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Factors influencing the consumer's choice of insurer when purchasing insurance risk products.

By

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ABSTRACT

South African insurance industry research conducted by KPMG (2014), indicates that the number of South Africans who own insurance risk cover is lower than the expected number, yet the insurance industry is one of the largest contributors to the South African economy. Research conducted by the Association for Savings and Investment South Africa (2013) cited in (Van der Merwe Life, 2013) revealed that South Africans were underinsured for death and disability by 60%. The shortfall between the consumer owned disability and life risk benefit and the actual risk benefit requirements of employed South Africans amounts to R24 trillion. This amounts to a risk benefit shortfall of R700 000 on average, per employed consumer.

The gap and shortfall due to South Africans being underinsured is a concerning one as the payment of policy benefits and claims by insurance companies stimulates the economy and facilitates financial markets. Insurance cover permits individuals and businesses to recover after life changing events. Insurers use factors within their control such as product assortment, advertising and pricing to influence customers' buying behaviour.

The aim of this research is to understand which factors influence consumer's choice of insurer when purchasing risk benefits. Under this study the main focus is to identify whether consumers are influenced by product features, advertising, pricing or brand relationship with insurance companies.

A random sample of 150 participants was drawn consisting of individuals who are 20 years or older; who have bought a risk insurance benefit and those that have not bought, but qualify to do so. From the sample, 90.12% own a risk benefit and 9.88% do not. An electronic questionnaire was developed by the researcher as a tool for data collection for this study. The statistical analysis revealed that there is a significant relationship between age and premium as well as a statistical relationship between income and advertising as a factor that influences consumer's choice of insurer. The statistical analysis further revealed that of the four factors: premium, advertising, product feature and brand image; brand image is considered by the participants of this study as the most influential factor when choosing an insurer from which to purchase a risk benefit.

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CHAPTER ONE

Introduction to the research

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1.1 Introduction

This study seeks to provide insights into the factors that influence the consumer's choice of insurer when purchasing an insurance risk benefit. The current chapter outlines the motivation for the study, the focus of the study, the problem statement, the objectives and the hypothesis of the study.

Industry research conducted by KPMG (2014), indicates that the number of South Africans who own insurance risk cover is lower than the expected number, yet the insurance industry is one of the largest contributors to the South African economy. Research conducted by the Association for Savings and Investment South Africa (2013) cited in (Van der Merwe Life, 2013) revealed that South Africans were underinsured for death and disability by 60%. The shortfall between the consumer owned disability and life risk benefit and the actual risk benefit requirements of employed South Africans amounts to R24 trillion. This amounts to a risk benefit shortfall of R700 000 on average, per employed consumer.

The claims statistics reflect the danger in the insured gap. In 2012, three of South Africa's major insurers paid around R7 billion in life insurance claims. According to Ndzamela (2013), Liberty, Sanlam and Old Mutual had seen an increase in claims and pay-outs related particularly to cancer. In claims during 2012, Liberty paid out about R1.6 billion for life cover, of which R370 million was paid out for critical illnesses and R327 million for income protection. The total paid by Liberty in 2013 increased from 2012 to R2.71 billion – R1.86 billion being paid for life claims, R414 million for critical illness claims and R439 million for income protection.

Claims increased in 2013 with new industry entrants experiencing a large proportion of the claims. Risk insurer Altrisk for example paid out a R119 million in life claims in 2013; which was the highest sum it has paid since its inception in 1999.

Momentum group reported their largest death claim in 2013 as R34 million. Liberty Life's single largest claim in 2013 was R40 million. The newest entrant, Brightrock, which was launched in 2012, paid out their largest claim of R16 million in 2013 (Van der Merwe, 2014).

Discovery Life paid R1.1 billion in life cover benefits in 2013, of these 72% related to men, which was disproportionate to their share of the insurer's life cover client base of 56% male and 44% female. The statistics mentioned above are evidence there is a significant gap in consumers insuring themselves and their families.

Payment of policy benefits and claims by insurance companies stimulates the economy and the financial markets (Naiker, 2013). Insurance cover benefits permit individuals and businesses to recover after major life changing events (Naiker, 2013). The insurance industry is often misunderstood by consumers, with many of them seeing it as nothing more than a necessary evil. However in the modern world with its attendant risks, customers need more than ever to always be protected.

It is because of the information above that there is a need to investigate the factors that influence consumer's choice of insurer.

1.2 Motivation for the study

A decade ago, customers were only exposed to a small number of insurers, but during recent years there has been an increase in insurers entering the industry, leading to an increased service provider range (PWC, 2014). These changes have increased competitiveness amongst large, long standing insurers, namely Discovery, Liberty, Momentum, Old Mutual and Sanlam; this requires them to develop competitive advantages that will sell their offerings better than that of competitors. Insurance industry role players argue that there are products available to consumers to lessen the financial load on their dependents should they pass on, be critically ill and or disabled (Mbetse, 2014).

Old Mutual's savings and investment monitor survey (2014), reflects that 6% of South African households' savings are through risk insurance products. Research by Old

Mutual (2014) shows 50% of South African baby boomers, who are born from 1964, use risk insurance benefits for savings. According to findings by the savings monitor Old Mutual (2014), this group uses bank consultants, financial advisors and word of mouth as a main source for insurance information and 92% of individuals with a high income, (income of R80 000 and above per month), own risk protection policies. This group in South Africa comprise 38% female and 62% male. The age demographics of this group are: 5% are individuals between 30 and 34 years old; 39% are individuals between 35 and 49 years old and 56% are between 50 and 64 years old (Old Mutual, 2014).

This study will be beneficial to insurance providers in that they will have an informed view of factors that influence consumers to purchase risk benefits. It is important that consumers have risk benefits, but often they are not convinced as to which insurer to trust and as such end up not associating with an insurer or end up associating with multiple insurers. This study will also benefit consumers as factors that influence their choice of insurer will be grown by insurers, thus offering more informed choices. Through an increase in the purchase of risk policies, the economy will positively benefit and families will be better protected.

1.3 Focus of the study

Consumer choices have become a major concern of businesses and meeting customer needs are considered as the main objective of businesses.

This study will focus on four factors that play a role in a consumer's choice of an insurer when purchasing an insurance policy.

The focus of this study was to identify the factors that influence consumers when they choose which insurer to purchase their risk benefit from. This study further looked at demographic elements and the relationship each has to factors that influence a choice of insurer.

1.4 Problem statement of the study

The growth in the risk benefit discrepancy over the years has been identified by researchers. In 2007, the estimated shortfall was R10 trillion. In 2013, the research represented a widened gap from R18.4 trillion in 2010 to R24 trillion in 2013. This indicated that the gap widened by 10 per cent a year. This is a problem for the insurance industry role players as well as the South African economy (Van der Merwe, 2013).

This study aimed to analyse the reasons the gap exists. This was achieved by investigating the factors that influence a consumer's choice of insurer when purchasing a risk benefit. It was important to distinguish whether the gap exists because of consumers unwillingness to spend over their budgeted amount, whether advertising was not effective, whether the product features did not inspire behavioural change and if the brand image was not satisfactory.

1.5 Objectives

The main objective for this study was to investigate the impact of advertising, product features, pricing and brand image in influencing a consumer's choice of insurer when purchasing an insurance risk benefit.

The objectives of the study are as per below:

- Investigate the impact of advertising, product features, pricing and brand relationship between customer and insurance company on a consumer's choice of insurer.
- Determine the influence of demographic factors in a consumer's choice of insurer when purchasing an insurance risk product.
- To make recommendations to insurers to increase risk products sales.

1.6 Hypotheses

The hypothesis for this study were:

- There is no significant relationship between gender and the different factors of influence i.e. price, advertising, product feature and brand image.
- There is no significant relationship between age and the different factors of influence i.e. price, advertising, product feature and brand image.
- There is a relationship between income levels and the different factors of influence i.e. price, advertising, product feature and brand image.
- There is a significant relationship between educational levels and the different factors of influence i.e. price, advertising, product feature and brand image.
- There is no significant relationship between race and the different factors of influence i.e. price, advertising, product feature and brand image.

1.7 Significance of the study

This study is significant to all insurers who sell risk benefits. This study is also of significance for the marketing and sales teams within the respective insurers as they would benefit from insights of what influences consumers in choosing their organisation to partner with as oppose to aligning with competitor insurers.

1.8 Chapter Summary

Insurance risk benefits are of great importance for the financial sustainability of consumers. Through these benefits, consumers are protected against unfortunate events that may result in negative financial impacts. Equally, it is important role players are aware of the dynamics that result in a consumer's positive purchase behaviour; particularly understanding the factors that drive a consumer to choose one insurer over another. To bring this research to conclusion, the researcher considered literature review available on the four factors of influence. The literature review is based on available theory and academic journals. The methodology of

this research is outlined in chapter three. Research data is presented in chapter four and discussion of data in line with the hypothesis is outlined in chapter five. Chapter six is the conclusion of the research including recommendations for future study.

CHAPTER TWO

The factors of influence on consumer's choice of insurer

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2.1 Introduction

This chapter aims to gain a proper understanding of the factors that influence consumers' choice of insurer. The literature review will concentrate on the theory and academic articles available regarding factors that influence consumers' buying decisions

In today's tough competitive environment it becomes essential for risk insurers to highlight the importance of life cover benefits by having innovative products and solutions and providing these at a reasonable price. Insurers use a number of factors within their control to influence customers' buying behaviour such as product features, brand image, advertising and pricing.

2.1.1 The South African Insurance industry

The Financial Supervisory Board (FSB) is aware of challenges faced by industry role players, which led to a statement being issued by it a number of years ago. The statement read: "In this type of business, despite good intentions, good faith and skills; things can go wrong, and need to be actively watched and effectively managed at all times" KPMG (2013 p.4).

In 2008, the economic crisis in the country had a negative impact on the insurance industry. Insurers in South Africa suffered losses and customer perception of the insurance industry became one of suspicion. When consumers are asked about insuring their most important assets, they often respond by listing property, vehicles and households. They forget or neglect salaries and other forms of income are important insurable assets. Without earnings, one cannot pay for assets.

Old Mutual's savings and investment monitor survey (2014), reflects that 6% of South African working, metropolitan households' savings are through risk insurance products.

Research shows 50% of South Africans are baby boomers, which are individuals born in 1964 and earlier, use life assurance as a savings vehicle. Ninety two percent of individuals in the high income bracket, (personal income of R80 000 and above per month) own a risk insurance product; 14 % of which is used as a savings vehicle.

According to the findings by the Savings Monitor Old Mutual (2014), this group uses bank consultants, financial advisors and word of mouth as the main source for insurance benefits information. Ninety two percent of individuals in the high income bracket, (personal income of R80 000 and above per month), own risk insurance products. This group in South Africa comprises 38% female and 62% male. The age demographics of this group are: 5% are individuals between the ages of thirty and thirty four; 39% are individuals between the ages thirty five and forty nine and 56% are between the ages fifty and sixty four.

The large gap in the insured individuals is of concern. Research reveals that the most underinsured individuals are those who earn R150 000 per annum and more. The group that is likely to have sufficient risk benefits are the high income earners, who are 55 and older.

According to Friedlander (2014), around half of unnatural deaths were due to motor accidents; crime related deaths and suicide which were more evident in younger clients. The increased number of unnatural deaths further highlights the need for risk cover across age groups and health status. Severe illness was the second highest claim. These lump sum pay-outs are usually used to cover costs associated with severe illness; such as lifestyle modifications and home care. The leading causes of severe illness claims were heart and artery disease and cancer. Amounts paid out for disability cover are normally used to make modifications to homes, pay off debts and cover expenses. In 2013, Discovery Life paid R103 million in claims for income continuation benefit to clients who were unable to proceed with their daily tasks due to illness, injury or disability. According to a study by Friedlander (2014), the top five

occupations of the claimants were; business owners (who were top of the list), doctors, directors, medical practitioners and physiotherapists.

The figures mentioned above are evidence there is a need for South Africans to be diligent with their risk insurance portfolios to ensure they are adequately covered. Successful insurers are aware of this opportunity and have accordingly placed customers and product delivery at the centre of their business. They now focus on leveraging opportunities with every interaction they make, to win over customers against competitors. Through this process, insurers are able to enjoy the following:

- Improved customer experience, which in turn creates a propensity for customers to buy additional products.
- Greater brand loyalty, customer persistency and referrals
  (Danckwerts, 2013.)

The perception of a good experience with an insurance product can only be realised after a claim.

According to Ibiwoye, Ideji and Oke (2010) Individuals engage insurance companies due to a demand for products that will serve as protection of their financial interests and that of their beneficiaries in the event the insured dies. The insurance products are thus a form of long term savings.

Are risk insurance options products or services? Kotler and Armstrong (2008 p.218), define a product as something that is offered to the market for acquisition, attention, consumption and use that may satisfy a need or want. Intangible goods can also be products. Services, as defined by Kotler and Armstrong (2008) as a form of product that consists of benefits, satisfaction and activities offered for sale that are intangible and do not result in ownership.

The purchase of a risk insurance product results in the ownership of the insured amount, which leads to the researcher's conclusion that insurance companies sell products. Insurers create savings vehicles for insured individuals.

In South Africa, many insurance companies rely on intermediaries as a distribution channel; they also use agents. Du Plessis, et al. (2001) defines intermediaries as

individuals who promote and distribute organisations' products and services to customers. The authors further stress the importance of a supply chain that is more effective than its competitors in order to be successful. It is therefore important insurers who rely on intermediaries create a superior value delivery network. Creating such a network requires insurers to partner with distribution channel intermediaries and to treat them as they would their best customers. The three main reasons for insurers to have close relationships with intermediaries that distribute and market their products to the market as outlined by the Du Plessis, et al. (2001) are:

- To secure the end customer, channel members should be convinced about the brand and its products such that value is built in their minds.

- Intermediaries can add value to products in a manner that goes beyond what product owners are capable of doing.
- Channel members have a role in ensuring worth is constantly generated while dropping external costs.

The complexity of this relationship arises in ensuring both parties (intermediaries and organisations), work together to achieve their goals, which are not often aligned.

2.2 Literature review

2.2.1 Consumer Buying Behaviour

There have been different, although with similarities, definitions of consumer buying behaviours. According to Kotler and Keller (2012 p.173), "Consumer buying behaviour is the study of how individuals or groups buy, use and dispose of goods, services, ideas or experience to satisfy their needs or wants." Kotler and Armstrong (2008 p.130), defined consumer behaviour, "as the buying behaviour of final consumers, individuals and households who buy goods and services for personal consumption".

Kotler and Keller (2012), give a stimulus response model which outlines the marketing and environmental stimuli that enters a customer's sub conscience and psychological processes in making purchasing decisions. The marketer's mission should therefore

be to understand what happens in a customers' consciousness from the entrance of the external marketing stimuli to the eventual purchase decision. These authors further identify four key psychological processes that influence customer responses: perception, learning, motivation and memory.

Figure 2.1 The model of consumer behaviour
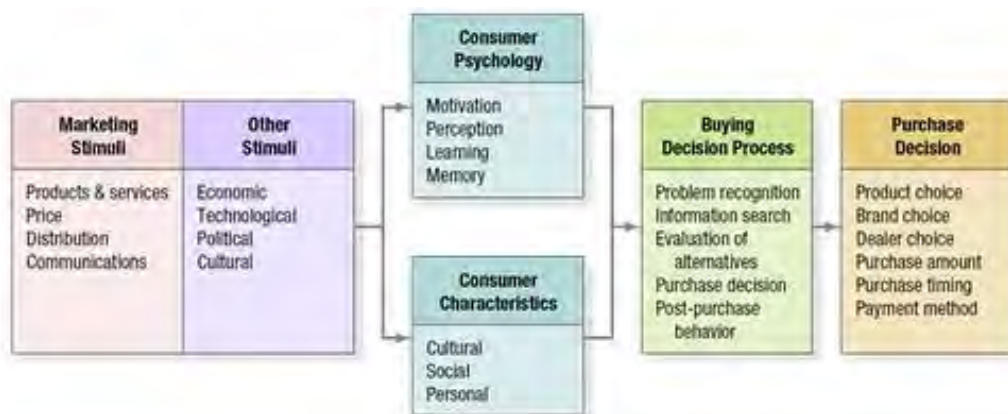
Source: Kotler and Kelly (2012 p.183)

According to the Kotler and Keller (2012), environmental and marketing stimuli enter a consumers' consciousness and upon entering a consumer's consciousness, these stimuli, together with a set of psychological progressions combine with some of the consumer's characteristics and together they produce an individual decision making process and ultimately the end result is a purchase decision.

Kotler and Keller (2012), further elaborate that the onus is on the business and its marketing department to understand the processing and analyses of different factors in a consumer's mind during the receipt of outside marketing information, which is aimed at motivating a sale and an eventual purchasing decision.

The consumer is influenced by four factors:

Cultural: These are the strongest drivers of an individual's wants and behaviour. Marketers must closely monitor and study cultural values in the different countries they operate in so as to best comprehend how to market existing products and identify prospects for innovative products. Humans display social associations; often in the form of social classes with individuals who share comparable values, behaviours and interests. Social class participants show diverse product and brand preferences. They also differ in media preferences (Kotler and Keller, 2012).

Social: A customer's family background, status and social roles tend also to play a role in buying behaviour.

Personal: Personal characteristics that influence a customer's buying behaviour are lifecycle stage, age, financial standing, occupation, personality and values.

Psychological Factors: These factors are best described by Maslow's hierarchy of needs theory.

Figure 2.2 Maslow's Hierarchy of needs

- Self - actualization needs
(self-development and realization)

- Esteem need
(self esteem, status and recognition)

- Social needs
(sense of love and belonging)

- Safety needs
(security and protection)

- Physiological needs
(water, food and shelter)
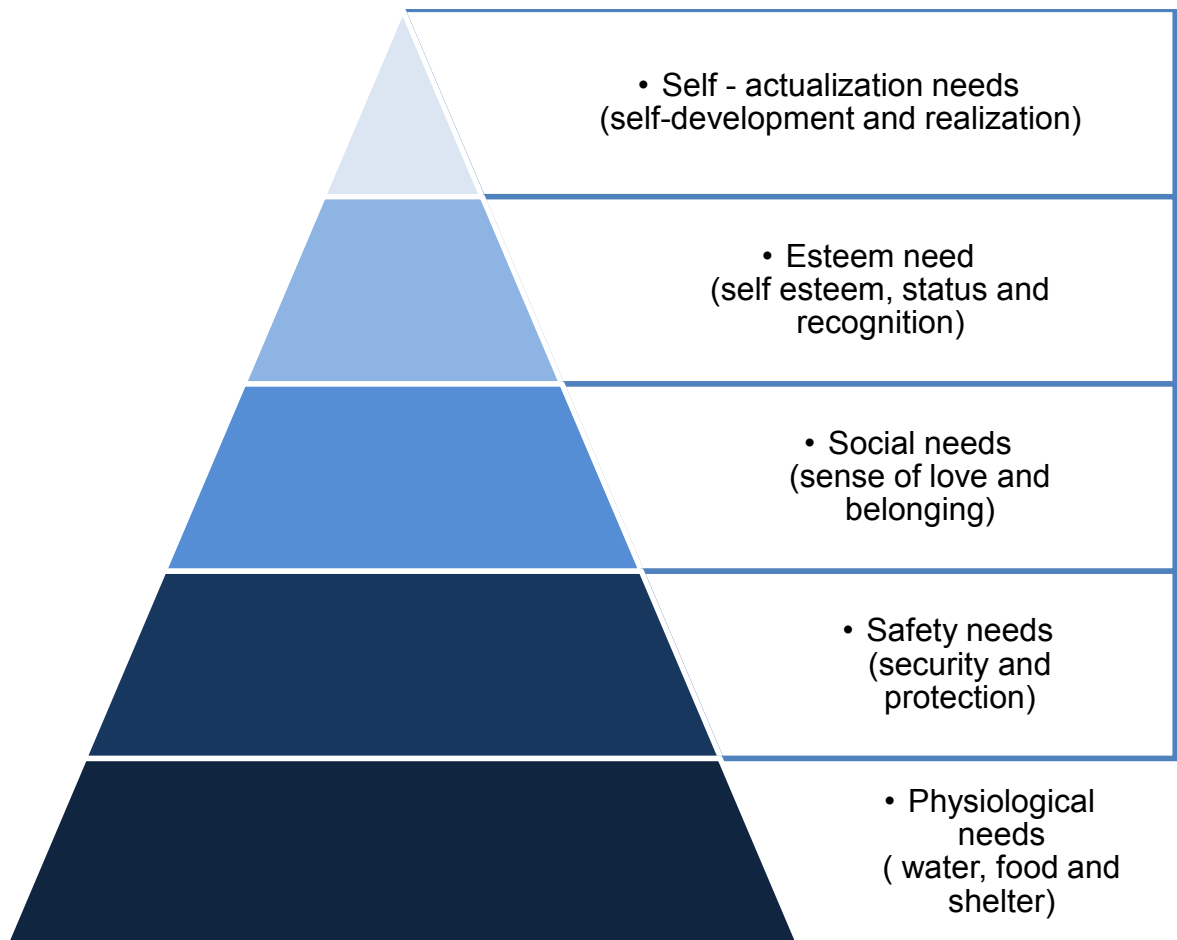
Source: Kotler and Kelly (2012 p.183)

These factors lead to a customer's brand and product preferences. It's therefore important that marketers understand these factors and the impact they have on customers, so as to develop a suitable and sustainable marketing mix that appeals to their target market.

According to Kotler and Kelly (2012), a consumer goes through five stages before making the final purchase decision. The stages are:

Stage 1: A consumer identifies a problem or a need and they realise they have a desire to solve the problem or satisfy the need.

Stage 2: The consumer then searches for products that are available to satisfy the need and or to solve their problem.

Stage 3: Consumers are always faced with making choices from one competitor to the other. The elimination and evaluation of competitor offerings is an important part of the process.

Stage 4: The consumer chooses a competitor and which product best suits their needs and best solves their problem.

Stage 5: The experience the consumer has after the purchase is important as it may result in making a purchase again or referring friends and families.

As discussed above, consumers go through a mental process and there are several factors influencing their buying decisions. It is for this reason businesses invest in various marketing initiatives to influence a consumer's buying decision with the hope customers will respond positively. The marketing stimulus consists of the 4 Ps namely: price, place, promotion and product. A buyer's response comprises brand choice, product choice, purchase timing, purchase amount and product owner.

According to Du Plessis et al. (2001), a deep appreciation of customers' needs, wants, perceptions, attitudes, beliefs, culture, decision making process, values, information processing, evaluation criteria and buying behaviour is crucial for any organisation. Gathering information is the first step to organisations being able to assist in the development of an effective customer-connected strategy.

Marketers and product owners have to understand all consumers have different reference points when engaging with a product. These reference points are important to note as they represent an individual's state of being, which impacts on how they perceive products and information. When an organisation understands their consumers' reference points, they are able to know what the consumers' perceived gains and losses are (Tang, 2013). Tang (2013), continues with the theory stating that knowing a consumer's reference points allows organisations to build up product strategies that respond to consumer adoption barriers.

Why and what consumers purchase is more than just the product (Sandhu, 2013). Consumers tend to purchase a solution to their needs and or requirements. Often price and distribution model and or channel plays a role in a consumers purchase choice.

2.2.2 Price

Price is the amount of money charged for a product or service. Price is the sum of all the values that consumers give up in order to gain the benefits of having or using a product or service (Kotler and Armstrong, 2008 p.284).

