EFFECT OF CONSUMER CHARACTERISTICS ON PURCHASE MOTIVES AND ATTITUDE TOWARDS LIFE INSURANCE: STUDY IN PUNJAB REGION

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Abstract

Life insurance is risk covering tool but mostly taken for investment and tax rebate. Consumer decision making for buying life insurance policies is complex in nature. Many factors affect the need generation for life insurance and influenced life insurance purchase intentions. Socio-demographic variables plays vital role in shaping consumer attitude for life insurance. In this research role of demographic variables effect on consumer behaviour towards life insurance was studied by empirically collected data from 500 consumers of Punjab region. Finding revealed that some of demographic variables significantly affect purchase behaviour of consumers thus its pertinent to developed right marketing strategies and product development in life insurance sector.
Keywords: demography, consumer attitude, life insurance purchase

Introduction

Consumer behaviour involves consumer need generation, searching, buying, using and disposing of goods and services and end at attitude and perception for that product which has been built by overall purchase and post purchase experience. Many external and internal factors affect this journey and influence the behaviours. Demographic characteristics such as age, gender, marital status, occupation, education and income are also vital factors to measure suitable marketing strategies for any products and services. It is important to know that how consumers will response to marketing stimuli. This paper describes customer attitudes towards the life insurance. The attitudes found most often negative and reasons for low interest in life insurance products. Life insurance is mega opportunity in India with its business growing fast. Yet maximum population is not insured and those are insured are not sufficiently insured. So they highly required social security or pension system and this is an indicator of high growth potential for life insurance sector.

Review of Literature

Ekeng et al (2012) examined the influence of consumer demographic on impulse buying. Their empirical study on 400 consumers revealed that demographic characteristic significantly influences the behaviour. Gender and education plays major role in spontaneous buying decisions. **Seock and Bailey (2008)** studied role of gender in purchase behaviours and shopping orientation. They surveyed 1277 us students for the study and developed seven constructs; shopping enjoyment, brand/fashion consciousness, price consciousness, shopping confidence, convenience/time consciousness, in-home shopping tendency and brand/store

loyalty. Gender was found to be significant role in shopping orientation, online information search and purchase experiences. **Mittal and Kamakura (2001)** studies large scale data of automobile customers for establishing relationship between their characteristics, satisfaction and repurchase. Research found that satisfaction ratings differ on the basis of consumer characteristics and their threshold was different for repurchase. **Aloma and Lawan (2013)** discussed influence of consumer demographics on clothes buying behaviour. Chi square test found significant association of age, income on need reorganisation and patronage. Occupation and education affect post purchase behaviour and patronage while, marital status and gender influence was found insignificant in influencing consumer behaviour. **Laoviwat et al (2014)** examined demographics influence on attitude toward brand equity of optical business in thailand. Consumer demographics like gender, education and income influence consumer behaviours and education was found to be influence brand loyalty and brand awareness.

Chui and Kwok(2008) studied the nation culture effect on life insurance buying. Individualism was found to have significant positive effect on life insurance consumption but power distance, masculinity and femininity have negative effect on life insurance purchase. **Headen and Lee (1974)** revealed major variables stimulating life insurance demand. Life insurance industry advertisement expenditure, size of sales force, new product of insurance companies were affect the insurer effort for creating demand for life insurance. Variables like disposable household income, no. Of births, marriage affects house hold saving decision, Apart from it economic condition; financial assets also affect ability to pay for insurance. **Truett et al. (1990)** explored demographic factors like age, education, income were significant factors which affect demand of life insurance. Results of this study are in line with previous study which considered demographic factors such as dependency ratios, life expectancy and adult literate population have relationship with life insurance purchase

Objectives:

To study the effect of demographic variables on consumer attitude towards life insurance

Hypothesis

H1: Consumer demographics influences attitude towards the life insurance

H2: Consumer attitude towards life insurance has an impact on the their purchase intentions for life insurance policies

Research Methodology

Research was conducted to know the effectiveness of life insurance promotion strategies adopted by life insurance companies and their effect on consumer behaviour. Descriptive research design was applied and primary data was collected from three major regions of Punjab i.e. Maja Malwa and Doaba and Chandigarh .From the Punjab state, most populated cities were selected from each region. In Maja region, Amritsar and Gurdaspur were selected. Jalandhar and Hoshiarpur were selected from Doaba region. Ferozepur, Bathinda, Ludhiana Patiala and Mohali were selected from Malwa region of Punjab. Beside these, Chandigarh was also covered in the study to collect the data. Purposive convenience sampling technique was used to collect data from 10 cities selected from regions population wise. Data was collected from 501 respondents from the area. Prior to the analysis of the results, the research

instrument was tested for its reliability. The internal consistency of the grouping of the items was estimated using the reliability co-efficient called Cronbach's alpha. The computed reliability co-efficient values were found more than 0.60 in all variables that testifies strong scale reliability.

