

TO STUDY THE CONSUMER BEHAVIOUR IN PURCHASING OF LIFE INSURANCE PRODUCTS: A STUDY IN DELHI/NCR

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Abstract: Human life is a valuable asset, and life insurance is the most common type of insurance that protects a person and his family financially in the event of unforeseen dangers or harm. Individuals can benefit from life insurance in terms of safety and protection, as well as savings. The current exploratory and descriptive study was chosen with the goal of identifying the factors that influence customers' policy purchasing decisions and analysing consumer preferences while making life insurance investment decisions. The article goes through a number of insurance-related topics. The study's data was gathered from both primary and secondary sources. The study aims to determine the type of policy that the respondent prefers, the insurance company that they prefer, the feature of the insurance policy that drew them in, the benefit for which they purchased, the level of satisfaction with the life insurance policy purchased, and the difficulties encountered in making a decision while purchasing a life insurance policy. The study also looks at the link between age and the type of policy that people choose.

Keywords: Life Insurance, Purchasing Decisions, Investment Decisions, Human Life

1. INTRODUCTION

Marketing plays a critical part in a country's growth and development, regardless of its size or population, and the concepts are so intertwined that one cannot exist without the other. It is a historical reality that marketing development has always kept pace with the country's economic progress. Both have gone through evolutionary rather than revolutionary transformations.

It is a widely acknowledged reality that, in recent years, marketers have gotten more dynamic, and consumers now have more sway over insurance companies' strategic decisions. In India, companies are challenged to grasp the pulses of new-age policyholders and their purchasing patterns, and this scenario is no exception. Understanding the purchase patterns of people is difficult in a country with so many different cultures and traditions. Due to the country's sky-high potential, numerous Multinational Insurance Corporations have begun to enter the Indian insurance market as a result of globalization and the resulting changes.

1.2 Importance of Understanding Consumer Behaviour for Insurance Companies

The business environment is as tumultuous as it has ever been, and the service industry is as promising as it has ever been. In this era of fierce competition, where the customer is king, success is largely dependent on the managers' ability to deliver on their promises, and it is the responsibility of organisations to foster a culture in which business ethics are upheld, value for services is provided, and quality services are provided in order to achieve higher levels of customer satisfaction. Understanding changing consumer behaviour is critical for achieving customer happiness. Marketers should strive to address the demands of consumers as true believers in the marketing concept.

The goal of modern marketing is to create money by meeting the needs and wants of customers. As a result, marketers must comprehend their customers' true needs, wants, beliefs, and attitudes about their products and services. Network marketing is now a multibillion-dollar industry. This business model has been adopted by a large number of companies. It has evolved into one of the economic engines of the twenty-first century.

1.3 Consumer Preferences and Consumer Behaviour

Consumer behaviour is thought to involve both a complex mental process and physical activity (purchase decision). When analysing, acquiring, utilizing, or disposing of goods and services, consumers engage in a decision process and physical action known as consumer behaviour.

Consumer Behaviour encompasses all (human) decision-making units' decisions about the acquisition, consumption, and disposal of commodities, services, time, and ideas.

1.4 Statement of The Problem

People desiring to be covered for the unforeseen things that these risks may bring, and life insurance companies giving a solution to these risks are the focus of life insurance. As a result, an endeavour has been made to investigate the elements that influence consumer behaviour in order to prevent risk and uncertainty throughout their lives.

Emotions and rationality play a large role in Indian customers' purchasing decisions. They prefer the future over the present and wish to have a better and more secure future. In this regard, life insurance services have their own worth in terms of reducing risk and uncertainty.

The Indian economy is growing, with a large middle class and salaried population. Their monetary worth for current demands and future aspirations shifts to the other side, generating the grounds for maintaining a policy.

1.5 Need for the Study

After reviewing the various research completed previously, it is necessary to make a new attempt to comprehend policyholder behaviour while obtaining insurance services, particularly life insurance plans. The need for the investigation is summarized in the following points while analysing the available literature:

1. The bulk of the studies in the literature were conducted in the insurance industry and included a variety of topics such as cost, value, customer satisfaction, policy delivery patterns, and so on.
2. Because there are few research studies on consumer behaviour, particularly in regard to life insurance, an attempt is made to investigate the factors that influence consumer behaviour.

