

# **INFLUENCE OF PROMOTIONAL ACTIVITIES ON CONSUMERS' PATRONAGE OF INSURANCE BUSINESS IN ADO EKITI METROPOLIS, NIGERIA**

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## **Abstract**

*This study evaluated the Influence of Promotional Activities on Consumers' Patronage of Insurance Business in Ado-Ekiti Metropolis, Nigeria. The population of this study comprises 19,998 of customers' of Insurance Company operating within Ado-Ekiti metropolis. The total sample for this research work was three hundred and ninety-two questionnaires, among the total sample; three hundred and seventy-three questionnaires were duly returned and used for this research work. Four hypotheses were formulated and tested using multiple regression method of analysis at 0.05 level of significance. The result showed a strong and positive relationship between media advertising and consumer patronages'. The result also indicated that personal selling has significant effect on consumer patronages'. The results also showed that there is a significant relationship between sales promotion and consumer patronages' of insurance businesses in Ado Ekiti metropolis. The results further showed that there is a strong and positive relationship between direct marketing. The research concluded that prospective*

*marketing manager, insurance brokers, insurance agents, other insurance practitioners and the likes. Knowing how to use this information in the effectiveness of insurance operations depends on the understanding of some key driving force such as culture, trust, information technology, publicity (timing, duration and cost) and customer relationship strategy.*

*Keywords: Promotional activities, consumers' patronage, personal selling, insurance, media advertising, direct marketing*

## **INTRODUCTION**

Promotion is one of the key factors in the marketing mix and has a key role in market success. Promotion is used to ensure that customers are aware of the products that the organization is offering. The promotional mix is the combination of the different channels that can be used to communicate the promotional message to the consumers. The channels that can be used are: advertising, direct marketing, public relations, publicity, personal selling, sponsorship and sales promotion (Rowley, 1998). Formerly, sales promotion was sometimes considered as an activity of less importance; but today, companies increasingly make use of sales promotion to promote the marketability of their products. All businesses need to communicate to the customer what they have to offer (Jobber & Lancaster, 2006).

Sales promotion can be defined as 'special offers (Peattie, 1998). More specifically, referring to the institute of sales promotion, it is a range of tactical marketing techniques designed within a strategic framework to add value in order to achieve specific sales and marketing objectives (Bunn & Banks, 2004). According to Bruncl (1990), sales promotion excludes all paid media advertising, but includes techniques like coupons, self-liquidating offers, bargain packages, gifts, sampling and points of purchase promotions and displays. Sales promotion works as short-term incentives to encourage purchase of a product or service (Kotler, Brown, Adam, & Armstrong, 2006), therefore is value to the customers in a short – term orientation. It essentially aims to stimulate demand during the period in which it is set (Peattie&Peatie, 1995; Lehman & Winer, 2002, Walsh 2000). The potential benefits of using sales promotion could range from attracting new consumers from competitors to persuading consumer to switch to brands with higher profit margins or simply inducing existing customers to buy more.

Since the end of Second World War, the insurance industry in the world over has experienced remarkable growth. Concurrent with the growth has been significant changes within the industry. The Nigerian insurance industry is not affected by this general malady. The growth

of multiple line transition introduction of package policies, the universal banking system, grassroots insurance, the variable annuity, growth life insurance, universal life policy, changes in regulatory framework, continued expansion of the social security system and the involvement of government as a provider of private insurance are all part of the changes with which the insurance industry must contend with. Although the future of insurance industry in Nigeria appears bright, a number of unresolved problems still exist; of particular interest is the insurance marketing system, which has affected the consumption of insurance products.

In Nigeria, this problem seems to be even more pronounced because of the level of literacy of the Nigeria populace. Insurance policy has remained one of the least purchased items within the financial market. Records reveal that about only 10percent of the Nigerian population have insurance of any sort (Mordi, 1990;Oworen, 1991; Wilson, 2004).

In general, this negative marketability of insurance products has become a problem not only to the insurance industry, but has also affected economic development. The problem has existed for a long time and has increased somewhat with the sophisticated of the Nigerian society which has grown knowledgeably in recent years (Ibok, 2006). However, the increase importance of insurance industry as a provider of financial services and investments funds in the capital market is especially pronounced in developed economies whereas in many developing countries is still very low. Looking at the various sectors of Nigerian economy and taking insurance industry as a case study, it is an undisputable fact that insurance industry were set to achieve certain specific objectives such as profitability, expansion, and return on investments and so on. For such organization to achieve its objectives maximally in the competitive world there is need to incorporate marketing mix into its management portfolio

Over the years, many organizations embarked on various promotion activities that will increase the patronage of their customers and on those promotional programmers that will make them acquire large percentage of share of the market. They also embarked on the promotional programmes in order to increase their profit and satisfy their shareholders profitably, since wants and satisfaction have generally replaced the necessity of fulfilling the basic physiological requirement. As a result of this development, customers become more selective in their choice of service been rendered by various insurance firms, which will eventually satisfy their wants. A good promotional programme is therefore needed to reach the customer and also to motivate them for more understanding in patronizing the industry.

### **Objectives of the Study**

- i. examine the effect of media advertising on consumers' patronage of insurance business;
- ii. evaluate the effect of personal selling on consumers' patronage of insurance business;

- iii. evaluate the effect of sales promotion on consumers' patronage of insurance business;
- iv. assess the influence of direct marketing on consumers' patronage of insurance business.

