



**ST.MARY'S UNIVERSITY
DEPARTMENT OF MARKETING MANAGEMENT
GRADUATE PROGRAM UNIT**

**THE ASSESSMENT OF FACTORS INFLUENCING CONSUMER
PURCHASING BEHAVIOUR TOWARDS LIFE INSURANCE: THE CASE
OF NYALA INSURANCE S.C.**

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I declare that this thesis is my original work and has not been presented in any other university/institution for consideration of any certification. This Thesis has been complemented by referenced sources properly acknowledged.

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Table of Contents

ACKNOWLEDGEMENTS.....	i
LIST OF TABLES.....	iv
INDEX OF FIGURE.....	v
ACRONYMS.....	vi
ABSTRACT	vii
CHAPTER ONE	1
Background of the Study.....	1
1.1. Statement of the Problem.....	3
1.2. Research Questions.....	4
1.4. Objectives of the study.....	4
1.4.1 General Objectives.....	4
1.4.2. Specific Objectives.....	5
1.5. Scope of the study.....	5
1.8. Significance of the Study.....	6
1.9. Organization of the Study.....	7
CHAPTER TWO	8
2.1Theoretical Reviews.....	8
2.1.1 Consumers' Purchasing Behavior.....	8
1.7.1. Factors affecting consumer behavior.....	9
2.1.3.1. Cultural factors.....	9
2.1.3.2. Social factors.....	11
2.1.3.3. Personal factors.....	12
i. Age.....	12
ii. Family life cycle.....	13
iii. Social class.....	13
iv. Occupation and income.....	14
v. Personality and lifestyle.....	14
2.1.3.4. Psychological Factors.....	15
i. Motivation.....	15
ii. Perception.....	16
1.8. Empirical Reviews.....	18

1.9. Conceptual Frameworks	19
CHAPTER THREE	21
3.1 Research Design.....	21
3.3 Sample Size Determination.....	22
3.4 Sampling Methods	22
3.5 Data Collection Methods and Instruments.....	23
3.6 Data Processing and Presentation	23
3.6 Methods of Data Analysis.....	23
3.7 Ethical Considerations	25
CHAPTER FOUR.....	26
DATA PRESENTATION, ANALYSIS AND INTERPRETATION	26
4.1. Introduction.....	26
4.2. Background of the Respondents	26
4.3.1. Social factors.....	31
4.3.3. Personal factors.....	33
4.4. Correlation Analysis	36
4.5. Regression Analysis.....	38
4.5.1 Test for Normality.....	38
4.5.2 Model Summery.....	39
4.5.3 Multi-Co Linearity Test of the Independent Variable.....	40
4.5.4 Coefficient of Determination	41
4.6. Hypothesis testing	43
CHAPTER FIVE	44
SUMMARY, CONCLUSION AND RECOMMENDATION	44
5.1 Introduction.....	44
5.2. Summary of the Major Findings	44
5.3. Conclusions.....	46
5.4. Recommendation	48
References.....	49
APPENDICES	50

LIST OF TABLES

Table 2.1 Empirical Review.....	18
Table 3.1 Reliability test and result for the questions.....	24
Table 4.2.1 Gender frequency.....	27
Table 4.2.2 Respondent frequency distributer of education qualification.....	27
Table 4.2.3 Maternal status.....	29
Table 4.2.4 Source of income.....	29
Table 4.2.5 Level of monthly income.....	29
Table 4.2.6 Factor that influence you to buy life insurance policy.....	30
Table 4.3.1 Social factor.....	31
Table 4.3.2 Cultural factor.....	32
Table 4.3.3 personal factor.....	34
Table 4.3.4 Psychological factor	35
Table 4.4.1 Correlation coefficient.....	33
Table 4.4.1.1 Correlation between factor of purchasing behaviors and purchasing behavior....	36
Table 4.4.2 Durbin result model summery –waltson test.....	36
Table 4.4.2 Correlation between factor affecting purchasing behavior and purchasing behavior.....	37
Table 4.5.1 Model summery.....	38
Table 4.5.2 Anova.....	40
Table 4.5.3 Multi-collinearly test of the independent variable.....	40
Table 4.5.4 Regression coefficient result.....	42

INDEX OF FIGURE

Figure 1. Conceptual frame of the study.....20

ACRONYMS

NISCO Nyala Insurance Share Corporation

ABSTRACT

To be successful, organizations must look into their customer purchasing behavior since customer behavior is dynamic will change through time due to different factors. Social factor, cultural factor, personal factor and psychological factors are important for effective understanding of customer purchasing behavior because many researches have shown that the constructs of customer behavior and factors affecting of customer purchasing behavior has an effect on customer purchasing behavior towards any product or service. The study was conducted on the factors affecting customer purchasing behavior towards to life insurance on Nyala Insurance. The main reason that initiates the researcher to conduct the study was, intending to fill the literature gap related to the factors affecting customer purchasing behavior towards life insurance and its challenges in the case company. More specifically this study served as preliminary work or a stepping stone for further study on the issue. The general objective of this study was to factors affecting customer purchasing behavior towards life insurance. It is more significant for the insurance to know and identify gaps in customer purchasing behavior and related practices. The design of study was descriptive and casual in nature. Primary data and secondary data were used in this study. Since the total populations of customers were known, the student researcher used convenience sampling techniques to collect the data using telegram platform designed for this study due to the current Global Health Pandemic COVID 19. Conveniently, the student researcher conducted the research by taking the sample determination method developed by Cochran (1983). According to the method 74 customers were selected and presented them with closed-ended questions. However unfortunately, 30 customers hadn't the questionnaires. And an interview was conducted with the manager. The techniques of analysis used in this study are descriptive (frequency, percentage, mean and standard deviation) and inferential analysis (regression correlation and multi-co linearity test). The findings show that personal and psychological factors has more effect on customer purchasing behavior. All the independent variables are directly related to customer purchasing behavior particularly in NISCO and in general in insurance industry. The relationship between factors affecting customer behavior and purchasing behavior is significant. Therefore, insurance should make the whole system on work with customers, not in opposite of those factors affecting customer purchasing behavior. And also they are expected to invest more on encouraging and retaining their customers.

Key Words: *-Personal factor, Psychological factor, Customer purchasing behavior*

CHAPTER ONE

INTRODUCTION

This chapter presents the introduction part of the study. It includes background of the study, statement of the problem, research questions, objectives of the study, and definitions of terms, significance and scope of the study.

Background of the Study

Nowadays companies are more concerned on individual consumer behavior. It helps them to yield information about how the consumers think, feel and choose their products. Every individual is consumer. Consumer behavior is the study of the processes involved when individual or groups select, purchase, use, or dispose of the product, service, ideas or experiences to satisfy needs and desires (Michael Solomon, 1998, p. 31). The expand view of consumer embrace much more than the study of why and what consumer purchase, but also focuses on how factors influence consumers to purchase life insurances.

Purchasing behavior of consumers is a decision of buying the product on the spot (Adelaar et al., 2003 as cited by Niaz, Siddiqui, Alishah and Hunjara, 2012). When consumers decide to purchase, their behavior is set by attitude which they have already developed in their mind (Smith and winyard 1983 as cited by Arshad, Noor, Noor, Ahemed and Javed, 2014).

Insurance has several economic and social advantages in worldwide insurance market, especially the life insurance market, has grown rapidly and the internationalization of the insurance business is becoming more widespread, these areas have not been greatly researched (Mark J. Browne and Kihong Kim., 1993). On the other hand, modern insurance in Ethiopia was introduced at the beginning of the 20th century though the sector is one of the most underdeveloped (Hailu Zelke, 2007, p: 41).

The contribution of insurance sector in the country for gross domestic product is insignificant for several years and number of people employed in the sector is very few when compared to other countries. Moreover, such underdevelopment of insurance is much more in life insurance division. A supporting fact to the above statement is that the analysis of the life insurance business during the year 1967 to 1972 indicates that the share of life insurance in total gross

premium income of the industry declined from 15.1% in 1967 to 7.9% in 1972 (Hailu Zelke, 2007, p : 64).

Though there are few documents about the factors with regard to foreign companies, there are no previous well documented studies on factors influencing consumer purchasing behavior towards life insurance with regard to the Ethiopian company. The motivation behind this research is thus to fill the literature gap related to this. More specifically the motivation of this study is to serve as preliminary work or a stepping stone for further study on the issue.

In this study factors influencing consumer purchasing towards life insurance was assessed by using the factors cultural factors - is to see it as a meaning system that a member of a certain group uses to guide his or her life, social factors- are factors of arise from family, social roles and statuses as well as different reference groups, personal factors- are factors emanate from consumer's age and stage in the life cycle, occupation, economic circumstances, personality, self-concept, lifestyle and values, psychological factors – the influence of perception, motivation, beliefs & attitudes & learning. Hence in this study factors affecting consumer purchasing is conceptualized as cultural factors, social factors, personal factors and psychological factors

Nyala insurance S.C. (NISCO) was established in 1995 following the liberalization of the insurance business to the private sector in 1994 to engage in general insurance business pursuant to the enactment of the insurance business proclamation 86/1994 with a subscribed capital of Birr 25 million and paid up capital of Birr 7 million. In 2005, NISCO turned into a composite insurer by adding life insurance and increasing its paid-up capital to Birr 35 million. During the last five years, NISCO has grown very quickly and currently, its paid-up capital reached Birr 416 million. With a head quarter in Addis Ababa, Nyala insurance S.C operates in almost all regional states in Ethiopia through a network of 46 service outlets (35 service center and 11 contact office) distributed all over the country. Nyala insurance provides nine types of Life insurance: Individual term assurance, endowment assurance policy, children education policy, anticipated endowment policy, mortgage protection policy, funeral benefit policy, medical assurance policy, travel assurance policy, and individual life policy riders.