Significant research has been conducted on the role of price in a consumer's product evaluation methods. Researchers have identified price as a fundamental factor in a purchase decision. Price is one of the main features that attract and influence customers' buying decision. Price premiums are among the most important benefits of building a strong brand (Keller, 2013 p.191).

Du Plessis et al. (2001), emphasise the importance of price by stating a single pricing error can effectively nullify all other value-mix activities. According to Danziger, Hadar and Morwitz (2014) consumers' purchase decisions are influenced by price opinions rather than by real prices. The effectiveness of a promoted reference price can be credited to the decision making strategy adopted by consumers. The appeal of an offer price is measured to likening it to an internal reference price, which is defined as a mental stored or constructed reference price (Kan, Lichtenstein, Grant, and Janiszewski, 2013). The perceptions are dependent and prone to circumstantial influences (Krishna et al. 2002) cited in (Danziger et al., 2014).

According to Keller (2013), consumers' relationship with a perceived price are often a key factor in their purchase decisions, which results in many product owners adopting a value based pricing strategy. This strategy aims to sell products at a price linked to a consumer's expectations. Theoretical economists have identified price as a gauge of the financial cost of a purchase decision. The greater the price, the higher the consumer's perceived monetary sacrifice. This often leads to a negative relationship between purchase probability and price.

Du Plessis, Jooste and Strydom (2001), define the formulation of value as perceived benefits divided by price. The relationship reflects that at any given price, value increases as perceived benefits increase. Value will also decrease as perceived value decreases for any given price. Danziger et al. (2014), argue that product owners use numerous pricing strategies to encourage positive consumer price perception with the assumption they will influence choice.

According to Ahtola (1984) cited in Bornemann and Homburg (2011), behavioural research conceptualises the price perceptive sacrifice affiliation as a means associated perception. At this point, price is a negative factor as it shows what a consumer has given up to obtain the benefits associated with a product.

The role played by price in a customer's price review is of great importance and businesses need to ensure their price strategy has a positive influence in customer reviews.

Xinxin and Hitt (2010), mention two reasons that lead to price having a role in customer reviews; the first being that customers' reviews do not often reflect perceived quality of a product and or service, but often reflect customers' perceived value. Price is a major influence on customer satisfaction in service industries (McGregor et al., 2007), cited in (Xinxin and Hitt, 2010). The second is when customers are uncertain about a product offering and the quality of it; then they are likely to use price as a signal of quality.

There are a number of pricing strategies that businesses can follow:

Full cost pricing: This price strategy takes one of three forms; mark-up pricing, break-even pricing and rate-of-return pricing.

- Mark-up pricing: occurs when the selling price of a product is determined by adding a set amount to the total cost of the product.
- Break–even pricing: is based on a per-unit fixed cost + the per-unit variable cost.

- Rate-of-return pricing: contains a mixture of both mark-up pricing and break-even pricing. In this strategy, price is set to obtain a pre-specified rate of return on investment.

Variable-cost pricing: This strategy is used when a business is operating below capacity and fixed costs constitute a greater proportion of total unit costs. The principle underlying a variable-cost strategy is that the relevant cost to consider is the variable cost and not the total cost. Variable cost is thus a form of demand oriented pricing strategy aimed at stimulating demand.

New- offering pricing: There are strategies companies may choose to work with when they introduce a new product to the market:

- Price-skimming strategy: the price is initially set very high then gradually reduced.
- Price-penetration strategy: a product is introduced at a low price.

Source: Du Plessis et al. (2001 p.347-348)

Insurance industries in South Africa use both the price - skimming strategies and the price – penetration strategies. The different strategies utilised by South African insurers for risk benefits are as follows:

- The insured has the highest initial premium, but the lowest future premium increases.
- The insured has a lower initial premium, but it increases every year according to the insured's age.
- The insured has the lowest initial premium of all the options. Annual compulsory increases maintain cover at a specified level as a client gets older.

Source: Pantelous, Frangos and Zimbidis (2009 p.2)

It is important consumers buy into a product's price and associate same with the benefits of that product. An organisation may indicate in its advertisements the price of a product, which serves as an evaluation instrument for customers (Vranceanu, 2012). According to Bruno, Che and Dutta (2012), evidence by numerous researchers confirm consumers tend to evaluate products and base their purchase decisions on

comparing prices with internal standards. This is referred to as reference price. The value of an advertised reference price is dictated to by an individual consumer's decision making strategy (Kan et.al, 2013). According to author Vranceanu (2014), the degree of a consumer's price knowledge serves as an influence in the consumer's internal reference price.

Della Bitta, Monroe and McGinnis (1981) cited in (Vranceanu, 2014) mention forms of comparative price factors that compare the advertised product price with a competitor's price. Organisations need to be wary of the impact advertisements with pricing may have, as at times they may create confusion and sometimes mislead consumers.

Chandrashekaran (2012) cited in (Vranceanu, 2014), argues that the amount of involvement a consumer has with a brand, influences the reference price a consumer has with the product. The author expands on this notion by arguing highly involved consumers tend to know a product's offerings and therefore evaluate prices using an expected price as a standard. Consumers who are less involved will tend to use one of two references; a market price and or the lowest price. Consumers use their last transaction price as their first reference price when making a purchase (Bruno et. al, 2012).

Research has demonstrated consumers who have high product knowledge have an increased confidence in their estimation of product prices with reference to low and high prices; whilst those consumers with low product knowledge have limited confidence. The low knowledge consumers place more reliance on their brand knowledge and relationship. These consumers are inclined to accept inflated prices for some brands (Vranceanu, 2014). Bruno et al. (2012), made an assumption in their research study that consumers compare the value a purchase will add to their lives and not necessarily compare the price of a product with a reference price.

2.2.3 Advertising

Authors Kotler and Keller (2012), define advertising as a cost effective method to circulate messages, whether with the aim of building a brand preference or to educate people. Advertising as an institution is an important economic and social force. Belch and Belch (2011) cited in (Jin and Lutz, 2013), define advertising as a paid for message from a known promoter in mass media with the aim of persuading. Proponents of advertising have described advertising as a capitalistic virtue, which facilitates a free market economy and promotes consumer welfare (Jin and Lutz, 2013).

A customer's reaction towards a firm's marketing strategy has an impact on a firm's success. Branding, strategic pricing and advertising are part of any business's strategy towards maintaining product demand and increasing consumption. It is for this reason businesses strategically engage in advertising to assist in selling their products. Most customers are more receptive to advertisements for products they need. They filter information as it is relevant to them.

According to Buttner, Florack and Serfas (2014), the final goal for advertising is to influence consumers' purchase decisions in favour of the advertised brand. Advertising objectives should therefore align to an organisation's decisions on a target market, marketing agenda and brand positioning (Kotler and Keller, 2012). The objectives of advertising are designed to persuade, inform, reinforce or remind the market about a product offering. Different advertising objectives are:

- The end result of **Persuasive advertising** is the product is liked, preferred and purchased by the target market.
- The end result of **Informative advertising** is consumers become more knowledgeable of the brand and its new, existing and revamped products.
- The desired end result of **Reinforcement advertising** is to reaffirm to existing purchasers purchasing the product is the correct decision.
- The desired end result of **Reminder advertising** is repeat purchasing of the product by existing consumers.

Source: Kotler and Kelly (2012)

Romaniuk (2012), argues that in advertising, more than all other factors, the brand has to compete for consumer attention. When a brand has strong distinctive assets, it possesses a wider branding pallet to be used in advertising, allowing it to have a wider range of creative options. It is however not often during the moment in which a consumer is confronted with an advertisement, the consumer is faced with making a purchasing decision. As a result, the authors further argue the main goal of advertising is for consumers to learn more about a brand, which then increases the probability of a consumer's consideration of a brand as an option. According to (Taylor, Kennedy, McDonald, Ouarzazi, and Haddad (2013), advertising tends to reinforce consumer brand preference. When consumers have low brand loyalty, advertising will result in them responding mostly in the short term and those consumers who have a higher brand loyalty will respond less.

Personal experience along with advertising is a strong force of influence when creating brand equity. Zheng, Shen, Chow and Chiu (2013), mention one of the mechanisms of constructing brand equity via advertising is enhancing and creating a brand image. The authors further argue advertising increases a consumer's inclination to pay, which provides substance for persuasive approaches to advertising.

According to Jin and Lutz (2013), technology has separated the effects of advertising by print media, broadcast media, the internet and other marketing communication tools as conventional. Taylor et al. (2013), agree with this view as they acknowledge media practice has evolved to now include an increased amount of social media and more technology orientated elements which give a consumer additional control over that of an advertiser. According to Taylor et al. (2013), television is still an effective advertising element that drives sales despite the very active multiple media environment. Bart, Stephen and Sarvary (2014), argue mobile advertising is amongst the fastest growing advertising elements, but the result of its effectiveness according to the marketing industry remains mixed. Some marketers believe this element is an effective tool, whilst others are yet to be convinced. According to Chen and Stallaert (2014), the advancement of information technology worldwide has changed online advertising; allowing organisations to measure outcomes of advertising and also place specific targeted advertising based on consumer trends. Marketers are now able to

use behavioural targeting when advertising, which is based on using information from a consumer's individual web browsing trends.

 In practice, marketers believe for some products, reduced advertising efforts lead to negative market demand. Some products are beyond advertising and will be demanded even with little advertising, but the sustainability of their relevance is questionable. Targeted marketing has proven over the years to be a beneficial mechanism for businesses. According to Chen and Stallaert (2014), consumers have different advertisement preferences.

Businesses engage in targeted advertising through advertising to customers who have a strong preference and loyalty towards their product and brand; this strategy alienates those customers who are comparison shoppers and are prone to being attracted to competitors. According to Jin-Hui, Bin, Pui-Sze and Chun-Hung (2013), advertising less on comparison shoppers can be viewed as a means for businesses to increase differentiation in the market.

Studies have confirmed more consumers tend to consume multiple media types, thus emphasising the need for marketers to better understand advertising effectiveness across all media types (Zenetti, Bijimolt, Leeflang, P.S.H. and Klapper (2014). According to Chang and Thorson (2012), cited in Zenetti et al. (2014), TV and banner advertising lead to positive interactive effects in consumers' cognitive metrics, but have little impact on their cognitive or affective evaluations.

According to Zenetti et al. (2014), the extend a consumer relations to media channels can materialise if consumers are exposed to advertising from a variety of mediums for the reason that: (1) when comparing the effects of repeating an advertisement using one channel to advertising through a variety of channels, the latter results in consumers positively relating to media which leads to higher attention and more positive cognitive responses. (2) There may be less effectiveness of advertising through a second medium if consumers have previously been exposed to advertising through the first medium. This results in the effects of one advertising channel being substituted to some extent by the effects of another channel. The authors further argue that by presenting advertising messages differently through different mediums, the marketer enhances responses by consumers. Consumers are likely to process and

notice information from distinct sources with more attention, which results in positive relations effects between the various types of advertising.

It is important however that marketers avoid advertising clutter as this can negatively impact on the desired effect. According to Elliott and Speck (1998) cited in (Rosengren and Dahlen, 2013), perceived advertising clutter tends to make consumers negatively disposed to advertising and rend to avoid the medium in which the advertising is placed. Even as the entry of new media happens and the amount of advertising clutter increases, studies found that when consumers are exposed to television advertisements they are stimulated into short term sales.

Figure 2.3 Dual step and dual process model of advertising effects
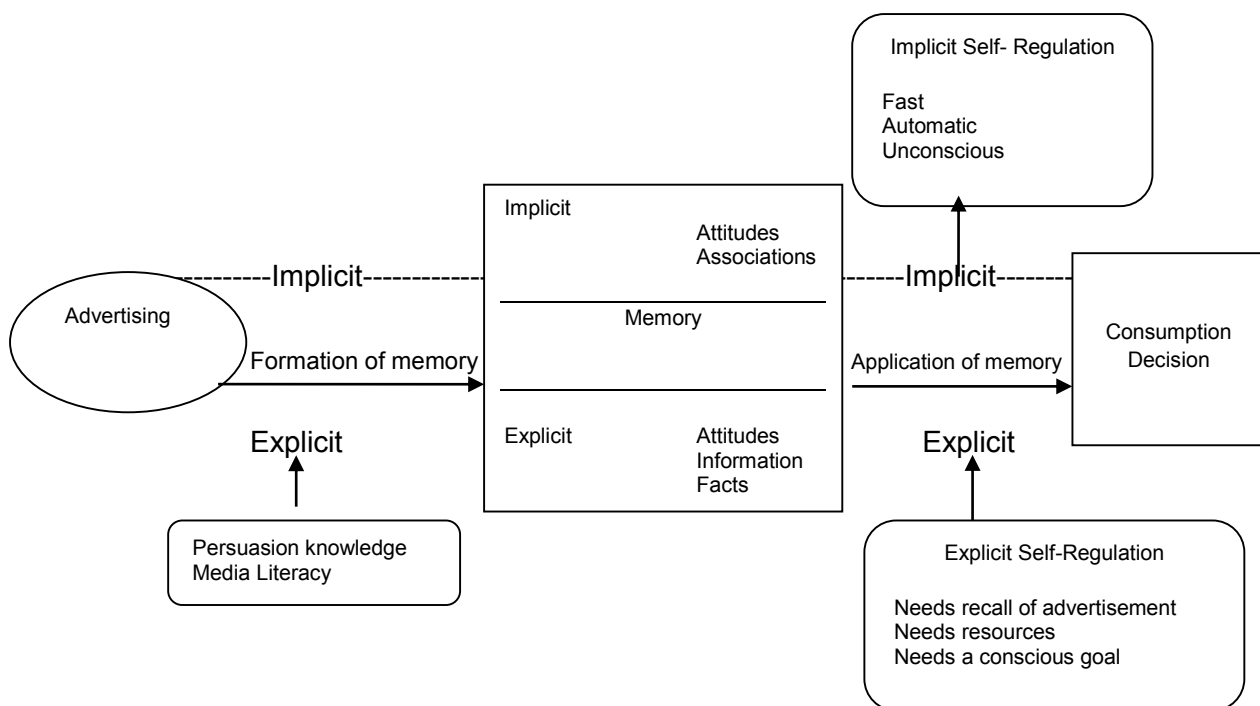
Source: Buttner et al. (2014 p.166)

The objectives of the above model are to represent advertising effects on consumers from the moment they are exposed to an advert to a final consumption decision. The model also represents the process of advertising effects on consumers using introspective understanding of advertising to the perception that emphasises the

essential processes that inspire positive advertising effects such as purchase of advertised product (Buttner et al., 2014).

According to Buttner et al. (2014), the model indicates the influences advertising has on behaviour. Advertising builds on brand knowledge and attitudes. Advertising also influences consumption decisions.

2.2.4 Product Features

Crawford and Di Benedetto (2014), define the attributes of a product as its functions for the consumer, the features of the product and the benefits the consumer realises through the product.

Businesses design, manufacture and sell products because they want to satisfy customer needs. Lee (2014), mentions the demand for a product is determined by its features as expressed by its functions, characteristics and problem solution. According to Matthews (2013), organisations that have a product to sell should be able to convince consumers of the uniqueness of their product.

In insurance business, it goes beyond this; products are there to uphold the corporate vision and embrace the interests of stakeholders. Product decisions are therefore of strategic importance to an organisation as they impact on a company's ability to fulfil needs of new and existing customers. It is important for an organisation to note that consumers' choice of product depends on their ability to differentiate between products when engaged in a decision making process (Jia, Shiv and Rao, 2014).

Companies develop marketing strategies which guides their design of an intergraded marketing mix. The elements that the marketing mix comprises of are price, promotion, product and place - the four Ps (Kotler and Armstrong, 2008, p 47). Du Plessis, et al., (2001), used different wording for the 4Ps by expanding them to a value mix which allows organisations to add value to their management of the 4Ps. These academics define value mix as a set of controllable variables an organisation can blend together in order to produce the response it requires from the target market.

Figure 2.4 The value-mix for products
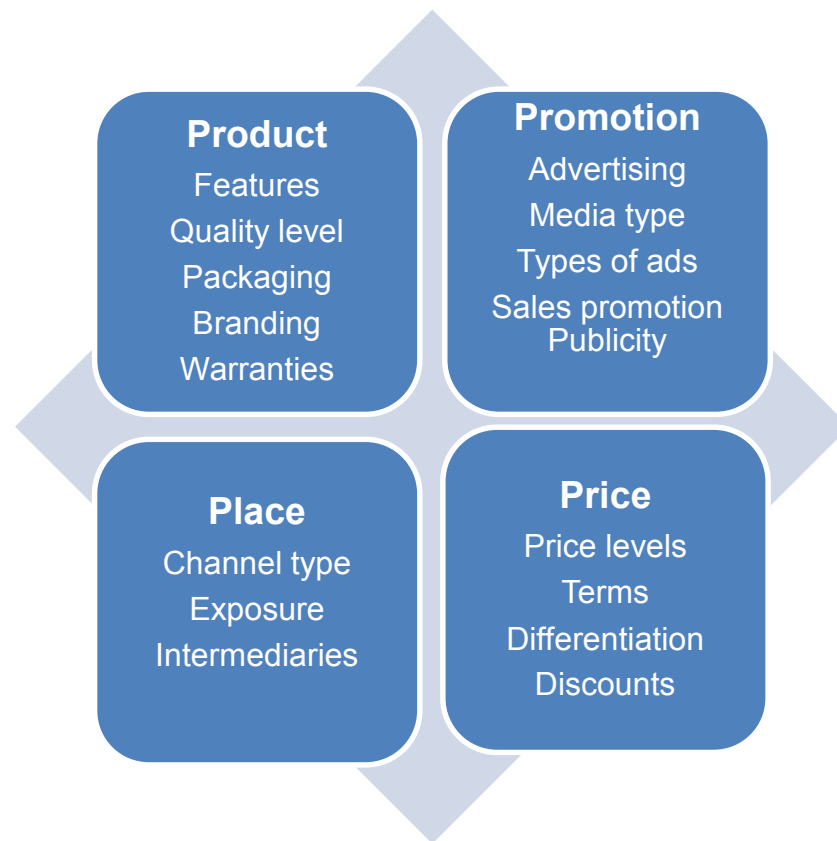
Source: Du Plessis et al. (2001 p.334)

When planning a market offering, businesses and their marketing departments need to address five product levels. Each level, contributes to customer value (Keller, 2012). The levels are:

- Core benefit: product suppliers should have the consumer in mind when designing and creating a product. The benefit the customer will derive from the product purchase should be the driving force.
- Products must have insights of target markets wants and needs so that product offerings are aligned to provide solutions.
- Products should be in line with the customer's attributes and psychological expectations. This is only possible if the product owner is well aware of the stimuli's surrounding the product consumers.
- Products should at all times meet and or exceed consumers' expectations.

- There must be a potential product, which includes all the likely transformations and augmentations the product might undergo in the future. There must be a **potential product,** which includes all the likely transformations and augmentations the product might undergo in the future.

The latter level is where most companies investigate options and new ways to satisfy consumers and distinguish their offering.

At the centre of all the levels and the most important, is the core benefit. This should at all times be aligned to consumers' needs and expectations. According to Matthews (2013), consumers should know of the benefit of a product. Consumers need to know that owning a product will provide a sense of relief. In the case of an insurance risk product, consumers need to know that owning the product will be helpful in their lives and will serve as a valuable asset.

Authors Wouters, Workum and Hissel (2011), emphasise the importance of product architecture decisions, particularly where the product is complex, making it more difficult to predict customers' preferences. When organisations are faced with the difficulty of being in an environment where all competitors have similar or equally complex products, the solution is to adopt a differentiation strategy. This strategy involves an organisation putting focus and emphasis on their differential offering, thereby ensuring consumers adapt and believe in their product and see it as different and superior to that of competitors.

Ordave (2014), mentions in his article, marketers often struggle to conceptualise a product's attributes that drive a consumer's adoption of a product. Rogers' five factors framework provides background and understanding. According to Everett Rogers cited in (Ordave, 2014), consumers go through five product based factors before they adopt a product and what it has to offer.

Figure 2.5 Rogers' five factors
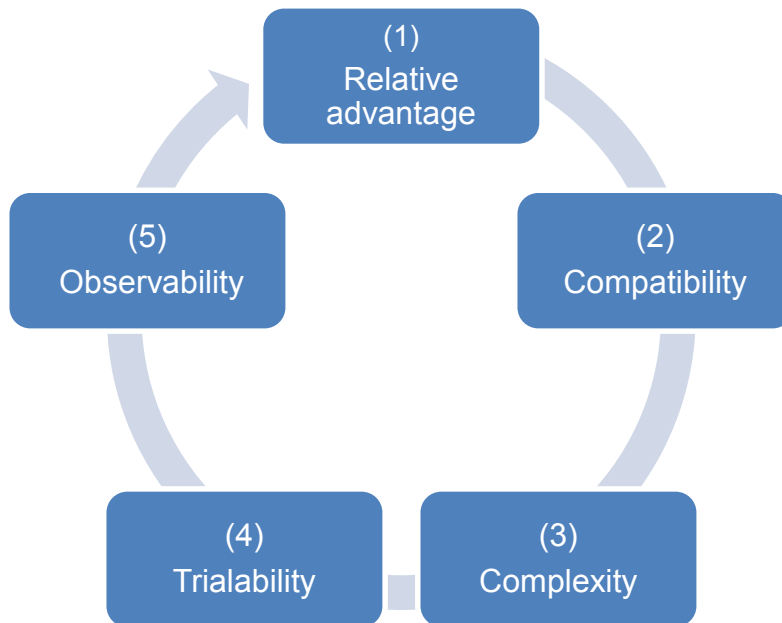
Source: Ordave (2014 p.4)

(1) The greater the relative advantage; the faster the adoption.

(2) Consumers adopt products they believe are in line with their experiences and values faster than those they believe are not.

(3) When consumers find a product easy to understand, they adopt it quicker.

(4) Consumers want to know they can try out a product and if not satisfied, they can use another product. If consumers feel using a product will not bind them, they easily adopt it.

(5) Some consumers want their peers to know they use and have bought certain products and will therefore adopt a product that will allow them to show off.

According to Du Plessis et al. (2001), target markets can use differentiation methods to make a distinction between identical products to the extent they are regarded as separate products. If an organisation is able to achieve this, they have created a competitive advantage for themselves and their product. The value of a product is therefore enhanced, which may be reflected in the product's price.

There are a number of differentiation methods an organisation may follow:

- Differentiation on the basis of product quality
- Differentiation by brand
- Differentiation by unique product characteristics
- Differentiation in distribution
- Differentiation by marketing communication
- Differentiation based on consumer orientation
- Differentiation by price

Elevating the benefits of a product and how they relate to your consumer's life can serve as a basis for the uniqueness of a brand (Matthews, 2013). A product is at the centre and is the connecting factor of brand equity. Product marketers should therefore manufacture, design, market and deliver products in a manner that promotes positive brand image with positive and solid brand associations, which advance a higher level of brand resonance (Keller, 2013).

2.2.5 Brand Image

Kotler and Keller (2012), define a brand as a service or product whose proportions differentiate it in some way from other services and products intended to satisfy the same need. The authors' further mention consumers will tend to assess products in a different way, dependent on how they are branded. Consumers learn about brands through previous experience of a product's marketing program and through actual usage of the product.

