

An Emprirical Investigation on Understanding the Factors Influencing Consumer Buying Behaviour towards Life Insurance

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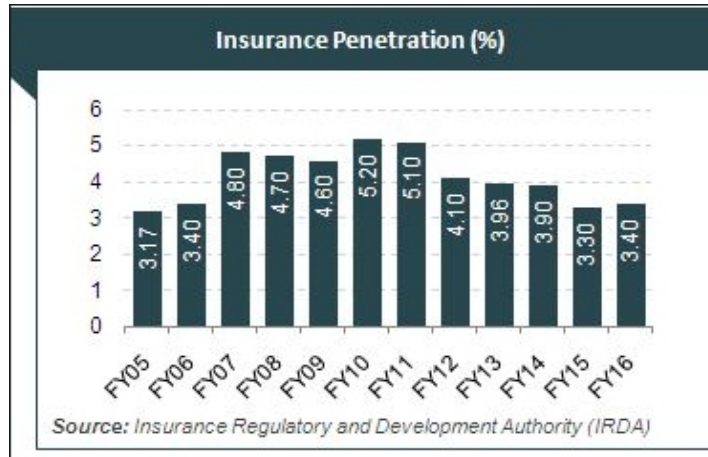
Abstract

The insurance industry in our country has been flourishing in the recent past due to incoming of many national and international companies partnering to offer excellent products and services to the customers, this has led to exponential growth and development of the business in the country. With the government offering friendly policies and increasing the investment percentage of foreign players has been experiencing more progress in terms of increasing the customers. It is noted that there are more than 20 players in the industry, however the greatest challenges lies in understanding the buying behaviour of the consumers. Many companies tend to sell the insurance product as a tax saving scheme rather utilising the product to meet various financial objectives of the customers. This study intends to analyse the various factors which are *influencing the customers in selecting the insurance company and choosing the policies.*

Keywords: *Consumer buying behaviour, Insurance, Regression*

Introduction

Individuals around the world tends to possess risk from one or more sources, as it is commonly stated that the risk cannot be avoided or eliminated but can be transferred to one person to another. However, the individuals tend to possess certain business and personal responsibilities to discharge the requirements. It is observed by many that the Indian consumers are mainly impacted by emotional and social factors, but their purchase behaviour is mainly influenced by the rational factors. An Indian customer always looks to secure his future and the future of his dependents rather spending money for personal use. So, money earned by him is always utilised to run and lead the family in the present and also to create a better and secured life of the members in the future, so he looks for products which enables him to secure the future apart from saving the tax in the current year. Therefore, the life insurance products are created which will meet the need of these two aspects that is: covering the risk and also saving the tax. The Indian economy is comprised of individuals who are mainly in the middle class segment and are salaried in nature. The insurance has been considered as the best and effective tool in managing the savings and the risk coverage. But insurance companies and the individuals look insurance to save taxes rather choosing the products which will satisfy their financial objectives, moreover these class of individuals look to invest in real estate properties and gold for gaining capital returns and meeting financial objectives. Furthermore, individuals also invest in mutual funds and directly invest in stocks and commodities; they never look at insurance as an asset class.



Need for the Study

This study is mainly focused in understanding the key factors influencing the buying behaviour of the consumers in Indian insurance industry. This is mainly intended in analysing the customers mind for taking a specific insurance product and the driver in choosing them. The purpose of the study is to identify the factors that affect insurance policies, awareness of the various promotional packages and the insurance companies offered. Many people will consider insurance as a saving option for these problems in this case with the insurance of customers and various insurance companies, this study is complete. The current insurance industry in India, which exploits favorable conditions in India, showed a significant increase in the use of gasoline (liberalization, privatization, and globalization) underwent major care and demonstration developments. The old insurance industry has seen a big blow to the latter segments. Many new players have entered the market and are trying to expand their market share in this fast-growing market. The survey is linked to the Tamil Nadu with the focus in identifying the factors influencing the consumer buying behaviour of life insurance. This study will enable in providing a clear framework of the factors that influences the buying behaviour of the consumers in the insurance sector.

Literature Review

In the study conducted by Antony et al. (2000) it was identified that new products and quality of the products have enhanced competitive landscape in the financial services industry and this has created a large impact on the consumer's behaviour in choosing the insurance products. The researchers has stated that the insurance companies need to adapt to changing market conditions and consumer behaviour by enhancing product quality, because in the long run this will enable in attracting more consumers and satisfied individuals.

Sampath et al. (2014) had stated that the insurance industry is a very old industry, however the rules and regulation prevailing in various countries are different and the consumers' expectations towards insurance products are quite different, therefore the insurance companies need to focus on the law of the land and also the style and preferences of the consumers. Therefore it is identified that realising the financial need of the consumers will enable the company to sustain in

the business and can also attract more consumers, for example, country like India an individual tend to look at insurance products to meet long term financial need like offering best education to their children, marriage expenses of their kids, pension after retirement etc.