The purpose of this study is to examine the influence of factors affecting purchasing behavior towards life insurance in case of Nyala Insurance Corporation (NISCO).

1.1. Statement of the Problem

For a successful consumer oriented market service provider should work as psychologist to procure consumers. The study of consumer purchasing behavior is gateway to success in market. The field of consumer purchasing behavior tells us that how individuals, groups, services, ideas, or experiences to satisfy their needs and services. Until the consumer purchasing behavior is not recognized, it is impossible to establish a logical and systemic relationship between industry and consumer, and those organizations and companies are successful that adjust their goals, methods and structure based on ever increasing recognition of their customers and consumers.

Consumer purchasing behavior studies how individuals decide to use their resources like money, time and effort on consumption-related items. Consumer purchasing behavior researches answer questions about what consumers buy, where they buy it, how often they buy it, when they buy it, why they buy it and how often they use it (Schiffman 2000). Furthermore Solomon (2004) defines consumer purchasing behavior as a process where an individual selects, purchases, uses, or disposes of products, services, ideas, or experiences to satisfy his needs and desires. The items that are purchased can include anything from tangible goods to intangible services and the needs and the desires to be satisfied can be anything from hunger to thirst of love or even spiritual fulfillment.

Life insurance is an insurance coverage that provides a monetary benefit to a decedent's family or other designated beneficiary, and may specifically provide for income to an insured person's family. Life insurance policies often allow the option of having the proceeds paid to the beneficiary either in a lump sum cash payment or in an annuity. The primary purpose of life insurance is to protect financially the insured's family in the event of the insured's premature death.

The researcher hardly finds enough literature on the current factors affecting purchasing behavior of customers in the Life insurance industry in Ethiopia. However, from the country's experience in the area of insurance services, the researcher generally described the current practice of the insurance industry and consumer purchasing behavior.

Because of customers purchasing behavior affected by different internal and external factors and consumers will have to think long time to purchase life insurance. Internally, most insurance firms in Ethiopia are organized functionally, not oriented on consumer behavior. As described by

Hoole (2005), most of the people wear the hat of functionality. This leads to the lack of common thought of an integrated approach within and across organization.

There are a number of factors which affect consumers purchasing behavior towards life insurance. A number of influences are behind these factors. Whatever the influences may be, once these factors affect consumer purchasing behavior, it would be very difficult to gain back the consumer to purchase insurance services. In this regard, a research should be carried out to assess the root causes of those factors, its impact on consumer purchasing behavior and get the problem rectified.

Therefore, the research addressed what are the factors affecting consumer purchasing behavior are, and their influence with the consumer purchasing behavior towards Nyala Insurance Corporation.

1.3 Research Questions

The study primarily addressed factors affecting purchasing behavior in Nyala Insurance S.C. and more specifically focused on the following research questions.

- What are the effects of culture on consumer purchasing behavior towards life insurance?
- What are the effects of social factors on consumer purchasing behavior towards life insurance?
- What are the effects of personal factors on consumer purchasing behavior towards life insurance?
- What are the effects of psychological factors on consumer purchasing behavior towards life insurance?

1.4. Objectives of the study

1.4.1 General Objectives

The general objective of the study was to assess factors affecting consumer purchasing behavior towards Life insurance in case of Nyala Insurance S.C.

1.4.2. Specific Objectives

Specific objectives of the study were:

- To assess the effects of culture on consumer purchasing behavior towards life insurance.
- To assess the effects of social factors on consumer purchasing behavior towards life insurance.
- To assess the effects of personal factors on consumer purchasing behavior towards life insurance.
- To assess the effects of psychological factors on consumer purchasing behavior towards life insurance.

1.5.Scope of the study

The scope of this study delimited to factors affecting consumer's purchasing behavior towards life insurance in light of cultural, social, personal and psychological.

Geographically

The area of the study also limited to the case company i.e., Nyala Insurance S.C (NISCO) head office located at Addis Ababa.

Methodologically

The researcher used non-probability sampling approach, specifically convenient sampling technique by using those customers available in a certain specific time and place.

Theoretically

The study was confine itself to assess factors affecting consumer purchasing behavior towards Life insurance in case of Nyala Insurance S.C. in terms of factors affecting consumer purchasing behavior dimensions such as cultural, social, personal and psychological effects.

1.6 Research hypothesis

In the line with above research questions the following hypothesis were tested.

H1. Social factor has positive & significant effect on consumer behaviors toward life insurance

H2. Personal factor has positive & significant effect on consumer purchasing behavior toward life insurance

H3. Cultural factor has positive & significant effect on consumer behavior toward life insurance

H4. Psychological factor has positive & significant effect on consumer behaviors toward life insurance

1.7. Definition of term

1.7.1 Conceptual Definition

- ✓ **Personal factor** are the individual factor to the consumer that strongly influence their buying behavior. These factors vary from person to person that result in a different set of perception, attribute and behavior toward certain goods and services(Kotler and Armstrong ,2003)
- ✓ **Consumer purchasing behavior** is considered to be an inseparable part of marketing and {Kotler and Keller ,2011} state that consumer purchasing behavior is the study of the ways of buying and disposing of goods, services ,ideas or experiences by individual, groups and organizations in order to satisfy their needs and wants.
- ✓ **Psychological factor** is which include individual level process and meaning that influence mental states(Kotler ,2000)

1.8. Significance of the Study

The study intends to help the company management to redirect their attention to this highly essential function. Studying the factors affecting purchasing behavior of customers towards Life insurance in this complex and dynamic business world is believed to have the following importance to the academicians, researchers, corporate managers, policy makers and generally for business practitioners, and specifically for the case company. Specifically, this study has the following main significances:

- ✓ Help to better understand the influence of factors affecting purchasing behavior of customers towards Life insurance in related with the company under consideration.
- ✓ Help to identify problems and improvement opportunities in the customer purchasing behavior of the insurance company.
- ✓ Help to identify which factors of purchasing behavior of customer's is more contributing for success of the insurance company.

- ✓ Shows internal and external factors that influence purchasing behavior of customers towards Life insurance in the insurance company.
- ✓ Help future researchers who are willing to conduct study on this topic.

1.9. Organization of the Study

This paper is organized into five chapters: Chapter one contains the introduction part dealing with back ground of the study, the research problem, and objectives of the study, scope of the study, significance of the study and limitation of the study. The second chapter discussed the literature review about the subject matter. In chapter three the research methodologies were presented. In chapter four analysis and results of the study were presented and finally, chapter five presented the summary of major findings, conclusion and forwarded suggestions.

CHAPTER TWO

REVIEW OF THE RELATED LITERATURE

This chapter presents theoretical framework of the study namely consumer behavior theories with basic study model. It also includes theoretical related literature reviews and empirical literatures with showing independent and dependent variables with conceptual framework of the study.

2.1 Theoretical Reviews

2.1.1 Consumers' Purchasing Behavior

Consumers purchasing behavior is focusing on how individuals make decisions to spend valuable resources (time, money and effort) on consumption related items. This includes what they buy, why they buy it, when they buy it, where they buy it, how often they buy it, how often they use it, how to evaluate it after the purchase and the impact of such evaluation in future and how they dispose of it.

Walters (1974) defines consumer behavior as: "... the process whereby individuals decide whether, what, when, where, how, and from whom to purchase goods and services." Mowen (1993) provides a different definition by explaining consumer behavior as: "... the study of the buying units and the exchange processes involved in acquiring, consuming, and disposing of goods, services, experiences, and ideas".

This definition focuses on purchasing units in an attempt to include not only the individual but also groups that purchase products or services. Schiffman & Kanuk (1997), define consumer behavior as: "The behavior that consumers display in searching for, purchasing, using, evaluating, and disposing of products, services, and ideas.

Schiffman and Kanuk (1997), elaborate on the definition by explaining that consumer behavior is, therefore, the study of how individuals make decisions to spend their available resources (time, money, effort) on consumption-related items. It includes the study of what, why, when, where and how often they purchase and how they use the purchased product.

In addition, it encompasses all the behaviors that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs.

According to Schiffman and Kanuk (1997), two different types of consumers can be distinguished, namely personal and organizational consumers.

Personal consumers purchase products and services for personal or household use or as a gift to someone else. Personal consumers, therefore, purchase for final consumption.

Organizational consumers on the other hand purchase products and services to run an organization, including profitable and non-profitable organizations, government organizations and institutions.

According to (Proctor et al, 2002), the principle aim of consumer purchasing behavior analysis is to explain why consumers act in a particular way under certain circumstances. Other author argues that, it's important to marketers to recognize why and how individuals make their purchase decision. With this information, marketers are able to determine better strategic marketing decisions.

Purchasing behavior of consumers is a decision of buying the product on the spot (Adelaar et al., 2003 as cited by Niaz, Siddiqui, Alishah and Hunjara, 2012). When consumers decide to purchase, their behavior is set by attitude which they have already developed in their mind (Smith and winyard 1983 as cited by Arshad, Noor, Noor, Ahemed and Javed, 2014).

1.7.1. Factors affecting consumer behavior

According to Kotler and Keller (2009, 190), a consumer's behavior is affected by four different factors: cultural, social, personal and psychological factors. Furthermore, there are many different kinds of factors under each of these three categories. In this section, the different factors and their impact on consumer's behavior were discussed.

