

A QUALITATIVE STUDY ON PERCEPTION OF GEN Z'S OF MUMBAI ON LIFE INSURANCE PURCHASE

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ABSTRACT:

This research paper explores perceptions about Life Insurance for Gen Z's, the most dynamic cohorts in today's world. Like all other behavior, purchase behavior of this generation is also significantly different than all other generations. Amongst all other financial products, life Insurance, is the most important risk tool to mitigate financial loss suffered through unfortunate loss of earning members in one's family. This financial tool is gaining importance in this new age generation. With increased awareness through continuous use of digital platforms, today's generation decides on their choices much more holistically, backed by data and opinions. The potential to earn and influence purchase decisions is significantly high in this generation. With increased risk awareness, especially in the post-COVID era, this generation may have more propensity to buy; however they need to be tapped by marketers through significantly different ways and means.

Life Insurance in India is in its growth trajectory and aiming at Insurance for all by 2047. With 52% of the Indian population falling into Gen Z and Millennials (Nasscom, 2021), life Insurers are trying to analyse the purchase behavior of Gen Zs like never before to develop suitable marketing strategies. This study aims at the exploration of Gen Z in the city of Mumbai, the financial capital of the country, as they open up their mind in a candid focus group discussion. The transcript of the recording is analysed in MAXQDA software to derive insights and draw conclusions. This study sheds light on unique characteristics of this generation and highlights the significance of creating Insurance awareness, amongst others, which should drive purchase intentions. By understanding these dynamics, Life Insurance companies should tailor their product features, service offerings, and marketing strategies to effectively cater to the needs of this generation.

Keywords: Focus Group Discussion, Generation Z, Life Insurance, Consumer Behaviour, Insurance Awareness

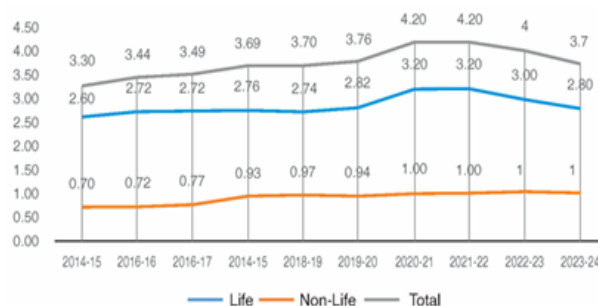
Introduction:

Human life is the most important asset in the world, and the most important type of insurance that provides financial protection to one's family at the time of his/her demise is life insurance. Life Insurance is a long-term contract which becomes profitable for the Insurance companies when policies are renewed for a long time and do not claim the benefits. Thus, Insurance companies look for young lives with high life expectancy and premium-paying capability, and hence it is important to understand consumer preferences for life insurance amongst the young population of the country. Buying Life Insurance at an early age also helps one to lock the premium at a lower cost while securing life with a higher coverage amount. Also, by doing this, one ensures that the life insurance premium remains the same throughout the term of the policy, unaffected by inflation.

The Insurance industry in India is one of the fastest-growing and has currently acquired its 10th position globally. It is forecasted to be the fastest-growing market within the G20 countries in the coming five years. The growth rate is being indicated to be majorly driven by economic growth, an increase in disposable income, a young population, increased risk awareness, digital penetration, and a supportive regulatory environment. Two metrics, which

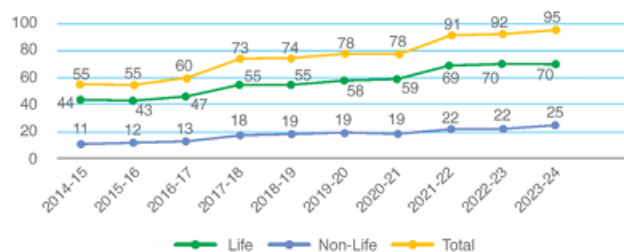
are often used to measure the level of development of the Insurance sector in a country, are Insurance penetration and Insurance density. While insurance penetration is measured as the percentage of insurance premiums to GDP, insurance density is calculated as the ratio of premiums to population (per capita premium). (IRDA Annual Report, 2023-24).

Insurance penetration in India



(Source : IRDA Annual Report, 2023-24).

Insurance density in India



(Source : IRDA Annual Report, 2023-24).

The above tables indicate that the Life Insurance industry's insurance penetration marginally declined from 3 per cent in the previous year to 2.8 per cent during 2023-24. However, life insurance density remained static at USD 70. During 2023-24, the Life insurance industry recorded the premium income of 8.30 lakh crore, registering 6.06 per cent growth (IRDA Annual Report, 2023-24). Historical data demonstrate that the Industry has successfully continued its consistent premium growth over the years.

