

## What Drives My Purchase Intention: A Customer Journey Mapping Analysis in Life Insurance

Kartina Sury, Prof. Dr. MTS Arief, Dr. Asnan Furinto, Dr. Pantri Heriyati

Bina Nusantara University

**Objectives:** The purpose of this research is to explore how customer-to-customer interactions on social media platform influence customers' purchase intention with brand preference and corporate reputation as the mediating variables.

**Methods/Statistical analysis:** This research applied quantitative approach in analysing the gathered feedback from online questionnaires. Respondents were provided with a dedicated URL to access the questionnaire and SEM was then employed to detail the correlation between variables and reconfirm research hypotheses. Unit analysis of this research was the active social media users in Indonesia, aged 25-40 years. The respondents were social media users who were the fans/followers of online communities (either the brand initiated – brand social network or communities created – online social communities). Questionnaires related to variables, deploying the Likert rating scale (1-7), ranging from strongly disagree (1) to strongly agree (7).

**Findings:** The research revealed the supporting role of brand preference and corporate reputation to drive purchase intention as the results of customer-to-customer interactions. Prior to its official fieldwork, pretest was conducted to 30 respondents gathered in online community gathering session. Confirmatory Factor Analysis (CFA) was conducted to check overall fit test of the model through the measurement of Goodness of Fit (GOFI), validity and reliability. The research applied Standardized Loading Factor (SLF) to measure validity whereby Construct Reliability (CR) and Variance Extract (VE) to measure reliability. This research applies Two-Step approach – first order CFA and second order CFA. All hypotheses were accepted so only the hypothesis that stated the positive influence of brand preference to corporate reputation was rejected.

**Application/Improvements:** This research contributed to extend a better understanding of customer journey mapping in life insurance purchasing process of which the focus was on the pre-purchase stage. However improvements can be enriched with ethnography study to explore customer persona for more comprehensive understanding of customer journey that is to explore the sales agents' role vis a vis social media platform as the touch points along the search-consideration that drives purchase intention. Research might also extend the focus to co-creation to support innovation aligned with the increasing discussion on Insurtech.

**Keywords:** *purchase intention, life insurance, customer engagement, brand preference, corporate reputation*

### INTRODUCTION

Life insurance is one of the important pillars for financial protection at every person life stage. The issue with life insurance is that nobody really wants this product. Generating awareness on the importance of life insurance is therefore fundamental to driving the needs and customer likelihood to purchase. Based on the Financial Services Authority (OJK) Financial Literacy survey in 2013 and 2016, Indonesians

continued to portray a low level of insurance literacy, as revealed by the insurance penetration and ownership, hence the product is hardly getting customers' attention.

With the emergence of digital and social media, life insurers embrace the fact alike other industries, that insurance also encounters business disruption and the changing customer landscape due to customer demands, behaviour. Businesses are challenged by the disruption of Customer-to-Customer (C2C) Interactions alongside the increasing customer connectedness due to social media enabled (Blazevic et al., 2013).

The rising popularity of social media has accelerated the attention on customer engagement which focuses on the shared experiences as a growing research topic in marketing literature. This development of social media as the Web 2.0 internet based applications changes the way customers interact and communicate with companies as well as with others through dialogue (peer to peer) and social networking platform (Obar and Wildman, 2015). Qualman (2012) portrayed the exponential growth of social media with the "Socialnomics" that defining how the "word-of-mouth" has transformed to the "world-of-mouth".

In life insurance context, as presented by Solis (2015) and Swiss Re (2014), customers are taking new route alongside their journey in the search-consider-purchase process of an insurance product. Social media emerges as the new touch points, resulting in more complex customer's journey (Lemon and Verhoef, 2016), that is also a disruption to the selling, advice, interaction process within life insurance purchasing process, particularly during the research and consideration stage that was previously centered at life insurance agents as the lingering image of life insurance business. How customers gather and exchange information about products, communicate and build relationships with others (Libai et al., 2010) have been grown as a research agenda to portray the changing customer landscape alongside with the digital interactions phenomenon.

