A COMPARATIVE ANALYSIS OF MARKETING LIFE INSURANCE POLICIES IN THE UK

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To My Parents,
Wife and Daughter

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ABSTRACT

This research study involves a comparative analysis of marketing life insurance in the UK. The main objectives of this study are: (1) to investigate the attitudes of marketing managers of the large and the small life and composite insurance companies towards marketing life insurance; (2) to investigate the variables which influence life insurance purchasing behaviour; and (3) to conduct a comparative analysis of the attitudes of marketing managers, the insured and the non-insured towards the variables under investigation.

The design of this study is by facets. The facet approach helped to compile three sets of questionnaires which were addressed to (a) the insured, (b) the non-insured, and (c) marketing managers of life and composite insurance companies.

The data collected consists of both attitudinal and categorical variables. The analytical techniques used to analyse the attitudinal data include: Non-Metric Multidimensional Scaling (MINISSA Programme), Discriminant Analysis, and Spearman Rank-Order Correlation Coefficients. As for the categorical data the Multiple Classification Analysis (MCA) is employed in the analysis. Furthermore, Wilcoxon Test and F-Test are used for testing the research hypotheses.

Briefly, the research findings suggest that (1) marketing

managers of life and composite insurance companies give priority to strategic marketing, direct response marketing, and marketing effectiveness variables and then concern themselves with customer services, competition, economic and sales problems; (2) both the insured and the non-insured attach more importance to saving through other financial institutions than life and composite insurance companies; (3) the insured regard "colleagues/friends", "TV advertising", and "ads in newspapers and magazines" as the main sources of information in keeping them informed and encouraging them to purchase life insurance; (4) both the insured and the non-insured regard "standard of service", "contact by the agent", and "quality of staff" as the most important factors in influencing their purchasing decisions; and (5) both the insured and the non-insured regard "providing for children's education" and "return on investment" as the main reasons for saving through life and composite insurance companies.

A comparative analysis of the attitudes of marketing managers, the insured, and the non-insured suggests that marketing managers will need to put more emphasis on "retirement income", and "mortgage repayment plans" in their marketing campaigns; more emphasis should also be placed on the "quality of staff", and "standard of service".

Finally, an analysis of the effects of socioeconomic and demographic variables on life insurance purchasing behaviour suggests that selected predictors (i.e., marital status, family life cycle, family size, age, education, occupation and income) when tested together explain a significant portion of the variance of the dependent variable.

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1.1 Foreword

Life insurance as an industry has developed into one of the most important social and financial institutions of contemporary times. It fulfils vital economic and social functions as it provides substantial insurance and savings services to consumers. It provides policyholders with both a form of protection and a mode of saving. The industry is thus an important source of funds for capital investment and accumulation of funds.

Life insurance companies have long realised the need for developing effective marketing programmes as a means of increasing the level of sales and profitability. The identification and satisfaction of consumer needs are the prime objectives of most life insurance companies. To achieve this objective, there is a need for an effective marketing programme.

However, life insurance marketing is an area where very little work of direct relevance has been carried out in the UK. This research study involves an analysis of the attitudes of marketing managers of life and composite insurance companies towards life insurance marketing in the UK, it also examines the attitudes of the insured and the non-insured (i.e., actual and potential customers) towards variables (marketing variables) influencing life insurance purchasing decisions. A comparative study of the attitudes of marketing managers, the insured and the non-insured is the main objective of this research study. This research work also examines the effects of the socioeconomic and demographic variables in life insurance purchasing behaviour.

1.2 Research Objectives

The main objectives of this research study include:

1) To investigate the attitudes of marketing managers of life and composite insurance companies towards marketing life insurance in the UK.
2) To investigate the main differences of attitudes between marketing managers of the large and the small life and composite insurance companies with respect to life insurance marketing.
3) To investigate the most important marketing variables which are the main component elements of life insurance purchasing decisions.
4) To investigate consumer (both actual and potential) awareness of life insurance marketing, and the reasons for purchasing life insurance.
5) To investigate the reasons for saving through other financial institutions (e.g., banks, building societies, and so on).
6) To conduct a comparative analysis of the attitudes of marketing managers, the insured and the non-insured towards the variables under investigation.
7) To examine the effects of the socioeconomic and demographic variables such as marital status, family life cycle, family size, age, education, occupation, and income on life insurance purchasing decisions.
8) To comment, based on the research findings, on the ways that life insurance companies could improve their

marketing strategies,

1.3 Research Hypotheses

One of the main advantages of employing a faceted approach is that it helps to formulate research hypotheses. Each hypothesis should include the elements of at least one facet. The main research null hypotheses in this study include:

1) Attitudes of marketing managers of the large and the small life and composite insurance companies are similar with respect to life insurance marketing (i.e., there is no significant difference between the mean predictor profiles of the two groups of marketing managers).
2) Attitudes towards marketing variables are similar for marketing managers of the large and the small companies.
3) Attitudes towards strategic marketing variables are similar for marketing managers of the large and the small companies.
4) Attitudes towards marketing effectiveness variables are similar for marketing managers of the large and the small companies.
5) Attitudes towards direct response marketing are similar for marketing managers of the large and the small companies.
6) Attitudes towards the variables under investigation are similar for the insured and the non-insured (i.e., the mean values of the two typologies are equal).

7) The importance attached to variables influencing life insurance purchasing decisions (i.e., marketing variables) are similar for the insured and the non-insured.

8) Attitudes towards marketing variables are similar for marketing managers and the insured typology.

9) Attitudes towards marketing variables are similar for marketing managers and the non-insured typology.

10) Attitudes towards marketing variables are similar for marketing managers of the large companies and the insured.

11) Attitudes towards marketing variables are similar for marketing managers of the large companies and the non-insured.

12) Attitudes towards marketing variables are similar for marketing managers of the small companies and the insured.

13) Attitudes towards marketing variables are similar for marketing managers of the small companies and the non-insured.

14) There is no significant effect of marital status, family life cycle, family size, age, education, occupation, and income (i.e., all predictor variables taken together) in explaining variations in life insurance purchasing behaviour.

15) There is no significant effect of the marital status of of the respondent in explaining variations in life insurance purchasing behaviour.

16) There is no significant effect of the family life cycle of the respondent in explaining variations in life

insuranc purchasing behaviour.

17) There is no significant effect of the family size of the respondent in explaining variations in life insuranc purchasing behaviour.

18) There is no significant effect of the age of the respondent in explaining variations in life insuranc purchasing behaviour.

19) There is no significant effect of the education level of the respondent in explaining variations in life insuranc purchasing behaviour.

20) There is no significant effect of the occupation of the respondent in explaining variations in life insuranc purchasing behaviour.

21) There is no significant effect of the income of the respondent in explaining variations in life insurance purchasing behaviour.

The hypotheses were tested using the Discrminant Analysis, Wilcoxon Test and F-Test.

1.4 Organisation of the Thesis

Chapter 1 provides an introduction to the thesis. It presents research objectives; research hypotheses; and the method of presentation.

Chapter 2 focuses on the history and development of life insurance in the UK. It includes a discussion of the impacts of government legislation on the industry. The main requirements of

an insurance contract and misrepresentation are also described. Furthermore, this chapter provides an outline of the main benefits of life insurance to the society, and describes the methods which can be used to determine the amount of life insurance to own.

Chapter 3 describes life insurance marketing systems and the main types of life insurance. It presents the main characteristics of life insurance products; the need for life insurance marketing; and outlines the elements of an effective marketing programme.

Chapter 4 provides a summary of the relevant literature. A brief summary of each relevant study is presented in this chapter.

Chapter 5 focuses upon the facet design. It describes the principles and the advantages of facet design which is adopted in this study. The specification of the facets utilised, and their elements are presented in this chapter.

Chapter 6 presents the main steps involved in questionnaire design and methods of data collection. It also presents the major types of attitude scales (i.e., Likert Summated Scale, Thurstone Scale, and Semantic Differential Scale).

Chapter 7 presents the research methodology. A description of the analytical techniques employed in this research study is provided in this chapter. The techniques used include: Discriminant Analysis, Non-metric Multidimensional Scaling

(MINISSA Programme), Multiple Classification Analysis (MCA), Spearman-Rank-Order Correlation Coefficients, Wilcoxon Test, and F-Test.