2.1.3.1. Cultural factors

Culture is one of the most major influencers in consumer behavior. Consumption choices cannot be understood without taking into consideration the culture in which they are made. According to

Solomon, Bamossy, Askegaard and Hogg (2006, 498-499), culture is kind of like the shared memory of a society. It is a mixture of meanings, rituals, norms and traditions shared by a society or an organization. Another definition of culture as given by Evans, Jamal and Foxall (2006, 200), is to see it as a meaning system that a member of a certain group uses to guide his or her life. The meaning system gives people a sense of identity and rationale for their actions (how people should behave in different contexts). Consumer products and services are a part of the system of meaning. The system is often culturally shared and culture specific and it is passed on from one generation to another. Evans et al. (2006, 199) define culture as consisting of three elements:

1. Cognitive elements and beliefs,
2. Values and norms and
3. Signs, signals and symbols.

Cognitive elements and beliefs are the things that society knows about the physical and social worlds. Cognitive elements and beliefs also encompass society's religious beliefs and the ways in which the society works. Values and norms on the other hand refer to the way in which the majority of people in the society are expected to behave. Signs, signals and symbols include language and the methods of conveying meaning. In addition to the prevailing culture that a person is surrounded by, subculture is also a part of culture that has a huge impact on the way people act as consumers. Subcultures include religions, racial groups and nationalities and they make more specific identification and socialization available for their members (Kotler & Keller 2009, 1990).

Sheth, Newman and Gross (1991, 45) discusses that culture, and especially subculture, are one of the determining factors in consumer behavior. One part of culture that is very relevant in terms of this research is Rituals. Rituals are sets symbolic behaviors and actions that happen in a fixed sequence and are often repeated within a certain time frame. In addition to ancient religious ceremonies, many modern day consumer activities are also classified as rituals. There are four major types of rituals: Possession Rituals, Exchange Rituals, Grooming Rituals and Divestment Rituals of which grooming rituals are the most important and most related to this study. Grooming rituals are sets of behavior where a person does something to transform oneself from

the private self to public self (the self that is shown to others) or vice versa. The grooming rituals carry a purpose of cleansing the body but they also aid in creating confidence before confronting others. (Solomon et al. 2006, 506-508.)

2.1.3.2. Social factors

Social factors are factors of arise from family, social roles and statuses as well as different reference groups are some of the social factors that, in addition to culture, affect consumer behavior. According to Kotler and Keller (2009, 196) a Reference group is a group that has a direct or indirect influence on a person's attitudes or behavior whereas according to Noel (2009, 52), reference groups serve as a way of comparing oneself to others. Family is one of the most important reference groups and thus a major influence in consumer behavior. Social roles and statuses also affect the way people choose to buy or not to buy a certain product or a service. A Social role is comprised of the activities a person is expected to perform inside a certain group such as family or an organization. Status, on the other hand, is something that each role carries with it; a senior manager has more status than a junior manager. People often choose products and services that reflect the roles they have and their actual or desired status in a society (Kotler & Keller 2009).

According to Kotler and Keller (2009, 194), those reference groups that have a direct influence on a person are called Membership groups. Membership groups can be further categorized into Primary groups and Secondary groups. Primary groups are those groups a person communicates with quite regularly and informally. In addition to the most important reference group, family, primary groups include for example friends, neighbors and co-workers. People also belong to secondary groups which include religious and professional groups. Secondary groups require less regular interaction and they are often more formal in nature compared to primary groups. In addition to the reference groups people are part of, consumers are also influenced by groups in which they don't participate in. These include aspirational groups, groups an individual admires and hopes to join, and dissociative groups, groups whose values or behavior a person resents and rejects.

Kotler and Keller (2009) say that reference groups influence consumer behavior in three ways: they present and disclose new behaviors and lifestyles, they influence attitudes and self-concept

and they create pressures for conformity that can have an effect on buying behavior. According to Noel (2009, 54) reference groups can have a Normative and an Informational influence on consumers. Normative influence occurs when a consumer purchases something to adjust to another person's expectations. This notion is also in line with Kotler and Keller's (2009) idea of reference group influence on buying behavior in that reference groups create pressures for conformity. Informational influence on the other hand, takes place when someone gives information to a consumer and the consumer considers that information when making a buying decision (Noel 2009, P.55)

Informational influence that someone provides to a consumer is often based on personal experience; friends or acquaintances recommend products or services that they have tested and have positive experience of. Turning to a friend for advice on purchasing decisions saves the consumer time and energy; it decreases time required to search for information and lessens the risk of dissatisfaction in terms of quality and endurance of the product. Informational influence has great impact on consumer behavior because people usually place high value on word-of-mouth communication, especially in those cases where the information comes from a trusted source such as friends or relatives that the consumer knows personally (Noel 2009, P.54-55).

Consumers' environmentally conscious behavior is often socially influenced. They state that the best predictor of a consumer making an environmentally friendly purchase is the number of the people they know who have also made a similar type of purchase (Kasser and Kanner 2004, 80).

2.1.3.3. Personal factors

Personal characteristics also influence a consumer's behavior. Examples of personal characteristics include the consumer's age and stage in the life cycle, occupation, economic circumstances, personality, self-concept, lifestyle and values (Kotler & Keller 2009, P.196.) Values have such a huge impact on consumer behavior and are important in terms of this study because of the ethical aspect of buying behavior so values are discussed more as follows.

i. Age

Kotler and Keller (2009, 68) discuss that age often determines what type of food, clothes, music and recreational activities consumers like. It also usually determines the type of products or services they need. Noel (2009, 76) agrees that consumers' interests and needs often change as

they grow older. He states that older consumers are often more brand loyal than younger consumers and also tend to be more careful and considerate when making purchasing decisions. However, it is not always only the chronological age that affects people's buying behavior.

Noel (2009) distinguishes the effect of chronological age, age effects, from the impact of life experiences, cohort effects, to consumer behavior. Age effects occur naturally as the consumer ages and his or her needs and interests change whereas the cohort effects develop when the consumer is affected by experiences over the years such as buying certain types of food or getting used to certain scent while growing up which in themselves do not have anything to do with the consumer's age.

ii. Family life cycle

Kotler and Keller (2009, 196) and Asch and Wolfe (2001, 24) note that in addition to age, consumption is shaped by family life cycle. Family life cycle refers to the number, age and gender of people in the household at any point in time. Moreover, psychological life cycle stages, the certain passages and transformations people go through in life, also affect consumer behavior. One of the phases in psychological life cycle is becoming a parent, which may change an individual's consumption habits radically. Thus, different kinds of critical life events such as marriage, childbirth, illness, divorce, career change, widowhood may affect consumer buying behavior (Kotler & Keller 2009, 196.)

iii. Social class

Asch and Wolfe (2001, 23) as well as Kotler and Keller (2009, 194) and Noel (2009, 68) discuss that social class is also a great influence of consumer behavior, although Kotler and Keller (2009, 194) define social class as being part of the cultural factors affecting consumer behavior rather than personal factor. Social classes are hierarchically ordered divisions of society whose members share similar values, interest and behavior (Kotler & Keller 2009). Social classes are usually quite homogenous According to Asch and Wolfe (2001, 23) and Kotler and Keller (2009, 194) social classes show four different kinds of characteristics. The first characteristic is that people within a certain class tend to be more alike in the way they dress, speak and use their free time than people in another social class. Second, people are often perceived to have certain superior or inferior positions according to their social class. The third characteristic linked to social classes is that usually a cluster of variables indicates social class better than any single

variable. These variables include for example occupation, income, wealth, education and value orientation. The fourth thing that characterizes social classes is that people can move from one social class to another during their life.

Noel (2009, 68) states that an individual's social class can be determined based on several factors of which occupation, education and income are the three biggest and most important. Occupation and economic circumstances were also mentioned by Kotler and Keller (2009, P.196) as some of the personal factors affecting consumer behavior. Asch and Wolfe (2001, 23) agree with Kotler and Keller (2009, 194) in that social classes show distinct preferences in terms of brands and products in for example clothing, recreational activities and automobiles and thus affect the way people behave in decision-making situations. Noel (2009, 72) discusses that social class is a good predictor of purchasing behavior related low- to moderately priced goods that have some sort of symbolic value. These include for example cosmetics products.

iv. Occupation and income

Kotler and Keller (2009, 197) agree on that occupation and the economic circumstances that come with it are great influencers in consumer behavior. The type of products and services people choose to buy is greatly affected by their economic situation such as spendable income, savings and assets, debts, borrowing power and attitudes toward spending and saving. Luxury goods may be the desire of many but only few can afford them. Although this is also a question of what kind of things different people are willing to splurge on.

v. Personality and lifestyle

Personality and lifestyle are also factors that influence consumer behavior. Kotler and Keller (2009, P. 197) define personality as a set of differentiating psychological characteristics that lead to relatively consistent and long-lasting responses to environmental stimuli. Solomon (2007, P.196) shares this view by stating that personality concerns the unique psychological features of a person and affects the way people respond to their environment. According to Kotler and Keller (2009, 200) as well as Asch and Wolfe (2001, 24), lifestyle on the other hand refers to the person's way of living as expressed in activities, interests and opinions whereas according to Solomon (2007, 209), lifestyle is more related to buying behavior referring to the pattern of consumption habits that reflects how a person allocates his or her time and money.

According to Solomon (2007, 197), consumers' personalities are important in terms of buying behavior in the sense that they often reflect unconscious motives underlying purchasing decisions. People cannot necessarily automatically recognize the real motive or reason for buying a certain product or brand. This assumption has been derived from Freud's theory of personality where the human mind consists of the id (directs a person towards immediate satisfaction without thinking about the consequences), the superego (the counterweight to the id) and the ego (the referee between the id and the superego that tries to mediate between temptation and virtue).

In addition to the Freudian theory, there are also many other personality theories of which the most suitable to this study is the trait theory. The trait theory is an approach to studying personality that focuses on identifying personality traits which are those distinguishing characteristics that define a person. Some traits related to personality that are important in terms of consumer behavior are innovativeness (how willing a person is to try new products/brands), materialism (value placed on buying and owning products/brands), self-consciousness (the degree of pressure for conformity), need for cognition (the degree to which a consumer likes to think) (Solomon 2007, 201).

