



Exploring and Predicting Consumer Awareness of Insurance Product Innovation

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Abstract

The purpose of this paper is to explore consumer awareness of insurance product innovation. One area of concern for insurance companies is the lack of focus given to consumer on product innovation awareness. It is possible that this study could shed some light on the possibly to offer some assistance to the insurance companies. This is an exploratory research paper. A survey method was employed using a sample of 210 respondents, of age between 25 and 55 years old at Klang Valley, Malaysia. This study was conducted using crosstabulation analysis. Based on the findings, it was revealed that mass media plays a vital role to influence consumers' awareness regarding insurance product innovation. On the other hand, this study also shows that most of the insurance consumers come from Gen Y. Besides, the finding indicates that insurance product is one of the alternatives for consumers saving behaviour. This study provides insights for a previously unaddressed insurance product innovation awareness among consumers. Prior work on consumer awareness and product innovation has not focuses on insurance industry. This study would be useful for insurance companies, as the findings would help them to formulate strategies for promotional activities, which will help to increase demand and market share.

Keywords: Awareness, Insurance, Consumer, Product Innovation.

1. Introduction

Insurance industry has long been considered by some as archaic and lacking in modernization. But things are changing, and they have been for some time. The insurance industry is an innovation juggernaut. From long-term care products to agent websites to original ideas in critical illness, there is evidence all around us that the landscape of insurance is changing. And the insurance companies are coming up with innovative solutions. Consumer awareness is of the very important aspect of selling a brand. The importance of consumer awareness is vital for industries where pace of innovation is rapid like insurance.

On the other hand, insurance since long been catering for the risk management needs of the individuals and businesses. However, due to huge development in business and economies, individuals and businesses have to face many new risks in every work of life. Insurance companies are not only responding to these risks but also providing the innovative solutions and risk coverage for possible future risks. In competitive environment providing innovative solutions to the consumers is the key for business growth.

For insurance companies it's a big challenge to make consumers aware of innovative insurance solutions. For consumers too awareness can lead to performed better financial decisions and increase their future security. Research has also shown that awareness is one of the important determinants of purchasing insurance products. Effective marketing strategies shall focus on creating awareness among the masses regarding insurance products. Secured families and businesses contribute to societies and economies in a better way. Being financially aware is not only

important for individuals themselves but also for growth and development of communities and economies.

The objectives of this paper are twofold: 1) To discover level of awareness regarding insurance product innovation, and 2) To propose strategies to enhance the level of awareness among individuals. This paper is organized as follows: Section 1 overview background of the study and Section 2 presents the literature review related to the area of study. Section 3 and 4 discusses of the research method applicable in this study and the findings respectively, while Section 5 provides the conclusions and limitations of the study and avenues for further research.

2. Literature review

According to [1] brand awareness is the extent to which consumers recognize a particular brand. [2] defined brand awareness as to make existing and potential customers aware regarding product or service. Brand awareness helps consumers to make purchase decisions [3] also it help consumers to have an association in memory with a brand [23].

Brand awareness has a significant role in determining which brand to be selected and familiar brand is purchased [5-6]. According to [3] brand awareness helps in purchase decision by selecting a particular brand from product category. Brand awareness has significant influence in purchase decision of products and services [7-8]. Products with high level of brand awareness will carry high preference [9-10]. Brand awareness is prerequisite before choosing product or services [11, 8]. Previous studies have shown positive relationship between awareness and behavioural intentions [12-14].

[15] mentioned the important role of brand awareness in decision-making. Similarly, [6] concluded that brand awareness plays a key role for consumers facing a new decision. Repeating the purchase must be regarded as a new decision in this respect, since the individual faces a problem or need and tries to solve it (refer to the buyer behavior model of [16-18]. [19] concluded that brand awareness has a positive relationship with the brand performance in the marketplace. It shows that brand awareness can influence consumers' reactions in the marketplace, leading to a better brand performance. It shows how brand awareness can influence decision-making and encourage the purchase.

Brand awareness also plays a vital role in choosing insurance. The research conducted by [20] have conducted their research regarding consumer attitude towards Islamic insurance in Nigeria and found that trust, awareness and perception are significantly related to attitude towards takaful. Similar results have been found in few of the other studies carried out regarding Islamic insurance [21-24]. [25] brand awareness meaningfully influenced cognition, affection, and conation directly, and future purchase intentions indirectly.