Chapter 8 presents MINISSA and Spearman Correlation Coefficients findings for life and composite insurance companies. In this chapter the data collected from marketing managers of life and composite insurance companies were treated as a whole.

Chapter 9 presents a comparative analysis of the attitudes of marketing managers of the large and the small life and composite insurance companies towards marketing life insurance in the UK. Each facet was analysed separately. The analytical techniques used were Discriminant Analysis, MINISSA Programme, and Wilcoxon Test. Research hypotheses were tested using Discriminant Analysis and Wilcoxon Test.

Chapter 10 presents a comparative analysis of the attitudes of the insured and the non-insured towards the variables influencing life insurance purchasing behaviour (marketing variables). Discriminant Analysis and MINISSA Programme were used for data analysis. The research hypotheses were tested using Discriminant Analysis and Wilcoxon Test.

Chapter 11 presents a comparative analysis of the attitudes of marketing managers of life and composite insurance companies, the insured and the non-insured towards life insurance marketing. MINISSA Programme was used for analysing the data. Wilcoxon Test was employed for testing the research hypotheses.

Chapter 12 examines the effects of the various socioeconomic and demographic variables in life insurance purchasing behaviour. The predictor variables used include: marital status, family life cycle, family size, age, education, occupation, and income. Multiple Classification Analysis (MCA) was used to analyse the data. The Programme provides the basic statistics from which F-Tests can be easily calculated. Eight hypotheses were tested in this chapter using F-Test.

Finally, a review of the entire study is presented in chapter 13. Based on the research findings, specific recommendations are made to marketing managers of life and composite insurance companies. The main research contributions are outlined. The limitations of the study are also discussed. The chapter concludes with an evaluation of areas for further research.

CHAPTER TWO

LIFE INSURANCE:

HISTORY, LEGAL REQUIREMENTS, IMPORTANCE, AND OWNERSHIP

2.1 Introduction

This chapter consists of four sections. Section 2.2 provides a summary of the history of life insurance. It also details the impacts of government legislation on the industry. The main requirements of an insurance contract and misrepresentation are also included in this section.

Section 2.3 outlines the main benefits of life insurance to the society. Life insurance fulfils vital economic and social functions and thus affects several important aspects of economic life.

Section 2.4 describes the methods which can be used to determine the amount of life insurance to own. The methods discussed include: human value approach, income replacement approach, and needs approach. Finally, section 2.5 provides a summary to the chapter.

2.2 History and Legal Considerations

The origins of life insurance can be traced back to ancient Babylon. The Babylonians had a unique civilisation which flourished some 3,000 years B.C. The Babylonian traders in order to protect themselves against any possible loss in their journeys made agreements with the owners of the goods they sold that the traders would not be held responsible if the goods were stolen from them. The Phoenicians, famous for their marine commerce, adopted this code and introduced it to the Greeks. The Romans later adopted and perfected this practice.

Life insurance had its origins and basis in the concept that

the hardship caused by death can be reduced if a group of people are willing to pool their resources so as to provide funds for the dependents of the deceased. Practices similar to life insurance had their origins in the ancient world. The Egyptians and the Greeks had religious societies whose members made regular contributions to provide burials for themselves, in accordance to the religious rites of the society in which they lived. The Romans also adopted this practice but gradually drifted away from the religious beliefs of the early days and became more or less indifferent to the performance of the religious rites. The Romans thus made the benefits available without respect to religion. They further used such plans to provide funds in excess of those needed merely for funeral expenses. The benefits then included a payment of a sum of money to the dependents of the deceased. By the forth century A.D. some societies began to vary the contribution, and hence the benefit, according to the individual member's means and desires for benefits. The Romans also developed a table for annuities, which was used for several hundred years.

The early developments of life insurance in Britain was closely linked with that of marine insurance. In fact, the first life insurers were marine insurance underwriters, policies often being written on the life of a merchant sailing with his goods. The early life contract often insisted that the insured was in good health and was not travelling outside Britain within the terms of insurance. The earliest recorded life insurance was that issued on 18 June 1583 for twelve months for £ 382 6s. 8d. on the

life of one William Gibbons. Such policies became common in the 17th century. The common feature of these early life policies was the brevity of their duration. This period is often referred to as "hit and miss" or "unscientific" period of life insurance because there was no formal acturial basis for calculation of premiums. Scientific life insurance is characterised by the permanent contract with a level annual premium based upon the age at entry. Scientific life insurance thus requires comprehensive and representative mortality statistics, and a sophisticated mathematical apparatus.

