

**A STUDY ON CONSUMER'S BUYING PROCESS AND POST  
PURCHASE BEHAVIOUR WHILE PURCHASING  
LIFE INSURANCE POLICY**

**A THESIS**

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# RECOMMENDATION

This is to certify that the thesis:

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Entitled

**A Study on Consumer's Buying Process and Post Purchase Behaviour While Purchasing Life Insurance Policy**

has been prepared as approved by this department in the prescribed format of Faculty of Management. This thesis is forwarded for examination.

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and found the thesis to be original work of the student written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirements for the Masters of Business Studies (M.B.S).

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## DECLARATION

I hereby declare that this thesis entitled “**A Study on Consumer's Buying process and Post Purchase Behaviour While Purchasing Life Insurance Policy**” submitted to the office of the Dean, Tribhuvan University, Kirtipur, is my original work done in the form of partial fulfilment of the requirement for the degree of Master of Business Studies (MBS) under the supervision of Mr, **Puspa Raj Ojha** and Mr, **Lok Bahadur Rai**, Nepal Commerce Campus.

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Date: 29 July 2012

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## **ABBREVIATIONS**

AAAN	-	Advertising Agency Association of Nepal
FM	-	Frequency modulation
ILO	-	International Labour Organization
INGO	-	International Non-Governmental Organization
NAC	-	Nepal Airlines Corporation
NAP	-	National Advertising Policy
NBL	-	Nepal Bank Limited
NTV	-	Nepal Television
POP	-	Point of Purchase
T.U	-	Tribhuvan University
T.V	-	Television
U.K	-	United Kingdom
USA	-	United States of America

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the study

Life insurance is the concept of compensation or indemnity for any damage in life or the part of life. Since the real compensation of life is impossible, the most needed thing money is assumed as the most effective source of compensation. Risk is the basis of insurance. Generally, risk has to do with uncertainty of losing, or not gaining something of value. Insurance emphasizes the variables results of financial losses (David, 1983:19).

Insurance may be an economic system for reducing risk through transfer and pooling of loses: a legal method of transferring risk in a contract of indemnity. Life insurance in its simplest form protects against the loss of earning power casual by death of the insured. The permanent loss of current earning capacity amounts to an “economic death”. From the economic Sandpoint, death may be (1) actual (2) living or (3) retirement. The first classification represents the so – called casket death. Permanent disability is “living death”, while living beyond the period of earning capacity represents “retirement death” (David, 1983:21).

Life insurance comes to existence because of the human need of the economic security and the business need of people for the new way of collection of fund. The businessman takes the fund as premium from civil in result of taking their risk of economic life. Life insurance is a type of legal contract between the insurer and insured whereby companies offer civil for acceptance in the certain terms and condition, which should be legally verified.

“Life insurance is a contract by which the insurer, will pay for certain um of money as premium proportioned to the age, health and other circumstances of the person shall die within the period limited in the policy to the person in whose favour such policy is granted”(David, 1983:54).

Life Insurance Company makes offer generally in written form, with certain terms and condition, is called policy. Hence Life Insurance policy (LIP) is the product executed by the insurance companied for the business purpose and that may be the matter of social concern, as they take the premium from individual and group in result of taking risk of their death or handicap. LIP includes both the building up of a fund a transfer of risk. Life insurance assists in making better society. The contribution of life insurance to the society is prevention of economic want. Because of hazard events individual's current income is socially disturbing. It refers particularly to such disturbances' as tar brought on by the emergencies of unemployment, old age, disability and death. Life insurance serves in the entire crisis either by through maturity benefits or cash values. Hence, LIP may be defined as the socially accepted goods, which delivers the economic security to individual in case of risk caused by perils under a mutual agreement certified by law. For insured individual, LIP is simple device, which makes it possible for him to substitute a small but certain loss (premium) for the large but uncertain loss (amount of insurance) under a mutual agreement . but LIP modifies concept of loss into the building up of fund whereby after the maturity period they are compensated with large amount including bonus.

Life insurance is in a system approach, collection of small fund by many people to bear possible risk of few people. JoshephB.MscLeanstaed: "Every plan of insurance is , in its simplest terms, merely a method of spreading over a large number of person a possible loss to serious to be conveniently borne by an individual" (Josheph,1962:17). Thus life insurance can be successful after only the investment of many people.

Modern age seems more challenging. Risk and opportunities arises in everywhere because of factors like new technology, new need of the people, and new method of doing word, new trend, and new need of society. Rapid globalizations, divergent economic structure, exposure to information and

opening up of media, and changing markets (products & services innovation) have greatly modified the behaviours of consumers of Nepal. Rapid urbanization growing population of Kathmandu, women empowerment (increase in women worker), and gender equality has had a sustained impact on the social and economic structure of people residing here. Life insurance has been existing since 2029 B.S in Nepal but in the early period its importance had not speeded at all. From the people's movement of 2046 B.S, new type of problem had emerged that how to market life insurance products. The problem is prevailing till now because the marketing trend and consumer behaviour in consumption and decision had changed. In the early period sensitive consumer used to purchase the products, which is new and useful. There are not wide varieties and many companies are operated in the market to complete. For instance, RastriyaBimaSansthan (RBS) was single companies who offer life insurance policy for more than two decades as monopoly. Now there are product varieties and many companies are operated in the market to complete. Consumer purchase decision process changed vastly. In high involvement product like life insurance Company, they trend to go through need recognition, information search, evaluation, decision, and post purchase outcomes.

In spite of beautiful concept, there seems to be concern of life insurance policy (LIP) among general people in Nepal. Five insurance companies,(1) RastriyaBimaSansthan (2) National Life Insurance Companies (NLIC), (3) Nepal Life Insurance Company (NLIC), (4) Life Insurance Corporation Nepal (LIC), American Life Insurance Company (ALICO).have proposed life insurance products in Nepal. RBS is pioneer among them, started its business under the government control.

## **1.2 A brief profile of life insurance company**

RastriyaBimaSansthan is a governmental owned enterprise. It is an exception that it gives continuous profit to the government. It is imperative to say that RBS has been successful to win the recognition of believable name in the area

of insurance. It was first established in poush 1,2024 B.S. in the form of private company has total policy holder till Aswin 30,2067 B.S. the company has offered eight product to its consumer (a) Endowment life assurance policy (b) Child education and marriage endowment life assurance policy (c) Endowment with accidental double benefit life assurance policy (d) Anticipated endowment life insurance policy (e) Level-term life assurance policy (f) Decreasing life assurance policy in which the risk of debtor for the debtor's family to pay the debt is considered, (g) whole life assurance policy (h) Child's lock: Anticipated life assurance policy. The last product has offered to parents to secure their child's education. The parents must be the age between the age of 17 to 50. The product maturity period is 15 year's. the insures get 25% amount after 5 years, 25% after 10 years and 50% amount after the maturity period. In case of death of parents before the maturity period, the payment of premium is not necessary. The bonus for the product is 65 per thousand (NLIC brochure).

Life Insurance Corporation (Nepal) Ltd, a joint venture of life insurance Corporation of India, has been run since 1 September 2001 in Nepal under the company act 2053. The company claims the success in India and striving towards success in Nepal. The company has offered the following products: (a) Endowment policy (b) Money back policy (c) Child love planning (d) Grihalaxmi and (e) JeevanAnand. The feature of Grihalaxmi are: (1) security in case of not payment of premium for two years 2) Free accidental benefit and permanent insolvency (physical) 3) 4% of insure amount will be back every year after 3 tear of starting and 52% amount with bonus will be returned after maturity. In JeevanAnand, client will get insure amount and bonus after maturity and lifetime risk over without premium. So the product is combination of endowment and lifetime. The company has offered the term rider facilities to its clients. Under this planning, the insured can get extra life insurance facility from the payment of small extra premium. The company has declared bonus rate of 65 thousand till the date (LIC Brochure).

Nepal Life Insurance Company (NLIC) was established under the company act 2053 and the insurance act 2049 by nit Nepali investment as a public limited

company in Baishak 21, 2058. It is the first Nepali company, who did only life insurance business. It has 93,586 policyholders till chaitra 30, 2067. The company claims that it has secured and productive investment from the premium received. It has reinsurance contract with Hanover Reinsurance Company, Germany. The company has presented the following life insurance planning as its product: a) Endowment plan b) Anticipated Endowment for term 15 to 20 years, c) Endowment and Anticipated Endowment with Accidental Double Benefits, d) Mortgage and redemption plan is specially for debt that insured took for buying home or vehicle or other. If the insured died without completing the instalment the company will have taken the liability. The company also has 'salary saving scheme' for employees of any organization. In which at least 15 employees must be include. The company has claimed that the 'Jeevanlaxmi Plan' is triple benefit scheme with bonus. In case of insured death during the period, the company will pay thrice of the insured amount. The insure amount ranges from 50,000 to 1,00,000. The company also provides optional facilities for child's anticipated endowment premium waived benefit (pwb) and for child's anticipated endowment plan additional risk cover benefit (ARCB) is available (NLIC Brochure).

American life insurance company (ALICO), a member company of American international group, is another company doing life insurance business in Nepal. The company has almost 1,35000 policyholder. It has offered three special products to customers: (a) three payment plan (b) Educational protection plan (c) Endowment. Three payment plans is like anticipated and accidental double benefit is optional. In the second one, face amount of the policy plus bonuses are paid on survival of child at maturity. In case of parents death all future premium under the policy will be waived and 1% of face amount is paid every month to the child till the maturity of the policy. The disability waiver of premium benefit may be attached to any regular life insurance policy or supplementary rider (ALICO Brochure).

Prospective consumers are the qualified people in its sense, for the life insurance. They can be children, parents adults etc. with current earning capacity or secured by elders. The product varieties, design, and utility scheme depend upon company's policies and product scheme, which need legal permission. Consumer acceptance of the product generally depends upon his awareness, information, product attribution, intention, and motivation. Most consumer show high involvement to take purchase decision of life insurance policy. And insurance company make big effort to sell LIP to the individual by powerful marketing tools (they are personnel selling generally). Marketer wants to make consumer to feel problem or necessity of the product (LIP). Agents of the companies activate the need of consumers. They suggest that why the individual need to solve their planning problem in changing environment. Marketer uses advertisement, exposure of the product and other type of cues to influence external stimulation. After recognition of the problem, consumer wants to search the related information about the product. Nepalese companies are doing their best to help and influence consumer search process. The search process may be mostly external because it seems less awareness of LIP in Nepal. Company's agents assist in making evaluation criteria and range of alternatives by presenting more information of their best. The objective of research process is to make rational choice among different alternative but search process varies in term of consumer characteristic, market condition, buying strategies, situational factors and perceived risk. Lead by the received information consumer wants to evaluate the product from different perspective and different attributes. They want to reduce their range of alternative to make decision by brand processing or attribute processing method. On the other hand marketers want to make consumers in favour of them by influencing consumer's evaluation process. Finally, consumer may come to purchase decision of they find all of the cases are favourable to him. In case of lip, as the big motivation by the agent of particular company, individual become ready to buy if he/she motivated. After the consumer relationship marketing (CRM) approach, many marketer wants to keep harmonious relationship with the

customer in order to get continuous marketing response like: repeat purchase, better word of mouth, unpaid brand ambassador, reference, social value etc. post purchase behaviour of the consumer depends upon these facets. Consumer's style product using, imagery, opinion, degree of satisfaction/dissatisfaction, degree of loyalty, and certain action in relation to product are post purchase feeling, attitude of consumers, which are major determinant of CRM approach. In context of LIP, it is crucial for insurance companies that how their clients think about the policy (product): either positive or negative, if they want to long-term survival.

### **1.3 Focus of the study**

No prior research has been done in the field of buyer's decision process of life insurance policy. Concerning about awakening problem of misunderstanding, the relevant concept of research in this field has been emerged. Analysis of present behaviour to arrive on relevant conclusion and estimation of future behaviours and their fluctuation with respect to certain marketing input are the basic purpose of the research. The research finds consumer's behaviour, Factor affecting behaviours, and different situations like psychological, economic, social, and cultural in the whole decision process as the study area. The insured clients, residing in the Kathmandu valley, are the study sources. The study is organized in five chapters: introduction, review of relevant findings/books, research methodology, relevant data presentation and their analysis, and finally summary, conclusion, and recommendation of the research.

LIP is the consumer's high involvement product, their purchase process starts from recognition and passes through information search, evaluation of alternatives, purchase decision and ends at post purchase behaviour. The purchase of LIP mostly depends on the consumer's awareness level and the company's efforts in influencing and enhancing customer's behaviour in the different process. Thus the whole study centred on the consumer's purchase process in special reference to LIP. The study focus on the question that what the customers do before and after the purchase decision, how they develop their

decision such as recognition of problem, searching sources and conformation of information, evaluating criteria, and choice set, and purchase and what type of factor like economical ,psychological, social, situational, and interpersonal impact on the decision process. In most of the cases individual generates information through the experimental behaviour of other person. Thus, the study also focuses the post feeling of consumer and how they give their response in relation to certain characteristics of products. The study sample of 100 insured people are taken by the researcher judgementally from five different companies equally. The study is prominently focused on the interpretation and analysis of their saying. Ultimately the study tends to go to the conclusion and solution of marketing problem from the analysis.

#### **1.4 Statement of problem**

Marketing complexity has become the adjective of Nepalese life insurance companies. With respect to outer world, here are too low percentages of people, who have the direct involvement in insurance. Although it is good concept for the individual, group or society here seems very less awareness. People, who are insurance clients, are urban and mostly of them are taking policy because of tough motivation and persuasion by agents. Here seems vague relationship between the function and marketing approach. What do marketers want to communicate? Are consumers really recognizing the companies' intention? Life insurance companies are producing large number of agents. Definitely it is an effort to make more and more clients. And agents are trying to motivate and even persuade many times by different kinds of psychological pressure. It is also definitely an effort to make more to more clients. Are their efforts really enhancing customer decision? How consumers develop their engagement to the decision process? Many factors are responsible for research. Specially, consumer unwillingness to purchase the product; companies vague marketing activities; the distance between companies and clients; less frequency of repeat purchase in spite of increase in consumers

income; low sensitivity of LIP among people; and risk management behaviours of Nepalese people have contribute to the research problem.

The present study has an attempted to answer the following questions;

- a) How consumers make aware themselves to the product (LIP)?
- b) How and what type of problem are recognized by consumers?
- c) What is the attitude of consumers to the LIP and how much buying intention they have?
- d) What are the consumers' information sources about the product?
- e) How consumers come to choice decision of the product?
- f) What is the post purchase behaviour of consumers of consumers in context of LIP?

### **1.5 Objective of the study**

The study has a purpose of analysing the impact of behaviour of marketing component from a viewpoint of marketer as well as consumer in a circumstance of purchase decision process of life insurance policy. The study will examine and compare the current marketing strategies to influence the purchase decision process and the real impact on consumers. To explore the major objectives, the study has following specific objectives.

- a) To study and evaluate the problem recognition process of consumers in relation to the product (Life Insurance Policy).
- b) To identify and analyse the information variety and sources of information.
- c) To examine the use of information of the product in order to evaluate the various product and their relative attractiveness by consumers.
- d) To assess the reasons behind the choice decision of particular product.
- e) To identify post purchase behaviour of consumers of life insurance policy.

## **1.6 Importance of the study**

The purpose of research is to explore the realities. It seems low readiness to consume the life insurance in Nepal. It is major challenge for the companies. But besides awareness, there are many marketing challenges confronting for the companies. To change these challenges into opportunities through intensive research is the goal of the study. It helps to solve marketing problem by understanding consumers' behaviour in the purchase decision process. The purpose of study is to make smooth and convenient bridge between the marketer and consumer. The study enhances the Customer Relationship Marketing (CRM) approach among marketers. It will be guidelines to marketers to design their marketing mix and marketing strategy. The study also inspires consumers to understand more about LIP. They find their reaction and recommendation of desire attribute, services and expectation in the study. Thus the study helps to clarify the misunderstanding and difficulties between clients and the company. Though this study would be more valuable for finding customers attitude and their reaction to the marketing component. It helps the different group of people, who take stakes in life insurance. The study also generates new knowledge in the field of life insurance.

## **1.7 Limitation of the study**

Because of the nature and method of study many inherent and misleading error may overcome. The study has the following limitations:

- This study is concentrated to the consumers of Kathmandu valley. It may not consolidate the behaviour of consumer outside the valley.
- The study has the sample size of 100 people, which is small and may not generalize its findings to the whole population.
- The sample method is judgemental. The appropriateness of sample is depends on the researcher ability, so sampling error may overcome.
- A strong initial positive or negative impression of a person tends to influence the ratings on all subsequent observations.
- This study will be affected from limited time and resources.

- This is prepared only as the requirement of MBS.

## **1.8 Organization of the study**

The organization of the study has followed five separate chapters which are as follows:

**Chapter I:** This Chapter includes background, statement of the problem, objectives of the study limitation of the study, organization of the study.

**Chapter II:** This Chapter will deals about the conceptual framework and literature of review of life insurance policy. which includes with some related matters of the study. It addresses about meaning, definition, need of insurance policy and reviews of some related studies in Nepal.

**Chapter III:** This chapter will describe about how the study being designed and prepared, what kind of data are collected, what types of sources are used for the data collection, how these data are processed to fulfill the needs and objectives of the study. It includes the research, research design, population and sample, the sampling procedure, the data gathering procedure, the statistical procedure and data analysis procedure.

**Chapter IV:** this chapter will be focus on Presentation and Analysis of data. It deals with the issues identified in the introduction. This is the heart of the research study. What and how it has been analyzed and what has been found? are the concerns of this chapter. This chapter presents major findings derived from the analysis of data.

**Chapter V:** This Chapter includes Summary, Conclusion and Recommendation of the research work. In the summary present study is discussed briefly. Conclusions of the study are presented here. On the basis of the study suggestions are made in this chapter.

## **CHAPTER II**

### **REVIEW OF LITERATURE**

#### **2.1 Conceptual Review**

To deal with the marketing environment and make purchases, consumer engages in decision process. Consumer decision process involves myriad of decision made with respect to product or service, brand, vender, buying quality, thinking and buying method. In general customer decision making process can be viewed as problem solving approach. However the range of problem solving approaches can be placed on a spectrum from routine problem solving, to limited problem solving, to extensive problem solving (Loudon and Bitta, 2003:15).