## LITERATURE REVIEW

### Marketing Communication Mix

Company's overall marketing communications mix consist of different mixture of advertising, sales promotion, public relations, personal selling and direct marketing. Marketing communication mix, which is also called as promotional mix, is used to pursue the established marketing objectives of a company. Each of the promotional categories includes their own distinctive tools that are used in reaching the overall communication efforts. Not only the specific promotional tools communicate with customers but also all other elements, such as product design, package, stock and price and send messages to customers. Thus the whole communications, all the marketing efforts are integrated in a consistent and coordinated manner in order to achieve the greatest overall communication impact (Kotler, 2006).

Several reasons are making integrated marketing communications more prominent solution for companies in the contemporary communications environment. Mass markets have become more fragmented and mass advertising is losing its power in the face of media fragmentation. Customers are calling for more tailored solutions and companies are designing marketing programs to create closer customers relations in more narrowly defined markets.

The vast improvements in information technology have also opened opportunities for companies. More market information about customers and their needs can be observed from their markets and new communication media are available to reach smaller customer segments. Fragmented communication environments challenge companies to integrate their different communication channel in order to create coordinated and compelling message about the organization (Kotler, 2006).

Companies must combine the different communication tools into coordinated promotion mix. The appropriate use of sales promotion and the overall blend of different promotional tools are influenced by promotional mix strategy. Two broad promotion mix strategies to choose from are defined in literature as a push strategy and a pull strategy or a combination of both. In a push strategy, promotion is directed to channel members in order to push the offering to customers. Primary promotional tools used under a push strategy are personal selling and trade promotion.

The objective of a pull strategy is to direct communication effort to customers, who then will demand the offering from the channel members, who in turn demand it from the producer.

The main promotion tools used in a pull strategy are advertising and consumer promotion. Many companies also use a combination of both. The type of offering market and the stage in a product life cycle also plays a role in the construction of an appropriate promotion mix. For example, many business-to-business marketers tend to use more push strategy, rely more on personal selling, whereas business-to-consumer marketers depend more on a pull strategy. Product life cycle also determines the appropriateness of a different promotional tool. For example, offerings in an introduction stage are often promoted by advertising to create awareness and sales promotion is used to induce trial (Kotler, 2006).

## Advertising

Kotler and Keller (2006) defined advertising as any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor. Advertising can be a cost-effective way to disseminate message and to educate people. The business world is very competitive and each business must seek ways of getting that extra edge. To succeed, you must put your business and its products before prospective buyers because they are not going to be working around to find you. This is where advertising comes in. Advertising is a form of paid communication using the mass media (Press, radio, television, postage and cinema etc) to spread the word about your goods and services. (Salami, 2007). Advertising is part of one of the components of marketing mix. Advertising is a major marketing communication tool (Anderson and Rubin, 1998). Siegel (1996) defines advertising as non-personal persuasive marketing communication mostly conveyed in the mass media and paid for by an identified sponsor who controls the message.

Advertising is a paid mass communication, the aim of which is to sell goods or services or ideas. In all these definitions above, there are two common key words: Paid and non-personal. Crane, Kerin, Hartley, Barkowitz and Rudelius, (2006) explain that the “paid” aspect of the definition is important because the space for the advertising message must be bought. They also explained further that the “non-personal” component of advertising is also important because advertising involves mass media such as television, Radio and Magazines which are non-personal and do not have an immediate feedback.

An advertising objective describes the effect sought on a specified target market. These effects can be behavioral, attitudinal or informational (Crane *et al.*, 2006):

- Behavioural Objective: Relates to causing customers to buy a product, respond by letter, coupon or telephone and ask for a demonstration.
- Attitudinal Objective: Relates to persuading customers that a product has certain attributes, such as style or quality or is appropriate for use on certain occasions.
- Informational Objective: Relates to creating awareness of new products, special prices or offers,

reminders about existing products, explaining what product do. Analysis of the current marketing situation will determine whether their aim is to inform, persuade, remind, or reinforce. The product class is mature is different from when the product is new. The advertising objectives must flow from prior decision on target market, brand positioning, and the marketing program. Advertising has always been a very important tool of connecting people who want to sell something with the ones who have the means to use those products. Advertising objectives can be classified as follows in hierarchy of effect (Crane et al, 2006). Informative advertising: This aims to create product awareness and knowledge of new products or new features of existing products. Persuasive advertising: This aims to create liking, preference, conviction, and purchase of a product or service. Some persuasive advertisement use comparative advertising, which makes an explicit comparison of the attributes of two or more products. Reminder advertising: aims to stimulate and repeat the purchase of products and services. Reinforcement advertising: aims to convince current purchasers that they made the right choice.

There are some specific factors to be considered when setting the advertising budget (Crane et al, 2006); they are: Stage of product life cycle: new products need typically merit large advertising budgets to build awareness and to gain consumer trial. Established products, usually, are supported with lower advertising budgets. Market share and consumer base: High – market share brands usually require less advertising expenditure as a percentage of sales to maintain share. To build share by increasing market size requires large expenditures. Competition and Clutter: In a situation where there is a large number of competitions and high advertising spending, a product must spend on advertisement heavily in order to be heard. Simple clutter from advertisements not directly competitive to the product creates a need for heavier advertising. Advertising Frequency: The number of repetitions needed to put across the product's message to Consumers has an obvious impact on the advertising budget.

