

**EFFECTS OF MARKETING STRATEGIES ON THE
PERFORMANCE OF INSURANCE COMPANIES IN
KENYA**

BY

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DECLARATION

This management research project is my original work and has not been presented for examination in any other university.

Signed

Date

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D61/70853/2008

This management research project has been submitted for examination with my approval as the university supervisor.

Signed.....

Date

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DEDICATION

I dedicate this project to my family for the relentless support they accorded to me. I would like to extend my appreciation to Mama Dan without whom I could not have completed the project

ACKNOWLEDGEMENT

I am extremely grateful to my family for the support extended to me during the time of carrying out this research. I also received valuable suggestions and comments from my supervisor Dr John Yabs.

ABSTRACT

The purpose of this study was to determine the effects of different marketing strategies on the performance of insurance companies in Kenya. In order to operationalize the phenomena understudy the following variables were utilized to guide this research, i.e. sales promotion, market intelligence and product development and innovation. The data was collected from the marketing managers of all the insurance companies to gain wide representative of the sector. In all, 43 self administered questionnaires were distributed among the marketing managers.

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). Organizational performance is the concept of measuring the output of a particular process or procedure, then modifying the process or procedure to increase the output, increase efficiency, or increase the effectiveness of the process or procedure. For purposes of this study the output of the insurance were market share, sales volume, development index, penetration levels, innovation and creativity, cost management, pre-tax profits and finally customer satisfaction.

There are many gaps that need to be addressed for the insurance industry to deliver appropriate insurance products on a large scale to the uninsured in East Africa. There is much distrust of the insurance sector among the low income earners, mostly out of ignorance, thus there is need for a comprehensive awareness programme in order to tap the vastly un-insured market of low income households in need of insurance services. In addition, the products available are not designed to meet the needs of low income earners. According to the insurance industry report 2008 from AKI the penetration of insurance in

Kenya is very low at only 2.54 percent of Gross Domestic Product (GDP) compared to 2.57 percent in 2005. Long-Term (life) insurance recorded a penetration ratio of 0.76 percent while that of general insurance was 1.78 percent. The penetration ratio reveals existing coverage and growth challenges for insurance market in a given country.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

There are several insurance marketing strategies that can take any insurance firm from mediocre to success when utilized correctly. Breaking into a new business climate and finding customers is hard work, but when equipped with innovative ideas and proven techniques, financial markets sales personnel can become extremely successful. Key insurance marketing strategies will always include an in-depth review of the value of follow-up. All successful sales intermediaries understand that consumers need to be contacted again and again in order to make a vital connection. Also, great follow-up protocol lets the potential customer know that good, solid customer service will be part of the over-all package. Follow-up says to a consumer that they are important, thought of, and that their business would be greatly appreciated. The consumer today not only wants a product at a great price, they also want a personal relationship, especially when it comes to financial system sales, such as various insurances (Bakos, 2008).

The number of insurance companies in Kenya is shrinking rapidly. In 2009 there were 43 insurance companies in Kenya down from about 46 only 10 years ago. The large players are swallowing the small companies and capturing market share. Competition is stiff within the industry and product performance has not been effective compared to the last decade. Most companies have sharpened their marketing strategies as a mechanism to guarantee the success of their business in future. The challenge thus facing the local industry is the need for diversification of insurance products better tailored and suited to meet the needs and development of the country. For while the insurance industry can play a very significant and critical role in a nation's developmental process, the challenge

currently being faced is how insurance marketers respond by creatively introducing insurance policies, instruments and marketing techniques to serve as a basis for the country's sustained economic development.

Though several factors can be readily identified as drivers of this perception including the lack of adequate understanding of the insurance contract, its terms and conditions, limitations, coverage, exclusions and deductibles including the legal and regulatory framework in various countries; the focus of this study is to clearly assess the effect of insurance marketing strategies towards the performance of all insurance companies in Kenya. There are insurance marketing strategies that can take any insurance agency from mediocre to success when utilized correctly. Breaking into a new business climate and finding customers is hard work, but when equipped with innovative ideas and proven techniques, financial markets sales personnel can become extremely successful. Getting an education and training is very important in every industry, sales is certainly no exception. This study examines the marketing strategies in place and the overall effects of these strategies in sustaining the Kenyan insurance industry.

1.1.1 Marketing Strategies

Marketing as defined by the American Marketing Association (AMA) is the performance of business activities that direct the flow of goods and services from the producer to the ultimate consumer. Property, casualty and liability insurance marketing however not only includes the traditional marketing sales function but incorporates services such as customer needs analysis, market segmentation, product development and distribution that must be incorporated into a successful marketing mix (Kotler, 2006).

A common perception about insurance in most African countries is that insurance companies generally fail to honour policy contracts when insured losses occur, and in most cases resort to fine prints embedded in these insurance contracts to either deny claims or substantially reduce claim payments. Such is the refrain heard not only among insurance policyholders and customers but with alarming regularity from the general public, thus resulting in the adverse and low penetration rate of insurance products and services in most African countries (Bakos 2009).

A fundamental principle of insurance marketing dictates that insurance products and services must be marketed and sold primarily on the basis of the need for security and the ability of the insurance product and services to provide adequate financial security from fortuitous losses. Moreover, new sources of production of business that includes new ways of selling old traditional insurance policies and products, in conjunction with the marketing of new services, such as risk management, loss control and loss adjustment services should be pursued by insurance companies (Mols, 1998). However, in some lines of insurance, a governmental-legal or regulatory compulsion to insure is the driving factor. For example, purchase of automobile liability insurance is required by law in most jurisdictions the world over. To a large extent these have and continue to be the principles and services absent in the marketing mix of insurance products in Kenya, thus resulting in recent spectacular failures of most insurance companies in Kenya. It has been observed those companies still surviving within the industry want to keep constant contact with existing customers. The competition is fierce today, and no one wants to lose a customer to the next guy.

Walker (2008) observed that consumers today value information. We live in the information age, and the savvy, faithful customer is one that has knowledge about the products and services offered. The next most valuable insurance marketing tips include the salesperson being the source of financial information for the client. Newsletters, email updates, and notifications will keep customers informed about issues surrounding insurance and other financial programs. There are creative ways to approach these insurance marketing strategies. Newsletters could include contests, special interest areas for kids, safety concerns, and economic updates. There could even be an area for customer spotlights, or encouraging testimonies of how the customers were helped through the office. Of course, all new products and services should be showcased in any informative hard copy or e-mail communication.

