues that the buyers’ decision-making process follows a series of stages such as:
The AIDA model. This assumes that prospective customers pass from Awareness to Interest to Desire to Action (AIDA) in their purchase decision process therefore a salesperson is supposed to lead them through these stages by selecting what to say, how to say it and when to say it.

Need satisfaction approach it's another approach, which is based on the preposition that individuals purchase items to satisfy their needs.

Finally the most undoubtedly and widely used approach is sales canned which in this method the sales person memorizes what they are supposed to do and say when they encounter a prospect.

2.1.6 PRODUCT NATURE

Kotler (1989) considers product mix such as elements of marketing mix, which involved designing, planning and developing the right type of the product and services to satisfy customers. It involved making decisions that referred to the following: Product size, product quality, product range, volume output, packaging branding name and product testing.

Kotler (1994) a product was defined as anything that can be offered to a marketer for attention, acquisition use or consumption that might satisfy want or a need. He argued that product appears in 4 types namely: Core products, Potential products, the Generic products and the Expected products.

Also he continues to argue that it is essential for firms to strike and provide the right product when, where and how the customer wants it, firms therefore must think about the whole product they provide and then make that all the elements fit together.

Stephenson (1968) defined product as anything that a purchase got in exchange for his money with all extra on the physical product. The extras may include advisory services, credits terms after sales services, replacement, guarantee reputation and deliveries.

Thompson (1962) argued that you could change product but you can't change people, you can however influence them though not cheaply.
PRODUCT STRATEGIES
Ansoff (1975) defined four product-marketing strategies for company seeking to increase business they are:

- **Market Penetration** – This was whereby a company seeks to increase sales for present products in the present market through more aggressive promotion and distribution.

- **Market development** – This is where the company seeks to increase sales by taking products into new markets.

- **Product Development** – Here the company seeks to increase sales by developing improved for current markets.

DIVERSIFICATION
Here the company seeks to increase sales by developing new markets for new products. Customer’s needs were forever sense. Therefore marketing and product policies must be dynamic. Basic product lifecycle concept emphasize on the need for planned modification of life until new product in such a way as to extend its profitability life until new product is born.

PRODUCT MIX
This was the product range. The following attributes should be decided upon namely:

- **Product size** – The issues to look up are the size, shape and replacement period and whether it’s economical for the company to produce.

- **Packaging** – The major packaging suction are:
  
  (a) Identification foe different varieties
  (b) Display to show brand or services names.

PRODUCT DIFFERENTIATION
It is very rare to find a company with solo rights to any product, so finding a slight product differentiation gave one product an edge over others. Branding help to differentiate products from those of the competitors.

2.2 CRITICAL REVIEW OF MAJOR ISSUES
Although distribution of a product was highlighted and reviewed to the policy makers and other interested parties no research has been undertaken to measure the factors which has
affected the distribution of insurance companies specifically in ALICO. The research should be undertaken to measure the efficiency of distribution.

Also insurance companies are not marketing their policies well by doing promotion of their products for example advertising which is a non-personal presentation of ideas hence the public lacks information, education, persuasion and reminder of the Insurance policies causing the client not aware of the Insurance policies the insurance companies have and their existence. They are also in the dilemma in choosing of the media since they are not sure of which media to use to reach a specific audience for example if they want to reach clients in rural areas. This could contribute to low demand and sales of insurance policies.

Personal selling is effective in the promotion of insurance policy since most insurance companies offer products fairly similar and prices are similar, hence it is effective since the sales person can gauge her interest, answer questions and close the sale hence the sales person can inclines the customer to purchase from his company.  

This is a better method of selling the insurance policy since the policy. The salesperson who do personal selling do not have the skills or attributes of personal selling due to the hunger of money especially if they are paid on commission, lack empathy and ego driven as a result of this insurance companies should hire enough and the best sales force to cover all the geographically areas and pay them more.

Despite low demand and sales of insurance policies faced by insurance industry there is also competition. In this case we are focusing on a market that is saturated by many insurance companies offering similar products like life, motor, education and health to a population whose income is declining.

