



INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

FACTORS INFLUENCING CUSTOMER'S CHOICE FOR PRODUCTS OF LIFE INSURANCE COMPANIES IN INDIA: A CASE STUDY

GOURI SHANKAR SETHI

Research Scholar in Commerce,
Ravenshaw University, Cuttack

&

PROF. KISHORE KUMAR DAS

Professor of Commerce & Business Management,
Head & Dean, Department of Commerce,
School of Commerce & management,
Ravenshaw University, Cuttack.

Abstract: In India Insurance sector is growing at a very fast pace. The industry is growing increasingly competitive as more private sector insurance companies enter the market. The country's insurance providers compete fiercely, thanks to fresh entry into the market. Thus, satisfaction of customer is a crucial issue for the management of insurance company to retain and attract its potential customers. Insurance businesses do not understand their consumers' needs; hence they lose potential customers. Therefore, it is critical to identify and assess aspects that influence customers' choice of an insurance firm. This study attempts to investigate the factors that have a significant impact on customer choice in Cuttack city's insurance business, to determine which factors have the greatest influence on customers, and to rank these factors based on the ratings given by respondents for each component. Demographic characteristics are particularly essential in understanding customer perception. The impact of demographic profiles was also evaluated. A survey of 120 respondents was conducted and examined to better understand the elements that influence insurance companies' selection decisions. The study relied on 29 components identified by mean and factor analysis, which were derived from the literature and personal interviews. According to the rankings, the most important factors influencing customers' decisions to choose insurance companies are computerization and online transactions, bank connectivity, transaction speed and efficiency, clear communication, and influential marketing campaigns, free gifts for customers, peer group impression, among others. Furthermore, factor analysis was used to 29 components, and the results of the study revealed that there were 9 important factors, which were found by grouping comparable variables and are widely regarded as the most influential aspects in customers' choice of insurance firms.

Index Terms - Customer's Choice, Insurance, Potential Customers, Demographic Variables, Factors, Customer Satisfaction

I. INTRODUCTION

The economy's growth is dependent on the financial system's stability. The insurance industry is a prominent actor in the financial system. In India the insurance sector is expanding rapidly. As a result of India's economic liberalization, new private sector insurance companies emerged, competing for market share with both international and Indian insurers. Insurance firms compete not only against one another, but also with other financial institutions in the industry.

The cutthroat competition has the most influence in the global insurance operating system. Insurance facilities are becoming more widely available throughout the country, including small cities, villages, and rural locations. As people become more aware of insurance and its services, the industry is rapidly expanding. It is important to identify the factors that influence customers' choice of insurance companies.

Insurance firms' services are nearly same in kind and type, so customers have a variety of options. This means that clients have a limitless number of switching options, and they will select the alternative that provides them with the most satisfaction in terms of the various characteristics that distinguish insurance benefits from one another. Insurance firms compete primarily on the basis of technology and creative goods and services that help them to add more customers.

To expand market share, insurance businesses must cultivate a profitable customer base and discover and improve variables influencing customer selection. Insurance businesses have recognized the importance of adopting a people-oriented strategy to improving customer service rather than focusing just on profitability. As clients become more demanding and smarter, it is critical for the insurance industry to identify the elements that customers consider when selecting a company. To prevent client migration and attract new ones, insurance companies must first understand their customers' preferences in order to provide the services they require. With intensified rivalry in the business, insurance companies must understand "How customers choose their insurance company?" Exploring and evaluating such information can assist businesses in identifying the proper marketing tactics required to remain competitive and survive in the market.

There are various ways to segment consumer markets. Customer market segmentation allows insurance companies to categorize their consumers so that their requirements and wants may be efficiently handled in order to develop smart and effective marketing strategies. Demographic differences in the consumer market should be considered when evaluating the impact on customer choices. Thus, failing to identify the underlying factors of consumers' company selection decisions may result in the loss of potential clients.