Consumers have now become more sophisticated and aware of options available to them, which has led to more competitive industries. Organisations should not rely on products as a differentiation strategy if they hope to sustain their business. Consumers consider the ethical make up and the social environment of a brand they partner with. A product provider's brand as seen and perceived by a consumer can become a key force in creating competitive differentiation. A company's culture, image and vision have become an important element of its selling proposition (Duckler, 2014). Consumers are very concerned about brands that are behind the products they purchase. The demands consumers have on brands are considerable.

Customers will usually associate themselves with brands they believe match their personalities; thus using brands for self-expression. Customers are changing; in the new environment customers have more options and are more knowledgeable of their needs and the services they expect, which highlights the importance of customer–brand relationship. It is important consumers rate the level of quality through credibility derived from the brand. Brand engagement showcases behavioural outcomes that result when customers meaningfully interact with a product (Keller, 2013). It is therefore important for a product owner to make customers' post purchase behaviour a priority. Customer satisfaction should always be the desired result.

It is important marketers engage in getting their target consumers to learn more about their brand. Whilst brand owners have a view of their brands and what they stand for, the true and most valuable perception of a brand is that of the consumer. The effectiveness of all marketing activities and stimulus associated with a brand is compliant with the consumer's knowledge of the brand as is in the mind of the consumer.

Figure 2.6 Brand Knowledge
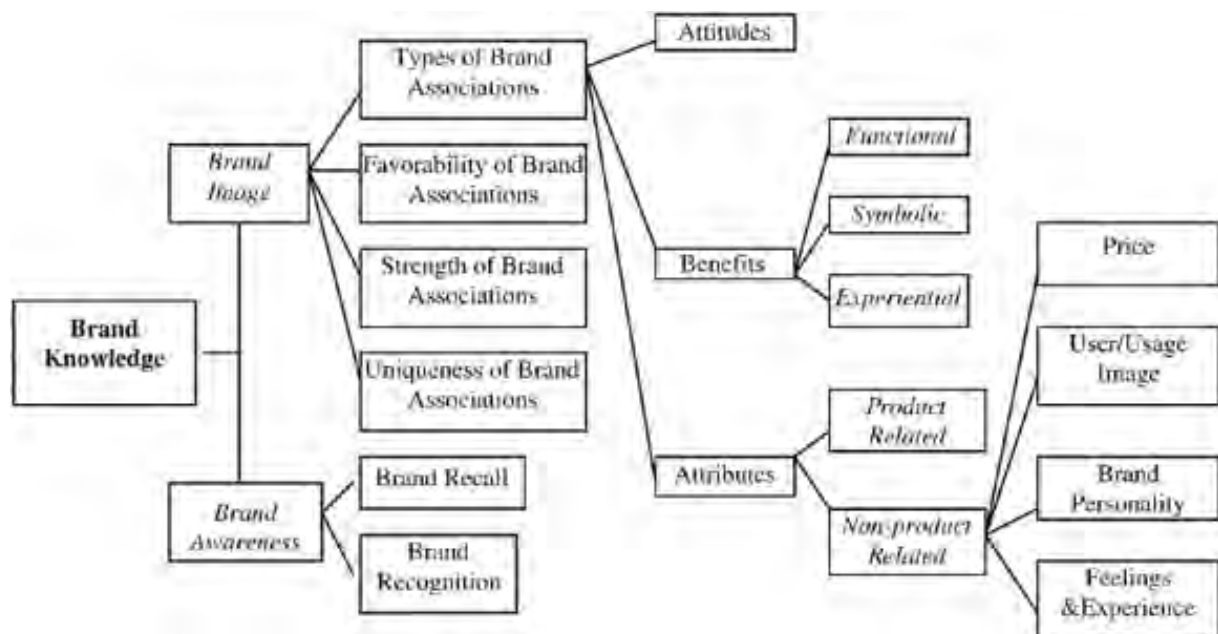
Source: Keller (1998 p.548)

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Managers of corporate brands now place an increased emphasis on brand experience management; as opposed to the activities that have traditionally been relevant in brand building processes such as, advertising and communication. Brand experience management focuses on delivering a consistent brand promise for all stakeholders with the aim of achieving greater preference and loyalty (Brakus et al., 2009), cited in (Iglesias, Singh and Casabayo, 2011).

The business world is complex and competitive, especially the financial world, as many customers are cash struck because of the economic crisis in South Africa. Customers look at brands as a source of differentiating factors. According to Loveland, Smeesters and Mandel (2010), brands with a solid factor of constancy and acknowledged heritage seem to be of significance to consumers. Marketers and researchers alike agree that brands do the following: Dickson and Ginter, 1987; Keller and Lehmann, 2009; Sprott et al., 2009; Stahl et al., 2012 cited in (Franzak et al., 2014)

- Brands provide competitive advantage;
- Brand platforms provide a vehicle for growth;
- Brands capture and transfer the experience of using a product which provides a source for customers and results in product relationships;
- Brands have value.

A customer based brand equity approach, views the value of a brand as perceived by a consumer, through recognising the power of the brand lies in what consumers have heard, read, seen, learned, felt and thought about a brand.

There are a number of consumer based brand equity definitions. Customer based brand equity is, "*the differential effect that band knowledge has on consumer response to the marketing of that brand. A brand has positive customer- based brand equity when consumers react more favourably to a product and the way it is marketed when the brand is identified*" Keller (2013 p.69).

Mzungu, Merrilees and Miller (2010), argue that brand management should play an important role in the protection of brand equity. Kotler and Keller (2012) define

consumer based brand equity as the distinction brand knowledge has on a consumer's reaction to marketing of the brand.

A brand has constructive customer based brand equity when consumers react more favourably to a product and the way it is marketed when the brand is identified. The principle of customer based brand equity concept is that the influence of a brand is determined by the consumer's perceptions of the brand, which are created and defined by experience. A brand is therefore only as good as the perceptions the consumer has of it (Keller, 2013).

According to Mzungu, Merrilees and Miller (2010), the success of brand management is dependent on all parties having a brand orientated mind-set, all parties possessing internal branding and the capabilities to deliver on a brand.

Brand management's strategic success is reliant on role players having a brand orientation mind-set and processing internal branding and the delivery thereof.

Customers want to develop relationships with products and services of their choice and similarly organisations want to have a strong brand because of the positive contribution to profits. Brand relationships are complex as there are numerous attributes that define them. The view of Raut and Brito (2014), is brand relationships are associated with different emotions and norms. Motivations that drive these emotions vary amongst consumers. The bond customers have with a brand will vary depending on their engagement and connection with it. According to Sandhu (2013), organisations should not see repeat consumers as loyal, but should use repeat sales to create a long term positive brand experience for consumers. This goes beyond just the sale experience or product packaging; it is about conveying a positive brand message through commitment during the full sales process.

Brand resonance is used to define the stages of brand relationships a consumer goes through as far as their connecting with a brand is concerned.

There have been a number of definitions of brand resonance with a similar thread:

"Brand resonance is characterised by the depth of the psychological bond that customers have with a brand as well as the level of activity engendered by his loyalty" (Keller, 2013, pp.120).

Brand resonance is the extent to which a consumer progresses solid behavioural, psychological, and social bonds with the brands (Rindfleisch et al., 2005).

Brand Resonance refers to the nature of the affiliation that the consumer has with the brand (Bourbab & Boukill, 2008).

"Brand resonance can be defined as how well you connect with your customer both formally and casually. Creating resonance with your brand means your message has to permeate consumers' minds and lives" (Stratfold, 2012).

Brand resonance is not dependent on one particular element, but rather a number of brand related factors. It is thus important for marketers to not only know their customers, but to also know the status of customers' relationships with a brand (Raut and Brito 2014).

According to Keller (2012), brand resonance emphasizes the hierarchy that is involved in brand development; especially the importance of brand building steps.

The model below shows steps to be followed in brand building. Each step is dependent on effectively achieving the objectives of the one before.

Figure 2.7 Brand Resonance Model
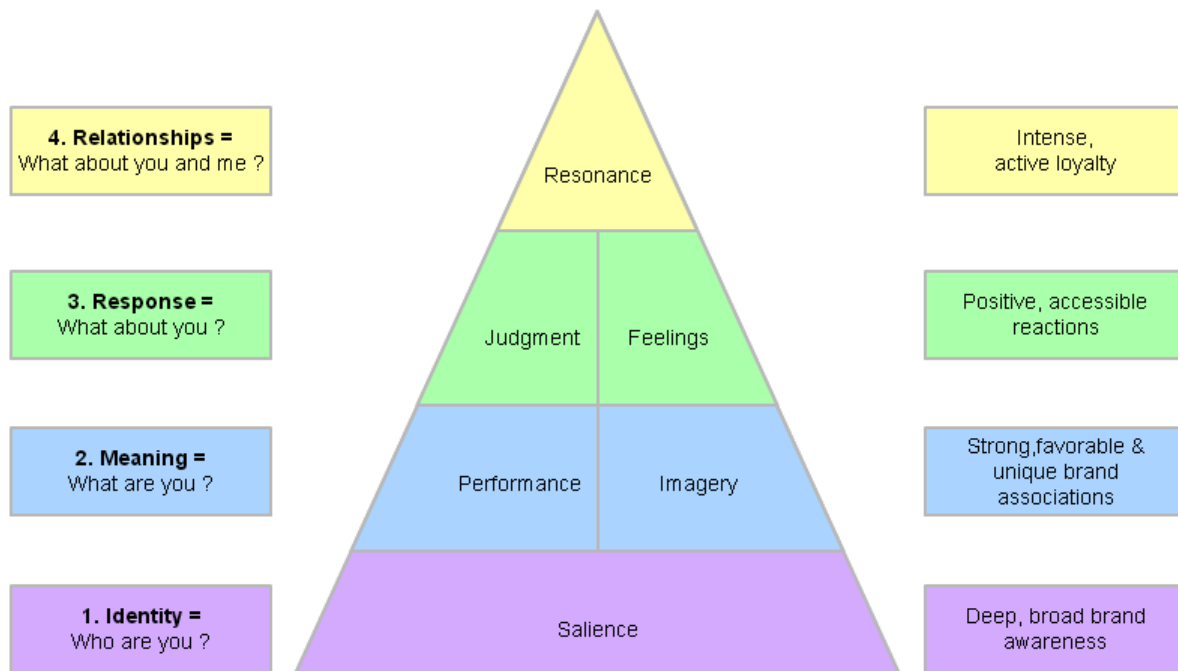
Source: Keller (2013 p.108)

Duckler, 2014, pp.3 outlines the following five organisational benefits of building and maintaining a strong corporate brand:

(i) Financial value - when organisations have strong brands, they are able to command and sustain competitive premiums. These organisations can charge higher prices than their competitors, which results in higher profits.

(ii) Risk mitigation - with a strong brand, an organisation has the ability to sustain themselves even when there are market pressures that impact other brands negatively. Investing in a brand is therefore strategic asset investment.

(iii) Investment efficiency – investing in creating a strong brand enables an organisation to save on investment in marketing of their products.

(iv) Esprit de corps – when a corporate brand is strategically developed and executed it becomes the expression of a business strategy.

(v) Enduring success – when an organisation has a strong brand, they are able to sustain themselves even when their products fail in the market.

According to Matthews (2013), if brand positioning is done strategically, it will not only affect the status of a company, but it will also be a determinant of the organisation's vision for the future. When consumers have an emotional connection with a brand it acts as a catalyst to a secure lifestyle; that is, the brand becomes the winner. Customers become brand ambassadors and the rewards thereof are positive.

2.3 Chapter Summary

The literature above reflects the diversity of influencing factors that a consumer is exposed to when they have to make a decision from which insurer to buy a risk benefit from.

A consumer is exposed to marketing and environmental stimuli when they engage in the process of making a purchase decision. Factors that surround the consumers psychologically hugely influence the process. The price of a product is one of the main marketing features that attract and or influence the consumers' buying decisions. When consumers perceive bad pricing, all other value mix activities by the product provider become nullified. Organisations should therefore always strive to have products that satisfy consumers' needs as the features of any product are a huge determinant of the product demand. Product owners rely heavily on advertising as a method of circulating messages about their product features and benefits thereof. Advertising in turn also assists organisations in educating the consumers about their products, which positively influences brand preference and brand relationship. Consumers learn about brands through experience from using products and engaging with the marketing programme of a particular product. A consumer's reaction to a marketing programme is a fundamental influence on the success of any organisation, which is why it is important for product owners to be aware of which element is the most effective influence on the consumers purchase decision particularly when faced with choosing between competing providers.

CHAPTER THREE

Research Methodology

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3.1 Introduction

The literature review in chapter 2 of this research outlined the factors that influence a consumer's buying behaviour towards risk insurance products.

The aim of this chapter is to present the method used to identify the relation between the research questions and the research objectives. The type of methodology followed will also be discussed in detail as well as the approaches and strategies followed to collect the data and to evaluate the participant's responses, which will be discussed in detail. This chapter will also look into the strengths and weaknesses of the research method used to collect information from participants.

A quantitative research method will be used; a prepared questionnaire will be used to produce the outcome. By using this method, factors that influence consumer buying behaviour of risk products such as brand relationship, product features, price of product and advertising by insurers will be identified. The data collection will then assist in identifying which of the factors has a major influence on the consumer's buying behaviour.

3.2 Aim and Objective of the study

As mentioned above, the aim of the study is to determine which of the factors between advertising, product feature, price and brand image influences consumers when they choose an insurer to purchase a risk benefit from.

3.3 Participants and location of the study

This research will follow an unrestricted probability sampling design, which is also known as simple random sampling. In this design, every element within the population has an equal probability of being selected as a participant. This sampling design is deemed as one that has the least bias (Bougie, 2013).

This research has a sample size of 150 participants.

The participants are individuals who are 20 years and older. The participants have to be employed or self-employed. The participants will be from Durban and Johannesburg. Whilst this survey aims to identify factors that influence a consumer's choice of insurer, the participants do not have to own a risk benefit however they must have the ability to do so. From the participants who do not own a risk benefit, the researcher aims to establish which factors would most influence their choice. The participants will be existing risk benefits holders and potential consumers as the researcher is interested in finding out whether the factors of influence are different between ages and between benefit holders and potential benefit holders.

Participants for this research were randomly selected. Socioeconomic factors such as age, income, and gender are some of the important determinants in the consumer's choice of risk insurance provider. The demographic profile of the respondents is analysed on the basis of age, gender and monthly income. Individual features like gender, age and level of income will differ from one individual to the next.

It is important to define and appreciate the difference between a variable and an attribute. Age is a variable as it ranges from 20 to 50 plus. An individual's gender however is in the category of attribute (Bougie, 2013).

3.4 Data Collection Strategies

Data collection methods are an essential part of a research plan. According to Mouton (2009) the process of collecting data includes the application of measuring instruments to the selected sample. When researchers use appropriate methods for their studies, the value of that research study is enhanced (Bougie, 2013). Babbie et al., (2001) state that the assortment of methods and the application thereof are reliant on on the objectives and aims of the study as well as the nature of the phenomenon that is being investigated and the underlying expectations of the investigator.

Researchers often use one of three popular methods for social research; namely, qualitative, quantitative and participatory. The approach selected for this research was quantitative, which has been linked to positivism by social researchers (Babbie et.al. 2001). Every researcher aims for their study to be as representative and as close to the social truth as possible, which is the reason this research was based on a technique that promotes reliability and validity.

The instrument used for this study was a questionnaire. Questionnaires are designed to collect large numbers of quantitative data (Sekaran and Bougie, 2013).

These questionnaires would be completed by people in South Africa over the ages of 20 years who are employed, especially people who are in the researchers' personal circle and from the general public from two major cities, Durban and Johannesburg. The questionnaires will be personally administered using an electronic administration.

The benefits of using electronic questionnaires are as follows:

- Computer assisted questionnaires enhance the accuracy of the data collected as the software is generally programmed to flag "out of range" and "off base" responses.
- Fast delivery.
- A wide geographic area can be covered in the survey.
- Respondents can complete the survey in their own convenient time and pace.

Unfortunately because the respondents complete the survey in their own time, the response rate tends to be negatively affected; however a response rate of 30% is

considered acceptable (Instructional Assessment Resource, 2011). This may result in the researcher having difficulty in establishing representativeness of the sample, but there are effective techniques that can be employed to improve the response rate.

3.5 Research Design and Methods

3.5.1 Description and purpose

It is essential to follow the correct research approach as it allows the researcher to utilise research methodologies in an efficient manner.

There are two approaches that are commonly used in research methodology, namely deductive and inductive approaches. In deductive reasoning, the researcher starts with a broad theory and then applies this theory to a specific case whilst in inductive reasoning; the researcher observes particular phenomena and on this basis arrives at a general conclusion (Bougie, 2013). The authors further argue that theory generation (induction) and theory testing (deductive) are important forces in research.

According to Mouton (2009) in deductive arguments the conclusion is contained in the hypothesis, whilst in inductive arguments the conclusion is supported by interpretation of observations made.

Variables can be dependent or independent. Dependent variables are presumed to cause independent variables. Independent variables are presumably the variables that produce and or cause certain effects as measured by the dependent variables (Mouton, 2009). Where the value of a variable consists of numbers and the differences between the different categories can be articulated numerically, that variable is considered quantitative. Age is thus an example of a quantitative variable. If the value of a variable is in words or labels that are discrete, that variable is qualitative. Gender is an example of a qualitative variable.

This research is interested in how certain factors relate and impact on the final purchase decision of an insurance risk product. When creating the questionnaire, the format followed the variables that needed to be investigated as follows:

General variables:

- Participants' demographics
- Participants' personal information

Identified variables:

- Price of insurers' risk benefits
- Advertisements by insurers
- Insurers' product feature
- Insurers' brand image

The association of two qualitative variables assumes that if one variable changes it will influence a change in the other. The technique used to facilitate the evaluation of the study is a rating scale. According to Leedy et al. (2013) rating scales are more valuable when human attitude and behaviour are of interest. This research is interested in the factors that influence behaviour; as such a continuum of, "strongly agree to strongly disagree".

3.5.1.1 Construction of the Instrument

The questionnaire used to conduct this research was adopted from similar studies and then edited to meet the requirements of this study.

3.5.1.2 Recruitment of study participants

All participants were recruited through telephonic conversations, electronic letters and a short messaging system. Most of the participants were from the researcher's immediate social circle. To ensure that the sampling was fair and would not result in bias, an equal amount of the participants were randomly selected and approached. A clear explanation of the study had to be implemented so as to ensure that participants had a full understanding of the study.

3.5.2 Pretesting and Validation

The questionnaire was pretested with six participants. Thereafter amendments were incorporated accordingly to ensure that the questions were simple and understandable for the participants and measurable thereafter.

3.5.3 Administration of the Questionnaire

The questionnaire was administered through the research site - question pro. All questionnaires were completed electronically through question pro.

3.6 Analysis of Data

A multiple linear regression will be used to analyse the data. In a multiple linear regression, categorical and nominal variables are not dichotomous and as such a process of dummy coding will be used to transform the data to dichotomously coded nominal variables. This will however not apply to the ordinal variables (Bougie, 2013). Ordinal variables are categorised based on their differences and or categories and are ranked in an orderly manner.

3.7 Chapter Summary

This chapter looked at the methods that will be followed to collect and analyse the data. As part of data analysis, a process of scaling questions will be created by quantifying questions to ensure that participants score the factors such as advertising and brand image. This process will ensure that the findings are measurable. Once questionnaire have been sent out and considerable response rate has been achieved, data will be collected and analysed using a statistical analysis tool Statistical Package for the Social Sciences (SPSS).

CHAPTER FOUR

Presentation of Results

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4.1 Introduction

This chapter provides a breakdown of data collected from participants who have purchased an insurance risk benefit or have the ability to do so. The main objective of this chapter is to present and analyse the data that was obtained from the questionnaires. One Hundred and fifty questionnaires were sent out and Eighty one were fully completed.

The chapter will commence with demographic profiles of individuals, followed by an investigation of relationships between advertising, pricing, product features and brand reputation and the final purchase decision and choice of insurer. Using these factors in discriminated analysis, the chapter then presents the consumer's perceptions of which insurer has the most effective combination of the different factors.

4.2 Presentation

Part A

Table 4.1: Demographics of the respondents (in percentage)

Basis	Respondents	Percentage
Gender		
Male	39	48.15%
Female	42	51.85%
Total	81	100%
Age		
20 – 25	4	4.94%
26 – 31	21	25.93%
32 – 37	29	35.80%
38 – 43	17	20.99%
44 – 49	3	3.70%
50 or more	7	8.64%
Total	81	100%
Race		
Asian	11	13.58%
Black	47	58.02%
Coloured	2	2.47%
White	20	24.69%
Other	1	1.23%
Total	81	100%
Level of Education		
Grade 12 or below	9	11.25%
Diploma	24	30.00%
Bachelors	28	35.00%
Masters or above	19	23.75%
Total	80	100%
Monthly Income		
Less than R30 000	38	47.50%
R30 001 – R40 000	13	16.25%
R40 001 – R50 000	10	12.50%
More than R50 001	19	23.75%
Total	80	100%

Part B

Table 4.2: Do you have an insurance risk benefit?

Response	Number of respondents	Percentage
Yes	73	90.12%
No	8	9.88%
Total	81	100%

Figure 4.1 Do you have an insurance risk benefit?
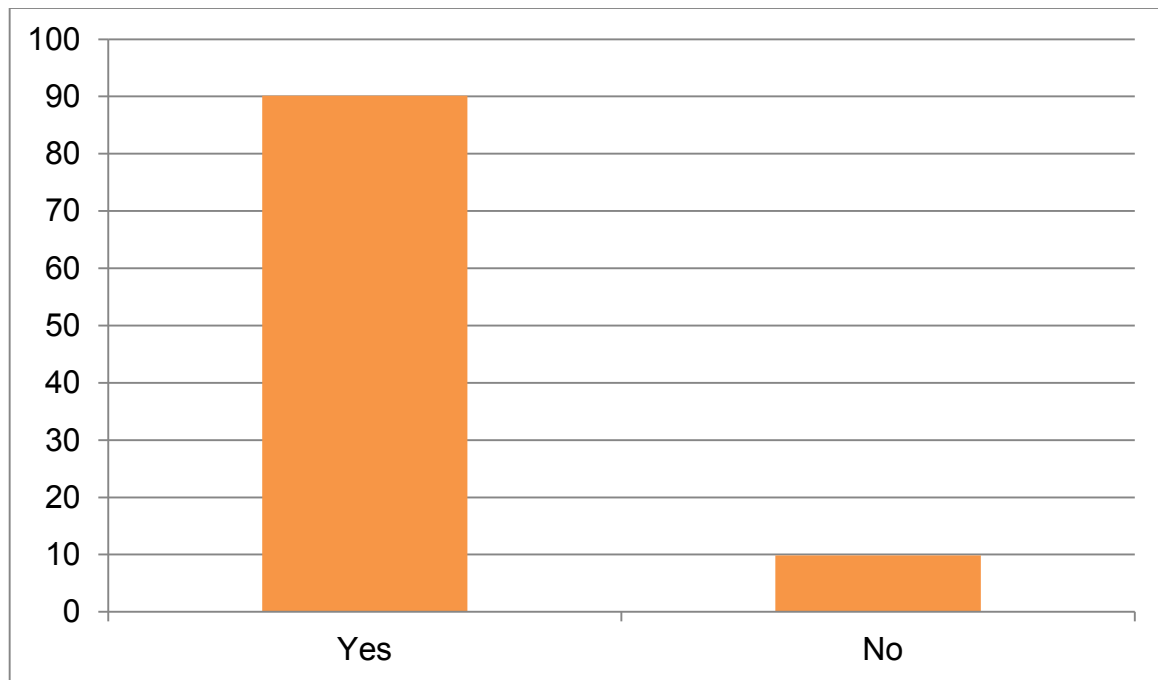
This study is aimed at analysing factors that influence the choice of insurer when purchasing an insurance risk benefit. This survey reflects that 90% of respondents have some form of risk benefit; whilst 9.88% do not have any risk benefits.