Product Substitutability: Product classes for example fruit drinks require heavy advertising to establish a differential image. According to crane et al, (2006), in developing an advertising program, the advertisers must take note of the following: Identifying the target audience, specifying advertising objectives, setting the advertising budget and designing the advertisement

- (a) School demonstration
- (b) Door to door demonstration
- (c) Demonstrations to key people.

Shimp (2007) define advertising as a paid, mediated form of communication from an identifiable source, designed to persuade the receiver to take some action, now or in the future. An official and well-liked definition of advertising is any paid form of non-personal

communication about an organization, product, service, or idea by an identified sponsor (Belch& Belch, 2003). On the other hand, advertising can be cost-effective way to disseminate messages, whether to build a brand image and to educate people (Kotler, 2006). A broad variety of rational motives can be used as the sources for advertising appeals such as convenience, economy, health, sensory benefits, also quality, performance, comfort, reliability, durability, efficacy etc. all of these are to stimulate the consumer to patronize a product (Duncan, 2002). Shimp (2007) asserts that many business firms as well as not-for-profit organizations have faith in advertising majorly because it performs five critical communications functions which are informing, influencing, reminding and increasing salience, adding value, and assisting other company efforts.

One of advertising's most important functions is to publicize brands (Ehrenberg, Barnard, Kennedy, Bloom (2002). Advertising is an efficient form of communication capable of reaching mass audiences at a relatively low cost per contact, it facilitates the introduction of a new brands and increases demand for existing brands, largely by increasing consumer's top-of-mind awareness (TOMA) for established brands in nature product categories (D'souza and Rao1995; Ehrenberg, Barnard, Kennedy, & Bloom 2002). Advertising performs modest valuable information role –both for the advertised brand and the consumer by teaching new uses for existing brands hence encouraging customers to exhibit wiliness to patronize such a brand (Wansink& Ray, 1996). (Light & Morgan, 1994) also in their work agreed that effective advertising assists in influencing perceived quality and other perceptions of a product thereby leading to increase market share and greater profitability.

In the study of (Machleit, Allen, & Madden,1993), an assertion was made that effective advertising increases the consumer's interest in mature brands and thus the likelihood of purchasing brands that otherwise might not have been chosen just as they maintained that advertising has demonstrated having influence over brand switching tendency of consumers who have not recently purchased a brand.

### **Personal Selling**

Achumba, (2000) describes personal selling as an oral presentation in a conversation with one or more buyers for the purpose of making sales. The New Zealand Qualification Authority, (2008) defined personal selling as retail and wholesale sales activities in which a salesperson actively presents products to customers in seeking to make a sale. It could also be said to mean the presentation of goods and services before the customers and convincing or persuading them to buy the products or services. Kotler and Armstrong, (2008) posts that personal selling is

the personal communication between a firm's sales force and customers for the purpose of making sales and building customer relationship.

Kotler and Armstrong, (2008) and Kotler and Keller, (2009) submitted that personal selling is one of the oldest profession in the world. In fact, its development could be linked to the period of trade by barter, when people exchanges goods for other goods (Osugwu, 2002). Personal selling is a unique element of marketing communication. Unlike advertising and sales promotion which main focus are to create awareness about the existence of a product or service and provide information as to the features of the products, its availability and price on a mass basis, personal selling is an individualistic approach that is designed to meet specific need of prospects. It is usually directed to specific market segments. It goes beyond the fundamental role of marketing communication, it plays significant role in the entire exchange process. That is, participating in the activities of each of the other elements of marketing mix, especially distribution (place).

According to the New Zealand Qualifications Authority, (2008) personal selling performs several activities which include; identification of customers, development of product knowledge, marketing, promotion, prospecting, knowledge of customers, service standards, gaining appointments, choosing sales approaches, meeting customers, identifying customer needs and requirements, demonstrating products, use of selling techniques, use of sales aids, making sales pitches, overcoming objections, closing sales, completing documentation, receiving payments, recording sales, using sales technologies, providing after-sales services, following up sales, and sales analysis. However, essential elements of personal selling according to (Palmer, 2005) include; face-to-face interaction, persuasion, flexibility, promotion of sales, supply of Information and mutual benefit.

A product that is well conceived and produced through the combination of the most modern technologies and the best of inputs cannot sell itself. There is the need for the existence of such product to be made known to the target market. A good or service should respond favorably to the marketing mix which will result to the full performance of any good or service in the market. However, an important element of the marketing mix is promotion, otherwise known as marketing communication. This is the element that brings the existence of product or service to the awareness of consumers or clients. It further educates potential and actual buyer of a product on the usage, benefits, availability, price and other features of the product. Personal selling as retail and wholesale activities in which a salesperson actively presents products to customers in seeking to make a sale. It could also be defined as a two-way flow of communication between a potential buyer and a salesperson that is designed to identify the potential buyer's needs, match these needs to one or more of the firm's products or services