People who are knowledgeable about and familiar with products are likely to be early awareness consumers of new products, in the same category as product-specific experts [26]. Early awareness consumers have more time to influence the rest of the market, using various methods such as social media and viral marketing [27]. Early preference expression in online social media is even more influential than late preference expression because consumers are more easily persuaded when they are unaware of new products. Understanding the implications of different awareness timings among consumers can help marketers allocate their marketing spending effectively.

3. Data and methodology

This research used both primary and secondary data. Primary data sources were collected from distributing questionnaires to the respondents based on the convenience sampling method. On the other hand, the secondary data sources were based on the information extracted from books, articles, reports, journals, newspapers and internet resources. The respondents of the research are the Malaysian in Klang Valley, of age between 25 and 55 years old.

A survey with structured questionnaires developed based on objectives and literature review of the research. The questionnaire was utilized open ended and closed ended questions and divided into two sections. Section I seeks respondent's demographic profile, while Section II gathers data on the related variables that may influence intention to participate in insurance scheme.

Originally, 300 questionnaires were distributed. However, only 210 returned questionnaires were used for the analysis for this study, providing a response rate of 70 percent. According to [28] who suggested the sample size between 30 to 500 units. In analyzing the primary data sources, this research used IBM SPSS Statistics. The demographic profiles of respondents were undergo descriptive analysis that provides frequency distribution. After that, this study used crosstabulation analysis to assess the level of awareness regarding insurance product innovation.

4. Results and findings

4.1. Characteristics of the sample

Respondents were categorized in different segmentations. Female made up 59.5% of the samples. For the entire sample, 61.9% of the respondents were age between 35 to 44 years old. Approximately 47.6% of the respondents are working at private sector, followed by 33.3% from public sector, 17.1% self-

employed and 1.9% from others such as housewife. For highest education level segmentation, 55.2% of the respondents have been graduated in bachelor degree. Other than that, 39.5% of the respondents earned more than RM4,000 per month for household income. Thus, 33.3% of them can save more than RM500 per month. The descriptive statistics of the respondents are summarized in Table 1.

Table 1: Profile of Respondents

Variable	Frequency	%
Gender		
Male	85	40.5
Female	125	59.5
Age		
25 to 29 years old	33	15.7
30 to 34 years old	32	15.2
35 to 39 years old	67	31.9
40 to 44 years old	63	30.0
45 to 50 years old	13	6.2
51 years old and above	2	1.0
Occupation Status		
Public sector	70	33.3
Private sector	100	47.6
Self employed	36	17.1
Others	4	1.9
Highest Education Level		
PMR	5	2.4
SPM	21	10.0
A-Level/ Matriculation/ STPM	29	13.8
Bachelor degree	116	55.2
Master's degree	34	16.2
Doctorate	5	2.4
Monthly Household Income		
Less than RM1,000	3	1.4
RM1,000 – RM1,999	23	11.0
RM2,000 – RM2,999	41	19.5
RM3,000 – RM3,999	60	28.6
More than RM4,000	83	39.5
Monthly Saving		
No saving	4	1.9
Less than RM100	13	6.2
RM100 – RM199	9	4.3
RM200 – RM299	34	16.2
RM300 – RM399	32	15.2
RM400 – RM499	48	22.9
More than RM500	70	33.3

4.2. Gender

From Table 2 and Chart 1, it shows that 58.3% of male respondents are much aware regarding insurance product innovation from the mass media. Followed by friends or relatives (42.1%), internet (36.4%), insurance company (35.7%) and representative or insurance agent (30.8%). On the other hand, 69.2% of female respondents are more confidence with any information from representative or insurance agent. Followed by insurance company (64.3%), internet (63.6%), friends or relatives (57.9%) and mass media (41.7%).

Table 2: Innovative Insurance Products Information* Gender

	Male	Female
Mass Media (MM)	58.3%	41.7%
Insurance Company (IC)	35.7%	64.3%
Representative/ Insurance Agent (R/IA)	30.8%	69.2%
Internet (I)	36.4%	63.6%
Friends/ Relatives (F/R)	42.1%	57.9%