Table 4.3: Which of the risk benefits do you have?

Response/ Benefit	Number of respondents	Percentage
Life cover	28	26.42%
Disability cover	19	17.92%
Critical illness	6	5.66%
All of the above	45	42.45%
None of the above	8	7.55%
Total	106	100%

Figure 4.2 Which of the risk benefits do you have?
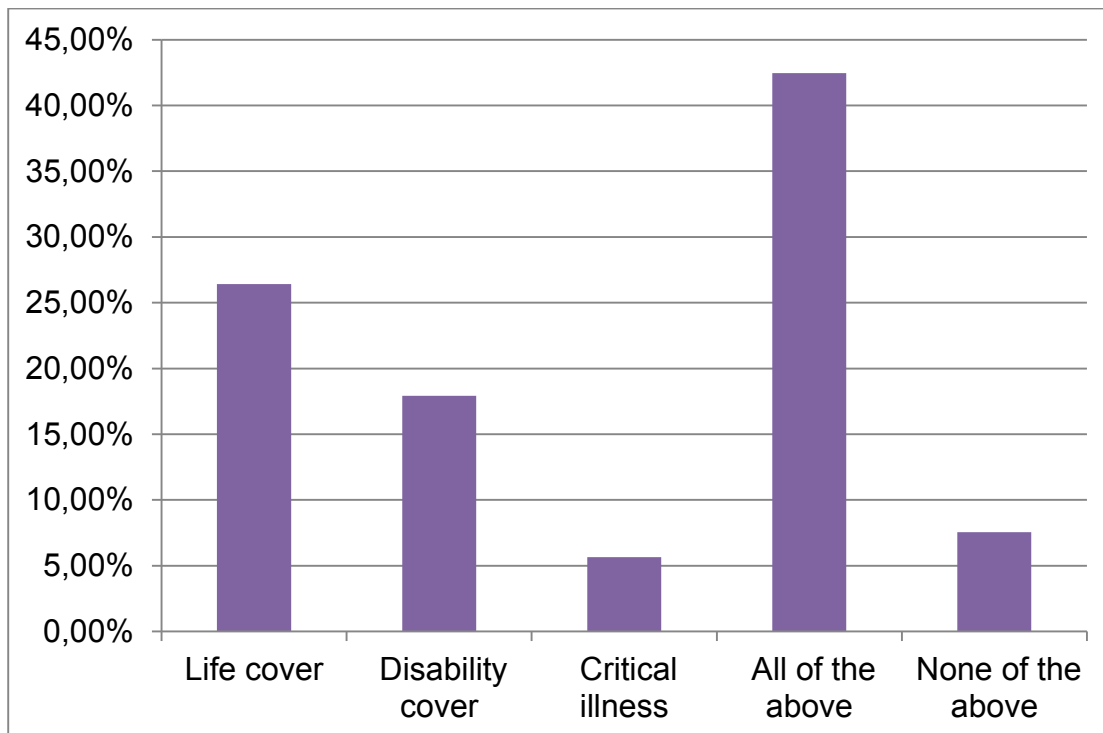
Insurance risk benefits include life cover, disability cover and critical illness cover. Table 4.3 represents that 42.45% of this survey's respondents have all of the benefits. Life cover is the highest owned single benefit with 26.42% of respondents owning a life cover benefit. 17.92% of respondents own a disability cover. This survey reflects that most of the respondents do not own critical illness cover as only 5.66% of respondents have this benefit.

Table 4.4: How long have you had a risk benefit?

Benefit	Number of respondents	Percentage
Less than a year	1	1.23%
1 to 5 years	26	32.10%
5 to 10 years	23	28.40%
More than 10 years	23	28.40%
None of the above	8	9.88%
Total	81	100%

Figure 4.3 How long have you had a risk benefit?
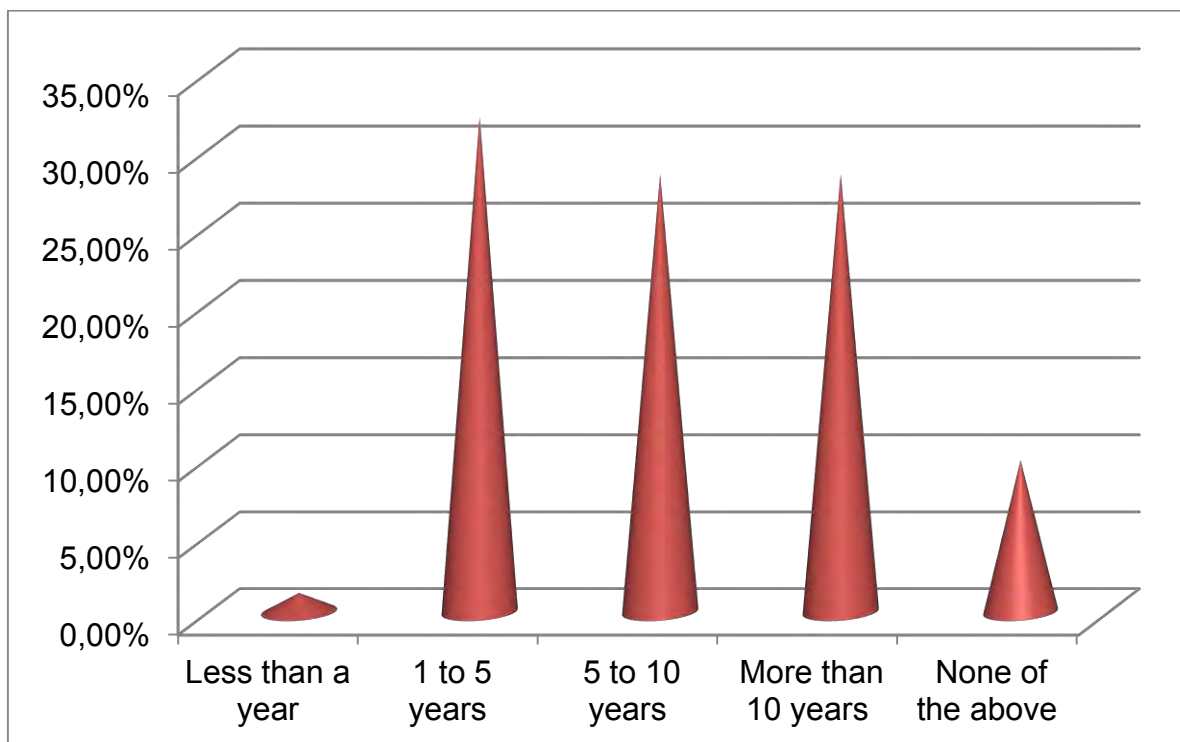
Table 4.4 reflects that 28.40% of respondents have owned an insurance risk benefit for a period of 5 to 10 years. It would appear that this is similar for respondents who have owned their benefit for more than 10 years. Respondents who have owned the benefits for 1 to 5 years were 32.10%, which could be attributed to the age of the respondents as 30.87% of respondents for this survey are between the ages of 20 and 31 years.

Table 4.5: Are all your risk benefits with one insurer?

Response	Number of respondents	Percentage
Yes	49	61.25%
No	23	28.75%
Not applicable	8	10.00%
Total	80	100%

Figure 4.4 Are all your risk benefits with one insurer?
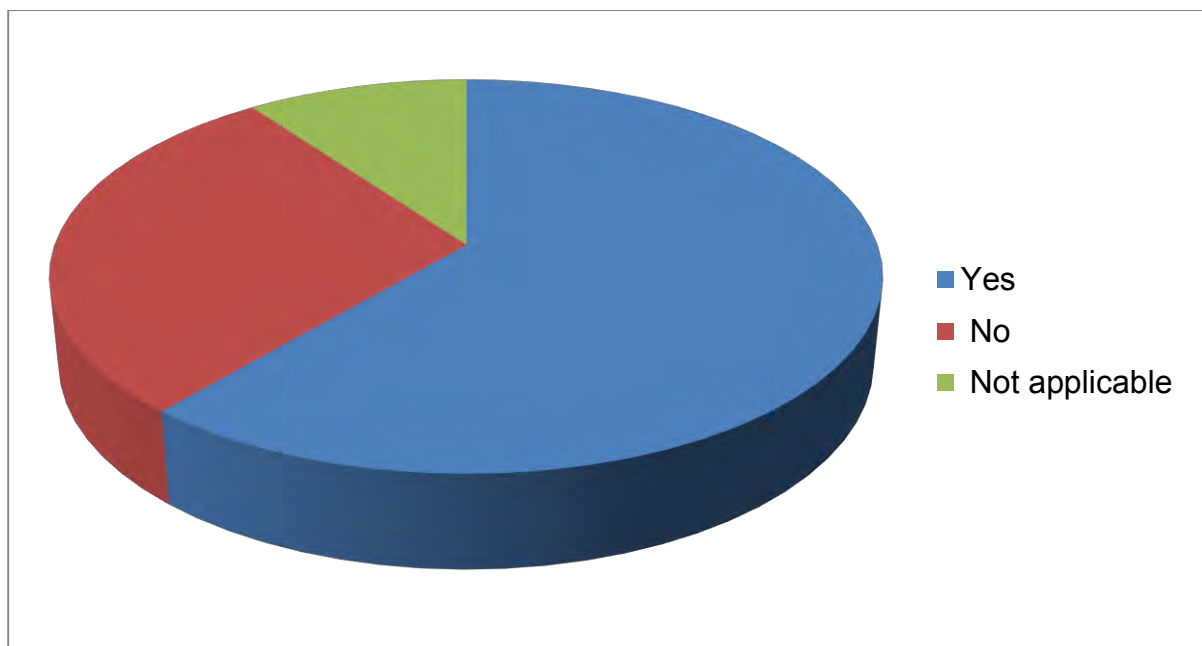
Table 4.5 reflects that 61.25% of respondents have their risk benefits with one employer, whilst 28.75% of respondents have their benefits with different insurers. This study is aimed at investigating the factors that influence choice of insurer and these may play a big role in respondents aligning their benefits with one insurer or multiple insurers.

Table 4.6: Do you have a financial advisor?

Response	Number of respondents	Percentage
Yes	53	67.95%
No	25	32.05%
Total	78	100%

Figure 4.5 Do you have a financial advisor?
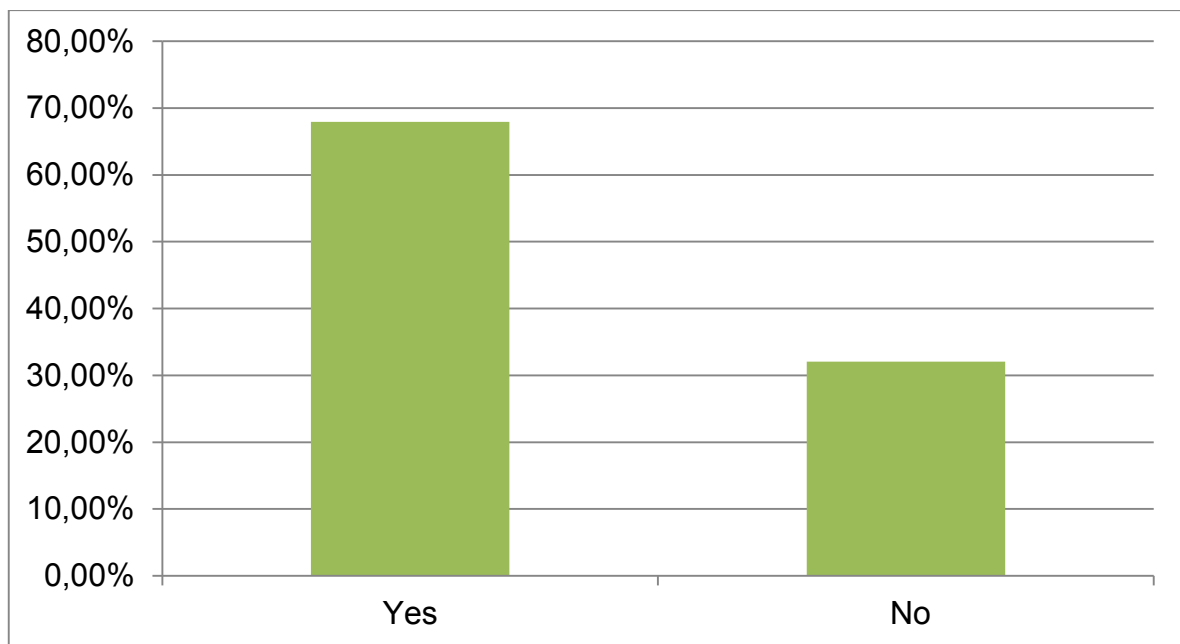
Financial advisors play a major role in the insurance industry; particularly in the distribution of risk benefits. Some insurers rely heavily on financial advisors as their source of distribution. Table 4.6 reflects that 67.95% of this study's respondents have a financial advisor and 32.05% of respondents do not have a financial advisor.

Table 4.7: What are/ would be your main reasons for choosing an insurer?

Reason	Number of respondents	Percentage
Advisors choice	11	13.58%
Premium	12	14.81%
Advertising	2	2.47%
Product features and benefits	41	50.62%
Insurer's brand reputation	15	18.52%
Total	81	100%

Figure 4.6 What are/ would be your main reasons for choosing an insurer?
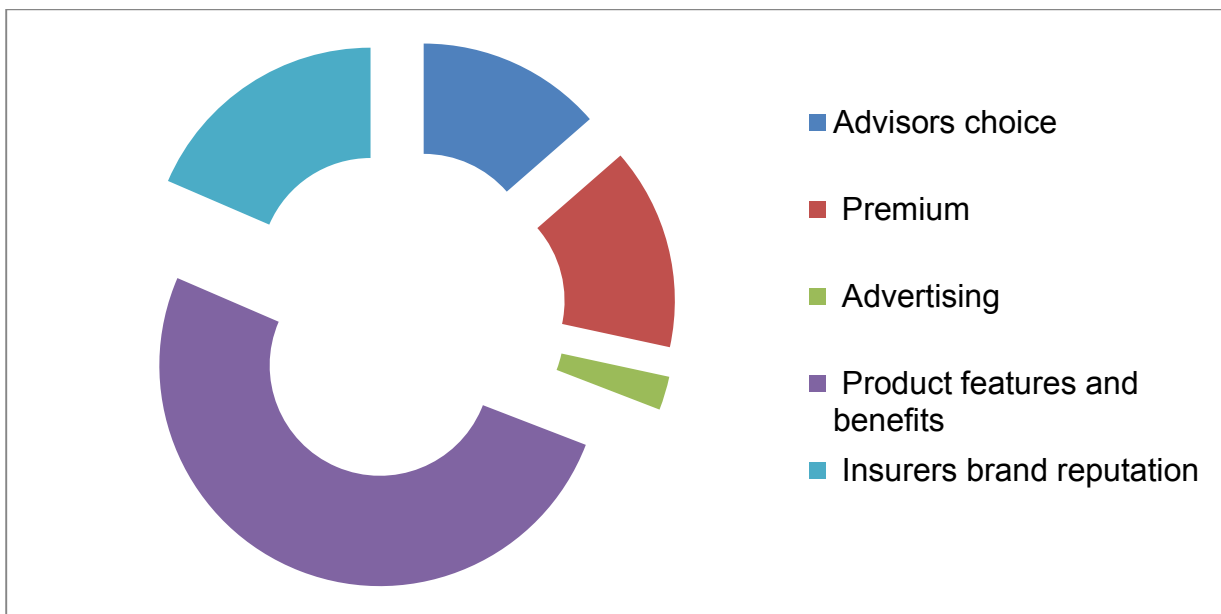
Table 4.7 reflects all the factors that this study refers to as influencers in the choice of an insurer when purchasing a risk benefit. According to the table, 50.62% of respondents chose product features and benefits as the major influencer when choosing an insurer. The next influencer according to respondents is the insurers' brand reputation, which is at 18.52%. The price of the benefit was chosen by 14.81% of respondents as an influence. 13.58% of respondents mention the advisors' choice as their main reason for choosing an insurer. The results in this table reflect that 2.47% of the respondents chose advertising as the main reason for their choice of insurer.

Table 4.8: Do you / would you research each insurer before you make your risk benefit decision?

Response	Number of respondents	Percentage
Yes	55	67.90%
No	26	32.10%
Total	81	100%

Figure 4.7 Do you / would you research each insurer before you make your risk benefit decision?
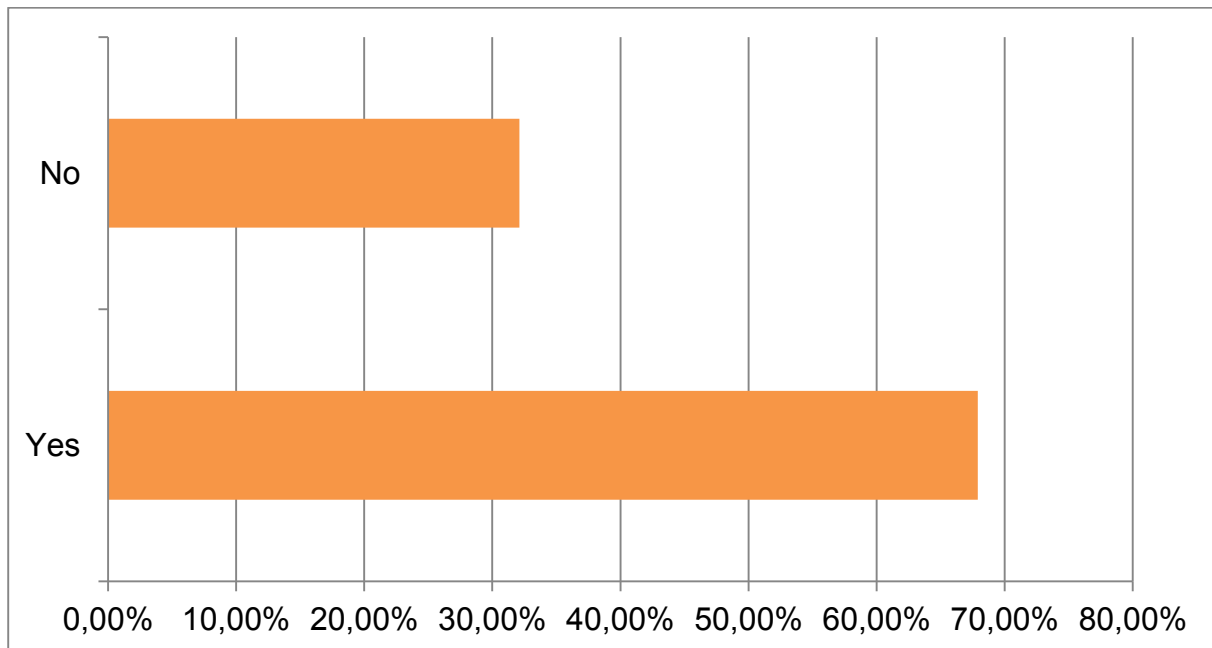
Insurance risk benefits are an intangible product and consumers only realise what they have bought when they reach the claims stage. There are a number of insurers who offer very similar products, with the difference being in the finer details referred to as the terms and conditions attached to the product. Table 8 represents that 67.90% of respondents research options available to them from different insurers before making their final purchase.

Table 4.9: How did you know about the insurer of your choice?

Response	Number of respondents	Percentage
Through online and television advertising	13	16.05%
Personal calls and emails from insurer	4	4.94%
Through friends and relatives	20	24.69%
From your financial advisor	31	38.27%
Not applicable	13	16.05%
Total	79	100%

Figure 4.8 How did you know about the insurer of your choice?
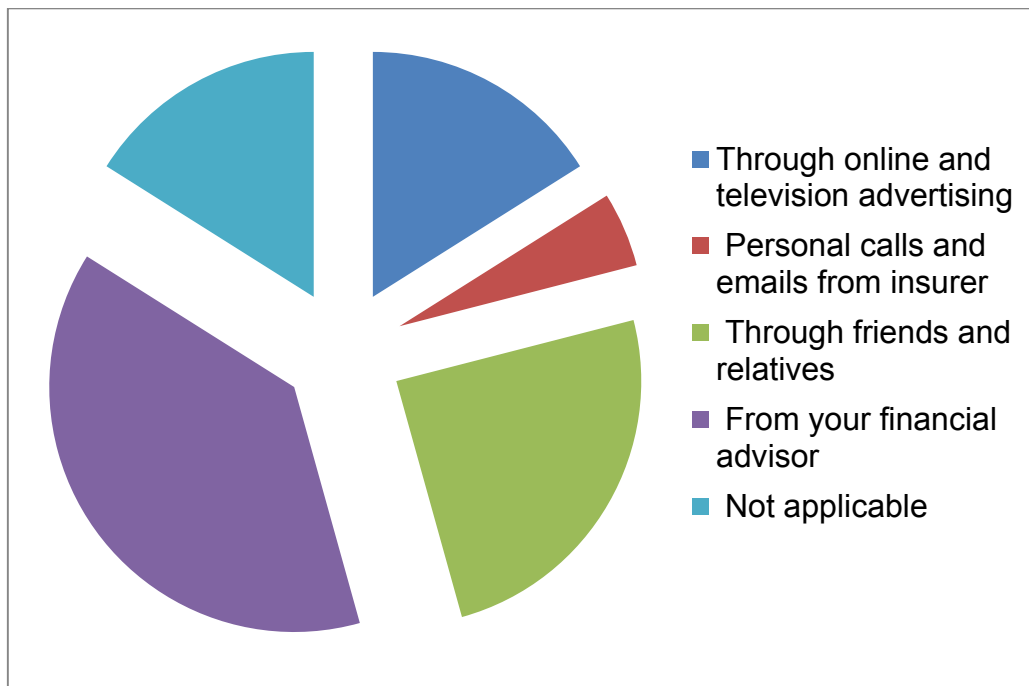
Table 4.9 represents a view of what serves as the respondents' first source of contact and or knowledge of the insurer. 38.27% of the respondents first heard of their insurer of choice from their financial advisor. Word of mouth is one of the fast growing, effective not paid for marketing elements; 24.69% of respondents of this study first heard about their insurer of choice through friends and relatives. Online and television advertising is also a source; 16.05% of this study's respondents heard about their insurer through this source. Personal calls and emails from the insurer was the least effective source for the respondents as only 4.94% of respondents learnt of their insurer through this source.

Part C

Table 4.10: Do you / would you have a budget allocated for your risk benefits?