In crowded markets such as in Kenya one ought to develop short-term and long-term strategies aimed at such market segmentation. However despite good strategies an attractive product or service requires vehicles people to drive it and good a commercial environment where people invest in new business and expect handsome returns must back up Insurance Company’s operations.

2.3 SUMMARY OF THE GAPS TO BE FILLED BY THE RESEARCH

The critical review gave the researcher a path to follow since she had a guideline on what needed more and thorough scrutiny. The study purposely helped in identifying factors that contribute to low sales of insurance policies within insurance industry in Kenya.
CHAPTER THREE

3.0 DESIGNS AND METHODOLOGY

3.1 DESIGN OF THE STUDY

The researcher employed descriptive research. Descriptive research is a scientific method of investigating in which data is collected and analyzed in order to provide description and explanation about the current status of a problem so as to identify chief variables. It will help to describe problems of low sales of polices at ALICO Insurance Company.

3.2 TARGET POPULATION

The research targeted ALICO Insurance Company and the target population was the employees of ALICO Insurance Company that is the top management sales force and customers which added up to 100 people.

Fig 3.1 Target Population

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<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Top Management</td>
<td>10</td>
<td>10%</td>
</tr>
<tr>
<td>Sales Force</td>
<td>40</td>
<td>40%</td>
</tr>
<tr>
<td>Customers</td>
<td>50</td>
<td>50%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
<td>100%</td>
</tr>
</tbody>
</table>

3.3 SAMPLING DESIGN

Stratified sampling was used since the population of interest was not homogenous. The elements of the population were divided into groups to form a state and a random sample of 10 was drawn. A total sample of 40 was chosen as it was believed to be statistically enough to provide adequate information Ration \(\frac{40}{100} = 0.4\)

Figure 3.2 Sample Design of the Respondents

<table>
<thead>
<tr>
<th>Category</th>
<th>Population</th>
<th>Ratio</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>10</td>
<td>0.4</td>
<td>4</td>
</tr>
<tr>
<td>Sales Force</td>
<td>40</td>
<td>0.4</td>
<td>16</td>
</tr>
<tr>
<td>Customers</td>
<td>50</td>
<td>0.4</td>
<td>20</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
<td></td>
<td>40</td>
</tr>
</tbody>
</table>

Source: Primary Data (2008)
3.4 DATA COLLECTION PROCEDURES
The accuracy and validity of the data collected depends upon the great extent to the
effectiveness of the methods employed to collect it.

PRIMARY DATA
It's referred to as the original data collected by the researcher himself for purpose of inquiry.
In the study data is collected through distribution of questionnaires and interviews
Questionnaires were used specifically for those correspondents who were busy or not
available during the time of interview.

SECONDARY DATA
It secondary is data, which is collected through other researchers. Secondary data used in this
study was collected from library text journals daily newspapers and past projects done by
other researchers.

3.5 RESEARCH INSTRUMENTS
I used questionnaires in carrying out my research. This helped me to collect the views and
opinions of the targeted population.
CHAPTER FOUR

4.0 DATA ANALYSIS AND PRESENTATION OF FINDINGS

This chapter deals with presentation and discussion of the findings relied from the response of the top management, sales force and customers. Response was obtained through use of questionnaires and interviews which were the research instruments used in the study.

The purpose of this study with its objectives and the formulated research questions had to find out the factors that contribute to low sales of Insurance Policies at Alico Insurance Company. The questionnaires were formulated to help in the collection of quantitative data. After receiving the data from various respondents the response was coded to facilitate easier analysis of the data and inform of tables and charts.

4.1 QUANTITATIVE ANALYSIS

4.1.1 Characteristic of the Sample

A Sample of 40 respondents drawn from ALICO Insurance Company only 30 questionnaires out of 40 distributed were returned back fully completed and other 10 were not brought back.

Table 4.2.1 Characteristics of the Sample

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual response</td>
<td>30</td>
<td>75</td>
</tr>
<tr>
<td>Non response</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary Data (2008)

From the above table the response to the questionnaire was considered to be good given the fact that some of the respondents were busy with their schedules.