Data Collection and Analysis

The study is based on primary data. The multiple choice questionnaire was used to collect the data from the consumers and companies person, agents of selected life insurance companies. In order to extract a meaningful information and for hypotheses testing, various statistical techniques were applied for the data analysis. The research study makes an attempt to relate the outcomes of the data analysis with the framed hypotheses. The characteristics of demographic profile of the respondents were analyzed and presented by using descriptive statistics. Techniques of Inferential statistics such as Correlation, Multiple Regression Analysis, ANOVA, Independent Sample t-test were used to examine and investigate the relationship between the dependent and independent variables of the study.

Results and Findings

The table 1 represents the frequency distribution of the respondents with respect to the area. From the total number of 501 respondents, 22.8% of the respondents are from Majha, 23% of the respondents are from Doaba, 22.8% of the respondents are from Malwa, 12.6% of the respondents are from Mohali and 19% of the respondents are from Chandigarh.

Table1: Frequency distribution of respondents according to their area

Respondent profile area-wise

Area	Frequency	Percent
Majha	114	22.8
Doaba	115	23.0
Malwa	114	22.8
Mohali	63	12.6
Chandigarh	95	19.0
Total	501	100.0

H1: Consumer demographics influences attitude towards the life insurance

To prove the above hypothesis ANOVA and t-test was applied to check the difference in consumer attitude towards life insurance with respect to age, qualification, occupation, family income, residence, gender and personal status of the respondents. Table 2A depicts that the p-values for age, occupation and personal status, are coming out to be greater than 0.05, hence we have accepted null hypothesis, H_0, for age, occupation, family income and personal status, that is, there is no significant difference in consumer attitude towards life insurance with respect to age, occupation, family income and personal status of the respondents. We can say that these demographic variables did not influence attitude towards life insurance. But on the other hand Qualification has role in attitude towards life insurance as p value is less than .05

In the Table 2 B, the p-value for residence area and no. of earning members, and family size , are coming out to be less than 0.05, hence we have rejected the null hypothesis, H_0, for residence area and no. of earning members, and family size ,that is, there is a significant

difference in attitude towards life insurance. It depicts that for residence area and no. of earning members, and family size has influence on attitude towards life insurance.

T test was conducted to find out significant difference for life insurance attitude in male and female. Since p value turn out to be less than 0.05 for gender so we can say that gender has influence on attitude towards life insurance.

Table 2A: ANOVA test for attitude towards life insurance

Demographic variables		Sum of Squares	df	Mean Square	F	Sig.
Age group	Between Groups	183.338	4	45.834	1.587	0.177
	Within Groups	14327.13	496	28.885		
Personal status	Between Groups	108.527	2	54.264	1.876	0.154
	Within Groups	14401.94	498	28.92		
Qualification	Between Groups	474.284	4	118.571	4.19	**0.002**
	Within Groups	14036.19	496	28.299		
Occupation	Between Groups	341.264	6	56.877	1.983	0.066
	Within Groups	14169.21	494	28.683		

Table 2B: ANOVA test for attitude towards life insurance

Demographic variables		Sum of Squares	df	Mean Square	F	Sig.
Family Income	Between Groups	210.154	5	42.031	1.455	0.203
	Within Groups	14300.32	495	28.89		
	Within Groups	14441.09	499	28.94		
Earning members	Between Groups	604.428	3	201.476	7.201	**.000***
	Within Groups	13906.04	497	27.98		
Family Size	Between Groups	200.561	2	100.28	3.49	**0.031***
	Within Groups	14309.91	498	28.735		
Residence	Between Groups	454.142	2	227.071	8.045	**.000***
	Within Groups	14056.33	498	28.226		

Table 2C : t –Test for gender role in attitude

Gender	N	Mean	Std. Deviation	t	Sig. (2 tailed)
Male	318	22.261	4.61151	-3.247	**0.001**
Female	183	23.8689	6.40606		

H2: Consumer attitude towards life insurance has an impact on the their purchase intentions for life insurance policies

Table 3 depicts correlation analysis between reasons to purchase and attitude toward life insurance among customers. It shows that attitude is negatively associated with reasons of purchase life insurance. Consumers were asked to respond on reasons for having low interest in life insurance and their negative attitudinal responses correlated with their life insurance purchase intentions.

