THE IMPACT OF SALES STRATEGIES ON LOW SALES
A CASE STUDY OF HERITAGE INSURANCE COMPANY, TANZANIA

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MANAGEMENT IN PARTIAL FULFILMENT FOR THE AWARD OF
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DECLARATION:

I Digna Herman (BIB/17137/71/DF), declare that this research project is my original work and has never been submitted to any university for any award. Where the works of others have been cited acknowledgment has been made.

NAME: DIGNA HERMAN (BIB/17137/71/DF)

SIGNATURE: ............................................................

DATE: 25/05/2010 ..........................................................
This research report compiled by Digna Herman (BIB/17137/71/DF) under the topic "The impact of ales strategies and their effects on low sales of insurance policies on insurance companies" has been under my supervision and guidance. It is ready for examination and therefore submitted with my approval.

NAME: MICHAEL RUTEGANDA (ACIS)

SIGNATURE: ..............................................................

DATE: 28-05-10 .................................................
ACKNOWLEDGEMENT

I greatly appreciate and acknowledge a number of people who helped me in different ways.

I would like to thank God for bringing me this far and for giving me wisdom and the spirit to endure.

I would not have made progress if it was not for my supervisor Mr. Michael Ruteganda. I appreciate the contribution he put through giving adequate instructions during the study but also went an extra mile to offer valuable suggestions, comments and criticisms which helped me in the production of this work.

I would like to thank my parents, also my brother Theodore and his wife Matilda and their family in general. I would also like to thank my beloved sister Janet (Jasmine) and her husband Rajabu. I would like to thank Reverend Fr. Antipas, Pastor Willy and his wife, Leonard and his wife Conjesta, Mama Njeri, Mama Esau, Lucy Wangui, Wanjeri, Heriond, Joram and John, without forgetting my friends Nanyika Shazia, Ngesu, Rehema. Mwanamzee, Sharifa and Njeri Mercy for the support and sacrifices they made to make me reach where I am. Without them I wouldn’t have made it this far.

Similarly, I send my heartfelt gratitude to my friends for their assistance and spirit of solidarity. God bless you all.
DEDICATION

I dedicate this book to my beloved sister Janet (Jasmine) with all my love and appreciation for her support. I thank her for her prayers, for being an inspiration in my life, for being the strong woman that she is and for seeing me through my studies and encouraging me on.
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The Heritage is part of the CFC group, which includes CFC Bank, CFC Financial Services, CFC Life Assurance and CFC Holdings Ltd. (an investment company). Heritage is now the largest private insurance company in Tanzania.

The Tanzania Subsidy that is the G.M.M (Group Management Division) the Life and Health Division and the General Insurance Division are managed by the General Manager that is the President and General Manager respectively. They are all answerable to the U. K Head offices to the regional Managing Directors, senior management levels staff that is leader in their profit centers or departments support the teams. Tactical staff that carries on daily business and implement decisions made also support and implements decisions made and also support the senior level management. The company business depends on brokers and agents who act on their behalf. They pay commissions to their Intermediaries.

1.2 STATEMENT OF THE PROBLEM
The current research aims at examining the factors contributing to low sales of insurance policies so that findings and recommendations can be useful to the management of Insurance companies in making selling decisions. Effective sales strategies are deemed to the purchase of insurance policies and increase the market share of the organization.

1.3 PURPOSE OF THE STUDY
The purpose of the study was to examine the impact of sales strategies and their effects on low sales of insurance policies on insurance companies.

1.4 OBJECTIVES OF THE STUDY

*General Objectives*
The study generally examined the factors contributing to low sales of Insurance policies in the insurance firms.
**Specific Objectives**

- To establish whether the nature of the products offered to consumers is a factor contributing to low sales.
- To establish whether distribution of insurance policies is a factor contributing to low sales of insurance policies.
- To establish if advertising of insurance policies is a factor contributing to low sales of insurance policies.

**1.5 RESEARCH QUESTIONS**

- What is the nature of the company's products?
- Is lack of proper distribution strategies a factor contributing to low sales?
- Is a lack proper advertising strategy a factor contributing low sales of Insurance policies?

**1.6 THE SCOPE OF THE STUDY**

**Geographical scope**

The scope of study was limited to the Heritage head office in Dar es Salaam located state house road opposite Jumba kuu house. The study was centered on one firm being a case study focusing Heritage Insured Company leaving out other Insurance firms like C.I.C, Apollo Insurance Company and United Insurance Company. The study also left out other Heritage Branches in Arusha, Mwanza and Dodoma. The study targeted Heritage Life insurance and accident Insurance leaving out others Insurance divisions.