1.1.2 Organizational performance

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). Organizational performance is the concept of measuring the output of a particular process or procedure, then modifying the process or procedure to increase the output, increase efficiency, or increase the effectiveness of the process or procedure. The concept of organizational performance can be applied to either individual performance such as an athlete or organizational performance such as a racing team or a commercial enterprise or even a farm or live stock production. In performance improvement Organizational performance, is the concept of organizational change in which the managers and governing body of an organization put into place and manage a programme which measures the current level of performance of the organization and then generates ideas for modifying organizational

behavior and infrastructure which are put into place to achieve higher output. The primary goals of organizational performance are to increase organizational effectiveness and efficiency to improve the ability of the organization to deliver goods and or services. Another area in organizational performance that sometimes targets continuous improvement is organizational efficacy, which involves the process of setting organizational goals and objectives in a continuous cycle. Organizational performance at the operational or individual employee level usually involves processes such as statistical quality control. At the organizational level, performance usually involves softer forms of measurement such as customer satisfaction surveys which are used to obtain qualitative information about performance from the viewpoint of customers (Robert, 2001).

In an increasingly dynamic and information-driven environment, the quest by business leaders and management researchers for performance measures which reflect competitive productivity strategies, quality improvements, and speed of service is at the forefront of managing company performance to be meaningful, company performance should be judged against a specific objective to see whether the objective is achieved. Without an objective, a company would have no criterion for choosing among alternative investment strategies and projects. For instance, if the objective of the company is to maximize its return on investment, the company would try to achieve that objective by adopting investments with return on investment ratios greater than the company's current average return on investment ratio (Brah et al 2000)

The selection of the most appropriate performance indicators is however, an area with no defining boundaries as there are a number of purposes to which performance Measurement can be put, although not all performance measurement can be used for all

purposes Even though individual firms tend to utilize firm-specific performance indicators appropriate to their needs, for many firms the main performance indicators would typically include some combination of financial; market/customer; competitor; human resource; internal business process; and environmental indicators (Camp 2008).

1.1.3 Insurance Industry in Kenya

A Micro-insurance conference held in South Africa in 2008 reveals that in the top 100 poor countries in the world, insurance covers only 78 million people and this figure is less than 3% of the poor (Micro-insurance conference, making insurance work for Africa,2008). Research conducted in India has shown that the rural market offers tremendous growth opportunities for insurance companies but their success will depend upon their ability to develop viable and cost effective distribution channels, build consumer awareness and confidence (Naren 2009).

There are many gaps that need to be addressed for the insurance industry to deliver appropriate insurance products on a large scale to the uninsured in East Africa. There is much distrust of the insurance sector among the low income earners, mostly out of ignorance, thus there is need for a comprehensive awareness programme in order to tap the vastly un-served market of low income households in need of insurance services. In addition, the products available are not designed to meet the needs of low income earners. According to the insurance industry report 2008 from AKI the penetration of insurance in Kenya is very low at only 2.54 percent of Gross Domestic Product (GDP) compared to 2.57 percent in 2005. Long-Term (life) insurance recorded a penetration ratio of 0.76 percent while that of general insurance was 1.78 percent. The penetration ratio reveals

existing coverage and growth challenges for insurance market in a given country. Table 2.1 gives Comparative insurance penetration ratios of other developing countries.

Table 1.1 : Comparative Figures from other Countries

Country	Population Million	GDP USD Billion	Per capita GDP USD	TOTAL Premium USD Million	Life Premium USD Million	Non Life Premium USD Million	Insurance Penetration %	Non Life Penetration %	Life Penetration %
India	1,119.50	901	804	43,032	5,812	37,220	4.8	0.6	4.1
Egypt	75.4	107	1,419	843	487	356	0.6	0.5	0.1
South Africa	46.6	255	5,472	40,731	7,624	33,106	16	3	13
Malaysia	25.8	153	5,930	7,537	2,656	4,881	4.9	1.7	3.2
Kenya	36.1	24.51	679.04	622.09	435.82	186.27	2.54%	1.78%	0.76%

Source: Swiss Re consulting, Economic Survey 2009

The Insurance Industry report on particularly life insurance shows a total of only 367,059 individual life policies in existence as at the end of 2006. The number of persons insured is much lower than this as some policy holders usually have multiple insurance policies. Using the working population of 8.74 million, and assuming that each person holds one policy then it means that less than 4% of the working population holds an individual life insurance cover, (AKI Report, 2008)

According to a recent publication by Association of Kenya Insurers (2007), the insurance sector has achieved a penetration of 2.54% and 2.62% in the year 2006 and 2007 respectively. This they (AKI) argue portrays a very low penetration of the insurance sector. In addition, there were only 367,059 individual life policies at the end of 2006 in a working population of 8.74 million (about 4% coverage) (AKI Report, 2008).

1.2 Statement of the problem

The business volume generated by the Kenya Insurance Industry in 2007 was Kshs.47.39 Billion compared to Kshs 41.68 billion in year 2006, AKI Report (2008). This represented a growth of 13.69 percent. However it is worth noting that this growth is mainly as a result of other factors outside the insurance sphere such as appreciation of building value and increase in wages. Contrary to this, the Real GDP as factor in premium has been stagnating. Furthermore, the situation has not improved as the insurance sector is also being faced by poor perception by the general public. Competition within the industry has increased, leading to price wars, stagnation of premium in some service class, pouching of staff and high rate of insolvency within the industry.

In view of this, majority of insurance companies in Kenya have developed concrete strategic plans to increase their business, a strategy towards increasing the penetration levels within the Kenyan insurance industry. Some of the marketing strategies put forward are: - intensified marketing activities locally (through market penetration, market development and product development strategies), increased the level of customer service and focus in all departments of the company; intensified personal selling as a marketing communication strategy and pursue a competition oriented pricing strategy in all markets, (Osalo, 2007). In order to operationalize these market driven business objectives, it's critical to have in place some silent strategies that fuel them such as sales promotion, market intelligence and product innovation.

Mirie (1987) did a study on the marketing of Insurance services, however this study only gave us an overview of insurance marketing but failed to inform us on the effects.

Kyeva (2005) did a survey of the marketing mix used by life insurance companies in Kenya in responding to the challenge of Hiv/Aids pandemic, however this study was limited only to the relation between life insurance companies and Hiv/Aids pandemic

Wamwati (2007) did a study on the critical success in the insurance industry in Kenya, however this study was too broad and failed to look critically to the marketing strategies and their influence on performance

Karanja (2008) did a study on the innovation strategies adopted by insurance companies in Kenya, however this study only served to inform us but failed to establish the relation between innovation and performance.