Table 4.2.2 Summary of response according to age

<table>
<thead>
<tr>
<th>AGE IN YEARS</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-30</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>31-40</td>
<td>15</td>
<td>50</td>
</tr>
<tr>
<td>Above 41 yrs</td>
<td>10</td>
<td>33</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary Data (2008)
Table 4.2 shows that of 30 respondents who filled and returned questionnaires majority of them (50%) were between the ages 31—40 years while the remaining ages that is 20-30 were (17%) while above 4yrs were (33%).

Table 4.2.3 Summary of response according to Marital Status

<table>
<thead>
<tr>
<th>MARITAL STATUS</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>20</td>
<td>67</td>
</tr>
<tr>
<td>Single</td>
<td>7</td>
<td>23</td>
</tr>
<tr>
<td>Divorced</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Others</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary Data (2008)

According to the table above majority of the respondents that is (67%) indicate that they were married while the remaining (23%) said that they were single while (10%) said they are divorced.

Table 4.2.4 Summary of respondents according to experience

<table>
<thead>
<tr>
<th>EXPERIENCE IN YRS</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5 Years</td>
<td>6</td>
<td>33</td>
</tr>
<tr>
<td>6-10 Years</td>
<td>8</td>
<td>44</td>
</tr>
<tr>
<td>11-15 Years</td>
<td>3</td>
<td>17</td>
</tr>
<tr>
<td>16 and above Yrs</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>TOTAL</td>
<td>18</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary Data (2008)

The analysis of respondents year of experience in profession i.e. Top management and sales people (44%) have worked 6-10yrs,(33%) worked between 0-5yrs, (17%) have worked between 11-15yrs and the remaining 6% have worked for above 16 yrs.
PERSONAL SELLING

Table 4.2.5 Summary of response on whether the company uses Personal Selling.

<table>
<thead>
<tr>
<th>RESPONDENT</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>YEARS</td>
<td>30</td>
<td>100</td>
</tr>
<tr>
<td>NO</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Primary Data (2008)*

All the respondents who responded said that the company uses personal selling to advertise and sell their insurance services.

Table 4.2.6 Summary of respondents on what extent does ineffective Personal selling has contributed to low sales of policies

<table>
<thead>
<tr>
<th>RESPONDENT</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great extend</td>
<td>10</td>
<td>33</td>
</tr>
<tr>
<td>Very Great extend</td>
<td>14</td>
<td>47</td>
</tr>
<tr>
<td>Lower extend</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Very low extend</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Primary Data (2008)*

According to the table and figure above it clearly shows that ineffective personal selling has contributed to low sales of insurance policies, as majority of the
respondents (47%) said that ineffective personal selling contributes to low sales of polices to very great extend, 33% said effects to great extend (13%)said to a lower extend said to lower extend while (7%)said that affects to a very low extend

Table 4.7 Summary of respondents on how the company trains its sales people

<table>
<thead>
<tr>
<th>RESPONDENTS</th>
<th>FREQUENCY</th>
<th>PERCENTAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Through seminar</td>
<td>8</td>
<td>44</td>
</tr>
<tr>
<td>Internal Training</td>
<td>6</td>
<td>33</td>
</tr>
<tr>
<td>Video Conference</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Field work</td>
<td>3</td>
<td>17</td>
</tr>
<tr>
<td>TOTAL</td>
<td>18</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary Data (2008)

According to the respondents majority i.e. (44%)said that the company trains it’s sales people through seminars (33%) said through internal training,(17%) said through field and the remaining(6%) it’s through video conference.

Figure 4.2
COMPETITION

The 4.8 Summary of respondent on whether competition is a factor contributing to low sales.

<table>
<thead>
<tr>
<th>RESPONDENT</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>30</td>
<td>100</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Primary Data (2008)*

According to the response in the table above majority of them i.e. (100%) that competition is a factor contributing to low sales of insurance policies.