**Content scope**

Content scope dwelt on sales and insurance policies. It also assessed the contribution of sales strategies to low sales of insurance policies and the extent to which possible solutions of improving sales can be derived.
1.7 SIGNIFICANCE OF THE STUDY

- The study was useful to the staff of Heritage Insurance Company during planning and forecasting company's business activities.
- It helped management to identify strengths and weaknesses of their insurance firms.
- It added to the theoretical and empirical literature knowledge on factors contributing to low sales of insurance policies within insurance firms in Tanzania.

1.8 CONCEPTUAL FRAMEWORK

The conceptual framework helped the researcher to explain the topic of research by defining the variables in the topic. There is the independent variable which predicts controls, determines and influences the dependent variable. There are also intervening variables with the independent variable to influence the dependent variable. For the purpose of this research the independent variable were the sales strategies, the dependent variable was insurance policies and the intervening variables were: poor distribution, poor advertisement, competition, poor personal selling and nature of the product. This was illustrated using a diagram as shown.
This led to the topic of research as stated: THE IMPACT OF SALES STRATEGIES ON LOW SALES.
CHAPTER TWO
LITERATURE REVIEW

2.0  INTRODUCTION
This chapter sought to review literature that relates to factors that have contributed to low sales of insurance policies within the insurance industry and specifically Heritage Company Limited, Tanzania. The Chapter has also described what other researchers and other individual personality in existing knowledge have done as it regards sales strategies in marketing. The research also acknowledged the contributions of other people in the area of selling.

2.1  PREVIOUS STUDY DONE IN THE AREA

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

An insurance newsletter journal written risk of March 2003 issues tries to examine some of the reasons as to why insurance companies in Tanzania are not able to withstand competition and attract more customers. Their editor says that when insurance levy has increased this automatically explain if the complainant makes any claim thus means the company will go at a loss if the case arises.

According to an article by Rebecca Kamungu in the same journal risk head of life and pensions division, she says that with the enactment of the retirement Benefit Act (1997)
which established Retirement Benefits Pension Fund Trustees are now personally responsible for any action and decisions they make on the day-to-day management of the fund this has demotivated staff since they fear their assets to put into risk.

Eslie Owindo says in her article that customer service is one of the most talked about ideals in every business. She says customers like personal attention and they always feel like they are doing you a favor by choosing your products or services while they could have just gone to the next shop.

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

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

i) Rivals among existing firms
ii) Threats of new entrances
iii) Threats of substitute products or services
iv) Bargaining power of suppliers
v) Bargaining power of buyers
Therefore when the management is formulating appropriate competitive strategies the above five forces are vital. Porter further noted that the key to a success of a strategy is to develop a position that is vital to attack those forces. The following are the one of the competition techniques which Portal has came up with.

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

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

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

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

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

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

According to Willmshurst J. (1995) is the most cost effective to use physical distribution management (PDM). It involves in planning, implementing and controlling the physical flow of products from points of use to meet customer needs.
Laser, W & Culley J.D. (1983) also writes that physical distributor is concerned with moving products to consumers a process which includes time and space dimensions of consumer services. The strategy not only increases profitability but also adds a value to the product by making it available quickly conveniently and in good condition.

According to Stern and El- Ansory (1997) are in agreement that a marketing channel is a set of interdependent organization involved in the process of making a product or service available for use or consumption by the consumer.

Craes (1991, 418) depicts a distributor channel as one which consists of interdependent and interrelated institutions and agencies, functionary as system or network who corporate their efforts to produce and distribute a product to the end user. According to Citicorp (1979) distribution channel sometimes seems not to interest pricing and adverting however once a company has chosen its channels and developed relationship with its intermediaries there is reluctance to do anything that might upset the management.
Figure 2.2 Channel of Distribution

I

PRODUCER → CONSUMER

II

PRODUCER → RETAILER → CONSUMER

III

PRODUCER → WHOLESALER → RETAILER → CONSUMER

IV

PRODUCER → AGENT → RETAILER → CONSUMER

V

PRODUCER → AGENT → WHOLESALER → RETAILER → CONSUMER

Source: Arusha & Mwanza (2006)

2.1.4 Advertisement
Advertising is any paid message presented in media by an identified sponsor while choosing the media the advertise faces both a micro scheduling and macro scheduling problems.

