

# Understanding the Factors Influencing Consumer Decision-Making in the General Insurance Market

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## ABSTRACT

The general insurance industry in India has witnessed a significant transformation, largely driven by increasing consumer awareness, digital adoption, and changing preferences. This research aims to examine the key factors influencing consumer decision-making in the general insurance market. Using a descriptive research design and a structured questionnaire administered to 200 respondents (primarily aged 25–45 years), the study identifies trust in the insurer (35%), affordability (28%), and digital convenience (21%) as top influencers in the insurance purchase process.

Despite the increasing reliance on digital channels, many consumers still seek human interaction during the final decision-making stages. Factors such as brand reputation, peer recommendations, and transparent claim processing emerged as significant influencers. The study emphasizes the necessity for insurance providers to balance technology with personalized service. The findings provide actionable insights for marketers, product designers, and insurance companies aiming to build consumer trust, improve digital user experience, and tailor offerings based on demographics and consumer preferences..

**Keywords:** consumer decision making, general insurance

## I. INTRODUCTION

With India's general insurance sector growing to ₹2.57 trillion (FY 2023), consumers today are better informed and more empowered in their purchase decisions. This marks a shift from traditional, agent-driven insurance models to more digital, data-informed approaches. While insurance remains a complex financial product, new-generation consumers are increasingly making choices based on ease of access to information, brand transparency, digital convenience, and peer feedback.

Earlier, trust was built through personal relationships with agents; now, it is derived from digital reviews, influencer content, and online transparency. Additionally, factors such as affordability, simplified policy terms, mobile compatibility, and post-sale service have become crucial.

Consumer segmentation—based on age, income, education, and lifestyle—also plays a role, with younger individuals preferring tech-savvy solutions and older ones valuing human interaction.

In this context, the study investigates the underlying psychological, behavioral, and technological elements that impact consumer decisions in the general insurance space. It aims to contribute to a deeper understanding of modern consumer preferences and to help insurers develop more personalized, digital-forward, and trustworthy engagement strategies.

### *Need for the Study*

The study was necessitated by four key background factors:

- **Situational Changes:** The insurance market is undergoing rapid digitization, with customers now relying more on comparison websites, mobile apps, and peer reviews than on traditional agents or advertisements.
- **Ineffectiveness of Traditional Methods:** Door-to-door selling, cold calling, and generic ads no longer resonate with informed consumers. Instead, buyers seek personalized advice, transparent information, and relatable content.

- **Rise of Digital Word-of-Mouth:** Platforms like YouTube, LinkedIn, and Instagram host financial influencers and ex-insurance professionals who shape opinions through testimonials and explainer content.
- **Demand for Value-Added Services:** Today's consumers expect more than just low premiums. They seek value for money, empathy in claims processing, and alignment of policies with personal lifestyle and values.

The above changes highlight the need to study what really drives a consumer to select one insurer over another—and how insurers can reimagine their communication, product design, and customer engagement strategies.

## II. LITERATURE REVIEW

The literature review draws on interdisciplinary sources and highlights the role of psychology, digital communication, and marketing behavior in shaping insurance decisions. Key takeaways include:

- **Influencer Credibility:** Micro-influencers, who maintain authenticity and closer connections, have a more significant impact on buying behavior than celebrity influencers (Vij & Oinam, 2024).
- **Trust and Ethical Branding:** Gen Z consumers value ethical transparency and authenticity over brand legacy, especially in digital environments (Mison et al., 2024).
- **Personalized Marketing:** Customization and relatability are essential. Consumers prefer policies tailored to their needs, such as age, income, or risk preference (Semwal et al., 2024).
- **Role of Verified Content:** Verified reviews and third-party endorsements are more persuasive than brand messaging alone. Transparency in claims and customer service is essential (Meta-analysis in Sustainability, 2023).
- **Emotional Triggers and Cognitive Biases:** Emotional storytelling, trust-building narratives, and interactive content reduce consumer uncertainty and improve purchase intent (Sustainability, 2024).

These findings support the hypothesis that trust, digital experience, and personal relevance are more important than traditional sales tactics in insurance marketing today.

### *Research Objectives*

The core research objectives of the study include:

- To assess how factors like trust, pricing, and brand image influence insurance purchase behavior.
- To evaluate the impact of digital convenience, such as apps and comparison portals, on decision-making.
- To study demographic variations in insurance decision-making based on age, income, education, and geography.
- To understand the role of financial literacy and customer awareness in influencing insurance choices.
- To assess how external sources of influence—like peer reviews, agents, and financial influencers—shape trust and final purchase decisions.

These objectives guide the research in identifying strategic improvements in insurance service delivery and product marketing.

## III. RESEARCH METHODOLOGY

A descriptive research design was employed, with initial exploratory elements. Primary data was gathered through a structured questionnaire, distributed both online and offline:

- **Online:** Google Forms circulated via WhatsApp, Instagram, LinkedIn, and email.
- **Offline:** Personal interactions on the Galgotias University campus.

### *Sample Profile:*

- **Age Group:** 20–40 years (students, professionals, self-employed).
- **Sampling Method:** Convenience sampling. **Sample Size:** Approx. 200 valid responses. **Questionnaire Design:** 14 closed-ended questions.

#### *Scales used:*

Nominal, Ordinal, 5-point Likert scale.

#### *Key areas:*

Insurance awareness, trust levels, platform usability, social influence, risk perception, and demographics.

A pretesting phase helped fine-tune the flow and reduce completion time, enhancing clarity and reducing dropout rates.

### **IV. DATA COLLECTION**

*A hybrid model was adopted for data collection:*

- On-campus: Direct collection in classrooms and common areas.
- Digital: Surveys shared online to reach the tech-savvy target population.

This dual-mode ensured: A wider reach, Increased response diversity, Better representation of both digital and traditional users.

Pre-testing with 10 students helped refine ambiguous questions, optimize survey time to 5–6 minutes, and improve user engagement.

### **V. FINDINGS & DISCUSSIONS**

- After analyzing the responses, the following insights emerged:
- Top Influencing Factors:
- Trust in the insurer (35%) is the most critical.
- Affordability (28%) follows closely.
- Digital ease (21%) plays a major role in the selection process.
- Claim transparency and user-friendly apps are important digital touchpoints.
- Brand reputation, peer recommendations, and social media influencers affect perception and trust.

### **VI. RECOMMENDATIONS**

Based on the findings, the following strategies are recommended:

- Invest in Digital Infrastructure: Insurance companies must build fast, secure, and intuitive platforms.

- Enhance Transparency: Simple language, real-time claim updates, and verified customer stories should be prioritized.
- Customer Segmentation: Differentiate marketing strategies by age, income, and digital behavior.
- Leverage Influencers: Partner with ethical, relatable financial content creators to boost reach and trust.
- Focus on Education: Run awareness campaigns that explain policies, claims, and benefits in layman's terms.
- Maintain Human Touchpoints: Blend automation with empathetic human assistance for better engagement.

### **VII. CONCLUSION**

In conclusion, the insurance landscape in India is shifting from a product-push model to a consumer-driven market. Trust, affordability, and digital readiness are the cornerstones of decision-making. While digital platforms play an essential role in discovery and evaluation, human guidance still matters in finalizing decisions. This highlights the need for a hybrid engagement model.

*Managerial Implications:*

- Insurance firms must rethink their communication approach—moving from promotional messaging to educational, transparent, and story-driven content.
- Digital onboarding, customized policies, and proactive customer service will become decisive in improving conversion and retention.
- Building long-term trust through credibility, claim reliability, and ethical branding will define winners in this space.

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