Short-term life contracts continued well into the 18th century. The two chartered companies of 1720, The London Assurance and The Royal Exchange Assurance, issued life insurance contracts for short terms at high rates of premium. The most significant innovation in the 18th century was pioneered by J. Dodson who proposed a scheme in 1750 which would offer the benefit of level premiums over long term contracts. Dodson systematised the collection and interpretation of statistics relating to births and deaths in a given area and applied this knowledge in the preparation of life insurance rates. Following Dodson's findings, The Equitable Life Assurance Society was formed in 1962 to transact life insurance on an acturial basis. The Equitable Life Insurance Society was the pioneer in modern methods, introducing many features which are now standard practice in life insurance.

The 19th century witnessed a rapid increase in the demand for life insurance. Many leading British insurance companies were founded in this period. This was an era of rapid

industrialisation and social change in Britain. As number of companies increased so did competition for new business. In an attempt to create new business, many companies chose to extend their agencies and branch offices. These efforts were supplemented by innovations in the products in order to meet the needs of the newly emerging industrial society.

In the late 19th century British life companies extended their business into the overseas markets and enjoyed long term success in these markets. However, the industry has experienced a rapidly changing environment that presents a number of problems such as the effects of inflation in eroding capital and reserves; growing overseas competition, especially from the United States and Japan; and restrictions on trade in insurance both in industrial and developing countries. Within the European Economic Community (EEC), the Life Assurance Establishment Directive of 5th March 1979 has led to an opening up of domestic life insurance markets to access by other non-national but EEC based insurers who now have the legal right to form a subsidiary company or to do business there by means of a branch office or agency.

Life insurance industry fulfils vital economic and social functions. It is thus a very important industry in any economy. The industry provides insurance and savings services which affect the welfare of both the individual consumer and the society as a whole. Generally speaking, any service which affects the welfare of both the individual consumer and the society ought to have some form of regulation. The long term nature of the life

insurance itself justifies the need for some form of regulation. The insurance company by selling a policy contract is making a long term commitment, the consequences of which are not easily predictable. The state has thus found itself obliged to concern itself more closely with insurance matters. The Life Assurance Companies Act 1870 required all life offices to file accounts on acturial valuations of their business. New companies were required to deposit £ 20,000 with the high court as an earnest of their good faith. The Assurance Companies Act 1909 retained the regulatory provision of the previous legislation and companies were required to maintain a deposit provision for each type of insurance business. The Insurance Companies Act 1946 brought about the separation of insurance into long term business (life assurance and industrial assurance) and general business (fire insurance, motor insurance, etc.). The Act introduced the solvency margin for companies of £ 50,000 or one-tenth of the general premium income of the preceding financial year, whichever was greater. The 1967 Companies Act, on the other hand, required potential new enterants into the insurance industry to seek authorisation from the Department of Trade. 1960s saw major developments in life insurance business so that now a major proportion of the business transacted is concerned more with savings and investments than pure insurance. The 1973 Insurance Companies Act brought about direct control of investment policies of life offices.

Insurance in Britain is sold through independent agents, brokers and directly by the employees or agents of insurance companies. The Insurance Companies (Intermediaries) Regulations

Act 1976 requires an intermediary who is connected with an insurance company to supply information about the circumstances of his/her connection with the company to anyone he/she invites to enter into a contract of insurance. In 1977 the Insurance Brokers (Regulation) Act was passed in order to provide a guide to brokers and other persons concerned with their business with utmost good faith and integrity, and to do everything to satisfy the insurance requirements of their clients.