Marketing scholar has developed a stages model of buying decision process. Francisco Nicosia (1966) has postulated a model, which is viewed as representing a situation where a firm is designing communication to deliver to consumer, and consumer's response will influence subsequent action of the firm. The model contains four major component or fields: (1) the firm's attitude and consumers psychological attributes. (2) The consumers research for an evaluation. (3) The consumers motivated act of purchase, and (4) the consumers use of the product. John and sheth (1969) have postulated another normative behaviour model, which is popularly called as Howard Seth model; describe the rational brand choice by buyers under the condition of incomplete information and limited abilities. Four major component are involved: (1) input variable are stimuli in the environment (2) output variable as the behaviour shown by consumer like attention, comprehension, attitude, intention, or purchase (3) hypothetical constructs as perceptual constructs dealing with information processing and learning construct dealing with buyers' formation of concepts and (4) exogenous variable as external factor that can significantly influence buyer decision. By the way consumer purchase process starts an input

stimulus and goes to search, predisposition, purchase, and finally exhibits more routine behaviour (Loudon and Bitu, 2004:23).

Engel, Kollat and Blackwell (1968) have developed a model, which was adjusted with the contribution of Miniard and called Engel-Blackwell-Miniard model. The model depicts the five stages of consumer decision process: (1) motivation and needs recognition (2) search for information (3) alternative evaluation (4) purchase and (5) outcomes. Two levels of involvement of consumer are recognized by others: extended problem solving behaviour (EPS), characterised by high level of involvement; and limited problem solving behaviour (LPS) characterised by low level of involvement. The first step in the process involves exposure to marketer dominated or other stimuli that goes through attention, comprehension, acceptance, and retention of stimuli and finally consumer recognizes the need. Then consumer's memory, environmental factors, individual differences influence search process. The alternative brands that forms beliefs, attitude and intention. Unless situation intervenes the process, intention will lead to actual purchase behaviour. Thereafter, two outcomes are possible: satisfaction and dissatisfaction. These results have impact on future search and belief.

Although these five stages models are useful for examine purchase decision, the process is not always as string forward. The consumer can withdraw any stages prior to actual purchase if the need diminishes or no satisfactory alternatives are available. The stages usually are the different length, may overlap, and some may even be skipped. The consumer is often involved in several different buying decisions simultaneously, and the outcome of the one affects the others (Etzel, Walker and Stanton, 2001:45).

Kotler (2004), in his book marketing management, states that the five stages process captures the full range of consideration that arises when a consumer face a highly involving new purchase. The buying process starts when the buyer recognizes the problem or need. The need can be triggered by internal (hunger, thirst, sex rises to threshold level) or external stimuli. An aroused consumer will be inclined to search for information. Consumer information

sources fall into four groups: personal sources, commercial sources, public sources, and experimental sources. The relative amount and influence of these information sources vary with product category and the buyers' characteristics. Through gathering information the consumer learns about competing brands and their features. First the consumer has total set of products, services, or brand, and then he goes through reducing this set to awareness set, consideration set, choice set and finally comes to decision by analysing the information. In the evaluation stage, the consumer forms preferences among the choice set. The consumer develops a set of brand belief about where each brand stands on each attribute. The set of belief about a brand make up a brand image. The consumer's brand image will vary with his or her experiences as filtered by the effect of selective perception, selective distortion, and selective retention. At the purchase decision stage, the consumer forms an intention to buy the most preferred brand. Two factors: attitude of other and situational factors can intervene the purchase. At the post stage, marketer must monitor post purchase satisfaction, post purchase action, and post purchase use of consumer. The buyer satisfaction is the function of closeness between the buyer's expectation and products perceived performances. If performance falls short of expectation, the consumer is disappointed; if it meets expectation, the consumer is satisfied; if it exceeds expectation, the consumer is delighted. Satisfaction and dissatisfaction with product/services will influence consumer subsequent behaviour. After the use consumer may store, trade or sell the product.

Anthonides, Raaj and Horne (2003) also indicate five stages of decision process. According to them, problem recognition result when the consumer perceives the difference between the actual state (lower level) and desire state (higher level). The process of problem recognition means that the consumer becomes aroused and activated to engage in some purposeful purchase- decision activity. This intention may depend upon two factors: the magnitude of discrepancy between the desire state and actual state and the importance of

problem. There may be varying types of problem recognition: routine, emergency, planning, and involving. Routine and emergency are need at present. Planning types are bought in the anticipation of future.

David and others (2003) state that once the consumers have recognized the existence of problem, they move to the next stage that is search. The term search refers to mental as well as physical information seeking processing activities, which one engages in to facilitate decision making regarding some goal-object in the market. Search may be categorized as pre-purchase or on-going (based on purpose of search) and as external or internal (based in sources) .if a consumer recognized a problem, then pre-purchase search would be engage in. but on-going search characterized as independent of specific needs. Internal search is a mental process of recalling and reviewing information stored in the memory that may relate to purchase situation. Once recalled, the information may be used in the evaluation process. External search refers to the process of obtaining information from other sources.

David and others (2003) state that purchase decision is selecting a course of action based in preceding evaluation process. Purchasing process involve not only the purchase decision but also activities directly associated with the purchase. At this stage, consumer choice the company and brand (product and services). Different pattern of purchase behaviour like loyalty and impulsive in the process may take. Situational factor may influence the purchase, which may beyond the knowledge of consumer. Consumer may purchase in home or internet instead of store or company (for service). Brand loyalty refer to strong inclination of favourable attitudes to the brand that consumer choose in purchase.

Mowen (1990), in his book 'Consumer Behaviour' also state five stages of consumer decision-making. He further points out that three perspectives on consumer behaviour were developed: the decision making perspective, the

experiential perspective, and the behaviour influence perspective. The decision-making perspective justifies that in high involvement decision that the consumer goes through problem recognition, extensive search, extended alternative evaluation, complex choice and acquisition evaluation. According to experimental prospective, the consumer goes through problem recognition that is affect driven, search for affect-based solution, affect based choice, and acquisition evaluation. The behavioural influence perspective suggests that one should focus on behaviour and contingencies of the environment that influence the behaviour. Discriminate stimulus influence problem recognition, learn behaviour process, internal state evaluation, and learned response result choice, which experience influence post acquisition evaluation. Mowen (1990) argues that problem recognition occurs when a discrepancy develops between an actual states and a desire state of being. Wear out product, the product that fails to meet expectation, negative stimulation can cause the actual state to decrease below the acceptable level. Cultural, subculture, reference group and life style trends can cause a person to change his /her desire state. Consumer also creates new desire because they have a capacity to think, plan and dream. The consumer begins a search process to acquire information about products or services that may eliminate the problem. After a problem is recognized consumer will engaged in internal search prior to external search. but when the purchase process is an experimental and behavioural influence purchase, it is likely that little or no internal search occurs . During the alternative evaluation consumer forms beliefs and attitude regarding the decision alternatives. From the high involvement decision making perspective, alternative evaluation follows the standard learning model in which hierarchy of effects flows from belief formation to effect formation to behavioural intention. From the experimental perspective, the evaluation process is viewed as effect driven. Finally, from the behavioural influence perspective, consumer are conceptualized as never consciously comparing alternatives a concept "judgemental heuristic", focus in the factor that influence how people make judgement of probabilities (possession of an attribute) and goodness or badness

of an object. Three judgemental heuristic anchoring and adjustment, availability, and representative are used to estimate probabilities. First justifies that people frequently make their estimate by starting from initial value and then adjusting upward and downward to obtain final answer. The availability heuristic states that people may assess the probabilities of an event by ease with which the event can be brought into mind. The representative states that consumer perceives the similarities of brands stereotypically. Prospect theory and framing explain how people evaluate the goodness and badness of an object. Prospect theory argues that people interpret the extent of goodness and badness of something based in part upon whether the outcome is framed as a loss or gain. Psychological values of loss or gain do not necessarily match the actual value. During the choice process, consumer may choose among the alternative brands of services or non-comparable alternatives. The decision-making approach takes a cognitive, information processing approach to choice. From the experimental perspective, however, choice is viewed as resulting from customer referring to their feeling about alternatives. In some cases consumer elicit from memory the overall recollection of their evaluation of an alternative. Thus rather than examining attributes or beliefs about attribute, a holistic approach is used in which consumer choose the alternative toward which they have most positive feelings. This may result in a habitual purchase, brand loyalty, and impulse purchase. During the post-acquisition process a consumer may show a certain type of behaviour in form of consumption/usages, satisfaction/dissatisfaction, complaint behaviour and disposition of product. After consumer obtain and use a product or services they will tend to develop the feelings of satisfaction or dissatisfaction. A number of factors including expectancy disconfirmation, equity attribution, performance evaluation, and effect formation may influence consumer satisfaction/dissatisfaction. Equity theory justifies that people will analyse between themselves or marketer to determine the extent to which it is equitable and fair. Attribution theory is concerned with people identifying the cause for action according to experiential

perspective, positive and negative affective association with the product/ services will influence consumer satisfaction/dissatisfaction.

Anthonides, Raaj and Van Horne (2003) in their book "Consumer Behaviour: A European Prospective" state that consumer decision process as a cognitive learning that is a conscious mental activity of comparing and trading of factors. Which plays a role in information search and solution of problems (consumption). They further states that an important aspect of consumer behaviour is information search to select the best alternative from a set of option in a product class. First, consumer looks to solve problem internally. Consumer with little memory or experience may use external search. Consumer search process has three processes: source (where to search), intensity (degree of search), and necessity of search. Consumer forms choice set and finally make choice from their awareness set. But after the information search, the consumer's awareness set tends to increase, so do the consideration and rejection set. Consumer are motivated to search and process the information to make better decision to reduce perceived risk and uncertainty, To decide timing, to collect justification, and to accumulated knowledge. Many times consumer faces a conflict with the making of a decision between alternatives, which is frequently associated with cognitive dissonance. In consumer information processing, cognition (knowledge of choice alternative) precedes 'affect' and 'attitude'(judgement of alternative). So consumer tends to integrate prior knowledge to search. Sometime a positive first impression can strongly effect subsequent information processing. This extensive search is especially true for important decision or high-involvement condition. Consumer uses decision rules to compare alternative. According to author, decision rule can be used in a descriptive way ( how consumer make decision), in a predictive way (likely outcome of consumer decision), and normative way , human limitation(motivation and ability),and circumstances(opportunities) affect consumer decision- making and choice. The characteristic of consumer, the set of available and known alternatives, the presentation of information (its

structure and format) and the choice situation also influenced the decision process.

Evans and Barry (1990), in their book entitled 'marketing' stated that the consumer decision process is comprised of two parts: the processes itself and factors affecting the process. The decision process consists of six basic stages: stimulus, problem recognition, information search, evaluation of alternatives, purchase, and post purchase behaviour. Factor affecting the process are logical characteristics. A stimulus is a cue or drives intend to motivate a consumer. It may be commercial, non –commercial, social, physical. If stimulation occurs, consumer will go to next step of decision process. If it does not occurs he/she will ignore the cue. Recognition of problem occurs when a consumer becomes aware of goods, services, organization, person, place and idea. In many cases, the consumer is arouse by a desire to try something new in information search consumer tends to engages in listing alternative that will solve the problem at hand and determine the characteristics of each. In evaluation process, there is enough information to select one alternative from the list of choice through the process of determining criteria, ranking their importance, and finally ranks the alternative. In the purchase decision a consumer determines their decision on place of purchase, terms, and availability. Place of purchase indicates store, location, home, work, school, etc. purchase term indicates the price and methods of payments. Availability refers to the timeliness with which a consumer receives goods or services that he/she purchases. In the post purchase consumer re-evaluates their purchase, this result consumer's satisfaction/dissatisfaction.

## **2.2 Review of Related Studies**

If the satisfaction with actual states decreases, or if the level of desired state increase a problem may be recognize that propels a consumer to action. Wear out product, the product that fails to meet expectation, out of style product, negative stimulation may cause the actual states to decrease below acceptable level. The desire state tends to be influenced by factor that affects the aspiration

and circumstances of consumer. Thus such things as culture, subculture, reference group and life style trends can cause a person to change his /her desire states. (Mowen, 1990:28). One of the researches on problem recognized has viewed the process as being a function of the congruity between the positive or negative balance values of some perceptual stimulus and the respective positivity/negativity values for some evoked referent. Another research direction taken has been to view problem recognition longitudinally. Instead of focusing on one instance of problem recognition, the effect of repeated occurrences of similar problem is considered. For some consumers problem recognition is triggered mainly by a change in desire state (DS type). For other, a problem would be rarely being recognized unless their actual state changed (AS type). Problem recognition is more easily triggered for DS type consumers. They have greater interest in the product and enjoy shopping for it, they are easier to reach using conventional communication channels, and they perceive themselves as influential in others shopping decision.

After problem is recognized, consumer will engage in internal search prior to external search. If the purchase process involves extensive problem solving, the consumer may actively search long-term memory for information on brand alternative (Mowen, 1990:32). Generally speaking, the consumer receives the most information about a product from the commercial sources that is marketer dominated sources. However, the most effective information comes from personal sources. Commercial information normally performs an informing function, and personal sources perform a legitimate function (Kotler, 2004:55). Most shoppers rely on external information resources. Different research on various products (house appliance, car, grocery shoppers) sought that the majority of consumers actually engage in a quite limited amount of external search. A number of findings suggest that those who typically in considerable external-research activity are identified by a higher respondents profile (higher education level, income, occupational standing, and so on.); external search is greater when price are perceived to be quite important, and it is suspected that substantial differences may exist between the product alternatives. When the

available information is difficult to process, a consumer tends to adopt simple choice rules and significantly curtail their external search. Greater marketer experience with a product is associated with a lower degree of external search. Open-mindedness and self-confidence of consumers have been found to be positively related to greater search activity. Marketing beliefs reduce search activities. Time pressure, crowded store conditions, and special opportunities also reduce search amount. Consumers want to reduce the perceived risk by searching for confidence or making brand beliefs marketing beliefs (Ludon and Bitta, 2003:73).

Two factors can intervene between the purchase intention and purchase decision. The more intense the other person's negativism, and closeness and inclination of the consumer to the other person, the more the consumer will adjust his or her purchase intention. The converse is also true. The second factor is the unanticipated situational factors. A consumer's decision to modify, postpone, or avoid a purchase decision is also heavily influenced by perceived risk. In executing a purchase intention the consumer may make up to five purchase subdivisions: a brand decision, vendor decision, quantity decision, timing decision, and payment method decision (Kotler, 2004:46). People do two things when choosing among non-comparable alternatives. First, they tend to focus on using more abstract attributes for their comparison of alternatives, second they use a holistic approach in which overall attributes toward the alternatives were compared (Mowen, 1990:47). For the consumer's purchasing activities both personal and social motives are responsible. A situation has a demonstrable and systematic effect on current behaviour, which does not follow from knowledge of personal (intra-individual) and stimulus (choice alternative) attributes. But a strong loyalty results in weaker situational influence. There are four brand loyalty patterns as: (1) undivided loyalty (2) divided loyalty (3) unstable loyalty (4) no loyalty based on purchase frequency, although the degree of loyalty varied by product, the percentage of customers exhibiting some loyalty was rather high. Informal group leaders and perceived risk takers have a positive relationship with brand loyalty. To increase brand loyalty of present customers may necessitate

better after sale service, for new customers price discount, for committed customer a catchy advertisement may effective. Impulse buying is another consumer purchasing pattern. It may activate by suggestion, remembrance and intention of purchasing (Loudon and Bitta, 2003:76).

If the consumer is satisfied she /he will exhibit a higher probability of purchasing the product again. One survey showed that 75% of Toyota buyers are highly satisfied and about 75% intend to buy again, 35% of Chevrolt buyer were highly satisfy and 35% intend to buy again. Dissatisfied customer may abandon or return the product (Kotler, 2004). One the reason of the satisfaction/dissatisfaction is the amount of discrepancy between actual product performance and expected product/services performance. Factor influencing the formation of expectation are product/services itself, heavy promotion, other product /services and consumer characteristics. Once the consumer perceives that she /he is dissatisfied with the product or services, his complaint behaviour may be exist. The purpose of complaining is to recover an economic loss or rebuilt the person's self- image. Cognitive dissonance occurs when al logical inconsistency exists among cognitive element (Mowen, 1990:89). Research has uncovered several determinants, which appear to influence satisfaction, including respondents variable, personality variables, and expectation and to be more satisfied. Higher education tends to be associate with lower satisfaction. Men tend to be more satisfied than women. The more confidence one has in purchase decision-making and the more competence in a given product area, the grater one's satisfaction tends to be. There is also greater satisfaction when relevant otherare perceived to be more satisfied. Higher level of product satisfaction is also indicated by person who are more satisfied with their lives as a whole, and person with more favourable attitude toward the consumers domain, that this market place,business form and consumerism. If consumer are dissatisfied, they are likely to exhibit less-favourable post purchase attitude, lower or non-exist purchase intention, brand switching, complaining behaviour, and negative word- of- mouth. Studies shows the consumer tells twice as many

people about bad experience than the good once. Complainer tends to be more upscale socioeconomic group rather than non-complainers. The severity of the disconfirmation or problem is positively related to complaint behaviour. Complaining is more positive perception of retailer responsiveness to consumer complaints. Consumer dissonance occurs when a minimum threshold level of dissonance tolerance is passed. And the action is irrevocable. There are several major ways in which consumer strives to reduce dissonance, He may (1) change his evaluation of alternative (2) seek new information to support his choice or(3) change his attributes. And finally disposal of product often occurs in connection with the changing role of consumer in consumption. As role transition occurs, consumer may dispose of their possession in other to facilitate or validate both role and status changes, thus enhancing and solidifying their new self-concept and social role identities (Loudon and Bitta, 2003:92).

### **2.3 Review of Thesis**

Timilsina (1990) studied on “A study in buying behaviour of Indian Gorkhas and local people”. The basis objective of this study was to examine brand preference, purchase frequency, shop awareness and purchase criteria used by Indian Gorkhas and Local people while purchasing clothing apparels. 170 respondents were taken as sample for the study. The major findings of the study were as follows:

- a. The purchasing trends of foreign brands of clothing apparels of IndianGorkhas and local people are lower in comparison to other brands.
- b. The awareness of Indian Gorkhas regarding to the shop is found to be low whereas the local people’s awareness level was high in comparison to the Gorkhas.
- c. The Indian Gorkhas like to purchase the clothing apparels mostly from an integrated shop but the local people prefer to go to clothing shop.

- d. The price was the major factor of consideration before making any decision by both segments.