Table 4.9 Summary of response on the rate of competition in the market

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very high</td>
<td>18</td>
<td>60</td>
</tr>
<tr>
<td>Moderate</td>
<td>10</td>
<td>33</td>
</tr>
<tr>
<td>Low</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Very low</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Primary Data (2008)*

Figure 4.3

*Source: Primary Data (2008)*
According to the majority of respondents (60%) responded that the rate of Competition in the market is very high, (33%) said that it is moderate while (7%) responded that competition was very low.

Table 4.10 summary of respondents on what extend competition affects of Insurance polices.

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great extend</td>
<td>18</td>
<td>60</td>
</tr>
<tr>
<td>Moderate extend</td>
<td>10</td>
<td>33</td>
</tr>
<tr>
<td>Lower extend</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Very low extend</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary Data (2008)
According to the response in the table & figure above majority (60%) said that competition affects sales of insurance to a great extent, (33%) said to a moderate extend and (17%) to a lower extend.

Table 4.11 Summary of response on major competitors of the Company.

<table>
<thead>
<tr>
<th>RESPONDENT</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>British American-Ins Co.</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>Madison Ins Company</td>
<td>8</td>
<td>27</td>
</tr>
<tr>
<td>E.A Insurance co.</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Blue Shield</td>
<td>10</td>
<td>33</td>
</tr>
<tr>
<td>Co-operative Ins Co</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary Data (2008)

According to the table and figure above (33%) of the respondents said that Blue Shield was a major competitor, (27%) said that Madison insurance company was a competitor, (20%) felt that British American insurance company is a competitor, (13%) said Co-operative insurance
company is a major competitor, and the remaining (7%) felt that East Africa-Insurance Company was a major competitor.

NATURE OF THE PRODUCT.

Table 4.12 summary of response on whether the nature of the product is a factor contributing to low sales.

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>30</td>
<td>100</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Primary Data (2008)*

According to the response in the table above all respondents (100%) said that the nature of the product/insurance policies is a factor contributing to low sales of Insurance policies.

Table 4.13 summary respondents on the demand of insurance policies by the customer

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>High demand</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Average demand</td>
<td>9</td>
<td>30</td>
</tr>
<tr>
<td>Low demand</td>
<td>20</td>
<td>67</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Primary Data (2008)*
From the above table and figure 4.6 (67%) of response felt that the demand of insurance policies is very low, (30%) felt that the insurance policy are in average demand while the remaining (3%) felt that the demand was high.

Table 4.14 summary of response on the relationship of the product with customer

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very good</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Good</td>
<td>10</td>
<td>33</td>
</tr>
<tr>
<td>Average</td>
<td>14</td>
<td>47</td>
</tr>
<tr>
<td>Poor</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Very Poor</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary Data (2008)
According to the response above (47%) felt that the relationship with customer is Average (33%) felt that it’s good, (13%) responded that it was very good while (7%) Felt that the relationship is very poor.

**DISTRIBUTION**

**Table 4.15 summary of response whether the company uses distribution channel to increase sales**

<table>
<thead>
<tr>
<th>RESPONDENT</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>30</td>
<td>100</td>
</tr>
<tr>
<td>NO</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Primary Data (2008)*

From the above table all the respondent i.e. top management, sales force and customers said that the company uses channels of distribution in order to increase sales of insurance policies.
Table 4.16 summary of response on how effective is the distribution channel

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very effective</td>
<td>10</td>
<td>33</td>
</tr>
<tr>
<td>Effective</td>
<td>18</td>
<td>60</td>
</tr>
<tr>
<td>Very low effect</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>No effect at all</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Primary Data (2008)*

Figure 4.8

From the table and figure above majority of response (60%) said that channels of distribution were effective while (33%) said that it was very effective while the remaining (17%) said that it had very low effect.

Table 4.16 summary of respondent on whether the company uses many distribution channels.