All the relevant legislation concerning the regulation of insurance companies are now to be found almost entirely in the Insurance Companies Act 1982. The Act is simply a consolidation of all prior relevant Insurance Companies Acts. The Act sets out the conditions with which a company must comply before it can obtain authorisation to transact business. It ensures the separation of assets and liabilities attributable to long term business from those attributable to general business, and lays down the power of intervention vested in the secretary of state and the conditions under which these powers are exercised. Finally, the Act deals with the advertising of insurance and the production of misleading statements designed to induce persons to enter into contracts of insurance. The Act also sets of a prescribed "cooling off" period of ten days during which a customer who has signed a long term life insurance contract can withdraw from the transaction and will receive a full refund of any premium paid.

The financial services Act 1986 provides certain provisions relating to the advertising and selling of life insurance

products. This is to provide uniformity of treatment with the marketing of other prepackaged investments.

Finally, in addition to these statutory provisions, the insurance associations have established codes of practice in order to safeguard and promote the interests of consumers. Members breaking the codes normally receive a reprimand from their association. Complains concerning life insurance policies can be referred to the Life Offices Association, provided that the insurer is a member. Complains about brokers can be referred to the British Insurance Brokers' Association. The Association has as its main objective the raising of standards within the industry through a programme of education and training.

2.2.1 Life Insurance and the Law of Contract

A contract is an agreement which officially binds the parties. Marketing life insurance policies involves transactions that are governed by the law of contract. A life insurance contract is an agreement whereby the insurer, in return for the premiums, agrees to pay to the insured a sum of money upon the happening of a specific event. All insurance contracts must be supported by an insurable interest. This means that the insured must lose financially if a loss occurs, or must incur some other kind of harm if the loss takes place.

An insurance contract must meet certain legal requirements in order to be legally enforceable. These include:

a) offer and acceptance
b) consideration
c) legal capacity
d) disclosure
e) legal purpose

Offer and Acceptance

One essential element of any contract, including life insurance, is that there must be an offer and acceptance of its terms. The applicant for insurance makes the offer and the insurer either accepts or rejects that offer. The contract is enforced when both parties are in agreement as to terms. Offers and acceptances may be both oral or written. An oral agreement to issue an insurance cover is enforceable.

Consideration

A contract depends for its legality on the giving of consideration by each party to the other. In a contract of insurance, the consideration given by the insured is payment of the premium and an agreement to respect the terms of contract. The insurer's consideration is to abide by the conditions specified in the contract.

Legal capacity

In English law, in general, any person has legal capacity to enter into a binding contract. However, there are some exceptions. For example, minors, mentally handicapped persons, intoxicated persons and corporations which exceed their authorised powers cannot enter into binding insurance contracts.

Disclosure

An insurance contract is based on the principal of utmost good faith. In English law the parties to a contract of insurance

have a legal duty to exercise the utmost good faith towards each other. In fact, a higher degree of honesty is imposed on parties to an insurance contract than is imposed on parties to other contracts. A customer of insurance has a legal duty to disclose all material facts, even if he/she thinks they are marginally relevant, as discovery of an undisclosed material fact may give the insurer the right to reject the claim.

Legal Purpose

An insurance contract cannot be enforced in a court of law unless it has a legal purpose. A contract is void if it encourages or permits something illegal or immoral.

2.2.2 Misrepresentation

In marketing life insurance policies the marketeer has a duty to make the consumer aware of the specific conditions of the policy contract. In the UK the law protects the consumer from a salesperson's misrepresentations. A misrepresentation is a false statement of fact which is made by one party to the other before the contract is made in order to induce the other party to enter into the contract. Misrepresentation is classified as:

a) fraudulent misrepresentation;
b) negligent misrepresentation; and
c) innocent misrepresentation.

A fraudulent misrepresentation is a statement made with prior knowledge that it is not true. A negligent misrepresentation is a statement made in the belief that it is true but without reasonable grounds for that belief. Finally, an innocent

misrepresentation is a statement made in the belief that it is true and with reasonable grounds for that belief.

In a case of fraudulent misrepresentation the misled party may rescind the contract under the Misrepresentation Act 1967. The principle of rescission implies that both parties should be restored to their positions as before the contract was made. Thus, in the case of an insurance contract, the policyholder gets his/her premium back and the insurer gets the policy document back. On the other hand, the party misled by fraudulent misrepresentation may refuse to perform his/her part of the contract and/or recover damages suffered.