The argument is that the major contributors to the sector performance are the marketing strategies adopted by insurance companies. It is important to emphasize that good marketing practices by insurance companies in Kenya is imperative if the industry is to effectively play a key role in the overall development of the country.

From this study's background information, performance and achievements of most insurance companies depends largely on the use of effective marketing strategies that are tailor-made to suit customer needs among other strategies. It is evident from this argument that the development and implementation of effective marketing strategy is a very important function for an organization. Forging from the statement of the problem the study aims at answering the following questions.

What is the effect of sales promotion on the performance of insurance companies?

What is the effect of marketing intelligence on the performance of insurance companies?

What effect does insurance product innovation has on the company's market growth and penetration?

1.3 Research Objective

The objective of this study was to determine the effects of marketing strategies on the performance of insurance companies in Kenya.

1.4 Importance of the Study.

The government and other institutions involved in the country's policy formulation can not overlook the insurance sector as one of the major contributor to the country's GDP. The findings from this study will therefore be of importance because they will have the capacity of being used to formulate positive fiscal policies which are relevant and sensitive to the forces influencing the insurance sector performance and penetration in Kenya.

To insurance company management the realization that insurance business is one of the highly competitive business locally and globally calls for respective marketing department to adopt properly formulated marketing strategies for success of the company. To the insurance companies in the country, this study finding will be of great importance because through them, these institutions will be better positioned to gauge their performance and make improvements where necessary to boost their market performance and overall ranking in the industry.

To those who have scholarly interest in marketing of insurance companies and overall financial sector, this study will provide a source of reference; literature review and basis upon which further studies can be developed.

CHAPTER TWO: LITERATURE REVIEW

2.1: Introduction

The purpose of this chapter is to highlight at the work that other scholars and researchers have done concerning insurance as a business model. An empirical review has been undertaken leading to a conceptual framework which is proposed to guide the study.

2.2 Theoretical Review

This section examines the various theories that will be used to inform the study on the dynamics of business in an economy.

2.2.1 Theory of Push and Pull Customer Service

In 1911, Fredrick Winslow Taylor published "The Principles of Scientific Management." Business took his ideas to heart and started focusing on becoming more efficient than their competition. This led to determining the needs of the potential customer and pushing the solutions out to those customers. In today's, market pushing solutions are sometimes seen by the customer as intrusive or overlooked by the customer as the solution gets lost due to information overload. Many companies are moving away from the push theory to a pull theory. That is, they are providing the information and solutions in a generally accessible format and allowing the customer to determine what best suits their needs.

One of the base assumptions about pushing solutions (products, information, etc.) to customers is that the business or organization can anticipate the needs of the customer in advance of the need and prepare the solution ahead of time. Organizations that emphasize the push theories often do so to increase efficiency. They believe that if, for instance, they create the penultimate user manual that they will cover all of the questions the customer might have and thereby limit the amount of contact the customer needs to make to the

organization. As well, by using a push model the organization can limit those areas for which service is provided which again might provide efficiency in the training of support personnel. This model has become more difficult to implement as organizations are finding they may be sacrificing effectiveness for the efficiency.

Pulling solutions has always been a part of most organizations. A customer would visit the organization and ask questions and someone would answer them. In the case of "pull," the customer initiates the request for a solution rather than merely choosing a solution from the solutions offered by the organization. This is being used more often as consumers have begun to distrust the solutions provided directly by organizations and wish to do the research themselves. This model requires the business or organization to provide as much materials as possible in as many formats as possible and hope that the customer discovers the solution. This is not an efficient model from the customer's or the organizations point of view but it is effective in many cases.

2.2.2 Marketing Mix Theory

The term "marketing mix" became popularized after Neil H. Borden published his 1964 article, *The Concept of the Marketing Mix*. Borden began using the term in his teaching in the late 1940's after James Culliton had described the marketing manager as a "mixer of ingredients". The ingredients in Borden's marketing mix included product planning, pricing, branding, distribution channels, personal selling, advertising, promotions, packaging, display, servicing, physical handling, and fact finding and analysis. E. Jerome McCarthy later grouped these ingredients into the four categories that today are known as the 4 P's of marketing.

These four P's are the parameters that the marketing manager can control, subject to the internal and external constraints of the marketing environment. The goal is to make decisions that centres the four P's on the customers in the target market in order to create perceived value and generate a positive response

The marketing mix framework was particularly useful in the early days of the marketing concept when physical products represented a larger portion of the economy. Today, with marketing more integrated into organizations and with a wider variety of products and markets, some authors have attempted to extend its usefulness by proposing a fifth P, such as packaging, people, process, etc. Today however, the marketing mix most commonly remains based on the 4 P's. Despite its limitations and perhaps because of its simplicity, the use of this framework remains strong and many marketing textbooks have been organized around it.

2.3 Empirical Review

As Zubes (1999) states the purpose of marketing in insurance company can be: Maximization of company's profit and earning by insurance company sufficient profit alongside with execution some additional function. He confirms that marketing in insurance is powerful enough to differ from marketing existing in the field of commodities production. At first this is connected with particularity with the insurance business, surrounded by which main are: long period life of the insured product, long-term character of interaction insurer and consumer, determined by validity of the contract (for example, legality contract of insurance life can reach 50 and more years), therefore in a number of cases, profitability, the properties and characteristic of the insurance product become to be comprehensible through many years after its sale.

Insurance and risk management make up an immense global industry. According to a survey conducted by a leading global insurance firm, Swiss Re, worldwide insurance premiums totalled \$4.270 trillion in 2008 (the latest data available), up about 6.3% from \$4.061 trillion in 2007. This was equal to about 6.18% of global GDP. Global life insurance premiums were \$2.79 trillion during 2007, while all other types of insurance totalled \$1.78 trillion. In America alone, the insurance business employed about 2.31 million people in 2008, and insurance gross premiums totalled \$1.13 trillion, making the U.S. the world's largest insurance market. For 2009, life, accident (including supplemental health) and annuity premiums in the United States will total an estimated \$679 billion. Property and casualty premiums will total about \$450 billion for 2009. U.S. life insurance firms held about \$4.51 trillion in assets in 2008, according to the Federal Reserve Bank. Approximately 4,500 companies underwrite insurance in America, but the industry is dominated by a handful of major players. According to Swiss Re, total insurance premium volume for 2008 was \$1.75 trillion in Europe; \$933.3 billion in Asia; \$104.9 billion in Latin America and the Caribbean; \$29.2 billion in the Middle East and Central Asia; and \$9.7 billion in Africa. Given the above statistics will take many years for African nations to begin spending significant amounts on insurance products, where as much of the world is still clearly a fertile field for expansion of companies that are willing and able to invest time and money in emerging markets (Bakos, 2009).

