

A Study on Factors Affecting Consumer's Willingness to Buy Life Insurance

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Abstract: Along with the development of economy, insurance industry is regarded as an important service industry of the tertiary industry, which plays an increasingly important role in social life. Insurance industry is an important part of China's financial industry. Since the reform and opening up, insurance industry has been developing rapidly in China, and its business scale has been expanding. Insurance industry is playing an important role in the national economy. The analysis of insurance consumption psychology can provide a more reliable basis for the research and development and marketing of insurance products, as well as enable consumers to locate more reasonable consumption. As a special commodity, commercial insurance has corresponding consumption demand and psychology. It is of great significance to grasp insurance consumption psychology and explore the influencing factors of commercial insurance consumption psychology for effective insurance marketing. This paper analyzes factors influencing consumers' buy personal insurance products and puts forward the innovative way of insurance marketing modes.

Keywords: Customers, Life Insurance Policies.

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I. Introduction

In the field of insurance theory, scholars from all over the world have defined insurance from different perspectives, and the more generally applicable definition is: "insurance is to realize the compensation for economic losses of a few members caused by the dangerous accident by combining numerous units or individuals with the same kind of danger and reasonably calculating the contribution. Commercial insurance regards insurance as the object of management, and insurance obtained commodity form here. It has the function that compensates economic loss, or perhaps can offer economic safeguard, so as to satisfy the need that people transfer dangerous loss.

With the development of economy, insurance industry, as an important service industry of the tertiary industry, is playing an more and more important role in social life. As a special commodity, commercial insurance has its own consumers and corresponding consumer demand. Grasping factors affecting consumers' purchase of life insurance in China can make people actively develop the marketing activities of insurance products, which is a difficult task facing the new and old insurance companies. This paper intends to analyze factors influencing consumer's decision in insurance market, so as to provide some references for effective insurance marketing.

II. Material and Methods

Existence of danger is the condition that insurance establishes. Therefore, the premise of insurance consumption is that consumers have potential dangers. Insurance consumption must be the common behavior of most people. Insurance means economic loss compensation for part or all of the average allocation of insurance expenses according to the law of large numbers, uncertainty risk loss rate, probability theory and other mathematical. Insurance consumption process is also the mutual aid process of most people, so there must be a majority of people to participate. The outcome of insurance consumption is uncertain. Insurance is to compensate economic loss afterwards, and the result that insurance contract fulfils is built below the condition that the contract sets, the event may happen, or also may not happen. Therefore, when consumers make insurance consumption decisions, that is, when they buy insurance policies, they cannot clearly know their consumption results. Insurance consumption has individual character. What insurance contract protects is the insured that suffers a loss himself or herself, and individual temperament and behaviors will affect the possibility that insurance mark produces a loss and severity greatly. Accordingly, the underwriter decides

whether to accept according to the condition of different policy-holder and the condition that whether to accept or accepts its purchase on the conditional grounds.

III. Literature Review

Through the analogy of various insurance e-commerce platforms, combined with the characteristics of each platform's own mode, Sun Pan Yao (2012) gives corresponding suggestions to improve service level. He believes that the main functions of the commerce platform set up by insurance companies are introducing the business situation of enterprises, publicizing insurance products and establishing a good corporate image. While the third-party electronic commerce platform set up by other companies for insurance companies should focus on product comparison and inquiry, and provide various value-added services on this basis.^{6,8}

Luo Juan (2007) studied and analyzed the current situation of the development of insurance products in China. He believes that the current insurance products in China are relatively simple, and there are few insurance products that can achieve full e-commerce. At present, there are few insurance products that can be operated on the Internet, mainly including: simple personal insurance, liability credit guarantee insurance, investment and financial insurance, and all insurance companies. The products operated by the company on the Internet platform have serious homogeneity problems, which cannot meet the personalized insurance needs of consumers.^{2,7}

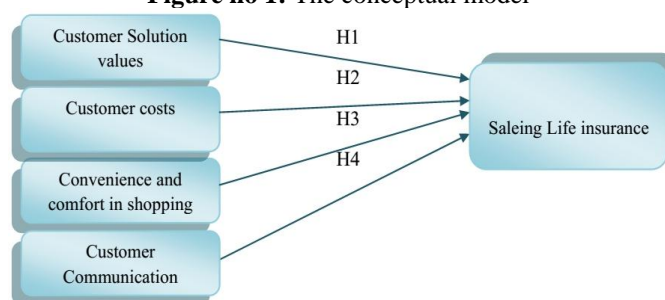
Xu Yingnan (2012) takes Guangzhou consumers as the research object. From the perspective of consumer insurance preference, this paper analyzes the factors affecting consumers' willingness to purchase life insurance. He believes that the network is usable and consumers are influenced by factors, such as the relative reluctance of change, the trustworthiness of insurance companies, the cost of use, the security, convenience and ease, which have a significant impact on consumers' willingness to purchase insurance and make comparative analysis.⁸