This study attempts to determine the aspects which mostly influence customer decision-making when selecting a company. Several factors are considered for this purpose, including location, worldwide reach, internet banking facilities, quality and speed of services supplied, infrastructure, guidance and staff professionalism, the firm's reputation, and so on. Variations in the perception of choices in terms of factors can help insurance businesses choose marketing methods.

II. LITERATURE REVIEW

In 1975 **Fishbein and Ajzen's** developed a theory on buyers' behaviour where they studied how the consumers reacted to the insurance products. In 1988 **Sheth et.al.**, says the strategic marketing also influence the consumer and at the same time their wants requirements aspirations and purchasing power influence their behavior as suggested in 2001 by **Marcus and Thomson**. In the year 2005 **S.krishnamurthy** and others study in the growth of insurance industry in India, its performance and future challenges and opportunities. In this study hybrid mode of insurance, role of agents and customer services offered by the companies has an importance on the behaviour of the customer. In the year 2007 **M.Rajkumari** conduct a research on determinants which influence the customers attitude. Similarly different study has made continuously to understand the customers behaviour towards insurance products. However, a successful model is yet to be developed to address this problem.

III. RESEARCH OBJECTIVES

- To detect the factors controlling customer's choice for insurance products.
- To determine the relative importance of determinants influencing consumer choice for insurance products.
- To study the impact of gender and education level on determinants controlling consumer choice for insurance products.

IV. HYPOTHESIS

H_0 = there is no impact of gender and education level on mean of factors influencing the choice of insurance company.

H_1 = there is an impact of gender and education level on mean of factors influencing the choice of insurance company

V. RESEARCH METHODOLOGY

This study used schedules and conducted client interviews to get primary data. Contact was made with 120 respondents in total; the respondents were clients of Cuttack-based insurance providers.

Research Design

The present study based on descriptive statistics.

Research Instrument

Based on the study's objectives, a structured schedule was created for the survey. The questionnaire's questions were broken down and arranged into two sections: the first segment asked questions about age, income, and education. In the second part of the survey, participants were asked questions about insurance companies and were asked to rank the significance of thirty different insurance company characteristics in terms of importance when selecting a provider. They were assessed using a seven-point Likert-type importance scale, with 1 denoting "strongly disagree" and 7 denoting "strongly agree."

Sample and Data collection

The current investigation was carried out in Cuttack city of Odisha. 120 people with prior experience using both offline and online insurance systems were included in a purposeful sample. The respondents were asked to respond with the elements that they would take into account while selecting a bank.

Limitations of the study

- Generalization of the study- the study cannot be universally applied as the study confines to Cuttack city only.
- Although different factors influencing the customer's choice were taken, it may be needed that other aspects and factors not taken into account needed to be explored and studied.
- There were financial and time constraints during the study.

VI. DATA ANALYSIS

The data collected was analyzed using Microsoft Excel-2003 software package and SPSS. Data regarding demographic profiles and people's preferred means of insurance amount transactions are provided. Next, the average value of every element impacting a customer's decision regarding an insurance provider was determined, and the elements were ranked in order of greatest to least influence. Factor analysis was employed to group comparable variables and identify important elements that significantly affect the customer's decision. The T-test was utilized to investigate the potential influence of demographic variables on factors influencing the customer's decision about insurance providers.

Table 1: Demographic Profile

Details	Frequency	%	
Gender	Male	85	70.84
	Female	35	29.16
	Total	120	100
Age	18-25	61	50.83
	26-35	22	18.33
	36-45	18	15
	Above 45	19	15.84
	Total	120	100
Monthly income	Below 20000	43	35.89
	20000-35000	32	26.66
	35000-50000	30	25
	Above 50000	15	12.5
	Total	120	100
Education level	High school	16	13.33
	Graduate	26	21.67
	Post graduate	78	65

	Total	120	100
--	--------------	------------	------------

Source: Compiled from collected data.