2.1.3.4. Psychological Factors

According to Kotler (2000), the fourth group of factors that affect consumer buying behavior are Psychological factors. It constitutes motivation, perception, learning, and beliefs & attitudes.

i. Motivation

A person has many needs at any given time. Some are biological, arising from states of tension such as hunger, thirst, discomfort. Others needs are psychogenic; rising from the need for recognition, esteem or belonging. A need becomes a motive when it is aroused to sufficient level of intensity. A motive is a need that is sufficiently pressing to drive the person to act. (Armstrong and Kotler, 1999)

Freud's theory assumed that the psychological forces shaping people's behavior are largely unconscious and that a person cannot fully understand his/her motivations. A technique called laddering can be used to trace a person's motivations from the stated instrumental ones to the

more terminal ones. Then the marketer can decide at what level to develop the message and appeal.

Maslow's theory sought to explain why people are driven by particular needs at particular times.

- There is a hierarchy of needs
- Some needs are more basic than others
- The more basic needs must be satisfied first
- As level of needs is satisfied, a person moves on to the next level

Maslow hierarchy of needs is shown below:-

Physiological needs are concerned with self-preservation and these are the basic needs of life involving those elements required to sustain and advance the human race. Safety needs relate to protection against danger and deprivation. Once the more basic needs have been satisfied behavior is influenced by the need for belonging, association and acceptance by others. The final need is what Maslow termed 'self-actualization' which means self-fulfillment in terms of becoming all that one is capable of being and one has reached the pinnacle of personal potential.

ii. Perception

Perception is the process by which physical sensations such as sights, sounds, touch, tastes, and smells are selected, organized, and interpreted. The eventual interpretation of a stimulus allows it to be assigned meaning. A perceptual map is a widely used marketing tool that evaluates the relative standing of competing brands along relevant dimensions. People are exposed to a great amount of stimuli every day and can form different perceptions of the same stimulus because of three perception processes selective attention, selective distortion, and selective retention. (Solomon and Gary 2002)

iii. Attitudes & Beliefs

An attitude is a predisposition to evaluate an object or product positively or negatively. The attempts to change consumers' attitudes and behaviors in ways that are beneficial to the society as a whole are referred to social marketing. Attitudes are made up of three components beliefs, affect, and behavioral intentions. Depending on the consumer's level of involvement and the

circumstances, though, attitudes can result from other hierarchies of effects as well. (Solomon, 2006)

iv. Learning

Learning is the process by which individuals acquire the purchase and consumption knowledge and experience they apply to future related behavior. Although some learning is intentional, much learning is incidental. Basic elements that contribute to an understanding of learning are motivation, cues, response, and reinforcement. There are two schools of thought as to how individuals learn behavioral theories and cognitive theories. Both contribute to an understanding of consumer behavior. Behavior theorists view learning as observable responses to stimuli, whereas cognitive theorist believe that learning is a function of mental processes. Three major behavioral learning theories are classical conditioning, instrumental conditioning, and observational learning. (Schiffman and Kanuk, 1997)

Depending on the consumer's level of involvement and the circumstances, though, attitudes can result from other hierarchies of effects as well. (Solomon, 2006)

1.8. Empirical Reviews

The relationship, effect and impact of factors of consumer purchasing behavior and consumer purchasing behavior have been critically assessed in a variety of studies. Results of these studies have been explained below in table.

Table: 2.1 Empirical review

Author	Year	Title	Summery
Sunday C. E. & B.Adenike	2016	Factors influencing consumers buying behavior within the clothing industry	The study investigate the factors influencing consumer buying behavior within clothing industry using qualitative interview method and discovered that consumer's age and income has significant influence on customers' behavior and found also consumers will always go for quality goods rather than quantity.
Mehmet S. and Ugur Y.	2014	Understanding the buying behavior of young consumers regarding packaging attributes and label	The study was conducted in Turkey and several factors that might influence the young consumer's behavior at the point of sale were highlighted and conclude that gender and the location of the place are the main factors which influence young consumer behavior at the point of sale.
Melaku T.	2017	The effect of advertisement on the purchasing behavior of consumers: in the case of bottled water in Addis Ababa	The study used qualitative and quantitative data analysis to examine the effect of advertising on purchasing behavior of consumers in case of bottled water and contend that effective advertisement has a positive impact on purchasing behavior of consumer within bottled water.
Abdulmalik S.	2015	Factors affecting household's consumption of life insurance: the case of Ethiopian insurance corporation	The study was conducted using descriptive and explanatory research design found that income has significance positive relationship with the consumption of life insurance however religion doesn't have significant relationship to household's consumption of life insurance.
Getnet E.	2019	Factors affecting consumer purchasing behavior towards local and imported reinforcement bars in the case of selected users in Addis Ababa, Ethiopia	The study used mainly quantitative research approach to examine factors affecting consumer purchasing behavior towards local and imported reinforcement bars in the case of selected users and found that age, level of education, attitude towards product, perceived product quality and price and knowledge about product quality are important factors that significantly influence decisions in selecting alternative brands of reinforcement bars.

Tanja L.	2015	Factors affecting consumers' buying decision in the selection of a coffee brand	The purpose of the study was to study how different factors of consumer behavior effect on decision-making during coffee brand selection. Consumer behavior consists of four factors: cultural, social, personal and psychological. The study discovered that there is a relationship between those factors and buying decision and The result shows that family, friends and neighbors are the most important factors that effect on decision making when selecting coffee brand.
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Source: Researcher (2020)

1.9. Conceptual Frameworks

In this study factors affecting consumer purchasing towards life insurance was assessed by using the factors cultural factors, social factors, personal factors and psychological factors, Hence in this study factors influencing consumer purchasing is conceptualized as cultural factors, social factors and personal factors.

The relationship between dependent and independent variables of this research has been indicated below. It shows that consumers purchasing behavior towards Life insurance is a dependent variable as it depends upon the various factors affecting it. On the other hand cultural, social, personal, and psychological factor are independent variables. Anova, Pearson correlation and regression analysis models were used show the effect of independent variables on the dependent variable by using SPSS (v 20) tool.

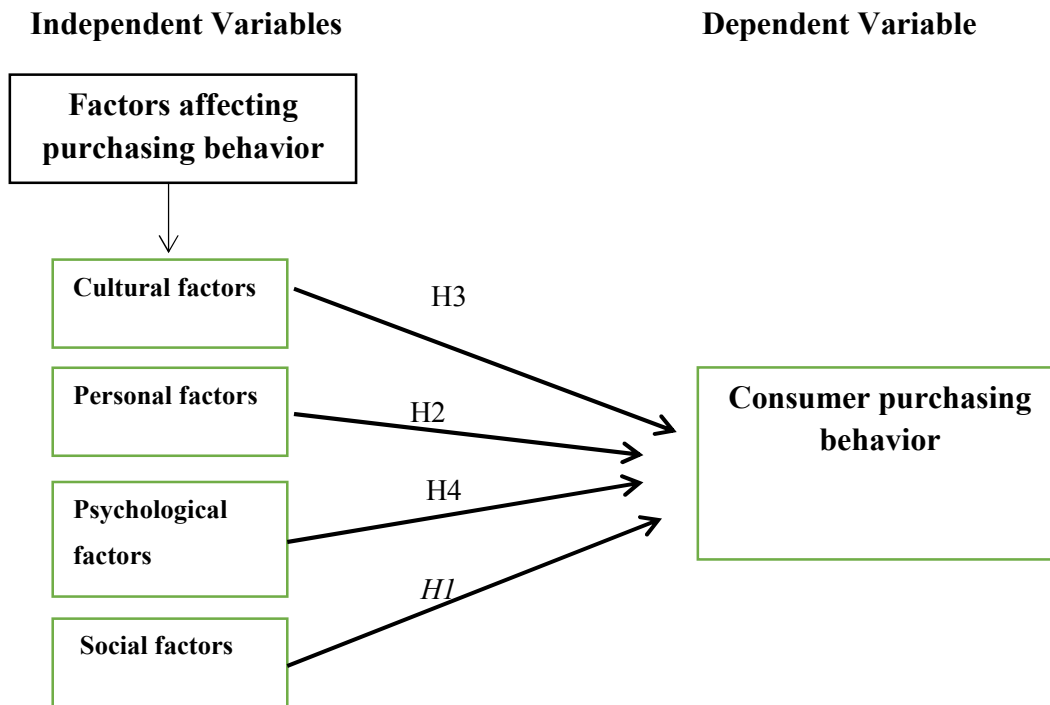


Figure 2.1 Conceptual Framework

Source: Researcher constructs 2020

CHAPTER THREE

METHODOLOGY OF THE STUDY

Introduction

This part describes the methodology that was employed in this study: the choice of particular research designs, data type and sources, sample size determination, sampling methods and data collection tools, and data analysis method along with an appropriate justification associated with each approach.

3.1 Research Design

This study tried to investigate factors influencing consumer life insurance purchasing behavior based on fundamental theories, principles and management philosophies that are supposed to be effective parameters just to evaluate the influence of those factors on customer purchasing behavior. Accordingly, the case company's existing consumer purchasing behavior towards life insurance affects those prohibited its effectiveness were evaluated. That means the purpose of this research was to find out the underlying facts and/or actual circumstances existing within the case company and on final customers with regard to customer purchasing behavior and describing the facts. Therefore, the explanatory research method was used for the investigation to test the casual links between the Factors affecting purchasing behavior and consumer purchasing behavior. The study preferred to use descriptive research type which helped to use both qualitative and quantitative data analysis.