Li (2008), in a survey found that the young people could have more demand for life insurance. But although older people have lower incomes because they have more assets may be less need to buy life insurance. In a study to investigate the factors influencing performance in promoting life insurance in the country. Life insurance can be helpful for government's poverty alleviation and the fight against poverty and the problems caused by the death of the breadwinner of the family and adding Supplementary health insurance under certain conditions and limited to all life insurance policies in order to increase the attractiveness of buying this type of insurance. In a study found buying life insurance on the unemployed, housewives, people are educated and that with lower incomes is less.^{1,3,4}

Theoretical model

In this research, 4c model seeks to regulate the marketing programs from the perspective of customers and four Customer Solution values, customer cost, convenience and comfort clients are to communicate with customers to consider the purchase. (fig no 1).

Figure no 1: The conceptual model⁹



The objectives of the study:

The overall goal of the study: of improving and marketing of life insurance in China.

The main objective of the study: Factors effect Consumers' willingness to buy life insurance. Secondary objectives of the study:

- Evaluation of the impact of Customer Solution values element of life insurance sales
- Evaluate the impact on selling life insurance component of consumer spending
- The effect of conveniences and comfort in the purchase of life insurance sales
- The effect element of Customer Communication life insurance sales the research hypothesis

Research hypothesis :

The main hypothesis of the study: the marketing mix has a significant effect on the sale of life insurance.

Hypothesis 1: The value of Customer Solution values sales of life insurance has a significant effect.

Hypothesis 2: Consumer spending has a significant effect on the sale of life insurance.

Hypothesis 3: Comfort and convenience on the sale of life insurance has a significant effect.

Hypothesis 4: The Customer Communication has a significant effect on the sale of life insurance.

Theoretical research:

1. Life Insurance

Life insurance subsidiaries are party insurance Life insurance or life insurance contract whereby the insurer in exchange for a premium, undertakes. That in case of death of the insured or the insured's survival in the time specified in the contract, funds designated to the insured, the insured or the address given by him (Seyedin, 2012)^{10,12}. There is two different types of Individual life insurances: 1. Provide life insurance death 2. Life insurance as a condition of life

2. Insurance Marketing

Term insurance marketing and customer marketing insurance services with the aim of creating profit through customer satisfaction point's .The regulation of insurance marketing ideas for businesses focused insurance .So as to grow the insurance.

3. Insurance Marketing Mix

A series of marketing activities that organizations with an aim to best meet the needs of the market . Insurance business deals with sales, so it is necessary for the formation of the marketing.²

4. 4c Model

The model was developed in the 1990s by Robert Lvytrbvrn , considered marketing of perspective buyers In this model, four variables value, Customer Solution, cost consumers, comfort and convenience in shopping, customer Communication in the form of four words that begin with the letter c placed on programs and marketing activities.^{7,11}

4.1. Values, Customer Solution

A good customer value proposition will provide convincing reasons why a customer should buy a product, and also differentiate your product from competitors.

4.2. Customer Costs

The customer pays money in exchange for goods or services. Customer cost refers not only to the price of a product, but it also encompasses the purchase costs, use costs and the post-use costs. Purchase costs consist of the cost of searching for a product, gathering information about the product and the cost of obtaining that information. The company provides for income and expense for the customer. For this purpose must take three steps: 1. Lower product prices lower total cost of customer 2. Despite higher prices than competitors by offering additional services, particularly fast. 3. Provide assistance and advice to clients in order to reduce costs Search for the goods or service, fast delivery of goods or service and the possibility of ordering a product or service in different ways.^{2,9}

4.3. Convenience and Comfort in Shopping

Buying easily is one of the main goals for consumers, shopping time , opening hours, fast delivery of goods or service and the possibility of ordering a product or service in different way.

4.4. Customer Communication:

4c model and customer interaction are not only receiving information from the company. And now established a long term relationship in order to satisfy their own needs.

Research methodology: According to the study is aimed at applied research but also research in classified research on how to collect the data (study design) is a descriptive Which describes the characteristics of the sample and then extend these features to the population studied. This is a survey research. The study of the way the questionnaire will be used.

