TO BUY OR NOT TO BUY:

FACTORS INFLUENCING LIFE INSURANCE

PURCHASE INTENTION

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UNIVERSITI UTARA MALAYSIA

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TO BUY OR NOT TO BUY:

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PURCHASE INTENTION

BY

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Othman Yeop Abdullah Graduate School of Business,

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ABSTRACT

The purpose of this thesis paper is to investigate the influence of five factors namely Word-of-mouth, Trust, Reputation, Loyalty, and Customer Satisfaction on life insurance Purchase Intention. Existing customers in Great Eastern Life Assurance (M) Berhad, Alor Setar were chosen as samples of this study. A survey using 400 questionnaires was distributed to the respondents and 327 of them were returned and usable. Correlation and regression analysis were adopted to analyse all data. The findings indicated that all the independent variables (Word-of-mouth, Trust, Reputation, Loyalty, and Customer Satisfaction) had a certain degree of relationship with Purchase Intention. The results showed that customer satisfaction had the strongest significant positive relationship with purchase intention with correlation value of 0.796, followed by reputation with correlation value of 0.774. Only two variables which are reputation and customer satisfaction influenced purchase intention. The findings suggest that reputation of the company can be an important factor that influences customers’ purchase intentions. In other words, good reputation of an insurance company brings good impact in terms of image to customers. Customers will feel confident towards the insurance company and increase their intention to purchase.

Keywords: word-of-mouth; trust; reputation; loyalty; customer satisfaction; purchase intention
ACKNOWLEDGEMENT

“When it comes to this section of the study, the words become scarce because as much as we try to thank everyone who involved, some will be un-deliberately leave, or the words are simple not enough to convey what is in our minds”

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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>CONTENT</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERMISSION TO USE</td>
<td>iii</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>iv</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENTS</td>
<td>v</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>vii</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>x</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>xii</td>
</tr>
</tbody>
</table>

## CHAPTER 1: INTRODUCTION

1.0 Chapter Introduction 1
1.1 Background of the study 1
1.2 Problem Statement 6
1.3 Objectives of the study 8
   1.3.1 Main Objective 8
   1.3.2 Specific Objectives 8
1.4 Research Questions 9
1.5 The Variables of the study 9
   1.5.1 Dependent Variables 10
   1.5.2 Independent Variables 10
1.6 Theoretical Framework 11
1.7 Hypotheses 13
1.8 Significance of the study 14
1.9 Chapter Conclusion 15
CHAPTER 2: LITERATURE REVIEW

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.0</td>
<td>Chapter Introduction</td>
<td>16</td>
</tr>
<tr>
<td>2.1</td>
<td>Word-of-Mouth</td>
<td>16</td>
</tr>
<tr>
<td>2.2</td>
<td>Trust</td>
<td>20</td>
</tr>
<tr>
<td>2.3</td>
<td>Reputation</td>
<td>24</td>
</tr>
<tr>
<td>2.4</td>
<td>Loyalty</td>
<td>27</td>
</tr>
<tr>
<td>2.5</td>
<td>Customer Satisfaction</td>
<td>32</td>
</tr>
<tr>
<td>2.6</td>
<td>Purchase Intention</td>
<td>36</td>
</tr>
<tr>
<td>2.7</td>
<td>Chapter Conclusion</td>
<td>40</td>
</tr>
</tbody>
</table>