3.2 Source of Data and Data collection

Depending on the objective and research question of the study primary, secondary data were used. Primary data were collected from customers through a structured questionnaire, with a five point likert scale. Respondents were providing with self-administered questionnaires to complete. The layout of the questionnaire has set very simple to encourage meaningful participation by the respondents. The questions have set as concise / to the point/ as possible with care taken to the actual wording and phrasing of the questions. The reason for the appearance and layout of the questionnaire are importance in any survey where the questionnaire is to be complete by the respondent (John A. et al., 2007). The literature in the study has used as a guideline for the development of the questions in the questionnaire.

The questionnaire were summated scale such as five-point Likert scale item questions. The five alternatives are generally offered: strongly agree, agree, disagree and strongly disagree. According to Zikmund (1994), using a Likert scale allows the respondents to indicate their attitudes by checking how strongly they agree or disagree with the constructed statements.

The Secondary data were collected from Secondary sources which are annual reports, books, the internet, manuals annual report of the organization.

3.3 Sample Size Determination

The sample size of the study were the Marketing Manager and final customers of the Nyala Insurance S. C. Since the exact number of customers found at the insurance company a time weren't known but the researcher were taken the average number from the customer service of the insurance and which is 10,000. It is known that life insurance customers consist of life travel insurance and medical assurance customers, the researcher used the model provided by Cochran (1983), suggestion of respondent customers were calculated using the following formula:

$$n = \frac{N}{1 + N(e)^2}$$

Based on proportion, (Cochran, 1983)

- n = the sample size =
- N = population size = Estimated customers by the company = 10000
- E = level of precision = 0.075

$$n = \frac{10000}{1 + 10000(0.075)^2} = \underline{74}$$

The researcher used 74 respondents to conduct the study because the average number of customers found at the insurance company were 10,000 so based on the sample size formula we can insert those number we can get the 74.46 which is approximately 74 respondents are representative for the given sample.

3.4 Sampling Methods

Alreck & Settle (2005) noted that the choice of sample size is made after considering statistical precision, practical issues and availability of resources. Samples that are selected on a random basis are considered as a representative of the population. According to Malhotra & Peterson (2006), there is no a single and precise way to determine the size of sample; hence there are a number of inadequacy for deciding on sample size. The larger the sampling size of a research, the more accurate the data generated.

The researcher used non-probability sampling approach, specifically convenient sampling technique by using those customers available in a certain specific time and place.

3.5 Data Collection Methods and Instruments

On the other hand, the collection of relevant data, to validate the investigation demands appropriate and convenient techniques of data collection. Accordingly, in this study both questionnaire and interview were used together.

For the purpose of this study a quantitative methodology involving a close-ended questionnaire were used as the measuring instrument. The close-ended questionnaires can be administered to groups of people simultaneously, since they are less costly and less time consuming than other measuring instruments. The Likert-type scale method were used a range of responses: ‘strongly Disagree’, ‘disagree’, ‘neutral’, ‘agree’, and ‘strongly agree’, with a numeric value of 1-5, respectively. The usage of this particular scaling method ensured that the research study illustrated the ability to assess the responses and measure the responses quantifiably so that a pattern or trend may be produced in order to assess.

In addition to questionnaire to obtain sufficient information in this study personal interview was used for the management members of the case company.

3.6 Data Processing and Presentation

The data which were obtained through the questionnaires were first checked for completeness. The questionnaires found correctly filled and fit for analysis were coded and all the data were entered into statistical package for social sciences and analyzed using descriptive statistics. The data then were presented using tables and percentage.

3.7 Methods of Data Analysis

The collected data were analyzed and interpreted by using both qualitative and quantitative techniques. The data which was collected by open ended questions were analyzed qualitatively. Closed ended questionnaires were analyzed quantitatively data by using mean, standard deviation frequency, Anova, Pearson correlation and regression analysis technique to show the effect of independent variables on the dependent variable by using SPSS (v 20) tool.

The descriptive statistics were used included mean and frequency to analyze the general information to investigate the factors affecting consumer purchasing behavior and Pearson

correlation and regression model were used to assess the relationship of factors affecting consumer purchasing behavior on the case company's consumer purchasing behavior. These were then presented using tables which was easier interpretation.

3.8 Validity and Reliability

The clarity of the instrument items to the respondents were established so as to enhance the instrument's validity and reliability. According to Sekaran (2003), validity is the degree by which the sample of test items represents the content the test is designed to measure. To establish the validity of the research instrument the research were sought opinions of experts in the field of study especially the researcher's supervisor.

Reliability refers to the consistency of measurement and is frequently assessed using the test-retest reliability method (Saunders, Lewis & Thornhill, 2009). Reliability were tested using Cronbach Alpha test and presented below.

Item	Number of item	Cronbach's Alpha
Social factors	6	0.926
Cultural factors	5	0.882
Personal factors	5	0.865
Psychological factors	5	0.918

Table: 3.1 Reliability test result for the questionnaire

Source: Researcher construct (2020)

Reliability is calculated in such a way that it represents the reliability of the mean of the items, not the reliability of any single item. So, the alpha reliability of 6 items would be higher than that of 5 similar items. This coefficient can hold a value of 0 to 1. The result of 0.7 and above implies an acceptable level of internal reliability. As it is indicated in the table, the test result is between 0.86 and 0.92. Therefore, based on the test, the results for the items are reliable and acceptable.

3.9 Ethical Considerations

Ethical issues are very important in research these days. Ethical emerged from value conflicts. In research, these conflicts are expressed in many ways: individual's rights to privacy versus the undesirability of manipulation, openness and replication versus confidentiality, future welfare versus immediate relief, and others. Each decision made in research involves a potential compromise of one value for another. Researchers must try to minimize risks to participants, colleagues and society while attempting to maximize the quality of information they produce (David F. Gillespie, 1989).

In favor of this study the researcher was familiar with the ethical issues of research. Thus, the researcher observed the principles of ethical issues like confidentiality and dignity of the participants, integrity, on no account plagiarism, and never fabricating and destroying data.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter deals with presentations, discussion and interpretation of the data collected through questionnaire and interview. The discussion particularly focuses on respondents profile, and purchasing behavior and it's the influence of factors affecting their behavior towards life insurance. Out of seventy four (74) contacted respondents only forty three (43) respondents have filled properly on the mobile application and accepted. From the received and accepted responses all responses were found valid and used for the analysis. Thus, based on the responses obtained from the respondents data presentation and analysis were made as follows.

4.2. Background of the Respondents

The demographic profile of the sample respondents is presented and analyzed below. The purpose of assessing respondents' sex is that, to determine whether the researcher considered heterogeneity of sample units. On the other hand assessing the education level of the respondents' is that, when the respondents are more educated they have better opportunity to understand the case and give better response than else.

Description	Items	Frequency	Percentage
gender	Male	32	74
	Female	11	26
age	Age	Frequency	Percentage
	18-27	1	2
	28-37	12	28
	38-47	19	44
	48-57	8	19
	Above 57	3	7
Educational qualification	Grade 10 completed	-	-
	Grade 12 completed	5	11.6
	College diploma	12	27.9
	First Degree	16	37.2
	Second degree and above	10	23.5

Table 4.2.1. Gender Frequency, age, and educational qualification
Source ;-own survey 2020

Gender frequency of the respondents shows that the numbers of male respondents were almost four times as female respondents. This is 74% of the respondents were male, while 26 % were female respondents. As it is shown in item 2 of table 4.2.1 respondents asked about their age. 1(2%), are in the age range of 18-27, While 12(28%) are in the age of 28-37, 19(44%) respondents are from 38 – 47 age, 8(19%) respondents are above 48-57 and 3(7%) are above age 58. This infers that the majority of respondents were from 38- 47 ages and from this one can understand that all respondents were able to give the right response.

The education qualification of respondents is shown in table 4.2.1 as it is indicated in the table, 37.2% hold a first degree. In the other way, 27.9% were diploma holder, while 11.6% of the respondents completed grade 12education. 23.5% hold second degree and above.

Description	Items	Frequency	Percentage
Marital status	Single	7	16.2
	Married	29	67.4
	Divorced	7	16.2
Source of income	Employment	4	9.3
	Self-Employment	13	30.3
	Other	26	60.4
Level of monthly income	≤5,000	-	-
	5,000-8,000	7	16
	8,000-10,000	15	35
	≥11,000	21	49
	Total	43	100

Table 4.2.2: *Marital status, Source of income,Level of monthly income*

The results of respondents' marital status are indicated in above table. The table demonstrates that 16.2 % of the respondents were single, 67.4% were married, and 16.2% were divorced.

As depicted on the above table, 49.3% responders were employed, 30.3% were self- employed and the rest 60.4 had other source of income.

Respondent's level of income is shown in table 4.2.2as it is indicated in the table, 16% had an income between 5000-8000. In the other way, 35% had 8000-10000, while 49% of the respondents get an income above or equal to 11,000.

4.2.3. Factors that influence you to buy life insurance policy

	Frequency	Percentage
Legal requirement	11	25.5
Increased in awareness	5	11.6
Increase of risk in number and complexity	-	-
Increase of the dependents	16	37.2
Increase in income level	10	23.5
Increase in status	1	2
Total	43	100

Table 4.2.3:Factors that influence you to buy life insurance policy

Source;-own survey 2020

Factors that influence respondents to buy life insurance policyis shown in table 4.2.3. As it is indicated in the table, 25.5% bought life insurance due to legal requirement, 11.6% bought due to increase in awareness, 23.5% of the respondents bought due to increase in income level. 2% bought due to increase in status. from the above table we can see and suggest that most of the customers can brought insurance due to an increment of dependents which is a personal factor the next ones is legal requirement which is related to the social factor and finally an Increase income level which is directly related to the both the psychological as well as a personal factors too.