Dahal, (1990) prepared a dissertation, on the topic “patterns of consumer decision making process while purchasing high involvement in Nepal”. The main objective of the study was to examine the pattern of consumer decision-making process for high involvement goods (risky and expensive) in Nepal. Motorcycle and scooter is chosen as the sample product. Sample size of 300 recent buyer of Kathmandu was taken from 3619 populations for the study. The major findings of the study were as follows:

- a. The Nepalese motorcycle buyers undertake information with greater emphasis upon dealer and inter personal sources of information.
- b. Nepalese motorcycle buyers have rather small-evoked set size for both the makes and model.
- c. Nepalese motorcycles buyer used fine types of sources namely browsers, test drives, advertisements, interpersonal sources and dealer visits.
- d. Evoked number of makes and models, shopping orientation, education, and total time spent on research is negatively related with low research segment. But the factors like time pressure, months of driving experience and prior preference for dealer, manufacture and model relate positively with this segment.
- e. Motorcycles buyers of Nepal were classified in two groups. One is an Indian motorcycle buyers and another is Japanese motorcycle buyer.

Palungwa, (2006) did a research entitled “A study on personal computers buyer behaviour”. The basic objective of this study was to examine the personal computer buyers’ behaviour among the individual, household, corporate house and business organization. 50 units of sample are considered from Kathmandu valley for the study. The major findings of the study were follows:

- a. More buyers have higher income.
- b. Educated peoples are prominent buyers of personal computers.

- c. The main purpose of buying computer is for personal or family use.
- d. The major factor affecting factor of buying is quality.

Pantha, (2008) entitled “brand loyalty of Nepalese consumer” has the major of the major objective to study whether or not the brand loyalty exist among the Nepalese consumer. The study was conducted among the 160 samples of respondent. The major findings of the study were as follows.

- a. Brand awareness of Nepalese consumer is high.
- b. Female are about to be more brand loyal than male.
- c. Families with medium size are found to be more brand loyal than large and small size.
- d. It is found the education and brand loyalty has no relation at all.

Sherpa, (2010) submitted a thesis, on the topic “ a study on consumer decision making process under high involvement purchase situation”. The major objective of this study was to examine the consumer decision making process for high involvement goods in Kathmandu valley. T.V is chosen as the sample product. Sample of 120 recent television buyers of Kathmandu valley was taken for the study. The major findings of the study were follows:

- a. Twelve brand of T.V are found to have purchased but the large majority of respondents have found to purchase renowned brand of T.V.
- b. Most of the Nepalese T.V buyers recognized the need for buying T.V by them.
- c. Among different sources of need recognition, own experience and product importance are those sources through which majority of respondents recognized the T.V buying need.
- d. Sources of information available to Nepalese television buyer have five dimension namely advertisement, interpersonal sources, dealer’s visit, sales person and checking model and it is found that they give more emphasis on the interpersonal sources of information.

- e. As regard to the frequency of sources utilization. The majority of Nepalese T.V buyers used advertisement frequently while purchasing television.
- f. The majority of respondents are found to have purchase pals along with them while doing information search and final purchase pals by the Nepalese T.V buyer.
- g. Among the different types of purchase pals, friend and spouse are most commonly used purchase pals by the Nepalese T.V buyer.
- h. The Nepalese television buyers have rather small size of evoked set for both the brands and models of T.V.
- i. In the process of evaluation of alternatives, the Nepalese television buyers are found to have considered price as the most criteria for evaluation of different brand of television. As regard to the choice behaviour of the television buyers in Nepal, the majority of respondents made purchase decision by considering warranty or guarantee factors

## 2.4 Research Gap

Research gap is an essential element to prepare thesis report. By the lack of research gap research should not value. Many researchers have done many researches on consumer behaviour while purchasing goods. Such as:

**Timilsina(1999):** has research about buyer behaviour of Indian Gorkhas and local people to examine brand preferences, purchase frequency, set of awareness and purchase criteria. This shows the lower comparison between foreign brand and other brands. Major factor for decision making was price.

**Dahal(2004):** has research about buyer decision process while purchasing high involvement goods in Nepal to examine about consumer decision making.

**Palungwa(2006):** has research about buyer behaviour on personal computer to examine the individual, household, corporate house and business organisation. This shows the major factor of consumer buying decision is quality and higher income educated people are buying the computer.

**Sherpa (2010):** has research on the topic “a study on consumer decision making process under high involvement purchase situation”.to examine consumer’s decision making process for high involvement goods in Kathmandu valley. Sources of information available to Nepalese television buyer have five dimension namely advertisement, interpersonal sources, dealer’s visit, sales person and checking model.

The comparative study between the above researchers various thesis and this one, the following result are seems as research gap in this thesis report. This thesis wants to find consumers buying process to post purchase behaviour while purchasing life insurance policy. Here we find Consumer are aware through self-thinking, agent offer, relative and friends suggestions. Consumer faced the problem about the identification of planning. Consumers have less cognitive dissonance for purchase decision. Few consumers have company loyalty, average consumers have unstable loyalty and most have no loyalty. Many consumers have repeated buying behaviour. They accept suitable and matching other product if available. Men are more satisfied than women & married are more satisfied than women. Higher income men are more awareness for purchase decision.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

Research methodology is a systematic and organised effort to investigate a situation (problem) by a set of method to reach a solution of the particular problem. This chapter discusses the procedure employed in the study leading to data collection and analysis. Consequently it deals variable in the study. The required variable are identified and judged by the researcher for the necessary analysis. This chapter implies a systematic approach to get the research finding. It also explains the methods, used in the study including presentation of the research design.

#### **3.1 Research Design**

The use of research design guides to a study to proceed in the right direction. Here the study attempts to analyse the consumer purchase decision process in life insurance policy the study has objective to describe the process. It also tends to analyse the changing behaviour caused by different marketing situation. So the research design is descriptive as well as analytical rather than experimental.it can be called a survey or a field study as it studies the relation among the attitudes, values, believes perceptions, and behaviour of individuals and group in a purchase situation. Being descriptive study it identifies problems or justifies current marketing conditions and practices. Being a conclusive study, it clarifies the characteristics of phenomena in relation to certain conclusion. The study process is very concerned on the validity and accuracy in every part.

#### **3.2 Population and Sample of the Study**

The research work is related with the study of consumer's buying process and post purchase behaviour while purchasing life insurance policy in Kathmandu valley. So, the present total no of consumer of these insurance companies in Nepal are population of the study.

Due to the various constraints, like time, resources, etc. the researcher has conveniently selected only one district for the purpose of the research work, this is Kathmandu. And the 100 consumer insured in the following companies are sample of the study. These Insurance companies are: RastriyaBimaSansthan, National Life

Insurance Companies, Nepal Life Insurance Company, Life Insurance Corporation Nepal and American Life Insurance Company.

### **3.3 Sources of data and collection Techniques**

The sources of data are life insurance clients, who are selected as sample. Because of the nature of research as it is based on consumer, and lack of secondary sources of data. The research was only based on only primary data and no research was done previously on this topic. Same kind of questionnaire was given to all hundred people each. The nature of questionnaire is self-administered. The questionnaire is designed for collection of basic and useful data. After filling the questionnaire set, they are interviewed for proofing. LIP clients may have a specific view and behaviour (overt and covert) that make easy for describe the situation and finding their value toward their product. Almost all the respondents, who are approached for the questionnaire and interview, readily agreed to respond. So, the questionnaire and interview technique and interview technique are assume as sufficient for collection of related data. The study is totally based on consumer research, consumer attitude, beliefs, perception imagery all are considered during the data collection procedure. Here, the responses given by the incumbents are assumed confidential. Every respondent has been visited home or office or everywhere. No telephone and mail are used to communication because of difficulties and problems of clear understanding.

### **3.4 Tools to be used for analysis and interpretation of data**

The responses are categorized, tabulated, processes and analysed using different methods. Data presentation and analysis is explored using percentage in table, graph, pie-chare, and weighted average mean. Frequency distribution, percentages and means are calculated. Calculated data are analysed and described in a psychological context. Analysis has been done descriptively as well as statistically.

### **3.5 Limitation of the Methodology**

- a. The research design may not comprise all the factor of its area.
- b. Questionnaire and interview procedure may not be sufficient for the relevant data collection.
- c. Data analysis tools may not enough to describe the data because of limited scope.

**CHAPTER IV**  
**DATA PRESENTATION AND ANALYSIS**

**4.1 Respondents profile**

Structured questionnaire sheets were prepared and distributed to one hundred respondents. All of them were residing at Kathmandu valley in the study period. Out of the total respondents, every twenty were from each of the five companies. The respondent's profiles are presented next, in table and graph.

Table 4.1 present respondents profile, out of one hundred respondents 83% were male and 17% were female. 71% were married and 29% unmarried. 48% were possessing monthly income below ten thousand, 37% possessing income between ten - twenty thousand and remaining 15% possessed monthly income above twenty thousand. 22% of respondents have educational background with intermediate level, 39% of respondents have graduate level and 39% have Master level. It shows, the high volume of life insurance policy buyer are graduate and master level's consumer. The table clarifies that most of the respondents were married. Male were more than female. Most of the respondents possessed lower medium income. It is also presented in the following diagram with individual company figure.

**Table 4.1**  
**Respondent's profile**

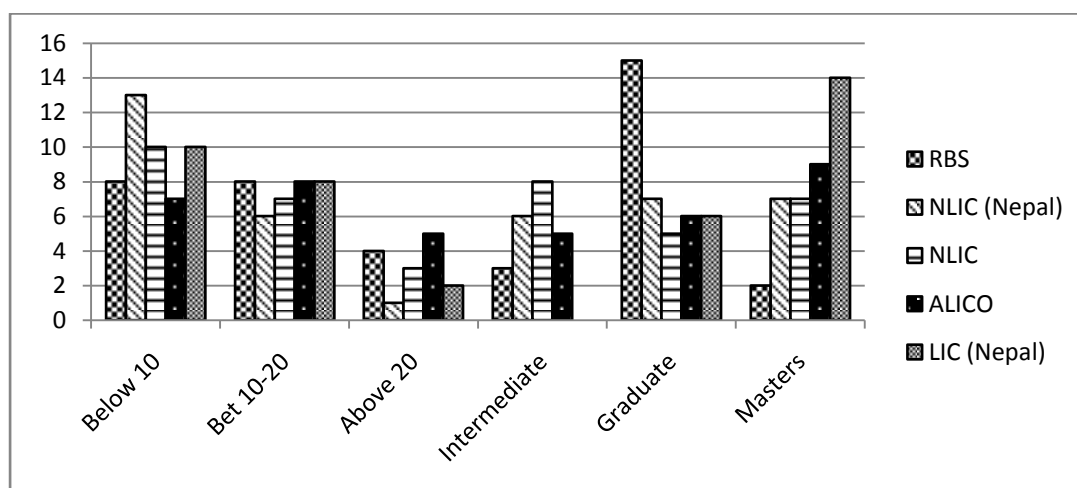
Respondents profile \		RBS	NLIC (national)	NLIC	ALICO	LIC (Nepal)	Total
Sex	Female	1	2	5	6	3	17
	Percentage	5%	10%	25%	30%	15%	
	Male	19	18	15	14	17	83
	Percentage	95%	90%	75%	70%	85%	
Marital Status	Married	13	16	16	13	13	71
	Percentage	65%	80%	80%	65%	65%	
	Unmarried	7	4	4	7	7	29
	Percentage	35%	20%	20%	35%	35%	

Monthly Income ('000')	Below 10	8	13	10	7	10	48
	Percentage	40%	65%	50%	35%	50%	
	Between 10-20	8	6	7	8	8	37
	Percentage	40%	30%	35%	40%	40%	
	Above 20	4	1	3	5	2	15
	Percentage	20%	5%	15%	25%	10%	
Educational Background	Intermediate	3	6	8	5	0	22
	Percentage	15%	30%	40%	25%	0%	
	Graduate	15	7	5	6	6	39
	Percentage	75%	35%	25%	30%	30%	
	Masters	2	7	7	9	14	39
	Percentage	10%	35%	35%	45%	70%	

Source: Field survey, 2011

**Figure 4.1**

**Monthly Income of Respondents**



The figure 4.1 clarifies that more respondents possess monthly income above twenty thousand falls on ALICO and more respondents possess below ten thousand falls on NLIC.

## 4.2 Problems Recognition

All the respondents sampled in the study were life insurance clients, who exhibit generally high involvement behaviour in purchase process. So they usually go through the process of problem recognition. In this process different steps are involved, which are presented below.

### 4.2.1 Need Awareness

A general conception in LIP is that consumer rarely realizes the need unless something hits their mind. They are believed to become aware of their need of LIP through social trend, agent offer, self- thinking, advertisement, friend relative suggestion, and family recommendations, which are taken variables for analysis.

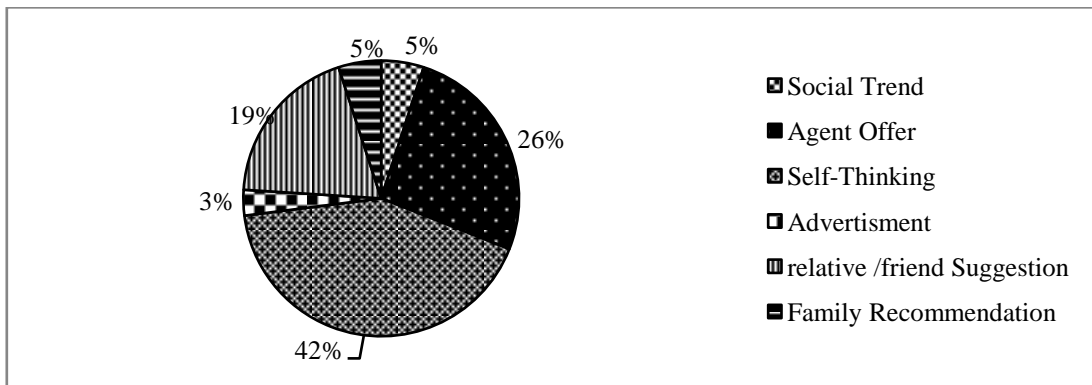
**Table 4.2**  
**Need Awareness**

Need Awareness sources:	Number	Percentage
Social Trend	5	5
Agent Offer	26	26
Self-Thinking	42	42
Advertisement	3	3
relative /friend Suggestion	19	19
Family Recommendation	5	5
Total	100	100

Source: Field Survey, 2011

The table 4.2 represents needs awareness sources of the respondents. As in the table, 5% of the respondents were of their need of LIP through social trend, and similarly, 26% through their agent offer, 42% through self-thinking, 3% through the advertisement, 19% through relative or friend suggestion, and again 5% of the respondents through family recommendation. It is also presented in the pie chart below.

**Figure 4.2**  
**Need Awareness**



The data clearly indicates that large group of customers were aware of need through self-thinking. This is the sign of consciousness of Nepalese customers toward the LIP.

Agents offer and relative / friends suggestions also had significant contribution to make aware to the customers. Very few were access to advertisement.

#### 4.2.2 Importance of the Need

Importance of need is assumed as the indicator of level of motivation to purchasing LIP. Consumers were asked of their importance of LIP. And the responses are tabulated here.

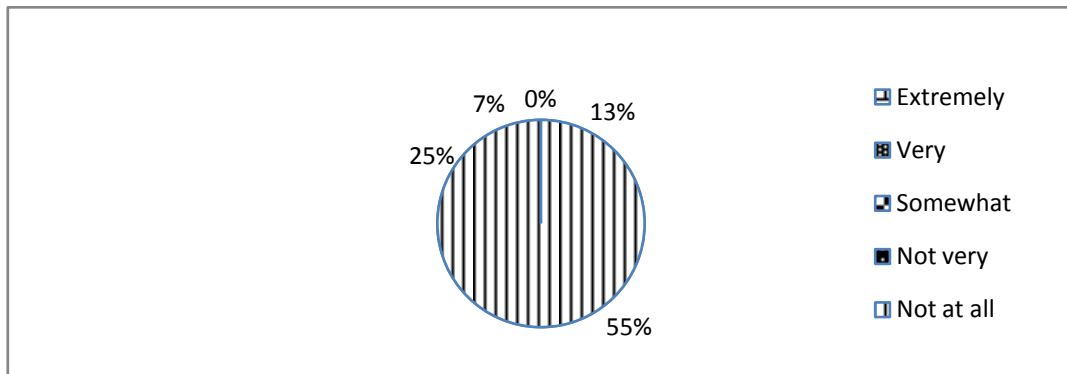
**Table 4.3**  
**Importance of the Need**

Importance	Number of Clients (a)	Rating (b)	Percentage	Score (a×b)
Extremely	13	1	13	13
Very	55	2	55	110
Somewhat	25	3	25	75
Not very	7	4	7	28
Not at all	0	5	0	0
Total	100		100	226

Source: Field Survey, 2011

The table 4.3 present the importance of the need of LIP of hundred respondents. As in the table, 13% of the respondents perceived the need as extremely important, and similarly 55% perceived as very important, 25% perceived as somewhat important, 7% perceived as not very important, and none of the respondents perceived as not at all important. This is present in the figure below.

**Figure 4.3**  
**Importance of Need**



Here the rating is given by the researcher as per their willingness to need of insurance. The variable very important, gained the top score i.e. 110, which can be considered as the responses of the most consumers. Similarly, somewhat important got 75, not very important got 28, extremely important got 13, and not at all important got 1 percent of the score.

This frequency clarifies that most of the life insurance customer perceived their need as very important before purchase. It is a sign that they had higher intensity to solve the problem. A significant number of customer expressed their intensity in the medium level. Customer perceived the need as extremely important because of higher expectation over the product (scheme). Greater understanding was another factor to contribute the above statement to some extent. None of the customers purchase the product without importance. But some purchase from other pressure like family, friends, relatives and agents.