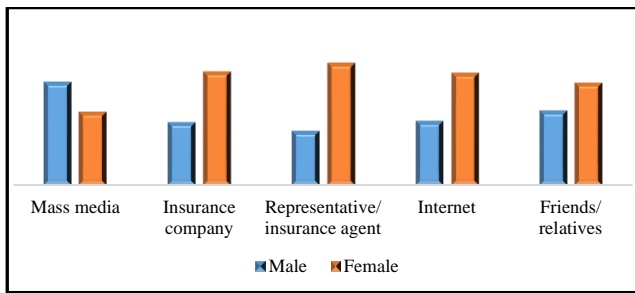


Chart 1: Innovative Insurance Products Information* Gender

4.3. Age

From Table 3 and Chart 2, it indicates that 38.5% of respondents' age between 25 to 29 years old are much aware regarding insurance product innovation from representative or insurance agent. Followed by mass media (25.0%), insurance company (21.4%), internet (18.2%) and friends or relatives (15.8%). Next, 23.1% of respondents' age between 30 to 34 years old are more assured with any information from representative or insurance agent. Followed by insurance company (21.4%), mass media (19.4%), friends or relatives (15.8%) and internet (13.6%). Furthermore, 42.1% respondents' age between 35 to 39 years old are more alert regarding insurance product innovation from friends or relatives. Followed by internet (36.4%), insurance company (35.7%), mass media (33.3%) and representative or insurance agent (30.8%). On the other hand, internet is easier for 22.7% respondents' age between 40 to 44 years old to explore the insurance products. Followed by mass media (22.2%), insurance company (21.4%), friends or relative (21.1%) and representative or insurance agent (7.7%). However, respondents' age between 45 to 50 years old only responded from internet and friends or relatives, 9.1% and 5.3% respectively.

Table 3: Innovative Insurance Products Information* Age

Years old	25-29	30-34	35-39	40-44	45-50
MM	25.0%	19.4%	33.3%	22.2%	0.0%
IC	21.4%	21.4%	35.7%	21.4%	0.0%
R/IA	38.5%	23.1%	30.8%	7.7%	0.0%
I	18.2%	13.6%	36.4%	22.7%	9.1%
F/R	15.8%	15.8%	42.1%	21.1%	5.3%

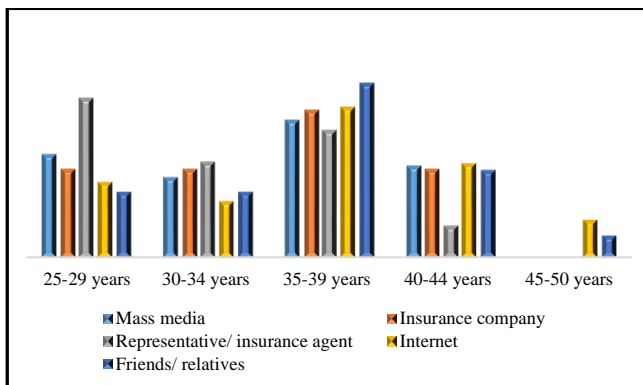


Chart 2: Innovative Insurance Products Information* Age

4.4. Occupation status

From Table 4 and Chart 3, it demonstrates respondents who are working at public sector are more responsive regarding insurance product innovation from insurance and company friends or relatives, 42.9% and 42.1% respectively. Followed by mass media (33.3%), representative or insurance agent (23.1%) and internet (22.7%). Then, 76.9% respondents from private sector are more confident with representative or insurance agent. Followed by mass media (58.3%), insurance company and internet (50.0%), and friends or relatives (47.4%). Moreover, 27.3% respondents self-

employed are more aware the insurance products from internet. Followed by friends or relatives (10.5%), mass media (8.3%), insurance company (7.1%), and no respondents alert from representative or insurance agent.

Table 4: Innovative Insurance Products Information* Occupation Status

	Public sector	Private sector	Self employed
MM	33.3%	58.3%	8.3%
IC	42.9%	50.0%	7.1%
R/IA	23.1%	76.9%	0.0%
I	22.7%	50.0%	27.3%
F/R	42.1%	47.4%	10.5%

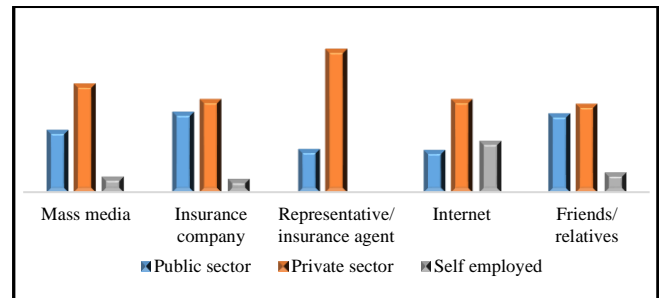


Chart 3: Innovative Insurance Products Information* Occupation Status

4.5. Highest education level

From Table 5 and Chart 4, it shows that 14.3% of respondents SPM level are more concern regarding insurance product innovation from insurance company. Followed by mass media (11.1%), friends or relatives (10.4%), representative or insurance agent (7.7%) and internet (4.5%). After that, 21.1% respondents who have A-level or matriculation or STPM are more protected with any information from friends or relatives. Followed by internet (18.2%) and mass media (13.9%). There is no respondents alert from insurance company and representative or insurance agent.

