

Consumer Buying Behaviour towards Life Insurance Policies in Western Odisha

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Abstract

In India the awareness regarding insurance is less as compared to other countries. If an Indian or international life insurance companies are seeking to serve Indian insurance market it seems more profitable as this industry is in growth stage and a little effort in insurance awareness can leads to change the consumer perception. At initial stage the LIC was the only player who dealt with the Indian insurance consumers, but with the change in time, many private insurance companies spread their operations in Indian insurance business to serve Indian insurance consumers. From time to time these companies offered different schemes for Indian consumers to cater their needs. At the same time due to lack of consumer awareness and trust issues can create hindrances in communication. As a result the LIC of India has captured majority of consumers. Peoples are not able to trust the private insurance companies. As a result the Indian public are not aware to get a life insurance policy which also is the result of many other factors and difference in consumer perception.

Keywords: Life Insurance, Insurance Market, Consumer Perception, Insurance Business

1. Introduction

Risk is an inherent part of life. As a part of society the responsibility of human towards its family as well as society is mandatory. The decision regarding product purchase can be influenced by customer emotions and customer expectations. Most of the people now a days focus on future security as regards present. Hence the utmost objective of life insurance becomes risk minimization. The position of Indian economy is in developing stage and a large number of middle class people and job oriented peoples are a part of this economy. This population are usually struggles to make their livelihood hood better. This population have a limited income category and having estimated expenses. Any unwanted or unplanned

expenditure can shake their budget. Hence this problem becomes the main reason to purchase a life insurance policy in order to secure their future as well as their family future needs. Therefore this paper is based on the intention of buyer towards life insurance policy as a tool for future needs.

2. Review of literature

Ayyapparajan, Ravidas (2022) Concluded that pre and post purchase behaviour both are influenced by the quality of services. The customers are considering both the risk factor as well as investment factor for insurance policy. In case a person is ignoring the purchase of life insurance policy. It may be because of the awareness among public. Although majority of consumers are aware about the policies of life insurance. At the same time education is a key factor for purchasing life insurance products. There is a further scope for awareness level on consumer behaviour in terms of age, occupation, gender etc.

Nikam (2022) Shown that as a marketer it is the ultimate object is to study the consumer behaviour. It includes both the pre purchase and post purchase factors. Most of the consumers are seeking both benefits against life risk with investment option.

Arathi (2021) Found that the insurance sector has the potential to grow like other sector to find the buying behaviour of consumer is the main object in insurance business. This is important to figure out the strategy being needed to know the behaviour of consumer. Now a days most of the people choose insurance as a weapon to fight against risk and uncertainty. In rural areas the people are not aware about the benefits of insurance as a result the purchase behaviour is moderate.

Sindhujha, Kumaran (2021) Reported that if we compare the buying behaviour of modern customers, they are interested in government companies who offer insurance services. At the same time, it will be the duty of the private insurance companies to opt for insurance in digital space. It means if a insurance companies avails its products both online as well as offline, it can increase the customer reach. On the other hand in customer part, customer may have multiple choice, regarding the product innovation and benefits. Till date few customers consider life insurance product as a saving tool. At the same time trust issues are there for

premium payment as well as consultancy service, which should be resolved by the insurance companies.

Peter, Sachdev (2021) Stated that the psychological factors can directly impact the behaviour of consumers regarding purchase of insurance policy. The perception of consumers regarding insurance products are also influence the insurance decisions. The demographic factors can also influence the choice of insurance policy. The choice of insurance products can also influenced by the awareness level of customers.

Loxton, Truskett, Scarf, Sindone, Baldry (2020) Found that the insurance products must address the specific needs of the customers. The current scenario of insurance industry is competitive and becomes customer centric. The insurance products can be designed by considering the needs of customers. It can be only possible when the insurance agents are smart enough to sell the suitable insurance policy as per consumer need. In other words the insurance companies must able to develop customized insurance products as per market requirements.

Vyas, Ahirwar (2020) Shown that the brand awareness is necessary to market insurance policies towards probable customers. Most of the customers are considering insurance policies not only for risk purpose but for investment purpose also. Customers are interested in getting high return for their investment as well as getting maximum policy benefits. The insurance companies should make their product available both online and offline to cater a large group of people. Again the insurance policy must get maximum coverage. For proper understanding of policy by consumer, the help of insurance agents is needed.

Sugantha, Sethuranjan (2019) Indicated that the consumer perception regarding life insurance products are directly influenced by the quality of service as well as by the company image, settlement of claim. The private as well as public insurance companies are providing insurance policies but the consumers choose the appropriate one with the perception view point. Apart from that the awareness in consumer are also necessary to know the result of consumer responses.