#### **4.2.3 Need Arousal**

Consumer may have problem recognition triggered in three ways: by the actual state changing, by the desire state changing, or by the both changing. Thus for some consumers problem recognition is triggered mainly by a change in the desire state (DS type) and others a problem would rarely be recognized unless their actual state change (AS type). The respondents were asked about the cause of need of LIP, which are presented in the table below:

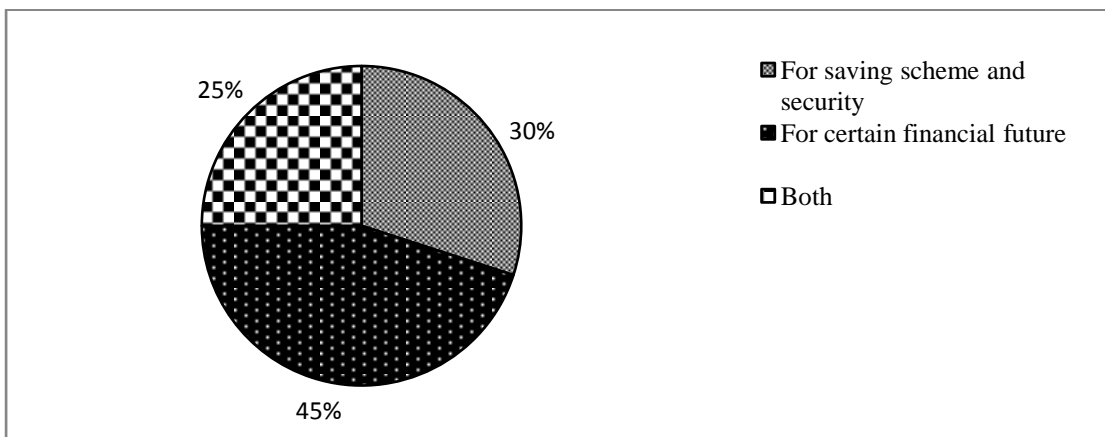
**Table 4.4**  
**Reasons of Need Arousal**

Reasons of Need	Numbers	Percentage
For saving scheme and security	30	30%
For certain financial future	45	45%
Both	25	25%
Total	100	100%

Sources: Field Survey, 2011

Table 4.4 presents the reason for necessity of LIP. As in the table 30% of the respondents said that they needed LIP because they didn't have any such type of saving scheme or they need to save tax. Secondly, 45% of the respondents said that they need LIP because they wanted a certain financial future. Thirdly, 25% of the respondents said both. The pie chart below presented the data too.

**Figure 4.4**  
**Reason for need Arousal**



Customer in the first category were AS type consumer because they felt their actual state void. Similarly, in the second category were DS type they felt their desire state rising, as they wanted extra more. Both influenced the customers in the third category.

The data clarifies that in case of LIP most of the customers were DS type as they were heavily influenced by desire state of mind in need arousal process.

However, the actual state or combination of both had significant impact on need recognition too.

#### 4.2.4 Types of Problem

There are especially four types of problem that consumers usually recognized. They are emergency, planning and evolving. In order to identify the type of problem faced by LIP clients, questions were raised. The responses are presented in the table

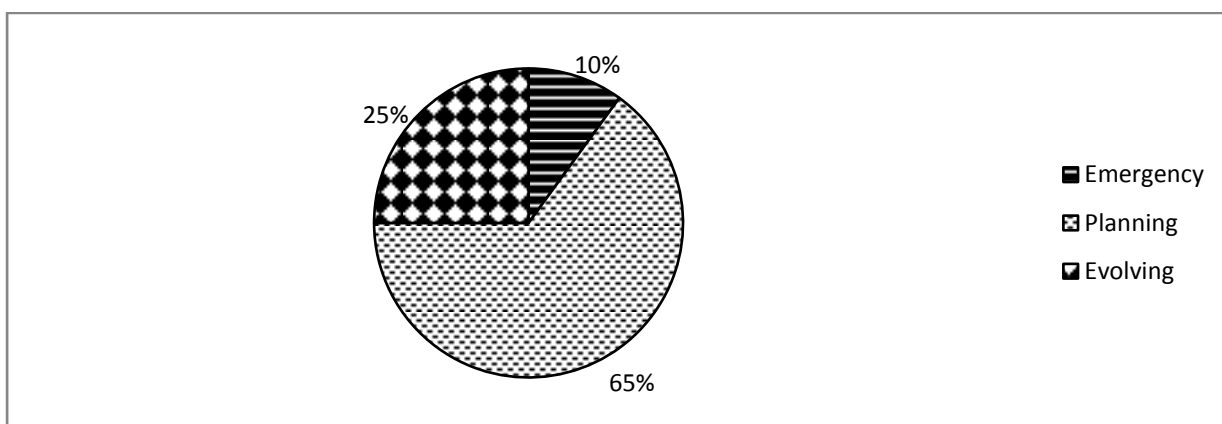
**Table 4.5**  
**Types of Problem**

Types of problem	Number	Percentage
Emergency	10	10
Planning	65	65
Evolving	25	25
Total	100	100

Sources: Field Survey, 2011

The table 4.5 presents the types of problem faced by respondents. As in the table, 65% had the planning problem, 10% respond the emergency problem, and 25% presents the evolving problem. The data are also presented by the figure below.

**Figure 4.5**  
**Types of Problem**



The table and figure clarifies that the problem faced by most of the customers related to LIP was planning. Because of access to education, media, and the social trend, people residing in Kathmandu valley were already aware of their necessity of LIP. However a significant group of clients were also identified as evolving in nature. They were mainly influenced by social trend, family recommendation, agents motivation, and marketing information. Some of even had emergency to purchase because of prior knowledge.

#### 4.2.5 Situation Leading to Problem Recognition

In the study period, numerous situation were identified that lead to consumer problem recognition. Respondents were asked about the special situation that leads them to the need recognition. Their responses are presented in the table below.

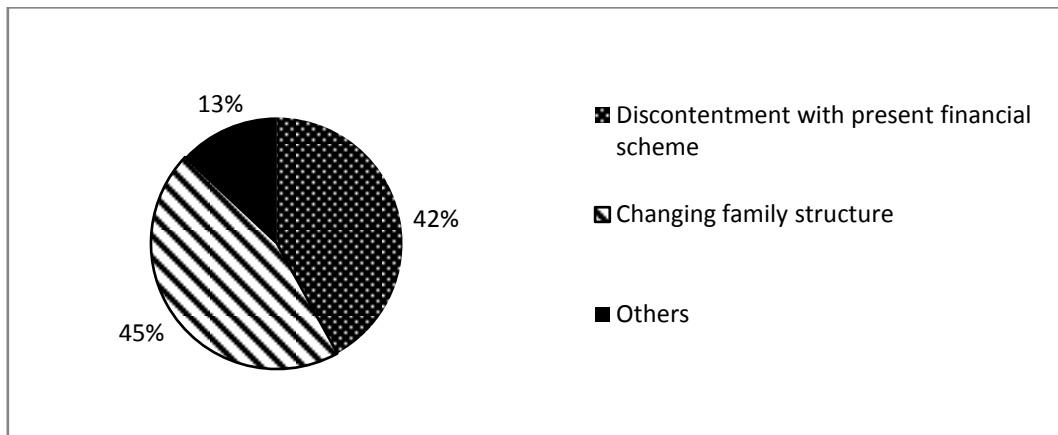
**Table 4.6**  
**Situation leading to problem recognition**

Situation	Numbers	Percentages
Discontentment with present financial scheme	42	42%
Changing family structure	45	45%
Others	13	13%
Total	100	100%

Sources: Field Survey, 2011

The table no 4.6 presents the situations leading to need/ problem recognition of respondents. As in the table, 42% of the respondents said discontentment with present financial scheme, which led them to the need recognition. Similarly, 45% of respondents said changing family structure and 13% said others. The data are also presented in the figure below.

**Figure 4.6**  
**Situation leading to problem recognition**



Absence of risk covering feature in present financial scheme and other banking products and hobby of new product adoption (old product doesn't match the fashion trend) were the reason of discontent. Others reason as answered by the respondents was changing financial circumstances, need to save the income tax, marketing effort and few didn't specify.

From the above data, changing family structure was identified as the climax situation that led to the need recognition. Spouse reference, need to protect children's education, and feeling of responsibility after marriage contributed to change the environmental circumstances as family structure. However discontentment with present financial scheme was another almost equally important situation to lead to the need recognition of LIP.

### **4.3 Information Search**

Information search process of general consumer has been already discussed in chapter two. Here information search step in purchase process of LIP clients are presented and analysed. The process is classified into five subtopics for simplification.

#### **4.3.1 Types of search process**

Life insurance clients search the information especially for the two period : to make better purchase decision (pre-purchase information search) and another is

accumulate band of information for future use (post purchase information search) , therefore two types of search, pre-purchase and on-going search, is considered while collecting responses based on two purposes. Frequencies are presented in the table below.

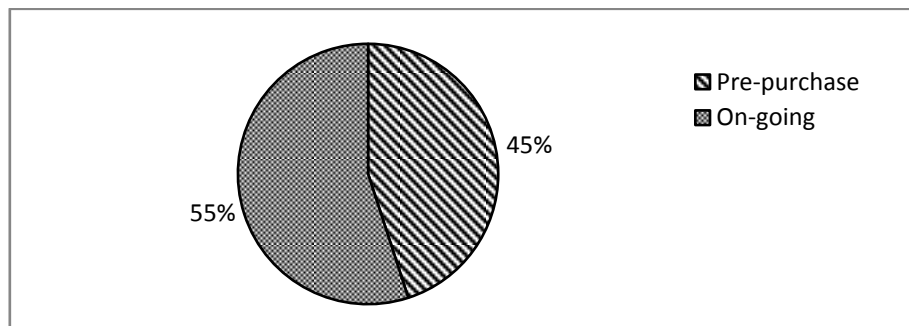
**Table 4.7**  
**Types of Search**

Types of search	Numbers	Percentages
Pre-purchase	45	45%
On-going	55	55%
Total	100	100%

Sources: Field Survey, 2011

The table 4.7 present the kind of search process of respondents. As in the table 45% of respondents went for the pre-purchase search while the remaining 55% of the respondents collected information as on-going search. The figure below also presented the category.

**Figure 4.7**  
**Types of Search**



The respondents of pre-purchase search type engaged themselves more in the purchase situation, while on-going type respondents involve more in the product. Pre- purchase type respondents had heavy intention of buying than on-going type and had increase knowledge about market and increase satisfaction with the LIP product. However above data conclude most of consumers intend to know the LIP without proper problem recognition, while other intends to search relevant information for the selection.

### 4.3.2 Learning Process

It is interesting to identify the learning process of life insurance clients about LIP. Respondents were asked that how did they learn about LIP. The varied responses are presented in the below.

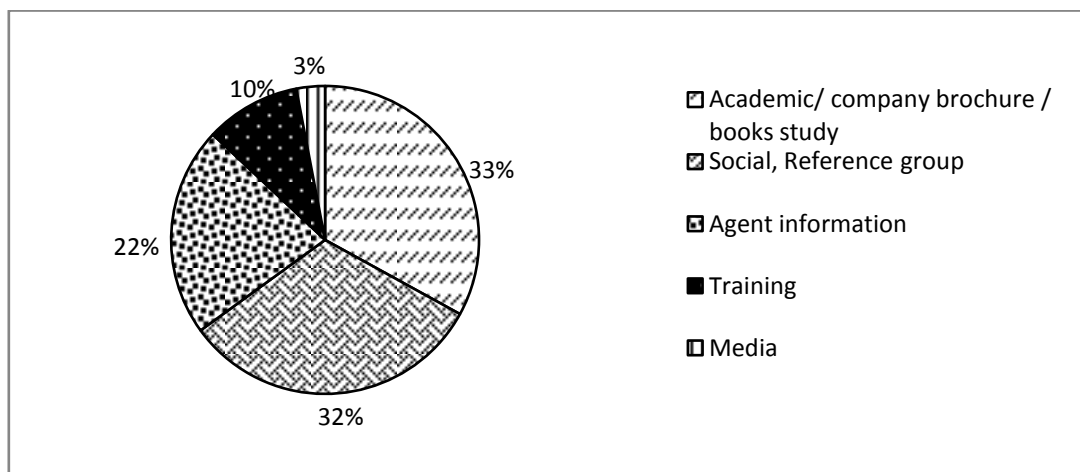
**Table 4.8**  
**Learning Process**

Learning Sources	Numbers	Percentages
Academic/ company brochure / books study	33	33%
Social, Reference group	32	32%
Agent information	22	22%
Training	10	10%
Media	3	3%
Total	100	100%

Sources: Field Survey, 2011

The above table presents the sources of respondents learned about LIP. As in table 33% of the respondents learned about LIP through academic courses or company brochure or other books, and similarly, 32% through social and reference group, 22% through agent's information, 10% through training, and remaining 3% through media. These data are presented in the figure too.

**Table 4.8**  
**Learning Process**



Above data clarifies that most of the consumers learned through academic/ company brochure/ booklets, social/ reference group, and agent information. These indicated three estimations: Nepalese life insurance consumers are becoming conscious, life insurance has been essential for social perspective, and agent is the detail information provider till now. Media hadn't broadcasted more about LIP.

### 4.3.3 Determinants of Information Search

As the lip comes under the high-involvement product, every consumer tends to engage in extensive information search before purchase. Responds were asked about the factors, which motivated them to engage in information search. Their responses are presented in the table below.

**Table 4.9**  
**Determinants of information Search**

Determinants	Numbers	Percentages
Number of company/policy	15	15%
Perceived risk	40	40%
Policy attribute	14	14%
Social /financial pressure	28	28%
Enjoyment of knowing	3	3%
Total	100	100%

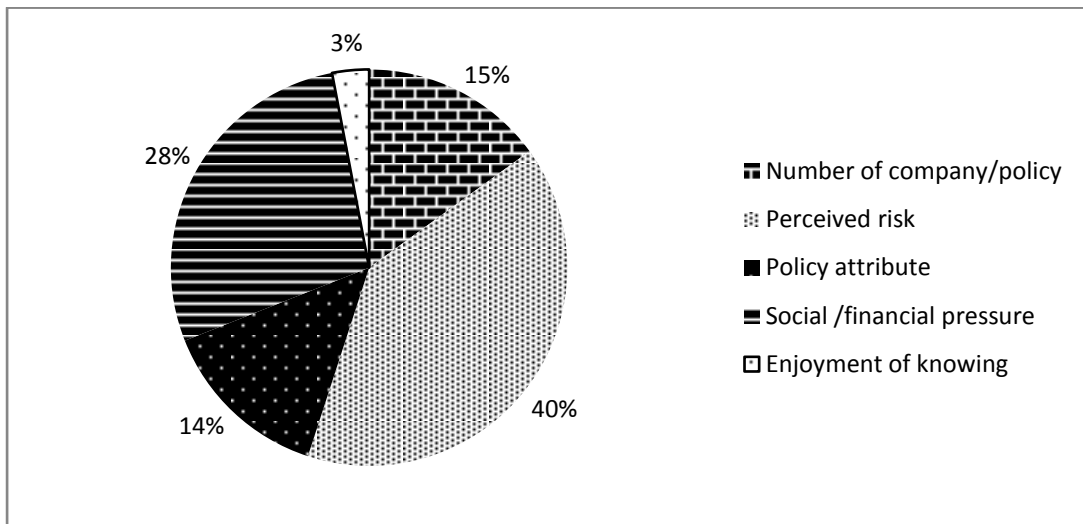
Sources: Field Survey, 2011

The table 4.9 presents the determinant factor for motivating or impelling consumer to search for information. Number of company / policy indicates the marketing environment. Perceived risk indicates the potential payoffs to the circumstances of the products. Policy attribute indicates the product importance. Social financial pressure indicates the situational variable. And enjoyment of knowing indicates the individual differences.

As in the table, 40% of the respondents were motivated by perceived risk, 28% by social/financial pressure, 15% by the number of company/policy, 14% by policy attribute, and 3% of the respondents motivated by enjoyment of knowing. The figure below also presents the data.

**Figure 4.9**

**Determinants of information Search**



Above the data clarifies that potential payoffs had greater influence to impel most clients for the information search because they want to weight the risk involved in the LIP such as monetary risk, functional risk, social risk, and psychological risk. A situational variable like social/financial pressure was another factor that motivates the consumers for information search. An individual difference had no considerable impact on information search. However, market environment and product importance also had significant impact on a group customer. But customer, at first, didn't want to take any risk about the product. They were seemed as seeking perfect reliable information to eliminate their scepticism and confusion. They used to ask the information to friends, novel man, and agents for the fact.

The respondents, who took marketing environment a motivating factor, said there were number of company and their products in the market. On which, they choose the reliable company and believable product. Respondents

considered policy attribute said they should know price (premium), terms and condition, bonus and other financial capabilities.

#### 4.3.4 Focus of the Information Search

Life insurance clients use to have different focus than other high-involvement goods and services. For Nepalese consumer LIP is new concept and trend upcoming in the society. So they tend to be interested in the period of purchase situation respondents were given the five characteristics: reliability / belief, scheme/ type, company, and premium of LIP to talk according to their importance in the inquiry. Usually all characteristics were considered important but to identify more important one relative weight of each characteristics was to be given. Their responses are given in the table below.

**Table 4.10**  
**Focus of information Search**

Rating \ Characteristics	1	2	3	4	5
Reliability/Belief	62	35	31	37	19
Scheme/type	20	25	27	26	12
Company	16	25	20	22	24
Premium	2	15	22	35	45
total	100	100	100	100	100

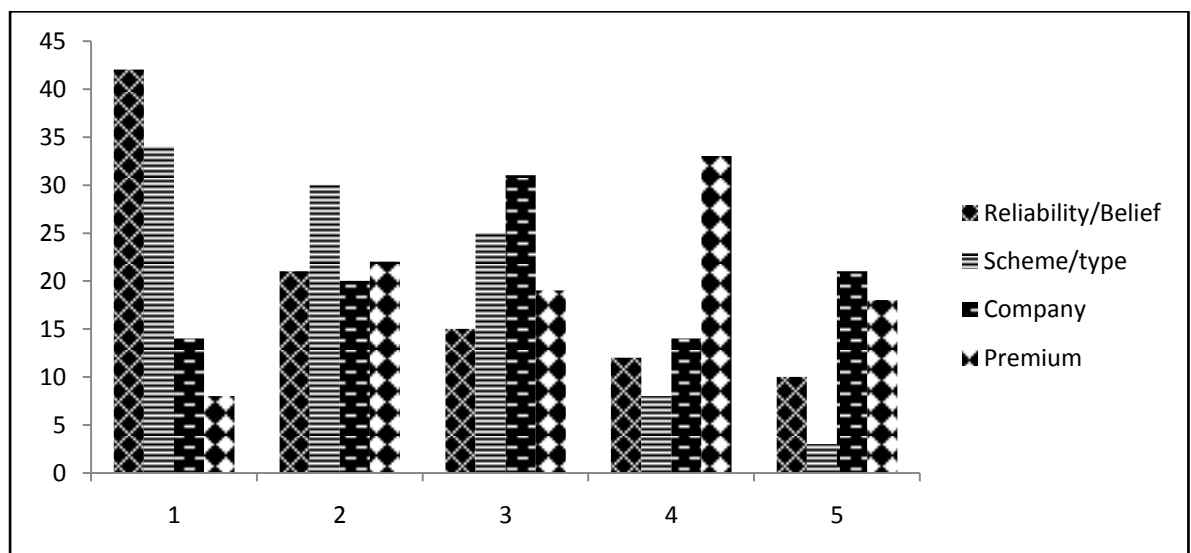
Sources: Field Survey, 2011

The table 4.10 presents the LIP characteristics and their ranking by the respondents based on their importance. The term reliability/ belief refers the reliability of the company, legality, reliability of terms and condition, belief of agent, government approve, company building/location and operation experience/trend. Scheme/ type is the product planning that was offered by company containing terms and condition. Company is especially for business

reliability, financial status, origin of country, and goodwill. Premium is the money that has to pay by the clients for the product.