In recent years, many insurance companies have increased budgets and marketing efforts in their respective market, and with positive results. According to the (Walker, 2008) insurance companies increased their spending by 80% between 2000 and 2003. One challenge in strategic marketing is that increased spending does not automatically translate in higher numbers of purchased insurance (Walker, 2008).

The business model can be reduced to a simple equation: Profit is equal to earned premium plus investment income minus incurred loss minus underwriting expenses. Insurers make money in two ways: (1) through underwriting, the process by which insurers select the risks to insure and decide how much in premiums to charge for accepting those risks and (2) by investing the premiums they collect from insured parties (Gregory, 2003).

The most complicated aspect of the insurance business is the underwriting of policies. Using a wide assortment of data, insurers predict the likelihood that a claim will be made against their policies and price products accordingly. To this end, insurers use actuarial science to quantify the risks they are willing to assume and the premium they will charge to assume them. Data is analyzed to fairly accurately projected rate of future claims based on a given risk.

Actuarial science uses statistics and probability to analyze the risks associated with the range of perils covered, and these scientific principles are used to determine an insurer's overall exposure. Upon termination of a given policy, the amount of premium collected and the investment gains thereon minus the amount paid out in claims is the insurer's underwriting profit on that policy. Of course, from the insurer's perspective, some policies are "winners" (i.e., the insurer pays out less in claims and expenses than it receives in premiums and investment income) and some are "losers" (i.e., the insurer pays out more in claims and expenses than it receives in premiums and investment income); insurance companies essentially use actuarial science to attempt to underwrite enough

"winning" policies to pay out on the "losers" while still maintaining profitability (Squires, 2003).

An insurer's underwriting performance is measured in its combined ratio. The loss ratio (incurred losses and loss-adjustment expenses divided by net earned premium) is added to the expense ratio (underwriting expenses divided by net premium written) to determine the company's combined ratio. The combined ratio is a reflection of the company's overall underwriting profitability. A combined ratio of less than 100 percent indicates underwriting profitability, while anything over 100 indicates an underwriting loss (Squires 2003).

Insurance companies also earn investment profits on "float". "Float" or available reserve is the amount of money at hand at any given moment that an insurer has collected in insurance premiums but has not been paid out in claims. Insurers start investing insurance premiums as soon as they are collected and continue to earn interest on them until claims are paid out. The *Association of British Insurers* (gathering 400 insurance companies and 94% of UK insurance services) has almost 20% of the investments in the London Stock Exchange (Vaughan, 1997)

In the United States, the underwriting loss of property and casualty insurance companies was \$142.3 billion in the five years ending 2003. But overall profit for the same period was \$68.4 billion, as the result of float. Some insurance industry insiders, most notably Hank Greenberg, do not believe that it is forever possible to sustain a profit from float without an underwriting profit as well, but this opinion is not universally held. Naturally, the "float" method is difficult to carry out in an economically depressed period. Bear

markets do cause insurers to shift away from investments and to toughen up their underwriting standards. So a poor economy generally means high insurance premiums. This tendency to swing between profitable and unprofitable periods over time is commonly known as the "underwriting" or insurance cycle. Vaughan, (1997).

Finally, claims and loss handling is the materialized utility of insurance; it is the actual "product" paid for, though one hopes it will never need to be used. Claims may be filed by insured directly with the insurer or through brokers or agents. The insurer may require that the claim be filed on its own proprietary forms, or may accept claims on a standard industry form (C. Kulp, 2002).

Insurance company claims department employ a large number of claims adjusters supported by a staff of records management and data entry clerks. Incoming claims are classified based on severity and are assigned to adjusters whose settlement authority varies with their knowledge and experience. The adjuster undertakes a thorough investigation of each claim, usually in close cooperation with the insured, determines its reasonable monetary value, and authorizes payment. Adjusting liability insurance claims is particularly difficult because there is a third party involved (the plaintiff who is suing the insured) who is under no contractual obligation to cooperate with the insurer and in fact may regard the insurer as a deep pocket. The adjuster must obtain legal counsel for the insured (either inside "house" counsel or outside "panel" counsel), monitor litigation that may take years to complete, and appear in person or over the telephone with settlement authority at a mandatory settlement conference when requested by the judge. In managing the claims handling function, insurers seek to balance the elements of customer

satisfaction, administrative handling expenses, and claims overpayment leakages. As part of this balancing act, fraudulent insurance practices are a major business risk that must be managed and overcome. Disputes between insurers and insured over the validity of claims or claims handling practices occasionally escalate into litigation. (Mills and Morris 1986).

2.3.1 Sales Promotion

According to Gupta (2007), the objectives of promotions are to attract new customers, to make existing customer loyal, reward loyal customers and increase the market size by stimulating the use of an entire product category and to reinforce other communication tools. The further the product progress through its life cycle, the more managers tend to allocate more budgets to sales promotion. It is the same case for lower priced brands; moreover retailers have high influence on the final price and use of promotion. Nearly all companies need to use promotions as either offensive and/or defensive tools in the battle for market share. As a consequence, the consumer's brand choice is influenced by the sales promotion campaigns. Prior to making a decision, the typical consumers will take into account whether or not a promotion exists. They may also buy something they had not planned or buy something in a greater quantity because there is a promotion. Sales promotion can in fact create an impulse purchase, when the need has been created or revealed in-store.

According to Hartley and Cross (1998), Sales promotions cover a wide scope of marketing activity ranging from trade, sales force and consumer programs. Specifically, sales promotion encompasses such activities as discounts, incentive plans, coupons, sweepstakes and value-added promotions. These programs have continually been studied

in terms of their impact upon brand loyalty. Marketing managers are becoming more concerned about the productive use of promotional funds and controlling spending on trade promotion. As a result, trade-offs among advertising, consumer promotion and trade promotion are an important, though perplexing aspect of the budgeting process. Although the importance of sales promotion has increased dramatically, it has remained little understood beyond the objective of delivering short-term results and successfully introducing new products into the consumer market.

According to Gupta (2007), Sales promotion is exclusively concerned with a prize or gift given to consumers. This is consistent with a number of sales promotion activities for brands. When the type of sales promotion is a prize, the relationship between influence to take a brand and sales promotion becomes clearer. A premium or prize can serve as an unconditional stimulus, which elicits excitement or emotion. When the type of sales promotion is a prize or a gift, there is a relationship with effect. Relationships have demonstrated that individuals, in whom positive perception on a brand has been evoked through receiving a gift, are more likely to be risk taking when the probability of benefiting from the purchase of a brand is high but risk-averse when the probability of benefiting is low. Such research is essential in developing an understanding of how advertising and promotional strategies can be used to influence consumers' brand perception and selection behavior.