Generation Z is defined as youth born between 1997 and 2012 and shall form a sizeable proportion of the population in the years to come. Generation Z, known as digital native, is characterized by their adaptability to a highly evolving digital world (Twenge, 2017). Characteristics and personality traits of this generation are very different than the previous one. This is the only generation that is born in the digital age and thus depends on constant connectivity and instant information. They compare, analyse options before any purchase decision is made. It is also at this time that they strive to attain economic independence through their career aspirations. They also face issues like the rising cost of living. Escalating educational expenditure and changes in the job market. This generation has also witnessed world crises like the Great Recession and the COVID-19 pandemic, and thus is conservative about their choices.

Generation Z requires a product that is transparent, easy to understand, and is accessible for purchase in different modes. Unlike other products, Insurance is usually viewed as complex and does not give instant gratification like other products. Sometimes, Gen Z's knowledge of Insurance stems from agonizing experiences of their parents and family members on cost, complex paperwork, terminology, legal declarations in the fine print, and worst, the rejection of a claim. These impressions often leave an impression and distract them from Insurance to other financial products. These are point and click generation who need any purchase experience to be quick and frictionless. Technology, tailored products, and customer experience shall make any purchase relevant for this generation. Improving transparency in dealing,

educating on their products and services, streamlining digital platforms, and incorporating chatbots or virtual assistants could hold the key to luring Gen Z.

Generation Z had grown in an uncertain time marked by the 2008 Great Recession and subsequently Covid-19 pandemic. The financial uncertainties, unknown career avenues, job loss, and health challenges for the near ones have inherently had an impact on their mental health and made them vulnerable to anxiety, depression, and ADHD (Attention Deficit Hyperactivity Disorder). More Gen Zers also transformed towards the Gig economy to bolster their income; however, these jobs are less stable and give them fewer options for career advancement (McKee-Ryan, 2021). Even if the world today has significantly moved ahead from the 2008 Financial Crisis and the 2021 COVID pandemic, adolescents and young adults encounter more underemployment and unemployment problems than their older counterparts (Rubin-Chen-Tung, 2024). Thus, this generation seems to be less adventurous and more cautious about their spending and will surely do online research and opinion gathering before deciding on any purchase.

Future orientation, or the mental image individuals have about their future, plays a pivotal role in the mental development of this generation. During the middle adolescence stage (Ages 14-17 years), this generation makes more decisions as to whether to pursue higher education or make social relationships (Carey, 2022). In the emerging adulthood (Ages 18-22 years) stage, with the increased maturity, they make decisions on long-term professional goals and plan for financial independence in life (Schoon & Mortimer, 2017).

India, being a growing economy, is home to an estimated 40 percent of Gen Z, which translates to approximately 377 million Individuals (Katharina, statista.com, Oct 24) and shall account for 46 percent of consumer spending by 2035(BCG + Snapchat study, Oct 2024).

Mumbai, being the financial capital of India, people should be more aware of the financial instruments, including life Insurance. Thus, a qualitative study is conducted amongst Gen Zs of the city, which should create a benchmark against other cities, post which city-specific studies can be undertaken. Literature review, using relevant keywords, did not reveal many useful studies conducted in the Indian context on this theme.

Research Objective:

- a) To determine factors influencing Generation Z Consumers' buying behaviour towards life Insurance purchase, choice, and preferences in the city of Mumbai, India.
- b) To identify the weightage of factors influencing purchase decision towards life Insurance amongst Gen Zs of Mumbai.

Methodology:

An extensive literature review pointed out the need to determine Insurance buying behaviour patterns of Generation Z so that Insurers can design a specific marketing strategy based on their specific needs. Research papers relevant to Consumer behaviour towards life Insurance purchase, choice, and preferences abroad and in India were obtained from various literature post 2005. Review of literature revealed a dearth of research in the areas of assessment of purchase propensity of Generation Z towards Life Insurance.

Thus, an exploratory qualitative study design was adopted. Structured focus group discussion (FGD) (n=8) using purposive sampling amongst GenZs of Mumbai was conducted through online mode. Discussion was video recorded and transcribed verbatim through MAXQDA 2024 (VERBI Software GmbH, Germany). Transcript content was screened, and codes were assigned based on themes. Data was analysed through MAXQDA qualitative data analysis software using the descriptive analysis technique.

