

# Consumer Behavior in Purchasing of Life Insurance Products

S.Durga<sup>1</sup>, Mr.S.Aravind<sup>2</sup>

<sup>1</sup>Research Scholar, Department of Commerce, TSA College

<sup>2</sup>Assistant Professor, Department of Computer Science, Hindusthan College of Arts & Science

**Abstract:** *The study illustrates the elements that lead to behavioral changes among various clients of insurance services. In order to reflect the population, the author gathered information from 110 consumers. A structured questionnaire is used as the primary technique of data collection. Company loyalty, service quality, convenience of use, degree of happiness, company image, and company-client connection are the characteristics of purchasing behavior. The study determines how these factors affect the decision to buy life insurance.*

**Key Words:** *Companies Loyalty, Service Quality, Ease of Procedures, Satisfaction Level, Companies Image, Companies-Client Relationship, Purchasing Behavior*

## INTRODUCTION

Marketing is essential to a nation's growth and development, regardless of its size or population, and the two ideas are so interconnected that one would be impossible without the other. It has long been known that the advancement of marketing has always kept up with the nation's economic expansion. Neither has undergone revolutionary transformation, but evolutionary change.

It is widely acknowledged that marketing have evolved in recent years and that consumers now have influence on the strategic choices made by insurance firms. It is difficult for businesses to comprehend the needs of policyholders in the modern era and their purchasing habits in India, and this situation is no exception. Because the country is home to many different cultures and customs, it might be challenging to comprehend consumer purchasing patterns. Due to its enormous potential, several multinational insurance corporations have begun to enter the Indian insurance industry since the onset of globalization and the ensuing changes in the nation.

## OBJECTIVE OF STUDY

1. To determine the additional elements influencing investors' decisions to purchase life insurance.
2. To comprehend the long-term contractual relationships between the client and India's Life Insurance Corporation
3. To assess the elements that influence how Coimbatore city consumers see investing in Life Insurance Corporation.
4. To determine the discrepancy between the advantages that policyholders in Coimbatore City really receive from a life insurance policy and the benefits they believe they would receive.
5. To comprehend the investment choices made by clients that LIC offers, as well as the corresponding consumer behavior associated with the acquisition of life insurance products.

### Concept of Market

The marketing concept is the idea that businesses should assess their consumers' requirements before making actions that would better meet those demands than their rivals.

### Place concept

A market may be thought of as a convenient gathering location where buyers and sellers come together to exchange items, such as in a physical market, cash market, or spot market.

### Area concept

It is the idea of economics. To become a market, any region that offers a collection of factors that determine prices must meet three requirements:

1. Unmet wants.
2. Goods to satisfy this need.
3. Interaction or communication tools that allow supply and demand to influence pricing even in the absence of a face-to-face contact between the buyer and supplier.

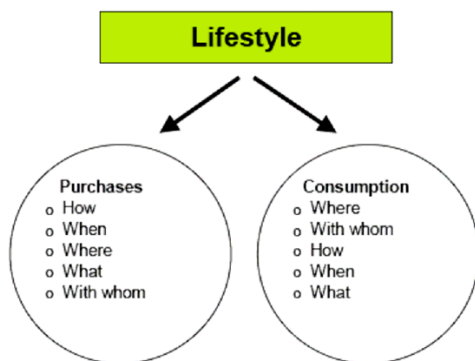
LIC now has access to worldwide communication channels. As a result, many of its goods have both domestic and international markets. Naturally, all marketing efforts are made easier by the presence of intermediaries and money. It is not necessary to know the meeting's location. It's just a convenience issue. There is no such central gathering point in the money market.

*Demand Concept*

A market is now thought of as the entirety of demand. Thus, a market is a collection of individuals who have unmet needs, the purchasing capacity to effectively demand what they want, and the willingness to spend their money to get it. This method is said to be effective for identifying a target market or market segment. In the face of fierce competition, a marketer seeks to establish, seize, and hold onto the market by providing a target market with a suitable marketing mix. Customer demand, or unfulfilled requirements and aspirations, must be fully satisfied by the market offering (supply). The demand notion of the market takes on special significance under the market-oriented strategy (marketing concept). Personal and organizational consumers are two distinct categories of consuming entities that are frequently referred to by the word "consumer."

Personal consumers are those who buy things for their own use or the use of their households. Those that purchase goods and services to operate their businesses are known as organizational customers. The person who actually completes the transaction is known as the buyer, while the one who uses or consumes the acquired commodity is known as the user.

Figure 1: Lifestyle of consumer



*Definition of Consumer Behavior*

The decision-making and physical actions involved in purchasing, assessing, utilizing, and discarding

products and services are together referred to as consumer behavior. This description makes it abundantly evident that consumer behavior is not just focused on the purchase of products or services; rather, the process begins long before the items are purchased. The purchasing process begins in the consumer's thoughts, which results in the identification of potential items and their respective benefits and drawbacks.