In a case of negligent misrepresentation the party misled may rescind the contract or refuse to perform his/her part under it. He/she may also, under the Misrepresentation Act 1967, claim damages for any loss suffered .

Finally, in a case of innocent misrepresentation the misled party has no right to damages. The sole remedy for the misled party is rescission. However, under the Misrepresentation Act 1967, the court has discretion to award damages instead of rescission.

2.3 The Importance of Life Insurance

Life insurance differs from all other forms of insurance to the extent that whilst other insurances are designed to protect the policyholder in person for financial loss, life insurance exists to protect dependents or others in the event of policyholder's death. Generally speaking, almost all forms of

savings offered by life insurance tend, in the final analysis, to benefit others other than the saver. Life insurance thus fulfils vital economic and social functions as it provides substantial insurance and savings services to consumers. Life insurance industry affects several important aspects of economic life. These include:

a) It provides policyholders with both a form of protection and a mode of saving. Indemnification for loss is an important benefit to society. Life insurance permits individuals and families to be restored either in part or in whole to their former financial position after a loss occurs.

b) It offers consumers an opportunity to make financial provisions for their retirement by contributing regularly to a pension scheme. Such pension schemes tend to supplement or even displace reliance on a state pension scheme, which many would agree is of benefit to a government. In the UK the life insurance industry plays an important role in the provision of retirement benefits and lump sum insurance cover within occupational pension schemes. In the UK pension schemes account for about 40% of life insurance premiums (OECD, 1987).

c) The industry provides employment and income for substantial number of people.

d) The financial resources accumulated by life companies play an important role in national and international capital markets. The industry is in an important source of

funds for capital investment and accumulation of funds. Premiums are collected in advance of the loss, and funds not needed to pay immediate losses are loaned to business firms. Such investments promote economic growth and promote employment.

e) Life insurance industry is a major earner of foreign currency. Foreign currency earnings accrue to the country providing the insurance.

f) Finally, life insurance enhances a person's credit. For example, mortgage life insurance can pay off the loan if the mortgagee dies prematurely; and so makes the homeowner a better credit risk.

2.4 Determining the Amount of Life Insurance to Own

Determining the amount of life insurance to own is often a complicated problem to resolve. There are a number of methods which can be used to determine the amount of life insurance to own. These include:

a) human value approach;
b) income replacement approach; and
c) needs approach.

2.4.1 Human Value Approach

The human value approach can be defined as "the present value of the family's share of the deceased breadwinner's future earnings" (Rejda, 1982, P. 315). The human life value can be calculated by the following steps:

a) Determine the individual's average earnings over his/her

productive life time.

b) Deduct expected income taxes.

c) Deduct personal maintenance expenses.

d) Determine the individual's working life.

e) Using a reasonable discount rate, determine the present value of the family's share of earnings for the period determined in step d.

The human value approach thus measures the economic value of a human life. Nonetheless, the approach suffers from a number of shortcomings. First, it ignores other sources of income such as social security. Second, work earnings and expenses are assumed to be constant. Third, the approach ignores factors such as inflation, divorce, birth, or death in the family which will affect the amount of income allocated to the family. Finally, the long run discount rate is critical. A lower discount rate will substantially increase the human life value.

2.4.2 Income Replacement Approach

The income replacement approach assumes that the amount of life insurance needed is directly related to the income lost by premature death. The amount needed is expressed in terms of multiples of earned income. The amount of earned income to be replaced is based on the percentage of earnings after deducting taxes that is used to meet the family's needs. The approach is thus similar to the human value approach. However, it takes into account the availability of social security benefits. Furthermore, it provides a modest hedge in estimating the amount

of life insurance to own. The income replacement approach thus provides a more accurate measurement of the amount of life insurance to own than the human life value approach. However, this approach also suffers from a number of defects. First, it assumes that the insured has dependents who rely on his/her earnings. The approach is thus not suitable for measuring the life insurance needs of single persons. Second, the approach ignores retirement income that may be lost if the family breadwinner dies prematurely. The approach does not replace the retirement income that the policyholder (and spouse) might have received if he/she had lived to retirement.