In the study performed by Harinam (2014), the researcher author had stated that the insurance is considered as the main aspect in the economy, which enable in pooling various sources of finance and stay invested in long term. The study has stated that consumers expect better return on investment and customised solutions by understanding the need of the customers.

In another research performed by Ashish (2014), it was noted that the product quality and return on investment are considered as the key factors for choosing the insurance products among the consumers. Similarly in the study conducted by Vijaya, it is noted that the consumer behaviour towards life insurance products the purchase behaviour, product quality and services oriented aspects are considered as the prime aspect.

On the other hand, Sandeep (2016) had identified the 6 key factors in influencing consumer behaviour to purchase insurance products. They are service quality of the insurance products, reputation of the organisation, quality of the products, value added benefits, convenience of the customers and the enhanced CRM. This study showed that product quality and services quality are considered as the prime factor in influencing the consumer behaviour to choose the insurance products.

Thus from the above literature reviews it can be stated that product quality, quality of services and return on investment are considered as the key aspects in understanding the consumer behaviour towards insurance products in India.

Key Objectives of the Study

The current research possesses the following objectives:

- * To analyse the role of product quality in influencing the consumer buying behaviour towards insurance products
- * To understand the effect of service quality in enhancing the consumer buying behaviour
- * To apprehend the importance of return on investment in analysing the buying behaviour of consumers in insurance products

Research Methodology

This research is intended to analyse the consumer buying behaviour towards insurance products, therefore the researcher has created a detailed questionnaire to collate the data from the respondents. The respondents are the customers to insurance products. For the purpose of this research, the analyst collated the data from 110 consumers through convenience sampling. The data collated is analysed using descriptive statistics, correlation analysis, regression analysis and chi square test.

Data Analysis
Descriptive statistics

Gender			
		Frequency	Percent
Valid	Male	76	69.1
	Female	34	30.9
	Total	110	100.0
Age			
		Frequency	Percent
Valid	Less than 25 years	14	12.7
	26 - 35 years	5	4.5
	36 - 45 years	76	69.1
	More than 45 years	15	13.6
	Total	110	100.0
Education			
		Frequency	Percent
Valid	Undergraduate degree	14	12.7
	Master degree	58	52.7
	PhD	38	34.5
	Total	110	100.0
Occupation			
		Frequency	Percent
Valid	Accountant	24	21.8
	Engineer	42	38.2
	Advocate	39	35.5
	Professor	5	4.5
	Total	110	100.0
Income			
		Frequency	Percent
Valid	Rs. 15,001 - Rs. 30,000	63	57.3
	Rs. 30,001 - Rs. 45,001	38	34.5
	Rs. 45,001 - Rs. 60,000	9	8.2
	Total	110	100.0

From the above table it is identified that 69.1% of the respondents were male, 69.1% of the respondents were in the age group of 36 - 45 years, 52.7% of the respondents holds master degree, 38.2% of the respondents were engineer and 57.3% were drawing a salary in the range of Rs. 15,001 - Rs. 30,000

Correlation analysis

Karl pearsons coefficient of correlation is used to understand the degree of responsiveness among the variables: the key variables considered are product quality, service quality, return on investment towards the dependent variable consumer behaviour.

Correlations

		Productqual ity	Servicequali ty	Returns	ConsumerB ehaviour
Productqualities	Pearson Correlation	1	.919**	.878**	.915**
	Sig. (2-tailed)		.000	.000	.000
	N	110	110	110	110
Servicequalities	Pearson Correlation	.919**	1	.873**	.901**
	Sig. (2-tailed)	.000		.000	.000
	N	110	110	110	110
Returns	Pearson Correlation	.878**	.873**	1	.890**
	Sig. (2-tailed)	.000	.000		.000
	N	110	110	110	110
Consumerbehaviour	Pearson Correlation	.915**	.901**	.890**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	110	110	110	110

** . Correlation is significant at the 0.01 level (2-tailed).

The coefficient of correlation between the product quality and consumer behaviour is identified to be at +0.915, this shows that there is a very high positive correlation among the variables, therefore it can be stated that there is a significant influence of product quality in enhancing the consumer buying behaviour towards insurance products.

Similarly, the coefficient of correlation between the service quality and consumer behaviour is identified to be at +0.901, this shows that there is a very high positive correlation among the variables, therefore it can be stated that there is a significant influence of service quality in enhancing the consumer buying behaviour towards insurance products.

Finally, The coefficient of correlation between the return on investment and consumer behaviour is identified to be at +0.890, this shows that there is a very high positive correlation among the variables, therefore it can be stated that there is a significant influence of return on investment in enhancing the consumer buying behaviour towards insurance products.