Hennig-Thurau et al. (2010) underlined customer engagement is required not only for post purchase but also during the pre- purchase to attract customer's interest, drive understanding and interactions. This research presents the concept of customer engagement, explores the consequences of how shared information and experiences, exchanged reviews on brands through C2C interactions towards customers' purchase intention for life insurance. Brand preference and corporate reputation were examined as the mediating variables, resulted from C2C interactions that would contribute to drive the intent to purchase. The research indeed aims to contribute to the theoretical understanding and business implication of customer-to-customer interactions on the pre-purchase as part of the customer journey mapping in life insurance product purchase.

### **Conceptual Framework and Hypotheses Development**

Research discussing understanding customer journey and experience evolves in the marketing literature in less than a decade with the inclusion of this topic in the Tier 1 Marketing Science Institute's 2014-2016 Research Priorities (MSI, 2014) that explores how do social media and digital technology changes customer experiences and the customer path to purchase customer engagement. While the roots of customer experience in marketing were started in the 1960s to understand customer decision making process, it is customer engagement that exploring more in-depth of the customer's in the experience.

Customer engagement has emerged the relationship focus of Relationship Marketing (RM) (Vivek et al, 2012) and Service-Dominant (SD) theoretical areas (Brodie et al., 2011) with customers are the active contributors of brand-related cues (Vargo and Lusch, 2008). RM was excelled as the new paradigm of marketing in the 1990s (Gronroos, 1994; Gummesson, 1994) and Morgan and Hunt, 1994 emphasized on trust and commitment as pertinent to a relationship (Morgan and Hunt, 1994). However, MSI does not address how customer-to-customer interactions drives customer's intention on the online communities interactions disregard the community is independent or brand-initiated (Adjei, Noble and Noble, 2009), aligned with the exponential growth of social media. The time spent of customers is increasing for online

interactions with others with whom they may share common interests and consumption experiences (Kumar et al., 2015). Customer engagement is migrating companies from transactional management to a broader management of customers (Kunz et al., 2017). This concept underlines the interactive relationship and the perceived experiential values (Brodie et al., 2011).

Taking social media involvement in customer journey, social interaction mainly manifests inter-personal interaction in the community settings (Wang, Chan, & Yang, 2013). Interpersonal interaction is defined as person-to-person communication among peer customers, and essential for establishing and developing social relationships (Nambisan and Baron, 2009). Customers who are social media users have the willingness to share their experiences and more receptive to social media engagement (Kumar et al., 2015). A research on customer driven influence by (Blazevic et al., 2013) focused on C2C interactions with the hypothesis that engaged customers are prone to influence others. C2C interactions are recognized as the behavioural manifestation of customer engagement (van Doorn et al., 2010, Brodie et al., 2011) and the interaction can be offline (Vivek et al., 2012) or online (Hennig-Thurau et al., 2004).

Libai et al (2010) offered a definition of C2C interactions as the transfer of information form one customer (or a group of customers) to another (or group of) customers in a way that has the potential to change their preferences, actual purchase behaviour, or the way they further interact with others. The needs for interactive, collaborative, and personalized interactions have been enabled by the explosion of social media; among customers as well between customers and brands (Hollebeek et al. 2014). The conjunction of social media and corporate reputation is occurred as the platform is not just a channel for distributing corporate messages but also facilitates interactions with the customers. Customers do the search for information, gain knowledge, and make interpretations based on the discussed topics about the companies (Aula, 2010).

With the emergence of social media, the corporate reputation landscape has become dynamics as social media turns to be the venue for open source branding in which customers co-create the nature and reputation of brands (Dijkmans et al., 2015). It is a significant influence of whether prospective customers evolve to be the customers of a particular product (Helm, 2007). In business perspective, positive reputation plays a role in the selection process by customers (Walsh et al. 2009). Based on Fombrun et al. (2000), corporate reputation is the aggregated perception, opinions, and attitudes of multiple stakeholders including employees, customers, and community members.

