

Promotion

State Farm's promotional objective is in branding. State Farm wants to be seen as a trustworthy, reliable, good neighbor. It uses promotion to convince people of this message.

“Our success is built on a foundation of shared values — quality service and relationships, mutual trust, integrity and financial strength” (State Farm 2015). State Farm uses a promotional mix that includes personal selling, mass selling and sales promotions. Each of these will be elaborated on individually, but it is important to note these are overseen by sales managers, advertising managers, and sales promotion managers, respectively. Each aspect of the promotional mix is used to connect to different target markets.

Personal Selling

“Personal selling involves direct spoken communication between sellers and potential customers.” (Perrault, Cannon, and McCarthy, 2015, 345) For State Farm, this happens in the agent's office. In the agent's office, salesmen sit down and talk with prospects about the different products State Farm has. Most often, this is the point at which selling deeper into the household is the goal. Consumers come to the office for one line of insurance, such as automobile insurance. The salesman then begins to “uncover needs”, which is figuring out other lines of insurance to sell, such as life insurance. (Baker, 2015). This process is overseen by the sales manager, in State Farms case, the agent. The agent makes sure the salesmen are using State Farm approved methods of selling and following ethical procedures.

Mass Selling

“Mass selling is communicating with large numbers of potential customers at the same time.” (Perrault, Cannon, and McCarthy, 2015, 346). For State Farm, this is mainly television advertising. State Farm spent \$843.9 million on advertising last year. (Yurak, 2015). This figure includes other forms of advertising however, including radio ads and newspaper ads. Left out of this figure are the advertising costs spent by individual agents. Many agents opt into sending direct mail to prospects; examples include birthday cards and congratulatory cards on having a baby or buying a home. This is all overseen by a team of advertising managers. State Farm does most of its advertising in house. They hire marketers, writers, artists, digital experts, strategists, and planners. Due to their size, it is cheaper to pay employees than to outsource the advertising to a firm. (State Farm, 2015).

Sales Promotions

“Sales promotion refers to promotion activities other than advertising, publicity, and personal selling.” (Perrault, Cannon, and McCarthy, 2015, 346). State Farm uses sales promotions often. The company currently has promotions through Turbo Tax and Discount Double Check. Turbo Tax is a tax filing software that aids in filing personal taxes, but State Farm takes the opportunity to look at your financial situation. State Farm offers financial services and this is a great time to look at moving money in 401k accounts, start a CD, or invest in mutual funds. The Discount Double Check is there to make sure your agent did not forget any discounts on your account, such as multiple line discounts. This is a great opportunity for the company to sell deeper into households by offering places where multiple line discounts could save money for policyholders. In the agents' offices, promotions are common as well. Most

active agents offer promotional activities at local car club events, open houses and in malls giving away prizes.

Competitive Advantage

State Farm's use of a promotional mix is not very different from most other major insurance companies. They use a combination of personal selling, mass selling, and sales promotions. Most people are familiar with the State Farm jingle, but so are they with the other insurance jingles. Most insurance companies also have similar promotional events. In 2014, All-State spent more money on advertising, and Geico spent nearly double. The only part of the marketing mix State Farm may have a competitive advantage in is the personal selling section. State Farm uses salesmen to conduct a majority of its sales. Companies such as Geico who do their business through direct sales may not be able to upsell as effectively as the salesmen at State Farm.

Conclusion

State Farm uses a standard and common marketing mix to attract customers. Through the use of personal selling, mass selling and promotional marketing, State Farm promotes its message of being a friendly, reliable neighbor. Most companies use a marketing mix that looks very much like this, and therefore State Farm does not have a competitive advantage here. The only part of the marketing mix and promotion State Farm may have a competitive advantage in is the personal selling section. Not all major insurers use personal selling to the extent of State Farm.

Reference

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