4.3. Social factors

As it was briefly mentioned in the literature and conceptual frame work part of this study, the most common factors are cultural factors, social factors, personal factors, psychological factors and market factors.

This study focused on examining the influence of factors affecting purchasing behavior from these five perspectives. For each practices different items were developed and measured based on their mean and group mean values.

4.3.1. Social factors

Social factor divides the society into a hierarchy of distinct classes. The members of each class have relatively the same status and members of other classes have either more or less status. It includes family, group etc. (Hoyer & MacInnis, 2008)

No	Social factors	N	Min	Max	Mean	Std. Dev.
1.	Does your self-esteem affects your purchase decision on life insurance services?	43	3	5	3.13	.655
2.	Do you only purchase life insurance services which are of your social stand?	43	3	5	2.55	.486
3.	Have you look to your peers advice when purchase life insurance service?	43	2	5	2.98	.495
4.	Have you look to your spouse (boyfriend) girlfriend advice when purchase life insurance service?	43	3	5	2.95	.491
5.	Do you buy life insurance services which your role models use?	43	3	5	3.26	.675

6.	Have you look to your parents and family for the best life insurance services to purchase from the company?	43	3	5	2.78	.473
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Table 4.3.1: Social factors

Source;-own survey 2020

From the table above respondents opinion on social factors have been adapted to moderate extent (mean lies between 2.55 and 5)self-esteem affects respondents purchase decision on life insurance services (mean3.13),Purchase life insurance services which are of respondents social stand(mean, 2.55),Looking to their peers advice when respondents purchase life insurance service (Mean 2.98), look to their spouse (boyfriend) girlfriend advice when purchasing life insurance service (mean 2.95), Buying life insurance services which respondents role models use (Mean 3.26). Looking to their parents and family for the best life insurance services to purchase from the company (mean 2.78).

Based on the above result respondent’s opinion on the social factors on purchasing life insurance is moderate with a group mean value 2.974. This also implies that social factors have influence on purchasing behavior of life insurance.

4.3.2. Cultural factors

Cultural factorhas potent influences that are brought up to follow the beliefs, values and customs of their society and to avoid behavior that is judged acceptable. Beliefs, values and customs set subculture apart from other members of the same society. Thus sub-culture is a distinct cultural group that exists as an identifiable segment, within a larger, more complex society (Hoyer &MacInnis, 2008).

Table 4.3.2.: Cultural factors

No	Cultural factors	N	Min	Max	Mean	Std. Dev.
1.	Do you think your family in come affects your purchase decision on life insurance services?	43	3	5	3.44	.502
2.	Does your religion plays a role in determining what life insurance services	43	3	5	2.30	.408

3.	Does your personal income determine the life insurance services you purchase?	43	3	5	3.16	.688
4.	Do you think your culture prohibits you from buying certain life insurance services?	43	2	5	2.28	.401
5.	Do you think your religion prohibits you from buying certain life insurance services?	43	2	5	2.78	.440

Source: Questionnaire, 2020

Regarding to cultural factors, Respondents opinion on family income affects their purchase decision on life insurance services (mean 3.44), religion plays a role in determining what life insurance services(mean 2.30), personal income determine the life insurance services respondentspurchase(mean 3.16), culture prohibits them from buying certain life insurance services (mean 2.28), Religion prohibits them from buying certain life insurance services (mean 2.78).

According to the finding of the research it has been clearly seen that cultural factors have low impact on respondents purchasing behavior with a group mean value of 2.792. From this it is possible to deduce that culture factors have significant effect on purchasing behavior of customers.

4.3.3. Personal factors

It is a very important factor. Personal factors also influence buyer's behavior. They include age, income, occupation, life style. They simply direct our outer personality. (Hoyer &MacInnis, 2008)

Table 4.3.3: Personal factors

No	Personal factors	N	Min	Max	Mean	Std. Dev.
1.	Do you always consider the price of life insurance services before you purchase from the company?	43	2	5	2.30	.416
2.	Do you purchase life insurance services which are of	43	3	5	3.01	.732

	your social class?					
3.	Do you think your age influence the life insurance services you purchase from the case company?	42	1	6	2.69	.250
4.	Does your gender affect your purchasing behavior life insurance services?	43	2	6	2.91	.321
5.	Does your personality and life style affect your purchase of life insurance services?	43	2	5	3.18	.793

Source: Questionnaire, 2020

The price of life insurance services before respondents purchase from the company(mean 2.3), The purchase life insurance services which are of respondents social class is moderate (mean 3.01) ,Age influence the life insurance services that respondents purchase from the case company with mean value (mean 2.69), Gender affect respondents purchasing behavior life insurance services (mean 2.91),Personality and life style affect respondents purchase of life insurance services is moderate (mean 3.18).

This implies that personal factors have low influence on purchasing behavior towards life insurance. The overall respondent’s opinion in regards to personal factors has a mean value of 2.8.

4.3.4. Psychological Factors

The buying behavior of consumer is influenced by a number of psychological factors which includes motivation, perception, learning, beliefs and attitude and personality (Hoyer &MacInnis, 2008).

Table 4.3.4: Psychological factors

No	Physiological factors	N	Min	Max	Mean	Std. Dev.
1.	Do you purchase life insurance services according to your learning concept towards the life insurance	43	2	5	2.70	.989

	services?					
2.	Do you purchase life insurance services according to your attitude towards the life insurance services?	43	2	5	3.02	.854
3.	Do you only purchase life insurance services which you consider is good insurance services provider in the insurance market?	43	2	5	3.24	.832
4.	Do you only purchase life insurance services from company which you perceived has a brand name in the insurance market?	43	2	5	2.94	.265
5.	Do you only purchase life insurance services from insurance service provider with good image / image that you like?	43	2	5	3.17	.751

Source: Questionnaire, 2020

Respondents opinion to the question “Do you purchase life insurance services according to your learning concept towards the life insurance services?” indicated as (mean 2.70), “Do you purchase life insurance services according to your attitude towards the life insurance services?” is moderate (mean 3.02), “Do you only purchase life insurance services which you consider is good insurance services provider in the insurance market” is moderate (mean 3.24), “Do you only purchase life insurance services from company which you perceived has a brand name in the insurance market?” (mean 2.94), “Do you only purchase life insurance services from insurance service provider with good image / image that you like?”(Mean 3.17).On the other hand the customer service manager human resource manager state that the insurance face attitude and belief problems while they bought the insurance service.

From the above presented data, the researcher can conclude that respondent’s opinion regarding to physiological factors is moderate. This is based on the mean value obtained with respect to physiological factors which scored 3.01.

The empirical study of Abdulmelik (2015) states that income has significance positive relationship with the consumption of life insurance. However, religion doesn't have significant relationship to household's consumption of life insurance.

Therefore, based on the analysis, empirical study and the current (21th) century real practice even if the group mean value shows moderate mean value, with respect to these stated issues the result is evident that the factors have influence on customer purchasing behavior of life insurance.

4.4. Correlation Analysis

This study employs the correlation analysis, which investigates the strength of relationships between the studied variables. Pearson correlation coefficients reveal magnitude and direction of relationships (either positive or negative) and the intensity of the relationship (-1.0 to +1.0). Correlations are perhaps the most basic and most useful measure of association between two or more variables Marczyk, et al., (2005). As per Marczyk, et al., (2005) general guidelines correlations of .01 to .30 are considered small, correlations of .30 to .70 are considered moderate, correlations of .70 to .90 are considered large, and correlations of .90 to 1.00 are considered very large. Based on this Pearson correlation coefficients between factors affecting purchasing behavior towards life insurance with purchasing behavior was run as seen in the table below.

Table 4.4.1.1: Correlations between factors of purchasing behavior and purchasing behavior

		Social factor	Cultural factors	Personal factor	Psychobiological factors	Purchasing behavior
Social factor	Pearson correlation	1	.685**	.555**	.776**	.237
	Sig. (2 tailed)		.000	.000	.000	.126
Cultural factors	Pearson correlation		1	.565**	.790**	.344*
	Sig. (2 tailed)			.000	.000	.024
Personal factors	Pearson correlation			1	.665**	.482**
	Sig. (2 tailed)				.000	.001
Psychological factors	Pearson correlation				1	.474**
	Sig. (2 tailed)					.001
	Sig. (2 tailed)					.038

Purchasing behavior	Pearson correlation					1
	Sig. (2 tailed)					

Source: Researcher construct from the result, 2020

The results of the correlation matrix between each constructs and purchasing behavior analyzed as follow;

As shown in the table there is positive correlation between social factors and purchasing behavior with correlation coefficient of 0.237 and the significance level of 0.126 which is greater than 0.05. It shows us social factors and purchasing behavior are positively correlated but purchasing behavior is not statistically significant at the 5% significance level.

The table above shows that there is medium positive relationship between cultural factors and purchasing behavior with correlation coefficient of 0.344 and significance level of 0.024 less than 0.05 which shows us cultural factors and purchasing behavior have medium positive correlation and it is statistically significant at the 5% significance level.

As the table above shows there is medium positive correlation between personal factors and purchasing behavior with correlation coefficient of 0.482 and significance level of 0.001 which is equal to 0.001. Which shows that personal factors have medium positive correlation with purchasing behavior which is statistically significant at the 0.001 significance level.

The above table also shows that psychological factors has medium positive correlation with purchasing behavior with correlation coefficient of 0.474 and significance level of 0.001 which is equal to 0.001 which shows us psychological factors and purchasing behavior has positive relation which is statistically significant at the 0.001 significance level.