The changing landscape of customer touch points is also making research on path to purchase on how to attract intention to be deepened (Lemon and Verhoef, 2016). Purchase intention is defined by Spears and Singh (2004) as an individual's conscious plan to make an effort to purchase a brand. It is the likelihood of a customer to purchase a particular product based on Fishbein and Ajzen (1975), Dodds et al. (1991), Schiffman and Kanuk (2010). This also refers to the subjective judgement by the customers that is reflected upon conducting the evaluation to purchase products or services (Dodds et al., 1991, Balakrishnan, Dahnil, Yi, 2014) Past literature concluded the important role of brand preference in deciding customer's purchase intention (Chen and Chang, 2008; Wang, 2014). Singh et al. (2008) defined brand preference as the ordering of the brand or its hierarchical prioritization in the mind of the consumers based on their understanding of what the brand stands for and whether he supports it or not. This is aligned with Wang (2014) research on the positive influence of brand to the group with low experience of financial products.

Thus, the following hypotheses are being presented:

- H1** *Brand preference mediates the effect of Customer-to-Customer Interactions on Purchase Intention*
- H2** *Corporate reputation mediates the effect of Customer-to-Customer Interactions on Purchase Intention*
- H3** *Brand preference has a positive influence on Corporate Reputation*
- H4** *Brand preference has a positive influence on Purchase Intention*

**H5 Corporate reputation has positive influence on purchase intention**

**Research Method**

Life insurance industry was selected for several reasons: 1) Life insurance is an example of a multi facet highly intangible service, which benefits could only be retrieved when such unprecedented events occur; 2) There have been less extensive published research that evaluates social media disruption to life insurance business and how the disruption contributes to transformation and innovation (Deloitte, 2015); 3) Life insurance has been relying on the intermediary role, that is selling agents for customer acquisition and retention purpose (Ernst&Young, 2012).

The research was focused on C2C interactions on Facebook given its leading position as the most popular social networking site. Founded in 2004 by Mark Zuckerber, Facebook has the highest number of active internet users and the most popular social networking platform with more than one billion users (Wallace et al., 2012) of which users in Asia has also grown significantly in the past two years compared to the rest of the world based on Facebook annual report in 2016 (e-Marketer, 2015). As published by We are Social 2016, there are 79 million active social media users in Indonesia with Facebook as the top social media sites, hence it is considered as the right platform to develop relationships with the customers for direct engagement of brands and the exchange of user-generated content purpose (Gummerus et al., 2012; Wang et al. 2012).

**Sampling, Data Collection and Data Analysis**

Data was collected using a simple random sampling to a group of online panel respondents. They were provided with the prepared URL so they could access the full questionnaire. Screening questions applied to ensure the study gathered the right respondents as per the outlined respondents' criteria, which were 1)fans/followers of a brand initiated page or online social communities; 2)the intention to purchase life insurance within a year. A total of 546 participants completed the questionnaire distributed through an online survey platform. The participants were aged between 25 and 40 to represent as a group of prospective customers for life insurance products whilst also the largest segment of social media users.

Prior to developing the questionnaire, pretest was conducted to 30 respondents in online community gathering to evaluate the overall interpretability and clarity of the questions. All items were loaded properly on their intended scale. Based on the pretest, three items were deleted so that a total of 34 items used for the empirical research. The Likert rating scale (1-7) anchored by strongly disagree (1) to strongly agree (7) was used to measure C2C interactions, brand preference, corporate reputation and purchase intention. The two-step approach was adapted to structural equation modeling recommended by Anderson and Gerbing (1988). First, the study conducted Confirmatory Factor Analysis (CFA) to verify the measurement model. Then, researcher conducted SEM to examine the relationships among the constructs. Finally, to examine multiple indices of model fit for the confirmatory analysis and SEM (Bollen, 1989), the research ascertain the goodness of fit of each model using several statistics including chi-square, goodness-of-fit-index (GOFI), adjusted goodness-of-fit index (AGFI), the comparative fit index (CFI), and the root-mean-square error of approximation (RMSEA). The research tested all hypotheses using a SEM with LISREL 8.80 (Joreskog and Sorbom, 2006). The overall model indices CFI = 0.99, GFI= 0.92, NFI= 0.99, RMSEA = 0.071) indicated the proposed model had a good fit. The hypothesis verification shows that all but one of the five hypotheses is statistically significant.