Table 1 shows the Demographic profile of respondents. it contains information regarding age, gender, education level, income.

Interpretation: Most of the respondents are: male (70.84%), age group 18-25 (50.83%), post graduate (65%), income group below 20000(35.89%).

Table 2: Mean Scores

S. No	Factors	Mean	Rank
1	Convenient company office location	5.316667	7
2	Parking space	4.741667	24
3	Availability of Premium collection center	5.375	4
4	No. of branches across the globe	4.9	19
5	Infrastructure of the insurance company	4.808333	21
6	Use of modern equipment	5.141667	14
7	Fast and efficient counter services	5.25	9
8	Speed and efficiency of transactions	5.45	3
9	Wide range of products and services	4.775	23
10	Company opening / Operating hours	5.15	12
11	Interest rates	4.858333	20
12	Lower service charge	4.783333	22
13	New scheme information	4.591667	26
14	Ease of opening the account	5.166667	10
15	Connectivity to bank's	5.466667	2
16	Secured internet banking	5.158333	11
17	Computerization and online transactions	5.491667	1
18	Cell phone insurance banking facilities	4.975	17
19	Professionalism and credibility of staff	5.291667	8
20	Proper guidance and immediate complain handling	5.016667	16
21	Staff courtesy	4.683333	25
22	Clear communication	5.375	4
23	Reputation of company	5.358333	6
24	Confidentiality of insurance company	5.108333	15
25	Regular insurance account statement and information about the account	4.958333	18
26	Influential marketing campaign	4.2	28
27	Free gifts for customers	4.2	28
28	Peer group impression	4.558333	27
29	Ownership	5.15	12

Source: Compiled from collected data.

Table 2 shows the mean scores of all the 29 factors are mentioned and their ranks are given to find out which factors have a great influence on customer's choice for an insurance company.

Interpretation: Out of these the top ten most essential variables are computerization and online transactions, bank connectivity, transaction speed and efficiency, Clear communication, the availability of ATMs locally and at several places, Reputation of the company Staff's professionalism and credibility Fast and efficient counter services. Easy to open the account, Secured Internet Banking Influential marketing campaigns, free client gifts, peer group impressions, current account overdraft rights, and so on are among the least important elements.

Factor Analysis:

It is primarily utilized for data reduction and summary. The relationship between different associated variables is investigated using factor analysis. The factor analysis employs the "Principal Component Analysis" technique. It determines the smallest number of factors that will account for the most variance in the data for later multivariate analysis. It is a method of factor rotation that reduces the number of variables with high loading on a factor, improving factor interpretability.

Table 3: Factor identified to analyze the influence on customer choice for an insurance company

S. No	Component
C 1	Convenient company office location
C 2	Parking space
C 3	Availability of Premium collection center
C4	No. of branches across the globe
C5	Infrastructure of the insurance company
C6	Use of modern equipment
C7	Fast and efficient counter services
C8	Speed and efficiency of transactions
C9	Wide range of products and services
C10	Company opening / Operating hours
C11	Interest rates
C12	Lower service charge
C13	New scheme information
C14	Ease of opening the account
C15	Connectivity to bank's
C16	Secured internet banking
C17	Computerization and online transactions
C18	Cell phone banking facilities
C19	Professionalism and credibility of staff
C20	Proper guidance and immediate complain handling
C21	Staff courtesy

C22	Clear communication
C23	Reputation of company
C24	Confidentiality of company
C25	Regular insurance account statement and information about the account
C26	Influential marketing campaign
C27	Free gifts for customers
C28	Peer group impression
C29	Ownership

A factor analysis of 29 factors, identified 9 key factor that significantly influence customers' decision to choose an insurance company.

Table 4: percentage of variance of all these factors derived from factor analysis.