According to France and Chege (1988) said that advertising has many and furious functions, it forms educate persuade and reminds many people about the product and services where to get them and at what price.

Jay Forester (1979) has proposed using his industrial “dynamics” methodology to test cyclical adverting policies. He believes that advertising has a delayed impact on consumer awareness, awareness delayed impact on factory sales and factory sales have a delayed impact on adverting expenditures.

As he concludes he said most of the time relationship can be studied and formulated mathematically into a computer simulation model. The model can simulate alternatives timing strategies to access varying impacts on company sales cost and profits.
Advantages of Advertising

a) The organization can repeat the message many times. It allows the buyer to compare and contrast messages of various competitors.

b) Can be used to build a long term image for the products or services through artificial use of visual print sound and color.

c) Can reach masses, geographically dispersed buyers especially if the company is dealing with scattered buyers.

Disadvantages of Advertising

a) It is very expensive especially if the company wants the message to be repeated several times.

b) Its only one-way communication because evidence may fail to bring back the feedback for they are oblique to the response.

c) The customer choice cannot be immediately established because advertising is a one-way communication.

Kotler (1896) on his book, (marketing management planning implementation and control) 9th edition has defined advertising as any paid forum of non-personal presentation and promotion of ideas, goods and services by an identified sponsor. Advertising is cost effective way of disseminating messages.

Advertising should be developed not only in the context of a clear statement of marketing strategy but also in the context of the plans and expectations for the programmers of sales promotion and personal selling.

Advertisement also can be as follow

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

2.1.5 Personal Selling

Personal selling has focused as defined by Kotler P. (1984) as oral representation in a conversation with one or more prospective purchasers for the purposes of making a sale. Personal selling is said to have started centuries ago with itinerant peddles. The sales were done either door-to-door, office-to-office or at home sales parties Kotler P. (1989).

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

Baker M.J. (1996) in his book says that the function of personal selling of to provide specific inputs which advertising or non-personal selling cannot offer at the individual level. This has been termed by Guiltminan P.J. and Paul G.W. (1988) as hybrid programs, which combines advertising and sales promotion as one.

2.1.6 Product Nature

Kotler (1989) considers product mix such as elements of marketing mix, which involved designing, planning and developing the right type of the product and services to satisfy customers. It involved making decisions that referred to the following: Product size, product quality, product range, volume output, packaging branding name and product testing.
Kotler (1994) a product was defined as anything that can be offered to a marketer for attention, acquisition use or consumption that might satisfy want or a need. He argued that product appears in four types namely: Core products, Potential products, the Generic products and the Expected products. Also he continues to argue that it is essential for firms to strike and provide the right product when, where and how the customer wants it, firms therefore must think about the whole product they provide and then make that all the elements fit together.

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

Thompson (1962) argued that you could change product but you can’t change people, you can however influence them though not cheaply.

2.2 PRODUCT STRATEGIES
Ansoff (1975) defined four product marketing strategies for company seeking to increase business they are:-

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

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

*Product Development* – Here the company seeks to increase sales by developing already existing products.

2.3 DIVERSIFICATION
Here the company seeks to increase sales by developing new markets for new products. Therefore marketing and product policies must be dynamic. Basic product concept emphasize on the need for planned modification of a new product until it occur in the market.
2.4 PRODUCT MIX
This is the product range. The following attributes should be decided upon namely:-

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

*Packaging* – The major packaging suction are:-

(a) Identification for different varieties
(b) Display to show brand or services names.

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

2.6 SOME ISSUES DURING THE INVESTIGATION.
Although distribution of a product was highlighted and reviewed to the policy makers and other interested parties, no research has been undertaken to measure the factors which have affected the distribution of insurance companies specifically in Heritage insurance company. The research should be undertaken to measure the efficiency of distribution.

Also, insurance companies are not marketing their policies well by doing promotion of their products, for example advertising which is a non-personal presentation of ideas hence the public lacks information, education, persuasion, and reminder of the insurance policies causing the client not aware of the insurance policies the insurance companies have and their existence.
CHAPTER THREE
METHODOLOGY

3.0 INTRODUCTION
This chapter presented the methodology that was used to attain the research objectives, beginning with the research design, target population, sampling design, research instruments and data collection procedures,

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

3.2 AREA OF THE STUDY
The study was carried out in Dar-es-salaam which is the capital city of Tanzania. Dar-es-salaam is considered to be the busiest town and the population is big. Selected heads of department including the marketing department were used as a source of information to the study.