H1	CTC → BF	0.95	29.42	Significant
H2	CTC → CR	0.18	5.59	Significant
H3	BF → CR	0.79	22.55	Significant
H4	BF → PI	0.13	1.33	Not Significant
H5	CR → PI	0.66	6.62	Significant

### Discussion and Implications

Understanding that life insurance is a long-term type of customer relationships with major interaction takes place when claims occurred, hence this research emphasized on the pre-purchase journey as part of the whole customer journey. This is the part to explore aligned with the low penetration of insurance product amongst Indonesians, so that much work would be required to improve the literacy and awareness to ensure the journey with life insurance is commenced.

Research findings on C2C interactions highlighted how shared information and experiences contributed to extend the discussion and brand preference and corporate reputation in the pre-purchase stage. This is also related with a research by Deloitte (2015) on the life insurance customer purchase behaviour that customer engagement strategies are imperative to meet the demands of today's prospective market. This research offers insights into the objects of C2C interactions as the manifestation of customer engagement in social media platform, its dimensions, its drivers and outcome. The findings contribute to the empirical work on C2C interactions that explores social media as the added touch points where customers engaged to gather and share information. Our findings strengthen the importance of customer experience in the path to purchase stages that explore the beginning of the need/impulse to consideration of satisfying the needs with a purchase (Lemon and Verhoef, 2016).

The research also confirmed the findings as per Wang (2014), Wang et al (2013) on the intent to purchase that was indeed supported by brand preference and corporate reputation. Particularly for intangible products, when people are aware of the brand and the corporate reputation is well managed then it is likely for prospective customers to have trust and consider the product. It was only the relationship of brand preference towards corporate reputation that resulted as not significant. This requires further research to explore more work on whether brand and corporate reputation remain as a direct influencer to purchase intention or it can be developed as a sequential relationship.

### Limitations and Future Research Directions

Despite the efforts to conduct this research rigorously, there are limitations applied and this facilitates to future research opportunities. This research emphasized on the quantitative research so that future research could be enriched with ethnography study to explore customer persona for more comprehensive understanding of customer journey. Indeed, this is to also explore the sales agents' role and other touch points along the path to purchase (research-consideration). Research might elaborate more on the analysis of purchase action and post purchase to analyse the contribution of customer engagement to retention effort that continuously reinforces the value of life insurance. Research could also extend the focus to co-creation as an important offering of social media to support evolving customer expectations and more effective sales and marketing strategies aligned with the increasing discussion on Insurtech concerning digital distribution.

### References

- Adjei, M.T., Noble, S.M., & Noble, C.H. (2009), The influence of C2C communications in online brand communities on customer purchase behavior, *Journal of the Academy Marketing Science*, 38:634-653.
- Anderson, J.C. & Gerbing, D.W. (1988), Structural Equation Modeling in Practice: A review and recommended two-step approach, *Psychological Bulletin*, 103(3), pp 411-423.
- Aula, P. (2010), Social media, reputation risk and ambient publicity management, *Strategy & Leadership*, Vol. 38 Iss: 6, pp. 43-49.
- Balakrishnan, B. KPD, Dahnil, M.I., Yi, Jiunn, W. (2014) The impact of social media marketing medium toward purchase intention and brand loyalty among generation Y, *Social and Behavioral Sciences*, 148, pp. 177-185.
- Blazevic, V., Hammedia, W., Garnefeld, I., Rust, R.T., Keiningham, T., Andreassen, T.W., Donthu, N., & Carl, W. (2013), Beyond traditional word-of-mouth: An expanded model of customer-driven influence, *Journal of Service Management*, Vol. 24 No. 3, pp. 294-313.