2. REVIEW OF LITERATURE

The researcher attempted to gather information from previous researches and relevant studies in the domain of life insurance and consumer behaviour in order to identify and analyse the study's essential variables. The literature evaluation was provided in a concise and accurate manner, with research needs noted.

A model of consumer complaint behaviour has been suggested by **Singh Jagdeep (2020)**. It demonstrated the wide range of options available. The buyer may file a complaint with an official third party, such as a bureau or a newspaper, rather than the seller. They may engage in private CCB activities such as informing friends and relatives about their negative experiences and altering their own patronage patterns.

In their experimental study on customer price and promotion expectations, **Kalwani (2020)** found that in recent years, the study of the impact of price expectations on consumer decision behaviour has gotten more attention in marketing. It has been proven that introducing a product at a lower than regular price and then raising it to its standard price has a negative impact on subsequent sales. The reason for this is that customers use the low initial price as a benchmark and regard the regular price to be unacceptably higher than what they anticipate to spend. In an interactive computer-controlled experiment, the researchers evaluated the impact of price promotions on customers' pricing expectations and brand choice. They looked at how important the dynamic or long-term consequences of a series of price promotions were. In the experimental study, their specific goals were to: (1) evaluate the impacts of various price promotion frequencies and depths on brand expected prices; and (2) test the impact of price promotions on brand choice, as mediated by consumer expectations, in a controlled experimental context. (a) The results of their tests of two hypotheses on the impact of price promotions on consumers' pricing expectations show that the effect is significant.

However, at conventional significance levels, their experimental findings do not rule out the hypothesis that a brand's expected price is a linear function of price promotion frequency and depth of price discounts. (b) Their findings on promotion expectations imply that unfulfilled promotion expectation events among customers who have learned to expect promotions from a brand as a result of repeated exposure to them will harm the brand. (c) In addition, the author discovered that consumer expectations of price and promotional activities should be taken into account when explaining consumer brand choice behaviour. For example, the presence of a promotional deal when one is not expected or the absence of a promotional deal when one is expected can have a significant impact on consumer brand choice.

For nearly 50 years, **Zietz (2020)** has analysed the efforts of scholars to explain consumer behaviour around the purchase of life insurance. According to a review of previous research, the majority of empirical investigations found a favourable relationship between increased savings behaviour, the financial services business, and demand for life insurance. In order to move forward, the first question is whether per capita gross domestic savings and financial depth have an impact on life insurance consumption. The proxy variables assessing insurance demand, density, and penetration are frequently substantially associated with GDP and per-capita GDP.

Customers' awareness of insurance businesses was assessed by **Raman and Gayatri (2020)**. They discovered that 53% of the respondents are under the age of 30, 24% are between the ages of 31 and 40, 2% are between the ages of 41 and 50, and the remainder are beyond 50. They also discovered that a substantial percentage of insured respondents (32%) are professionals, and that 56 percent of insured respondents are married. They also discovered that 52% of respondents purchased a policy to cover life risk, 44% to gain a tax advantage, and the remaining to invest for capital growth.

Srinivas Durvasula et al., (2019) investigated the impact of relationship quality on behavioural intentions and compared its predictive capacity to service quality. The information was gathered in the life insurance market, where an insurance agent has a significant relationship with the customer. The findings show that neither service quality nor relationship quality is the best predictor of behavioural outcomes on its own. Instead, combining the two variables provides the most explanatory power. The findings showed that both service quality and relationship quality work together to influence behavioural outcomes. These findings have far-reaching consequences for sectors with a high level of client engagement,

such as life insurance. They discovered that the client-agent relationship is critical for creating contentment, value, positive word of mouth, and repurchases.

Nina L. Reynolds (2019) examined the several sorts of equivalence that must be considered when assessing the cross-national comparability of the Customer Satisfaction / Dissatisfaction (CS/D) construct. Using CS/D as a culture-free input variable may result in sub-optimal international marketing tactics if CS/D equivalence is not carefully verified. The investigation was undertaken at three levels in order to establish CS/D equivalence: antecedent causes, CS/D formation process, and behavioural results. They came to the conclusion that the axiomatic premise of increased customer happiness, brand loyalty, and customer retention rates may not be culturally neutral. This premise holds true in worldwide marketplaces, according to the author, and it will help marketing managers succeed.