Review of Literature:

A literature review was carried out using research papers from reputable literature and studies that were carried out by researchers worldwide on Consumer buying behaviour across

various geographies and also across generational cohorts on various products and services, including Insurance.

Wood (2013) , did an extensive research on Generation Z as consumers: Trends and innovation. In this research, key factors affecting consumer purchase behaviour amongst Generation Z were studied. The author adopted qualitative research technique to conduct the research. The major traits of Gen Z are identified as Innovation, Convenience, Security and Escapism.

Williams (2015) identified in his study that the paradigm of thoughts and actions amongst Generation Z is significantly different from millennials. The study looks at the geopolitical and economic situation in which this generation was brought up, mostly in a nuclear family setup. Influenced hugely by technology, free access to information, which differentiates their behavioural traits in contrast to their previous generation.

Sanjay Madhavi (2015) mentioned in his descriptive research that word of mouth from relatives/friends/neighbours/colleagues has a more profound impact on the satisfaction level of one customer than commercials and advertisements from marketers in life insurance.

Chaudhary and Kaur (2016) researched various factors affecting consumer perception towards life insurance policies in the Indian context. The main findings indicated six variables, i.e., timely and customised service delivery, company reputation, service quality, convenience of customer, tangible benefits, and a customer-client relationship.

A.P. Singh (2016) opined that Generation Z tends to be motivated by different factors than the previous generation. They are impatient, instant-minded, seem to be less ambitious, sometimes acquire attention deficit hyperactivity disorder (ADHD), are highly dependent on technology, low span of attention, are individualistic, self-driven, most demanding, acquisitive, materialistic, and entitled generation so far.

McKinsey & Company (2018) had undertaken a study to understand the behavioural aspect of Generation Z and its implications for companies in Brazil, which revealed four core behavioral traits of Gen Z. Gen Z'ers do not like labels and value individual expressions. They do try to be involved in a variety of causes. They believe strongly in the importance of continuous conversation, which can solve a variety of problems. They make decisions in an extremely analytical and practical way.

Kahawandala & Peter (2020) developed an extended research model based on the Theory of Planned Behaviour (TPB), incorporating additional constructs like market mavenism, technology self-efficacy, and social identity to better understand Gen Z's unique purchasing behavior. It emphasizes that traditional consumer behavior models may not fully capture the digital-first, socially influenced, and tech-savvy nature of this generation.

Thangavel, Pathak, and Chandra (2021), studied Generational cohort Analysis on Indian consumers. Earlier studies were done in the American and European context and thus required a separate study in the context of the developing nations. The study revealed that Millennials and Gen Z demonstrate very distinct consumer behaviour and thus marketers need to differentiate their product offerings, value propositions, and promotional offerings based on their specific needs. Transparency, authenticity, and customer-centricity shall play a pivotal role in establishing a meaningful connection with this generation.

Pareek, Dua & Mittal (2022) studied the impact of social media advertising on consumer behaviour in India, specifically in Life Insurance. As per this study, credible commercials create a favourable impact on the mind of today's generation. Amongst vigorous marketing, creating brand awareness should be the main objective that marketers should be interested in.

Dobrowolski, Drozdowski, and Panait (2022) mentioned in the article examined how Gen Z's values, competencies, and ethics are reshaping public administration and risk

management practices. The research, based on a survey of Polish Gen Z respondents, suggests that their expectations align with global trends, but also highlight the need for tailor-made strategies across geographies.

Hieu and Loan (2022) investigated what drives Gen Z consumers in Vietnam to buy online. Key findings suggest that convenience and responsiveness, technological fluency and social influence are major factors for them to shop online. The study highlights that Gen Z is not just a future market—they are already a dominant force in online retail, especially in fast-growing markets like Vietnam.

Archillies Kiwanuka and Athenia Bongani Sibindi (2023) examined how factors like perceived value, insurance literacy, and perceived trust impacts insurance inclusion in Uganda. Perceived trust has more impact on insurance inclusion in comparison to perceived value and insurance literacy.

Shah (2023) studied factors that mostly influence customers while selecting Insurance policies. The study listed down factors like Tax benefits, Goal Achievement, Contingencies, and Convenience, Risk aversion, etc, playing an important role in the customer's mind while selecting Insurance.

Dimitrieska, Stanoevska, and Danevska (2023) explored how Gen Z approaches buying and paying in today's digital economy. They prefer online shopping and are highly influenced by social media, peer review, and influencer marketing. They make purchase decisions post detailed research. They prefer brands that align with their belief system.