- Bollen, K.A. (1989), *Structural Equations with Latent Variables*, John Wiley & Sons.
- Brodie, R.J., Hollebeek, L.D., Juric, B., Ilic, A. (2011), Customer Engagement: Conceptual domain, Fundamental propositions, and Implications for Research, *Journal of Service Research*, 14:252.
- Chang, H.H. and Chen, S.W (2008), The impact of online store environment cues on purchase intention: Trust and perceived risk as a mediator, *Online Information Review*, Vol. 32 Issue:6, pp. 818-841.
- Deloitte (2015), *Life insurance consumer purchase behavior*, Article was downloaded on 20 June 2016.
- Dessart, L., Veloutsour, C., Morgan-Thomas, A., (2015), Consumer engagement in online brand communities: A social media perspective, *Journal of Product & Brand Management*, Vol. 24, Issue 1.
- Dijkmans, C., Kerkhof, P., Buyukcan-Tetik, A., Beukeboom, C.J. (2015), Online Conversation and Corporate Reputation: A Two-Wave Longitudinal Study on the Effects of Exposure to the Social Media Activities of a Highly Interactive Company, *Journal of Computer-Mediated Communication*, pp. 632-648.
- Van Doorn, J., Lemon, K.N., Mittal, V., Nass, S., Pick, D., Pirner, P. (2010), Customer engagement behaviour: Theoretical foundations and research directions, *Journal of Service Research*, 13(3), pp. 253-266.
- Dodds, W.B., Monroe, K.B. & Grewal, D. (1991), Effects of price brand, and store information on buyer's product evaluation, *Journal of Marketing Research*, Vo. 28, p. 307-319.
- Fishbein, M. and Ajzen, I. (1975), *Belief, attitude, intention and behaviour: an Introduction to theory and Research*, Reading, MA: Addison-Wesley.
- Ernst & Young (2012), *Voice of the customer: Time to insurers to rethink their relationships*, Article was downloaded on 7 Dec 2015.
- e-Marketer (2015), *Facebook users in Indonesia has highest mobile usage rate worldwide*. Article was downloaded on 2 Mar 2015.
- Fombrun, C.J., Gardberg, N.A. and Sever, J.M. (2000), The Reputation Quotient<sup>SM</sup>: A multi-stakeholder measure of corporate reputation, *The Journal of Brand Management*, Vol. 7 No. 4, pp. 241-255.
- Fournier, S. (1998), Consumer and their brands: Developing relationship theory in consumer research, *Journal of Consumer Research*, Vol. 24, No. 4, pp.343-353.
- Gronroos, C. (1994), From marketing mix to relationship marketing: Towards a paradigm shift in marketing, *Management Decision*, 32(2), pp. 4-20.
- Gummesson, E. (1994) "Making Relationship Marketing Operational", *International Journal of Service Industry Management*, Vol. 5 Issue: 5, pp.5-20,
- Helm, S. (2007) "One reputation or many?: Comparing stakeholders' perceptions of corporate reputation", *Corporate Communications: An International Journal*, Vol. 12 Issue: 3, pp.238-254
- Hennig-Thurau, T., Malthouse, E.C., Frieger, C., Gensler, S., Lobschat, L., Rangawwamy, A., Skiera, B., (2010), The impact of new media on customer relationships, *Journal of Service Research*, 13:311.
- Hollebeek, L.D., Glynn, M.S., Brodie, R.J. (2014), Customer Brand Engagement in Social Media: Conceptualisation, Scale Development and Validation, *Journal of Interactive Marketing*.
- Joreskog, K.G. and Sorbom, D. (1996), LISREL 8 User's reference guide, SSI.
- Kabadayi, S., Price K., (2014), Consumer-brand engagement on facebook: liking and commenting behaviours, *Journal of Research in Interactive Marketing*, Vol. 8, No. 3, pp. 203-223.
- Koh, J. and Kim, Y.G (2004), Knowledge sharing in virtual communities: An e-business perspective, *Expert Systems with Applications*, Vol. 26, No. 2, pp. 155-156.
- Kumar, A., Bezawada, R., Rishika, R., Janakiraman, R., Kannan, P.L. (2015), From Social to Sale: The Effects of Firm-Generated Content in Social Media on Customer Behaviour, *Journal of Marketing*.
- Kunz, W., Aksoy, L., Bart, Y., Heinonen, K., Kabadayi, S., Villaroel O.F., Sigala, M., Diaz, D., Theodoulidis, B. (2017), Customer engagement in a big data world, *Journal of Services Marketing*, 31 (2), pp. 161-171.
- Lemon, K.N. & Verhoef, P.C. (2016), Understanding customer experience throughout the customer journey, *Journal of Marketing*, AMA/MSI Special Issue Vol 80, 69-96.