<table>
<thead>
<tr>
<th>RESPONDENT</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>No</td>
<td>25</td>
<td>83</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Primary Data (2008)*
From the above table and figure majority of respondents (83%) said that the company doesn’t involve many distribution channels to effectively make insurance policies available to their customer while (17%) said that the company uses multiple distribution channels to make insurance policies available to their customer.
ADVERTIZING

Table 4.17 Summary of response on which advertising media the company uses to advertise

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Radio</td>
<td>8</td>
<td>26</td>
</tr>
<tr>
<td>Television</td>
<td>11</td>
<td>37</td>
</tr>
<tr>
<td>Outdoor (Bill Board Poster)</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>Magazines</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Electronic Media</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Newspaper</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary Data (2008)

Figure 4.10

According to the table and figure above majority of respondents (47%) said that the company uses Television to advertise, (26%) said it uses radio, (20%) said it uses outdoor bill boards
and posters to advertise (7%) responded that the company magazine and newspapers while the remaining (3%) said the company uses electronic media to advertise its Insurance Policies.

Table 4.18 Summary of response whether poor methods of advertising is a factor contribute to low sales

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>29</td>
<td>97</td>
</tr>
<tr>
<td>No</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary Data (2008)

According to the table and figure above majority of response that (97%) said that poor methods of advertising is a factor contributing to low sales of insurance policies while (3%) said that poor methods of advertising doesn't contribute to low sales of insurance policies.
Table 4.19 Summary of response on relationship between advertising

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective</td>
<td>20</td>
<td>67</td>
</tr>
<tr>
<td>Very Effective</td>
<td>8</td>
<td>27</td>
</tr>
<tr>
<td>Not effective</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Not effective at all</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary Data (2008)

Figure 4.8

According to the table and figure above majority (67%) responded that the relationship between advertising and insurance policies is effective (27%) said that the relationship is very effective while the remaining 6% said that the relationship is not effective.

4.2 QUALITATIVE ANALYSIS

4.2.1 PERSONAL SELLING

There were various suggestions by the respondents

- The company should improve publicity and public relations.
• Should have improved personal selling skills in order to cater for their customers
• It's sales personnel in order to cater for their customers
• That the company should motivate its sales personnel in order to improve its sales turnover.
• The company should use seminars, internal training and fieldwork in order to improve sales people skills.

4.2.2 COMPETITION
The following were suggestions from respondents on how to counter threats of other competitors
• Should develop products which can suit customer needs
• Should embark on more vigorous training programmes to their staff and advertising their services to their customers
• Should educate their customers on their products and the insurance services which are available
• Should ensure that the sales people and other staff are equipped properly to counter competition.

4.2.3 NATURE OF THE PRODUCT
On the nature of the product respondents gave suggestions that:
• The company should ensure that their product nature is well understood by top management, sales force and also their customers
• That the products should be expanded to cater for different classes of people
• They should ensure that their product has a good relationship with their clients.

4.2.4 DISTRIBUTION
Respondents had the following suggestions
• The company should select a reputable channel of distribution in order to maintain quality of products
• Should select a reliable channel in order to improve efficiency and effectiveness
• Ensure that channel participants are well trained about insurance policies and services.
4.2.5 ADVERTIZING

Advertising recommendations suggestions were as follows:-

- The company should choose a media which has a wide coverage e.g. T.V. and Radio.
- Should design adverts which can attract the attention of listeners and also choose appropriate timings to catch the attention of listeners and viewers.
- The company should put more resources on advertising since it helps to create awareness of existing product hence an important tool in sales promotion.

4.3 CONCLUSION

According to the response of the respondents above majority said that if Alico Insurance Company puts all the above suggestions into practice the company can be able to increase their sales turn over. They also said that both the top management sales force and customers should have well knowledge of insurance services, which is an important aspect in marketing, and sales of insurance services.
CHAPTER FIVE

5.0 SUMMARY OF MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

The final chapter of the research presents in a leeway the summary and answers to research questions, conclusion, recommendations and suggestions for further research. It points out the type of problems or factors that contribute to low sales of insurance policies and what applications of the study can do to solve these problems.