Therefore, from the above it can be stated that all three variables possess a high positive correlation towards the consumer buying behaviour of insurance products.

Regression analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.938 ^a	.879	.876	.41579

a. Predictors: (Constant), returns, servicequality, productquality

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 The model summary states the value of R square which intends to specify the fit of the data, if the value of R square is more than 0.700, the model is said to be good fit. In the above table the R square is 0.879, which shows the data is stated as best fit.

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	133.529	3	44.510	257.457	.000 ^b
Residual	18.325	106	.173		
Total	151.855	109			

a. Dependent Variable: consumerbehaviour

b. Predictors: (Constant), returns, servicequality, productquality

In the above table, the significance value is 0.000, which is less than the significance value 0.05, (i.e., 5% level of significance), this shows that there is a significant influence of the independent variables (product quality, service quality and return on investment) towards the dependent variable – consumer behaviour

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.071	.162		.439	.662
Productqualities	.382	.087	.407	4.381	.000
Servicequalities	.271	.094	.262	2.867	.005
Returns	.356	.088	.304	4.036	.000

a. Dependent Variable: consumerbehaviour

Based on the coefficients table, the regression equation can be stated as
 Y (Consumer behaviour) = 0.071 + 0.382 (Product quality) + 0.271 (Service quality) + 0.356 (Return on investment)

Chi square analysis

Hypothesis 1

Null: There is no significant difference between the product quality and consumer behaviour

Alternate: There is a significant difference between the product quality and consumer behaviour

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Consumerbehaviour * productqualities	110	100.0%	0	0.0%	110	100.0%

Consumerbehaviour * productquality Crosstabulation

Count

		Productquality					Total
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
Consumer Behaviour	Strongly Disagree	4	0	0	0	0	4
	Disagree	5	5	0	0	0	10
	Neutral	0	0	20	0	0	20
	Agree	0	0	0	10	10	20
	Strongly Agree	0	0	0	14	42	56
Total		9	5	20	24	52	110

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	250.614 ^a	16	.000
Likelihood Ratio	190.586	16	.000
Linear-by-Linear Association	91.225	1	.000
N of Valid Cases	110		

a. 20 cells (80.0%) have expected count less than 5.

The minimum expected count is .18.

From the above table it is noted that the p value is 0.00 which is less than the value of significance at 0.05, therefore null hypothesis is rejected. Hence it is concluded that there is a significant difference between the product quality and consumer behavior.

Chi square test 2

Hypothesis 2

Null: There is no significant difference between the service quality and consumer behaviour

Alternate: There is a significant difference between the service quality and consumer behaviour

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	331.822 ^a	16	.000
Likelihood Ratio	200.105	16	.000
Linear-by-Linear Association	88.572	1	.000
N of Valid Cases	110		

a. 17 cells (68.0%) have expected count less than 5. The minimum expected count is .15.

From the above table it is noted that the p value is 0.00 which is less than the value of significance at 0.05, therefore null hypothesis is rejected. Hence it is concluded that there is a significant difference between the service quality and consumer behaviour

Chi square test 3

Hypothesis 3

Null: There is no significant difference between the return on investment and consumer behaviour

Alternate: There is a significant difference between the return on investment and consumer behaviour

Consumerbehaviour * Returns - Crosstabulation

Count

		Returns				Total
		Disagree	Neutral	Agree	Strongly Agree	
Consumerbehaviour	Strongly Disagree	4	0	0	0	4
	Disagree	10	0	0	0	10
	Neutral	0	20	0	0	20
	Agree	0	0	15	5	20
	Strongly Agree	0	0	25	31	56
Total		14	20	40	36	110

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	227.884 ^a	12	.000
Likelihood Ratio	187.777	12	.000
Linear-by-Linear Association	86.412	1	.000
N of Valid Cases	110		

a. 12 cells (60.0%) have expected count less than 5. The minimum expected count is .51.

From the above table it is noted that the p value is 0.00 which is less than the value of significance at 0.05, therefore null hypothesis is rejected. Hence it is concluded that there is a significant difference between the return on investment and consumer behaviour

Conclusion

From the above it can be stated that product quality, service quality and return on investment possess great deal of influence in enhancing the consumer behaviour towards insurance products, therefore the insurance companies, retailers and marketers need to focus on these aspects to enhance the behaviour of the consumers. In general it is stated that the consumers have different consumption habits and this may get changed due to passage of time, however in case of insurance products, the focus is mainly to cover the risk of life through the product quality, service quality and returns generated by the investments. This study is mainly focused to analyse the influence of these factors in enhancing the buying behaviour of the consumers, and of the stated factors product quality is the major factor which influences the consumer behaviour. Therefore, the focus needs to be in increasing the visibility of the product quality and to specify the intended benefits which these products can offer to the consumers.

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