As in the table among 100 respondents, 62 respondent's first importance characteristic was reliability/belief. Similarly, 20 said scheme type, 16 said company and 2 respondents said premium. And for second important category, each of 35 said reliability/belief 25 said scheme type and company respectively, and 15 said premium. And for third important category, 11 said reliability/belief 27 said scheme type, 20 said company, 22 said premium. And for fourth important category, each of 27 said premium, 21 said company, 12 said scheme type, and 27 said reliability/belief. The data are presented in the figure too.

**Figure 4.10**  
**Focus of information Search**



In appendix “b” there is calculation of Weighted average mean. Reliability/belief has the mean of 11.87, similarly, scheme type has 18.33, company has 22.8, and the premium has 26.73.

The analysis of above data and calculation of weighted average mean clarifies that reliability/beliefs was the characteristics that stimulated the most customer the felling of curiosity. It can be said that the most of the consumer were scepticism. They wanted to examine the validity. After then, Second important characteristics were scheme/type. Third was company and fourth or last was

premium. Thus it can be said that premium was not characteristic so importantly.

#### 4.3.5 Sources of Information

The sources of information in the case of LIP are slightly difference than other product and services. In Nepalese society, even in Kathmandu, agent and reference group have significant share for information sources. Five estimated information sources: your own memory/experience, family/friend, and media/publication/reports were given to the respondents for ranking based their importance with the appropriate weight. The responses are presented in the table below:

**Table 4.11**  
**Sources of information**

Rating	1	2	3	4	5	Total
Characteristics						
your memory/experience	42	21	15	12	10	100
family/friend	34	30	25	8	3	100
Agent	14	20	31	14	21	100
Advertisements	2	7	10	33	48	100
media/publication/reports	8	22	19	33	18	100
Total	100	100	100	100	100	100

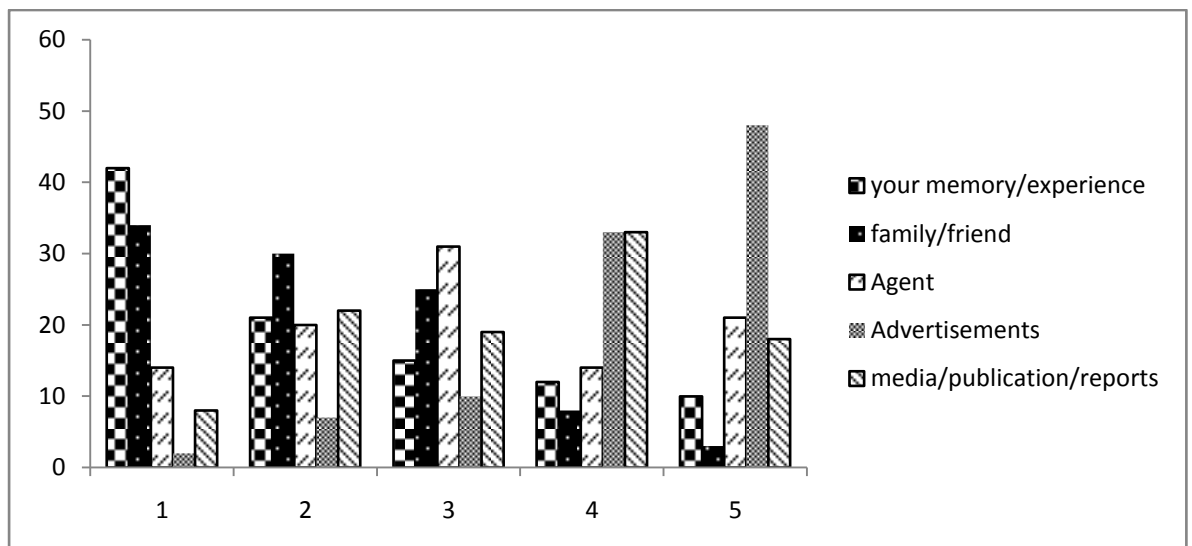
Sources: Field Survey, 2011

The table 4.11 presents information sources and their ranking by respondents. The memory/experience is the consumers own experimental sources. Consumer may have experience or not. Family /friend are the personal sources of information with which consumer can get the role of reference group. Agent is the sales man who plays the role of mediator between the company and the prospective consumer with legal approval. Advertisement and agent both are

the marketing sources of information, which can be influenced by the companies in a full-fledged manner. Media/ publication/reports is the public sources of information, where message and information to be transmitted, published and announced for public purpose.

As in the table, among 100 respondents, for the first priority in terms of reliability and importance, 42 said memory/experience, 34 said family/friend, 14 said agent, 8 said media/ publication/ reports , and 2 said advertisement. Similarly, in second priority, 30 said family/ friend, 22 said media/ publication/ reports, 21 said memory/experience, 20 said agent, 7 said advertisement. Again for third priority, 31 said agent, 25 said family/ friend, 19 said media/ publication/ reports, 15 said memory/experience, and 10 said advertisement. Again for fourth priority, 14 said agent, 8 said family/ friend, 33 said media/ publication/ reports, 12 said memory/experience, and 33 said advertisement. Again for fifth or last priority, 21 said agent, 3 said family/ friend, 18 said media/ publication/ reports, 10 said memory/experience, and 48 said advertisement. These are also presented in the figure below.

**Figure 4.11**  
**Sources of information**



In appendix ‘C’ there is a calculation of Weighted Average mean. Memory/experience have the mean of 15.13, and similarly family/friend have

14.4, agent has 20.53, advertisement has 27.87, and media/publication/reports have 22.06.

The analysis of above data clarifies that memory/experiences was the sources that the most consumer had taken the most reliable and important, however, the calculation of weighted average mean shows that family/friends was the most important sources for reliability and information amount. Memory/ experiences considered as the second priority as shown by weighted average mean. Advertisement was not so important sources for both information amount and reliability. Agent was the more important sources than media/publication/reports.

The respondents, who did not prefer memory/experiences, said that they didn't have enough information in their memory. The respondents, who didn't preferred media/publication/reports said about their unavailability. For them reference group and agent were the good sources of all. Thus it can be concluded that personal sources along with experiential sources were most preferred and reliable information sources of life insurance clients, while agent plays catalyst role.

#### **4.4 Evaluation of Alternatives**

After the information search, the life insurance clients tend to develop the evaluate criteria for the evaluation of alternatives. In the information search period, they understand the major characteristics of the product and available alternatives. Agents and reference group help them to such activities. In the evaluation period, they tend to go through examining important criteria in the alternatives.

##### **4.4.1 Choice Criteria**

On the basis of total knowledge, life insurance clients select the important criteria for the evaluation of alternatives. In order to identify these criteria, eight options were given to the respondents for ranking based on their priority as presented in the table below.

**Table 4.12**  
**Choice Criteria**

<b>Ranking</b> <b>Criteria</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
Reliability	42	20	13	12	7	3	0	3
Premium	7	22	23	19	27	27	2	1
Risk Cover	31	54	22	20	12	9	4	2
Financial Benefit	10	13	21	36	21	6	0	0
Different Scheme	0	0	18	8	26	30	14	15
Excess (pros unity)	0	0	2	2	4	10	22	60
Physical Facility	0	1	1	3	3	15	58	19
Total	100	100	100	100	100	100	100	100

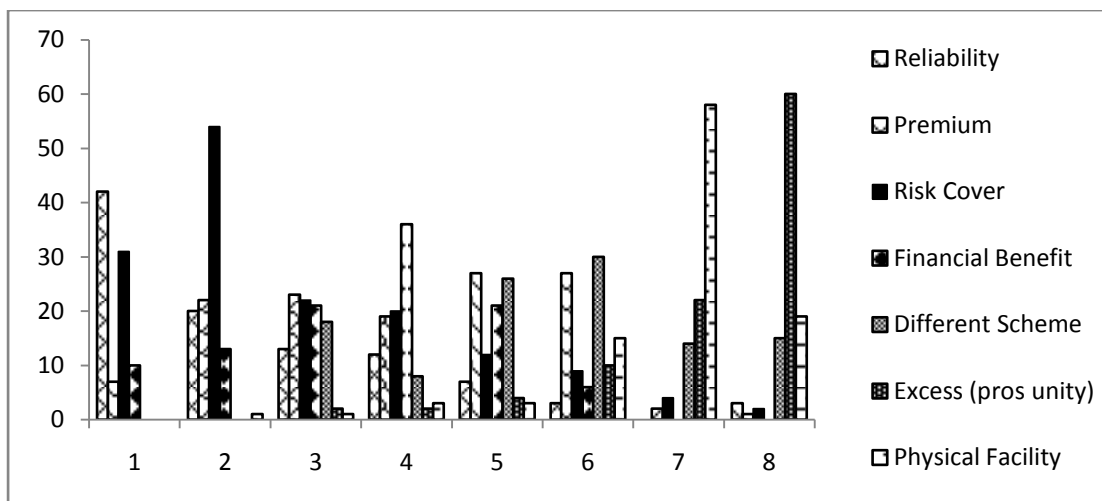
Sources: Field Survey, 2011

Among the criteria presented in the table 4.12, premium, risk cover, Financial Benefit, and Different Scheme are the product attribute. And access, Physical Facility, Reliability are company attribute, which depended upon company location, its client servicing policy, and belief and legality of the company.

The table along with the figure 4.12 presents that among 100 respondents, 42 respondents gave first priority to reliability. And similarly, 31, 20, and 7 gave first priority to risk cover, financial benefits and premium respectively. None of them gave first priority to different scheme, access, and physical facility. Similarly, 54, 20, 13, 9 and 1 gave second priority to risk cover, reliability, financial benefit, premium and physical facilities respectively. Different scheme and access did not get even second priority from the respondents. Similarly, 23, 21, 13, 22, 18, 2, and 1 gave third priority for premium, financial, benefits, reliability, risk cover, different scheme, access, and physical facilities respectively. Similarly, 36, 20, 19, 11, 8, 3 and 2 gave fourth priority to financial benefit, risk cover, premium, reliability, different scheme, physical facilities, and access respectively. Similarly, 26, 27, 21, 7, 4, and 3 gave fifth

priority for different scheme, premium, financial benefits, reliability, access and physical facilities respectively. Similarly, 30, 27, 15, 10, 9, 3, and 6 gave the sixth priority for different scheme, premium, physical facilities, access, risk cover, financial benefits and reliability respectively. Similarly, 58,22,14,4, and 2 gave seventh priority for physical facilities, different scheme, risk cover, and premium respectively. Similarly, 60,19,15,3,2, and 1 gave last priority to access. Physical facilities, different scheme, reliability, risk cover, and premium respectively.

**Figure 4.12**  
**Choice Criteria**



Most of the consumer gave higher and first priority to reliability with importance. That indicated the belief and legality was the most concerned subject among LIP customers. They first want to be confident about the psychological risk associated with the product. Consumer more favour ally evaluates the product, which appeal this factor. Then customers tend to go for risk cover, the major attribute that specifies the concept of life insurance. Premium, financial benefit, and different scheme were also average important criteria, which were less concerned by customers for the evaluation.

The weighted average mean, calculated in appendix 'D' represent that reliability got the score 6.83, similarly, risk cover 7.89, financial benefits 9.61, premium 16.14, physical facilities 18.89, and access 20.12, it is note that lower

score indicates the more importance and priority. Reliability was the most important criteria. Next important criterion was financial benefits that were in the form of more loan, discount, lower interest, more surrender value, and extra additive packages. Premium was fifth important criteria that consumer consider for evaluation. Than different scheme was preferred, which refers different models and feature. Customers did not consider access as important criteria if there were enough physical facilities such as easy to pay the instalment, minimum time for official work, and client serving.

#### 4.4.2 Determinants of Evaluation

While several evaluate criteria are important to life insurance customers, some are determinant that they are important as well as perceived to differ among the alternatives. These are critical attribute for deriving variation in the decision. In order to identify these criteria, respondents were asked if they felt any differences in criteria among the companies. The responses are presented in the table below:

**Table 4.13**  
**Determinants of Evaluation**

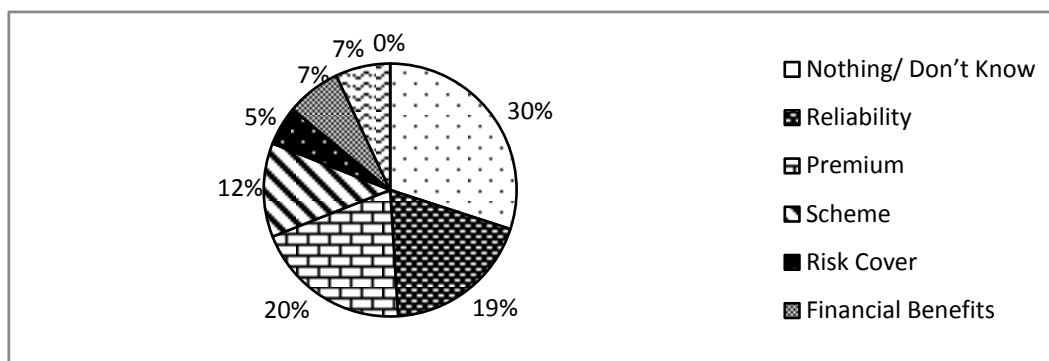
<b>Responses</b>	<b>Number</b>	<b>Percentages</b>
Nothing/ Don't Know	<b>30</b>	<b>30%</b>
Reliability	<b>19</b>	<b>19%</b>
Premium	<b>20</b>	<b>20%</b>
Scheme	<b>12</b>	<b>12%</b>
Risk Cover	<b>5</b>	<b>5%</b>
Financial Benefits	<b>7</b>	<b>7%</b>
Physical Benefits	<b>7</b>	<b>7%</b>

Sources: Field Survey, 2011

In the table 4.13, it can be seen that 30% of the respondents didn't fell any differences because, they said, they didn't know about other companies except where they engaged. while each of 12% felt in reliability, premium, and scheme. Similarly, each 7% felt in financial benefit and physical facilities.

And, only 5% felt differences in risk cover. The figure below also presents the data:

**Figure 4.13**  
**Determinants of Evaluation**



It can be said that companies have opportunities to make consumer feel the differences in LIP in favour of them. There seemed to be very few with the most customers. They just understand and evaluate the product offered by the agent and reference group. Although, it found third position in the ranking of importance (according to weighted average mean), more consumer felt difference on it. They said that they were attracted to the company, who gives higher the premium. Only few customers felt differences in risk cover, though it was second preferred criteria, thus it was not determinant criteria. Reliability, premium, and scheme might be determinant to some extent; however, reliability was the most important. Scheme was not so important but consumer might be interested to adopt different scheme. It was more determinant criteria than financial benefits and physical facilities.

#### 4.4.3 Awareness set

Life insurance customers generally assume as the product as they tend to evaluate the company in the evaluation stage. In order to identify, respondents are asked if they were aware of all companies, if not how much they. The table below presents the awareness set of 100 respondents:

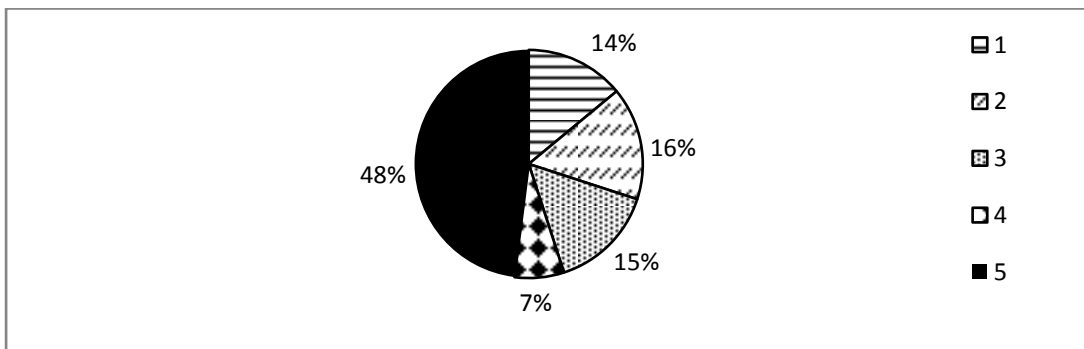
**Table 4.14**  
**Determinant of Awareness**

No of Company	No of Respondents	Percentages
1	14	14%
2	16	16%
3	15	15%
4	7	7%
5	48	48%
Total	100	100%

Sources: Field Survey, 2011

It is note that the set available to customer is only five in Nepal. As in the table 4.14, 48% of the respondents were aware of all the companies, but 16% 15% 14% and 7% of the respondents were only two, three, one, and four companies respectively. It can be seen in the figure too.

**Figure 4.14**  
**Determinant of Awareness**



The table clarifies that most of the consumers did not know all the companies at the time of purchase. Only half consumers knew all the companies before purchase. It can be said that Nepalese life insurance customer had few awareness set.

#### 4.4.5 Method of Evaluation

Likewise other customer, life insurance customers also used two method of evaluation of alternatives in their evoked set: brand processing and attribute processing. In the brand processing the customer assesses one company at a time on different attributes, which is referred as choice by processing brand (CPB). But, in attribute processing, the customer examines specific attribute and then compares several other companies on that attribute, which is referred to as choice by processing attributed (CPA). The table below presents these two methods of respondents.