3.3 TARGET POPULATION
The research targets of Heritage Insurance Company on population included the employees of Heritage Insurance Company that is the top management, sales force and customers which added up to 100 people.
Table 3.1 Distribution of respondents

<table>
<thead>
<tr>
<th>Category</th>
<th>No. of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>50</td>
</tr>
<tr>
<td>Sales force</td>
<td>40</td>
</tr>
<tr>
<td>Top management</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Primary data

3.4 SAMPLING DESIGN

Stratified sampling was used since the population of interest was not homogenous. The elements of the population were divided into groups to form a state and a random sample of 10 was drawn. A total sample of 40 was chosen as it was believed to be statistically enough to provide adequate information. Ration 40/100 = 0.4
Table 3.2 Sample Design of the Respondents

<table>
<thead>
<tr>
<th>Category</th>
<th>Population</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>Sales force</td>
<td>40</td>
<td>16</td>
</tr>
<tr>
<td>Customers</td>
<td>50</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>40</strong></td>
</tr>
</tbody>
</table>

Source: Primary data

3.5 DATA COLLECTION PROCEDURES

The accuracy and validity of the data collected depended upon the great extent to the effectiveness of the methods employed to collect it.

*Primary Data*

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

*Secondary Data*

Secondary data is data which is collected by other researchers. Secondary data that was used in this study was collected from library text journals daily newspapers and past projects done by other researchers.
Instruments for data collection

The questionnaire

The semi structured questionnaire was the main instrument of the study that was administrated to the staff of the selected departments. The questionnaire was designed to explore key variables of factors affecting the sales of insurance policies. The researcher used this method because of its ability to solicit information from respondents within a short time. Moreover, respondents were given time to consult records and sensitive questions were truthfully answered. Both open and closed ended questionnaires were administered. This is because closed ended questionnaires are easier to analyze since they are in an immediate useable form and again each item was followed by alternative answers. Open ended questions permit a great depth of response, when a respondent is allowed to give personal response, usually reasons for the response given may be directly or indirectly included. They are simpler to formulate mainly because the researcher does not have to labor to come up with appropriate response categories.

Structure interviews

Interviews were administered to the department heads at Heritage Insurance Company in Tanzania concerning challenges faced due to sales strategies. Structured questionnaires were designed in such a way that more specific and truthful answers related to challenges faced by firm were got. Interviews were used because according to Amin (2003), they give an opportunity to probe and obtain detailed information on issues. Interviews make it possible to obtain data required to meet specific objectives of the study. Interviews are more flexible than questionnaires because the interviewer can adopt to the situation and as much information as possible.

VALIDITY AND RELIABILITY OF THE INSTRUMENT

Validity of the questionnaires

The validity of the questionnaires was established by expert judgment method proposed by Gay (1996). Two experts in the field of research in addition to my supervisor were contacted to judge the materials. The researcher adjusted the materials according to the expert’s recommendation.
Data processing and analysis
Data was collected by use of questionnaires. Data was entered into the computer, edited, sorted and coded to minimize errors. Then it was grouped into tables. The collected data was analyzed, interpreted and discussed.

RESEARCH PROCEDURES
The researcher obtained a letter from Kampala International University to enable her to visit the Heritage Insurance Company in Tanzania to inform them formal about the forthcoming study. A list of employees was obtained from the human resource department and this was used to make up the sampling frame. Key informants were purposively selected during the administering of the questionnaire. The research instruments used were designed to forty respondents. The open ended question was expected to capture perception and explanation to the quantitative aspects. The interview schedule for seven key informants was expected to narration and free expression of informants and to facilitate deeper probing into the topic and other issues not otherwise captured in the other techniques mentioned above. The technique enabled the researcher to learn new information relevant to the study.

3.6 RESEARCH INSTRUMENT
I used a questionnaire in carrying out my research. This helped me to collect the views and opinions of the target population.

3.7 LIMITATIONS OF THE STUDY
Non-response from the respondents. Some respondents were unwilling to answer questions for the fear of posing new threats from their competitors while others will answer for the sake of it.

Limitations of accessibility of data. It was not possible to get all the data required because some documents were confidential and the authority could not let them out.
The study was limited to only Heritage Insurance Headquarters and time factor could not allow the study to be conducted on other branches thus correspondence with other branches was not there.
CHAPTER FOUR
PRESENTATION, INTERPRETATION AND DISCUSSION OF FINDINGS

4.0 INTRODUCTION
This chapter contains the presentation, interpretation and discussion of findings to give answers to the research questions. The chapter first covers the background information about the respondents and also presents the findings on the research objectives. The responses used in this chapter were obtained from 40 respondents out of the desired population of 200. The findings were obtained from primary sources and were presented using frequency tables, percentages, and pie charts.