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

Insurance is a service product for which its marketing is yet to be properly defined since the mid-1970s. Among the four categories of services identified by Osuagwu, (2002) Insurance falls in the pure service category since it has no relationship with a physical product. Marketing of Insurance services followed the same styles and strategies of marketing tangible products. Gummesson, (1999) submitted that rather than being two different types of marketing, goods marketing and services marketing could be approached as two perspectives on the marketing of the same offering. Although it is possible for strategies use for selling tangible products to be adopted for services, selling insurance services in Nigeria is highly challenging. This is particularly so considering the uniqueness of Nigeria as a nation characterized by varying levels of development, vast income inequalities, and cultural diversity in terms of language, religion, ethnicity, and resource control crises (Tajudeen, Ayantunji, &Dallah, 2009). Oman, (2005) cited in Tajudeen, Ayantunji, and Dallah, (2009) studied consumers attitudes towards life insurance patronage in Nigeria and submitted that a reviewed marketing communication strategy that is based on creating awareness and informing the consumers of the benefits inherent in life insurance shall be adopted in order to reinforce the purchasing decision.

The researcher's opinion is borne out of the fact that all the challenges confronting the marketing of insurance services in Nigeria centers on lack of awareness and inadequate information on the part of the potential buyers. Gbede, (2003) identified some of the challenges facing the selling of insurance services in Nigeria. They include poor image, insurance touting, rate cutting, poor claims settlement reputation, low quality manpower, poor innovation, low income/poverty and product intangibility. These challenges can be broadly categorized into two based on the extent to which they could be controlled by forces within the insurance market. Some could be overcome through the efforts of insurers while others are obviously beyond their control, e.g. low income or product intangibility. However, most insurance firms in Nigeria have not recognized the need for internal restructuring in a way that will embrace these challenges. The continuous provision of customer value in this 21<sup>st</sup> century demands improvement in production activities, sales strategies and the flow of information within the company and between the company and its customers and business partners (Smith & Hansen, 1996).

## Sales Promotion

Achumba (2002) defined sales promotion as those marketing activities, other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness, such as displays, shows and expositions, demonstration. Blattberg and Neslin (1990) opined that sales promotions are action-focused marketing events whose purpose is to have a direct impact on the behavior of the firm's customers. Sales promotions is an activity in which different business areas need to get involved and coordinated, such as the marketing, commercial and production departments. Therefore, according to Perianez (2002), sales promotions as: The combined activities undertaken by a firm as a result of an incentive offer, during a given period of time, involving different functional areas in the organization and in order to achieve certain business objectives. Aworemi, Oyedokun, Ajagbe and Wojuade (2008) noted that sales promotion are usually short campaigns often run in association with media, most of which involve the collection of either from product, produced or services rendered by the advertisers or published in the newspapers. Thus, advertising can be used as a means of communication to inform potential customers about the incentives offered for sales promotion, personal selling can as well include communication to individual customers. But, sales promotion differs from advertising and personal selling in terms of its approach and techniques. Sales promotion adopts short terms, non recurring methods to boost up sales in different ways. These offers are not available to the customers throughout the year. During festivals, end of the season, year ending, and some other occasions these schemes are generally found in the market. Thus, sales promotion consists of all activities other than advertising and personal selling that help to increase sales of a particular commodity.

The wide spread use of consumer sales promotions has sparked considerable interest and debate over their effectiveness. Critics argued that sales promotion are ineffective as they make consumers more promotion prone, resulting in market share losses in the long run. However, other researchers have shown that sales promotions leads to real increase in sales and profits (Hoch & Purk, 1994). This discrepancy suggests that there are conditions and factors that can influence the effectiveness of sales promotions. For instance, it has been shown that sales promotions are more effective when they provide benefits that are congruent with those of the promoted product.

Sales promotion can be described as a key factor and strategy for marketers within the promotional mix. Sales promotion refers to much kind of incentives and techniques directed towards customers and traders with the intention to produce immediate or short term effect. Sales promotion helps in stimulating trial of purchase by final customers or others in the channel. Kotler, (1980) contended that sales promotion is a key ingredient in marketing

campaigns consists of a collection of incentives tools mostly short term designed to stimulate quicker or a greater purchase of a particular products or services by consumers or the trade. Whereas advertising offer a reason to buy sales promotion offers an incentive to buy. Sales promotion includes tools for consumer promotion (samples, coupon, cash, refund, offers, prices off, premiums, prizes, patronage rewards, free trial, warranties , tie-in promotion, cross promotions, point of purchase displays, and demonstrations); trade promotion (prices off, advertising and display allowances free goods) and business and sales-force promotion (trade shows and conventions, contest for sales representatives, and specialty advertising.

Sales Promotion can be defined as a range of tactical marketing techniques designed within strategic framework to add value to product or service in order to achieve specific sales and marketing objectives. The word tactical implies a short, sharp burst of activity that is expected to be effective as soon as it implemented. The key element of definition however, is that the promotion should add value to a product or service. Perhaps the main problem with the definition is that the area of sales promotion has almost developed beyond it. George (1998), defined sales promotion as a direct inducement that offers an extra value or inducement for the product to sales force distributors or the ultimate customer with the primary objectives of creating an immediate sale. Sales promotion is unique in that it offers an extra incentive for action, its importance is evidenced by the considerable amount of money firm invest in it.

American Marketing Association (2006) defined sales promotion as media and non media marketing pressure applied for a predetermined limited period of time in order to stimulate trial and impulse purchases, increase consumer demand or improve product quality.

