

Life Insurance Consumer Psychographics and Its Relationship with Satisfaction

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ABSTRACT

Background: With the liberalization and internationalization in Life insurance, Consumer satisfaction has become an important means of differentiation and path to achieve business success. Such differentiation based on Consumer satisfaction can be a key source of competitiveness for insurance companies and hence have implication for leadership in such organizations. Various studies have been done earlier in the various industries in service sector but this time we are going to emphasize this fact in the life insurance industry.

Aims: Consumer Psychographics has become a feature of great importance as it has an impact on consumer satisfaction. It is according to a Lehmann consideration but it should be statistically proved which we are going to provide evidence in this research paper. This research Paper also aims at proving list of the impact factors and their preferences in which they are having importance for the life insurance managers in the industry.

Methodology: The Research paper focused on finding out the relationship between consumer psychographics and consumer satisfaction in Life Insurance Industry. The K-S Test, Multiple Regression Analysis method were used to analyze the data and interpretation was given on that basis.

Results/Findings: Multiple regression model met the assumptions required to ensure validity of its significance test. This indicates that there was a statistically significant relationship between psychographic factors and customer satisfaction.

Conclusion: Most consumers form expectations of the product, life insurance provider, service, and quality of the product that they patronize before engaging in life insurance product shopping activities. These expectations influence their attitudes and intentions to purchase a life insurance product through a certain agent of Life Insurance Company and consequently their decision-making processes, purchasing behavior and loyalty as well.

Keywords: *Consumer Psychographics, Consumer satisfaction, Life Insurance Industry*

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1. INTRODUCTION

With the liberalization and internationalization in Life insurance, Consumer satisfaction has become an important means of differentiation and path to achieve business success. Such differentiation based on Consumer satisfaction can be a key source of competitiveness for insurance companies and hence have implication for leadership in such organizations. The consequences of a purchase do not produce an immediate reaction towards satisfaction. This situation is more apparent as the future benefits of the “product” purchased are difficult to foresee and take a long time to “prove” its effects. Infrequent purchase and “usage” of such credence products by consumers would mean an inability or difficulty in forming service expectations due to limited understanding of and familiarity with the service. At the same time, because of the amount of money that is typically invested in an insurance policy, customers seek long-term relationships with their insurance companies and with their respective agents in order to reduce risks and uncertainties. So, the outcomes of life insurance purchase are often delayed, and thus do not allow immediate post-purchase valuation.

1.1 Consumer Psychographics

Consumer Psychographics refers to the understanding and assessing a variety of aspects of consumer behavior and it is the key factors to consumer satisfaction. The awareness of individual preferences associated with a respondent’s personality can be leveraged to produce more effective marketing campaigns and raise sales for the life insurance products. Psychographic factors of the consumers which are the individual feelings and beliefs, the services experienced in the past, consumer’s perception about the life insurance services, and his/her motivation factors and personality traits.

2. LITERATURE REVIEW

According to Richard L. Oliver, (et.al.Zeithaml.2010)

“Satisfaction is the customer fulfillment response. It is a judgment that a product or service feature, or the product or feature itself, provides a pleasurable level of consumption-related fulfillment.”

In less technical terms, we interpret this definition to mean that satisfaction is the customer’s evaluation of a product or service in terms of whether that product or service has met the customer’s needs and expectations. Failure to meet needs and expectations is assumed to result in dissatisfaction with product or service. Customer s’ emotions can also affect their perceptions of satisfaction with products and services. These emotions can be stable, preexisting emotions- for example; mood state or life satisfaction.

Attributions –the perceived causes of events-influence perceptions of satisfaction as well. When they have been surprised by an outcome (the service is either much better or much worse than expected), consumers tend to look for the reasons and their assessments of the reasons can influence their satisfaction. (et.al.Barik 2012)

Customer Satisfaction is also influenced by perception of equity and fairness. Customers often ask themselves:

- ✓ Have I been treated fairly compared with other customers?
- ✓ Did other customers get better treatment, better prices, or prices, or better service quality?
- ✓ Did I pay fair price for the service?
- ✓ Was I treated well in exchange for what I paid and the effort I expended?

In addition to product and service features and one's own individual feelings and beliefs, consumer satisfaction is often influenced by other people. For example; satisfaction with a family vacation trip is a dynamic phenomenon, influenced by the reactions and expressions of individual family members over the duration of vacation. Later, what family members express in terms of satisfaction or dissatisfaction with the trip will be influenced by stories that retold among the family and selective memories of the events. (at.el.Zeithaml.2010)

Jayasimha (2008) has elaborated that Fritz Heider is credited for proposing this theory. It explores the process of how individuals attribute causes to events and the impact of this causation on their motivation. Attribution Theory categorizes the way individuals attribute causes to events into two categories viz., External or Situational Attribution (outside factors) and Internal or Dispositional Attribution (within person factors). Hansen, F (1972) has also told about that Harold Kelly further investigated the process of attribution and his research culminated in the Co-variation Model consisting of three scales viz., Consensus (how other people behave toward the same stimulus) Distinctiveness (how the person whose behaviour is trying to explain responds to other stimuli) and Consistency (frequency with which the observed behaviour between the same actor and the same stimulus occurs across time and circumstances).