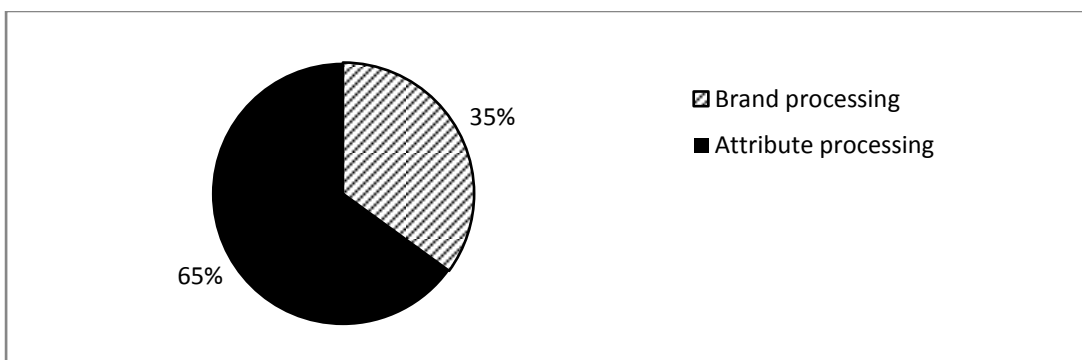
**Table 4.15**  
**Method of Evaluation**

Methods	No of Respondents	Percentages
Brand processing	35	35%
Attribute processing	65	65%
Total	100	100%

Sources: Field Survey, 2011

As in the table 4.16, 65% of the respondents evaluated the product by attribute processing, and only 35% of the respondents used brand-processing approach. It is presented below in the figure too.

**Figure 4.15**  
**Method of Evaluation**



Although, a CPB approach appears to be common in general, above data clarifies that most life insurance customers used CPA approach for the

evaluation. According to the concept ‘those with considerable experience or knowledge regarding a product and its purchase can be expected to rely more on a brand-processing approach’, the life insurance customers were seemed as having less knowledge about the LIP. However few numbers were well informed about the product. Customers using CPA said that they wanted to understand the reliability, scheme, premium, and risk cover at first. And then, they tend to check up that how the company possessed these attribute. The brand-processing user had considerable knowledge about the major attribute; they tend to look up different companies in order to identify how many attribute they possessed.

#### **4.5 Purchasing Process**

It has been already discussed in chapter 2 that customer selects a course of action based on preceding evaluation in the purchase stage. The purchasing behaviour of life insurance customer regarding the LIP will be discussed in this topic. The five sub-topics will follow a presentation of research findings regarding the purchase behaviour of respondents.

##### **4.5.1 Way of purchase**

Life insurance clients purchase the product from two ways: through agent and directly from the company. But according to the law LIP will not be accepted without agent’s approval.in this case all consumers must be purchase through agent. However the researcher assumes that the consumer, who goes to the company to purchase the product, has motivated to purchase directly. Below in the table, the way of purchase of 100 respondents are presented.

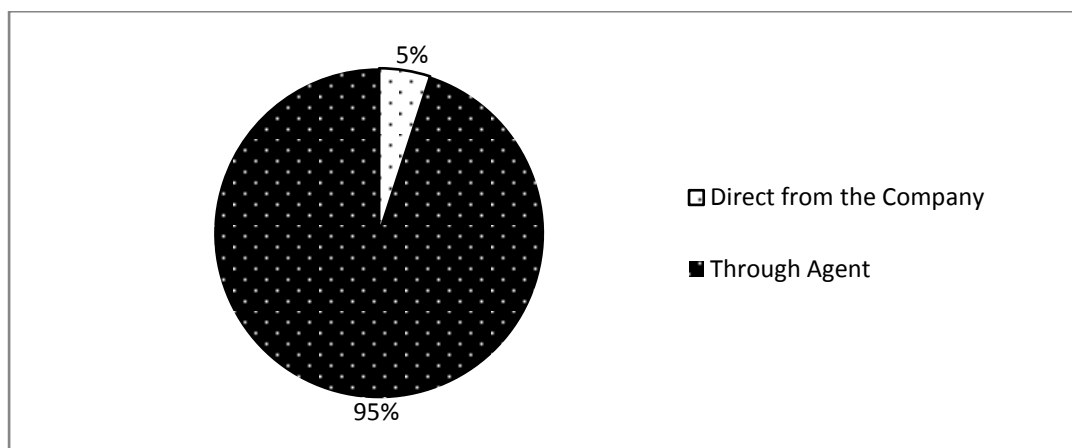
**Table 4.16**  
**Way of purchase**

Way of Purchase	Number	Percentage
Direct from the Company	5	5%
Through Agent	95	95%
Total	100	100%

Sources: Field Survey, 2011

A in the table and figure, 95% of the respondents purchased the product through agent. Only, 5% of the respondents purchase directly from the company.

**Figure 4.16**  
**Way of purchase**



As clarified by the table and figure, most of the customer did not go to the company for the purchase. Thus most of the clients purchased policy through agent rather than directly from the company. It can be said that majority of sale is in hand of agent. According to respondents, their association with the agent was as primary or secondary or complete information sources, which developed a belief and responsibility to them for the agent.

#### **4.5.2 Factors Motivating Company Choice**

There might be several factors that influence life insurance customer's company choice behaviour. Although the influence of each of these elements differs, the factors discussed in this topic are assumed as the general influence on the company choice of life insurance customers. They include company location; company building/designs, physical facilities, advertising, consumer services, and clientele. Respondents were asked that whether they consider those factors when they purchase the product. The responses are presented in the table below:

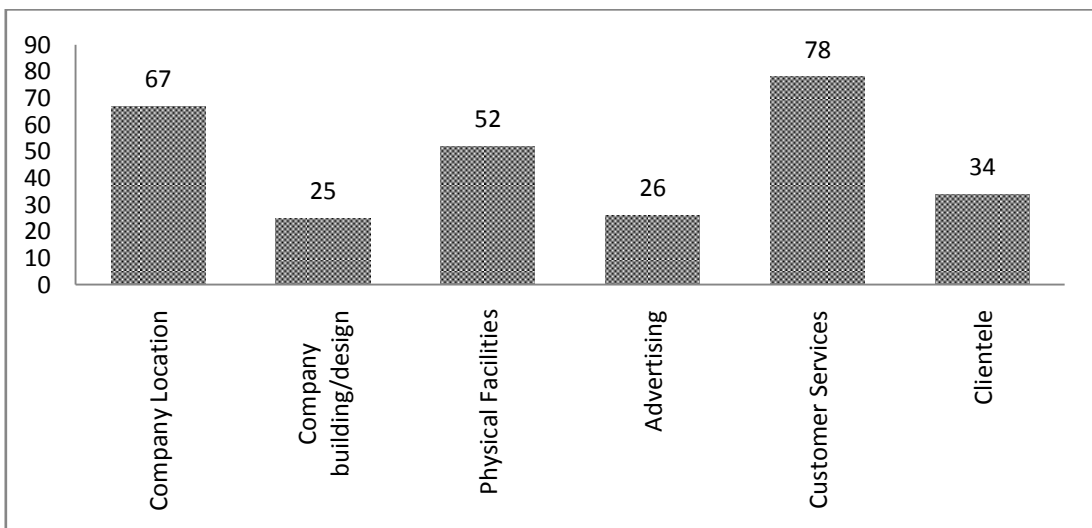
**Table 4.17**  
**Factors Motivating Company Choice**

Factors	Number (out of 100)	Percentage
Company Location	67	67
Company building/design	25	25
Physical Facilities	52	52
Advertising	26	26
Customer Services	78	78
Clientele	34	34

Sources: Field Survey, 2011

As in the table 4.18, while purchasing the LIP, the highest number of the respondents, 78%, considered the factor customer services. Similarly, company location was considered by 67%, Physical facilities by 62%, clientele by 34%, advertising by 26%, and company building/design by 25% respondents. These data are presented in the figure 4.18 too.

**Table 4.17**  
**Factors Motivating Company Choice**



It can be said that most of the life insurance customers considered the factors like customer services, company location, and physical facilities. As the customer service they stated, they would expect good personnel with

hospitality, up to date information, increased convenience and complaint offices. Likewise, company location specified that closer the customer were to a company greater their likelihood to purchase from that company. For the physical facilities, consumers would expect easy and convenient payment of premium, and easy and fast claim. A few groups of customers would consider company building/design and advertisement that was said to be for reliability. Some customers also considered clientele. They expected deep relationship with the company so that it should behave them as special members.

#### 4.5.3 Persuasive Situation

Respondents were also asked about situation that persuaded them to purchase or not to purchase the product. 88% of the respondents said they did not face any kind of such situation. Very few, respondent the opposite, said official pressure, 4% analysed it was agents pressure, like another 2% said it was saving habit, also another 2% said it was fear of risk, plus there were 2% of respondents answering tax saving, while 1% were purchased by relative pressure. These were presented in the table below.

**Table 4.18**  
**Persuasive Situation**

Situation	Number	Percentage
Not any situation	88	88
Agents persuasion	4	4
Official Pressure	1	1
Tax Saving	2	2
Saving Habit	2	2
Fear of risk	2	2
Relative force	1	1
Total	100	100

Sources: Field Survey, 2011

One of the most important factors influence the choice is the situation surrounding the consumer decision. But life insurance customer did not face

any persuasive situation to purchase the product with few exceptional cases. However, if tax saving and saving habit could be the persuasive situation. These may be positive sign to companies to promote those factors.

#### 4.5.4 Company Loyalty

It was important to identify whether the life insurance customers had company loyalty or not in purchasing more than one LIP. Out of total sample only 65 respond had purchased more than one product it is noted that the loyalty patterns are assume to be determine by repeat purchase. So,the table below presents loyalty patterns of 65 respondents.

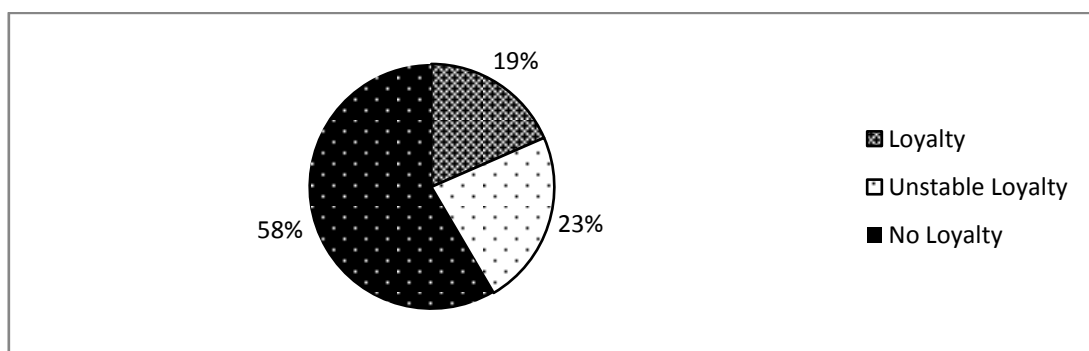
**Table 4.19**  
**Company Loyalty**

Loyalty Patterns	Number	Percentage
Loyalty	12	19
Unstable Loyalty	15	23
No Loyalty	38	58
Total	65	100

Sources: Field Survey, 2011

The table 4.20 presents loyalty patterns of 65 respondents. Loyalty refers, purchasing the product from the same company (in the subsequence like AA, BB, AAA, BBB etc.). Unstable loyalty refers, purchasing the product from more than two companies in unstable pattern (in the subsequence like ABB, AABB, AAABBB, AABBBCC etc.). As in the table, 58.5% did not show any loyalty, 25% shows unstable loyalty, and only 18.5% shows company loyalty. It is presented in the figure too.

**Figure 4.19**  
**Company Loyalty**



The data that were presented above clarifies that very few life insurance clients possessed company loyalty. Average customers had unstable loyalty, and the most of the customers did not exhibit any loyalty behaviour so that they showed company switching behaviour in any purchase. Some client through the considerable reliability in a company, many other thought the different scheme and financial benefit in the different company. No loyal customer seems to have a desire to affiliate with many companies. The loyal consumer had the favourable attitude towards the company, where they purchase products. They believed that all the important product's characteristics were within the company. The reason of brand switching was the financial benefits, especially: the differences in others were scheme, company goodwill, and reference group including agents' motivation. Finally, it can be said that company behaviour and performance affect the consumer psychology, and in result he can be loyal of switch the company for the next purchase.

#### **4.5.5 Paying for the purchase**

It has been already discussed that life insurance consumer purchase the LIP through agent or directly. With the technological advancement, world's consumers have access to easier way for purchase and payment of their needs. It becomes possible because of wide use of internet, virtual store, and different nature of credit cards. The consumer will be more favourable about them, who make their purchasing activities more convenient, fast and easy. Motivating from the trend, respondents were asked whether they thought about internet services (Virtual store) for the purchase and payment of LIP. The respondents are summarized in the table below.

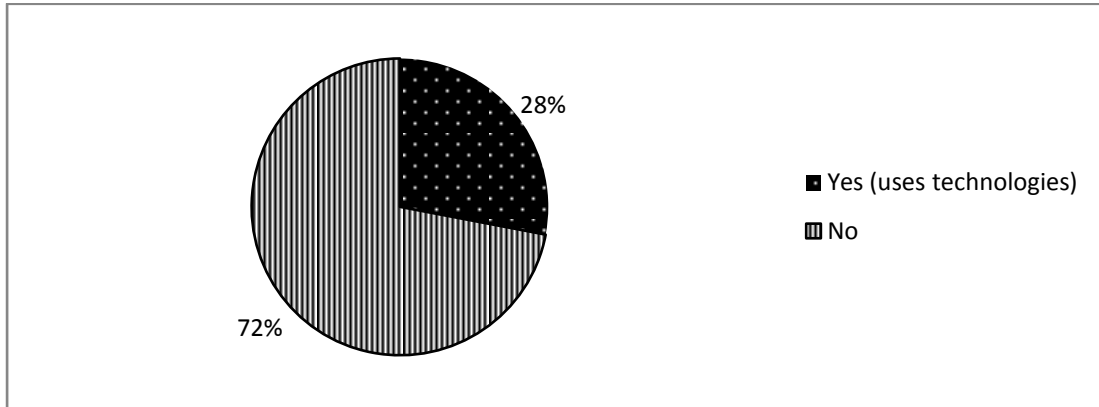
**Table 4.21**  
**Paying for the purchase**

Responses	Number	Percentage
Yes (uses technologies)	28	28
No	72	72
Total	100	100

Sources: Field Survey, 2011

As presented in the table 4.21, 72% did not think such kind of facility (internet) for the purchase and payment. However,28% thought and welcomed the facility, it is also described in the figure below.

**Figure 4.21**  
**Paying for the purchase**



Most of the consumer did not think of Internet services for purchase and payment. They said, they did not know about it and its function. It can be said that most of the consumer had conservative behaviour and change may difficult. However, almost one-third consumer had new improvement and new technology seeking behaviour. They seemed as evolving type. They can be attracted more easily by the fashion and technology adaptation.

#### **4.6 Post purchase behaviour**

As discussed earlier, because of the high involvement nature, consumer rethinks his/her purchase decision of LIP in the post purchase stage. Likewise evaluating the alternative before purchase, he tends to evaluate purchase decision to examine or console himself / herself. The major outcomes of this stages are satisfaction / dissatisfaction with the product, complain, dissonance of purchase decision and their adjustment in future purchasing strategies. The following subtopics examine the behaviour of life insurance customer by presenting and analysing the research findings.

##### **4.6.1 Major buying process**

Life insurance customer would have several hidden and strong expectations over the product prior to purchase or that have direct impact to the

satisfaction/dissatisfaction of the products. The expectation may be about (1) the nature of the product, (2) cost and effort to be expanded and (3) social cost and benefit from the purchase. These expectations are influenced by personality variables within the consumer. In order to identify the major expectations and personally traits, respondents were asked about their major purpose of buying LIP. it was assume that they were motivated by their hidden personality traits in inserting responses, which are presented in table below;

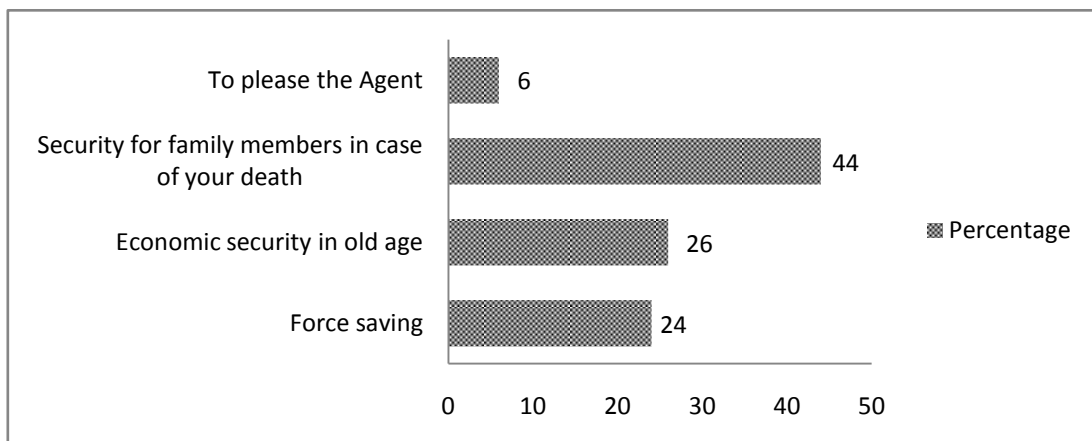
**Table 4.21**  
**Major buying process**

Purpose	Number	Percentage
Force saving	24	24
Economic security in old age	26	26
Security for family members in case of your death	44	44
To please the Agent	6	6
Total	100	100

Sources: Field Survey, 2011

As in the table 4.22, 44% of the respondents said their main purpose of buying LIP was security for family member in case of their death. 26% said the economic security in old age. 24% answer for force saving. And only 6% said that they purchased especially to please the agent. It can be seen in the figure below:

**Figure 4.21**  
**Major buying process**



The various purpose of customer, presented in the table or graph, depict different expectations over the product along with their inner personality traits. The consumers, who purchase LIP for the security of these securities of family member in case of their death, are family lovers. They are also risk averter. They want the product because of the fear of the risk, which is realistic character of LIP. Thus this type of consumer has less chances of facing disconfirmation after the purchase because of achievable expectation. As clarified by the data, more customers fall in this group. The customers, who have the major purpose of economic security in old age, were self-lovers. They might have rather high expectations because they expected about grant add, economic shelter or certain economic future. Such prior expectation and post understanding of company's performance might not match much and the result might be the situation of disconfirmation, which is the cause of dissatisfaction. The considerable group of customers were of this type. The consumers, who had the major purpose of forced, saving, were having the personally of extravagant. Their purpose of buying LIP was bond or anchor in order to control their extravagant nature tend to avoid future financial security. this might bellow expectation, this would to positive disconfirmation and the result might be fully satisfaction. These types of consumer were also considerable but less than self-lover. The consumers, who had the major purpose of pleasing the agent, were affiliate to the relationship. They thought of relationship rather than product attribute. This different purpose might lead over or under expectations both. It depends upon their enduring relation. If relation find gap the result will be dissatisfaction. However very less customer were of this type.