Besides, 76.9% respondents graduated in bachelor degree are more confident with representative or insurance agent regarding insurance product information. Followed by internet (59.1%), insurance company (50.0%), friends or relatives (47.4%) and mass media (47.2%). On the other hand, 35.7% respondents with master's degree level are much reliable towards insurance company to get information regarding the insurance products. Followed by mass media (25.0%), friends or relative (21.1%), internet (18.2%) and representative or insurance agent (15.4%). However, respondents graduated in doctorate which is the highest education level only responded from mass media 2.8%.

Table 5: Innovative Insurance Products Information* Highest Education Level

	SP M	A-Level/ Matriculation/ STPM	Bachelor degree	Master's degree	Doctorate
M M	11.1 %	13.9%	47.2%	25.0%	2.8%
IC	14.3 %	0.0%	50.0%	35.7%	0.0%
R/IA	7.7 %	0.0%	76.9%	15.4%	0.0%
I	4.5 %	18.2%	59.1%	18.2%	0.0%
F/R	10.4 %	21.1%	47.4%	21.1%	0.0%

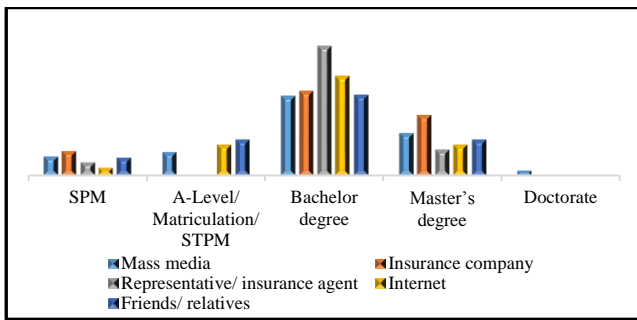


Chart 4: Innovative Insurance Products Information* Highest Education Level

4.6. Monthly household income and monthly saving

From Table 6 and Chart 5, it illustrates that no saving from respondents if their monthly household income are less than RM1,000. Next, 60% of the respondents who have monthly household income RM1,000 to RM1,999 can save RM200 to RM299 per month. 20% respondents can save from RM300 to RM399 and more than RM500. In addition, 27.8% with monthly household income from RM2,000 to RM2,999 can save from RM400 to RM499. Followed by RM300 to RM399 and more than RM500 (22.2%), RM200 to RM299 (16.7%) and RM100 to RM199 (11.1%).

Furthermore, 40% of the respondents who have monthly household income RM3,000 to RM3,999 can save RM400 to RM499 per month. Followed by RM300 to RM399 (23.3%), more than RM500 (16.8%), RM200 to RM299 (13.3%) and less than RM199 (3.3%). On top of that, respondents who have monthly income more than RM4,000 indicates 59% can save more than RM500. Followed by RM400 to RM499 (20.5%), RM300 to RM399 (7.7%), less than RM100 and RM200 to RM299 (5.1%), and RM100 to RM199 (2.6%).

Table 6: Monthly Household Income and Monthly Saving

Ringgit Malaysia	<1,000	1,000 – 1,999	2,000 – 2,999	3,000 – 3,999	>4,000
No saving	100.0%	0.0%	0.0%	0.0%	0.0%
Less than 100	0.0%	0.0%	0.0%	3.3%	5.1%
100 – 199	0.0%	0.0%	11.1%	3.3%	2.6%
200 – 299	0.0%	60.0%	16.7%	13.3%	5.1%
300 – 399	0.0%	20.0%	22.2%	23.3%	7.7%
400 – 499	0.0%	0.0%	27.8%	40.0%	20.5%
More than 500	0.0%	20.0%	22.2%	16.8%	59.0%