5.1 SUMMARY OF MAJOR FINDINGS

The findings of the research study are follows:

► The study revealed that ineffective personal selling is a factor contributing to low sales of Insurance polices, since majority of the respondents (47%) strong agreed that it affects to a great extend.

► The study revealed that the rate of competition in the market was very high since majority of the respondents (60%) agreed that the competition is very high.

► It also revealed that the competition affects sales of insurance policies to very great extend as (60%) of the respondents agreed that it contribute to low sales of insurance policies to a great extend.

► They study confirmed that there is low demand of insurance policies by the customer since (67%) of the respondents strongly agreed that there is low demand.

► It was also revealed that the company doesn’t use many distribution channels as majority of the respondents (83%) strongly disagreed that the company uses many distribution channels.

► The study also revealed that ALICO Insurance Company uses Television to advertise their policies as majority (37%) said that the company uses Television.

► It was also discovered that the most of the respondents felt that the relationship between advertising and insurance polices is very effective since (67%) of the respondents agreed it is effective.

► It was also discovered that the Blue shield is the main competitors of ALICO Insurance Company as (33%) on the respondents revealed this.
5.2 ANSWER TO RESEARCH QUESTIONS

RESEARCH QUESTION 1.
What are channels used by ALICO insurance company use to advertise its policies?
The findings reflected that channels used by the company to distribute their insurance were very effective since they used agents and brokers to distribute their policies. The company should work closely with different channels to improve availability of their policies.

RESEARCH QUESTION 2.
Are prices of insurance policies in Kenya low, moderate or high?
The findings reflected clearly high price of Insurance Policies contributes to low sales. According to the study companies should implements some pricing methods and strategies, which could assist them in lowering the prices or maintain it to be able to raise their sales levels.

RESEARCH QUESTION 3
Has competition affected the sales of insurance polices?
The study revealed that competition greatly contributed to low sales of insurance policies and therefore the company has to work closely with it is competitors to be able to recognize their competitors sales and marketing strategies in order to be able to raise their sales volume.

RESEARCH QUESTION 4
Was effective personal selling used to promote their insurance policies?
The findings reflected that effective personal selling as greatly contributed to low sales of insurance policies. According to the study the company should improve it’s personal selling to enhance an increment in their sales volume.

RESEARCH QUESTION 5
How is the nature of the companies’ product?
The study indicated that the nature of the companies’ product has contributed to low sales of that product. According to the study the company should find products that are competitive and highly demand by their customer.
RESEARCH QUESTION 6
Are ALICO distribution strategies a factor contributing to low sales?
The findings reflected that the company has poor distribution channels which contribute to low sales as a result the company should find ways and means of distributing their policies to make them available to their customer and be more friendly.

5.3 CONCLUSIONS
The study concluded that:
- There is evidence to suggest that personal selling strategies used by the company are not well implemented.
- The respondents also unanimously agreed that competition is one of the biggest factors that has contributed to low sales of insurance policies that has affected the sales of ALICO.
- Evidence also suggested that the respondents agreed that poor advertising method has greatly contributed to low sales of insurance policies and therefore the company should look for effective methods of advertising.
- The respondents unanimously agreed that poor distribution channels as widely affects an sales of insurance policies and the company should look for ways to distribute their products/policies.

5.4 RECOMMENDATIONS
The research wishes to make the following recommendation which are based on findings of the study
- The company recommendation that the company should train its employees on all issues of sales and it’s effective in the company. Advertisements of its objective and goals as times have changed and one informed at all levels.
- It was also recommended that the government should try and relax some of her laws they impose on insurance companies in that they normally make it hard for them to sale their services.
The study also recommended that the company should put all its resources advertising methods, which can help to improve its sales of their policies.

The research also concluded that after implementing the required measures as training, good pricing method and strategies it's important to evaluate the results so that subsequent changes can be made.

