

Demographic Analysis of Factors Influencing Purchase of Life Insurance Products in Gujarat

Prof. Jaideepsingh H. Jetawat¹, Dr. Snehalkumar H. Mistry¹

¹Assistant Professor, Gandhinagar Institute of Technology (MBA), Gandhinagar, Gujarat, India

²Director, Bhagwan Mahavir College of Management, Surat, Gujarat, India

Abstract - Aim of this study was to identify the relationship between major factors influencing the purchase decision of customers while selecting life insurance products and changes in their preferences and choice due to different demographic factors i.e. gender and marital status in Gujarat state. A better understanding of consumer's behavior through demographic analysis can play an important role in predicting demand for insurance. Thus an attempt has been made to study the customer buying behavior with a focus to identify the major factors and how it varies with change in demographic. Many life insurance related variables were identified from previous studies and respondents of Gujarat state were queried about the product variables which strongly influence their purchase decision. The study aims to find out the relationship of demographic characteristics of the respondents with five important factors influencing the purchase of a life insurance product namely F1 (Service Facilities by insurer), F2 (Socialization of customer), F3 (Easy access for customer), F4 (Product Attractiveness), F5 (Concern for family needs by customer) and F6 (Promotions by firm).

Keywords - Customer Preferences, Demographics, Consumer Behaviour, , Life insurance, Purchase decision

I. INTRODUCTION

Insurance industry helps societies by two ways, on one side it helps sufferer of losses by overcoming their economical perils and on other side it provides fuel to economic development of nations through long term investment of funds collected in form of premium from customers. But the question is how can this fund be collected and utilize? Answer lies in the increasing penetration of life insurance. So now what to do to increase this penetration is our problem statement. We need to realize that every insurable individual has to be insured and then only the motive of life insurance can be fulfilled in the right sense. Analysis and understanding of prospective buyers of life insurance according to their demographic characteristics thus becomes important. Hence this study was proposed, which was based on their life insurance customer behavior. Consumer behavior is concerned not only with what consumers buy, but how they buy, and how often they buy it. Understanding households' behavior according to their age, gender, education, marital status, income etc. can play an important role in predicting demand for insurance and their by increasing penetration of life insurance through enabling insurers in preparing their marketing strategies and designing products as per the requirements of the people.

II. REVIEW OF LITERATURE

Min Li (2008) in here work concludes that as person age increase demand of life insurance decrease and it reduces to near about zero when age of person is 56 in case of term insurance and 58 for other types of traditional products. People at lower age prefer more term insurance as income is low and higher age peoples prefer more variable insurance. As level of education rises demand for life insurance also increases. As Income or no. of family member's increases life insurance demand also increases. Households without any life insurance were relatively young, less educated, unemployed, not married, and renters; they expected to die in their 70s, had low income, were not concerned with leaving a bequest, and preferred not to take risks.

Vinod Kumar Bishnoi and Bharti (2009) study highlights some very interesting aspects that whatever is the leading brand in all the products, that remains leading irrespective of any demographic variables be it income, education, age or gender. But with the increasing income and education level, the consumers were found using other sophisticated brands in that product category. The younger rural consumers have been found more variety seeking whereas the old aged consumers are stick to two or three brands.

Huihui Wang (2010) stated that increased levels of income, higher education levels, and demographics (such as family structure and the number of dependent children) were important factors in determining life insurance demand in China.

Dr. Dipin Mathur, Mr. Ashish Tripathi (2014) found that demographic variables play a very important role in understanding customer's perception. Thus they assessed the impact of demographic profiles. As per their study there is no significant impact of gender and education on the factors influencing customer's choice for the company.

Syed Shahid Mazhar, Anisur Rehman, Shahab Ud Din (2015) study highlights the influence of demographic variables on e-insurance sector in India. It is found in the study that there is a significant impact of gender, educational qualification, income and occupation on the reason, like saving, investment, risk and protection tax benefit and children education and marriage to purchase e-insurance products.

III. OBJECTIVES OF THE STUDY

To identify major influencing factors affecting purchasing decision of customer when purchasing any life insurance product.

IV. RESEARCH METHODOLOGY

The study is Quantitative & descriptive in nature. The researcher adopted this research design to gather information from the respondents to identify major factors affecting the preferences and purchase decision of customers when buying life insurance. The study was conducted with 1505 samples from Gujarat state. The sampling method adopted for the study was non-probability convenience where the researcher can select the sample elements based on the ease of researcher. Structured questionnaire was prepared to survey the respondents. The primary data has been collected through a structured questionnaire. The secondary data has been collected from the books, journals, magazines, online databases and websites.

With the help of literature reviews of previous studies researcher found out 30 major variables which affect the purchase decision of customers while purchasing life insurance products. After identifying the major six factors using factor analysis, T-test was carried out to find that is there any significant difference of variance between major factors influence across different demographic characteristics of respondents.

V. HYPOTHESIS OF THE STUDY

H0G0: There is no significant difference between the different factors influencing customers in favor of a life insurance product across different gender categories of respondents.

H1G1: There is significant difference between the service qualities provided by insurer influence across different Gender categories of respondents.