CHAPTER 3: METHODOLOGY

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.0</td>
<td>Chapter Introduction</td>
<td>41</td>
</tr>
<tr>
<td>3.1</td>
<td>Research Design</td>
<td>42</td>
</tr>
<tr>
<td>3.2</td>
<td>Questionnaires Design</td>
<td>43</td>
</tr>
<tr>
<td>3.3</td>
<td>Sample and Sampling Techniques</td>
<td>45</td>
</tr>
<tr>
<td>3.4</td>
<td>Measurement</td>
<td>47</td>
</tr>
<tr>
<td>3.5</td>
<td>Data Collection Techniques</td>
<td>49</td>
</tr>
<tr>
<td>3.6</td>
<td>Hypotheses</td>
<td>50</td>
</tr>
<tr>
<td>3.7</td>
<td>Pre-Test</td>
<td>52</td>
</tr>
<tr>
<td>3.8</td>
<td>Pilot Test</td>
<td>52</td>
</tr>
<tr>
<td>3.9</td>
<td>Reliability Coefficient</td>
<td>54</td>
</tr>
<tr>
<td>3.10</td>
<td>Chapter Conclusion</td>
<td>56</td>
</tr>
</tbody>
</table>

CHAPTER 4: FINDINGS

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.0</td>
<td>Chapter Introduction</td>
<td>57</td>
</tr>
<tr>
<td>4.1</td>
<td>Demographic Data</td>
<td>58</td>
</tr>
<tr>
<td>4.1.1</td>
<td>Age of Respondents</td>
<td>58</td>
</tr>
<tr>
<td>4.1.2</td>
<td>Gender of Respondents</td>
<td>59</td>
</tr>
<tr>
<td>4.1.3</td>
<td>Race / Ethnic of Respondents</td>
<td>60</td>
</tr>
<tr>
<td>4.1.4</td>
<td>Occupation of Respondents</td>
<td>61</td>
</tr>
<tr>
<td>4.1.5</td>
<td>Marital Status of Respondents</td>
<td>62</td>
</tr>
</tbody>
</table>
4.1.6  Religion of Respondents  62
4.1.7  First Policy's Insurance Company of Respondents  63
4.1.8  Second Policy's Insurance Company of Respondents  64
4.1.9  Duration of the First Life Policy of Respondents  66
4.1.10 Number of Policy owned by Respondents  68
4.2  Descriptive Statistic of Data  68
4.2.1  Word-of-Mouth  70
4.2.2  Trust  71
4.2.3  Reputation  73
4.2.4  Loyalty  74
4.2.5  Customer Satisfaction  74
4.2.6  Purchase Intention  76
4.3  Independent Samples T-Test  78
4.4  One-Way Analysis of Variance  79
4.5  Hypotheses Testing  81
4.6  Regression Analysis  87
4.6.1  Regression Analysis on Coefficient of Determinants (R2)  87
4.6.2  Regression Analysis on Durbin-Watson Test  89
4.6.3  ANOVA Test  90
4.6.4  Regression Analysis of Coefficient  92
4.7  Chapter Conclusion  93

CHAPTER 5: DISCUSSION, RECOMMENDATIONS AND CONCLUSION
5.0  Chapter Introduction  94
5.1  Discussion  95
5.2  Limitations of the Study  100
5.3  Recommendations  102
5.4  Chapter Conclusion  104
References  106
Appendixes  123
# LIST OF TABLES