Umamaheswari (2019) Concluded that the quality of service for insurance companies regarding its product are the key factor for customers. It means the customers loyalty is based on the impact of service quality. Otherwise one can easily conclude that the buying behaviour of consumer is dependent upon the service of customers and the loyalty of customers. Hence the insurance companies can focus in this type of service for positive consumer behaviour.

Solovyeva, Khominich (2019) Analyzed that the insurance companies can develop and maintain their online and offline service portal with adequate strategic plans. In this scenario to cater new risk and customers, can offer insurance policies as per the requirement of customers.

Again the insurance company can select a market niche and develop its products based on these niche in this digital era. A market strategy must be developed to cover the market niche. Again the use of technology can directly affect the behaviour of consumers to a great extent.

Peter, Singh (2018) Reported that the buying behaviour of customers is based on the reliability level and genuineness of insurance products. If the customers have trust upon the insurance products, they can definitely purchase. Hence sometimes it will be difficult for a single company to provide all genuine products upon which the customer can trust, then the customer can resort to the private insurance companies. Now in this point it, the marketing and advertising strategies of insurance companies can change the buyers mind. It means if a companies marketing strategy regarding its insurance product is effective, then it becomes easier to attract customer. Still the requirement for a good insurance agent as well as an ideal policy for customer need is necessary. Hence the existing or upcoming insurance fill this gap with customer centric policies.

Nguyen, Nguyen, Nguyen, Phan (2018) Analyzed that satisfaction of consumer needs is the requirement for influencing consumer behaviour. The customer satisfaction can be analyzed by using different parameters like quality, awareness level, pricing, claim settlement etc. It helps in creating brand loyalty among customers. Hence insurance companies must focus on customer satisfaction by providing value for money services as a part of brand loyalty.

Kharde, Madan (2018) Measured that the consumer behaviour is being influenced by the intention of purchase of customers. The purchase intention can be measured by the quantitative as well as qualitative factors.

Shreenivasan, Thiagarajan, Kasthuri, Thanjavur (2018) Analyzed that if we compare the buying behaviour modern customers, they are interested in government companies, who offer insurance services. At the same time it will be the duty of the private insurance companies to opt for digital space. It means if a insurance company can avail its products both online as well as offline, it can increase the customer reach. On the other hand in customer part, customer may have multiple choice, regarding the product innovation and benefits. Till date few customers consider life insurance product as a saving tool. At the same time trust issues are there for premium payment as well as consultancy services, which should be resolved by the insurance companies.

Kothandapani, Radha, Balakrishnan (2017) Pointed out that not all the public insurance companies are able to cater the need of insurance, as a result the customers are looking forward in private insurance companies for fulfilling their insurance requirements. Advertising and marketing are equally important for influencing the customer but the same times the customers are lacking faith in the private insurance companies irrespective of adequate marketing. Hence it is evident that the insurance companies can spend money in marketing as well as can hire confident insurance agents and launch customer friendly policies.

Ragunathan (2016) Pointed out that the service quality of the insurance companies needs to be improved and this can be possible only through the insurance agents who can create awareness as well as market insurance products among customers. If the insurance agents are smart enough then it can be possible to cater more and more customers.

Singh (2014) Indicated that the present insurance industry is full of competition and in order to survive in the current scenario the the product USP is mandatory with out which it is quite difficult for a company to survive in market. The quality of service is important as one satisfied customer it self act as an advertisement option as compared to other mode of advertisement. Hence the quality of service can become a USP for a insurance industry. Among many USP time, quality, reliability, range of product are the major product features. The USP like quality of service is difficulty to imitate as it requires the all round development of insurance company which may not be possible for all insurance companies.

Buzatu (2013) Stated that the insurance decisions are based on the different factors like risk factor, the nature of information and the behaviour pattern of insurance agents as well. Any wrong information to consumers may lead to change in behaviour pattern from public side. Hence the implementation of insurance is a combined effort of the insurance company, the insurance regulatory board, insurance agents and the customer itself. The insurance habit among customers need to developed as most of the public are not aware about the insurance benefit and few of them are considering as a option for investment only not risk management. The awareness level of customers are dependent of the awareness level of insurance agents and the insurance agents must be trained. A part from that the amount of premium must be lowered to get maximum participation from customers.