Response	Number of respondents	Percentage
Yes	61	77.22%
No	18	22.75%
Total	79	100%

Figure 4.9 Do you / would you have a budget allocated for your risk benefits?
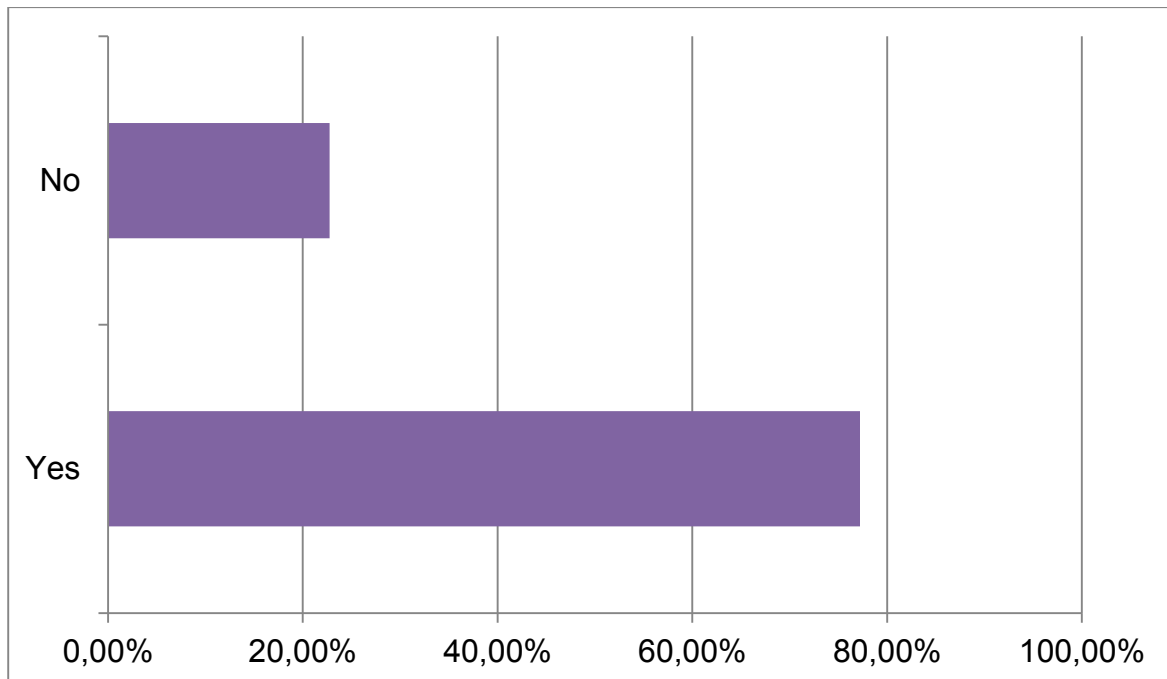
Price is an influencing factor on a consumer's decision to purchase. The nature of an insurance risk benefit is such that a consumer pays premiums, sometimes for years, before they actually can claim their benefit. Table 10 above reflects that 77.22% of the respondents allocate a budget for their risk benefit and 22.75% do not or would not. Financial planning is important when making this purchase as people should not over commit themselves; as it could mean a lifetime of paying premiums.

Table 4.11: I am willing to spend more than budgeted when committing to a risk benefit.

Response	Number of respondents	Percentage
Strongly disagree	6	7.59%
Disagree	21	26.58%
Neutral	37	46.84%
Agree	12	15.19%
Strongly agree	3	3.80%
Total	79	100%

Figure 4.10 I am willing to spend more than budgeted when committing to a risk benefit.
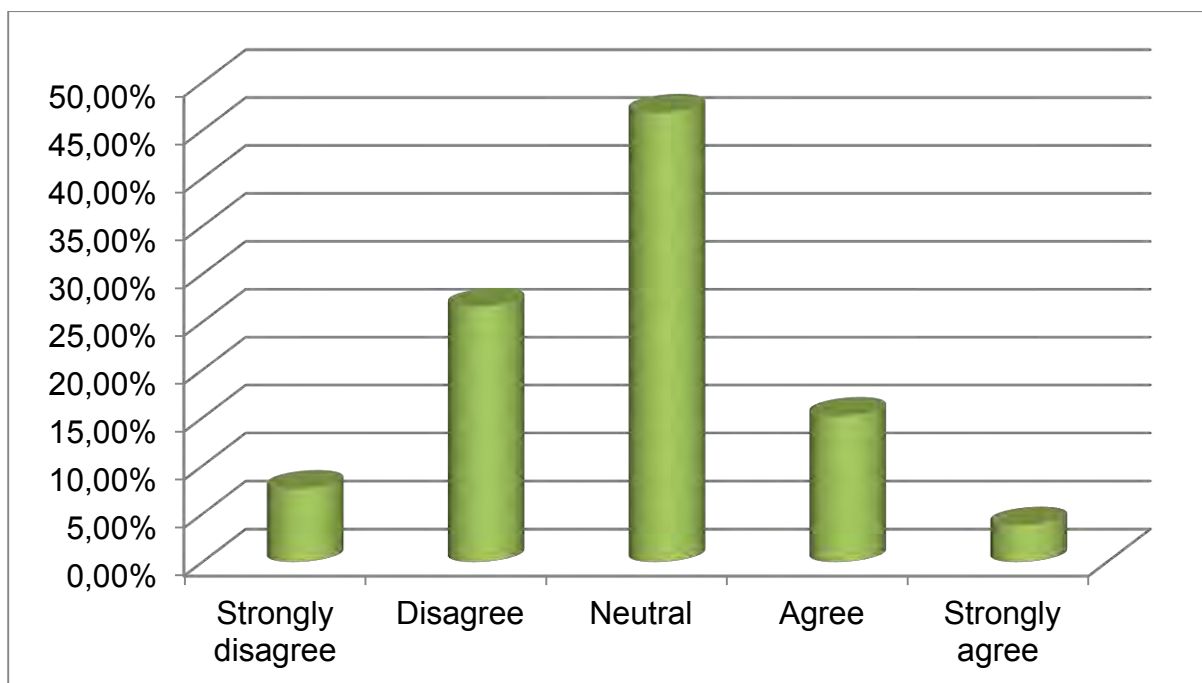
Table 4.11 represents respondents' willingness to spend more than budgeted when purchasing risk benefits. With the view this could be a life time premium; 46.84% of the respondents were neutral which could be analysed as unsure. The author therefore makes the assumption other factors beyond budget influence over-spending or not for these respondents. Other respondents would not go over budget (34,17%), whilst 18.99% of the respondents would spend more than they had allocated.

Table 4.12: The premium of the risk benefit has / would have an influence on my choice of insurer.

Response	Number of respondents	Percentage
Strongly disagree	3	3.85%
Disagree	8	10.26%
Neutral	14	17.95%
Agree	44	56.41%
Strongly agree	9	11.54%
Total	78	100%

Figure 4.11 The premium of the risk benefit has / would have an influence on my choice of insurer.
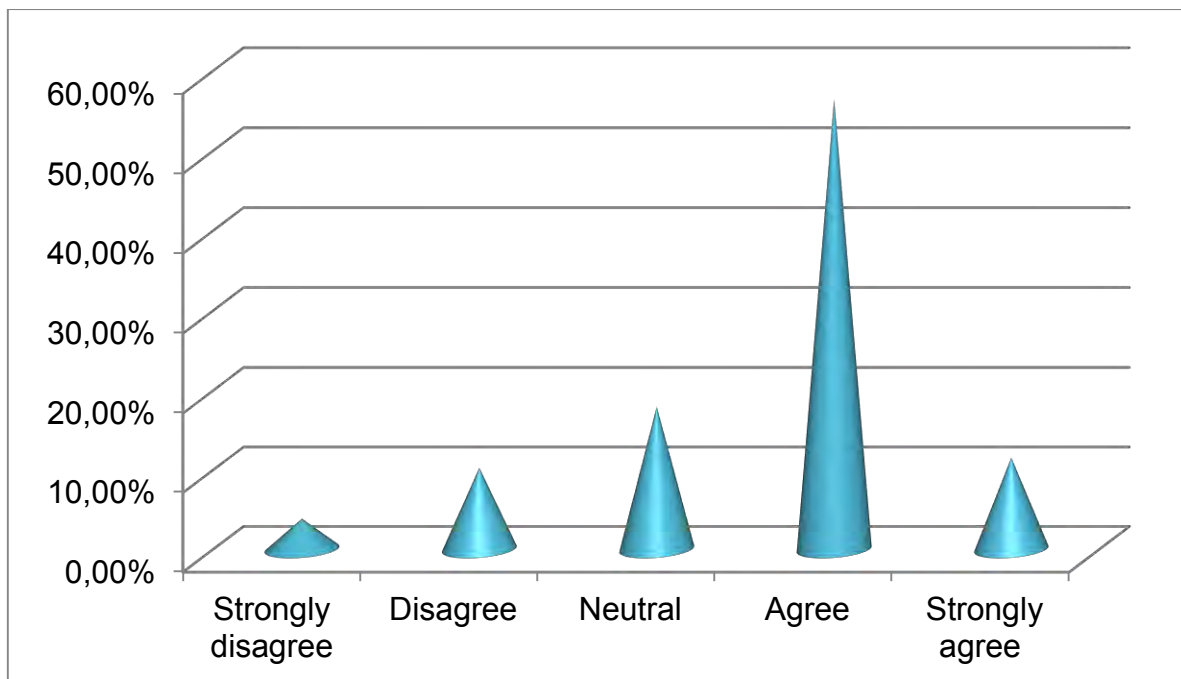
The insurance industry is very competitive. The similarity of products offered by rival insurers requires each insurer not to rely solely on their products for competitive positioning. Some insurers will therefore use their price/ premiums as a competitive advantage. Table 4.12 shows this sort of strategy could be beneficial for an insurer as 67.95% of respondents agree (56.41% agree and 11.54% strongly agree) the premium has an influence on their choice of insurer. The diverse nature of consumers is immense, which is why it is imperative for marketers to know their consumers in detail,

14.11% of respondents would not chose an insurer based on premium and 17.95% are neutral, or would be influenced by other factors.

Table 4.13: I have/I would purchase a risk benefit from a particular insurer based on their premiums.

Response	Number of respondents	Percentage
Strongly disagree	4	5.00%
Disagree	13	16.25%
Neutral	15	18.75%
Agree	44	55.00%
Strongly agree	4	5.00%
Total	80	100%

Figure 4.12 I have/I would purchase a risk benefit from a particular insurer based on their premiums.
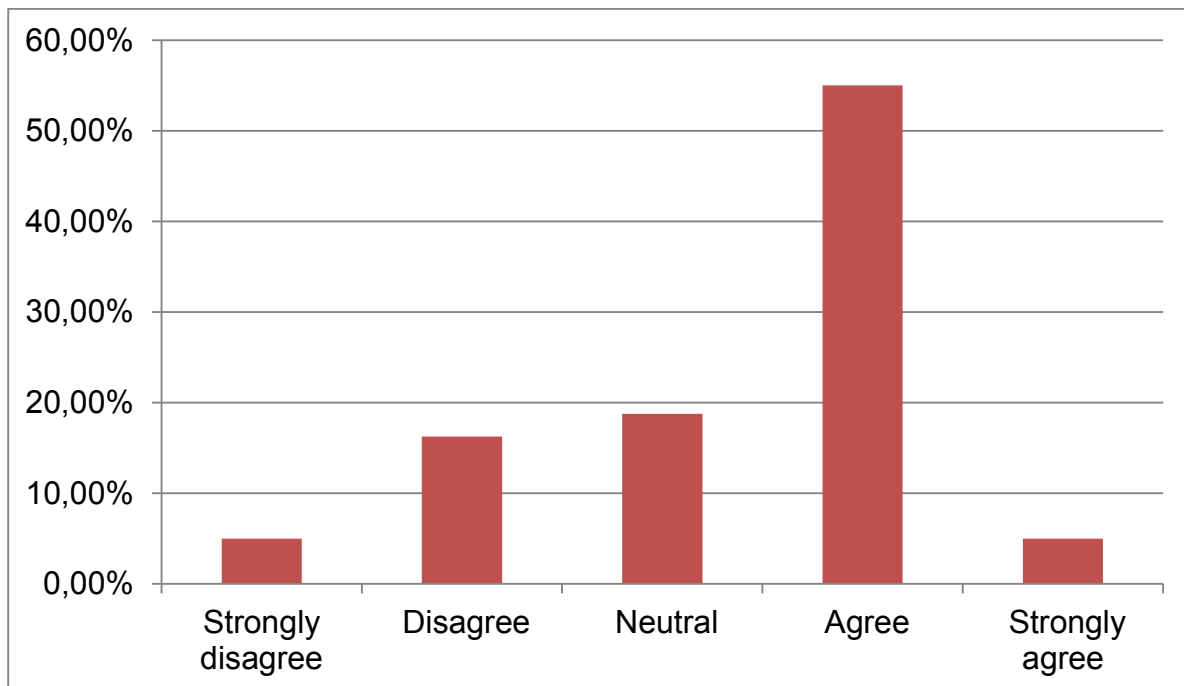
This study aims to investigate the factors that influence consumers choice of insurer; Table 4.13 reflects that 60% of respondents have purchased or would purchase from an insurer based on their premium. 21.25% of respondents would not be influenced by premiums when making their choice of insurer and 18.75% of respondents were neutral.

Table 4.14: Insurer perceived to have the best risk benefits premiums

Response	Number of respondents	Percentage
Discovery	12	15.19%
Liberty	21	26.58%
MMI (Metropolitan, Momentum Holdings)	6	7.59%
Old Mutual	23	29.11%
Sanlam	8	10.13%
Other	9	11.39%
Total	79	100%

Figure 4.13 Insurer perceived to have the best risk benefits premiums
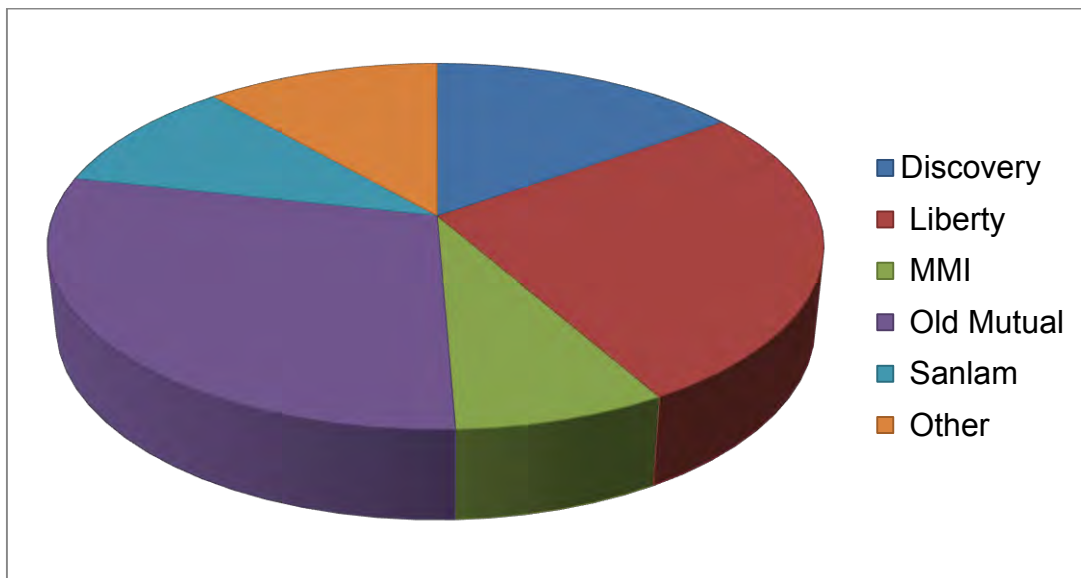
Table 4.14 is evidence of the competitiveness within the insurance industry. Old Mutual, Liberty, Discovery, Sanlam and MMI were known by 29.11%, 26.58%, 15.19%, 10.13% and 7.59% (respectively) of respondents from this study. The South African insurance industry has the "Big 5" insurance providers who have been in the industry for a long time; but there have been new entrants into the market and some compete on the same level. Altrisk and PPS were perceived by 11.39% of the respondents as having the best premiums in the industry.

Part D

Table 4.15: The amount of insurer's advertisements of their product influences my desire to purchase a benefit.

Response	Number of respondents	Percentage
Strongly disagree	7	8.64%
Disagree	18	22.22%
Neutral	27	33.33%
Agree	26	32.10%
Strongly agree	3	3.70%
Total	81	100%

Figure 4.14 The amount of insurer's advertisements of their product influences my desire to purchase a benefit.
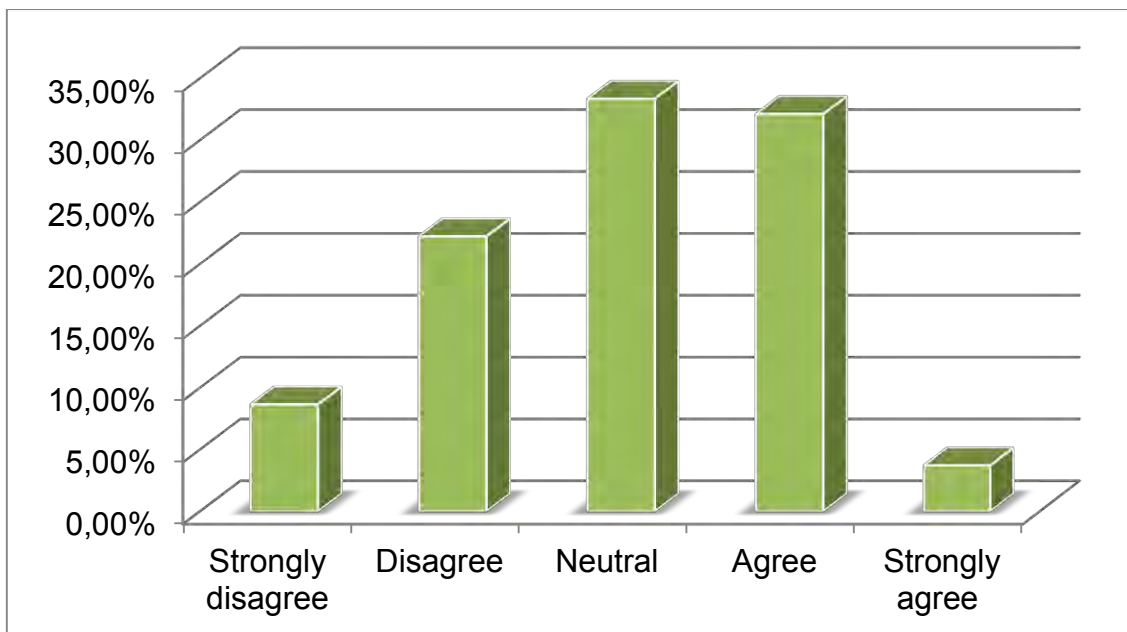
Organisations use advertising as a source to persuade consumers as to the value of their products. Advertising is part of any business's effective strategy towards maintaining product demand and increasing consumption. Table 4.15 presents 30.86% of respondents would not be influenced by advertising to buy a risk benefit whilst 35.80% of respondents would be influenced by the amount of advertising. A large number of respondents (33.33%) were neutral, which could indicate it depends more on the effectiveness of the advertising and how the respondent relates to the advertising.

Table 4.16: I have / would purchase a risk benefit from an insurer based on their advertising.

Response	Number of respondents	Percentage
Strongly disagree	6	7.41%
Disagree	31	38.27%
Neutral	22	27.16%
Agree	21	25.93%
Strongly agree	1	1.23%
Total	81	100%

Figure 4.15 I have / would purchase a risk benefit from an insurer based on their advertising.
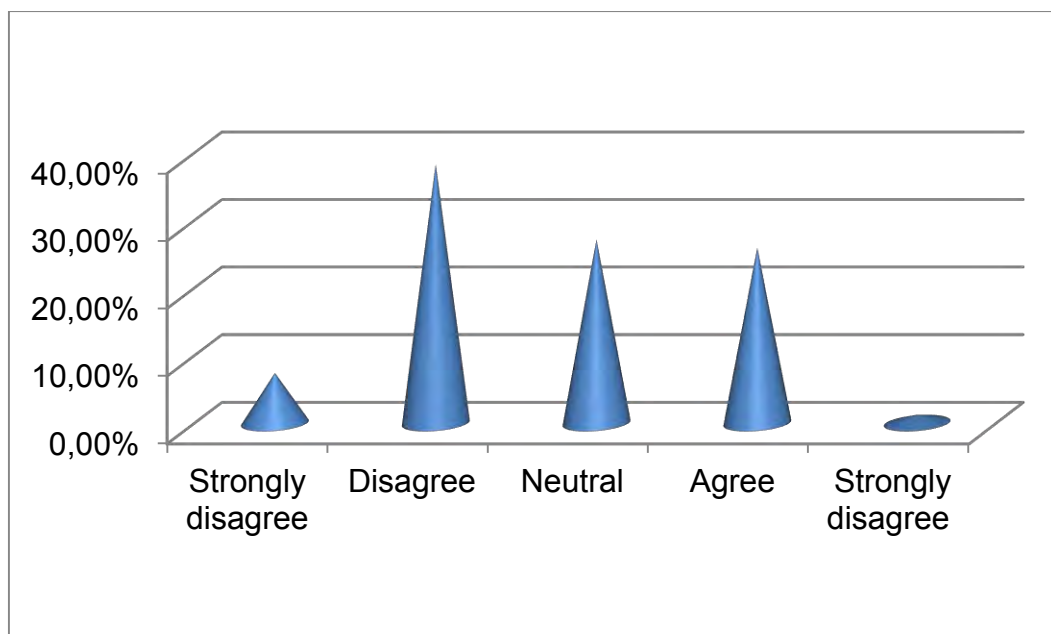
Businesses strategically engage in advertising to assist in the selling of their products; however it is not often the moment a consumer is confronted with an advertisement that they are faced with making a purchasing decision. The respondents of this study give reasons to believe that whilst advertising aims to persuade, consumers are selective of advertising they pay attention to. Table 4.16 shows that 45.68% of respondents would not buy from an insurer based on their advertising and 27.16% of respondents would make their purchase based on the advertising of the insurer.

Table 4.17: An insurer's advertising influences my choice of insurer when purchasing a risk benefit.

Response	Number of respondents	Percentage
Strongly disagree	5	6.25%
Disagree	22	27.50%
Neutral	26	32.50%
Agree	25	31.25%
Strongly agree	2	2.50%
Total	80	100%

Figure 4.16 An insurer's advertising influences my choice of insurer when purchasing a risk benefit.
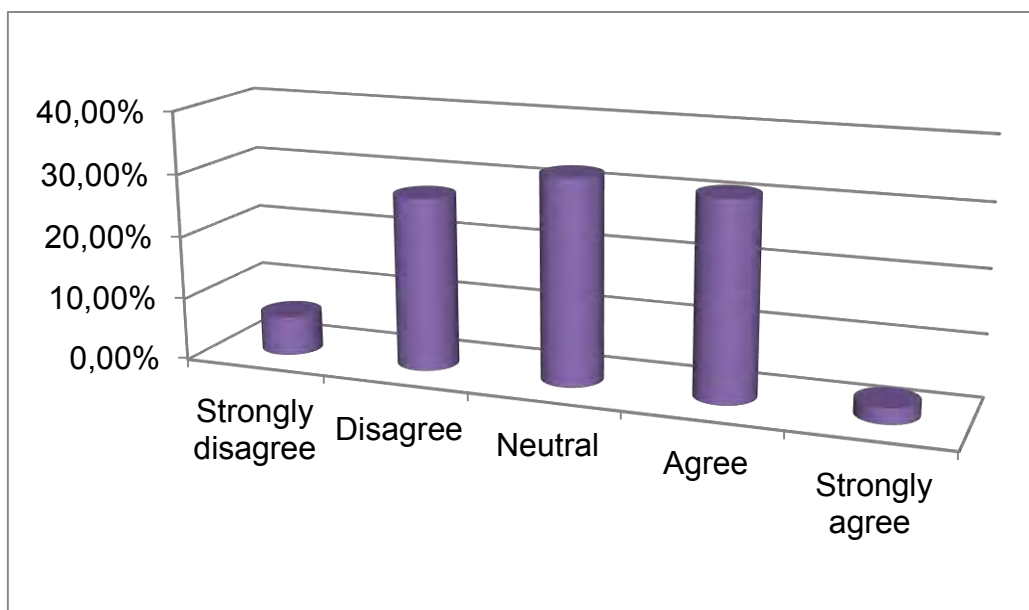
The main objective of advertising is to educate consumers about the brand which then increases the probability of the consumers' consideration of the brand as an option. Table 4.17 presents 33.75% of respondents would select to purchase from an insurer based on their advertising. The same amount of respondents indicated that advertising would not influence their brand choice. Advertising tends to reinforce consumer brand preference and where there is none, may influence short term purchase behaviour.