According to Kotler (2003), is on the view that organizations should concern themselves with sales promotion campaigns because of factors such as competitive pressures from their counterparts, leading to the need of differentiation of their products and services. Buyers have become expectant in that the consumers are promotion oriented and are

demanding more deals. There is also a need for the organizations to increase customer loyalty, therefore adding value to a product or service is important. Organizations have an urge of short-term results and the application of sales promotion produces quicker and more measurable results (Hartley, S. and Cross, J, 2004).

Over the years there has been a need to increase sales volume especially in the short run thus use of sales promotion compared to the other tools of promotion.

According to Kotler (1997), decades ago, advertising to sales volume ratio was about 60:40. Today in many consumers packaged goods companies, sales promotion accounts for 65% to 75% of the combined budget. Sales promotion expenditures have been increasing as a percentage of budget expenditure annually for the last two decades and the fast growth rate is expected to continue. Sales promotion is now more accepted by top management as an effective sales tool and product managers are widely using it to increase their current sales. Some of the companies are concerned with increasing the sales in the short-run; therefore sales promotion is often the resort. Companies use sales promotion to create a stronger and quicker response, it is used to dramatize product offers and to boost sagging sales (Kotler, 1997).

According to Tull (2005), Sales promotions are often confused with advertising. For instance, a television advertisement mentioning a contest awarding winners with a free trip to a Caribbean island may give the contest the appearance of advertising. While the delivery of the marketer's message through television media is certainly labeled as advertising, what is contained in the message, namely the contest, is considered a sales promotion. The factors that distinguish between the two promotional approaches are: whether the promotion involves a short-term value proposition for example the contest is

only offered for a limited period of time and the customer must perform some activity in order to be eligible to receive the value proposition. For example customer must enter a contest. The inclusion of a timing constraint and an activity requirement are hallmarks of sales promotion.

According to Gupta (2007), a strong brand strategy can increase the awareness of a company and its offerings in such a way that it establishes strong feelings and reactions and a favourable view towards the company as a whole. To create this sort of brand awareness in your market, it takes skilful Brand Strategy know-how. The function of branding is one of the most important aspects of any business be it a large or a small business organization. An effective brand strategy enables marketers to sell more and win the market share. Companies around the world have continued to invest heavily in brand management.

The proposition an organizations sales promotion and brand strategy must be very compelling, attractive and unique among competitive offerings. The proposition must also be consistently reinforced throughout all phases of an organization. Kimball (2002), stated that effective sales promotion campaign enables a business organization to successfully out-brand its competitors is a continuous battle for the hearts and minds of the market share and customers. In senior executives to customer service, research and development, business development and even your business partners.

2.3.2 Market Intelligence.

Market intelligence according to Cornish 2007, is “the process of acquiring and analyzing information in order to understand the market (both existing and potential customers); to determine the current and future needs and preferences, attitudes and behaviour of the

market; and to assess changes in the business environment that may affect the size and nature of the market in the future.

If an organization wants to be close to the market it needs to fully understand it, including the roles that the competitors and customers play there. Market Intelligence is the information relevant to a company's markets gathered and analyzed specifically for the purpose of accurate and confident decision-making in determining market opportunity, market penetration strategy and market development metrics. Competitive Intelligence describes the broader discipline of researching, analyzing and formulating data and information from the entire competitive environment of any organization

Market intelligence helps in Market and customer orientation to promote external focus, identification of new opportunities so as to identify new trends in our markets and competitors; one is able to get early warning of competitor moves. This enable counter measures thus minimizing investment risks by detecting threats and trends early, better customer interaction, inherit intensified customer market view better market selection & positioning it enables the company to understand where your offer fits and discover untapped or under-served potential market, more efficient and cost-effective information (Cornish, 2007).

Often Market Intelligence relies purely on external data such as analysts reports but there is often a great deal of untapped information internally that would give you an insight into your market, from sources such as databases and prospect lists, and an holistic view can prove very insightful. Market intelligence from external data is normally gathered through what is known as desk research. This means sourcing and analyzing published

information to build a picture of a market and to try and answer some specific commercial questions such as what is the market potential. Central to successful desk research is the ability to track down sources of information and to provide the right level of analysis. For example identifying who your competitors are and analyzing their market position against yours to find strengths and weaknesses and indications of new developments. Related to desk research is list building. This involves seeking out lists of likely prospects or partners for relationship or network building and finding out key information about the company for marketing purposes (Cornish, 2007).

A specific form of Market Intelligence is competitive intelligence. This is typically undertaken on an on-going basis and involves the collection of news, materials and other information about competitors from a wide variety of sources. Because of its on-going nature, Competitive intelligence is more about putting structures in place than specifically finding one-off pieces of data. Much marketing intelligence information can come from making better use of existing information.

Website may also include a high degree of valuable information about who is looking for your products and services. Web site traffic analysis can help you understand what customers are looking for and why. Knowledge about customers, markets and competitors that comes from your staff. Often this is a poorly tapped source of information (Cornish, 2007).

2.3.3 Product Innovation and Development

Innovation is a new way of doing something or "new stuff that is made useful"(McKeown 2008). It may refer to incremental and emergent or radical and

revolutionary changes in thinking, products, processes, or organizations. Following Schumpeter (1934), contributors to the scholarly literature on innovation typically distinguish between invention, an idea made manifest, and innovation, ideas applied successfully in practice. In many fields, something new must be substantially different to be innovative, not an insignificant change, e.g., in the arts, economics, business and government policy. In economics the change must increase value, customer value, or producer value. The goal of innovation is positive change, to make someone or something better. Innovation leading to increased productivity is the fundamental source of increasing wealth in an economy.

Innovation is an important topic in the study of economics, business, design, technology, sociology, and engineering. Colloquially, the word "innovation" is often synonymous with the output of the process. However, economists tend to focus on the process itself, from the origination of an idea to its transformation into something useful, to its implementation; and on the system within which the process of innovation unfolds. Since innovation is also considered a major driver of the economy, especially when it leads to increasing productivity, the factors that lead to innovation are also considered to be critical to policy makers. In particular, followers of innovation economics stress using public policy to spur innovation and growth.