Component	Initial Eigen values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
C 1	8.255	28.464	28.464	3.437	11.852	11.852
C 2	3.014	10.395	38.859	3.357	11.575	23.427
C 3	2.553	8.804	47.663	3.177	10.956	34.384
C4	1.813	6.251	53.915	2.710	9.345	43.729
C5	1.577	5.438	59.352	2.650	9.138	52.867
C6	1.447	4.988	64.341	2.200	7.585	60.452
C7	1.183	4.080	68.421	1.788	6.164	66.616
C8	1.077	3.713	72.134	1.600	5.518	72.134
C9	1.000	3.448	75.581			
C10	0.832	2.868	78.449			
C11	0.740	2.553	81.002			
C12	0.640	2.208	83.210			
C13	0.606	2.088	85.299			
C14	0.539	1.860	87.158			
C15	0.448	1.544	88.703			
C16	0.447	1.541	90.244			
C17	0.390	1.344	91.587			
C18	0.358	1.234	92.821			
C19	0.314	1.083	93.904			
C20	0.282	0.974	94.878			
C21	0.253	0.873	95.751			
C22	0.214	0.740	96.490			
C23	0.207	0.715	97.205			
C24	0.191	0.659	97.864			
C25	0.174	0.599	98.464			

C26	0.147	0.507	98.971			
C27	0.123	0.424	99.395			
C28	0.114	0.392	99.788			
C29	0.062	0.212	100.000			
Extraction Method: Principal Component Analysis.						

Source: Compiled from collected data.

The table shows that only 9 factors had Eigen values greater than one, thus we focused on these. The overall variation explained by these components (1, 2, 3,4,5,6,7,8,9) was 11.852%, 11.575%, 10.956%, 9.345%, 9.138%, 7.585%, 6.164%, and 5.518% of variance, respectively, whereas the cumulative variance explained by all of these factors is 72.314%.

Table 5: Rotated Component Matrix

Rotated Component Matrix(a)								
	Component							
	1	2	3	4	5	6	7	8
VAR00001	0.212	-0.008	0.795	0.028	0.151	0.274	0.021	0.105
VAR00002	0.115	0.125	0.805	0.036	0.129	-0.084	0.245	0.128
VAR00003	0.324	0.197	0.723	0.076	0.319	0.145	-0.085	0.023
VAR00004	0.383	0.207	0.472	-0.074	0.070	0.366	0.124	-0.302
VAR00005	0.723	0.030	0.319	0.035	0.153	-0.058	0.065	-0.084
VAR00006	0.760	0.030	0.212	0.344	0.185	-0.006	-0.064	-0.020
VAR00007	0.790	-0.049	0.090	0.109	0.032	0.241	0.056	0.159
VAR00008	0.670	0.124	-0.001	-0.008	0.191	0.362	0.050	0.371
VAR00009	0.518	0.235	0.341	0.184	-0.027	0.065	0.507	-0.077
VAR00010	0.514	0.063	0.445	0.057	0.017	0.326	0.386	0.147
VAR00011	0.256	0.117	0.362	0.121	0.407	0.123	0.156	-0.064
VAR00012	0.130	0.215	0.181	0.137	0.764	0.030	0.112	-0.061
VAR00013	0.052	0.284	0.265	-0.058	0.779	-0.191	-0.132	-0.077
VAR00014	0.161	-0.269	0.294	-0.014	0.497	0.184	0.538	0.174
VAR00015	0.120	-0.009	-0.009	-0.099	0.702	0.242	0.199	0.153
VAR00016	0.007	0.309	0.122	0.109	0.243	0.138	0.752	0.079
VAR00017	0.074	0.666	-0.103	0.205	0.268	0.130	0.132	-0.086
VAR00018	0.010	0.620	0.021	0.368	0.166	-0.245	0.053	-0.286
VAR00019	0.034	0.006	-0.061	0.683	-0.033	-0.087	0.462	-0.101
VAR00020	0.119	-0.091	0.036	0.771	0.200	0.258	0.009	0.086
VAR00021	0.067	0.323	0.154	0.801	-0.016	0.011	0.022	-0.021
VAR00022	0.211	0.224	-0.005	0.666	-0.134	0.162	-0.052	0.183
VAR00023	0.189	-0.100	0.354	0.323	-0.080	0.592	0.078	0.090
VAR00024	0.136	0.116	0.103	0.136	0.155	0.838	0.160	0.047