4.4.2 Test of independent of residuals

The Durbin-Watson statistic was used to test for the presence of serial correlation among the residuals. The value of the Durbin-Watson statistic ranges from 0 to 4. As a general rule, the residuals are not correlated if the Durbin-Watson statistic is approximately 2, and an acceptable range is 1.50-2.50

Table –4.4.2 Durbinresult Model Summary -Watson test

Model Summary	
Model	Durbin-Watson
1	1.471a

a. Predictors: (Constant), factors affecting purchasing behavior

b. Dependent Variable: Consumer purchasing behavior

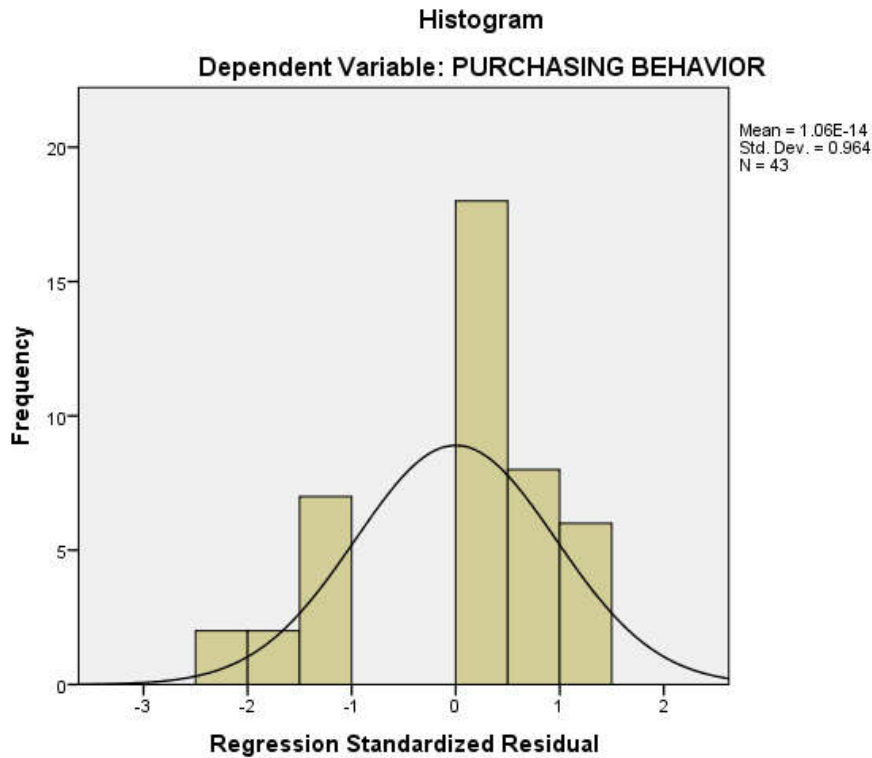
Table 4.11: shows that the assumption of independence of residuals is met. Durbin Watson value for this study is 1.471 is accepted.

4.5. Regression Analysis

Multiple regression analysis was employed to examine factors affecting consumer purchasing behavior towards Life insurance. The following subsections present the results of multiple regressions analysis.

4.5.1 Test for Normality

In statistics, normality tests are used to determine if a data set is well-modelled by a normal distribution curve or plots and to compute how likely it is for a random variable underlying the data set to be normally distributed. A graphical tool for assessing normality is the normal probability plot of the standardized data against the standard normal distribution. For a normal data the result should fall approximately with in a normal curve line, Gujarati (2002).



Source;-model output, 2020

From the normality distribution table, we can see & conclude that the distribution of the data is normal even if there are high response rates in the data. The result fits with the standard.

4.5.2 Model Summary

Table 4.5.1: Model Summary

Model	P	R Square	Adjusted Square	R	Std. Error of the estimate
1	.911 ^a	.831	.505		.317

Predictor: factors affecting purchasing behavior

Source: Researcher construct from the result, 2020

From the table above, the coefficient of determination was found to be 0.831 indicating that factors affecting purchasing behavior account for 83.1% of the variability in purchasing behavior. This suggests that 16.9% of the variation is not explained by factors.

Table 4.5.2: Anova

Anova						
Model		Sum of square	Df	Mean Square	F	Sig
	Regression	3.354	5	.671	3.694	.008 ^b
	Residual	6.720	37	.182		
	Total	10.074	42			
a. Dependent Variable: PURCHASING BEHAVIOR						

Source: Researcher construct from the result, 2020

The significance level is 0.008 which is less than 0.01. This indicates that the model was statistically significant at the 1% level of significance.

4.5.3 Multi-Co Linearity Test of the Independent Variable

Table 4.5.3: Multi- Co linearity test of the independent variable

Model		Co Linearity VIF	
		Tolerance	VIF
	Social factors	.416	2.402
	Cultural factors	.402	2.488
	Personal factors	.311	3.221
	Psychological factors	.421	2.391

a. Dependent Variable: PURCHASING BEHAVIOR

Source: Researcher construct from the result, 2020

The result in the above table show that the co linearity between independent variables has no series problem Since the value of tolerance for all independent variable is greater than 0.1 and all VIF is less than ten ($VIF < 10$).

4.5.4 Coefficient of Determination

The study analysed four major factors affecting purchasing behavior on the data using multiple linear regression models. Since the entire four factors affecting purchasing behavior were not violated, the researcher examined the data collected by the questionnaires using multiple regression model as follow.

Linear regression estimates the coefficients of the linear equation, involving one or more independent variables that best predict the value of the dependent variable. In multiple regressions we use an equation of:

$$y_i = (b_0 + b_1X_1 + b_2X_2 + \dots + b_nX_n) + E_i \text{ Where:}$$

- y_i = the outcome variable
- b_0 = the coefficient of the predictor (X_0)
- b_1 = the coefficient of the first predictor (X_1)
- b_2 = the coefficient of the second predictor (X_2)
- b_n = the coefficient of the n^{th} predictor (X_n)
- E_i = the difference between the predicted and observed value of y for the i^{th} participant

Therefore, in this study the following multiple regressions were used:

Where:

- (y_i) = purchasing behavior
- SF (X_1) = Social factors
- CF (X_2) = Cultural factors
- PF (X_3) = Personal factors
- PSF (X_4) = Psychological factors

From the above description we can drive the model as follows;

$$\text{Consumer buying behaviour} = b_0 + b_1 (\text{SF}) + b_2 (\text{CF}) + b_3 (\text{PF}) + b_4 (\text{PSF})$$

Table 4.5.4 Regression Coefficients Result

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.305	.133		.704	.482
1 PF	.846	.188	.316	4.506	.000
CF	.265	.176	.081	1.508	.133
PSF	.732	.116	.202	3.394	.001
SF	.028	.167	.011	.165	.001

a. Dependent Variable: CPB
Source: Researcher’s survey result (2020)

In order to establish the assessment that each factor has on the dependent variable (purchasing behavior); the study checked the Standardized Coefficients of. Table; shows that, all the independent variables have statistically significant effect on the dependent variable except the cultural effect, since its p-value is below the alpha level which is 0.05. Considering the standardized beta coefficients, the strongest predictor of the dependent variable is personal factor and psychological factor (0.22 and 0.316) respectively, moreover, social factor have a beta value of 0.11.

From this result, one can deduce that, personal factor is the major contributor of overall consumer purchasing behavior; this implies that a one unit increase in personal factor would lead to 0.316 unit (or 31.6%) increased in consumer purchasing behavior. Similarly a one unit increase in psychological factor would lead to 0.202 units (or 20.2%) increase in consumer purchasing behavior. Lastly, a one unit increase in social factor would lead to 0.11 (or 11%) in consumer purchasing behavior for life insurance purchase.

Based on table 18, we can drive the model as follows:

$$\text{Consumer's buying behaviour} = b_0 + b_1 (\text{BAW}) + b_2 (\text{BL}) + b_3 (\text{SF})$$

$$\text{Consumer's buying behaviour} = 0.305 + 0.846(\text{PF}) + 0.732(\text{PSF}) + 0.028(\text{SF})$$

4.6. Hypothesis testing

Based on the findings of the above result the following hypothesis were tested.

H1. Social factor has positive & significant effect on consumer behaviors toward life insurance

Based on the result of Pearson correlation coefficient and the regression coefficient the pvalue of the social factor is less than 0.05%. So from the above result social factor have a positive and significance effect on the consumer purchase behavior as a result the hypothesis is supported.

H2. Personal factor has positive & significant effect on consumer purchasing behavior toward life insurance

Based on the result of the above table personal factor have a positive & significant effect on consumer purchase behavior so hypothesis is accepted.

H3. Cultural factor has positive & significant effect on consumer behavior toward life insurance

Based on the result of the regression coefficient the pvalue of the social factor is greater than 0.05%. So from the above result social factor have a positive and insignificance effect on the consumer purchase behavior as a result the hypothesis is rejected.

H4. Psychological factor has positive & significant effect on consumer behaviors toward life insurance

Based on the result of the regression coefficient the pvalue of Psychological factor is less than 0.05%. So from the above result Psychological factor have a positive and significance effect on the consumer purchase behavior as a result the hypothesis is supported.

CHAPTER FIVE

SUMMARY, CONCLUSION ANDRECOMMENDATION

5.1 Introduction

This chapter summarizes the purpose of the study, the major findings and conclusions, the study implication for theory and practice, and makes recommendation.