2.4.3 Needs Approach

The needs approach takes into consideration the various family needs that must be met if the family breadwinner should die. The most basic family needs include:

1) The clearance fund which is a fund immediately needed when the family head dies.
2) The readjustment income. This is an income sufficient to permit any required adjustment in the standard of living. This is a one-or-two-year period and gives the family time to adjust their living standards.
3) Income for the family until children become self-supporting. The family should receive income during this period so that the surviving spouse can care for the children until they become self-supporting.
4) Life income for the surviving spouse after the children

are grown.

5) Special needs which include mortgages, educational fund, emergency fund, and so on.

6) Retirement income. The family head may survive to retirement, so the need for a proper retirement income must be considered.

The needs approach considers all other sources of income in determining the amount of life insurance to own. The approach is thus reasonably accurate method in determining the amount of life insurance to own. However, it also suffers from a number of defects. First, it ignores the effects of inflation. This can result in a substantial understatement of the amount of insurance to purchase. Second, it involves complex and difficult calculations. The use of a computer may be necessary to determine the amount of life insurance required. Third, the family breadwinner is assumed to die immediately, which is unrealistic.

2.5 Summary

Life insurance has its origin and basis in the concept that the hardship caused by death can be reduced if a group of people are willing to pool their resources so as to provide funds for the dependents of the deceased. Practices similar to life insurance had their origin in the ancient Babylon, Egypt, Greece and Rome. The Egyptians and later the Greeks and the Romans had religious societies whose members made regular contributions in order to provide burials for themselves, in accordance to the religious rites of the society in which they lived.

The early developments of life insurance in Britain were closely associated with that of marine insurance. The common feature of the early life policies was the brevity of their duration and the fact that there was no formal and scientific acturial basis for calculation of premiums. In 1750 Dodson systematised the collection and interpretation of statistics relating to births and deaths in a given area and applied this knowledge in the preparation of life insurance rates.

Life insurance industry fulfils vital economic and social functions. it provides policyholder with both a form of protection and a mode of saving. Generally speaking, any service that is concerned with life and property of the individual members of the society ought to have some regulation. In the UK the relevant regulations concerning life insurance are to be found almost entirely in the Insurance Companies Act 1982. The Act lays down the power of intervention vested in the Secretary of State and the conditions under which these powers are exercised.

Marketing life insurance policies involves transactions which are governed by the law of contract. All insurance contracts must be supported by an insurable interest.

The methods often used for determining the amount of life insurance to own include: human value approach; income supplement approach; and needs approach.

CHAPTER THREE

MARKETING LIFE INSURANCE AND MAIN TYPES OF LIFE INSURANCE

3.1 Introduction

Life insurance product is not a commercial good but a special kind of service which is very different in nature from other products. Life insurance differs from other forms of insurance to the extent that whilst other insurances are designed to protect policyholder in person for financial loss, life insurance exists primarily to protect dependents or others in the event of policyholder's death. Generally speaking, nearly all forms of savings offered by life insurance tend in the final analysis to benefit others other than the saver.

3.2 Main Characteristics of Life Insurance Products

Some of the main characteristics of life insurance products include:

1. Intangibility

   Life insurance product, in common with the products of other service organisations, is intangible. Life insurance product is a promise to pay some money when a certain event occurs. Until the occurrence of such an event the product is only a piece of paper.

2. Inseparability

   A major characteristic of a service is that it is generally consumed while it is being performed. In the life insurance industry a high degree of interaction exists between insurer and consumer in the production and offering of life insurance products.

3. Perishability

Life insurance products cannot be mass produced and stored in advance in order to meet future demand.

4. Hetrogenity

Life insurance products, like the products of other service organisations, are very hetrogenic.

5. Labour Intensive

Life insurance products, like other intangible products, are by nature highly labour intensive in their production and delivery.