Table 3:Correlations

		Purchase Intentions	Attitude towards life insurance
Purchase Intention	Pearson Correlation	1	-.102[*]
	Sig. (2-tailed)		0.022
	N	501	501
Attitude towards life insurance	Pearson Correlation	-.102[*]	1
	Sig. (2-tailed)	0.022	
	N	501	501
*. Correlation is significant at the 0.05 level (2-tailed).			

Linear Regression Analysis

Linear regression is used here to estimate the relationship between independent variable attitude of consumers and dependent variable life insurance purchase intention. The table 4 and 5 shows the linear regression model summary and overall fit statistics for the dependent variable.. The *F*-ratio in the **ANOVA** table tests whether the overall regression model is a good fit for the data. The table 5 shows that the independent variables statistically significantly predict the dependent variable, since p value is less than .05 (i.e., the regression model is a good fit of the data). The linear regression indicates how much the dependent variable varies with an independent variable when all other independent variables are held constant. it has established 10.2 per cent relationship between the variables tested. From the above table 4 it is seen that the coefficient of correlation (R) value .102 describes a relationship between variables and the coefficient of determinant. Thus we reject the null hypothesis and accept that there is impact of attitude on purchase intentions for life insurance.

Table 4 : Linear regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.102[a]	.010	.008	4.92535
a. Predictors: (Constant), attitude				

Table 5 : ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	127.150	1	127.150	5.241	.022[b]
	Residual	12105.293	499	24.259		
	Total	12232.443	500			
a. Dependent Variable: Purchase intentions						
b. Predictors: (Constant), Attitude towards life insurance						

REGRESSION EQUATION

Table 6 shows the beta coefficients for the actual regression equation and from this table we drive our regression equation for our variables

$Y = \alpha + \beta X$

Y = Dependent variable (Purchase Intentions)

X= Independent variable (Attitude towards life insurance)

Purchase intentions = 26.714 -0.94 Attitude towards life insurance

Table 6: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	26.714	.960		27.833	.000
	Attitude	-.094	.041	-.102	-2.289	.022
a. Dependent Variable: Purchase intentions						

Conclusion and Recommendations:

From the analysis it can concluded that consumer demographic played crucial role in consumer motives, preferences in life insurance. Different qualification profiles and residence have given varied reason for having low interest in life insurance. Result has shown that there is significant difference in attitude of rural, urban and semi-urban population towards life insurance. This exhibits that rural respondent lacks awareness in financial planning so this could be reasons for not taking life insurance as much urban population. Male and female opinion also found different in regarding low interest in life insurance. Similarly no. of earning member in family and family size also influence the attitude toward life insurance as need for insurance is more when responsibility increased and more earning member also means more disposable income. Qualification and residence area also affect choice of trustworthy source in respect to life insurance information; same is the case with male and female which shows different attitude. Life insurance is unsought product which needs awareness related to its benefits among various demographic profiles. Attitude towards life insurance has impact on consumer purchase decision. Correlation and regression analysis depicts this relationship and prove that the more negative attitude is towards life insurance, the lesser intention will be there to purchase life insurance.

This research explores useful information to understand consumer attitude and behaviours towards life insurance. Life insurance companies need to understand consumer's demographic profile as they are affecting factors in building attitude for life insurance. Companies should work for awareness in rural areas before make any policies and campaign. Also there is need to build positive perception in mind of customers regarding usefulness of life insurance Considering the risk involved in today's lifestyle and high cost of living needs extra protection in form of life insurance. In Punjab and Chandigarh region people are more dependent on real estate assets and mostly insured insufficient. Insurance Companies should put their efforts to let people know the importance of having life insurance at the early stage. As rural people don't realised much about retirement planning there is immense potential in this segment for insurers.

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