Here in this research study we are focusing on the attribution theory extended to the limit of Internal or Dispositional Attribution (within person factors) which affect the in person decision making process while purchasing the life insurance product. The consumer psychographics exclaimed in the term of the individual feelings and beliefs, the services experienced in the past, consumer's perception about the life insurance services, and his/her motivation factors and self-personality traits.

3. RESEARCH DESIGN

3.1 Objectives:

The Research paper focused on finding out the relationship between consumer psychographics and consumer satisfaction in Life Insurance Industry. The stated objective of the study was further broken down to secondary objectives which aimed at finding information regarding the life insurance products purchased by respondents and weightage of the different factors affecting purchase decision etc.

3.2 Sample Design: A Sample Design is a definite plan for obtaining a sample from a given population. It refers to the technique to the procedure adopted in selecting items for the sampling designs are as below:

3.3 Sample Size: The considerable part of the target consumers that are sampled to realize reliable result are 150.

3.4 Universe: Life Insurance Consumers in Lucknow, (UP) India

3.5 Sampling Method: Non-probability Convenience Sampling method

3.6 Data Collection Technique: The study was conducted using personal interview with respondents and the information given by them were directly recorded on questionnaire. For the purpose of analyzing the data it is necessary to collect the vital information. There are two types of data, this are-

Primary Data: Questionnaire method

Secondary Data: Books, Magazines, Journals, Websites, etc.

3.7 Data Analysis Techniques: The K-S Test, Multiple Regression Analysis method and Mean, Standard Deviation were used to analyze the data and interpretation was given on that basis. For the purpose of analysis we have checked the relationship between psychographic factors and customer satisfaction and four sub-constructs are formed. The Sub-constructs are the Individual Beliefs, Past Experience, Consumer's perception and Self- Personality Traits. These all will be studied by using Multiple Regression Analysis. The 9-Point Likert-Scales has been designed to check the relationship. The Sub-constructs are mentioned below for the same:-

Table 3.1 Sub-Constructs (Psychographic Information):

Sub-Constructs	Variables	Description
Individual feelings and beliefs	A511	I feel that Insurance is my major investment
	A512	I feel that Insurance is a form of retirement savings plan.
	A513	I feel that Insurance is a form of forced savings to ensure a continual stream of income to family in event of death or accident.
The services experienced in the past	A521	I feel that assistance provided by the insurance agent was great.
	A522	I feel that Service quality provided by agents is quite excellent.
	A523	I feel that I have an adequate insurance value.
Consumer's perception	A531	I feel that If I should ever become disabled; replacement income insurance would be essential.
	A532	I feel that Range of coverage offered by the insurance company is adequate.
	A533	I feel that fringe benefits offered by the company have increased my satisfaction.
Self- Personality Traits	A541	I feel that I often have difficulty in making decisions about purchasing life insurance products.
	A542	I feel that I wish to have more added benefits with the insurance plan.
	A543	I feel that I plan to purchase insurance only when it is a tax requirement.

4. DATA ANALYSIS AND DESIGN

4.1 Demographic Profile of Respondents

Table 4.1: Demographic Profile of Respondents

	Category Scales	Percent
	Age of the respondents	20-30
31-40		30.6
41-50		31.2
51-60		29.4
61-70		2.9
Gender of respondents	Female	41.2
	Male	58.8
Marital status of respondents	Never Married	8.8
	Married	79.4
	Separated	2.9
	Widowed	8.8
Income level of the respondents	<=500000	76.5
	500001-1000000	17.6
	1000001-1500000	5.8
Education level of respondents	Intermediate	5.9
	Grad degree	44.7
	Post Graduate Degree	37.7
	Doctoral Degree and Above	11.8

As far as age of respondents is concerned, the data collected comprises of mostly between the age groups of 31-40, 41-50 & 51-60, they are having 30.6%, 31.2% & 29.4% respectively. This shows the majority of respondents from whom the responses are collected belong to the 31 to 60 age group. The gender of the population comprises of two categories of male & female. 41.2% data comprises of female respondents and 58.8% data comprise and it is measured on a nominal scale. The statistics tells us about the data that it is dominated by male respondent. Marital status of the respondent comprises of the four point scale. (Never married (1), married (2), separated (3) widowed (4)) In which never married respondents are having only 8.8%, married respondents gets the count of 79.4%, separated respondents amounts of 2.9% and widowed respondents are having 8.8% of the total population. The modal value suggests us that majority of respondents belong to the 'Married' group. As per income level of the respondents is concerned; it is a four point scale data where less than 5, 00,000; 5, 00,000 – 10, 00,000; 10, 00,000 – 15,00,000 and more than 15laks. Most of the respondents belongs to the category(1) that is below 5,00,000 which is 76.5% of the respondents are in this category 17.6% respondents are in second and only 2.9% belongs to 3 category. The education level of the respondents suggests that maximum number of respondents is from the category of graduation degree and post graduation degree level. As the results shows as the percentage of 44.7% belong to respondents who are having graduation degree and 37.7% of the respondents are having post graduation degree. So sample cloud exist around these two rating scales 2 and 3.