Sahu, Jaiswal, Pandey (2009) Examined that there is a shift in the habit of investment of consumers. The individual perception regarding investment in insurance can differs person to person. Factors like service quality, customer loyalty, consumer satisfaction, relationship between client and company can effect the consumer behaviour to a large extent. There is a further scope for the agent services and enhanced customer loyalty based on quality of services.

3. Objectives of the Study

- To gather information regarding the investment behaviour regarding life insurance products.
- To figure out the perception of consumers towards life insurance policy investments.
- To Know about consumer buying behaviour and perception as regards financial factors.
- To figure out whether social factors can influence the policy purchase decision or not

4. Research Methodology

4.1.The study:

The study is in the nature of exploratory and the method is being used is the survey method to figure out and to complete the study.

4.2.Population

This paper covers the population from different districts of Western Odisha. The data has been collected from those persons who have already invested in life insurance products with

different objectives. The sampling includes the respondents with individual responses. The sampling techniques being used in this research is the purposive sampling which includes the responses from almost 200 respondents.

4.3.Data collection tools

The questionnaire being used in this paper is based on factor evaluation regarding life insurance products and figure out how the consumer behaviour is affected as regards investment in insurance policies. The likert scale is being used to measure the degree of influence of various factors for purchase of life insurance policies.

4.4.Data analysis tools

To check the level of consistency of questionnaire the correlation has been used. It also includes testing the validity and reliability of different measures, Bartlett's Test of Sphericity, KMO measures of sampling, Scree plot, Linear Regression Model, Watson test, Durbin-Watson Test, Collinearity statistics, Q-Q plot etc. Additionally factor analysis makes it easier to identify the relevant factors. It also includes testing the difference of opinion in between the men and women as regards the level of significance.

5. Analysis and Interpretation

5.1.Factor Analysis

Table 1:- Factor Analysis

Factor Loadings

	Factor			Uniqueness
	1	2	3	
Q_07	0.746			0.569
Q_05	0.676			0.505
Q_23	0.668			0.452
Q_02	0.655			0.600
Q_18	0.651			0.477

Factor Loadings

	Factor			Uniqueness
	1	2	3	
Q_08	0.587			0.630
Q_09	0.579			0.578
Q_01	0.570			0.660
Q_03	0.554			0.683
Q_30	0.526			0.570
Q_13	0.451			0.676
Q_33	0.413			0.643
Q_04	0.409			0.752
Q_17	0.392			0.472
Q_21		0.724		0.502
Q_12		0.683		0.526
Q_26		0.573		0.558
Q_32		0.527		0.614
Q_19		0.493		0.553
Q_11		0.458		0.474
Q_22		0.443		0.553
Q_31		0.381		0.742
Q_10		0.373		0.624
Q_20		0.318		0.708
Q_25			0.804	0.427
Q_28			0.654	0.507

Factor Loadings

	Factor			Uniqueness
	1	2	3	
Q_27			0.653	0.598
Q_24			0.640	0.552
Q_14			0.553	0.653
Q_06			0.499	0.636
Q_16			0.300	0.553
Q_29			0.419	0.769
Q_15			0.512	0.666

Note. 'Minimum residual' extraction method was used in combination with a 'promax' rotation

Source- Authors own compilation

As per table 1, the minimum factor loading for factor one that is policy purchase decision is 0.392 in Q_17 where as the maximum factor loading is 0.746 in Q_07. It indicated that the the policy purchase decision regarding life insurance policy are influenced by occupation, geographical location, gender, company reputation, peer influence, age, marital status, advertisement etc. Again in table 1, the factor value for factor 2 that is financial factor has a minimum factor loading of 0.318 in Q_20 where as the maximum factor loading is 0.724 as per Q_21. it means the financial factors can directly influence the consumer buying behaviour and changes the customer perception to a great extent.

5.2.Scale Reliability Analysis

Table 2 :- Scale Reliability Test

Scale Reliability Statistics

	Mean	SD	Cronbach's α
scale	3.60	0.584	0.934

Source:Authors own compilation

As per table 2 the mean is 3.60 which indicates that the participants are in a favourable state towards purchase of life insurance policy. It indicates the favourable responses among partners. The SD is 0.584 which indicated that the the variables are moderate. Again the Cronbach's Alpha is 0.934 which means it is more than the 0.90 which is known as significant influence in variables.

5.3.Bartlett's test sphericity

Table 3 : Bartlett's Test of Sphericity

Bartlett's Test of Sphericity

χ^2	df	p
3101	528	<.001

Source:Authors own compilation

As per table 3, the chi-square value is 3101, with df 528 & the p value is less than 0.001, which indicates that the factor analysis is perfectly fit to justify the significance impact of dependent variables and independent variables.