VAR00025	0.364	0.530	0.101	0.029	0.150	0.478	-0.214	0.076
VAR00026	0.095	0.774	0.060	0.044	-0.053	0.145	0.064	-0.035
VAR00027	-0.086	0.724	0.341	0.073	0.121	-0.093	0.091	0.266
VAR00028	-0.017	0.670	0.164	-0.043	0.150	-0.013	0.068	0.471
VAR00029	0.152	0.057	0.115	0.109	-0.019	0.091	0.060	0.872
Extraction Method: Principal Component Analysis.								
Rotation Method: Varimax with Kaiser Normalization.								
a. Rotation converged in 8 iterations.								

Source: Compiled from collected data.

Interpretation: The table above displays each statement relating to the highlighted factor loading, which is correlated with the factors associated with that factor loading. The higher the factor loading, the stronger the association between the components and the statement. The factor extraction table has been produced using the rotated component matrix, as shown below.

Factor Extraction Table given below shows the variables in each factor corresponding to the loading and percentage of variance.

Table 6: Factor Extraction

Factors	% of variance	Loading
F1 (PROXIMITY)	11.854%	
Convenient branch location		.795
Parking space		.805
Availability of premium collection center		.723
No. of branches across the globe		.472
F2 (Company SERVICES AND INFRASTRUCTURE)	11.578%	
Infrastructure of the insurance companies		.723
Use of modern equipment		.760
Efficient and Fast counter services		.790
Efficiency and Speed of transactions		.670
Wide range of products and services		.518
Company opening / operating hours		.514
F3 (CONVIENIENCE)	10.959%	
Interest rates		.407
Lower service charge		.764
New scheme information		.779
Ease of opening the account		.497
Connectivity with bank		.702
F4 (SECURITY/PRIVACY)	9.342%	
Secured internet banking		.752
F5 (TECHNOLOGY)	9.134%	

Online and Computerization transactions		.666
Cell phone banking facilities		.620
F6 (RESPONSIVENESS)	7.587%	
Credibility and Professionalism of staff		.683
Proper guidance and immediate complain handling		.771
Staff courtesy		.801
Clear communication		.666
F7 (REPUTATION)	6.167%	
Reputation of insurance company		.592
Confidentiality of information		.838
F8 (IMAGE)	5.515%	
Regular insurance account statement and information about the account		.530
Influential marketing campaign Free gifts for customers		.774
		.724
		.670
Peer group impression		
F9 (OWNERSHIP)		.872

Source: Compiled from collected data.

Interpretation: The factors listed above are in order of importance, i.e., factor 1 is more significant than factor 2; factor 2 is more important than factor 3; and so on. Factor 1 and 2 have the most variance when compared to factors 3, 4, and 5.

Table 7: T-test results for gender and education level

Factors	Gender	Education level
Proximity	.21856	.00035
company services and infrastructure	.00042	.06885
Convenience	.26779	.00004
Security	.75733	.27454
Technology	.94785	.00006
Responsiveness	.59105	.50189
Reputation	.56601	.52516
Image	.34756	0
Ownership	.37086	.00003

Source: Compiled from collected data.

Degree of freedom is greater than 30, hence at 5% two-tailed table value will be 1.96

Interpretation: Because the computed value for all components is smaller than the tabulated value, the H0 is accepted, implying that there is no impact of education level or gender on the mean of factors influencing insurance company selection.