4.1 QUANTITATIVE ANALYSIS
4.1.1 Characteristic of the Sample
A Sample of 40 respondents drawn from Heritage Insurance Company only 30 questionnaires out of 40 distributed were retuned back fully completed and other 10 were not brought back.

Table 4.1 Characteristics of the Sample

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

Source: Primary data
From the above table the response to the questionnaire was considered to be good given the fact that some of the respondents were busy with their schedules.
Table 4.2. Summary of response according to age

<table>
<thead>
<tr>
<th>AGE IN YEARS</th>
<th>FREQUENCY</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-30</td>
<td>15</td>
<td>37.5</td>
</tr>
<tr>
<td>31-40</td>
<td>15</td>
<td>37.5</td>
</tr>
<tr>
<td>Above 41 yrs</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>TOTAL</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data

Table 4.2.2 shows that of 30 respondents who filled and returned questionnaires majority of them (50%) were between the ages 31—40 years while the remaining ages that is 20-30 were (17%) while above 4yrs were (33%).

Table 4.3 Summary of response according to Marital Status

<table>
<thead>
<tr>
<th>MARITAL STATUS</th>
<th>FREQUENCY</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>20</td>
<td>50</td>
</tr>
<tr>
<td>Single</td>
<td>17</td>
<td>42.5</td>
</tr>
<tr>
<td>Divorced</td>
<td>3</td>
<td>7.5</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data

According to the table above majority of the respondents that is (50%) indicate that they were married while the remaining (42.5%) said that they were single while (7.5%) said they are divorced. This can be presented in the following pie chart.

Table 4.4 Summary of respondents according to experience

<table>
<thead>
<tr>
<th>EXPERIENCE IN YRS</th>
<th>FREQUENCY</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5 Years</td>
<td>12</td>
<td>30</td>
</tr>
<tr>
<td>6-10 Years</td>
<td>14</td>
<td>35</td>
</tr>
<tr>
<td>11-15 Years</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>16 and above Yrs</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>TOTAL</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data
The analysis of respondents' year of experience in profession such as Top management and sales people (35%) have worked 6-10yrs, (30%) worked between 0-5yrs, (20%) have worked between 11-15yrs and the remaining 15% have worked for above 16 yrs. This can be illustrated in the following pie chart.

Figure 4.3 Showing summary of respondents according to experience

![Pie chart showing the distribution of respondents' experience](image)

Source: Primary data

**PERSONAL SELLING**

Table 4.5 Summary of respondents on what extent does ineffective Personal selling has contributed to low sales of policies

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great extent</td>
<td>12</td>
<td>30</td>
</tr>
<tr>
<td>Very Great extent</td>
<td>16</td>
<td>40</td>
</tr>
<tr>
<td>Lower extent</td>
<td>7</td>
<td>17.5</td>
</tr>
<tr>
<td>Very low extent</td>
<td>5</td>
<td>12.5</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>40</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Primary data
According to the table and figure above it clearly shows that ineffective personal selling has contributed to low sales of insurance policies, as majority of the respondents (40%) said that ineffective personal selling contributes to low sales of policies to very great extent, 30% said effects to great extent, 17.5% said to a lower extent while (7%) said to a very low extent. This can be illustrated in the following pie chart.

**Figure 4.4 Showing summary of respondents on what extent ineffective Personal selling has contributed to low sales of policies**

![Pie chart showing extent of ineffective personal selling](image)

Source: Primary data

**Table 4.6 Summary of respondents on how the company trains its sales people**

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Through seminar</td>
<td>13</td>
<td>32.5</td>
</tr>
<tr>
<td>Internal Training</td>
<td>11</td>
<td>27.5</td>
</tr>
<tr>
<td>Video Conference</td>
<td>7</td>
<td>17.5</td>
</tr>
<tr>
<td>Field work</td>
<td>9</td>
<td>22.5</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>40</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Primary data
According to the respondents 32.5% said that the company trains its sales people through seminars, 27.5% said through internal training, 22.5% said through field work and the remaining 17.5% it's through video conference. This can be illustrated in the following pie chart.