H1G2: There is significant difference between the Socialization of customer influence across different Gender categories of respondents.

H1G3: There is significant difference between the Ease of Access to Customer influences across different Gender categories of respondents.

H1G4: There is significant difference between the Product attractiveness influences across different Gender categories of respondents.

H1G5: There is significant difference between the Concerns for family needs of customer influence across different Gender categories of respondents.

H1G6: There is significant difference between the Promotional efforts by insurer influence across different Gender categories of respondents.

H0M0: There is no significant difference between the different factors influencing customers in favor of a life insurance product across different marital status categories of respondents.

H1M1: There is significant difference between the service qualities provided by insurer influence across different Marital Status categories of respondents.

H0M2: There is significant difference between the Socialization of customer influence across different Marital Status categories of respondents.

H1M3: There is significant difference between the Ease of Access to Customer influences across different Marital Status categories of respondents.

H1M4: There is significant difference between the Product attractiveness influences across different Marital Status categories of respondents.

H1M5: There is significant difference between the Concerns for family needs of customer influence across different Marital Status categories of respondents.

H1M6: There is significant difference between the Promotional efforts by insurer influence across different Marital Status categories of respondents.

VI. ANALYSIS AND FINDINGS

Demographic Characteristics of the Respondents: The demographic characteristic of the respondents under study are given in the Table 1. Table 1 shows that the sample was dominated by those respondents who are in the age group of 20.1 to 30 years, male respondents. Majority of the respondents are married and educated. Majority of the respondents were doing services and belongs to income group of 10001 to 20000 per month and staying in joint family.

TABLE 1 DEMOGRAPHIC PROFILE OF RESPONDENTS			
		Frequency	Percentage
Age	0 TO 20 YEARS	45	3
	20.1 TO 30 Years	688	46
	30.1 TO 40 Years	440	29
	40.1 TO 50 Years	158	10
	50.1 TO 60 Years	114	8
	Above 60 Years	60	4
	Total	1505	100
Gender	Male	1198	80
	Female	307	20

	Total	1505	100
Marital status	Married	1392	92
	Unmarried	113	8
	Total	1505	100
Education level	Illiterate	2	0
	Primary school	8	1
	Secondary school	46	3
	Higher Secondary	121	8
	Graduate	420	28
	Post Graduate	799	53
	Doctorate	62	4
	Total	1505	100
Occupation	Students	296	20
	Government employee	333	22
	Private services	711	47
	Own business	116	8
	Labourer	8	0
	Retired	11	1
	House wife	30	2
	Total	1505	100
Monthly personal income	Less than 10000	319	21
	10001 to 20000	399	26
	20001 to 40000	371	25
	40001 to 80000	326	22
	Above 80000	90	6
	Total	1505	100

Demographic Analysis of Factors Influencing the Purchase of a Life Insurance Product

TABLE 2 INDEPENDENT SAMPLES TEST

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig.(2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Services by Insurer	Equal variances assumed	13.787	.000	-.726	503	.468	-.174	.239	-.643	.295
	Equal variances not assumed			-.822	569.527	.412	-.174	.211	-.589	.241

As is evident from Table 2, P value for Levene’s test for equality is $0.00 < 0.05$, the variances are significantly different. Now from bottom row result for t value is $0.412 > 0.05$. Hence test proves that there is no significant difference between the service qualities provided by insurer influence across different Gender (male and female) categories of respondents.

TABLE 3 INDEPENDENT SAMPLES TEST

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Socialization of customer	Equal variances assumed	.822	.365	-.240	1503	.810	-.046	.190	-.418	.327
	Equal variances not assumed			-.244	485.276	.807	-.046	.187	-.413	.321

In Table 3 P value for Levene's test for equality is $0.365 > 0.05$, the variances are not significantly different.

Now from top row result for t value is $0.810 > 0.05$.

Hence test proves that there is no significant difference between the Socialization of customer influence across different Gender categories of respondents.

Mean of Motivating Factors Influencing Customers in favor of Insurance Products among Different Gender

TABLE 4 INDEPENDENT SAMPLES TEST

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Ease of access for customer	Equal variances assumed	1.235	.267	.069	1503	.945	.009	.137	-.259	.278
	Equal variances not assumed			.071	491.522	.944	.009	.133	-.252	.271

In Table 4 P value for Levene's test for equality is $0.267 > 0.05$, the variances are not significantly different.

Now from top row result for t is value $0.945 > 0.05$.

Hence test proves that there is no significant difference between the Ease of Access to Customer influences across different Gender categories of respondents.

TABLE 5 INDEPENDENT SAMPLES TEST

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper

Product attractiveness	Equal variances assumed	13.607	.000	-3.305	1503	.001	-.397	.120	-.632	-.161
	Equal variances not assumed			-3.671	552.292	.000	-.397	.108	-.609	-.184

In Table 5 P value for Levene's test for equality is $0.000 < 0.05$, the variances are significantly different.

Now from bottom row result for t is value is $0.000 < 0.05$.

Hence test proves that there is significant difference between the Product attractiveness influences across different Gender categories of respondents.