Council of sales promotion Agencies – defined sales promotion as a marketing discipline that utilizes a variety of incentive technique to structure sales related programs targeted to consumers or trade and sales level that generates a specific measurable action or response for a product or service. According to Institute of sales promotion, UK – “sales promotion comprises that range of technique used to attain sales or marketing objectives a cost manner adding value to a product or services either to intermediate or end user within a definite time period”. Aworemi et al., (2008) contended that sales promotion is centered more on the immediacy of individual sales. The following are major classifications of sales promotion; Offline sales promotion and online sales promotion according to Srinivasan and Anderson, (1998) sales promotion is an action focused marketing event whose purpose is to have a direct impact on the behavior of the firm’s customers. Sales promotions events or activities initiated by manufacturers and retailers can be classified in to three categories. Consumer promotion (such as coupons, samples, contests, sweepstakes and packs are typically employed by manufacturers to stimulate purchases by ultimate consumers. (b) Trade promotion, such as

case allowances and bill-backs are designed by manufacturers to motivate marketing intermediaries or channels members to stock and promote products. (c) Retailer's promotions including price cut, stores displays and featuring activities, are initiated by retailers to attract shoppers and in-store purchasing.

### **Direct Marketing**

Apparently, there are always potentials of crisis which make the insurance company endure an insufficiency; advanced internet supported by a superior mechanism control is required to make certain that internet has achieved the required processes insufficiency; thus, advanced information system supported by a superior mechanism control is required to make certain that internet has achieved the required processes. A review of some related literatures reveals that internet may essentially affect negatively insurance companies' efficiency and may reduce productivity. This notion was noted by Solow (1987), 'you can see the computer age everywhere these days, but in the productivity statistics'. However, since 1970s to the time Solow was claiming that there was a huge decelerating in growth as the technologies were becoming ubiquitous. On the same vein, the paradox has been defined by Turban, et al. (2008) as the "discrepancy between measures of investment in internet and measures of output at the national level". Internet has been one of the most essential dynamic factors relating all efforts; it cannot improve insurance companies' earnings. This was revealed in an extensive survey conducted in USA for the period of 1989-1997. Conversely, there are various literatures that debunk Solow's claiming in totality and approve the positive impacts of Information and Communication Technology expenses to business value. The influence of the internet evolution on the profit and cost effectiveness of the insurance industry within the stipulate period of 1992-2003. For this period, the study declares a significant relationship between the executed internet, productivity and cost savings.

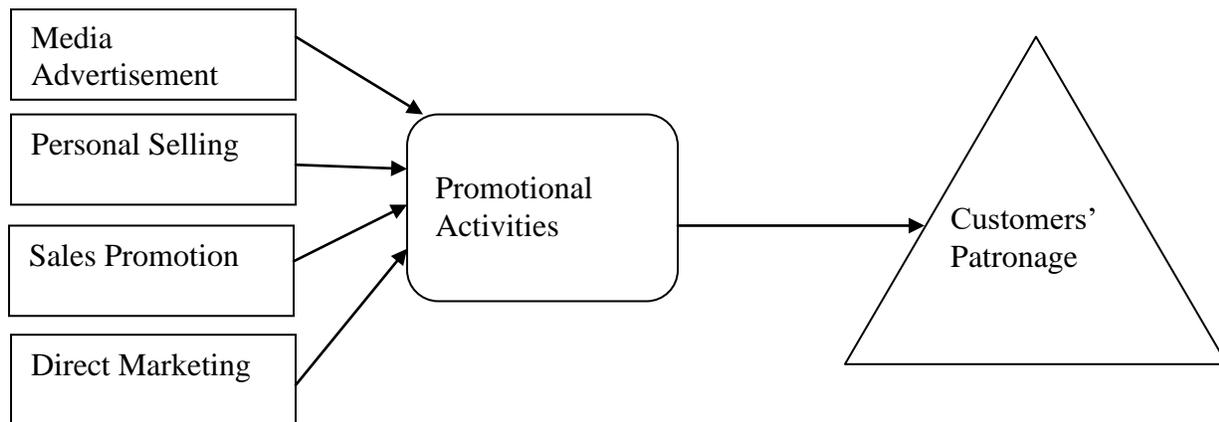
The modernization of internet has set the stage for extraordinary improvement in insurance procedures throughout the world. For instance the development of worldwide networks has considerably decreased the cost of global funds transfer. Berger (2003), reveals "insurance companies that are using internet related products such as online insurance, electronic payments of premiums are better positioned to cope well with competitions in the insurance business.

### **Cognitive Dissonance Theory**

Cognitive dissonance is an uncomfortable feeling caused by holding two contradictory ideas simultaneously. The theory of cognitive dissonance proposes that people have a motivational

drive to reduce dissonance by changing their attitudes, beliefs, and behaviours, or by justifying or rationalizing them. The phenomenon of cognitive dissonance, originally stated by Festinger (1957), has been quickly adopted by consumer behaviour research. “Described as a psychologically uncomfortable state that arises from the existence of contradictory (dissonant, non-fitting) relations among cognitive elements (Festinger 1957) cognitive dissonance revealed high exploratory power in explaining the state of discomfort buyers are often in after they made a purchase. The theory underpinning the research work was Cognitive dissonance theory.

