



Put the Market Back in Marketing

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You know the old saying, “Life insurance is sold, not bought.” I heard someone at a recent conference aver that this saw is still true — with audience heads nodding approval. Yet I heard some of those same people express concern over the growth of direct response marketing, especially with respect to the Internet, but also with regard to quoting services that help customers over the phone.

Are they speaking with forked tongues?

To anyone outside the industry looking in, to say that “life insurance is *sold*, not bought” would seem oxymoronic — or maybe just plain moronic. How can something be sold and not bought? Aren’t they the flip sides of the same transaction?

So let’s get a little Clintonesque. Remember when President Clinton tried to rationalize his Monica Lewinsky denials with the now-famous line “It depends on what the meaning of the word *is* is”? I think we need to delve a little into what the meanings of the words *sold* and *bought* are.

In this context, to say that a product is “bought” really means that it’s a “demand” product — something that people *want* to buy, something that sells itself, if you will. TVs, automobiles, food, cell phones — those are all things that people want to buy of their own volition. For these products, the role of marketing is to get consumers to buy *your* product instead of your competitor’s; you know

they’re going to buy somebody’s product, you just want it to be yours.

But is that really true? Certainly that’s not the case when the product is first introduced. For example, before there was Wii, did anybody really feel the need for one? Did people walk around saying, “Gee, I wish I could play tennis with an avatar on my TV screen”? *I don’t think so.*

Before an ice cream vendor at the 1904 World’s Fair ran out of dishes and the waffle vendor next to him rolled up a waffle to hold the ice cream, did anyone know they wanted an ice cream cone? *I don’t think so.*

In reality, isn’t one key function of marketing to create demand? That may mean demand for the product category, or demand for your company’s particular product offering. It would seem to depend on the stage in the product life cycle that the given product is at.

So why is it that life insurance, which has been around for hundreds of years, is still not a demand product? Why don’t people say to their spouses, “Hey, let’s go shopping for life insurance next Saturday?” Why does it have to be “sold” — as in pushed by a salesperson?

“Pushed” is such a harsh word. Perhaps I should have said “promoted”. Yet to this day, justly or unjustly, the life insurance agent is the epitome of the stereotypical “pushy salesman,” right up (or down) there with the used car salesman.

Regardless, it does appear that the marketing function at most life insurers is geared toward helping push the product, rather than really creating demand. So much of the industry’s marketing activity revolves around treating the producer as the customer, rather than the person who pays the premiums and whose money is the underpinning for the whole system. Without the ultimate customer (the “market” in “marketing”), neither home office employees nor producers would bring home a paycheck.

And when the marketing function isn’t concentrating on the producer as the customer, it is often involved in providing marketing support for the producer. In fact, many companies won’t market to their own customers, for

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fear of upsetting the producer of record. I've always felt it was short-sighted of companies to allow their producers to *own* the customer, especially since, if there's a lawsuit, it's the company that has the deep pockets the customer will go after.

The industry has largely relegated or defaulted the marketing function to one that supports a push strategy — but why? (In fairness, I must point out there are always exceptions.) Maybe it's because — unlike TVs, automobiles, food, and cell phones — life insurance does not give instant gratification to the buyer. (Ironically, since most insurance salespeople are on commission, it does give instant gratification to the seller.) Other than the intangible, ever-fleeting peace of mind, the buyer usually never does derive the benefit of the purchase; that is left to heirs. And, because the buyer typically has little knowledge or understanding about what he or she has purchased, that peace of mind is often disturbed by second-guessing as to whether he or she made the right decision.

But if life insurance executives really believe that the product is “sold, not bought,” how do we explain the fact that so many of them are concerned about the rise of the Internet and other direct channels? And, if that saying is true, how do we explain the fact that an estimated 1 in 5 life policies are, in fact, sold through direct means (including those quoting services that sell insurance online and over the phone)? While the base was admittedly small, it's also noteworthy that, according to LIMRA research, the number of people buying over the Internet has doubled since 2006.

There *are* obviously people who don't need to be sold on the idea. People who know they want and/or need life insurance and shop around online, not knowing what type they want or how much. It's analogous to walking down the street in a touristy area, looking at menus, trying to decide where to eat. But it's life insurance, not dining out!

What planet did these people come from? Are there more of them out there? Will there be more in the future? Is there hope for marketing yet — that it can stimulate demand rather than simply abdicate to a push strategy and producer support?

Time will tell 🌐

A close-up photograph of a person's hands holding a silver mobile phone. The person is wearing a dark suit jacket and a blue striped tie. The background is blurred, focusing on the hands and the phone.

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