4.2 Normality Test: One-Sample Kolmogorov-Smirnov Test has been used to test the normality of the data collected. The test has been done for all the constructs which were selected like:-

Table 4.2: One-Sample Kolmogorov-Smirnov Test

Psychographic Factors	Kolmogorov-Smirnov Z	Asymp. Sig. (2-tailed)
Individual Beliefs	1.127	.158
Past Experience	1.588	.113
Perception	.930	.352
Self Personality Traits	.897	.397

The variables to assess customer satisfaction based on the psychographic factors were constructed and categorized in four variables as mentioned in the above table. For the purpose of the analysis few statements were made to analyze under these variables which were logically transformed in these four variables and now K-S test is used to assess the normality of the data set. The statistical information shows and proves the normality of the data.

4.3 Multiple Regression Analysis:

Multiple regression uses only the participants who have complete data for all the variables. Multiple regression analysis was employed to test the relationship and the impact of Psychographic factors on customer satisfaction. It is a useful technique that can be used to analyze the relationship between a single dependent and several independent variables.

Table 4.3: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	-7.848	26.450		-.297	.769
	Individual Beliefs	.084	.203	.103	.414	.682
	Past Experience	27.648	57.042	.116	.485	.631
	Perception	.159	.236	.181	.674	.505
	Self Personality Traits	-1.145	1.694	-.126	-.676	.504

The most important tables are the Coefficients table. It indicates the standardized and unstandardized beta coefficients, which are interpreted similarly to correlation coefficients or factor weights. The *t* value and the Sig opposite each independent variable indicates whether that variable is significantly contributing to the equation for predicting *Overall Satisfaction* from the whole set of predictors of psychographic factors.

4.4 Relative weightages of Psychographic Factors with Overall Satisfaction

A relative weight for each dimension can be calculated from the unstandardized coefficients presented in Table:

$$\text{Relative weight of the dimensions } i = \frac{\beta_i}{\sum_1^k \beta_j} \dots\dots\dots (i)$$

Table 4.4: Relative weight of the dimensions

Factors	Unstandardized Beta	Beta	Percentage Weight (%)
Individual Beliefs	.084	.084	0.29
Past Experience	27.648	27.648	95.22
Perception	.159	.159	0.55
Self Personality Traits	-1.145	1.145	3.94

4.5 Regression Equation of Overall Satisfaction on Psychographic Factors:-

Overall Satisfaction on Psychographic Factors (SAT) = (-7.848) + (0.84) Individual Beliefs + (27.648) Past Experience + (0.159) Perception + (-1.145) Self Personality Traits

..... (ii)

5. FINDINGS AND CONCLUSION

Psychographic factors viz. Individual Beliefs, Past Experience, Consumer's Perception and Self Personality Traits are all significantly related with Overall Satisfaction. Multiple regression model met the assumptions required to ensure validity of its significance test. This indicates that there was a statistically significant relationship between psychographic factors and customer satisfaction. The highest importance was given to the attribute "Past Experience (95.22%)" as it is showing the highest weightage, so the Past Experience is the most important of all the factors which should be taken into consideration by all the insurers.

However, the dimension "Self Personality Traits (3.94%)", "Perception (0.55%)" and "Individual Beliefs (0.29%)" have also non-negligible weightages and they all met with requirement of the analysis of the factors of psychographic dimension. Although a further study is needed as it is possible to exclude or include other variables.

The analysis is showing that the psychographic factors are having a synchronized importance order in checking the customer satisfaction in Life insurance Industry. That is shown below:

***Past Experience > Self Personality Traits > Perception > Individual Beliefs* (iii)**

As Consumer satisfaction is the focus of the investigation in this research study. It can be defined as the extent to which consumers perceptions of the life insurance product shopping experience confirm their expectations. Most consumers form expectations of the product, life insurance provider, service, and quality of the product that they patronize before engaging in life insurance product shopping activities. These expectations influence their attitudes and intentions to purchase a life insurance product through a certain agent of Life Insurance Company and consequently their decision-making processes, purchasing behavior and loyalty as well. If expectations are met, customers achieve a high degree of satisfaction, which influences their purchase of life insurance offerings, attitudes, intentions, decisions, purchasing activity and loyalty positively. In contrast, dissatisfaction is negatively associated with these variables.

6. REFERENCES

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