Table 4.18: Which of the following insurers do you believe has the most effective advertising campaign for risk benefits?

Response	Number of respondents	Percentage
Discovery	20	24.69%
Liberty	20	24.69%
MMI (Metropolitan, Momentum Holdings)	6	7.41%
Old Mutual	15	18.52%
Sanlam	11	13.58%
Other	9	11.11%
Total	81	100%

Figure 4.17 Which of the following insurers do you believe has the most effective advertising campaign for risk benefits?
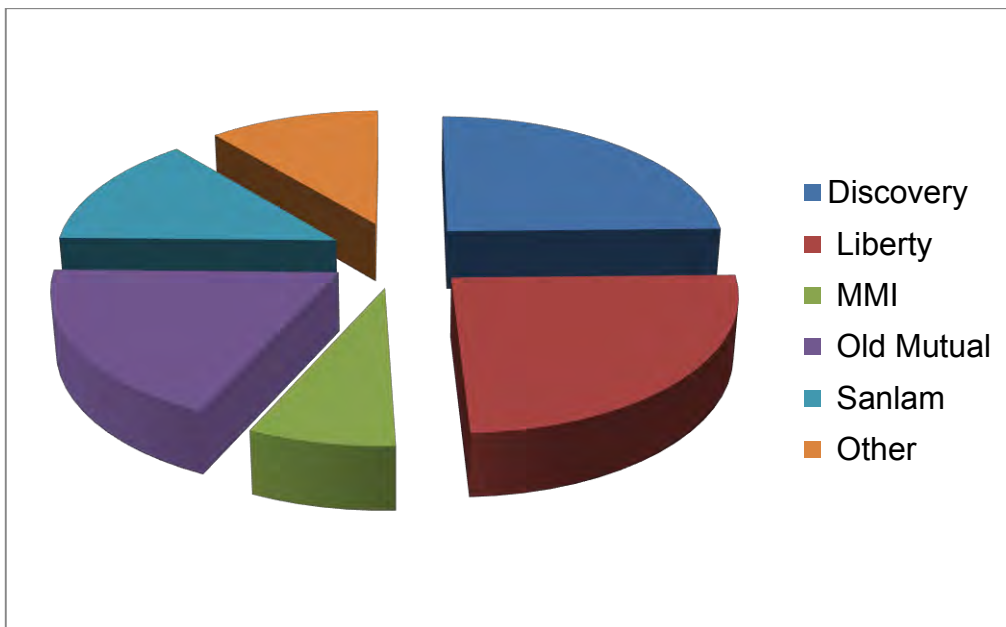
Table 4.18 reflects that the respondents of this study have different views and perceptions as to which insurer has the most effective advertising campaign. This can be linked to consumers having different advertisement preferences. Clientele, which is not one of the big 5 insurers, but is amongst the oldest players was also perceived by some respondents as having the most effective advertising campaign. Discovery and Liberty were both perceived by 24.69% of respondents as having the most effective advertising campaign, 18.52% of respondents perceived Old Mutual as having the most effective advertising campaign.13.58% and 7.41% of respondents perceived Sanlam and MMI group respectively as having the most effective advertising campaign.

Part D

Table 4.19: A product feature of a risk benefit has some influence on my choice of insurer.

Response	Number of respondents	Percentage
Strongly disagree	0	0%
Disagree	2	2.50%
Neutral	14	17.50%
Agree	54	67.50%
Strongly agree	10	12.50%
Total	80	100%

Figure 4.18 A product feature of a risk benefit has some influence on my choice of insurer.
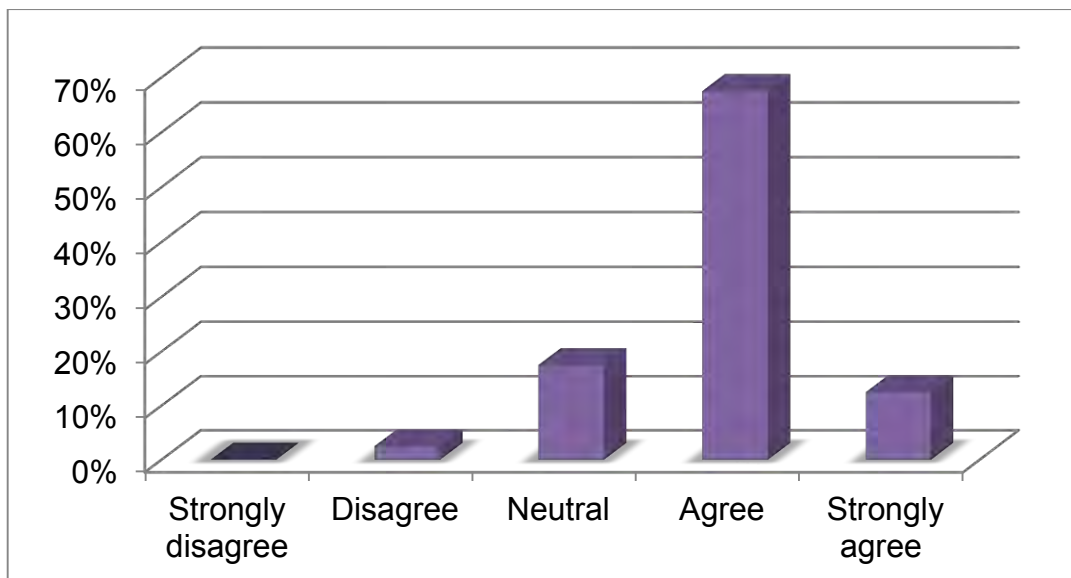
According to Table 4.19, 80% of respondents of this study agree a product feature of a risk benefit has an influence on their choice of insurer. This is a very high majority. Only 2.50% of the respondents disagree that product features influence their choice of insurer; whilst 17.50% of respondents were neutral. A majority of respondents nominated product features as the most likely factor to influence their choice of insurer when making a risk benefit purchase decision. According to the theory under chapter 2, products are there to uphold the corporate vision and embrace the interests of customers.

Table 4.20: A product feature of a risk benefit has to fit in with my own personal needs.

Response	Number of respondents	Percentage
Strongly disagree	0	0%
Disagree	1	1.25%
Neutral	4	5.00%
Agree	38	47.50%
Strongly agree	37	46.25%
Total	80	100%

Figure 4.19 A product feature of a risk benefit has to fit in with my own personal needs.
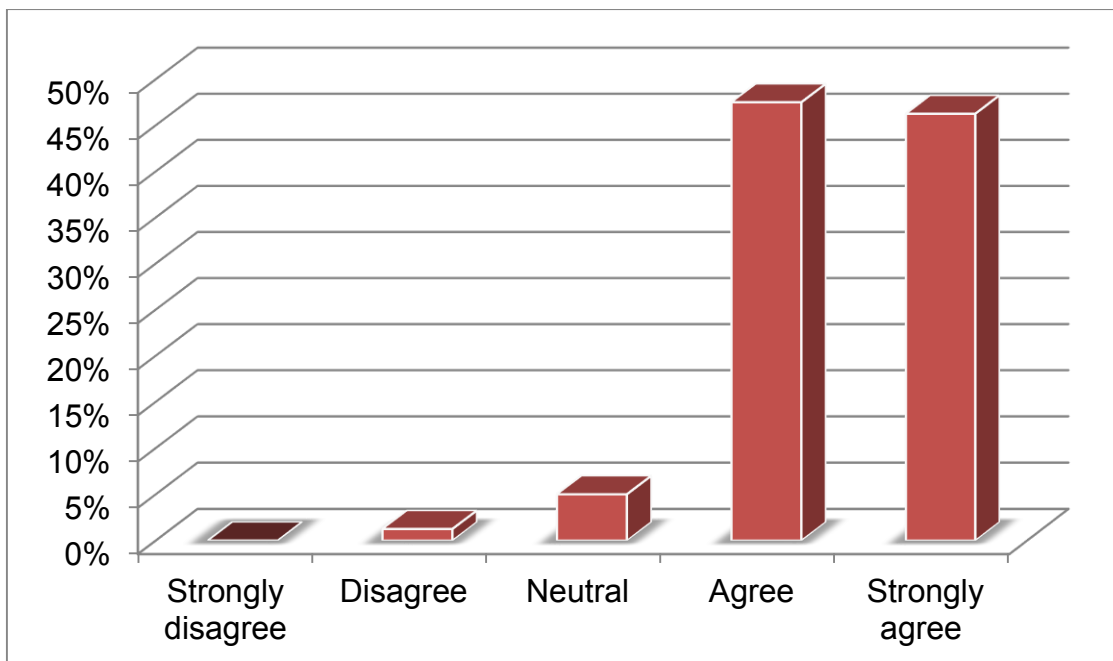
Lee (2014) mentions that the demand for a product is determined by its features as expressed by its functions, characteristics and problem solution. The core benefit of a product is of great importance and should at all times be aligned to the consumers' needs and expectations. Table 4.20 presents that these statements are true as 93.95% of respondents believe a product feature should be aligned to their personal needs; 5% of respondents were neutral and 1.25% disagreed. Respondents that agreed product features must be aligned to their needs were a strong majority.

Table 4.21: The product features of a risk benefit influence my decision when making my final selection of an insurer.

Response	Number of respondents	Percentage
Strongly disagree	0	0%
Disagree	1	1.27%
Neutral	13	16.46%
Agree	47	59.49%
Strongly agree	18	22.78%
Total	79	100%

Figure 4.20 The product features of a risk benefit influence my decision when making my final selection of an insurer.
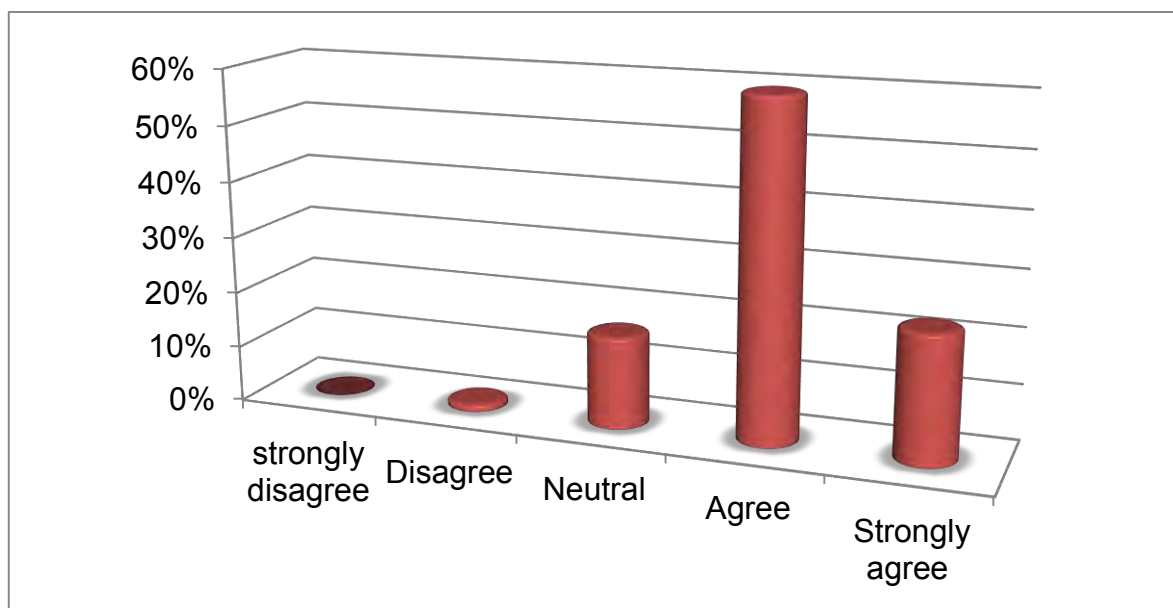
Product features appear to be the most influential factor when making a choice of insurer, for respondents of this study. Consumers need to know that owning a product will provide a sense of relief for them in their lives. In the case of an insurance risk product, consumers require peace of mind that the product they purchase will serve as an asset for themselves and their loved ones. In total 82.27% of the respondents agree a product feature influences their selection of insurer; 1.27% of respondents disagreed and 16.46% of respondents were neutral.

Table 4.22: I research/ would research all the insurers' product features of the risk benefit before making my final purchase decision.

Response	Number of respondents	Percentage
Strongly disagree	0	0%
Disagree	15	19.48%
Neutral	19	24.68%
Agree	31	40.26%
Strongly agree	12	15.58%
Total	77	100%

Figure 4.21 I research/ would research all the insurers' product features of the risk benefit before making my final purchase decision.
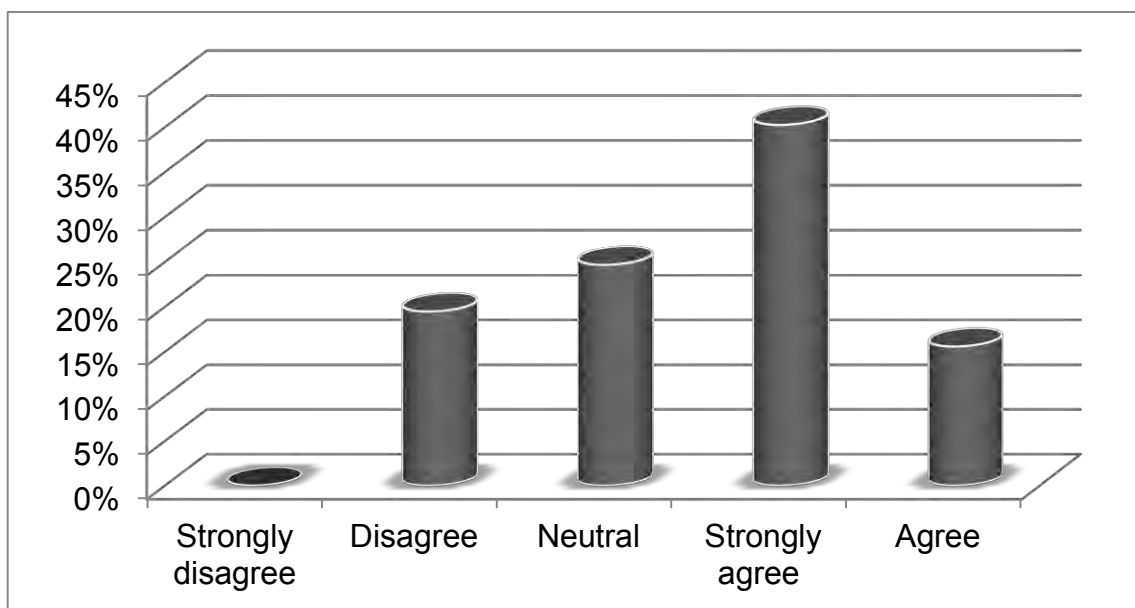
Consumers are always looking for options. Consumers will either look at price comparisons or product comparisons, which is why it is important for organisations to have a differentiating strategy that focuses on the one offering they have that is superior to their competitor. According to Table 4.22, 55.84% of the study's respondents research the different insurers and their offerings before making their final decision. In total 24.68% of respondents were neutral and 19.48% disagreed that they research the different offerings.

Table 4.23: I have/ I would purchase/d a risk benefit from a particular insurer based on their product features.

Response	Number of respondents	Percentage
Strongly disagree	0	0%
Disagree	5	6.41%
Neutral	17	21.79%
Agree	40	51.28%
Strongly agree	16	20.51%
Total	78	100%

Figure 4.22 I have/ I would purchase/d a risk benefit from a particular insurer based on their product features.
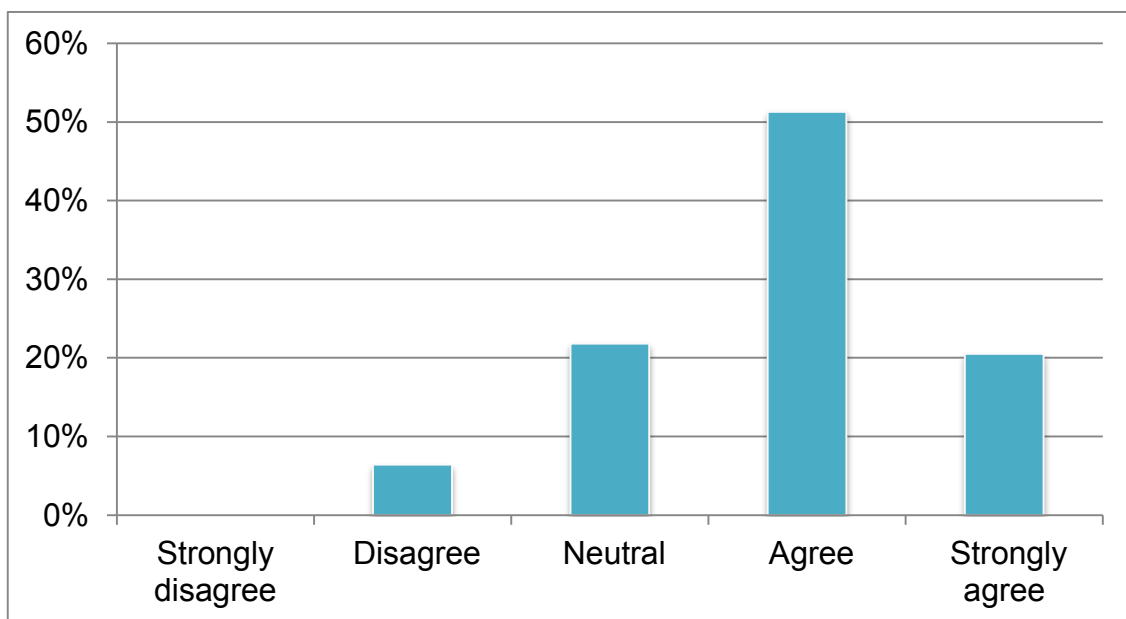
With the view of analysing product features as one of the factors that influence consumer's choice of insurer when purchasing a risk benefit, Table 4.23 reveals 71.79% of respondents would or have been influenced by product features when making their decision. Some 21.79 of respondents were neutral and 6.41% disagreed they have or would make their purchase decision based on product features.

Table 4.24: Insurer perceived to have the best product features for risk benefits.

Response	Number of respondents	Percentage
Discovery	21	27.63%
Liberty	13	17.11%
MMI (Metropolitan, Momentum Holdings)	5	6.58%
Old Mutual	28	36.84%
Sanlam	5	6.58%
Other	4	5.26%
Total	76	100%

Figure 4.23 Insurer perceived to have the best product features for risk benefits.
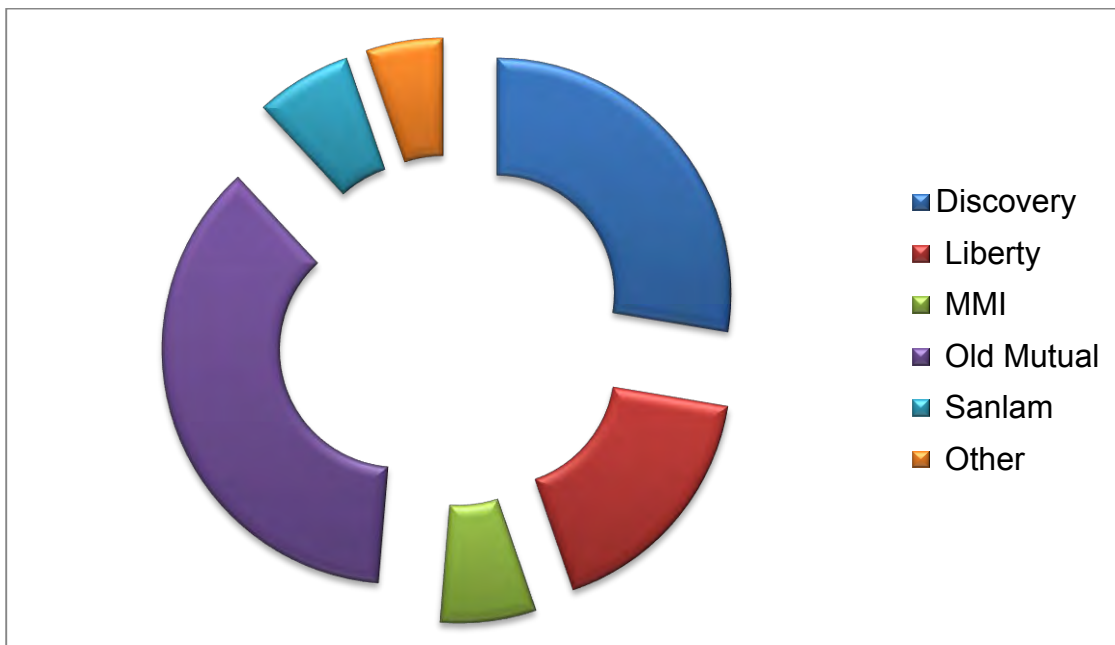
Consumers look for products that they believe provide solutions to their needs. Respondents of this study had different views of the insurer with the best product features and this can be attributed to the dynamics in the characteristics of each respondent. 36.84% of respondents believe that Old Mutual has the best product features; 27.63% believe that Discovery has the best; 17.11% believe that Liberty has the best and both Sanlam and MMI group were voted for by 6.58% of respondents. Relatively new entrants to the industry, PPS was chosen as the other alternative.

Part F

Table 4.25: An insurers brand reputation influences and would influence my choice of insurer when purchasing a risk benefit.

Response	Number of respondents	Percentage
Strongly disagree	0	0%
Disagree	0	0%
Neutral	15	18.75%
Agree	42	52.50%
Strongly agree	23	28.75%
Total	80	100%

Figure 4.24 An insurers brand reputation influences and would influence my choice of insurer when purchasing a risk benefit.
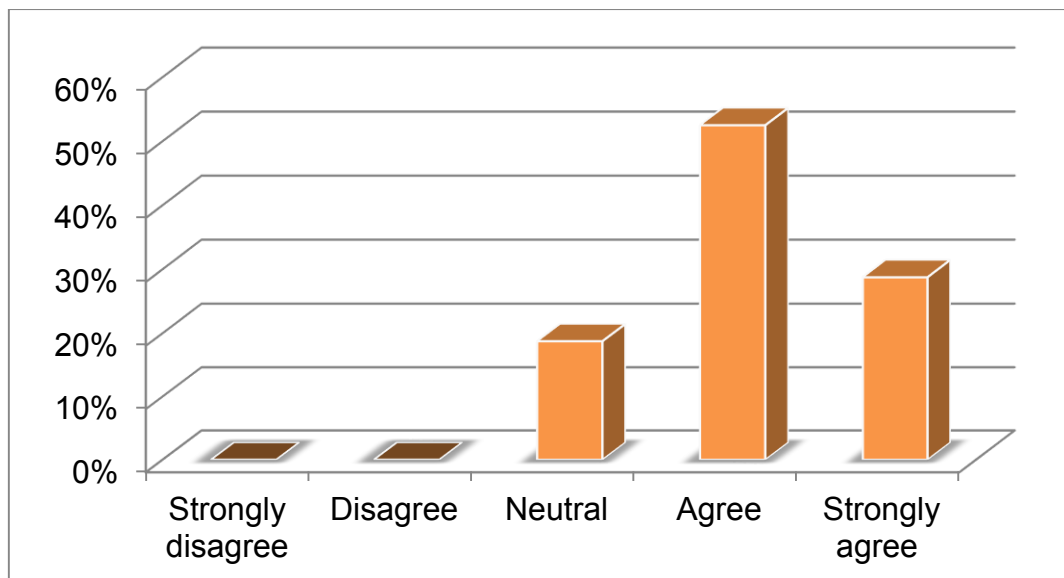
When consumers buy an insurance risk benefit, they buy a promise that when the need arises they will be taken care off. An insurance risk benefit is not a tangible product and therefore consumers will want to buy from a brand they believe is sustainable and will be there during their time of need.