Figure 4.5 showing summary of respondents on how the company trains its sales people

| Source: Primary data |

**COMPETITION**

Table 4.7 Summary of response on the rate of competition in the market

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very high</td>
<td>21</td>
<td>52.5</td>
</tr>
<tr>
<td>Moderate</td>
<td>13</td>
<td>32.5</td>
</tr>
<tr>
<td>Low</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>TOTAL</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data
According to the table above 52.5% responded that the rate of competition in the market is very high, 32.5% said that it is moderate while 15% responded that competition is very low. This can be illustrated in the following pie chart.

**Figure 4.6 showing summary of response on the rate of competition in the market**

![Pie chart showing competition rate](chart.png)

Source: Primary data

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great extent</td>
<td>21</td>
<td>52.5</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>13</td>
<td>32.5</td>
</tr>
<tr>
<td>Lower extent</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>TOTAL</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data

According to the response in the table above, 52.5% said that competition affects sales of insurance to a great extent, 32.5% said to a moderate extent and 15% to a lower extent.
Table 4.9 Summary of response on major competitors of the Company

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>British American-Ins Co.</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>Madison Ins Company</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>E.A Insurance co.</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Blue Shield</td>
<td>12</td>
<td>30</td>
</tr>
<tr>
<td>Co-operative Ins Co</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>40</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Primary data

According to the table above, 30% of the respondents said that Blue Shield was a major competitor, 25% said that Madison insurance company was a competitor, 20% felt that British American insurance company is a competitor, 15% said Co-operative insurance company is a major competitor, and the remaining 10% felt that East Africa-Insurance Company was a major competitor. This can be illustrated in the following pie chart.

Figure 4.8 Showing summary of response on major competitors of the Company

Source: Primary data
NATURE OF THE PRODUCT

Table 4.10 Summary respondents on the demand of insurance policies by the customer

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High demand</td>
<td>5</td>
<td>12.5</td>
</tr>
<tr>
<td>Average demand</td>
<td>12</td>
<td>30</td>
</tr>
<tr>
<td>Low demand</td>
<td>23</td>
<td>57.5</td>
</tr>
<tr>
<td>TOTAL</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data

From the above table 57.5% of the respondents felt that the demand of insurance policies was low, 30% felt that the insurance policies had average demand while the remaining 12.5% felt that the demand was high.

Table 4.11 Summary of response on the relationship of the product with customer

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very good</td>
<td>7</td>
<td>17.5</td>
</tr>
<tr>
<td>Good</td>
<td>12</td>
<td>30</td>
</tr>
<tr>
<td>Average</td>
<td>16</td>
<td>40</td>
</tr>
<tr>
<td>Poor</td>
<td>5</td>
<td>12.5</td>
</tr>
<tr>
<td>TOTAL</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data

According to the response in the table above 40% felt that the relationship with customers was average, 30% felt that it was good, 17.5% said that it was very good while 12.5% felt that the relationship was very poor. This can be illustrated in the following pie chart.
Figure 4.10 Showing summary of response on the relationship of the product with customer

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very effective</td>
<td>13</td>
<td>32.5</td>
</tr>
<tr>
<td>Effective</td>
<td>21</td>
<td>52.5</td>
</tr>
<tr>
<td>Very low effect</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data

From the table above majority 52.5% of the respondents said that channels of distribution were effective while 32.5% said that it was very effective while the remaining 15% said that it had very low effect.
Table 4.13 Summary of respondent on whether the company uses many distribution channels

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>No</td>
<td>30</td>
<td>75</td>
</tr>
<tr>
<td>TOTAL</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data

From the above table 75% of the respondents said that the company didn’t involve many distribution channels to effectively make insurance policies available to their customers while 25% said that the company uses many distribution channels to make insurance policies available to their customers.

ADVERTISING

Table 4.14 Summary of response on which advertising media the company uses to advertise

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Radio</td>
<td>9</td>
<td>22.5</td>
</tr>
<tr>
<td>Television</td>
<td>12</td>
<td>40</td>
</tr>
<tr>
<td>Outdoor (Bill Board Poster)</td>
<td>7</td>
<td>17.5</td>
</tr>
<tr>
<td>Magazines</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Electronic Media</td>
<td>3</td>
<td>7.5</td>
</tr>
<tr>
<td>Newspaper</td>
<td>5</td>
<td>12.5</td>
</tr>
<tr>
<td>TOTAL</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data