Figure 1. Theoretical Framework



## RESEARCH METHOD

### Research Design

The study adopted a survey research design. Data gathered through Self-administered questionnaire. The questionnaire was made up of six sections. Section A contained demographic information about respondents; Section B contained questions on media advertisement sub-variables; Section C contained questions relating to personal selling; section D contained questions relevant to sales promotion; section E contained question on direct marketing as a variable and section F contained questions on consumers' patronage of insurance business.

The respondents of this study shall be customers of ten selected insurance firms that have business office in Ado-Ekiti, Nigeria. The sample size for this study was 392 respondents. Questionnaire was administered on selected respondents using stratified random sampling technique. Each insurance business represented a stratum. The researcher relied on Taro model as a guide for the sample selection. Data gathered was sorted, coded and analysed using descriptive and inferential statistics.

## Population of the Study

The population of the study was made up of 19,998 registered customers' of ten selected insurance businesses operating within Ado-Ekiti metropolis as at December, 2014. This is as broken down in Table 1.

Table 1: Population of the study

S/N	Insurance Company	Number of customers
1	Industrial and General Insurance	2950
2	Mutual benefits Assurance	3402
3	Regency Insurance	1569
4	Leadway Insurance	1187
5	Oasis Insurance	1643
6	Royal Insurance	1379
7	Sterling Insurance	2162
8	Standard Insurance	1876
9	AllCO Insurance	2357
10	Confidence Insurance	1473
<b>Total</b>		<b>19998</b>

*Source: Consumer records of various Insurance companies, (2015)*

## Sample and Sampling Techniques

The sample for this research was derived using the Taro formula by Yamane (1967) cited in Israel (2009) as follows:

$$\frac{N}{1 + N(e)^2}$$

Where: n = anticipated total sample size  
 N = population size  
 e = acceptable error term (0.05) or 5%

Therefore, the total sample size was computed as:

$$\frac{19998}{1 + 19998(0.05)^2}$$

$$n = \underline{\underline{392}}$$

From the above, the sample size was 392 respondents. From the given population, the samples were drawn using stratified random sampling technique. Each of the insurance firms shall represent a stratified sampling size; a sampling model that has been scientifically tested was adopted. To this end, Taro sampling model was adopted.

This research adopted stratified sampling technique using the Kumaran (1976) model to calculate sample size for each faculty as follows:

$$\frac{n_i N_i}{N}$$

Where n = number of respondents from each faculty (group)

$n_i$  = total sample size

$N_i$  = number in each group

N = population size of the study

An interpretation of this formula is the number of customers in each Insurance firm divided by the total population and multiplied by the total sample size. Therefore, sample for was:

Table 2: Stratified Sample Size

S/N	Insurance Firm	Population of the study	Number of expected respondents (sample)
1	Insurance and General Insurance	2950	$\frac{(392)(2950)}{19998} = 58$
2	Mutual benefits Assurance	3402	$\frac{(392)(3402)}{19998} = 67$
3	Regency Insurance	1569	$\frac{(392)(1569)}{19998} = 31$
4	Leadway Insurance	1187	$\frac{(392)(1187)}{19998} = 23$
5	Oasis Insurance	1643	$\frac{(392)(1643)}{19998} = 32$
6	Royal Insurance	1379	$\frac{(392)(1379)}{19998} = 27$
7	Sterling Insurance	2162	$\frac{(392)(2162)}{19998} = 42$
8	Standard Insurance	1876	$\frac{(392)(1876)}{19998} = 37$
9	AIICO Insurance	2357	$\frac{(392)(2357)}{19998} = 46$
10	Confidence Insurance	1473	$\frac{(392)(2357)}{19998} = 67$
		<b>19998</b>	<b>392</b>

### Validity and Reliability of Research Instrument

Validity is concerned with whether the findings are really measure what they appear to be measured: while reliability refers to the extent to which data collection technique or analysis procedure will yield consistent findings (Saunders, Lewis & Thornhill, 2007). The data collection

instruments was subject to content validity testing by the supervisor, before administration to ensure that the questionnaire was structured in a way considered appropriate for the study. Following this study, the content of the questionnaires was modified. Subsequently, the questionnaire was tested again and put into its final form and administered to the respondents.

### Method of Data Analyses

Descriptive statistic was used to present and analyzed demographic data of responders in table and statistical charts, namely regression analyses was used to analyze and test the hypotheses, answer the research question and achieve the objective of the study.

Promotional tools does not significantly influence consumers' patronage of insurance business, multiple regression was used to analyze the effect of independent variable (media advertising, personal selling, sales promotion and direct marketing) on the dependent variable (Consumer's Patronage). The regression model was given as:

$$CP = \alpha_0 + \beta_1 MA_i + \beta_2 P_s + \beta_3 Sp + \beta_4 Dm + e$$

(Where: CP= Consumer's Patronage;  $\alpha$ = constant,  $\beta_1, \beta_2, \beta_3, \beta_4$  = beta coefficient,  $MA_i$  = Media Advertising;  $P_s$  = personal selling;  $Sp$ = Sales promotion;  $Dm$  = Direct Marketing;  $e$  = error term)

## EMPIRICAL RESULTS AND DISCUSSION

### Demographic Profile of Respondent

The total sample for this research work was three hundred and ninety-two questionnaires, among the total sample; three hundred and seventy-three questionnaires were duly returned which was representing 95% of the total administered questionnaire which is observable for the research work and used for this research work. Below are the analyses of the response.