Although personal characteristics have been identified as significant predictors of consumers' adoption of an innovation several researchers have shown that it is the perceived attributes of the innovation itself rather than the characteristics of the innovators that are stronger predictors of the adoption decision (Black et al 2001, Polatoglu, Ekin 2001). Clients in the insurance industry demand a minimum relative

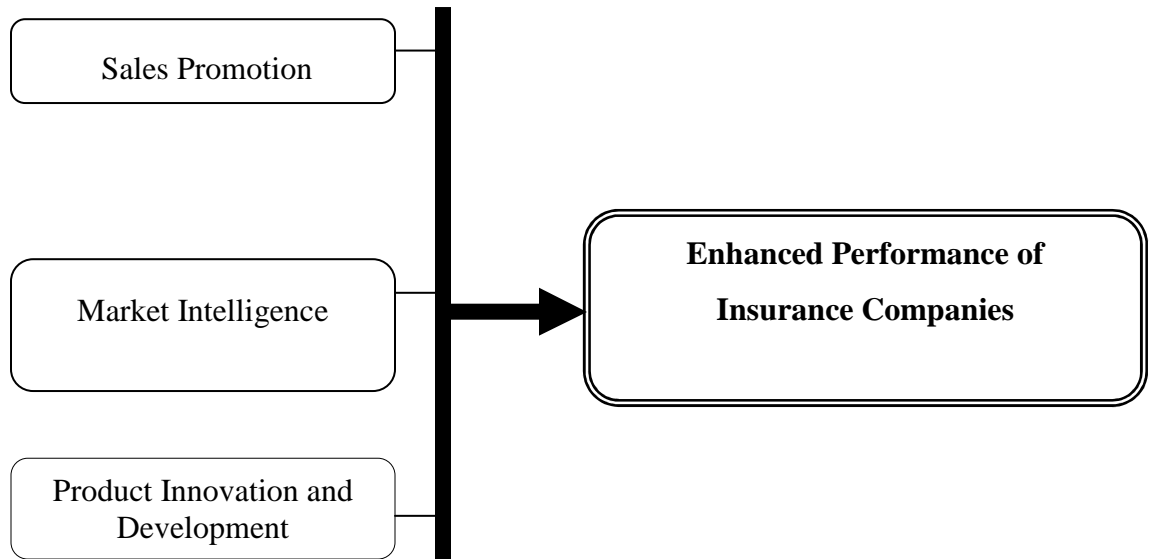
advantage in order to switch channels. This means that new innovative services should be perceived to be better than their predecessors.

According to (Mills and Morris 1986), insurance must continually invent new products and services in light of changes brought by the Internet and also make existing products more suitable for online delivery. Similarly, (Mols, 1998) identified a number of critical success factors of Internet service in the context of the Australian insurance industry.

2.4 Conceptual Framework

The 4Ps will dynamically change and hence companies need to continuously enhance their marketing strategies to be at par with the changing 4Ps in the industry. Businesses and organizations will continue to use some combination of push and pull for customer service but there is a definite shift, fuelled by the demands from the customers, to provide more pull and less push. Customers are seeking solutions from other customers as well as the businesses and organizations and making choices that in the past might have been left for the business or organization to solve. Businesses and organizations need to provide solutions in the forms that the customers want and it is clear the customer wants a pull model for their customer service.

Figure 2.1: The Conceptual Framework



Independent Variables

Dependent Variable

Source: Author 2010

2.5 Summary

Sales promotion as a marketing strategy is important as it ensures there is adequate awareness, this also arouses interest of the insurance products to the potential customers. The interest aroused would finally lead to potential sales and purchase of the insurance products this would increase the penetration levels, increase the profitability and generally improve the performance of the company

Market intelligence is equally important in enhancing the performance of an insurance company as it will involve getting information about the customer needs and expectations, what other insurance companies are doing as a result the company will be able to respond with precision on the needs of the market. They will put in place products that suit the customers and will avoid mistakes committed by other insurance companies. This will in turn ensure that the companies' performance is enhanced

There must be constant product innovations to reflect the changes in consumer preferences. This should be done through research and development. Customers to financial services have got varying needs from service providers. Insurance research department should always put priority in good and customer focussed market research as a tool in product development will have a positive niche on the market. If products are Tailor-made to suit specific customers' needs on the market, will be translated to positive market performance.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides discussions of the research methodology used in this study. It discusses the research design especially with respect to the choice of the design. It also discusses the population of the study, sample design, sampling techniques, data collection methods as well as data analysis and data presentation method that will be employed in the study.

3.2 Research Design

Descriptive survey study design was appropriate for this study. This design was appropriate as it enabled the researcher to obtain information concerning the current status of the phenomena or to be specific the “status quo” of challenges facing the target population or its characteristics, (Mugenda 2003).

3.3 Target Population

Usually, any target population of a study aims at answering the question should constitute the study’s participants. Mugenda, (2003) defines population as the set of all “units” of analysis in one’s problem area. Based on this definition, the population from which the conclusion for the study will be made includes all the insurance companies operating in Kenya. The study was conducted by a census because we administered questionnaires to only the marketing manager of all the insurance companies in Kenya

3.4 Data Collection Procedures

According to Mugenda, (2003), primary data consists of data collected directly by the researcher through data collection tools such as questionnaires, interviews, measurements, observation and brainstorming. On the other hand, secondary data consists of already documented data such as library books, newspapers and internet files. In this context, the study used primary data collected through a questionnaire in addition secondary data was incorporated in the literature review and findings and recommendations. A pilot study was conducted in order to test the instrument of data collection a week before the real data collection exercise was carried out.

3.5 Data Analysis

Apart from descriptive statistics of Mean, Frequency and percentages on the characteristics of the respondent regression analysis was used to measure and predict the relationship between the predictor variables and the dependent variable. To obtain these statistical outcomes, the study used Statistical Package for Social Science (SPSS). The model of the study is defined below.

$$Y = A + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where X_1 = Sales Promotion, X_2 = Market Intelligence, X_3 = Product Innovation/ Development. β = Beta Coefficient. A = Constant and Y = Performance of Insurance Companies.

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION

4.1 Introduction

In this section focus is on the analysis and report of the results of the study. The main issues covered are demographics of the respondents, descriptive statistics and inferential assessment of the variable/objectives of the study.

4.2 Demographic Characteristics of the Respondents

The conceptual analysis of the data collected (see Table 4.1) from the insurance companies under review showed that 42.4 per cent of respondents were under 30 years of age, 30 per cent were between 31 and 40, 18 per cent were between 41 and 50, and the remainder were above 50. This indicates that most of the respondents tended to be young and middle-aged. By gender, approximately 85 per cent of respondents were men, which indicate that much fewer women are employed in the executive management / managerial positions of the concerned companies. Considering the date of establishment of the studied companies, approximately 55 per cent of the employees had experience of 9–12 years of operation, and 33 per cent experience of above 12 years.