- Libai, B., Bolton, R., Bugel, M.S., de-Ruyter, K., Gotz, O., Risselada, H. & Stephen, A.T. (2010), Customer-to-Customer Interactions: Broadening the scope of word of mouth research, *Journal of Service Research*, 13 (3), pp. 267-282.
- Mangold W.G., Faulds D., (2009), *Social media: The new hybrid element of the promotion mix*, Business Horizons, Vol. 52, Issue 4, pp. 357-365.
- McAlexander, J.H., Schouten, J.W., & Koenig, H.J. (2002), Building brand community, *Journal of Marketing*, 66 (1), pp. 38-54.
- McKinsey (2007a), *How businesses are using Web 2.0: A McKinsey global survey*, The McKinsey Quarterly.
- McKinsey (2007b), *How companies can make the most of user-generated content*, The McKinsey Quarterly.
- Morgan, R.M. and Hunt, S.D. (1994), The commitment-trust theory of relationship marketing, *Journal of Marketing*, Vol. 58 (July), pp. 20-38.
- Marketing Science Institute (2014), 2014-2016 Research Priorities. Cambridge:MSI Inc. Article was downloaded on 2 Apr 2015.
- Nambisan, S. and Baron, R.A. (2009), Virtual customer environments: Testing a model of voluntary participation in value co-creation activities, *Journal of Product Innovation Management*, 26(4), pp. 388-406.
- Naylor, R. W., Lambertson, C. P., & West, P. M. (2012). Beyond the “like” button- the impact of mere virtual presence on brand evaluations and purchase intentions in social media settings. *Journal of Marketing*, 76(6), 105-120.
- Obar, J. and Wildman, S. (2015), *Social media definition and the governance challenge: An introduction to the special issue*. Telecommunications Policy.
- Qualman, E. (2012), *Socialnomics: How Social Media Transforms the Way We Live and Do Business*, John Wiley-Sons.
- Schiffman, L. G. and Kanuk, L.L. (2010). *Consumer Behavior* Tenth. Edition. Pearson Education.
- Singh, J., Ehrenberg, A., Goodhard, G. (2008), Measuring customer loyalty to product variants, *International Journal Marketing Research*, 50(4), pp. 513-530.
- Solis, B. (2015), *X: The experience when business meets design*, John Wiley-Sons.
- Spears, N. and Singh, S.N (2004), Measuring attitude toward the brand and purchase intentions, *Journal of Current Issues & Research in Advertising*, Vol 26, Issue:2, pp. 53-66.
- Swiss Re (2014), Digital distribution in insurance: A quiet revolution, Article was downloaded on 8 Feb 2015.
- Walsh, G., Mitchell, V-W., Jackson, P.R., & Beatty, S.E. (2009), Examining the antecedents and consequences of corporate reputation: A customer perspective, *British Journal of Management*, 20(2), pp. 187-203.
- Trusov, M., Bucklin, R.E. & Pauwels, K. (2009), Effects of word-of-mouth versus traditional marketing: Findings from an internet social networking site, *Journal of Marketing*, 73, pp. 90-102.
- Vargo, S.L. and Lusch, R.F. (2008), Service-dominant logic: continuing the evolution, *Journal of the Academy of Marketing Science*, Vol. 36, Issue 1, pp 1-10.
- Vivek, S.D., Beatty, S.E., and Morgan, R.M. (2012), Customer engagement: Exploring customer relationships beyond purchase, *Journal of Marketing Theory and Practice*, Vol. 20 No. 2, pp. 122-46.
- Wang, Y., Chan, S. F. & Yang, Z. (2013). Customers' Perceived Benefits of Interacting in a Virtual Brand Community in China. *Journal of Electronic Commerce*, 14, 49-65.
- Wang, Ya-Hui (2014), Does investment experience affect investors' brand preference and purchase intention? *Journal of Applied Science and Banking*, Vol. 4, No.5, pp. 69-81.
- We are Social (2016), Digital in 2016. Article was downloaded on 10 Feb 2016.

---000---