The sex distribution revealed that one hundred and sixty-five (44.2%) was male out of three hundred and seventy-three of the respondents and two hundred and eight (55.8%) were Female. This showed that Female are more than Male counterpart in insurance business.

The Age distribution of the respondents showed that 20.6% of the respondents are Under 18 years of age, 17.7% are between 18-20 years, 26.3% of the respondents are between 21-23 years, 35.4% of the respondents are between 24-26 years. This implies that the age ranges between 24-26 years are more than others of the customers in insurance business which showed that they are more experienced.

The marital Status indicated that eighty-eight (23.6%) are single among the customers of the respondents, one hundred and fifty-four (41.3%) are married, seventy-six (20.4%) of the respondents are Widow and fifty-five (14.7%) of respondents have Divorced. This shows that majority of the customers are Married.

The Educational background show that forty-four (11.8%) of the total respondents possess O'Level certificates, twenty-two (5.9%) of the total respondents possess NCE/ND certificates one hundred ninety-eight (53.1%) hold first degree or BSC/HND certificate and one hundred and nine (29.2%) are Master/ Ph.D. This implies that majority of the respondents have the necessary qualifications that can prompt an objective opinion on the subject matter, as majority of them are B.Sc./HND and Master/ Ph.D holders.

The results revealed that eighty-eight (23.6%) of the respondents are self employed, one hundred and ten (29.5%) respondents are working in private companies while one hundred and seventy-five (46.9%) of the respondents are working with the public organisation in Ado Ekiti metropolis. This shows that majority of the customers are working with government owned parastatals.

The results reveal the income of the customers, it shows that twenty-two (5.9%) of the respondents received less than N1000 income monthly, ninety-eight (26.3%) of the respondents received between N1000- N10000 income monthly, one hundred and fifty-four (41.3%) of the respondents received between N10001- N50000 income monthly, thirty-three (8.8%) of the respondents received between N10001-N120000 income monthly while sixty-six (17.7%) of the respondents received above 120001 income monthly.

The results further reveal the access to modern aids of the respondents, sixty-six (17.7%) of the respondents received information from their client from internet while three hundred and seven of the respondents received information from their mobile phones.

Table 3: Demographic Characteristics  
of Respondents

Variables		Frequency	Percent	Valid Percent	Cumulative Percent
Sex Distribution					
Valid	Male	165	44.2	44.2	
	Female	208	55.8	55.8	44.2
	Total	373	100	100	100
Age Distribution					
Valid	Under 18 Years	77			
	18-20 Years	66	20.6	20.6	20.6
	21-23 Years	98	26.3	26.3	38.3
	24-26 Years	132	35.4	35.4	64.6
	26 and Above	132	35.4	35.4	100.0
	Total	373	100	100	

Marital Status					
Valid	Single	88	23.6	23.6	23.6
	Married	154	41.3	41.3	64.9
	Widow	76	20.4	20.4	85.3
	Divorced	55	14.7	14.7	100.0
	Total	373	100.0	100.0	
Educational Qualification					
Valid	O'Level	44	11.8	11.8	11.8
	NCE/OND	22	5.9	5.9	17.7
	HND/B.Sc.	198	53.1	53.1	70.8
	Postgraduate	109	29.2	29.2	100.0
	Total	373	100.0	100.0	
Occupation					
Valid	Self Employed	88	23.6	23.6	23.6
	Private	110	29.5	29.6	53.1
	Public	175	46.9	46.9	100.0
	Total	373	100.0	100.0	
Income					
Valid	< 1000	22	5.9	5.9	5.9
	1000-10000	98	26.3	26.3	32.2
	10001-50000	154	41.3	41.3	73.5
	50001-120000	33	8.8	8.8	82.3
	>120001	66	17.7	17.7	100
		373	100.0	100.0	
Aid					
Valid	Mobile Phone	66	17.7	17.7	17.7
	Internet	307	82.3	82.3	100.
		373	100.0	100.0	

To test for multiple regression of the five variables. The respondents' scores on five variables, media advertising, Personal selling, Sales promotion, Direct marketing (independent) and consumer patronages' (dependent) were computed and subjected into multiple regression analysis. In Table 3, the results of the analysis was found to be significant ( $r = 0.897$ ) showing that media advertising, Personal selling, Sales promotion and Direct marketing positively influences consumer patronages' of insurance business. That is customers quest to insure are influenced by media advertising, Personal selling, Sales promotion and direct marketing. Adjusted r- square showed that media advertising, Personal selling, Sales promotion and direct

marketing caused 80.5% variance of consumer patronages' of insurance business. In other words, an estimated 0.805 of consumer patronages' of insurance business is accounted by independent variables, media advertising, Personal selling, Sales promotion and direct marketing. The result means that we reject the null hypothesis and accept the alternate hypothesis.