Elango and Ajah (2023) in their study, strived to explore the factors that influence the investment intention of Gen Z in the stock market in India. The results of this study financial literacy and the influence of social factors have a profound impact on the purchase intention of this generation towards stocks. Thus, attitude toward investment, financial literacy, perceived behavioural control, and subjective norms significantly influence investment intention amongst Gen Zs of India.

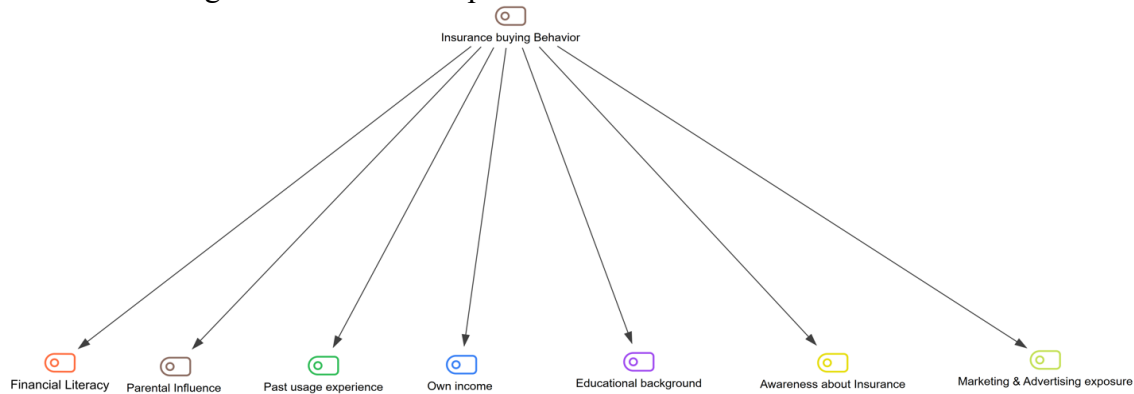
However, not many studies are available on Insurance buying behaviour amongst Generation Z in the Indian context, especially after the COVID period.

Findings:

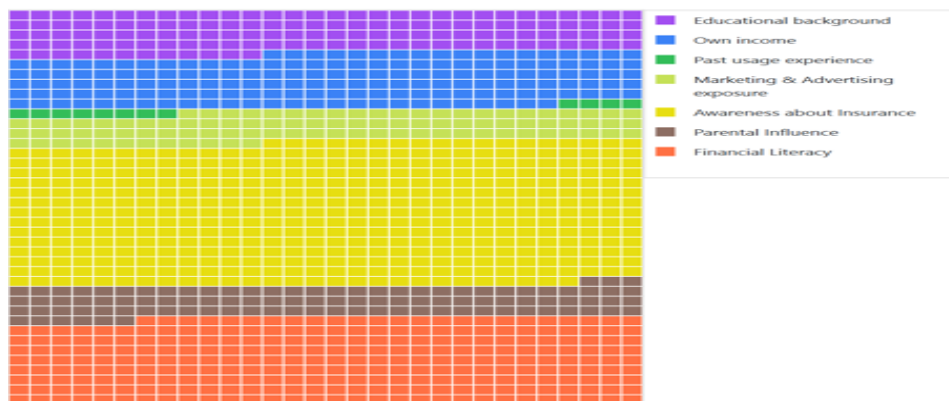
Overall, there were 7 unique codes that emerged from the theme of the transcript. Creative cloud output confirmed "Awareness about Insurance" was the major variable influencing Life Insurance purchase, followed by financial literacy, own income, Parental influence, Educational background, advertising by the companies in various media, and past experience of product usage.