5.4.KMP Measure of Sampling Adequacy

Table 4 : KMO Test

KMO Measure of Sampling Adequacy

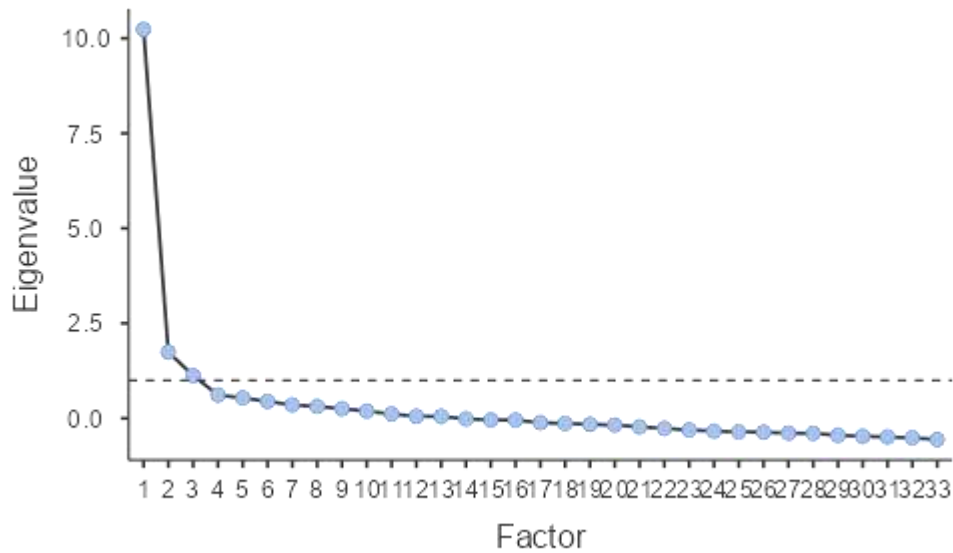
	MSA
Overall	0.890

Source:Authors own compilation

As per table-4 the KMO value is 0.890, lies In the meritorious area which means the data being used is highly adequate as regards factor analysis. Usually this analysis is lies in between 0-1. It also indicates that the size of sample is sufficient and reliable.

5.5.Scree Plot

Table 5 : Scree Plot



Source:Authors own compilation

Table 5 indicated that the the financial factors and the social factors have direct impact on the consumer buying behaviour and accordingly the consumer perception can also change.

5.6.Model Fit Measures

Table 6 : Model Fit Measures

Model Fit Measures

RMSEA	RMSEA 90% CI		TLI	BIC	Model Test		
	Lower	Upper			χ^2	df	p
0.0675	0.0608	0.0748	0.810	-1461	827	432	<.001

Source:Authors own compilation

As per table 6, the RMSEA value is 0.0675, which means the model data is sufficiently fit. In table 6, the TLI is 0.810, which lies in the marginal area and it suggested that the data set is in acceptable area but it can be improved. The BIC value is -1461, which means that the factors are in the acceptable area. Again the p value is less than 0.001, which indicates that the factors are significant. It means that the consumer behaviour and perception can be largely influenced by the financial factors and social factors as regards purchase of life insurance policy.

5.7.Linear Regression

Table 7 : Linear Regression

Model Fit Measures

Model	R	R ²	Overall Model Test			
			F	df1	df2	p
1	0.741	0.549	120	2	197	<.001

Note. Models estimated using sample size of N=200

Source:Authors own compilation

As per table 7, the R value is 0.741, which means the correlation is very strong in between the variables. The value of R² is 0.549, which means it influences the majority of the dependent variables. The F value is 120 with df1 with 2 and df2 with 197, which means the value is acceptable and reliable and strongly significant. The p value is less than 0.001 which means the dependent variable is strongly influenced by the independent variable.

5.8. Model Coefficients- Purchase Decision

Table 8 : Model Coefficients of Purchase Decision

Model Coefficients - Purchase Decision

Predictor	Estimate	SE	t	p
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Model Coefficients - Purchase Decision

Predictor	Estimate	SE	t	p
Intercept	0.780	0.1957	3.99	<.001
Financial Factors	0.563	0.0584	9.65	<.001
Social Factors	0.272	0.0601	4.53	<.001

Source:Authors own compilation

5.9. Model Coefficients- Purchase Decision

Table 9 : Durbin Watson Test

Durbin–Watson Test for Autocorrelation

Autocorrelation	DW Statistic	p
0.202	1.60	0.006

Source:Authors own compilation

As per table 9, the DW value is 1.60 which means the dependent and the independent variables are not completely different. The p value is less than 0.006, which means the variables are significant. The Auto correlation value is 0.202 which indicates that the the dependent and independent variables are moderately influenced.