#### **4.6.2 Post purchase feeling**

Prior to the feeling of satisfaction/dissatisfaction, perhaps negative feeling may arise after the purchase of high involvement product like LIP. Life insurance clients also might have post purchase anxiety or cognitive dissonance because

of imbalance of lack of harmony on cognition whether the purchase decision was sound or unsound. To measure the dissonance level of life insurance customers, they were asked about their instant post purchase feeling. The responses are presented in the table below:

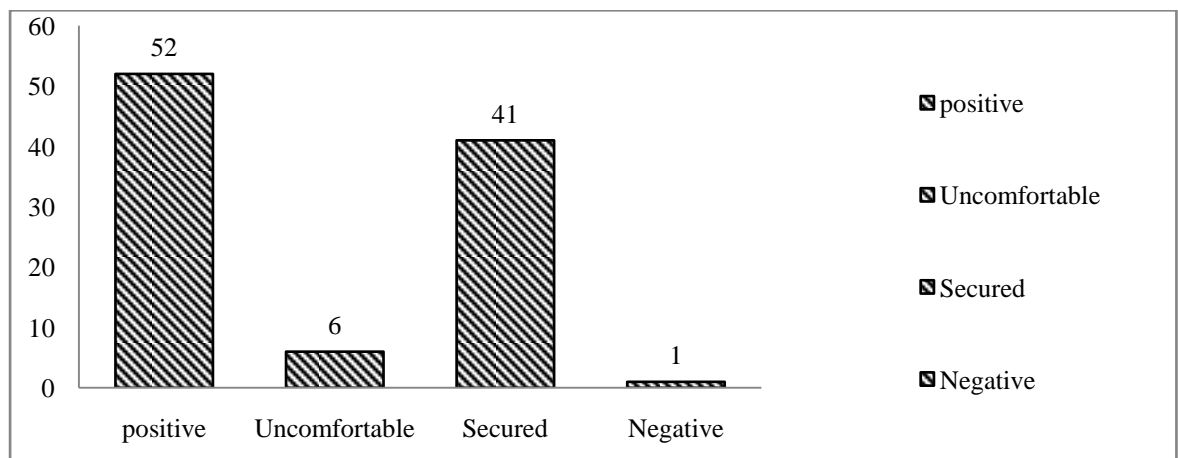
**Table 4.22**  
**Post purchase feeling**

Purpose	Number	Percentage
positive	52	52
Uncomfortable	6	6
Secured	41	41
Negative	1	1
Total	100	100

Sources: Field Survey, 2011

As in the table 4.23, 52% of the respondents felt positive when they bought the LIP. Likewise 41% of the respondents felt secured, 6% felt uncomfortable, and only 1% felt negative. The figure below also presents these data.

**Figure 4.22**  
**Post purchase feeling**



Secured feeling indicates consonance in consumers mind. They felt their decision were quite sound. They had high confidence in purchasing. The remembrance of purchasing time/decision was pleasurable to the customers.

The rumors of opposition to the LIP did not affect them. Positive feeling indicates almost absence of cognitive dissonance to the purchase decision. But customers did not have confidence like in secured feeling. Thus these type of customer's needs. Something extra favourable situation to support the abstract situation of buying. Moreover, it can be said that in case of LIP, consumers having almost absence of cognitive dissonance were more than consumers having total consonance to the purchase decision. Uncomfortable feeling indicates the state of cognitive dissonance, whereas negative feeling indicates absolute cognitive dissonance and leads to the state of fully dissatisfaction. However the life insurance customers showing such kind of dissonance were very low. But it might be the cause of dissonance in other customer or the seed of negative rumors. The reasons of cognitive dissonance were: (1) understanding of company only after the purchase (in term of benefits, scheme, premium); (2) suspicion in company's operation (3) employment insecurity; and (4) confusion.

#### **4.6.3 Consumer Satisfaction/Dissatisfaction**

The LIP clients expectation over the product prior to purchase and cognitive dissonance in the post purchase stage have already been discussed, which might have the major impact on the feeling of satisfaction/dissatisfaction. Here it is tried to analyse the state of satisfaction/dissatisfaction of the life insurance customers. A brief description of data is presented in the table below about satisfaction/dissatisfaction of all respondents and also presented these feelings in case of respondents variable. The scale ranges from fully satisfied, satisfied, average, dissatisfied, to fully dissatisfy.

**Table 4.23**  
**Consumer Satisfaction/Dissatisfaction**

Respondents Variable	Sex		Marital Status		Monthly income (000)			All respondents
	male	Female	Married	Unmarried	Below 10	Bet 10-20	Above 20	
fully satisfied	30	0	22	8	3	18	9	<b>30</b>
%	36	0	31	28	6	49	60	30
satisfied	28	4	27	5	8	18	6	<b>32</b>
%	34	23	38	17	17	49	40	32
Average	20	11	19	12	30	1	0	<b>31</b>
%	24	65	27	42	63	2	0	31
dissatisfied	4	1	2	3	5	0	0	<b>5</b>
%	5	6	3	10	10	0	0	5
fully dissatisfied	1	1	1	1	2	0	0	<b>2</b>
%	1	6	1	3	4	0	0	2
Total	83	17	71	29	48	37	15	<b>100</b>
%	100	100	100	100	100	37	100	100

Sources: Field Survey, 2011

As presented in the table 4.24, among 100 respondents, 30% were fully satisfied, 32% were only satisfied, 31% were average (neither satisfied nor dissatisfied), 5% were dissatisfied and 2% were fully dissatisfied. In case of respondents variable in terms of sex, 36% male and no female were fully satisfied; 34% male and 23% female were satisfied. 24% male and 65% female were average; 5% male and 6% female were dissatisfied; and 1% male and 6% female were fully dissatisfied.

In terms of marital status, 31% married and 28% unmarried were fully satisfied; 38% married and 17% unmarried were satisfied; 27% married and 42% unmarried were average; 3% married and 10% unmarried were dissatisfied; and 1% married and 3% unmarried were fully dissatisfied,

similarly, in terms of monthly income, 6% below,49% average ,and 60% above were fully satisfied;17% below,49% average, and 40% above were satisfied; 63%below,2% average and no above were average; and 10% below, and none of average and below were dissatisfied 4% below and none of average and above were fully dissatisfied. The above data can be presented in following figure too.

**Figure 4.23**  
**Consumer Satisfaction/Dissatisfaction**

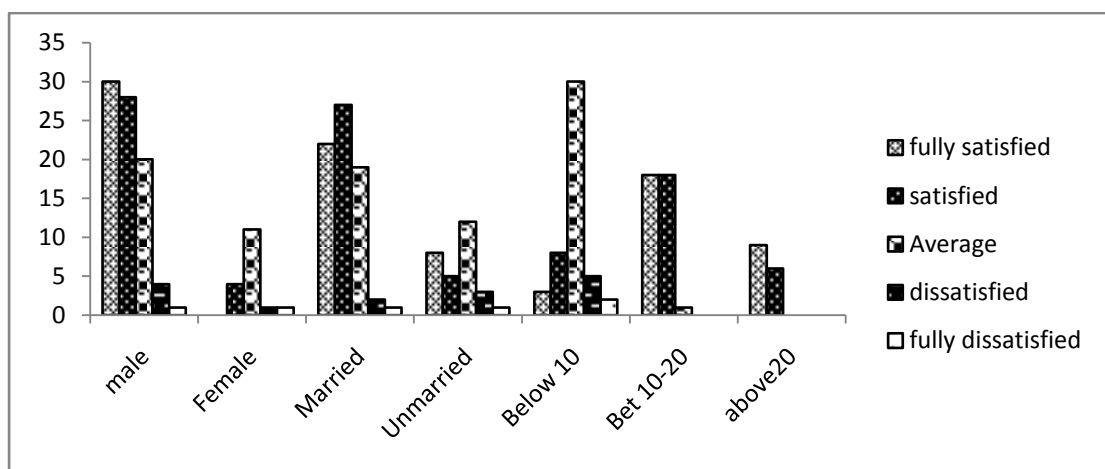


Figure 4.23 presents satisfaction scale in terms of income. Almost equally respondents were fully satisfied, satisfied, and average. Among them most consumer, who felt confirmed their expectation with the product were fully satisfied, who moderately confirmed were only satisfied not full, and who confirmed less are average. High satisfaction was because of high confidence in contract and procedures of company. The other reasons were standard scheme, continuity in the expectation of economic security, good saving belief, good and continue relationship with agents and companies well behaviour. Only satisfied consumer had not confidence but belief in agent and company. Most of them felt little cognitive dissonance after purchase. They said that they are vague or confusion whether the product have highly reliability or not. Only few customers were dissatisfied or fully dissatisfied. Confusion; lack of continued flow of information; none declaration of bonus rate (for some

company); suspicion in company's operation (company may seek unnecessary proof for the claim); absence of agent; employment insecurity; low income and family rejection were the reason of dissatisfaction. Fully dissatisfied consumer said those policies, rules and regulations, and their only sought benefits were fraud. both types of consumer had high and unrealistic expectation and high cognitive dissonance , which produce negative result.

In case of LIP, according to above data, men tend to more satisfied than female. Married are more satisfied than unmarried. High income leads to be more satisfaction. Man seemed to be assertive, having low expectation, and were informed, which might be the cause of satisfaction. Female seemed to be passive, sceptic, and having higher prior expectation. Likewise married had good understanding of necessity of product for their family member. Unmarried did not find enough importance of product. Consumer having high income found it easy to make payment of premium and did not expected any more than the risk saving. Consumers having low income faced economic imbalance due to premium and expected high because of their huge economic cost.

#### **4.6.4 Post Purchase Attitude**

After the purchase of LIP, because of its nature that need long duration for real consumption (utility) of the product, it is important to identity the behaviour during the period. Regular and irregular payment of premium may depict the attitude of consumer to the product. The table below presents pattern of payment of 100 life insurance clients.

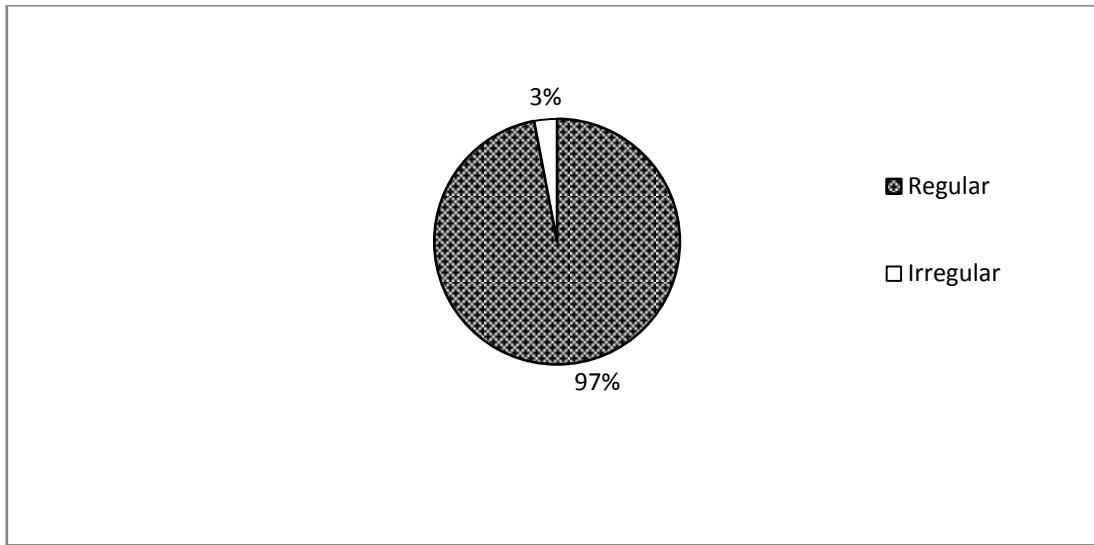
**Table 4.24**  
**Post purchase attitude**

Pattern of payment	Number	Percentage
Regular	97	97
Irregular	3	3
Total	100	100

Sources: Field Survey, 2011

As in the table 4.25, 97% consumer paid their premium consistently. Only 3% were characterized by late payment, inconsistent, and somewhat unwilling to pay. The following pie-chart presents these data in the figure.

**Figure 4.24**  
**Post purchase attitude**



#### 4.6.5 Repeat purchase Intention

It has been already identified that LIP is the high involvement product so that it may have very low frequency of repeat purchase because of its nature, however repeat purchase is the sign of total satisfaction, which mean satisfied consumer have high probability to make repurchase decision. One hundred customers were asked about their repurchase intention if they were offered with suitable scheme. Following table presents their responses:

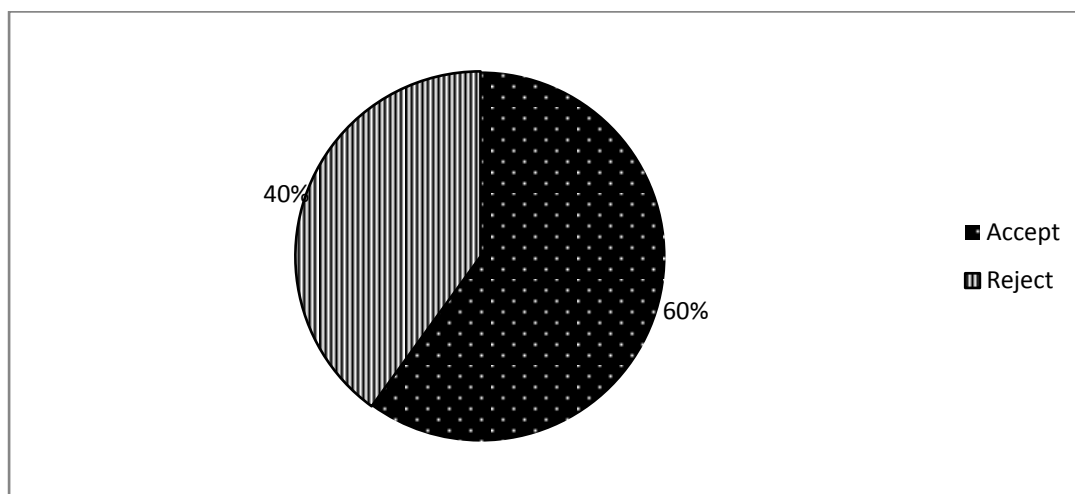
**Table 4.25**  
**Repeat purchase Intention**

Responses	Number	Percentage
Accept	60	60
Reject	40	40
Total	100	100

Sources: Field Survey, 2011

The table 4.26 clarifies that 60% consumer will accept the new and suitable product, but 40% consumer reject the idea of purchasing any such kind of product. It can see in the pie chart below:

**Figure 4.25**  
**Repeat purchase Intention**



As clarified by the table and pie-chart, it can be said that most of the consumers had favourable buying intention. They will accept if the suitable and matching product is available. Dissatisfied consumer were afraid from new product too. But consumer, who were dissatisfied by the product attributes, Considered accepting if they recognized their likely attribute in the new product. Satisfied who suffer from income limitation, do not want the new product.

#### **4.7 Major Findings of the Study**

Based on the Nepalese life insurance consumers residing Kathmandu valley, following major findings of the study are made:

- # Most of the consumers are aware of their need of LIP through self-thinking, agents offer and relative's suggestion also have significant contribution in increasing in the awareness level.
- # Most of the consumers have high intensity or motivation to solve the problem after its recognition. But consumer having less intensity and no more intensity are more than consumer having extreme intensity.
- # The problem faced by most of life insurance consumer is identified to the planning.
- # Changing environmental circumstances, as family structure and changing financial sources are major situation that leads the problem recognition of LIP.
- # Majority of the consumer wants to know the LIP without proper problem recognition (on-going research), while most equally consumers search relevant information for the selection (pre- purchase search.)
- # Most of the consumers learn about LIP through academic study/company /brochure study/book study, reference group, and agent information.
- # The factor perceived risk (potential payoff) has the greater influence to impel the most of client for the information search. Situational variable like social/ financial pressure is also another motivating factor.
- # Reliability / belief is the most important characteristic, which stimulates the feeling of curiosity upon the majority of consumers for the information search. Second important characteristic is scheme/type, third is company, fourth is premium.
- # Personal sources as family/friends/ acquaintances are the most important information sources for reliability and information amount. Experimental sources as memory and experience are important sources for legitimating, where agent plays catalyst role.

- # For the evaluation of alternatives the most important criteria is reliability. Then come risk over, financial benefits, premium different scheme, access, and physical facilities as important criteria respectively.
- # Nepalese life insurance customers have few awareness set and evoked set. By the increase in awareness set, tends to be increased.
- # Most of the clients purchased policy through agent rather than direct from the company.
- # Majority of life insurance customers consider the factor like customers service, company location, and physical facilities at the purchase period.
- # Life insurance customer does not face any persuasive situation to purchase the product beside few exceptional cases.
- # In the case of purchasing pattern, few life insurance clients have company loyalty, average customers have unstable loyalty, and most of the customer has no loyalty.
- # Majority of the customers do not think internet services for purchase and payment.
- # Majority of the life insurance customers are family over and thus confirm the expectation as they purchase LIP for the security for family in case of their death. However, considerable group of customers are self-lover and have high expectation.
- # Almost equally Life Insurance clients defined their stats of feeling as fully satisfied, satisfied, and average respectively. Few consumers are dissatisfied from the product. Men tend to be more satisfied than women. Married are more satisfied than unmarried. High- income leads to more satisfaction.
- # Life Insurance customers have somewhat positive attitude toward the product during the period between purchase and final consumption.
- # Majority of customer have favourable repeat buying intention. They will accept if suitable and matching products are available.

## **CHAPTER**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Summary**

Life insurance is an economic system for reducing risk through a legal method as a contract of liability of indemnity. Thus it is a contract by which the insurer, for the certain sum of money, will pay the sum specified to the person in whose favour such policy is granted. Life insurance has been existing in Nepal since 2029 B.S. marketing trend and consumer behaviour in consumption and purchase decision of LIP has changed overtime. In the study period, there were five companies to complete in the market such as: RBS, NLIC National, NLIC, ALICO, and LIC Nepal. In order to market their LIP effectively, they have to develop new sense of marketing like consumer relationship marketing and quality strategy, which is possible through understanding consumer behaviour in the purchase process of the product. Thus, the whole study cantered on the consumers purchase process in special references to LIP. In a high involvement product like LIP, they tend to go through need recognition, search, evaluation, purchase decision and post purchase outcomes.