5.2. Summary of the Major Findings

The findings indicate that the factors affecting consumer purchasing behavior towards life insurance are social factors, cultural factors, personal factors and psychological factors. From these social factors have relatively low influence on respondents purchasing behavior of life insurance namely respondents purchase life insurance services which are not their social stand, respondents look to their peers advice when purchase life insurance service, looking to their spouse (boyfriend) girlfriend advice when purchasing life insurance service, looking to their parents and family for the best life insurance services to purchase from the company, However social factor had moderate influence on the purchasing behavior, such as respondents self-esteem affects their purchase decision on life insurance services and buying life insurance services which were role models use. With respect to cultural factors the finding from the target respondents indicates that income has great influence on purchasing behavior of customers life insurancesuch that, respondent's personal income family income affects their purchase decision on life insurance services on the other hand religion and culture have relatively low influence on consumers life insurance purchasing behavior namely respondents religion plays a low role in determining what life insurance services, religion and culture don't prohibits respondents from buying certain life insurance services.

The finding also indicates that from those four factors the most effect on the consumer decision purchasing behavior when purchasing a life insurance are personal factors and psychological factors as majority of thecustomers think their personal factors have has more effect on purchasing behavior towards life insurance such that they consider the price of life insurance services before they purchase from the company, respondents purchase life insurance services

which are of their social class use and personality and life style affect their purchase of life insurance services. On contrary the finding shows customers purchasing behavior towards life insurance don't affected by their gender and age namely customers age don't influence the life insurance services they purchase from the case company and customers gender don't affect your purchasing behavior life insurance services?

In regard to physiological factors customers purchasing behavior is moderately affected by customers' attitude, the case company service, the image of the insurance service provider and brand name of the case insurance company in the market such that customers purchase life insurance services according to their attitude towards the life insurance services, customers purchase life insurance services which they consider is good insurance services provider in the insurance market and customers purchase life insurance services from insurance service provider with good image / image that they like. Besides learning concept have little influence on purchasing behavior namely customers don't purchase life insurance services according to his/her learning concept towards the life insurance services.

The result indicated that the challenges the insurance company face in related to consumer purchasing behavior in life insurance service are the consumer attitude in regard to life insurance take the higher rank since even customers decided to buy the life insurance they still have doubt regarding to its implementation. Additional challenge the insurance company face are insurance service need much more promotion and advertising since the service need intensive communication with customers, reminding customers the risk and pushing customers to purchase the service. And also the government regulation in regard to the insurance policy and financial regulation are the main challenges the insurance company face.

5.3. Conclusions

The purpose of this study was to assess factors affecting consumer purchasing behavior, and their influence with the consumer purchasing behavior towards life insurance. The purchasing behavior of customers life insurance were examined through variables such as social factors, cultural factors, personal factors and physiological factors which are the main factors for affecting purchasing behavior and insurance companies must identify and work on these factors to improve their service, marketing mix and insurance products the following were the findings obtained from the data analysis regarding the factors affecting purchasing behavior and their influence on purchasing behavior of customers towards life insurance. Based on the results of the study obtained and summary of findings the following conclusions were given.

The finding indicates that the factors affecting customers purchasing behavior towards life insurance in the case insurance were social factors, cultural factors, personal factors and physiological factors. And from those factors social factors namely customers will seek advice or look their peers, parents and spouse/girlfriend/boyfriend while they purchase insurance services. And also self-esteem and role models also have influence on customers purchase; cultural factors namely personal factor and family income affect purchasing behavior of customers at significant level, while religion and culture have little influence on life insurance purchasing behavior of customers.; Personal factors namely social class use and personality and life style have relatively higher effect on customer purchasing behavior towards life insurance on contrary customers gender and age don't have significant effect on customers purchasing behavior of life insurance; physiological factors namely customers' attitude, the case company service, the image of the insurance service provider and brand name of the case insurance company in the market have effect on customer purchasing behavior towards life insurance.

The research finding indicated that from the factors of cultural, social, personal, psychological, personal and philological factors have the moderately higher effect on the consumer decision purchasing behavior when purchasing a life insurance with average mean value 3.03 and 3.2 respectively.

Finally, the challenges the insurance company face in related to consumer purchasing behavior in life insurance service are the consumer attitude in regard to life insurance take the higher rank since even customers decided to buy the life insurance they still have doubt regarding to its implementation. Additional challenge the insurance company face are insurance service need

much more promotion and advertising since the service need intensive communication with customers, reminding customers the risk and pushing customers to purchase the service. Besides the insurance company also face is the competition from difference service providers specially bank insurance are emerging the market which make the case company not to get huge companies to get it service and the economic condition and life condition of the population is the bottleneck for the life insurance service.

5.4. Recommendation

On the basis of the findings and conclusions reached, the following recommendations were forwarded;

Based on the finding it has been clearly seen that all the indicated factors have significant effect on consumer purchasing behavior, therefore the case insurance company should closely look in to those factors namely social factors, cultural factors, personal factors and psychological factors while doing business since those factors are the main elements for customers while deciding to purchase the insurance service.

According to the finding, even though all the factors are significant for affecting the purchasing behavior of customers, personal factors and psychological factors are the most important factors in affecting the purchasing behavior of customers toward life insurance, thus the case insurance company should work on those areas in order to attract, maintain and retain its customer base by building better brand image and better competitive service.

Based on the finding, the main challenges that the case insurance company face were the attitude and awareness of the insurance users, therefore, the case insurance company should further enhance public's awareness and financial literacy by using different approaches. For example they should use media, internet and billboard as a medium of promoting the life insurance and made a program such true story regarding the life insurance benefits. This program will give big picture to society about how important the life insurance is to their family as extra saving to the future use a, health, education and financial losses

The other area in which the insurance company can work is price of the insurance, since customers are price sensitive. The company can make different price packages that can customers can afford in order to attract customers and establish large customer base.

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ST.MARY’S UNIVERSITY
GRADUATE SCHOOL OF BUSINESS
MASTERS OF MARKETING MANAGMENT (GENERAL) QUESTIONNAIRE

Dear Respondents,

The purpose of this questionnaire is to gather data on the factors affecting consumer purchasing behavior towards life insurance in the case of Nyala insurance share company. The study is purely for academic purpose and thus not affects you in any case. So, your genuine and timely response is vital for success of the study. Therefore, I kindly request you to respond to each items of the question very carefully.

General Instructions

- ✚ There is no need of writing your name
- ✚ Where answer options are available please tick (√) in the appropriate box for your response to each question & statements.

Contract Address

If you have any query, please do not hesitate to contact me and I am available as per your convenience at (Mobile: 0935012524 or e-mail: lieltfeleke2016@gmail.com)

Thank you, for giving me your valid time to answer the questions!

PART A (General Section)

1. Gender: Male Female
2. Age Below 18 Years 31 – 35 Years 18 – 25 Years
 36 – 50 Years 26 – 30 Years above 50 Years
3. Marital Status
 Single Married Divorced
4. . Source of Income
 Employment
Self – Employment Other (Specify) _____
5. Level of monthly income
≤5,000 5,000-8,000

8,000-10,000 ≥11,000

Section B: - Consumer purchase Behaviour Questioner

1. What do you understand usually about Insurance?

1. It's a profit maker company
2. name
3. it's a backup for a bad days
4. it's a business company
5. All of the above
6. none of the above

2. Which brand of insurance company comes into your mind first from the following insurance companies?

1. Awash Insurance
2. Nib Insurance
3. Hebiret Insurance
4. Nyala Insurance
5. Other

3. From question no.2 how do you come to know about this insurance company?

1. I'm a customer
2. advertisement
3. Country image
4. Group reference or recommendation
5. Availability and accessibility
6. Other specify

4. Do you have a life insurance?

1. Yes
2. No

5. If your answer is yes for the above question why don't you want to have a life insurance?

1. Because it's important
2. I'm afraid one day I will have a bad situation.
3. Because my company buy for me

4. Because I want to be secured
5. I want to reduce a risk in ma family
6. Other reasons
6. What encourages you to take the decision for purchasing a life insurance service?
 1. Families
 2. Friends
 3. Its benefits to me or ma family
 4. Social value
 5. My economy
 6. Other specify

PART c: Questionnaires directly related to the study

I. Social factors

SA= Strongly Agree A=Agree N= Neutral D= Disagree SD= Strongly Disagree

No	Question	SA	A	N	D	SD
1.	Does your self-esteem affects your purchase decision on life insurance services?					
2.	Do you only purchase life insurance services which are of your social stand?					
3.	Have you look to your peers advice when purchase life insurance service?					
4.	Have you look to your spouse (boyfriend) girlfriend advice when purchase life insurance service?					
5.	Do you buy life insurance services which your role models use?					
6.	Have you look to your parents and family for the best life insurance services to purchase from the company?					

II. Cultural factor

No	Questions	SA	A	N	D	SD
1.	Do you think your family in come affects your purchase decision on life insurance services?					
2.	Does your religion plays a role in determining what life insurance services you purchase?					
3.	Does your personal income determine the life insurance services you purchase?					
4.	Do you think your culture prohibits you from buying certain life insurance services?					
5.	Do you think your religion prohibits you from buying certain life insurance services?					

III. Personal factors

No	Questions	SA	A	N	D	SD
1.	Do you always consider the price of life insurance services before you purchase from the company?					
2.	Do you purchase life insurance services which are of your social class?					
3.	Do you think your age influence the life insurance services you purchase from the case company?					
4.	Does your gender affect your purchasing behavior life insurance services?					
5.	Does your personality and life style affect your purchase of life insurance services?					

IV. Psychological Factors

No	Questions	SA	A	N	D	SD
1.	Do you purchase life insurance services according to your learning concept towards the life insurance services?					
2.	Do you purchase life insurance services according to your attitude towards the life insurance services?					
3.	Do you only purchase life insurance services which you consider is good insurance services provider in the insurance market?					
4.	Do you only purchase life insurance services from company which you perceived has a brand name in the insurance market?					
5.	Do you only purchase life insurance services from insurance service provider with good image / image that you like?					

Finally what other factors not mentioned above contribute to your purchase of life insurance from the insurance company?

Thank you for your valuable time!