The decision-making process for buying and utilizing the products comes next, followed by post-purchase behavior, which is very crucial as it tells the marketer whether or not their product has been successful. Numerous consumer research studies are being carried out in order to comprehend the preferences of the client. These researchers look for the following information:

- What do customers think of the company's and its rivals' products?
- How do they think the product might be made better?
- How are the products used by the customers?
- What are the opinions of consumers on the product and its marketing?
- What role does the client play within his family?

A market exists because it meets the demands of consumers. Consumer behavior causes a customer to make decisions while keeping the circumstances in mind and react in particular ways. The decision-making process varies depending on the product's value, the buyer's engagement, and the risk involved in selecting the good or service. Numerous influences are present throughout the consumer's environment and have an impact on him and his lifestyle. These include culture, subculture, values, demographics, social standing, household, and reference groups. They also include the consumer's internal makeup, which includes its feelings, personality and motivations for purchasing, perception, and education.

*Research Problem*

Life insurance is all about risks: consumers looking for coverage for the unforeseen events that these risks may bring, and life insurance companies giving solutions to these risks. Therefore, an effort has been made to investigate the elements that influence consumer behavior in order to steer clear of risky and unpredictable situations throughout their lives. Indian customers' purchasing decisions

are heavily influenced by both emotion and reason. They trust in the future rather than the here and now, and they want a better, more secure future. In this regard, life insurance services are valuable because they reduce risk and uncertainty.

The Indian economy is growing and has a sizable middle class with salaried individuals. Their financial worth for both present and future demands is where the pendulum swings to the other side, creating the justifications for maintaining a policy.

#### *Data Collection*

Both primary and secondary sources of data were employed in the data gathering process. A well-structured questionnaire and schedule are used to gather primary data. The following techniques are employed to gather data: 50 Questionnaire / Schedule, Personal Interviews and discussions

#### *Sampling*

Life insurance service providers in India and a reputable organization abroad, the Life Insurance Corporation of India, serve as the study's universe. The researcher considered that doing study in Coimbatore city was desirable in light of the aforementioned goals.

### REVIEW OF LITERATURE

In order to identify and assess the key factors for the study, the researcher tried to gather data from earlier research and pertinent studies that were carried out in the fields of life insurance and consumer behavior. A concise and accurate presentation of the literature review was made, and research gaps were noted.

In 1988, Singh Jagdeep put up a model of consumer complaint behavior (CCB). It demonstrated the range of possible actions. The buyer may file a complaint with a newspaper, bureau, or official third parties instead of the vendor. They could change their own patronage behavior and share the unpleasant experiences with friends and family as private CCB activities.

The influence of pricing expectations on customer decision behavior has been the subject of increased focus in marketing in recent years, according to Kalwani's (1992) experimental study on consumer price and promotion expectations. A product's

future sales have been demonstrated to suffer when it is first introduced at a lower than usual price and subsequently raised to its regular level. Customers view the regular price as unacceptably higher than the amount they anticipate paying because they have learned to use the low introductory price as a benchmark. The researchers used an interactive computer-controlled experiment to examine how price promotions affected customers' pricing expectations and brand preference.

The experimental study's specific goals were to:

- (1) Examine how various price promotion frequencies and discount depths affected the brands' expected prices; and
- (2) Test the influence of price promotions on brand choice as mediated by consumer expectations in a controlled experimental environment. (a) They found that there is a substantial effect of exposure to price promotions on consumers' pricing expectations based on their testing of two hypotheses.

#### Growth and Trends in Global Insurance Industry

The global economy is constantly changing and reorganizing, and fierce competition is having an impact on every aspect of society and corporate operations, including insurance. The rising demand for life insurance presents a chance for both new and international insurers. Additionally, international and multinational firms are finding new opportunities in the burgeoning insurance sector. The demand for life insurance is influenced by a number of factors in different nations, including population growth, improved health care facilities, and rising life expectancy. Catch-up dynamics and robust economic growth have a favorable effect on the growth trajectory.

#### *Life Insurance Products*

There are several life and non-life insurance options available. Nonlife insurance offers products that cover obligations under specific laws or common law in addition to personal coverages like health insurance and accident coverage. The diverse products, including homeowner's insurance and fire insurance for multi-story buildings, are made to meet the varying demands of a person or business. India's insurance industry has a lot of unrealized potential for life insurance products.

- Strong incentive for highly qualified experts to try a new product through Rand-D.

- Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC) have a sizable branch network.

#### Life Insurance Products:

(1) Basic Products, and (2) Traditional Products 57 (Non- Rs.5,000 as 30,000 1 year, 1 year Life) Dwelling – and contents, etc.

(Non-Life) Health Rs.5,000 as 30,000 1 year, as per insurance for insurer.

(Non-Life) Health as 10,000 Rs.30,000 1 year, as per insurance for insurer family

(Non - As 10,000 as 50,000 1 year, 5 years, 70 years Life) Personal accident

(Life) Term as 5,000 as 50,000 5 years 15 Years 1,860 assurance

(Life) Endowment as 5,000 as 30,000 5 years, 15 Years 1,860 assurance

(Life) Health as 5,000 as 30,000 1 year, 7 years Insurer's insurance discretion (individual)

(Life) Health as 10,000 as 30,000 1 year, 7 years Insurer's insurance discretion (family)

(Life) Accident as 10,000 as 50,000, 5 years, 15 years, 1,860 benefit rider.