According to the table above 40% of the respondents said that the company uses television to advertise 22.5% said they use the radio, 17.5% said they use the outdoor bill boards and posters to advertise, 4% and 5% said the magazine and newspapers respectively, while the remaining 7.5% said they use electronic media to advertise. This can be illustrated in the following pie chart.
Figure 4.13 Showing summary of response on which advertising media the company uses to advertise

Source: Primary data

Table 4.15 Summary of response whether poor methods of advertising is a factor contribute to low sales

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>34</td>
<td>85%</td>
</tr>
<tr>
<td>No</td>
<td>6</td>
<td>15%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data

According to the table above 85% of the respondents said that poor methods of advertising is a factor contributing to low sales of insurance policies while 15% said that poor methods of advertising do not contribute to low sales of insurance policies.
Table 4.16 Summary of response on relationship between advertising

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective</td>
<td>23</td>
<td>57.5</td>
</tr>
<tr>
<td>Very Effective</td>
<td>11</td>
<td>27.5</td>
</tr>
<tr>
<td>Not effective</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>TOTAL</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data

According to the table 57.5% of the respondents said that the relationship between advertising and insurance policies is effective 27.5% said that the relationship was very effective while the remaining 15% said that the relationship was not effective. This can be illustrated in the following pie chart.

Figure 4.15 showing summary of response on relationship between advertising

Source: Primary data
4.2 QUALITATIVE ANALYSIS

4.2.1 PERSONAL SELLING

There were various suggestions by the respondents

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

4.2.2 COMPETITION

The following were suggestions from respondents on how to counter threats of other competitors

- Should develop products which can suit customer needs
- Should embark on a more vigorous training programmers to their staff and advertising their services to their customers
- Should educate their customers on their products and the insurance services which are available
- Should ensure that the sales people and other staff are equipped properly to counter competition.

4.2.3 NATURE OF THE PRODUCT

On the nature of the product respondents gave suggestions that:-

- The company should ensure that their product nature is well understood by top management, sales force and also their customers
- That the products should be expanded to cater for different classes of people
- They should ensure that their product has a good relationship with their clients.
4.2.4 DISTRIBUTION

Respondents had the following suggestions

- The company should select a reputable channel of distribution in order to maintain quality of products
- Should select a reliable channel in order to improve efficiency and effectiveness
- Ensure that channel participants are well trained about insurance policies and services.

4.2.5 ADVERTISING

Advertising recommendations suggestions were as follows:-

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

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

5.1 SUMMARY OF MAJOR FINDINGS
The findings of the research study are follows:

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

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

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

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

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

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

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

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

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

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

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

RESEARCH QUESTION 4
Was effective personal selling used to promote their insurance policies?
The findings reflected that effective personal selling as greatly contributed to low sales of insurance policies. According to the study the company should improve its personal selling to enhance an increment in their sales volume.
RESEARCH QUESTION 5

How is the nature of the companies’ product?
The study indicated that the nature of the companies’ product has contributed to low sales of that product. According to the study the company should find products that are competitive and highly demand by their customer.

RESEARCH QUESTION 6

A distribution strategy is a factor contributing to low sales?
The findings reflected that the company has poor distribution channels which contribute to low sales as a result the company should find ways and means of distributing their policies to make them available to their customer and be more friendly.

5.3 CONCLUSION

The study concluded that:

- There is evidence to suggest that personal selling strategies used by the company are not well implemented.

- The respondents also unanimously agreed that competition is one of the biggest factors that has contributed to low sales of insurance policies that has affected the sales of Heritage company.

- Evidence also suggested that the respondents agreed that poor advertising method has greatly contributed to low sales of insurance policies and therefore the company should look for effective methods of advertising.

- The respondents unanimously agreed that poor distribution channels as widely affects sales of insurance policies and the company should look for ways to distribute their products policies.
3.4 RECOMMENDATION
The research wishes to make the following recommendation which are based on findings of the study

➤ The company recommendation that the company should train its Employees on all issues of sales and it’s effective in the company. Advertisements of its objective and goals as times have changed and one informed at all levels.

➤ It was also recommended that the government should try and relax some of her laws they impose on insurance companies in that they normally make it hard for them to sale their services.

➤ The study also recommended that the company should put all its resources advertising methods which can help to improve its sales of their policies.

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

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


    McGrua Fillo, U.S.A


    Houghtpn Mifton Co. London.