In the chapter II, different model of consumer behaviour are studied along with the components of high involvement purchase decision process. Few researches in the area of consumer behaviour in Nepal were also included.

The collected data from the questionnaire and interview were presented, analysed and interpreted by using statistical tools in chapter IV.

According to the finding of the study, most of the LIP clients were aware of their need of LIP through self-thinking. They had high intensity to solve the problem. Most of them were influenced by desire state of mind. Their problem type was planning. Changing environmental circumstances and financial sources influenced to the need recognition. On-going research was their best strategy. The motivating factor for the search for information was perceived risk and social / financial pressure. In the search period they give their high importance to the reliability/ belief. Personal sources were the best information sources. For the evaluation of alternative the most important criteria was

reliability, while the bonus was the determinant factor. Consumer had fewer awareness set and consequently evoked set. Mostly use CPA methods for evaluation. Mostly purchase the product through agent. Few consumers had loyalty pattern in the more purchase. Mostly consumer did not know about internet for their services. Mostly had lower expectation, however, considerable group also had higher expectation. They faced very low cognitive dissonance and mostly were satisfied with the product.

## **5.2 Conclusion**

- LIP is the consumer's high involvement product. Their purchase process starts from need recognition and passes through information search, evaluation of alternatives, purchase decision and post purchase behaviour. But Life Insurance customers have different kind of behaviour when they are in the process. It is because of the nature of the product.
- At the problem recognition stages, customer realized the need through self-thinking, agents offer, and friend relatives' suggestion. Some few customers realize the need through social trend, family recommendation and advertisement too. Advertisement is the major sources to communicate the existence of product, but in case of LIP, it was not made for that purpose perfectly.
- The need of LIP was important to customer before purchase. Consumer needed LIP for certain financial future. They were heavily influenced by the desire state of mind in need arousal process, while some were by actual state, and other were by changing both. Many consumers made long-term plan and short term plan about the purchase. Changing family structure and changing income influenced them to do insurance.
- After the need recognition, Life Insurance customers move to information search. But their search was based on two purposes: to make better purchase (pre-purchase research) and to build a bank of information for future use (on-going search).slightly majority of consumer were on-going type.

- Consumer learned about LIP mostly through study (book/ company brochure), reference group, and agent. This indicates three estimations: consumers have become conscious, LIP has become essential according to society, and agents are the detail information provider. Most of the clients were risk averter as perceived risk was their motivation factor.
- For information search, they were sceptic about monetary risk, functional risk, social risk and physiological risk associated with the products. Individual risk had no impact on search process. Reliability/ belief was the characteristics that stimulates the most consumers feeling of curiosity. They want to examine the validity. Premium was not considered characteristic, which had no impact on choice. Most consumers used personal sources as reliable information sources. They had less amount of information in their memory. For the amount of information agent was preferred.
- On the basis of total knowledge from the information research, life insurance client select the important criteria for evaluation of available alternatives. reliability, risk cover and financial benefits were important criteria but the determinant criteria for evaluation was premium as many customer perceived differences among competitive brands. However, reliability, scheme, premium might be determinant of some extent.
- The consumer had few evoked set for the evaluation. They did not have acquaintances to all companies. They mostly used CPA method for the evaluation. Even at evaluation stage consumer had less knowledge about LIP. Only few clients were well informed about the product.
- Most of consumer purchases LIP through agents. The majority of sale is in hand of agent. Consumers association with the agent was strong, bounded with belief and responsibility.
- At the purchase period most consumers expect good personnel with hospitality, up to date information increased convenience, and complaint offices. Some would also expect deep relationship with the company so

that the company should behave them as special member. These factors have a psychological impact on purchase decision.

- Few LIP clients have company loyalty, average and unstable loyalty and more had no loyalty behaviour in the purchasing pattern. Clients thought a considerable loyalty in a company, while many other thought the different scheme and financial benefits in the other companies. Majority of customers had conservative behaviour and change maybe difficult that they did not think about internet for purchase and payment. Only the third were evolving in nature.
- Life insurance customer rethinks his purchase decision in the post purchase stage. Their prior expectation, personality, and cognitive dissonance are strongly associated with this stage.
- Most of the consumer were family lover and had lower expectation, which ought to confirm. Another majority of customers were self-lover and high expectation, which result the situation of disconfirmation. Some were extravagant in nature and wanted the product for forced-saving characteristic, which may be the state of lower expectation and leads to positive disconfirmation.
- Very few had affiliated personality. Consumer having absence of cognitive dissonance were more than customers having absolute consonance to the purchase decision. Although very few had cognitive dissonance, customers need something extra favourable to support the buying decision. Customer who felt confirmed were only satisfied, and who confirmed less was average. Male, married and respondents with high income were satisfied than women, unmarried and low income respectively.

Finally, it can be concluded the international model of consumer behaviour, discussed in literature review, did not perfectly satisfied with Nepalese Life Insurance consumer behaviour. Especially, customer realizes the post-purchase outcomes before the real consumption of the product. Consumers tend to feel expectation confirmation/disconfirmation and satisfaction/dissatisfaction after the greater understanding about the product and the company.

### **5.3 Recommendations**

For the life insurance policy, customers are key factor of all marketing programs and efforts. Marketing program and structure should be directed as the behaviour of the consumer. Based on the research findings of the life insurance customers, following suggestion and recommendation can be made.

- # Advertisement, social trend, and family recommendations had very low contribution to make aware of LIP to the consumer. Advertisement is the excellent idea to make inform the existence of the product so the marketer releases the advertisement targeting the unaware customers. The advertisement should motivate self-thinkers, verify the agents offer, and appeal as the reference.
- # In order to attract customers for favourable, agents should be trained in presenting the product as the product has the greatest importance.
- # In order to influence the problem recognition of LIP on the majority of customers, marketers can influence their desire state of mind like as certain financial feature, happy and secured family. Marketers can also influence the actual state of consumer by appealing saving factor to make realization of need on some so-type consumers. Influencing both states would be fruitful for few consumers
- # Marketer should appeal the immediate necessity of product for the better turnover of sales because the problem faced by the majority of the customers is planning.
- # Changes in the family structure may be important environmental situation for the marketing programmes especially for the newly married couple and the family having small children. Marketers should also target the situation of dissonance of product with customer appealing the attractive feature of LIP.
- # Majority of the customers engaged in on-going search at first. Marketers have a chance to influence the need recognition as sufficient to cross the threshold level.

- # Customers learn about LIP through study, reference groups, agents, and media. Marketing programme should be design as meeting these mediums for favourable information supporting to them. The programs may be heavy distribution of brochures, keeping in touch with publication, and timely training of the agent and heavy advertisement.
- # Under the marketing program, consumers perceived risk associate with the product should be appealed and efforts should be made for reducing monetary risk, functional risk, social risk and psychological risk by formulating believable information through different channels. These may include company goodwill, product importance and social recognition.
- # Marketer must include reliability of company, legality, reliability of terms and conditions, beliefs of agents, government approval, company building/location and operation experienced/trained in their marketing campaign for the information release, then after product planning should be promoted.
- # Marketers should have harmonious relationship with the public and customers. The word of mouth of reference group and their own experience are important and reliable for information sources. Company should have the strategy of influencing those personal sources of information.
- # Reliability, risk cover, financial benefits and premium are important criteria for evaluation of alternatives. On which premium is determinant factor that has higher impact on decision .so marketer should be strong in premium and promote highly along with other important criteria.
- # Promotion of company is necessary to take place on awareness set and then after in evoked set.
- # In order to influence evoked set of consumer, need of popularizing the attribute of product belong to own company is recommended.
- # Need of trained and skilled for better sales promotion is recommended.
- # Companies should have attention on keeping good personnel with hospitality, making increased convenience and complaint offices, and

introducing up to date information system. Accessible company location is also preferred. Easy and fast with convenience payment and claim should be considered too. All have psychological impact on sale.

- # Positive persuasive situation like tax saving should be promoted.
- # Companies having loyal consumers should keep harmonious relationship for favourable word of mouth of unpaid brand ambassador. Companies having unstable loyal consumers should give emphasis on increased customer services, relationship and increased product quality. Improved product quality may switch the loyalty pattern.
- # Family lover, self-lover, extravagant and affiliate personalities of consumers are identified; marketing strategies should be introduced to keep their expectation in balance, especially for the self-lover and affiliate. Confirming expectation may be the most fruitful idea if possible. Harmless exaggeration of puffery should be avoided. The realistic information should be delivered.
- # Confirming expectation, reducing cognitive dissonance, introducing better customer services as clientele, and reinforcing consumer purchasing decision, marketer may turn only satisfied and average customer into the state of fully satisfied. And result may be repeat purchase, favourable word of mouth, and unpaid brand ambassador. Different marketing programmes should be implemented. Solving the complaints and problem after understanding the reason of dissatisfaction is the better way to handle the dis-satisfied customers.
- # Companies have chance to make favourable image in the market because customers have at least to favourable attitude toward the product. Companies have great opportunity to introduce the product with improved attribute with matching characteristic for the target customer. This will help to make repeat purchase among prevailing clients.

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**Websites:**

<http://www.nepallife.com.np>

<http://www.licnepal.com.np>

<http://www.beema.com.np>

<http://www.alico.co.uk>

<http://www.nationallife.com.np>

## Appendix - A Questionnaire

Dear Respondents,

I am undertaking a study on “consumer's buying process and post purchase behaviour while purchasing life insurance policy”. This study is only undertaken in partial fulfilment of the requirement for my Master degree.

All individual responses will remain completely confidential, with answer combined and presented in statistical form only. Please read each question thoroughly and answer the best of your knowledge and experience. I would be grateful if you could take a few minutes to respond to this survey I really need and value your opinions.

I look forward to your reply.

**Rupesh Nepal**  
**NepalCommerce Campus**

1. How did you aware of your need of Life Insurance Policy (LIP)?
  - a. Social trend
  - b. Agent offer
  - c. Self- Thinking
  - d. Advertisement
  - e. Relative / Friend suggestion.

2. The need of LIP to me was

Extremely Important	Very Important	Somewhat Important	Not very Important	Not at all important
1	2	3	4	5

3. Why did you feel the need of LIP?
  - a. Because of lack of any such type of saving scheme.
  - b. Because of need of certain financial future.
  - c. Other.....

4. Please tick the chosen one that represents your need.
  - a. I feel the need will occur, and I would have the policy immediately.
  - b. I don't expect the problem but I need the policy immediately.
  - c. I feel the necessity, and I am thinking that I will have the policy.
  - d. I didn't expect the problem, and I am thinking that I will the policy.
5. Which situation leads you to recognition of problem?
  - a. Discontentment with the present financial scheme
  - b. Changing by family structure
  - c. Other.....
6. Why did you search for information about LIP?
  - a. To make better purchase decision.
  - b. Build a bank of information for future use.
7. How did you learn about LIP?
  - a. Academic/ company brochure / books study /Magazine
  - b. Social, reference group
  - c. Agent information
  - d. Training
  - e. Media
8. What factors motivated you to search for information? Please tick on your points.
  - a. No of company/information
  - b. Perceived risk
  - c. Policy attribute
  - d. Social /financial pressure
  - e. Enjoyment of knowing
9. Which characteristics of LIP did you consider important during the enquiry? Please rank
  - a. Reliability/ belief
  - b. Scheme/type
  - c. Company
  - d. premium

10. Please rank your information sources.
  - a. Your memory /experience
  - b. Family/friends/acquaintances
  - c. Agent
  - d. Advertisement
  - e. Media/publication/reports
  
11. What are your choice criteria for the policy? Please your importance.
  - a. Reliability
  - b. Premium
  - c. Risk cover
  - d. Financial benefits
  - e. Different scheme
  - f. Access
  - g. Physical facilities
  
12. How do you feel these factors as differing among the various policies / companies?  
 .....
  
13. Did you know the following companies before purchase?
  - a. NLIC
  - b. RBS
  - c. LIC (National)
  - d. ALICO
  - e. LIC (Nepal)
  
14. What are the likely companies and policy that you heard? Grade those 5 to baseon your need.
  1. ....
  2. ....
  3. ....
  4. ....
  5. ....

15. How did arrive at decision for purchase of particular policy?
  - a. Comparing policies/companies on different features.
  - b. Comparing features on different policy/company.
16. How did you purchase the policy?
  - a. Through agents
  - b. directly
17. Did you consider following factor when you purchase the policy?
  - a. Company location
  - b. Company design/buildings
  - c. Physical facilities
  - d. Advertising
  - e. Customer services
  - f. clientele
18. Do you know any situation that persuades you to purchase of not to purchase?  
 .....
19. Do you have more than one purchase? specify the number
  - a. Yes, of the company/policy
  - b. Yes, different companies/polies
  - c. No
20. Do you think any electronic service like Internet for purchase?
  - a. Yes
  - b. No
21. What is the main purpose of buying LIP? (tick only one)
  - a. Forced saving
  - b. Economic security in old age
  - c. Security for family member in case of your death
  - d. To please the agent
  - e. Others.....

22. What you feel when you bought the LIP?
  - a. Felt positive
  - b. Felt uncomfortable
  - c. Felt unsecured felt negative
23. Have you been paying the premium regularly?
  - a. Yes
  - b. No
24. Have you consider accepting new product with proper matching, if available?
  - a. Yes
  - b. No

### **25.Respondent's profile**

1. Sex
 

Male \_\_\_\_\_ Female \_\_\_\_\_
2. Marital status :
 

Married \_\_\_\_\_ Unmarried \_\_\_\_\_
3. Monthly income
 

Below 10000 \_\_\_\_\_ Between 10000-20000 \_\_\_\_\_

Above 20000 \_\_\_\_\_
4. Educational background
 

Below S.L.C \_\_\_\_\_ S.L.C to Higher secondary \_\_\_\_\_

Bachelor and Above \_\_\_\_\_

## Appendix B

### Calculation of Weighted Average Mean

$$\text{Weighted Average} = \frac{(W_1X_1+W_2X_2+\dots+W_nX_n)}{(W_1+W_2+\dots+W_n)}$$

$$\text{Reliability / Belief} = \frac{(62 \times 1 + 35 \times 2 + 11 \times 3 + 37 \times 4 + 19 \times 5)}{(1+2+3+4+5)} = 27.02$$

$$\text{Scheme / Types} = \frac{(20 \times 1 + 25 \times 2 + 27 \times 3 + 26 \times 4 + 12 \times 5)}{(1+2+3+4+5)} = 21$$

$$\text{Company} = \frac{(16 \times 1 + 25 \times 2 + 20 \times 3 + 22 \times 4 + 24 \times 5)}{(1+2+3+4+5)} = 18.93$$

$$\text{Premium} = \frac{(2 \times 1 + 15 \times 2 + 22 \times 3 + 35 \times 4 + 45 \times 5)}{(1+2+3+4+5)} = 30.87$$

## Appendix C

### Calculation of Weighted Average Mean

$$\text{Weighted Average} = \frac{(W_1X_1+W_2X_2+\dots+W_nX_n)}{(W_1+W_2+\dots+W_n)}$$

$$\text{Your memory experiences} = \frac{(42 \times 1 + 21 \times 2 + 15 \times 3 + 12 \times 4 + 10 \times 5)}{(1+2+3+4+5)} = 15.13$$

$$\text{Family / Friends / Acquaintances} = \frac{(34 \times 1 + 30 \times 2 + 25 \times 3 + 8 \times 4 + 3 \times 5)}{(1+2+3+4+5)} = 14.4$$

$$\text{Agent} = \frac{(14 \times 1 + 20 \times 2 + 31 \times 3 + 14 \times 4 + 21 \times 5)}{(1+2+3+4+5)} = 20.53$$

$$\text{Advertisement} = \frac{(2 \times 1 + 7 \times 2 + 10 \times 3 + 33 \times 4 + 48 \times 5)}{(1+2+3+4+5)} = 27.87$$

$$\text{Media / Publication / Reports} = \frac{(8 \times 1 + 22 \times 2 + 19 \times 3 + 33 \times 4 + 18 \times 5)}{(1+2+3+4+5)} = 22.06$$

## Appendix D

### Calculation of Weighted Average Mean

$$\text{Weighted Average} = (W_1X_1+W_2X_2+\dots+W_nX_n) / (W_1+W_2+\dots+W_n)$$

$$\text{Reliability} = (42 \times 1 + 20 \times 2 + 13 \times 3 + 12 \times 4 + 7 \times 5 + 3 \times 6 + 0 \times 7 + 3 \times 8) / (1+2+3+4+5+6+7+8) = 6.83$$

$$\text{Premium} = (7 \times 1 + 9 \times 2 + 23 \times 3 + 13 \times 4 + 25 \times 5 + 21 \times 6 + 1 \times 7 + 1 \times 8) / (1+2+3+4+5+6+7+8) = 11.44$$

$$\text{Risk cover} = (31 \times 1 + 25 \times 2 + 11 \times 3 + 15 \times 4 + 6 \times 5 + 6 \times 6 + 4 \times 7 + 2 \times 8) / (1+2+3+4+5+6+7+8) = 7.89$$

$$\text{Financial Benefits} = (10 \times 1 + 13 \times 2 + 21 \times 3 + 36 \times 4 + 17 \times 5 + 3 \times 6 + 0 \times 7 + 0 \times 8) / (1+2+3+4+5+6+7+8) = 9.61$$

$$\text{Different scheme} = (0 \times 1 + 0 \times 2 + 7 \times 3 + 8 \times 4 + 26 \times 5 + 30 \times 6 + 14 \times 7 + 15 \times 8) / (1+2+3+4+5+6+7+8) = 16.4$$

$$\text{Access} = (0 \times 1 + 0 \times 2 + 2 \times 3 + 2 \times 4 + 4 \times 5 + 10 \times 6 + 22 \times 7 + 60 \times 8) / (1+2+3+4+5+6+7+8) = 20.22$$

$$\text{Risk cover} = (0 \times 1 + 1 \times 2 + 3 \times 3 + 3 \times 4 + 3 \times 5 + 15 \times 6 + 58 \times 7 + 19 \times 8) / (1+2+3+4+5+6+7+8) = 18.89$$