VII. CONCLUSION:

The primary goal of this study was to identify the elements that influence customers' firm choices. As per the calculated mean, the most important top ten factors are computerization and online transactions, bank connectivity, transaction speed and efficiency, clear communication, availability of a premium collection centre, company reputation, credibility and professionalism of staff, efficient and fast service at counter, ease of account opening, and secure internet banking.

The 29 elements were analysed and distilled into nine major factors: location, corporate services and infrastructure, convenience, security/privacy, technology, responsiveness, reputation, image, and ownership. The variance values have been calculated, indicating that the first element is more significant than the second, factor 2 is more important than factor 3, and so on. As a result, the company should prioritise variables such as location and branch network, which clients consider to be the most significant. Furthermore, they should pay close attention to elements like as service delivery, infrastructure, simplicity of opening an account, interest rates, and corporate working hours, as they are the next most important factors in the thoughts of clients.

Customers consider variables such as technology, responsiveness and direction from staff members, and the company's reputation when making purchasing decisions. As a result, firm management should analyse all of these elements, give them fair weight, and develop appropriate marketing strategies to maintain and attract new customers in order to improve market share and profitability.

The study found no significant impact of gender or education on factors influencing consumer preference for the organisation. This eliminates the need for companies to focus on demographic segmentation to understand customer preferences and considerations.

VIII. FUTURE STUDY:

A future study could look into the factors that impact customers' decision to switch from one company to another. Further study can be conducted in a separate area, with a population made up of clients from various cultural, demographic, and social backgrounds. The study did not provide comparison options, so future research might compare client preferences for public or private insurance companies. Furthermore, many dimensions and elements are not considered, thus the research might be expanded to investigate and evaluate additional dimensions in order to better understand client preferences.

IX. ACKNOWLEDGMENT

We acknowledge the contribution of all the authors cited in this research paper and also the work of other authors which We referred for contribution of this work. We also acknowledge the support, contribution and good wishes of the peer members in relation to this research paper. The work cited are mentioned in the reference part of this work.

REFERENCES

- [1].Arrow, K. J. (1965). „Insurance, Risk and Resource Allocation“ in “Foundations of Insurance Economics”, G. Dionne and S. E. Harrington (eds.), Kluwer Academic Publishers.
- [2].Beck, T. and I. Webb (2003) “Economic, Demographic, and Institutional Determinants of Life Insurance Consumption Across Countries”, World Bank Economic Review, Vol. 17; pp 51-88.
- [3].Kwon, W. Jean (2002) “The Insurance Markets of South Asia”, IIF Occasional Paper, No. 4; International Insurance Foundation, Washington, DC
- [4].Mossin, J. (1968) “Aspects of rational Insurance Purchasing” Journal of Political Economy, Vol. 79; pp 553-568.
- [5].Fishbein, M., & Ajzen, I. (1975). Belief, attitude, intention, and behavior: An introduction to theory and research. Reading, MA: Addison-Wesley
- [6].Kardes, F. R. (2002). Consumer behavior and managerial decision making (2nd ed.). Upper Saddle River, NJ: Prentice Hall.
- [7].Kumar, N., Cohen, M. A., Bishop, C. E., & Wallack, S. S. (1995). Understanding the factors behind the decision to purchase varying coverage amounts of long-term care insurance
- [8].Anderson, E. & Sullivan, M.W. (1993). The Antecedents and Consequences of Customer Satisfaction for Firms, Marketing Science, Vol. 12 (2), pp. 125-143.
- [9].Lee, J., and Marlowe, J. (2003). How consumers choose a financial institution: Decision-making criteria and heuristics. International Journal of Bank Marketing, 21 (2), 53-71.
- [10]. Krishnamurthy. S, Jhaveri. Nani, Bakshi. S (2005), Insurance Industry in India: Structure, performance and future challenges, Vikalpa, IIMA Volume 30, No. 3, Pg no. 93-95 5.
- [11]. David. C (2009), “Marketing of life Insurance, IRDA Journal, Volume VII, No. 5, May 2009, Pg. no. 18-19.