For nearly 50 years, **Hussels et al. (2019)** have analysed the efforts of researchers to explain consumer behaviour around the purchase of life insurance. According to a review of previous research, the majority of empirical investigations found a favourable relationship between increased savings behaviour, the financial services business, and demand for life insurance. There are two comprehensive studies on the factors that influence life insurance demand, one focusing solely on Asian countries and the other encompassing 68 economies.

Customers are sensitive to various elements that influence their decision to buy an insurance product from a company, according to **Ghodeswar, B.M. (2019)** in his essay. In terms of demographic background, innovativeness, product service offering, price perception, and level of customer satisfaction in previous experiences, those characteristics were investigated by the author. Customer sensitivity may be examined throughout time, according to the author, and as a family expands, the assets, liabilities, and demographics of the customers change. Customers' lifestyles, demographic profiles, credit information, purchasing behaviour, product preferences, spending habits, responsiveness to promotional campaigns, and other factors are used to analyse and segment them into relevant, profitable target segments for life insurance policies. The degree to which an individual accepts an invention, as well as the predisposition of such customers to learn and embrace innovations, is referred to as innovativeness. Innovator's question established rules and procedures and are less hesitant to breach them in order to promote new ideas and solutions. People with higher incomes are more willing to test new things. The services provided by the agents, whether online and offline, have an impact on customer sensitivity. Customers, he says, are looking for a bargain.

3. OBJECTIVE OF THE STUDY

1. Determine the other elements that influence life insurance investors' purchasing decisions.
2. To gain a better understanding of the investment possibilities offered to consumers at LIC, as well as consumer behaviour related to the purchase of Life Insurance Products.

4. RESEARCH METHODOLOGY

The research design and methodology used in this study are discussed in this section. It also explains how tools are developed while being scientifically standardized, ensuring their validity and dependability. Wherever possible, statistical tools were used to conduct quantitative data analysis. This chapter goes into greater detail on the research design used in the current study, including sample demographics, research tool development, variable extraction, instruments, data collection procedure, and statistical techniques used for data analysis.

5. DATA ANALYSIS AND INTERPRETATION

Table-1.1: The reason for Obtaining the Insurance Product

Purpose of buying the insurance product	Ranking
1, Insurance cover	1.88
2. Savings for Children's education and Marriage etc	2.78
3 Income Tax benefit	3.21
4 Savings for Old age, Pension	3.76
5 Agent's recommendation	4.83
6 Recommendation from Friends/Relatives	5.07
7 Housing Loan Cover	5.29

The table shows that the most common reason for purchasing insurance is for life insurance coverage, followed by "savings for children." Customers' increased income levels may explain why they are taking advantage of the income tax benefit, which is rated third on the list of reasons. Obtaining a tax benefit indicates that purchasing behaviour is influenced

by tax incentives. Agent's recommendation and recommendation from friends/relatives/loan cover, for example, have a greater mean score, indicating a lower preference for such causes.

Table-1.2: Life Insurance Planning and Knowledge

Sl.No	Awareness and Planning for Life Insurance.	Aware and tried appropriatesavings/investment	Aware of the requirement but not planned	Not aware of Requirement
1	Decided how to investsavings	16	50	34
2	Know life insurancerequirement	19.7	33	47.3
3	Calculated required savings for retired life –pension.	14.7	78	7.3
4	Calculated the cost of son/daughter`s education	26.3	28.7	45

According to table, 55% of respondents have decided how to invest their savings but have not planned for insurance despite their awareness, 47.3 percent of respondents are not aware of future life insurance requirements, and 78 percent of respondents have calculated their pension at retirement but have not planned for it. While 45 percent of respondents are aware of the cost of children's education, they are not aware of the product requirements.

Table-1.3: Complications in making a Life Insurance Purchase

Sl. No.	Difficulties encountered when buying apolicy	Mean Score
1	what type of Insurance to buy	2.59
2	On the Sum assured	2.94
3	Life insurance company	2.97
4	Understanding the policy details, benefits	3.00

For the respondents, deciding the sort of life insurance product to purchase is the most challenging component of the purchasing process. The above chart shows that customers are having difficulty determining what sort of insurance to buy, with the sum assured and life insurance firm coming in second and third, respectively, while respondents believe they grasp the policy details and benefits. Customers' age groups, income groups, and employment groups were all examined for any significant differences in the four obstacles they face when purchasing life insurance products.

