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Appealing Ideas



What do bananas and insurance have in common? You'd be surprised.

By Jeff Shaw

Everyone knows that their bologna has a first name and it's OSCAR, but how many people know that their banana has a last name, and it's CAVENDISH? That's right, 99 percent of all bananas imported to the U.S. and Europe are the Cavendish variety we all know so well.

Bananas are the most popular fruit in the world and the fourth most consumed food. In fact, we eat as many bananas in the U.S. as we do apples and oranges combined. As a result, bananas only cost about half as much per pound as apples. This is especially amazing when you consider that while apples are generally grown within a few hundred miles from where they're sold and are hearty enough to be stored for months in little more than a basket in a garage, bananas must be shipped by cooled containers from thousands of miles away (Ecuador is the world's largest exporter), packed carefully in boxes to keep them from bruising, can only survive for about two weeks after they are picked, and require human intervention in order to reproduce since they have no seeds and are sterile.

How in the world did bananas become so popular?

There are a number of books that document the long and controversial history of the banana industry. However, since we're more interested in life insurance than bananas, we're only going to focus on the very small slice of the banana industry that has application to the insurance business.

Let's start with the Cavendish. One would think that this particular banana achieved its exalted status because it was the tastiest, the easiest to grow, and the most prolific of all the other

varieties. Unfortunately, that would be the Gros Michel banana (literally, “Big Mike”)—the original “best of the bunch” and the variety that our great-grandparents ate. By comparison, the Cavendish was originally considered extremely bland tasting and far too fragile to ship efficiently. The only thing the Cavendish had going for it was that it was resistant to a blight that rendered the Gros Michel commercially extinct and threatened to wipe out the entire industry. In other words, the Cavendish became the banana standard solely because the industry didn’t really have any other choice.

How many of us have felt the same way about a legacy product we’ve inherited?

Compounding the Cavendish problem was the fact that in order to achieve appropriate economies of scale, banana importers had to focus on a single variety. That way they could control ripening rates and cultivate large volumes efficiently enough to make a profit. As a result, the industry had to rally around a single commoditized version that no one even liked.

However, once the inevitable was accepted, the banana industry honed in on addressing the two biggest hurdles in getting their industry back on track. The first involved the logistical problems related to shipping an extremely fragile fruit and required the development of an entirely new technology and shipping process. The other hurdle involved how to sell an inferior and bland tasting product to a public that had been used to eating a far more flavorful fruit—and therein lie the lessons for the life insurance industry.

Historically, consumer polls have placed life insurance agents somewhere between used car salesmen and attorneys in terms of trust. In addition, a recent Foresters report indicated that consumer rankings of financial institutions have fallen to the lowest level in five years—and this was before the recent economic bailout. In fact, in a recent Best’s Review article, Ronald D. Verzone writes that “most everyone who sells life insurance tries to hide it. It seems as if the goal is to do everything possible to camouflage what they really do. We do a disservice to ourselves, our industry, and certainly our customers by hiding behind titles.”

Despite the negative perception, a recent survey by the LIFE Foundation indicated that 93 percent of Americans think it’s important for most people to have life insurance, yet nearly half of those surveyed say they don’t have enough coverage.

Certainly the life insurance industry is in need of some help. However, if I had to make a choice between having to solve the banana industry’s challenge of convincing consumers to accept an inferior replacement product, or the life insurance industry’s problem with motivating reluctant agents to sell a product that the majority of consumers acknowledge they need—well, I think our problem pales by comparison. Surprisingly, though, while life insurance sales continue to decline, bananas have bounced back to such an extent that American consumers aren’t even clamoring for any of the tastier bananas that the rest of the world enjoys so much.

No Slouch

How has the banana industry succeeded where the life insurance industry still struggles?

The banana industry is no slouch when it comes to marketing. In fact, they already had a number of coups under their belt in making the Gros Michel a success. For example, many people still remember the 1923 hit song “Yes we have no bananas”. In addition, in 1944 they hired world famous cartoonist Dik Brown to create the Carmen Miranda inspired Miss Chiquita Banana. As a result, their marketing muscle was definitely flexed to handle the Cavendish problem.

The winning formula ultimately emerged through forging partnerships with outside entities. For example, they enlisted the aid of numerous physician groups to tout the health benefits of bananas, apparently inspired by the success of the “apple a day keeps the doctor away” nursery rhyme.

They also actively marketed recipes using bananas, and partnered with the Corn Flakes folks to promote the concept of adding bananas to cereal—apparently two bland really can make a right! This joint venture eventually led to the first coupons being featured on Kellogg’s cereal boxes.

In addition, between 1955 and 1962, United Fruit/Chiquita distributed 15 million pieces of literature to schools across the country to promote bananas and their nutritional benefits. This program culminated with an entire curriculum that included lesson plans, filmstrips, wall charts, maps, recipes, and other teaching materials that used the banana industry as the basis for teaching geography, biology, general science, health, nutrition, history, and social studies.