<table>
<thead>
<tr>
<th>TABLE</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 3.1: Summary of the Questionnaire Design</td>
<td>45</td>
</tr>
<tr>
<td>Table 3.2: Measurement Scale</td>
<td>48</td>
</tr>
<tr>
<td>Table 3.3: Source of Measurement Items</td>
<td>49</td>
</tr>
<tr>
<td>Table 3.4: Internal Consistency Measurement</td>
<td>55</td>
</tr>
<tr>
<td>Table 3.5: Reliability Test Result</td>
<td>56</td>
</tr>
<tr>
<td>Table 4.1: Age of Respondents</td>
<td>59</td>
</tr>
<tr>
<td>Table 4.2: Gender of Respondents</td>
<td>60</td>
</tr>
<tr>
<td>Table 4.3: Race / Ethnic of Respondents</td>
<td>60</td>
</tr>
<tr>
<td>Table 4.4: Occupation of Respondents</td>
<td>61</td>
</tr>
<tr>
<td>Table 4.5: Marital Status of Respondents</td>
<td>62</td>
</tr>
<tr>
<td>Table 4.6: Religion of Respondents</td>
<td>63</td>
</tr>
<tr>
<td>Table 4.7: First Policy's Insurance Company of Respondents</td>
<td>64</td>
</tr>
<tr>
<td>Table 4.8: Second Policy's Insurance Company of Respondents</td>
<td>66</td>
</tr>
<tr>
<td>Table 4.9: Duration of the First Life Policy of Respondents</td>
<td>67</td>
</tr>
<tr>
<td>Table 4.10: Number of Policy Owned by Respondents</td>
<td>68</td>
</tr>
<tr>
<td>Table 4.11: Mean and Standard Deviation of Variables</td>
<td>69</td>
</tr>
<tr>
<td>Table 4.12: Mean and Standard Deviation (Word-of-Mouth)</td>
<td>71</td>
</tr>
<tr>
<td>Table 4.13: Mean and Standard Deviation (Trust)</td>
<td>72</td>
</tr>
<tr>
<td>Table 4.14: Mean and Standard Deviation (Reputation)</td>
<td>73</td>
</tr>
<tr>
<td>Table 4.15: Mean and Standard Deviation (Loyalty)</td>
<td>74</td>
</tr>
<tr>
<td>Table 4.16: Mean and Standard Deviation (Customer Satisfaction)</td>
<td>75</td>
</tr>
<tr>
<td>Table 4.17: Mean and Standard Deviation (Purchase Intention)</td>
<td>77</td>
</tr>
<tr>
<td>Table 4.18: Independent Sample T-Test between Gender and Purchase Intention</td>
<td>78</td>
</tr>
<tr>
<td>Table 4.19: One- Way ANOVA</td>
<td>81</td>
</tr>
<tr>
<td>Table 4.20: Pearson Correlation Coefficient Scale</td>
<td>82</td>
</tr>
</tbody>
</table>
Table 4.21: Correlation between Word-of-Mouth and Purchase Intention 83
Table 4.22: Correlation between Trust and Purchase Intention 83
Table 4.23: Correlation between Reputation and Purchase Intention 84
Table 4.24: Correlation between Loyalty and Purchase Intention 85
Table 4.25: Correlation between Customer Satisfaction and Purchase Intention 86
Table 4.26: Regression for Independent and Dependent Variables 87
Table 4.27: Regression Analysis on Model Summary (b) 89
Table 4.28: Regression Analysis of ANOVA (b) 91
Table 4.29: Regression Analysis of Coefficient (a) 92
# LIST OF FIGURES

<table>
<thead>
<tr>
<th>FIGURE</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 1.1: Theoretical Framework of the Research</td>
<td>12</td>
</tr>
<tr>
<td>Figure 2.1: General Segmentation of Customers by Loyalty</td>
<td>29</td>
</tr>
</tbody>
</table>
CHAPTER 1

INTRODUCTION

1.0 CHAPTER INTRODUCTION

This study presents an overview on the purchase intention’s factors for life insurance in Malaysia which, in particular, will focus on the significance and influence of factors such as word-of-mouth, trust, reputation, loyalty and customer satisfaction towards life insurance purchase intention. This chapter contains seven parts which are classified as follows: (1) Background of the study, (2) Problem statement, (3) Research objectives, (4) Research questions, (5) The variables of the study, (6) Theoretical framework, (7) Hypotheses, (8) Significance of the study, and (9) Chapter conclusion.

1.1 BACKGROUND OF THE STUDY

Life insurance is a protection against losses due to illnesses or injuries. It provides coverage for medications, visits to the doctors or rooms for emergency hospitalisations and other medical expenses. In addition, it provides compensations for critical illnesses, death benefits and total permanent disability benefits as well which may differ according to the types of protections being covered, the sizes of the deductible and/or co-payment, the limits of coverage and the options for treatment available to the policyholders. However, the protection
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