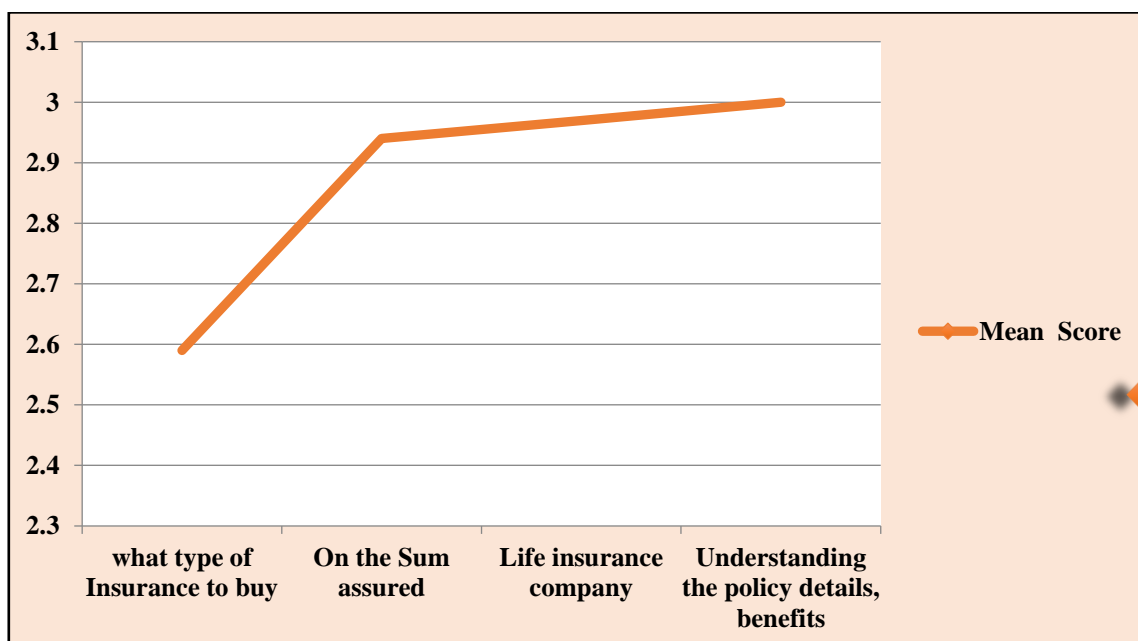


Fig 1.1: Complications in making a Life Insurance Purchase

6. CONCLUSION

Every business is built on the foundation of its customers. Marketers must pay close attention to what consumers see, think, prefer, and buy in order to fine-tune their marketing offers and attain high levels of consumer acceptability and pleasure. The current study looked at micro-variables and predictors of customer behaviour in depth.

In India, the marketing environment has been steadily improving in terms of liveliness and rationalism. New economic policies, regulations, and financial standards have radically altered the path of the country, to the point where service marketing and policyholder behaviour studies have arisen as a focal point of company activity, in both product and service marketing. Globalization, privatization, and liberalization have all brought in a tumultuous marketing environment.

Every business is built on the foundation of its customers. Marketers must pay close attention to what consumers see, think, prefer, and buy in order to fine-tune their marketing offers and attain high levels of consumer acceptability and pleasure.

As a result, a thorough understanding of what insurance is and what purpose it serves for an individual or an organization is required. Companies must ensure that their marketing mix caters to all demographics and is created based on customer preferences. Product considerations, promotional elements, customer expectation factors, service quality factors, and risk–return factors should all be studied by all businesses.

6.1 Suggestions

1. Because family size and the number of children were proven to be major explanatory variables for determining life insurance demand, the Insurance LIC of India may focus on the size of its customers' families.
2. It is suggested to the Life Insurance Corporation of India (LIC of India) that it focus on other customer categories other than government employees in order to increase market share. Husband/occupation wife has a beneficial impact on the amount of life insurance purchased.
3. It is recommended to conduct proper consumer profiling so that, as household income rises, LIC can encourage consumers to purchase more life insurance policies. Life insurance is purchased based on the amount of income replacement required in the event of the unexpected death of the primary wage earner.

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