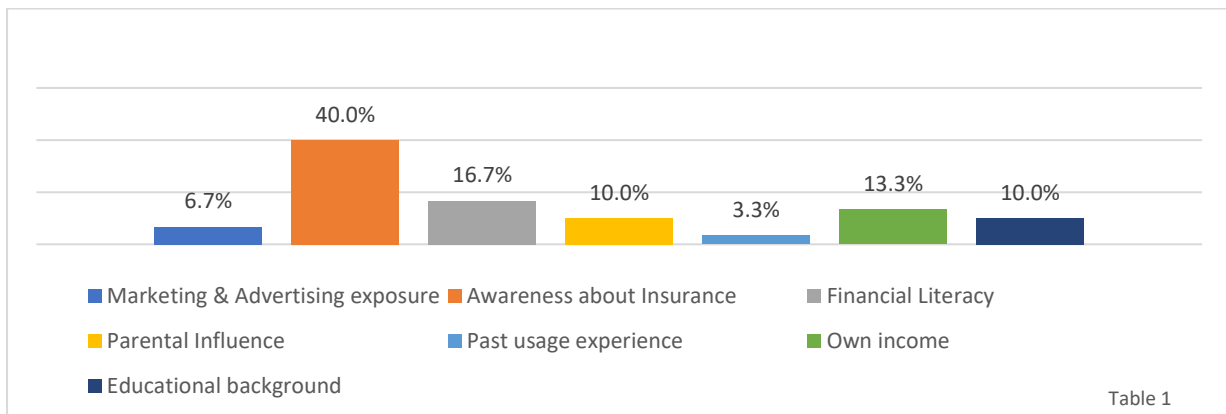
A creative coding tree diagram depicted that all seven factors have relevance in the decision-making for Life Insurance purchase.



Document portrait visual depicted a colour-coded representation of the factors with its presence in the entire conversation amongst Gen Z respondents.



Below mentioned table 1 below shows views of participants regarding factors influencing Generation Z Consumers' buying behaviour towards life Insurance purchase, choice, and preferences in the city of Mumbai. Through the interview, the most frequently discussed factor affecting Life Insurance purchase was Insurance Awareness.



With 40% of the responses on its side, Awareness towards Insurance is the single largest variable to be looked at by the Insurers to create an impression in the young minds. Respondents acknowledged the necessity for having Insurance and mentioned that for buying Insurance, they would prefer to do their own research. They also mentioned that Insurance is more affordable now for the masses.

These young adults still find parental advice extremely useful and reliable before any financial decision is taken. After conducting their own research, they seem to feel more convinced to take parental advice before they buy any such product.

Few of them have also emphasized that they shall fund the premium from their own income, as now, they start earning through different means at an early age.

Respondents also feel that knowledge about other financial instruments like the equity market, mutual fund helps in understanding the importance of Insurance products and their efficacy. Past experience of using Insurance service (e.g, lodging of Claim) is also identified as one of the factors that can impact sales.

Respondents, who are from a finance/commerce background, are found to be more equipped with the knowledge of the financial market, including Life Insurance. There are also mentions from respondents that they were exposed to the Insurance companies and their products through advertisements. They could even recall some of the names of the Insurance companies and web aggregators.

Conclusion:

The study highlights that Insurance awareness is the major influencer that determines consumer buying behavior amongst Gen Zs of Mumbai towards Life Insurance products. As this generation is exposed to digital influence from an early age, it shall be prudent to educate and expose them to options through digital means. To lure them into the Insurance world, companies need to offer them an easy and seamless online experience with uncomplicated products and an uncluttered service experience. Overall, it could be a digital ecosystem that may educate this generation and influence them to select life insurance over other modes of financial investments. Emergence of chat bots powered by artificial intelligence, along with simpler design of the Insurance products, can be looked at with which Insurers may approach educating this Generation through social media and other digital routes.

Educational background of Accounting also impacts purchase behaviour for Life Insurance. Insurance as a subject of study makes one aware of its usefulness and the returns. It also makes one knowledgeable about the concept and importance of risk management. Generation Z, who are knowledgeable about other forms of financial investments, also tend to be more inquisitive about Insurance as an avenue of investment return and a risk management tool.

Gen Zers are varied in terms of socioeconomic status as the spread is amongst high school goers, college students, and early entrants to the job market. As some percentage of them are also earning, and thus, self-buying capacity is an important factor for this cluster. As young adults, they are being slowly exposed to the complexities of the outside world; however, for financial decisions, they still value parental advice, which is also one determinant that helps them to make purchase decisions.

In conclusion, Generation Z represents a fresh and significant market for insurers. Understanding their value system, preferences, and aspirations is imperative for Life insurers to sustain and grow in this ever-changing Life Insurance landscape in India.

The results will provide Insurance organisational leaders the tools and the information needed to better understand the factors that drive the young minds to purchase long-term financial products and their attitude towards risk management, and thus create products that look more lucrative to Generation Z in our country. As we embark on a journey towards financial inclusion of this important cohort of our population, creating an ecosystem keeping the 7 factors in mind is of paramount importance.

Future Direction:

Quantitative and qualitative studies to be carried out in Mumbai and other Indian cities to determine consumer buying behavior for Gen Z and their propensity towards insurance purchase.

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