5.5 RECOMMENDATION FOR FURTHER RESEARCH

The Researcher due to limited resources and financial constraints concentrated mainly in decline in sales of insurance policies in the Insurance industry. Also the researcher could recommend further research to be undertaken in the area so that further solutions to sales and its effects on the company to be addressed.
REFERENCES


G.N.L/D (1997) *Your first Steps to Success* R.S.A


Internet:

www.googlesearch.com
www.excite.com
www.yahoo.com
APPENDIX 1

ABBREVIATIONS

AIG    American International Group
ALICO  American Life Insurance Company
GMD    Group Management Division
PDM    Physical Distribution Management
AIDA   Awareness to Interest to Desire to Action
## APPENDIX 2

### BUDGET

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<th>BUDGET ITEM</th>
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<th>COST</th>
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<td>Research assistants</td>
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<tr>
<td>Other Expenses</td>
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<td>Telephone expenses</td>
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<tr>
<td>Stationery</td>
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<td>Typing and printing</td>
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<td>Electronic Research</td>
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<tr>
<td>Miscellaneous expenses</td>
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<tr>
<td><strong>Total</strong></td>
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<td><strong>730,000</strong></td>
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### APPENDIX 3

#### ACTIVITY SCHEDULE

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<tr>
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<th>ACTIVITY DESCRIPTION</th>
<th>DURATION DAYS</th>
<th>PRECEDING ACTIVITY</th>
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<td>A</td>
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<td>5</td>
<td>-</td>
</tr>
<tr>
<td>B</td>
<td>Statement of the problem</td>
<td>2</td>
<td>A</td>
</tr>
<tr>
<td>C</td>
<td>Research objectives</td>
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<tr>
<td>D</td>
<td>Gathering background information</td>
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<tr>
<td>E</td>
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<td>F</td>
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<td>F</td>
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<tr>
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<td>H</td>
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<tr>
<td>K</td>
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<td>I</td>
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<tr>
<td>L</td>
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<td>3</td>
<td>J</td>
</tr>
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</table>

**52 days**
APPENDIX 4

QUESTIONNAIRE

Dear Sir/ Madam,

I humbly ask you to participate in this research on THE EFFECT OF SALES STRATEGIES ON SALES OF INSURANCE POLICIES with a case study on ALICO. Your responses will be treated with utmost confidentiality.

Instructions: TICK the appropriate answer and FILL-IN the blanks where necessary.

1. Sex:
   - Male
   - Female

2. Age:
   - Below 25
   - 25-35
   - 36-45
   - Above 46

3. Job position
   - Administration
   - Finance
   - Marketing

4. Academic qualification attained
   - a) Diploma
   - b) Bachelors
   - c) Masters Degree
   - d) Others

SECTION A

DO SALES STRATEGIES AFFECT SALES OF INSURANCE POLICIES?

1. Do you think the sales of insurance policies are affected by the sales strategies used?
   - Yes
   - No

2. Are you familiar with the company’s organization structure?
   - Yes
   - No
3. How do you feel about the company’s organization structure?
   - [ ] Small
   - [ ] Big
   - [ ] Other (Please specify) .............................................

4. What is your opinion about the company’s organization structure?
   - [ ] Costly
   - [ ] Cost Effective
   - [ ] Value for Money
   - [ ] Extravagant

5. What is your opinion about the sales strategies used?
   - [ ] Sufficient
   - [ ] Fair
   - [ ] Insufficient

6. Are the sales strategies limited to the resources provided to the marketing department?
   - [ ] Yes
   - [ ] No

7. Do you think the budgetary constraints limit the sales strategies effectiveness?
   - [ ] Yes
   - [ ] No

8. How would you rate the sales strategies used?
   - [ ] Flexible
   - [ ] Rigid
   - [ ] Convincing
   - [ ] Poor

9. Are the strategies persuasive enough?
   - [ ] Yes
   - [ ] No

10. How long does it take you to be convinced?
    - [ ] Hours
    - [ ] 1-2 days
    - [ ] 3-5 days
    - [ ] More than a week
SECTION B
WHICH MARKETING ACTIVITIES ARE CARRIED OUT BY THE COMPANY

1. What sales strategies are used by the company?

2. Which of these sales strategies do you think are persuasive enough?

3. What is the reason for your answer in Question (9) above?
   □ The sales strategy is most used by the company
   □ It is attractive and catches the customers’ attention
   □ I think it is more convenient to all customers
   □ Other (Please specify) .....................................................