The life insurance industry would be well served to adopt similar practices to help promote our products. This is especially important for companies selling small face life contracts to the modest to middle income market because in most cases this is their only option for insurance and there are limited other resources to rely upon.

For example, establishing working partnerships with interested third parties adds credibility to the value of our products that we just can’t convey on our own. The pre-need industry has been very successful in receiving endorsements from various state funeral home associations—and some health insurance companies have been able to partner with different senior oriented groups such as AARP—but there are numerous additional opportunities.

By focusing dedicated resources directly to the neighborhoods that small face policies are sold, insurance companies are in an ideal position to make a very significant and visible impact, especially since the problems arising from an untimely death with limited resources are consistent and easy to identify. There are a number of community organizations that are placed in the difficult position of cleaning up the messes that result from dying without insurance. These groups recognize the value of our products from first hand experience.

For example, child care, food, shelter, transportation, and education are typically at risk when the primary caregiver or breadwinner in a family passes away. By partnering with community housing agencies, food pantries, schools, day cares, and even bus companies, life insurance companies can garner valuable visibility while at the same time increasing public awareness of the value of our products and the risks of not owning them. Something as simple as providing free bus passes, special grocery store coupons, or day care discounts for qualified beneficiaries of our products could provide both a selling incentive as well as a means to distinguish one company’s products from all of the others. Benefits that are directed specifically to the needs of surviving children would be especially effective and well received by third parties.

On the other end of the age spectrum, I have had a number of clergy tell me that they were in favor of promoting life insurance to their parishioners because of the loss of dignity when the community had to take up a collection in order to bury a respected church elder. Frequently the churches were called upon to reach into their own coffers and were quite vocal in terms of their advocacy for our products. Co-sponsored services in the support of survivors such as limited home health care, Meals on Wheels, or assistance with shopping or chores would be as effective with seniors as the previously mentioned initiatives for youth. Regardless of the age bracket, the credibility for our message when delivered by a respected community leader, politician, or clergyman speaks much clearer than the cleverest media ad or flashiest billboard.

In a similar manner, Chiquita's development and distribution of educational material to schools was a clever investment in the creation of their next generation of customers. However, the banana industry isn't alone in having a long and interesting history. Many domestic insurance companies have been around for more than 100 years and the role they have played in both national as well as regional history—especially when combined with our industry's penchant for record keeping – can add an additional dimension to studying history, economics, or business. Monumental Life recently commemorated its 150th anniversary with a coffee table book that is as fascinating as it is informative and could easily serve as a pictorial supplement to any history lesson.

And finally, the insurance industry could benefit from cultivating the ultimate end users of our products: the beneficiaries. It's doubtful whether anyone could have a greater appreciation for a life insurance contract than a beneficiary shortly after receiving a claim check. Small face life companies pride themselves on how quickly they process claims, but the opportunity really resides in reaching out to beneficiaries after the check is cut. In the modest and middle-income market place, even a small life insurance policy is often the largest liquid asset in a person's estate, and the proceeds help facilitate a death with dignity and also allow the survivors to acknowledge a life well lived. The greater role that a company's claims department can play in assisting and promoting this process, the greater likelihood that their agents will have a number of new clients to replace the one who passed away.

Funeral homes routinely offer online memorials for friends and families to post comments and recollections about their loved ones, and many newspaper obituary sections allow the posting of comments in their online editions. In fact, on many occasions the newspapers will expand upon an obituary to feature someone with an especially interesting and unique life. Yet the relationship between a family and an obituary department are often fleeting and opportunistic. By contrast, an insurance company usually has a number of years to get to know its insureds—as well as their beneficiaries—and is in a much better position to help facilitate the celebration and acknowledgement of the passing of a valued customer.

Thanks to the LIFE Foundation and its celebrity spokesmen, most people in our industry know that September is Life Insurance Awareness Month. However, insurance companies can reinforce the value of our products every day by facilitating the opportunity for our policyholders and beneficiaries to memorialize the lives of their loved ones—and just as with pre-need, we don't necessarily have to wait until they've died to do so.

The banana industry had a tough task in foisting a fragile and flavorless fruit upon its previously satiated customers. By comparison, I would argue that the life insurance industry has it easy despite the fact that our customers aren't particularly receptive and our agents somewhat reticent. However, our products are neither bland nor bruised, and we don't have to settle upon a single variety to meet the needs of all of our customers. In fact, there's something almost miraculous about our products when you consider the potentially large return on a relatively small investment. Agency conferences—one of the few remaining places where agents freely admit to selling insurance—exude a sense of pride in the important and unique role we play at such a difficult time in people's lives. As a result, the challenge for our industry—unlike the banana industry—has nothing to do with our products, but more with our inability to promote them proactively.

By learning lessons from successful marketing strategies employed by other industries, and then applying them in the development of unique and creative new initiatives, there's no reason why people won't soon be singing catchy jingles about their life insurance policies one day. After all, if it worked for bologna....