Brand reputation is therefore an important factor as consumers will want to associate with a brand that has strong payout statistics. 81.25% of the study's respondents agree that brand reputation is an influence in their choice of insurer when purchasing a risk benefit, 18.75% of respondents were neutral.

Table 4.26: I have and would purchase a risk benefit from an insurer based on the insurers brand reputation.

Response	Number of respondents	Percentage
Strongly disagree	0	0%
Disagree	1	1.23%
Neutral	12	14.81%
Agree	50	61.73%
Strongly agree	18	22.22%
Total	81	100%

Figure 4.25 I have and would purchase a risk benefit from an insurer based on the insurers brand reputation.
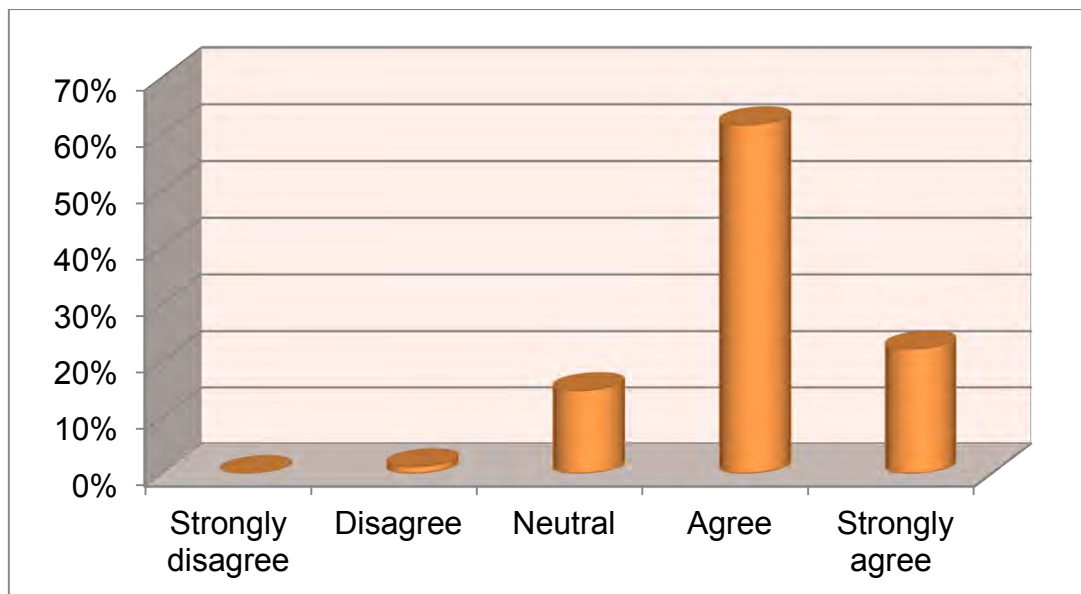
Consumers consider the ethical make up and the social environment of a brand they partner with. A product provider's brand as seen and perceived by the consumer can become a key force in creating competitive differentiation. According to the data in Table 4.26, 83.95% of respondents mentioned they have or would purchase from an insurer based on their brand reputations. 14.81% of respondents were neutral and 1.23% disagreed an insurer's brand reputation would influence them.

Table 4.27: Brand reputation is important in my purchase decision making.

Response	Number of respondents	Percentage
Strongly disagree	0	0%
Disagree	1	1.27%
Neutral	9	11.39%
Agree	47	59.49%
Strongly agree	22	27.85%
Total	79	100%

Figure 4.26 Brand reputation is important in my purchase decision making.
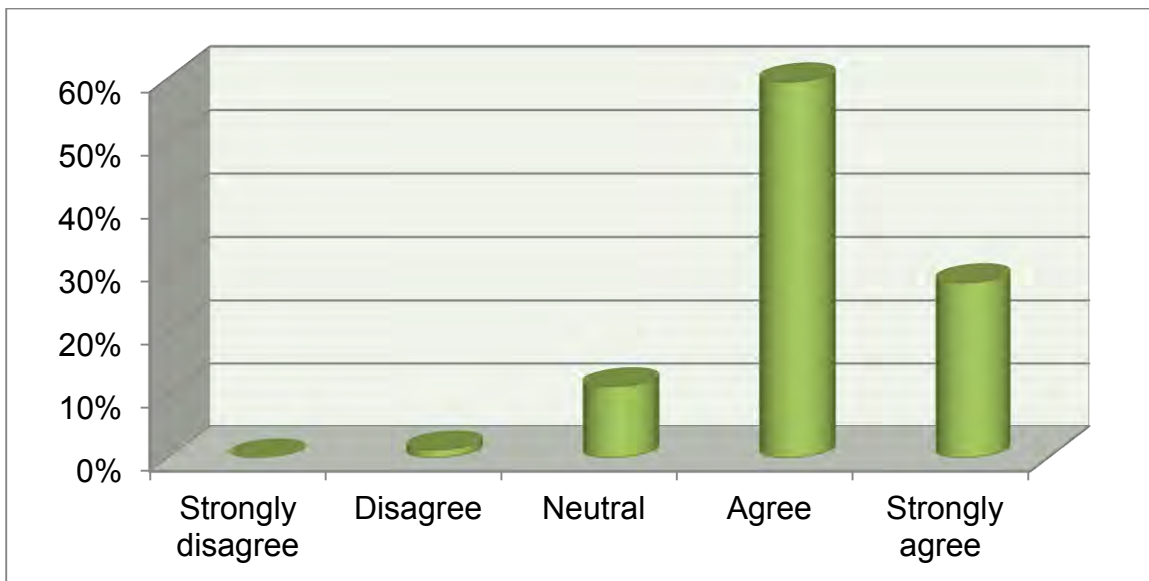
An organisation's culture, image and vision have become important elements of the selling proposition. Consumers are very concerned about brands that are behind products they purchase and will tend to associate themselves with brands they believe match their personalities; thus using brands as a source of self-expression. Table 4.27, showcases that 87.34% of respondents agree that brand reputation is important in their purchase decision. 11.39% of respondents were neutral and 1.27% of respondents disagree with the statement.

Table 4.28: Which of the following insurer's brands do you mostly relate to?

Response	Number of respondents	Percentage
Discovery	15	18.75%
Liberty	16	20.00%
MMI (Metropolitan, Momentum Holdings)	6	7.5%
Old Mutual	33	41.25%
Sanlam	6	7.50%
Other	4	5.00%
Total	80	100%

Figure 4.27 Which of the following insurer's brands do you mostly relate to?
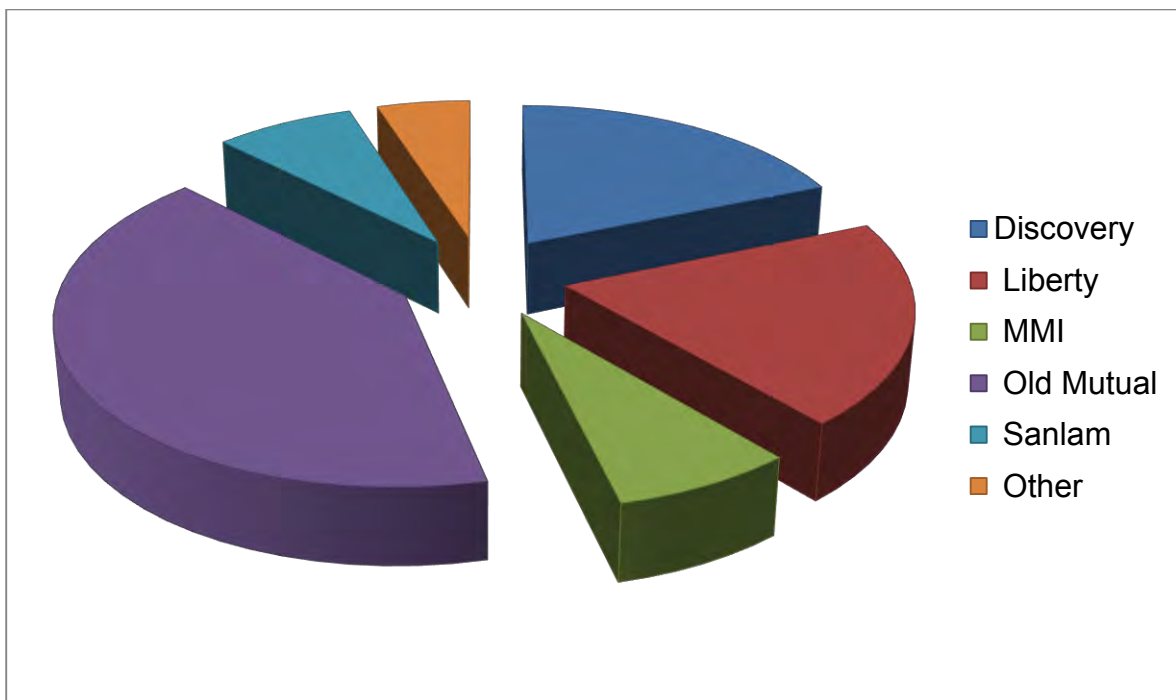
It is important to note consumers rate the level of quality by the credibility of the brand, which increases the importance of marketers engaging with their target market to ensure they know more about the brand. Table 4.28, represents the spread of brand perception, which is somewhat linked to the experience a consumer or those close to them have had with a brand. 41.25% of respondents relate to the Old Mutual brand the most. This brand has been in existence for a long time and has evolved and sustained itself. PPS is one of the new entrants in the industry and has a specific market they target – 5% of respondents mostly relate to this brand. 20% relate to Liberty's brand, 18.75% relate to the Discovery brand and 7.50% relate to the MMI group and Sanlam.

4.3 Chapter Summary

All the data from the questionnaire was collected and presented in this chapter. The information presented showcases the strength of some influential factors. It is of importance to further statistically test the findings in line with the hypothesis. The following chapter will be a presentation of the statistical data analyses and the presentation of the findings.

CHAPTER FIVE

Discussion

5.1 Introduction

The purpose of this study is to provide statistical analysis of the data collected from the questionnaires.

This chapter will analyse and interpreted the significance in relationships as per the hypothesis as follows:

- There is no significant relationship between gender and the different factors of influence i.e. price, advertising, product feature and brand image.
- There is no significant relationship between age and the different factors of influence i.e. price, advertising, product feature and brand image.
- There is a relationship between income levels and the different factors of influence i.e. price, advertising, product feature and brand image.
- There is a significant relationship between educational levels and the different factors of influence i.e. price, advertising, product feature and brand image.
- There is no significant relationship between race and the different factors of influence i.e. price, advertising, product feature and brand image.

The data below will further test the ownership per risk benefit line and finally test for the most influential factor for consumers when choosing an insurer to purchase a risk benefit from.

A multiple linear regression method was used to test the hypothesise. In a multiple regression, for the nominal and categorical variables that are not dichotomous (those with more than two levels) a dummy coding was used to transform the variables to dichotomously coded nominal variables. The process of dummy coding did not apply to the ordinal variables.

The table below illustrates participants' ownership of risk benefits.

Table 5.1.1: Risk Frequencies

		Responses		Percent of Cases
		Y	Percent	
Preferred risk benefits[a]	Life Cover	28	26.4%	35.0%
	Disability Cover	19	17.9%	23.8%
	Critical illness	6	5.7%	7.5%
	All of the above	45	42.5%	56.3%
	None of the abo	8	7.5%	10.0%
Total		106	100.0%	132.5%

a. Dichotomy group tabulated at value 1.

The majority of participants in this study do not have critical illness cover. This dynamic factor is aligned to the statistics provided by the insurers in South Africa.

5.1.2 Gender

The table below represents the relationship between gender and premiums as an influencing factor.

Table 5.1.2a: Gender vs. Premium

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.026	.683		13.221	.000
	Gender of Participants	.526	.432	.140	1.219	.227

a. Dependent Variable: Premium

Sig or p for the independent variables is above 0.05 indicating no statistical significances with the dependent variable (Premium Lev). Therefore the hypothesis is accepted. The conclusion is there is no relationship between gender and premium.

The table below represents the relationship between gender and advertising as influencing factor:

Table 5.1.b: Gender vs. Advertising

Model		Unstandardised Coefficients		Standardised Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.923	.944		8.392	.000
	Gender of Participants	.538	.593	.102	.908	.366

a. Dependent Variable: Advertising

Sig or p for the independent variables is above 0.05 indicating no statistical significances with the dependent variable (Advertising). Therefore the hypothesis is accepted and the conclusion is there is no relationship between gender and advertising.

The table below represents the relationship between gender and product feature as influencing factor:

Table 5.1.1c: Gender vs. Product feature

Model		Unstandardised Coefficients		Standardised Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	19.249	.912		21.100	.000
	Gender of Participants	.297	.565	.063	.525	.601

a. Dependent Variable: Product feature

Sig or p for the independent variables is above 0.05 indicating no statistical significances with the dependent variable (Product Features). Therefore the hypothesis is accepted and the conclusion is there is no relationship between gender and Product Features.

The table below represents the relationship between gender and brand image as influencing factor:

Table 5.1.1d: Gender vs. Brand image

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	11.611	.656		17.700	.000
	Gender of Participants	.444	.406	.125	1.096	.277

a. Dependent Variable: Brand Image

Sig or p for the independent variables is above 0.05 indicating no statistical significances with the dependent variable (Brand image). Therefore hypothesis is accepted and the conclusion is there is no relationship between gender and brand image.

The tables above reveal that gender does not have a role in a consumer being influenced by any one factor. Over the years, insurance purchases have been mainly by male consumers. Females were not exposed to insurance products as the man of the household was in most instances the bread winner would be solely responsible for insurance purchases. The statistics above show that females are considered recent entrants to the insurance purchase world; other demographics control factors that influence their choice of insurer.

5.1.2 Age

The table below represents the relationship between age and premium as influencing factor:

Table 5.1.2a: Age vs. Premium

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.960	.589		18.609	.000
	Age of Participants	-.367	.176	-.235	-2.082	.041

a. Dependent Variable: Premium

Sig or p for the independent variable is below 0.05 indicating a statistical significance with the dependent variable (Premium). Therefore the hypothesis is rejected and the conclusion is there is a relationship between age and premium. The data shows an inverse relationship; as age levels increase, the significance in the premium as a factor in influencing consumers in purchasing risk insurance decreases.

The table below represents the relationship between age and advertising as Influencing factor:

Table 5.1.2b: Age vs. Advertising

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.699	.804		12.064	.000
	Age of Participants	-.302	.235	-.144	-1.285	.202

a. Dependent Variable: Advertising

Sig or p for the independent variables is above 0.05 indicating no statistical significance with the dependent variable (Advertising). Therefore the hypothesis is accepted and the conclusion is there is no relationship between age and advertising in influencing consumers when purchasing a risk product.

The table below represents the relationship between age and product feature as influencing factor:

Table 5.1.2c: Age vs. Product Feature

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	20.074	.785		25.588	.000
	Age of Participants	-.114	.225	-.061	-.506	.615

a. Dependent Variable: Product feature

Sig or p for the independent variables is above 0.05 indicating no statistical significance with the dependent variable (Product Features). Therefore the hypothesis is accepted and the conclusion is there is no relationship between age and product features in influencing consumers when purchasing a risk product.

The table below represents the relationship between age and brand image as influencing factor:

Table 5.1.2d: Age vs. Brand image

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.114	.560		21.647	.000
	Age of Participants	.058	.166	.040	.347	.730

a. Dependent Variable: Brand image

Sig or p for the independent variables is above 0.05 indicating no statistical significance with the dependent variable (Brand image). Therefore the hypothesis is accepted and the conclusion is there is no relationship between age and brand image in influencing consumers when purchasing a risk products.

The above data regarding age indicates the possibly budget allocations are made per age level. Of all the influencing factors, the premium of a risk benefit seems to

influence different age groups. People in different life stages link the each stage with its own set of life's occurrences. The younger the consumer is, the more they want to achieve financial independence, which could lead to budgetary constraints. Younger consumers tend to be building their portfolios and acquiring assets. According to Old Mutual's savings monitor (2014), the younger generation are interested in buying cars, reducing debts and holidays before their interests turn to the purchase of risk benefits. The conclusion is therefore there is a relationship between the younger generation and the premium of the product because the purchase of a risk benefit is last on the list of items to spend on. As people get older, they tend to acquire assets and they are possibly exposed to life changing events. They are therefore influenced by some other factors rather than the premium when making risk benefit purchases.

Often consumers have a possible price in mind for a product before they learn the actual product price. Bruno et al., (2012), argues evidence by numerous researchers confirms consumers tend to evaluate products and base their purchase decisions by comparing prices with internal standards. Krishna et al., (2002) cited in (Danziger et al., 2014), further emphasise the point by stating price perceptions are dependent on consumers' circumstances.

5.1.3 Income Levels

The table below represents the relationship between income levels and premium as influencing factor:

Table 5.1.3.a: Income levels vs Premium

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.821	.445		22.068	.000
	Monthly Income	-.003	.177	-.002	-.019	.985

a. Dependent Variable: Premium

Sig or p for the independent variables is above 0.05 indicating no statistical significance with the dependent variable (Premium). Therefore the hypothesis is rejected and the conclusion is there is no relationship between Income level and Premium level in influencing consumers when purchasing a risk product.

The table below represents the relationship between income levels and advertising as influencing factor:

Table 5.1.3.b: Income levels vs Advertising

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.855	.580		16.989	.000
	Monthly Income	-.506	.235	-.239	-2.158	.034

a. Dependent Variable: Advertising

Sig or p for the independent variable is below 0.05 indicating statistical significance with the dependent variable (Advertising). Therefore the hypothesis is accepted and the conclusion is there is a relationship between Income levels and Advertising. The data shows an inverse relationship; as Income levels increase, importance of advertising as a factor in influencing consumers in purchasing risk insurance

decreases. This could illustrate for risk insurance providers aiming to attract new consumers, especially lower age categories, inroads have been made, or advertising is a persuasive tool in influencing those who lack the financial ability to purchase a risk product.

The table below represents the relationship between income levels and product feature as influencing factor:

Table 5.1.3.c: Income levels vs Product features

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	19.687	.577		34.120	.000
	Monthly Income	.008	.230	.004	.034	.973

a. Dependent Variable: Product feature

Sig or p for the independent variables is above 0.05 indicating no statistical significance with the dependent variable (Product Feature). Therefore the hypothesis is rejected and the conclusion is there is no relationship between Income level and product feature in influencing consumers when purchasing a risk product.

The table below represents the relationship between income levels and brand image as influencing factor:

Table 5.1.3.d: Income levels vs Brand image

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.618	.403		31.311	.000
	Monthly Income	-.161	.168	-.110	-.957	.342

a. Dependent Variable: Brand Image

Sig or p for the independent variables is above 0.05 indicating no statistical significance with the dependent variable (brand image). Therefore the hypothesis is rejected and the conclusion is there is no relationship between Income level and brand image in influencing consumers when purchasing a risk product.

The information above shows a relationship between income levels and advertising. The research concludes therefore advertising is an influence for the participants with lower income levels. This could be linked to the state of a consumer's portfolio; the higher the income the higher the asset portfolio. According to Romaniuk (2012), in advertising more than all the other factors, the brand has to compete for consumer attention. Assuming he participants with a higher income levels have pressured jobs and responsibility, the time to be exposed to advertising would be limited. Technology is now at the centre of advertising, which means some participants will not be exposed to advertising. Jin and Lutz (2013), cite technology has stretched the exercise of advertising from print media, broadcast media to the internet and other marketing communication tools as conventional. Taylor et al., (2013), agree with this when they acknowledge media practice has evolved to include an increased amount of social media and more technology orientated element which give a consumer additional control over that of the advertiser.

5.1.4 Education level

The table below represents the relationship between educational level and premium as influencing factor:

Table 5.1.4.a: Educational level vs Premium

Model		Unstandardised Coefficients		Standardised Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	8.579	.659		13.009	.000
	Level of education	.456	.230	.226	1.980	.051

a. Dependent Variable: Premium

Sig or p for the independent variables is equal to 0.05 indicating no statistical significance with the dependent variable (Premium). Therefore the hypothesis is rejected and the conclusion is there is no relationship between Level of education and premium in influencing consumers when purchasing a risk product.

The table below represents the relationship between educational level and advertising as influencing factor:

Table 5.1.4.b: Educational level vs Advertising

Model		Unstandardised Coefficients		Standardised Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	8.272	.909		9.100	.000
	Level of education	.165	.315	.060	.524	.602

a. Dependent Variable: Advertising

Sig or p for the independent variables is above 0.05 indicating no statistical significance with the dependent variable (Advertising). Therefore the hypothesis is rejected and the conclusion is there is no relationship between Educational level and Advertising in influencing consumers when purchasing a risk product.

The table below represents the relationship between educational level and product feature as influencing factor:

Table 5.1.4.c: Educational level vs Product feature

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	20.092	.850		23.646	.000
	Level of education	-.134	.296	-.055	-.454	.652

a. Dependent Variable: Product feature

Sig or p for the independent variables is above 0.05 indicating no statistical significance with the dependent variable (Product feature). Therefore the hypothesis is rejected and the conclusion is there is no relationship between educational level and product feature in influencing consumers when purchasing a risk product.

The table below represents the relationship between educational level and brand image as an influencing factor:

Table 5.1.4.d: Educational level vs Brand image

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	11.910	.613		19.418	.000
	Level of education	.140	.215	.075	.650	.517

a. Dependent Variable: Brand image

Sig or p for the independent variables is above 0.05 indicating no statistical significance with the dependent variable (Brand image). Therefore the hypothesis is rejected and the conclusion is there is no relationship between educational level and brand image in influencing consumers when purchasing a risk product

The factors have been analysed with each of the demographic elements. There is a statistical relationship between age and premium as well as between income and advertising.

5.1.5 Race

The table below represents the relationship between race and premiums as an influencing factor.

Table 5.1.5a: Race vs. Premium

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.881	.289		34.241	.000
	Asians	-.714	.612	-.139	-1.167	.247
	Coloured	-1.881	1.354	-.161	-1.390	.169
	White	.369	.508	.087	.726	.470

a. Dependent Variable: Premium

Sig for all independent variables is above 0.05 indicating no statistical significance among all independent variables with the dependent variable (premium. Therefore the hypothesis is accepted and the conclusion is there is no relationship between premium and race in influencing consumers when purchasing a risk product.

