CHALLENGES OF MARKETING LIFE INSURANCE PRODUCTS

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In marketing, a product is any item, tangible or intangible, that can be offered that can satisfy a target market's needs and wants. The audience must be satisfied with the value obtained for the price paid for the product. There are different life insurance products a marketer can offer to a prospect. Examples include; whole life and Universal insurance policies with investment and cash value components and Term life policies with no investment value or cash values.

Marketers may face many challenges selling any of these life insurance policies. Life insurance policies are products that most people believe they do not need or not yet need. Reports show that 3 out of 4 Americans know they need life insurance. Many who have know they do not have enough. Marketers of life insurance policies do have a ready –made target market that should be explored. Still, selling life insurance policies can be a difficult task for many marketers. The most challenging of all is the Term Life insurance policies that do not provide any cash incentives for the owner. Term Life Insurance policy only pays the beneficiary when the owner dies. Term life can be a tough sell for the marketers of term life insurance policies.

Often, costs, state of denial and the inability of the marketer to proof the need for the product are few of the critical reasons that create challenges for marketers of life insurance policies. The responsibility of a life insurance marketer is to allow the potential customer realizes that death is an inevitable circumstance that must happen. No one knows when it will be. "Everything Dies. That is the law of life-the bitter unchangeable law" — David Clement-Davies, *Fell* " Life insurance benefits take care of loved-ones when one dies.

Usually cost (premiums) of an intangible product like a life insurance policy can be a challenge. Marketers can overcome this challenge in different ways. Most organizations, including Life Insurance companies now practices the Customer Relationship model a 21st century marketing strategy. Better and a cost effective business practice is to develop a relationship with existing customers than to get new customers. Life insurance companies now offer more services that prospects need to create a' bundle' product. For example, for discount, many life Insurance companies now offer Auto, Home, Renters insurance policies in addition to their life insurance products. "Related diversification occurs when a firm internally develops or acquires another business that does not have products or customers in common with its current business." (Mullins & Walker, 2010, pg. 51).

Smart life Insurance marketers usually minimize the usual hysteria of 'I don't need it or I don't need it now' associated with life insurance products . The perception can be changed with effective communication through education that entails the advantages of life insurance policies.

There are always going to be controversial issues such as life insurance that people are just not ready to admit a need for. This does not imply that organization offering these services will be disappearing, as they are essential to our society. Whether it is an idea of not needing a service or a service being too expensive; organizations must continue to utilize innovative ideas and strong marketing to ensure that essential businesses such as the life insurance business, stays viable.

There are several ways for a life insurance organization to meet and overcome the several challenges of the exchange. I will address each of the challenges above and offer possible solutions to market them more effectively. "I don't need it or I don't need it now." This challenge is a perceptional problem that I believe needs to be changed with education. A life insurance organization could begin their marketing by gather statistics of deaths for the target demographic that I would be targeting. At this point it is imperative to find a way of communicating the findings to the base without hysteria. This could be done by simply asking someone with a calm voice to read the statistics at the beginning of a commercial, while showing pictures of an everyday activity that people within the target market enjoy doing. This idea aids in resolving the ideas of not needing the insurance yet. The final challenge around pricing of life insurance is one that can be resolved by actually offering more services. “Related diversification occurs when a firm internally develops or acquires another business that does not have products or customers in common with its current business.” (Mullins & Walker, 2010, pg. 51).

Several life insurance organizations are already following this principle by offering auto, home, fire, and other insurance policies in addition to life insurance. The way this aids in life insurance market value is that organizations are positioned to offer a discount in services for individuals that have these other types of insurance, some of which are mandatory by law. Having the ability to offer life insurance as a bundle in conjunction with another service at a lower rate is an indirect way to expand on that particular business in itself.

References

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