Table 4.1 Population's demographics

Variables	Frequency	Percentage	Valid percentage
Age (years)			
< 30	19	42.4	42.4
31–40	15	30.3	30.3
41–50	6	18.2	18.2
>50	3	9.1	9.1
Gender			
Men	33	84.8	84.8
Women	10	15.2	15.2

Variables	Frequency	Percentage	Valid percentage
Work experience (years)			
4–8	7	12.1	12.1
9–12	21	54.5	54.5
>12	15	33.3	33.3

Sources Author 2010

4.3 Descriptive Statistics

Descriptive data is used to detect anomalies in the data and also to have a general overview of the data.

The respondents were asked to rate, on a five-point scale, the extent to the study competitive strategies such as market intelligence, sale promotion, and product development as effect of marketing strategies on the performance of insurance companies question. The ratings ranged from 1 (Very High) to 5 (Very Low). Responses to various statements under each marketing strategy were collapsed and a composite index (mean score) computed for each function. The results are presented in Tables 4.2 along with standard deviations.

A look at Table 4.2 shows that product innovation was rated highest on average with a mean of 4.13 with responses deviating from this mean by a standard margin of 0.80. This is followed closely by Sales promotion with the mean of 3.99, with standard deviation (STD DEV) of 0.96, and finally Market intelligence (mean = 3.59, STD DEV = 0.78), in that order. This ordering could be interpreted to mean that product innovation and sale promotion constituted the best marketing strategies in the organizations under study as on average respondents agreed to them. Conversely, marketing intelligence was the lowest on the scale of marketing strategy adopted by the insurance firms to improve on their overall performance, although it was still well above the average (mid-point), implying it

was also used to a great extent but with caution as competition within the industry on a high scale.

Table 4.2: Means and Standard Deviations for Indexed Marketing Strategies' Variables

Variable	Mean	Std Deviation
Product Innovation	4.13	0.80
Sale Promotions	3.99	0.96
Market Intelligence	3.59	0.78

Sources Author 2010

4.4 Test of Research Conceptual Framework

Three variables were developed for this to demonstrate the relationship between marketing strategies and organizational performance. Each variable is enlisted in table 4.3 the statistical that was used was multiple regression analysis as illustrated below:-

$$Y = A + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where X1= Sales Promotion, X2 = Market Intelligence, and X3 = Product innovation β = Beta Coefficient. A = Constant.

Table 4.2.1: Summary of Test of Objective

Variable	Statistical Test
Sale Promotion	Multiple Regression
Marketing Intelligence	Multiple Regression
Product innovation	Multiple Regression

Sources Author 2010

The variables in table 4.2.1 were tested using a multiple regression analysis. The results are presented in table 4.2.2

As evident in Table 4.2.2, the values of beta coefficient and r^2 for Product innovation are 0.41 and 0.20, respectively. This implies that for every unit increase in Product innovation or implementation, there is a corresponding increase in firm performance by 0.41. More also Product innovation adoption alone accounts for 20% variation in firm performance. Beta coefficient is significant at $\alpha < 0.01$. Therefore “A positive relationship exists between product innovation as marketing strategy and organizational performance.

Secondly the values of beta coefficient and r^2 for sales promotion are 0.32 and 0.20, respectively. This implies that for every unit increase in sales promotion, there is a corresponding increase in firm performance by 0.32. Consequently sales promotion alone accounts for 20% variation in competitive advantage. Beta coefficient is significant at $\alpha < 0.01$. Hence, a positive relationship exists between sales promotion and firm’s performance.

Lastly, the values of beta coefficient and r^2 for market intelligence are 0.29 and 0.10, respectively. This implies that for every unit increase in market intelligence, there is a corresponding increase in firm competitive advantage by 0.29. Consequently market intelligence alone accounts for 10% variation in company performance. Beta coefficient is significant at $\alpha < 0.01$. Hence a positive relationship exists between market intelligence and firms performance.

Table 4.2.2: Results of the multiple regression of the effect of marketing strategies on firm's performance.

Variables	r²	Beta	t	Sig.
Marketing Strategies				
Product innovation	0.20	0.41	4.0	0.01
Sale Promotions	0.20	0.32	2.3	0.01
Market Intelligence	0.10	0.29	3.5	0.01

Sources Author 2010

Where X1= Sales Promotion, X2 = Market Intelligence, X3 = Product Innovation/ Development. β = Beta Coefficient. A = Constant and Y= Performance of Insurance Companies.

$$Y = 59.3 + 0.32X_1 + 0.29X_2 + 0.41X_3 + e$$

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

The study registered a positive relationship exist between product innovation as a marketing strategy and firms performance at 0.41. This entails that for any insurance company to diversify effectively and increase its market share investment in product innovation is critical.

The study was able to concur with Hartley and Cross (1998), sales promotions cover a wide scope of marketing activity ranging from trade, sales force and consumer programs. Specifically, sales promotion encompasses such activities as discounts, incentive plans, coupons, sweepstakes and value-added promotions, based on this finding due to the wide scope the study recorded a positive effect at 0.32 beta sales promotions as a marketing strategy and firm's performance. This also supports Kotler (2003) that organizations should concern themselves with sales promotion campaigns because of factors such as competitive pressures from their counterparts, leading to the need of differentiation of their products and services. Buyers have become expectant in that the consumers are promotion oriented and are demanding more deals.

According to (Mills and Morris 1986), insurance must continually invent new products and services in light of changes brought by the Internet and also make existing products more suitable for online delivery. Similarly, Mols (1998) identified a number of critical success factors of Internet service in the context of the Australian insurance industry. The study was able to support this observation as it gave a significant beta of 0.41 as explained in chapter four.

Marketing intelligence is important in any industry, but in this study it had a lesser value on insurance firm performance. Market intelligence helps in Market and customer orientation to promote external focus, identification of new opportunities so as to identify new trends in our markets and competitors; one is able to get early warning of competitor moves. This enables counter measures thus minimizing investment risks by detecting threats and trends early, better customer interaction, inherit intensified customer market view better market selection & positioning it enables the company to understand where your offer fits and discover untapped or under insured potential market, more efficient and cost-effective information.

5.2 Recommendations

Based on the research findings, the researcher made some recommendations that are aimed at strengthening the company's performance within the Insurance industry.

The researcher recommended that companies should strengthen their research portfolio. Improved research will enable firms to develop more effective customer retention strategies by identifying both their "at risk" and most valuable customers. In doing so these firms will increase customer retention, acquire profitable customers and create more effective cross-selling and up-selling strategies.