The table below represents the relationship between race and advertising as influencing factor:

Table 5.1.5b: Race vs Advertising

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.043	.389		23.268	.000
	Asians	-1.126	.862	-.153	-1.307	.195
	Coloured	-1.043	1.924	-.062	-.542	.589
	White	-.464	.724	-.075	-.640	.524

a. Dependent Variable: Advertising

Sig for all independent variables is above 0.05 indicating no statistical significance among all independent variables with the dependent variable (advertising). Therefore the hypothesis is accepted and the conclusion is there is no relationship between race and advertising in influencing consumers when purchasing a risk product.

The table below represents the relationship between race and product feature as influencing factor:

Table 5.1.5c: Race vs Product feature

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	19.537	.374		52.301	.000
	Asians	.918	.812	.142	1.130	.262
	Coloured	-.037	1.732	-.003	-.021	.983
	White	.110	.690	.020	.160	.873

a. Dependent Variable: Product features

Sig for all independent variables is above 0.05 indicating no statistical significance with the dependent variable (product features). Therefore the hypothesis is accepted and the conclusion is there is no relationship between race and product features in influencing consumers when purchasing a risk product.

The table below represents the relationship between race and brand image as influencing factor:

Table 5.1.5d: Race vs Brand image

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.908ᵃ	6	.245
Likelihood Ratio	8.278	6	.218
Linear-by-Linear Association	.682	1	.409
N of Valid Cases	80		

a. 6 cells (50.0%) have expected count less than 5. The minimum expected count is .38.

The Chi-Square test above shows a p value of 0,245 which is above 0.05 indicating no statistical significance with the variable (brand image). Therefore the hypothesis is accepted and the conclusion is there is no relationship between race and brand image in influencing consumers when purchasing a risk product.

The table below represents the most influential factor when purchasing a risk benefit:

Table 5.1.6: Most influential factor

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Premium	76	5.00	15.00	9.8158	1.88828
Advertising	80	3.00	15.00	8.7375	2.64692
Product feature	71	14.00	25.00	19.7042	2.36277
Brand image	78	8.00	15.00	12.2949	1.78819
Valid N (listwise)	64				

Figure 5.1 Factors affecting choice of insurer
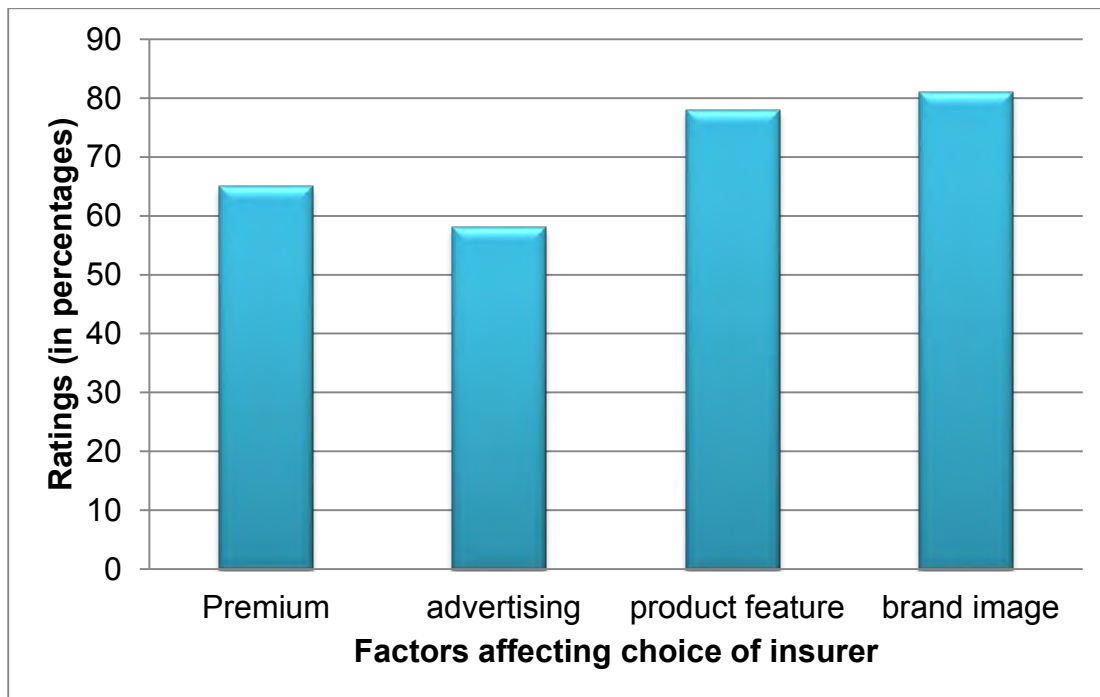
The graph and table above illustrates brand image is the most influential factor in influencing a consumer's choice of insurer. The ratings percentages were computed by taking the mean scores of factor divided by the total figure of scale and then multiplied by 100. Based on this calculation, brand reputation closely outpointed feature by 81 to 78. Since this margin is small, product features from a consumer's point of view (based on data above) is an equally important factor in choosing an insurer.

According to Kotler and Keller (2012), consumers tend to assess products and services dependent on how they are branded. This could be one of the reasons why brand image is deemed by the study's participants as the most influential factor when choosing an insurer. Consumers are more aware of the options available to them and as such will take care in considering the ethical make up and the social environment of a brand they partner with. This is of particular importance for consumers who buy insurance industry because not only is the product intangible, but as a consumer, when purchasing a risk benefit they only purchase a promise. The brand consumers partner with therefore becomes of great importance in that it must be a brand consumers believe will in fact pay their claims when a claim event occurs.

According to Lee (2014), the demand for a product is determined by its features as expressed by its functions, characteristics and problem solving of the product. Whilst the savings monitor document mentioned in chapter two, showed some consumers purchase risk benefits for savings purposes, the main reason for purchasing them is to ensure financial sustainability for the consumer and their family should a claim event occur. The product feature in this regard becomes important, because whilst most risk insurers have similar products, the finer details are often very different which results in some products not solving a consumer's need. An example would be a critical illness benefit: Consumers tend to purchase this benefit with the anticipation should they get cancer, which is the most claimed for illness according to Discovery (2013) they will receive a pay-out to enable them to afford specialised medical assistance. The product feature therefore becomes an issue with some insurers only paying claims on severity basis. The onus is on the insurer to make the product feature clear to a consumer. When organisations are faced with the difficulty of all competitors having similar products, the solution is differentiation strategy. This strategy involves an organisation putting emphasis on their differential offerings, thereby ensuring consumers buy their product.

The low ratings of advertising as an influential factor could suggest risk insurers are exposed to conscientious consumers who are not easily persuaded by the elements of advertising; at least not when purchasing risk benefits, but are rather influenced by the benefits of products. The main objective of advertising is to circulate messages about products and services to existing and potential consumers. The obstacle faced by product owners is that consumers filter information as they deem it relevant to them. Sometimes consumers totally miss a product owner's advertising. Advertising filtered by consumers is the main reason for advertising being recognised as the least influential factor by the study's participants.

5.2 Chapter Summary

Insurance risk benefits are of vital importance to South African consumers and for the country's economy. The number of insurers in South Africa has increased with entrants becoming equally dominant industry players. Statistics by the insurance industry (KPMG, 2014), reflects a huge gap in risk benefit ownership which is an opportunity for insurers. The insurers must focus on attracting consumers. Consumers tend to use brands as a source for self-expression and will therefore associate themselves with brands they believe match their personalities. Consumer based brand equity approach views the value of the brand by recognising that the power of brand lies in what consumers have heard, read, seen, learned, felt and thought about a brand over time. Consumers always want to develop a relationship with products and service and therefore organisations need to have strong brands because they positively contribute to profits.

CHAPTER SIX

Recommendations and Conclusions

6.1 Introduction

This chapter will provide the summary for this study. The problem statement, methodology and overall findings will be outlined in this chapter. Conclusions based on the objectives and the hypothesis are discussed. The implications of the finding for insurance industry role players will be outlined in detail. In closing this chapter will analyse the limitations and areas for further research.

6.2 Summary

There is a significant gap in the number of South Africans who own risk benefits and those who are eligible to own same. Whilst insurers and consumer savings activists are looking for the gap to become lean, the gap has widened year on year for the past 3 years. An electronic questionnaire was created and a sample of 150 participants was randomly selected to complete the questions.

The reasons and understanding of the reasons for the gap is of importance. By understanding the factors that influence the consumers, strategies can be developed by product owners and their marketers to best influence consumers towards a purchase decision. Consumers go through a mental process and there are several factors influencing their buying decisions.

The findings from the participants questionnaire feedback, reflects brand image as the most influential factor. Brand image as mentioned in chapter two is based on consumer's perception of the brand as determined by the experience with product, service and the brand. The findings further reveal that product feature is the second most influential factor of influence.

Consumers want to develop relationship with products and services of their choice. The bond consumers have with a brand will vary depending on their engagement and connection with it.

According to Lee (2014), the demand for a product is determined by its features as expressed by its functions, characteristics and problem solving.

6.3 Conclusion to the study and recommendations

- o **Is there a relationship between the demographic elements and the factors that influence consumer's choice of insurer?**

The statistical data analysis presented that there is a statistical relationship between age and premium. An inverse relationship exists in that, as age levels increases, significance in the premium as a factor in influencing consumer's choice of insurer when purchasing a risk benefit decreases.

The statistical analysis further concluded that there is a significant relationship between income and advertising. An inverse relationship exists in that, as income levels increases, significance in the advertising as a factor of influence decreases. This is aligned to the findings by the Association for Savings and Investments South Africa (2013) cited in (Van der Merwe Life, 2013) that; South Africans who are high income earners and over the age of 55yrs are the most sufficiently insured group, which could be related to them owning the risk benefits for a long period of time.

- o **Which of the influencing factors mostly influences consumer's choice of insurer when purchasing a risk benefit?**

The statistical analysis indicated that most participants of this study would be driven by brand image when selecting an insurer to purchase a risk benefit from. Consumers want to trust the brand they associate with. The second influencing factor was product feature. Consumers look for insurers whose brands they believe are aligned to their social statuses and then they look for insurer with risk benefits that have the best features in accordance to their requirements.

An article published on behalf of Liberty is aligned to the statistical findings that age and income have a significant relationship with the factors of influence; the articles mentions that Liberty challenges young adults to charge of their families financial futures (Mbetse, 2014).

Research by Old Mutual SA's Savings Monitor (2013) demonstrations that 50 % of individuals born in 1964 and earlier, use risk benefits as a savings vehicle. Ninety two percent of individuals in the high income bracket, (personal income of R80 000 and above per month) own a risk benefit; 14 % of which is used as a savings vehicle.

6.3.1 Recommendations

- <u>Objective one</u>: Investigate the impact of advertising, product features, pricing and brand relationship between customer and insurance company on a consumer's choice of insurer.

  <u>Findings</u>: Segmentation of consumers and the marketing messages thereafter is of importance for attracting consumers and bridging the insurance gap.
  -Particular care should be placed on an insurer's brand image as consumers will tend to associate their perception of the brand with the quality of the products under that brand.
  -Consumers buy products based on their individual needs and expected fulfilment.
  -The findings of this study revealed that brand image is the most influential factor in influencing a consumer's choice of insurer.

- <u>Objective two:</u> Determine the influence of demographic factors in a consumer's choice of insurer when purchasing an insurance risk product.

  <u>Findings</u>: If consumers do not do believe and trust a brand, it is highly likely that they will not endorse the quality of the product from that brand.
  - In the insurance industry, the experience consumers have when they engage with an insurer contributes towards the brand image. A consumer's claims statistics also contributes to the brand image.
  - Risk benefits product owners should ensure that their products are aligned to consumers' needs and expectations.
  -there is a relationship between age and premium as a consumer's influence factor.

-There is a relationship between a consumer's income level and advertising as a consumer's influence factor.

- Objective three: To make recommendations to insurers to increase risk products sales.

  Recommendations: Strategies should be developed and be aligned with consumers' expectations and experiences.

  - Investment in consumer education should be amongst the insurance role player's objectives. Consumers should be educated about the products available to them and the benefits of being sufficiently insured.

  - A consumer's claims statistics also contributes to the brand image. Insurers should therefore communicate their claims statistics so as to build a strong brand relationship with consumers.

  - The experience that a consumer has with an insurer is what they have as product measure. If consumers have a good experience with an insurer they will most likely purchase from that insurer again. Consumer should at all times have a memorable experience with an insurer.

6.4 Implications

It is clear that despite the increase number of insurers in South Africa, there is a gap in South Africans who are insured against those who should be insured. This gap is not only a financial threat for the insurance industry but also for households, dependents and the South African economy as a whole. This gap is not an impossible one to bridge, but requires strategic actions and plans be engaged.

The risk benefit needs of each individual vary depending on their age and income. The messages the consumers receive should be aligned with consumer's age and income level so as to ensure relevance.

As mentioned in the preceding chapters, consumers associate themselves with brands they believe will define their personality and social standings. It is for this reason that industry marketers should strategically position and market their brands in line with their target markets values and personalities. There is a gap with the younger consumers in terms of risk benefits ownerships. Numerous of the insurance

companies have been in existence for many years, but if they are to attract the younger generations, they need to be seen as aligned with a younger personality. Strategic elements should therefore be implemented to ensure brand revolutions in line with the consumer revolutions.

6.5 Limitations and areas for further research

This study had a number of characteristics that limited the generalisation of the findings. The limitations were:

- Sampling technique: The technique used was a simple random sampling. This provided a limitation in that the sample dynamics were skewed. The sample had a greater proportion of participants in younger age groups than those in older age groups. As mentioned in previous chapters, age plays a role in the risk benefit purchase decision process.
- Sample size: The sample size may not be a full representation of the population and as such factors that influence consumers' choice of insurer may not be fully represented. The theory however, does support the findings to a great extent.
- Questionnaire completion: whilst there was a 54% completion rate of the questionnaire, some questionnaires were not fully completed, some participants omitted to complete 2 questions each. The incomplete questionnaires were still included in the analysis and the questions not completed were not included in the analysis.

The areas for further research are:

- An analysis in the difference in factors that influence the youth and those that influence the older more established consumers.
- An analysis of factors that influence risk benefit buying behaviour in KwaZulu-Natal and Johannesburg – is there similarities between consumers in the two regions.
- An investigation into whether the affluent South African's sufficiently insured relative to the lower economic segment in South Africa.

6.6 Concluding remarks

The findings of this study reflect the importance of brand image and product feature for insurers wishing to attract consumers and bring the insurance gap that exists in South Africa.

As mentioned in chapter one, risk benefit claims increase year on year which is indicative of the increase need of these products. The literature review in chapter two, outlined that consumers will purchase products that they believe will provide solutions. The growing gap in the purchase of risk benefits could be indicative of consumers not understanding the product features or consumers belief that the product will not provide the solutions they require.

It is important therefore that risk benefit providers engage consumers by educating them on the product features and the solutions they provide. Insurers should further engross in building brand image as consumers will trust product and the purchases thereof based on their relationship with the brands.

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Appendix 1

UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

MBA Research Project
Researcher: Nobuhle Malunga 082 222 9563
Supervisor: Christopher Chikandiwa 031 260 8882
Research Office: Ms P Ximba 031-2603587

Dear Respondent,

I, Buhle Malunga an MBA student, at the Graduate School of Business and Leadership, of the University of KwaZulu-Natal, hereby invites you to participate in a research project entitled: Factors influencing the consumer's choice of insurer when purchasing insurance risk products. (Risk products: Life cover, disability cover and critical illness cover.)

The general purpose and the aim of the study is to determine factors that influence customers risk insurance purchase decisions. The study will then provide recommendations thereof.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey/focus group. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business and Leadership, UKZN.

If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed above.

The survey should take you about 20 minutes to complete. I hope you will take the time to complete this survey.

Sincerely

Buhle Malunga

<u>Declaration of Consent</u>

I……………………….full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

SIGNATURE OF PARTICIPANT DATE

……

UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

Part A

Question 1

(Please tick the most appropriate answer)

☐ Male

☐ Female

_____

Question 2

(Please tick the most appropriate answer)

What is your age? [Category scales]

☐ 20 - 25

☐ 26 – 31

☐ 32 - 37

☐ 38 – 43

☐ 44 - 49

☐ 50 or more

_____

Question 3

(Please tick the most appropriate answer)

What is your race?

☐ Asian

☐ Black

☐ Coloured

☐ White

☐ Other

_____

Question 4

(Please tick the most appropriate answer)

What is your level of education?

☐ Grade 12 or below

☐ Diploma

☐ Bachelors

☐ Masters or above

Question 5

(Please tick the most appropriate answer)

What is your monthly income?

	Less than R30 000
	R30 001 – R40 000
	R40 001 – R50 000
	More than R50 001

_____

Question 6

(Please tick the most appropriate answer)

Do you have a risk benefit?

| | Yes |
| | No |

_____

Question 7

(Please tick the most appropriate answer)

Which of the risk benefits do you have?

	Life cover
	Disability cover
	Critical illness
	All of the above
	None of the above

_____

Question 8

(Please tick the most appropriate answer)

How long have you had a risk benefit?

	Less than a year
	1 to 5 years
	5 to 10 years
	More than 10 years
	None of the above

Question 9

(Please tick the most appropriate answer)

Are all your risk benefits with one insurer?

	Yes
	No
	Not applicable

_____

Question 10

(Please tick the most appropriate answer)

Do you have a financial advisor?

| | Yes |
| | No |

_____

Part B

Question 11

(Please tick the most appropriate answer)

What are / would be your main reasons for choosing an insurer?

	Advisors choice
	Premium
	Advertising
	Insurer's brand reputation
	Product features and benefits

_____

Question 12

(Please tick the most appropriate answer)

Do you / would you research each insurer before you make your decision?

| | Yes |
| | No |

Question 13

(Please tick the most appropriate answer)

How did you know about the insurer of your choice?

☐ Through online and television advertising

☐ Personal calls and emails from the Insurer

☐ Through friends and relatives

☐ From your financial advisor

☐ Not applicable

Question 14

(Please tick the most appropriate answer)

Do you / would you have a budget allocated for your risk benefits?

☐ Yes

☐ No

Question 15

(Please tick the most appropriate answer)

I am willing to spend more than budgeted for when committing to a risk benefit.

☐ Strongly Disagree

☐ Disagree

☐ Neutral

☐ Agree

☐ Strongly Agree

Question 16

(Please tick the most appropriate answer)

The premium of the risk benefit has an influence on my choice of insurer.

☐	Strongly Disagree
☐	Disagree
☐	Neutral
☐	Agree
☐	Strongly Agree

Question 17

(Please tick the most appropriate answer)

I have and I would purchase a risk benefit from a particular insurer based on their product premiums.

☐	Strongly Disagree
☐	Disagree
☐	Neutral
☐	Agree
☐	Strongly Agree

Question 18

(Please tick the most appropriate answer)

Which of the following insurers do you believe has the best premiums for risk benefits?

☐	Discovery
☐	Liberty
☐	MMI (Metropolitan, Momentum Holdings)
☐	Old Mutual
☐	Sanlam
☐	Other

Part C

Question 19

(Please tick the most appropriate answer)

The amount of an insurer's advertisement of their product influences my desire to buy a benefit.

☐	Strongly Disagree
☐	Disagree
☐	Neutral
☐	Agree
☐	Strongly Agree

Question 20

(Please tick the most appropriate answer)

I have and would purchase a risk benefit from an insurer based on their advertising.

☐	Strongly Disagree
☐	Disagree
☐	Neutral
☐	Agree
☐	Strongly Agree

Question 21

(Please tick the most appropriate answer)

An insurer's advertising influences my choice of insurer when purchasing a risk benefit.

☐	Strongly Disagree
☐	Disagree
☐	Neutral
☐	Agree
☐	Strongly Agree

Question 22

(Please tick the most appropriate answer)

Which of the following insurers do you believe has the most effective advertising campaign for risk benefits?

	Discovery
	Liberty
	MMI (Metropolitan, Momentum Holdings)
	Old Mutual
	Sanlam
	Other

Part D

Question 23

(Please tick the most appropriate answer)

A product feature of a risk benefit has some influence on my choice of insurer when purchasing a risk benefit.

	Strongly Disagree
	Disagree
	Neutral
	Agree
	Strongly Agree

Question 24

(Please tick the most appropriate answer)

A product feature of a risk benefit has to fit in with my own personal needs?

	Strongly Disagree
	Disagree
	Neutral
	Agree
	Strongly Agree

Question 25

(Please tick the most appropriate answer)

The product feature of an insurance benefit influences my decision when making final selection of insurer?

	Strongly Disagree
	Disagree
	Neutral
	Agree
	Strongly Agree

———

Question 26

(Please tick the most appropriate answer)

I research and would research all the insurers' product features of the risk benefits before making my final purchase decision.

	Strongly Disagree
	Disagree
	Neutral
	Agree
	Strongly Agree

———

Question 27

(Please tick the most appropriate answer)

I have and I would purchase a risk benefit from a particular insurer based on their product features.

	Strongly Disagree
	Disagree
	Neutral
	Agree
	Strongly Agree

———

Question 28

(Please tick the most appropriate answer)

Which of the following insurers do you believe has the best product features for risk benefits?

	Discovery
	Liberty
	MMI (Metropolitan, Momentum Holdings)
	Old Mutual
	Sanlam
	Other

_____

Part E

Question 29

(Please tick the most appropriate answer)

The brand image of an insurer influences my choice of insurer when purchasing a risk benefit.

	Strongly Disagree
	Disagree
	Neutral
	Agree
	Strongly Agree

Question 30

(Please tick the most appropriate answer)

An insurer's brand reputation influences and would influence my choice of insurer when purchasing a risk benefit.

	Strongly Disagree
	Disagree
	Neutral
	Agree
	Strongly Agree

Question 31

(Please tick the most appropriate answer)

I have and would purchase a risk benefit from an insurer based on the insurers brand reputation.

☐	Strongly Disagree
☐	Disagree
☐	Neutral
☐	Agree
☐	Strongly Agree

Question 32

(Please tick the most appropriate answer)

Brand reputation is important in the purchase decision making.

☐	Strongly Disagree
☐	Disagree
☐	Neutral
☐	Agree
☐	Strongly Agree

Question 33

(Please tick the most appropriate answer)

Which of the following insurer's brands do you mostly relate to?

☐	Discovery
☐	Liberty
☐	MMI (Metropolitan, Momentum Holdings)
☐	Old Mutual
☐	Sanlam
☐	Other

01 October 2014

Mrs Nobuhle Malunga (992237865)
Graduate School of Business and Leadership
Westville Campus

Protocol reference number: HSS/1215/014M
Project title: Factors influencing the consumer's choice of insurer when purchasing insurance risk products

Dear Mrs Malunga,

Full Approval – Expedited Application

In response to your application received on 22 September 2014, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol have been granted **FULL APPROVAL.**

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

....
Dr Shenuka Singh (Chair)

/ms

Cc Supervisor: Mr Christopher Chikandiwa
Cc Academic Leader Research: Dr E Munapo
Cc School Administrator: Ms Zarina Bullyraj

Appendix 3

David Gemmell

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Member Professional Editors Group
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Email: gemmelljl@gmail.com
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13th February 2015

Dear Sir / Madam,

To whom this may concern

This serves to confirm that;

I, David Gemmell, a paid up member of The Professional Editing Group, has edited the dissertation submitted by Nobuhle Malunga.

Yours faithfully,

David Gemmell
www.editlab.net
082 804 2943