    Worth – Heinemann London.
## APPENDIX A

### THE TIME FRAME OF THE STUDY

<table>
<thead>
<tr>
<th>Activity</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visit Heritage Insurance company (Dar-es-salaam)</td>
<td>Dec 6&lt;sup&gt;th&lt;/sup&gt; – Dec 23&lt;sup&gt;rd&lt;/sup&gt; 2009.</td>
</tr>
<tr>
<td>Kampala International University Library</td>
<td>Nov 8&lt;sup&gt;th&lt;/sup&gt; – Nov 15&lt;sup&gt;th&lt;/sup&gt; 2009.</td>
</tr>
<tr>
<td>Collecting Data</td>
<td>1 Month</td>
</tr>
<tr>
<td>Writing proposal</td>
<td>3 Months</td>
</tr>
<tr>
<td>Submitting proposal</td>
<td>April 2&lt;sup&gt;nd&lt;/sup&gt; 2009.</td>
</tr>
</tbody>
</table>
# APPENDIX B
## ACTUAL RESEARCH BUDGET

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>ITEM</th>
<th>COST (TSH)</th>
<th>TOTAL COST (TSH)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Visiting Heritage Insurance Company</td>
<td>Transport for 17 days</td>
<td>200 x 17</td>
<td>3400</td>
</tr>
<tr>
<td>2. Library research</td>
<td>Research for 7 days</td>
<td>200 x 7</td>
<td>1400</td>
</tr>
</tbody>
</table>

**Sub-total (TSH)**

1. Stationary  
   i) Printing services  
   ii) 2 dozens of pens  
   iii) Researcher’s bag  
   iv) 2 boxes of files  

<table>
<thead>
<tr>
<th>ITEM</th>
<th>COST (TSH)</th>
<th>TOTAL COST (TSH)</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Printing services</td>
<td>30 x 50</td>
<td>1500</td>
</tr>
<tr>
<td>ii) 2 dozens of pens</td>
<td>200 x 2</td>
<td>400</td>
</tr>
<tr>
<td>iii) Researcher’s bag</td>
<td>2000 x 1</td>
<td>2000</td>
</tr>
<tr>
<td>iv) 2 boxes of files</td>
<td>250 x 2</td>
<td>500</td>
</tr>
</tbody>
</table>

**Sub-total (TSH)**

**Total (TSH)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>9200</th>
</tr>
</thead>
</table>
APPENDIX C
INTERVIEW GUIDE FOR THE HEADS OF HERITAGE INSURANCE COMPANY TANZANIA

1. To what extent do sales strategies result to low sales of insurance policies?

2. What measures has Heritage Insurance Company enforced in ensuring that sales of insurance policies move from low to high?

3. To what extent does Heritage Insurance Company invest its surplus funds on sales strategies?

4. Do you feel that there are any solutions that can help improve sales strategies of insurance policies of Heritage Insurance Company?

5. What are the factors affecting sales strategies and profitability in Heritage Insurance Company?
   a) Technology   b) Effective management   c) Globalization
   d) Deregulation   e) Marketing mix

6. How would you rate the contribution of the above factors to Heritage Insurance Company’s sales strategies and profitability?
   a) Poor   b) Fair   c) Medium   d) Good   e) Excellent

7. What is the management strategies put in place for improving the sales strategies in Heritage Insurance Company?
APPENDIX D
QUESTIONNAIRE

My name is DIGNA HERMAN, a student of Kampala International University. I’m conducting research on the impact of sales strategies and their effects on low sales of insurance policies on insurance companies a case study of Heritage Insurance Company Tanzania, a subsidiary of heritage international insurance. The purpose of this study is to fulfill my academic requirements. Therefore I kindly request you to answer for me the following questions:

Note: Your responses will be treated with the highest degree of confidentiality.

Background information:

Please tick in the most appropriate box

1. Age
   a) 20-30
   b) 31-40
   c) 41 and above

2. Marital status
   a) Married
   b) Single
   c) Divorced
   d) Others

3. Level of education qualification
   a) Primary level
   b) Professional certificate
   c) Secondary level
   d) Diploma

4. Departments
   a) Top management
   b) Customer
   c) Sales
   d) Finance
OTHER QUESTIONS

1. How do you find the sales strategies of Heritage Insurance Company?
   a) Excellent
   b) Good
   c) Fair
   d) Poor

2. Do the sales strategies of Heritage Insurance Company result to low sales of Insurance policies?
   a) Yes
   b) No
   c) Others (specify)

3. What are some of the obstacles experienced as a result of the sales strategies used in Heritage Insurance Company?

   ........................................................................................................
   ........................................................................................................
   ........................................................................................................
4. What are some of the solutions to the problem in question (9) above?

THANKS