TABLE 6 INDEPENDENT SAMPLES TEST

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Concern for family needs of customer	Equal variances assumed	2.391	.122	.123	1503	.902	.010	.083	-.153	.173
	Equal variances not assumed			.129	503.122	.898	.010	.080	-.146	.167

In Table 6 P value for Levene's test for equality is $0.122 > 0.05$, the variances are not significantly different.

Now from top row result for t value is $0.902 > 0.05$.

Hence test proves there is no significant difference between the Concerns for family needs of customer influence across different Gender categories of respondents.

TABLE 7 INDEPENDENT SAMPLES TEST

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Promotion by Insurer	Equal variances assumed	4.108	.043	-2.136	1503	.033	-.276	.129	-.529	-.023
	Equal variances not assumed			-2.234	504.409	.026	-.276	.123	-.518	-.033

In Table 7 P value for Levene's test for equality is $0.043 < 0.05$, the variances are significantly different.

Now from bottom row result for t value is $0.026 < 0.05$.

Hence test proves there is significant difference between the Promotional efforts by insurer influence across different Gender categories of respondents.

TABLE 8 INDEPENDENT SAMPLES TEST

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Services by Insurer	Equal variances assumed	.926	.336	-3.500	1503	.000	-.683	.195	-1.066	-.300
	Equal variances not assumed			-3.537	1374.627	.000	-.683	.193	-1.062	-.304

In Table 8 P value for Levene's test for equality is $0.336 > 0.05$, the variances are not significantly different.

Now from bottom row result for t value is $0.000 < 0.05$.

Hence test proves that there is significant difference between the service qualities provided by insurer influence across different Marital Status categories of respondents.

TABLE 9 INDEPENDENT SAMPLES TEST

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Socialization of customer	Equal variances assumed	6.418	.011	1.617	1503	.106	.251	.155	-.054	.556
	Equal variances not assumed			1.643	1397.424	.101	.251	.153	-.049	.551

In Table 9 P value for Levene's test for equality is $0.011 < 0.05$, the variances are significantly different.

So from bottom row result for t value is $0.101 > 0.05$.

Hence test proves that there is no significant difference between the Socialization of customer influence across different Marital Status categories of respondents.

TABLE 10 INDEPENDENT SAMPLES TEST

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Ease of	Equal variances assumed	5.066	.025	2.101	1503	.036	.235	.112	.016	.454

Access for customer	Equal variances assumed			2.131	1389.953	.033	.235	.110	.019	.451
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In Table 10 P value for Levene’s test for equality is $0.025 < 0.05$, the variances are significantly different. So from bottom row result for t value is $0.033 > 0.05$.

Hence test proves that there is significant difference between the Ease of Access to Customer influences across different Marital Status categories of respondents.

TABLE 11 INDEPENDENT SAMPLES TEST

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Product attractiveness	Equal variances assumed	.141	.707	.100	1503	.920	.010	.099	-.184	.203
	Equal variances not assumed			.100	1325.043	.920	.010	.099	-.184	.203

In Table 11 P value for Levene’s test for equality is $0.707 > 0.05$, the variances are not significantly different. So from top row result for t value is $0.920 > 0.05$.

Hence test proves that there is no significant difference between the Product attractiveness influences across different Marital Status categories of respondents.

TABLE 12 INDEPENDENT SAMPLES TEST

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Concern for family needs of customer	Equal variances assumed	.496	.481	-3.958	1503	.000	-.268	.068	-.401	-.135
	Equal variances not assumed			-3.984	1357.532	.000	-.268	.067	-.400	-.136

In Table 12 P value for Levene’s test for equality is $0.481 > 0.05$, the variances are not significantly different. Now from top row result for t value is $0.000 < 0.05$.

Hence test proves that there is significant difference between the Concerns for family needs of customer influence across different Marital Status categories of respondents.

TABLE 13 INDEPENDENT SAMPLES TEST

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Promotion By Insurer	Equal variances assumed	5.306	.021	1.331	1503	.183	.141	.106	-.067	.349
	Equal variances not assumed			1.352	1396.456	.177	.141	.104	-.064	.345

In Table 13 P value for Levene's test for equality is $0.021 < 0.05$, the variances are significantly different.

Now from bottom row result for t value is $0.177 > 0.05$.

Hence test proves that there is no significant difference between the Promotional efforts by insurer influence across different Marital Status categories of respondents.

VII. CONCLUSION

As is evident from the study, 'Product attractiveness and Promotional efforts by insurer' has got the highest mean difference gender wise, so insurance company should design product and promotional strategy differently for targeting male and female customers. However, services quality by insurer, socialization of respondents and Ease of access factors means difference is not significantly different in case of gender wise and are equally influencing male and female respondents and so accordingly PODs and POPs can be designed for branding by insurance firm. Marital Status wise mean difference is highest for service qualities provided by insurer, Ease of Access to Customer and Concerns for family needs of customers, so insurance companies thus should try to maintain the timely and satisfactory service, ease of access for customers and understanding needs of customers especially i.e. Married customers by carrying out marketing research as majority of respondents in this study were married respondents.

VIII. REFERENCES

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