Insurance companies in Kenya should develop more focused marketing and sales campaigns this will enable enables marketers to plan marketing programs and campaigns—and closely monitor results—using skills they already have. Marketers will receive a complete, current view of their customers, and insight into customer attitudes and behavior through this approach and hence build on the company competitive advantage.

To build on competitive advantage through marketing strategies insurance companies in Kenya should understand the similarities and differences among customers in specific geographic regions and demographic segments in order to serve their customer better — especially on varied population. Segmenting will enable these firms to create more precise campaigns, rather than sending general offers to the entire customer database.

Finally the researcher continues to recommend the following quick win strategies for both companies: - Optimizing the company customer relationship management strategy to improve the customer experience and increase retention; Leveraging companies marketing, branding and customer self-care strategies to build customer loyalty and Strategic partnership in key areas such as technology, promotions and community social responsibility.

5.3 Suggestions for Further Research

A good and original paper is a product of in depth analysis and focus discussion group, with key stakeholder in the industry. This may not be the case in this research due to limited time, funds and expansive area. Further research should investigate the level of success of insurance companies' competitive advantages in East Africa as the east Africa Community opens and the cross listing strategies emanating as a new industry trend. More also what is the future of the industry as customer's needs and expectations keep on changing as technology advances and competition increases.

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Appendix 1: Specimen Research Questionnaire

Introduction

1. Respondent number

2. Gender: MALE FEMALE

3. Age of the respondent

< 30	<input type="text"/>
31–40	<input type="text"/>
41–50	<input type="text"/>
>50	<input type="text"/>

4. Years of experience

Work experience (years)	
4–8	<input type="text"/>
9–12	<input type="text"/>
>12	<input type="text"/>

Performance of Insurance Company in the Industry in Kenya

This question intends to measure the performance of your company in terms of market share, industry penetration, sales volumes, innovation and cost management.

4. What level of competitive advantage does the company enjoys within the industry?

(Tick once)

1	10% - 25%	<input type="checkbox"/>
2	30 - 45%	<input type="checkbox"/>
3	50 - 65%	<input type="checkbox"/>
4	70% - 85%	<input type="checkbox"/>
5	90% - 105%	<input type="checkbox"/>

Sales Promotion

5. What is the effect of sales promotion as a marketing strategy on the performance of the company in the following areas?

Market Share									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW
Sales Volume									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW
Development Index									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW
Penetration Levels									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW
Innovation & Creativity									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW
Cost Management									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW
Pre – Tax Profits									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW
Customer Satisfaction									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW

Market Intelligence

6. What is the effect of Market Intelligence as a marketing strategy on the performance of the company in the following areas?

Market Share									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW
Sales Volume									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW
Development Index									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW
Penetration Levels									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW
Innovation & Creativity									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW
Cost Management									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW
Pre – Tax Profits									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW
Customer Satisfaction									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW

Product Innovation and Development

7. What is the effect of Product innovation and development on the performance of the company in the following areas?

Market Share									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW
Sales Volume									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW
Development Index									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW
Penetration Levels									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW
Innovation & Creativity									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW
Cost Management									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW
Pre – Tax Profits									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW
Customer Satisfaction									
1	VERY HIGH	2	HIGH	3	AVERAGE	4	LOW	5	VERY LOW

General View

8. What recommendation can you suggest to management to enhance the company marketing strategies?

End

Appendix 2: List of Insurance Companies in Kenya

1. Africa Merchant Assurance Company Ltd.
2. APA Insurance Co. Ltd.
3. Apollo Insurance Co. Ltd.
4. Blue Shield Insurance Co. Ltd.
5. British American Insurance Co. Ltd.
6. Cannon Assurance Co. Ltd.
7. Chartis Insurance Co. Ltd.
8. CFC Life Assurance Co. Ltd.
9. Concord Insurance Co. Ltd.
10. Co-operative Insurance Co. Ltd.
11. Corporate Insurance Co. Ltd.
12. Direct Line Insurance Co. Ltd.
13. East Africa Reinsurance Co. Ltd.
14. Fidelity Shield Insurance Co. Ltd.
15. First Assurance Co. Ltd.
16. Gateway Insurance Co. Ltd.
17. Geminia Insurance Co. Ltd.
18. General Accident Insurance Co. Ltd.
19. Heritage AII Insurance Co. Ltd.
20. Insurance Company of East Africa Ltd.
21. Intra Africa Assurance Co. Ltd.
22. Jubilee Insurance Co. Ltd.
23. Kenindia Insurance Co. Ltd.
24. Kenya National Assurance Company (2001) Ltd.
25. Kenyan Alliance Insurance Co. Ltd.
26. Kenyan Orient Insurance Co. Ltd.
27. Lion of Kenya Insurance Co. Ltd.
28. Madison Insurance Co. Ltd.
29. Mayfair Insurance Co. Ltd.
30. Mercantile Life and General Assurance Co. Ltd.

31. Metropolitan Life Insurance (K) Ltd.
32. Occidental Insurance Co. Ltd.
33. Old Mutual Insurance Co. Ltd.
34. Pacis Insurance Co. Ltd.
35. Pan Africa Life Assurance Co. Ltd.
36. Phoenix of East Africa Assurance Co. Ltd.
37. Pioneer Assurance Co. Ltd.
38. Royal Insurance Co. Ltd.
39. Tausi Insurance Co. Ltd.
40. The Monarch Insurance Co. Ltd.
41. Trident Insurance Co. Ltd.
42. Trinity Insurance Co. Ltd
43. UAP Provincial Insurance Co. Ltd.

Appendix 3: Letter of Introduction

Aswani Kevin Magunga
P. O. Box 30081
Nairobi-00100
October 2010

The Managing Director,
(Name of institution)
P. O. Box,
Nairobi

Dear Sir,

RE: REQUEST FOR COMPANY INFORMATION

I am a MBA student at the University of Nairobi. I am carrying out a Management Research Project as a requirement in partial fulfilment of award of Master of Business Administration with the specialization of Strategic Management. My chosen area of study is “Effects of the marketing strategies that affect the performance of insurance companies in Kenya”

In order to ensure that my study is complete, I am required to seek information from in Kenya and use the information to write the academic research project. I am therefore requesting for permission to use the company’s information to be collected through the questionnaire attached. The information gathered will be treated as confidential and will be used for academic purposes only.

A copy of the completed project will be availed to your company.

Regards,

.....

Aswani Kevin

STUDENT

.....

Dr John Yabs

LECTURER