The unstandardised and standard beta co-efficient of media advertising are 0.183 and 0.210 respectively with  $t = 3.593$  and ( $p = 0.000 < 0.05$ ). The unstandardised and standard beta co-efficient of Personal selling are 0.377 and 0.416 with  $t = 7.456$  and ( $p = 0.000 < 0.05$ ). This study is in agreement with the findings of Esuh (2014) who find out that there exists a positive relationship between these variables. The interplay between exposure, recall and patronage depicts serious activism between the producer and the markets and heightens the projection of the consumer as highly potent especially in the context of hemispheric liberalization. The unstandardised and standard beta co-efficient of sales promotion are 0.041 and 0.063 respectively with  $t = 1.272$  and ( $p = .204 > 0.05$ ). The unstandardised and standard beta co-efficient of direct marketing are 0.246 and 0.260 respectively with  $t = 5.620$  and ( $p = 0.000 < 0.05$ ). The results showed that media advertising, Personal selling and direct marketing has moderate positive influence on consumer patronages'. The results also showed that even though sales promotion has a positive influence, it is not significant. This means that respondents' reason for insuring is not strongly influenced by sales promotion. Idris, Asokere, Ajemunigbohun, Oreshile, and Olutade (2012) suggest that advertising, personal selling, and public relations are taking high priority in the minds of marketers of insurance services in Nigeria.

Table 4: Multiple Regression Analysis for media advertising, Personal selling, Sales promotion and direct marketing on consumer patronages' of insurance business

<b>Variables</b>	<b>Coeff.</b>	<b>Std. err.</b>	<b>t value</b>
Direct Marketing	.246	.044	6.054*
Sales Promotion	.041	.032	3.593*
Personal Selling	.377	.051	7.456*
Media Advertising	.183	.051	1.272
Constant	.667	.110	5.620*

N= 373

F =380.069

R<sup>2</sup> = .805

Dependent Variable: Consumer Patronage

The multiple regression analysis is shown as:

$$CP = 0.667 + 0.183MA + 0.377PS + 0.041SP + 0.246DM$$

(Where CP = Consumer Patronages'; MA= Media advertising, PS = Personal selling; SP = Sales Promotion; DM = Direct Marketing).

## CONCLUSION

This study has confirmed the importance of marketing communication mix elements in the services of insurance organizations. It has also revealed, through the rankings, the order at which all these elements are considered useful by the marketing personnel in the Nigerian insurance market environment. It provides useful information for existing and prospective marketing managers, insurance brokers, insurance agents, other insurance practitioners and the likes. Knowing how to use this information in the effectiveness of insurance operations depends on the understanding of some key driving force such as culture, trust, information technology, publicity (timing, duration and cost) and customer relationship strategy. Based on the results of the responses from selected insurance companies, the research finds out that most insurance marketing officers are more interested in using three amongst the six elements in their quest for generating premium income and large volume of businesses. These are: advertising, personal selling and sales promotion. For direct marketing, it was found that it contributes equally to both dimensions of the dependent variables of research interest.

From the hypotheses tested, the results show that there is a significant relationship between media advertisement and consumers' patronage of insurance businesses in Ado Ekiti metropolis, Nigeria. This shows that media advertising depends on consumers' patronage. More so, there is a significant relationship between personal selling and consumers' patronage. Aside from this, there is a significant relationship between sales promotion and consumers' patronage, and in a similar manner, there is a significant relationship between direct marketing and consumers' patronage of insurance businesses in Ado Ekiti metropolis, Consistent with some previous studies, this study supports the view that the use of IT can enhance service delivery. Apart from that, another finding is that the effective and efficient combination of high level of IT and service delivery will increase the level of customers' patronage and ultimately the organization's profitability.

## RECOMMENDATIONS

Considering the empirical findings of this research work vis-à-vis the objectives of the study, it becomes obvious that promotional activities as measure of customers' patronage in Insurance Business in Nigeria. Hence, the following recommendations are made to the insurance

businesses in Nigeria who are interested in using the promotional activities in promoting their products are to:

- i. Since it has empirically investigated there is a significant connection between media advertising and consumers' patronage of insurance business.
- ii. Personal selling is a significant determine of customers' patronage of insurance business; that is insurance firm must now go out of their offices to meet good clients, and even present such prospective customers with gifts and other incentives in order to attract their deposits and patronage.
- iii. Sales promotion significantly affects consumer's patronage of insurance business; the sales promotion objectives of the industry or firms should determine its promotional strategy. The researcher suggest further that in order to achieve the objectives of developing favourable association as well as to impress customers', a suitable strategy should be designed to promote the image of the particular industry or firm.
- iv. Direct marketing significantly influence consumers' patronage of insurance business; direct marketing as a tool of communication should be explore and properly entrenched in all areas of operation of the insurance industry to increase the patronage.

## FURTHER STUDIES

Future researchers are hereby called upon to conduct a research to measure the influence of Promotional activities on Consumers' Patronage of Insurance Business in other cities in Nigeria to affirm the promotional activities of Insurance firms in the Country.

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## APPENDICES

### Model Summary

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.897	.805	.803	.34428

a. Predictors: (Constant), Direct Marketing, Sales Promotion, Personal Selling, Media Advertising

### ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	180.194	4	45.049	380.069	.000 <sup>a</sup>
	Residual	43.618	368	.119		
	Total	223.812	372			

a. Predictors: (Constant), Direct Marketing, Sales Promotion, Personal Selling, Media Advertising

b. Dependent Variable: Consumer Patronage

### Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.667	.110		6.054	.000
	Media Advertising	.183	.051	.210	3.593	.000
	Personal Selling	.377	.051	.416	7.456	.000
	Sales Promotion	.041	.032	.063	1.272	.204
	Direct Marketing	.246	.044	.260	5.620	.000

a. Dependent Variable: Consumer Patronage