This insurance provides protection against the amount borrowed, but the insurance's fundamental goal would seem to be undermined if the microloan's payback time is less than five years, which is the policy's minimum term. The premium will be high if the policy's term coincides with the loan payback period. A minimum premium of Rs. 25 per week, Rs. 50 per fortnight, Rs. 100 per month, or Rs. 250 each quarter, half-year, or year can be paid. This coverage may be comparable to industrial insurance in this regard. The type of plan determines the policy term.

The preceding table provides the policy term. As an extra advantage, accidental death may also be covered during the policy's duration. The risk of death is still covered for two years beyond the date of lapse if premiums are not paid after two years. However, if the premium is not paid during this time, the accident benefit will not be paid. Training and advising members, collecting premium payments, serving covered individuals, etc., need to be reexamined. For the sake of the insurers' duties to the rural and social sectors, all micro insurance plans are taken into account.

#### SUGGESTIONS

1. Insurance LIC of India may focus on the size of its customers' families as it was discovered that family size and the number of children were important explanatory factors for influencing the demand for life insurance.
2. In order to increase their market share, LIC of India is urged to focus more on consumer groups other than government workers. The occupation of a husband or wife has a beneficial effect on the quantity of life insurance acquired.
3. More education on life insurance products should be provided by LIC of India.
4. To help agents stay up to speed on the latest items, the firm should regularly issue manuals or instructions.
5. Employing a one-to-one relationship approach will help insurance firms perform better and increase client loyalty, which will boost their bottom line.

#### CONCLUSION

Every business is built on the basis of its customers. In order to fine-tune their marketing offerings and attain a high degree of customer approval and pleasure, marketers place a tremendous deal of significance on what consumers see, think, prefer, and purchase. The current study examined consumer behavior determinants and micro-variables in detail. The study's main purpose was to look at the fundamental elements that impact Coimbatore city customers' decisions while choosing and purchasing insurance products. Every business is built on the basis of its customers. In order to fine-tune their marketing offerings and attain a high degree of customer approval and pleasure, marketers place a tremendous deal of significance on what consumers see, think, prefer, and purchase.

Therefore, it is essential to have a thorough understanding of what insurance is and how it benefits a person or a business. Businesses must make sure that their marketing mix is appropriate for all demographics and is developed with consumer preferences in mind. All businesses are advised to research the following elements: risk-return, client expectations, service quality, promotional, and product aspects.

#### DATA ANALYSIS AND INTERPRETATION

Table 1.1: Age-wise distribution of the respondents

Age	No. of Respondents	Percentage
Below 25	5	10
25-35 Years	13	26
35-45 Years	16	32
45-55 Years	10	20
Above 55 Years	6	12
Total	50	100

Source: Field Survey

Table 1.2 Gender-wise distribution of the respondents

Gender	No. of Respondents	Percentage
Male	36	72
Female	14	28
Total	50	100

Source: Field Survey

Table 1.3: Qualification-wise Distribution of the respondents figured in the sample

Qualification	No. of Respondents	Percentage
Under Graduate	3	6
Graduate	8	16
Post-Graduation	27	54
Others	12	24
Total	50	100

Source: Field Survey

Table 1.4: Occupation-wise Distribution of the respondents figured in the sample

Occupation	No. of Respondents	Percentage
Government	5	10
Private Sector	22	44
Self-Employed	8	16
Professional	5	10
Others	10	20
Total	50	100

Source: Field Survey

Table 1.5: Branch-wise sample details are presented in the Table Location-wise sample size

Branch	Sample Size	Percentage
LIC of India, Branch Office No-1	20	40
LIC of India, Branch Office No-2	9	18
LIC of India, Branch Office No-3	9	18
LIC of India, Branch Office No-4	8	16
LIC of India, Divisional Office	4	8
Total	50	100

Source: Field Survey

Table 1.6: Annual Income-wise Distribution of the respondents figured in the sample

Income in Rupees	No. of Respondents	Percentage
Below 1,50,000	14	28
1,50,000 to 2,50,000	12	24
2,50,000 to 3,50,000	12	24
3,50,000 to 4,50,000	8	16
4,50,000 and above	4	8
Total	50	100

Source: Field Survey

### BIBLIOGRAPHY

- [1] Advantages of Life Insurance – Tarun Kumar Bansal (LIC)
- [2] Insurance Law Regulations in India, Nishith Desai Associates, 2002
- [3] JiKrishna Murthy. G. (2009), A Textbook on Principles and Practices of
- [4] Life Insuranceem Blythe (2013), “Consumer Behaviour”, Sage Publications
- [5] Kotler, Philip, Keller, Kevin, (2005). Marketing Management