5.10. Collinearity Statistics

Table 10 : Collinearity Statistics

Collinearity Statistics

	VIF	Tolerance
Financial Factors	1.47	0.680
Social Factors	1.47	0.680

Source:Authors own compilation

As per table 10, the VIF for financial factor is 1.47 which indicates that the data are acceptable and significant for variables. The Tolerance value is 0.680 which indicates that the financial factors are good enough to influence the buyers purchase decision as regards life insurance policies.

5.11. Normality Test (Shapiro-Wilk)

Table 11 :- Normality Test

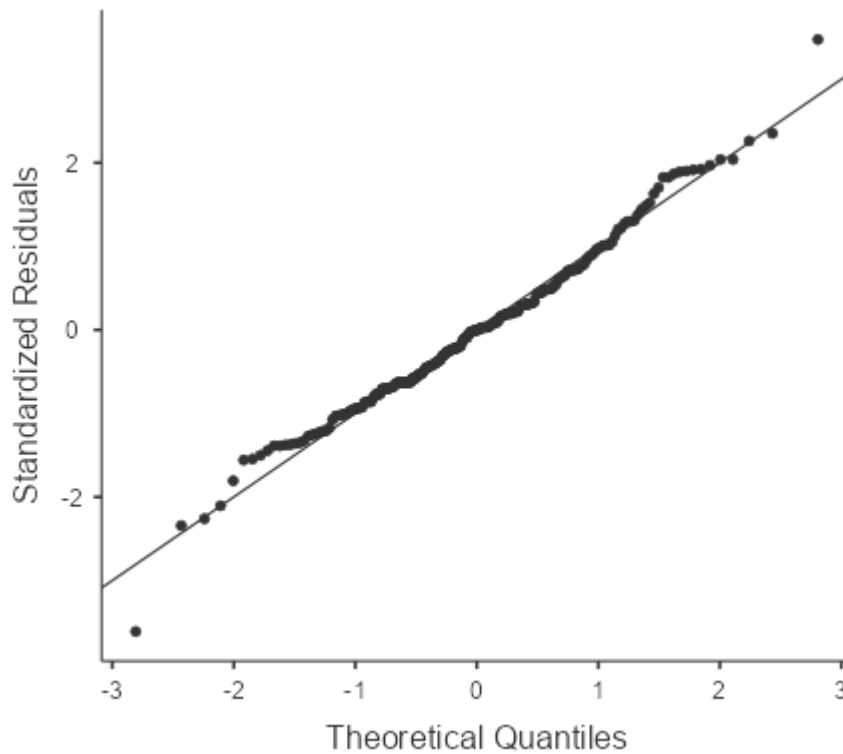
Normality Test (Shapiro-Wilk)	
Statistic	p
0.988	0.082

Source:Authors own compilation

As per table 11, the p value is 0.082 which indicated that the variables are normally distributed. At the same time the statistics value is 0.988 which almost near to 1, it indicates that the data is in acceptable state and the variables are significant and normally distributed except fewer deviations.

5.12. Q-Q Plot

Table 12 : Q-Q Plot



Source: Authors own compilation

Table 12 indicated that the data sets are normally distributed. However small deviations are there in between variables which can be ignored.

6. Findings

- As per this analysis it has been observed that the consumers are proactive as regards life insurance policy as a tool to deal with future risks.
- Consumers are interested in life insurance products and considering it as an investment option also.
- As per analysis the financial factors like income can directly influence the consumer buying behaviour.
- As per analysis the social factors are also influencing the purchasing behaviour of buyers but as compared to financial factor, the impact of social factor is slightly lower.
- There is a significant relation between the financial factors and social factors as regards purchase of life insurance policy.

7. Conclusion

The present market situation is very complex, as a result the consumers habits are also changing with time. Now a days every buyer has access to different platforms and digital spaces and they are smart enough to plan their investment. This paper is based on consumer perception and buying decision towards life insurance policies. In this paper the consumer perception as regards life insurance policy has been studied with context to financial and social factors. As regards investment in life insurance the response from public is positive. Additionally as a factor of consumer perception factors like quality of service, consumer satisfaction level, company image and reputation etc can create an impact. This research paper will help life insurance companies in capturing market share and developing consumer policies in future. It also help in further development of insurance industry policy and strategy.

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