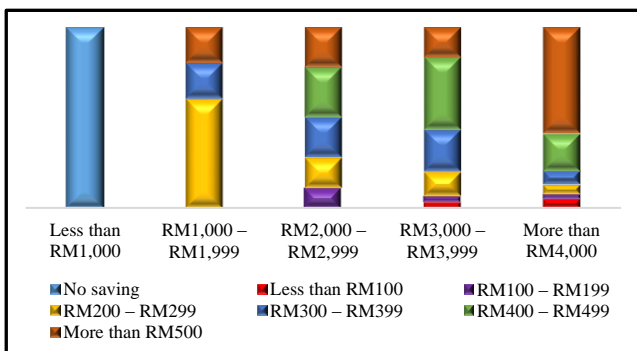


Chart 5: Monthly Household Income and Monthly Saving

4.7. Innovative insurance product awareness

Innovation can be defined as alludes to any mix of exercises and advancements that breaks existing execution exchange offs in the achievement of a result in a way that extends the domain of the

conceivable. An assortment of leap forward advancements are set to goad an essential change of the insurance industry. Cloud computing, the Internet of Things (IoT), advanced analytics, telematics, the Global Positioning System (GPS), mobile phones, digital platforms, drones, blockchain, smart contracts, and Artificial Intelligence (AI) are providing new ways to measure, control, and price risk, engage with customers, reduce cost, improve efficiency, and expand insurability [29].

According to the finding from 210 respondents, respondents alert that the innovative products that they know were thru application using new kind of smart technology. Around 9.4% of respondents admits that app system is the innovative insurance products. Among 7.95% of the respondents also mention that the using of simplified method of payment and cashless transaction help them in paying their insurance thru autodebit or bank as and intermediaries for online transactions. Around 4% of the respondents mentioning on using digital platform for documentation to easy procedure related to their insurance products.

About 5% of the respondents listing car insurance, bank insurance, home insurance and structure of insurance model as an innovative insurance products that they know. This also include a good structure for Takaful should be different from the conventional structure. Other than that, computerized calculation for underwriters also been named as an innovative insurance products. Not to forget, respondents recognized customize plan for each individual and enhanced in policy and security said to be as a part of innovation insurance. Simplification in claiming process also been named as innovative insurance products.

4.8. Innovative insurance product strategies

In identifying the strategies to enhance the level of awareness among individuals regarding innovative products, 89% of the respondents in Klang Valley believed in positive way. In the question of ‘Why do you think innovative insurance products is good for consumer?’ revealed that the insurance products need to be more innovative and variety in order to interact with borderless world. It can be flexible to consumer, user friendly and easy to get information everywhere. It shows that consumer is preferable with on-the-go innovation products especially in insurance industry. The development of those products are really met consumer needed. The on-the-go basis also allowed any updating news to the consumers directly.

Besides, the respondents mentioned that the innovation changes in this industry provides attractive marketing to help consumers make purchase decision. The findings is associated with [3]. Moreover, the respondents also said that the innovative products make them feel more protected in terms of personal data such as identity card number, telephone number and etc.

The innovative products also create transparent communication between the agent and consumer. With that, innovation products is being minimalism to them.

5. Conclusion and recommendation

In conclusion, this current study revealed that mass media plays a vital role to influence consumers’ awareness in terms of product innovation. Meanwhile male is more attached to the mass media as compare to female. It indicates that male is knowledgeable and familiar with the innovation of insurance product. On the other hand, female is more confidence with any information from insurance agent. Besides, this study suggests that among age between 35 to 39 years old respondents are more involved in product innovation. It shows that most of the insurance consumer comes from Gen Y and they seek for innovative force to make them more closed to the insurance product.

Furthermore, this research discovered that the consumers from private sector with bachelor degree holder is highly aware about the

innovation. This research also found that the consumer will have monthly saving more than RM200 if their monthly household income is higher than RM3,000. Thus, it indicates the alternative way for saving is subscribing the insurance product. Finally, in identifying the strategies to enhance the level of awareness among individuals, the respondents stated that the innovative insurance product is very convenience to attach with especially the on-the-go application. And they believed this changes of innovation is met consumer needed these days as shown in this paper.

Based on the findings of this study, it is suggested that awareness can be enhanced by educating the existing as well as the potential customers. Other than that, strong marketing strategies through numerous advertising channels and agents may also contribute in increasing the awareness. Hence, from this study it will be help not only for insurance industry but also for individuals as well. For insurance industry the findings can help to enhance their reach out to the consumers, as increase in awareness level is most likely to increase in insurance demand and market share. For consumer the effective awareness can help individuals to make better and optimized financial and risk management decisions.

Limitations and future research

This research has several limitations. First, this study only focused on respondents in Klang Valley. Therefore, it cannot be generalised the other states or citizens in Malaysia. Thus, there is a need to commence further studies in other states and may use random sampling. Second, this study utilized open ended questions and only focus on consumers' awareness towards insurance product innovation. Hence, further research could take into account factors that may influence consumers' towards insurance product innovation by developing a conceptual framework and used Likert scale questions.

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