4. Do you think the sales strategies used are financially demanding?
   □ Yes
   □ No

5. In your opinion, do the sales strategies promote sales?
   □ Yes
   □ No

6. Does the company take responsibility for wrong actions/accidents/poor service delivery to clients?
   □ Yes
   □ No

7. Does the insurance company agree with this position?
   □ Yes
   □ No

SECTION C
HOW DOES THE COMPANY’S SALES STRATEGIES AFFECT ITS SALES?

1. Does the company’s sales strategies affect the sales of its insurance policies?
   □ Yes
   □ No

2. Which criteria does the company base its appraisal on?
   □ Customer Sales Growth
   □ Growth of Profit Margin
   □ Improved Position Relative to Competition
   □ Other (Please specify) .....................................................

Thank You for Your Participation.
APPENDIX 5

PERSONAL INFORMATION AND CONTACT
Surname : Macharia
Other Names : Susan Njoki
Cell Phone : +254723837661
Email : suzzy8405@yahoo.com
Date of Birth : 16th May 1984
Place of Birth : Nairobi – Kenya
Citizenship : Kenyan
Gender : Female
Marital Status : Single

EDUCATION BACKGROUND
2004-2008 Kampala International University
Access Programme
(Matriculate Certificate of Access)
Undergraduate Degree
(Bachelors in International Business Administration)
(Kenya Certificate of Secondary Education)
1999-2002 Muthetheni Girls’ High School
1991-1998 Karen ‘C’ Primary School
(Kenya Certificate of Primary Education)

LANGUAGE SPOKEN
English and Kiswahili

AWARDS
Kampala International University Corporate Week
(Certificate- Organizing Committee Member)

HOBBIES
Reading, Learning, Socializing, Traveling
APPENDIX 6
MAP OF KENYA

KENYA
Political Map

SUDAN
• Lokichokio
• Lodwar
UGANDA
• Kitale
• Butere
• Kakamega
• Kisumu
• Nyahururu
WESTERN
• Eldoret
• Nanyuki
• Marsabit
• Wajir
RIFT VALLEY
• Nyeri
• Emu
• Garissa
• Isiolo
• Marsabit
• Moyale
• Ramu
EASTERN
• Lodwar
• Marsabit
• Garissa
• Isiolo
• Nairobi
CENTRAL
• Nairobi
Area
• Nairobi
Thika
• Nairobi
Emu
• Nairobi
Magadi
• Nairobi
Lamu
• Nairobi
Pate
Island
COAST
• Nairobi
Mombasa
• Nairobi
Garsen
• Nairobi
Malindi
• Nairobi
Somalia

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APPENDIX 7
COMPANY STREET MAP

KEY

Study Area
OFFICE OF THE DEAN
SCHOOL OF BUSINESS AND MANAGEMENT

Date: 1st April, 2008

TO SALES MANAGER,
ALICO INSURANCE CO. LTD.

Dear Sir/Madam,

RE: MACHARIA SUSAN NJOKI BIB/5213/51/DF

The above mentioned is a bonafide student of Kampala International University pursuing a Bachelor of International Business Administration programme in the School of Business and Management of the University.

She is currently conducting field research and the title of the Research project is "AN ASSESSMENT OF THE IMPACT OF SALES STRATEGIES AND THEIR EFFECTS ON SALES OF INSURANCE POLICIES OF INSURANCE COMPANIES IN KENYA. As part of her studies (research work) she has to collect relevant information through questionnaires, interviews and other relevant reading materials.

Your institution has been identified as a valuable source of information pertaining to her research project. The purpose of this letter is to request you to avail her with the pertinent information she may need.

All and any information shared will be used for academic purposes only and we promise to share our findings with your institution.

Any assistance rendered to her in this regard will be highly appreciated.

Yours Sincerely

DR. SENOGA EDWARD
ASSOCIATE - DEAN SCHOOL OF BUSINESS