The Population, the Sampling and Sample: According to objective research and research branches and agencies active population in the province of Iran private insurance companies that operate in the field of life insurance and savings. In this study, because access to every member of society is so simple random sampling method we use. To set a sample size of about (1-3) is used:

$$n = \frac{z_{\alpha/2}^2 p(1-p)}{e^2} \quad (1-3) \text{ So, at 95\% and 0/073 error, sample size is equal to 181.}$$

The questionnaire of this study is on the basis of a large number of related literature in China and abroad, the use of insurance, economics, psychology, behavior finance and other related knowledge, and then draw lessons from the life insurance demand, insurance purchase intention, shopping intention factors and other related research results, combined with previous information collection. This paper chooses average consumer as the research object, and study references of Chinese and foreign scholars who have used the same or similar questionnaire, finally design this questionnaire.

III. Result

Validity and Reliability Study

Validity Study: In the present questionnaire study, factors are representative of the marketing based on life insurance sales model .Based on previous research in this area which were developed and investigated the matter and surrendered to the professors and advisors. Finally the necessary reforms are carried out has been measured according to validity through the content.

Reliability Study: In this study, for reliabiliry we used Cronbach's alpha test. For be sure to avoid the risk of failure of the questionnaire, although the questionnaire was prepared on the basis of standard questionnaires. Therefore, a pilot phase was conducted with 30 individuals to test and examine questions. Cronbach's alpha were coefficient for the first of an initial sample of 30 individuals

Preliminary Analysis: using sample data through statistical software Spss, was calculated for the whole questionnaire. The coefficient obtained 0/782 which is due to the higher numbers of 0.7 usually picking appropriate questionnaire so reliability can be confirmed. Cronbach's alpha coefficients for the sections of the questionnaire were measured and noted that all Cronbach's alpha values greater than 0.7 indicate that is the desirability of the questionnaire skins.

Variables: The dependent variable in this research is the development of life insurance sales and the dependent variable. Independent variables: 4c model of marketing variables are independent, except as follows: The value of a customer-friendly, cost consumers, comfort and convenience in shopping and customer relationship.

Statistical analysis

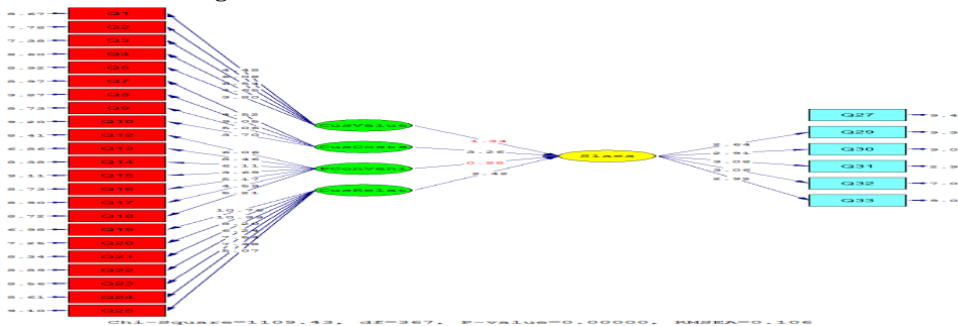
Before examining the validity of structural variables, we must ensure that existing data can be (in terms of sample size and factor structure) used as a confirmatory factor analysis .Then, to determine them validity of the instrument variables technique confirmatory factor analysis for each of the variables used by the software LISREL. The results showed that for all variables KMO index is greater than 0.6 and is a significant level of Bartlett test and Bartlett's test at a significance level of less than 0/05. Therefore, confidently the data collected to assess the validity of the instruments by carrying out confirmatory factor analysis variables is quite good. The results of confirmatory factor analysis were analyzed by LISREL software for all variables questions and questions have reported significant factor loadings, and confirmatory factor analysis to variables with factor loadings greater than 1/96 and they were determined

Model is measured for each of the variables of the validity of the variables was fitted by maximum likelihood. Results in Table no 1 and Figure no 2 reads:

Table 1: Fitness model results

Index	Acceptable amount	The obtained amount	conclusion
Chi-square test	the less the better fit	1109	Lonely could not be compared
Degrees of freedom	Should not be less than zero	367	acceptable
df/ ² χ	Smaller quantities of 3	3/02	fair
Root Mean Square Error of Approximation	0/1 smaller than	0/09	acceptable
Goodness of Fit	Quantities between 90 and 95	0/91	acceptable
Adjusted Goodness of Fit	0/60 more than	0/65	acceptable
Normed Fit Index	Quantities between 90 and 95	0/91	acceptable

Figure no 2. Structural model and measurement models



In this section, according to the measurement models fitted based on variables observed or inventory items, and structural model of the variables measured according to the models above, research hypotheses were tested. Therefore, accounting level of confidence for testing(0/95), reported significant numbers to their path coefficients more than 1/96 is considered significant and related assumptions and are confirmed. Appovement in Table no 2 reads:

Table no 2: Testing of research hypotheses

Hypothesis / relationship	Multiplier effect	A significant number	conclusion
Accepted costumers values→life insurance sales	0/13	1/34	Hypothesis failed
Costumers cost→life insurance sales	0/28	3/26	Hypothesis confirmed
Convenient shopping→life insurance sales	0/04	0/34	Hypothesis failed
Relationship with costumer→life insurance sales	0/23	2/42	Hypothesis confirmed

As can be seen H2 and H4 are confirmed, in the sample, the cost buyers and client relationships with the intent to purchase life insurance, has significant positive effect. The final study will be accepted after test research hypotheses. Significant estimates present below. While the paths that have not been approved; the models are shown as multipoint line. (Fig. no 3,4).

Figure no 3. Accepted structural model of Research (standart estimate)

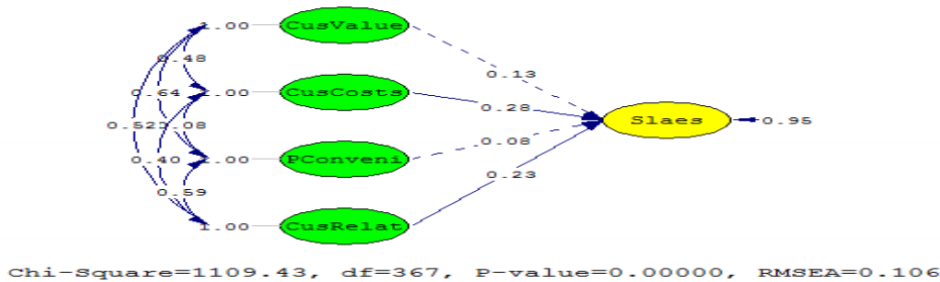
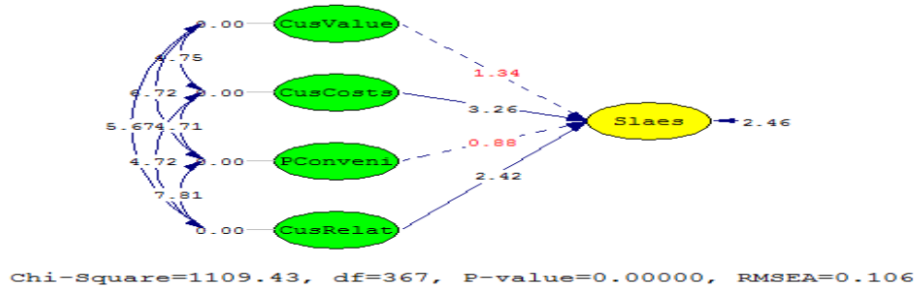


Figure no 4. Accepted structural model of Research (reported significant).



The results in **Table no 3** rating assumptions in order of preference are:

Table no 3. The averages rank and prioritize hypotheses

Index	average	priority
Convenience and comfort in shopping	3/23	First
Customer Communication	2/98	Second
Customer costs	2/62	Third
Values, Customer Solution	1/17	Fourth

Among the assumptions in the table above the most important purchase of the purchase easy comfort and convenience is in one of the most requested by our customers. As well as increasing sales of life insurance presently, purchasing life insurance by customers with the aim of increasing the comfort and convenience. The lowest ranking is the index of values of the customer-friendly, this means the customers of these services more easily and comfortably in the benefits and cost of service.

IV. Conclusion

The first hypothesis about the effect of improving customer-friendly on life insurance, according to the results, can be claimed that there is no correlation between the two variables. That is the view of respondents value customer friendly as shorten time to train potential customer to choose.

The second hypothesis is based on the cost buyers about the impact of the increased sales of life insurance, according to the results, between two variables could be argued that there is no significant positive effect. That is the view of the respondents to pay the cost with special discounts, installment sales, Special sales events and determine awards for high amounts can cause an increase in sales of life insurance the group presented the Special Offers and flexibilities in premium payment to have greater impact.

The third hypothesis is about the effect of the comforts and convenience of shopping on increasing life insurance sales. According to the results, can be argued that there is no relationship between the two variables. That is the view of respondents, including establishment of the comforts and convenience of shopping stalls selling at public sites, the development of office automation, and reduces paperwork, increase the number of branches, telephone and Internet sales and can increase sales of life insurance education programs.

The fourth hypothesis is about the effect of customer relationships to increase sales life insurance. According to the results, between two variables could be argued that there is a significant positive effect. That is the views of the responders during the maturity of the customer relationship, such as making calls, provide hotlines, question and answer sessions, message (phone) and repeated contact can increase life insurance sales. The question and answer sessions bring in and offer special lines provide advice and guidance on the insurance more effective.

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