3.3 Main Types of Life Insurance

Life insurance plays an important role in providing financial security to individuals and families. Life insurance exists primarily to protect dependents or others in the event of policyholder's death. The main types of life insurance include:

1. Term Insurance

Term insurance provides protection against the risk of death within an agreed term or period. Under a term life insurance policy, if the policyholder dies within the term period, the face amount is paid to the beneficiary. If the policyholder survives to the end of the period, and the policy contract is not renewed, no benefit of any kind is payable, and the policy will terminate. Most term insurance policies are renewable. This protects the

insurability of the insured. Term policies may be issued for a period as short as one year but normally provide protection up to age 70, or beyond. Many companies place an age limitation beyond which renewal is not permitted. Most term policies are convertible, i.e., they can be exchanged for a permanent policy without evidence of insurability. Finally, term insurance policies have no cash values or savings elements. The insurance consists of pure protection. The main types of term insurance policies include:

a) Decreasing Term. This type of policy is generally offered when the face amount of cover required by an individual gradually decreases each month or year.

b) Convertible Term. This type of policy could be exchanged for a whole life or endowement policy without further medical evidence.

c) Income Benefit. This policy is designed to protect the income needs of a family should the breadwinner dies.

d) Reentry Term. This type of term policy is based on select mortality tables. A select mortality table reflects the mortality experience of newly insured lives only. Under a reentry term, the insured should periodically demonstrate acceptable evidence of insurability.

Limitations of Term Insurance

Term insurance is not suitable at the older ages because term insurance premiums increase with age and eventually reach to such prohibitive levels that some policyholders

drop their policies.

2. Whole Life Insurance

A whole life policy provides lifetime protection. Under a whole life policy, the policy may be kept in force during the lifetime of the policyholder providing that the agreed premiums are paid. The main types of whole life insurance include:

a) Ordinary Life Insurance. This type of policy provides lifetime protection to age 100, and the death claim is a certainty. If the insured is still alive at age 100, the face amount of insurance is paid to the insured. With an ordinary life policy premium levels do not increase with age. In addition, the policy has an investment or saving element called cash surrender values. The major limitation of this policy is that some individuals will be under insured even after the policy is purchased. Most people are limited in the amounts they can spend on life insurance.

b) Limited-Payment Life Insurance. This type of policy also provides lifetime protection. The premiums are level, but they are paid only for a stated period, such as 10, 20, 30 years, or until the insured reaches a given age (e.g., 65). However a permanent protection can be met more adequately by an ordinary life policy. Under a limited-payment policy, premiums are much higher.

c) Universal Life Insurance. A universal life policy

provides the insured with relatively higher investment returns and cash withdrawals are permitted. the product was introduced as a means of competing with other financial institutions which offer relatively high interest rates. With a universal life, premiums can be increased or decreased, and the frequency of premium payments can be varied. However, the policy will not be as attractive to investors if the interest rates decline.

3. Endowement Insurance

An endowement policy is a combination of level term insurance and a pure endowement. This was a 19th century invention. The level term insurance pays the face amount if the insured dies within a specified period. If the insured survives to the end of the period, a pure endowement pays the face amount to him/her at that time. Many types of endowemwnt insurance exist. Endowement policies are for set periods of 10, 20, 30, or more years, and others are designed to mature at certain ages, such as 65, 70, or higher. An endowement policy may be used for retirement purposes. The policy matures at the specified retirement age, and the cash is used to provide a life income to the insured. Finally, an endowement policy may be used to provide for a college education. This include endowements maturing at different ages for educational purposes.

Limitations of Endowement Insurance

The policy suffers from three major limitations:

- it is expensive;
- it offers low rates of return on the savings; and
- the protection offered may be insufficient when the policy matures at the end of endowement period.

4. Industrial Life Insurance

Industrial life insurance policies are designed for low income persons. Industrial insurance offers a means of meeting special expenses, such as wedding costs, when they arise. The premiums are paid weekly or monthly to an insurance agent (known as debit agent) at the policyowner's house. Industrial life insurance premiums are somewhat more expensive than ordinary life insurance. This is due to three reasons:

- high mortality costs as policies are normally written on low income persons without a medical examination;
- high selling and administrative costs as premiums are collected at policyowner's home;
- higher lapse rates.

5. Group Insurance

Group life insurance provides benefits to a number of people in a single contract. Under a group life insurance policy, no physical examinations are required. The policy contract is formed between the group policyowner (normally the employer) and the insurance company. Group insurance

rates are lower than industrial rates because of the reduced administrative and marketing expenses that results from mass distribution methods. On the other hand, employers normally pay part or all of the pension costs, which reduces or eliminates premium payments by the employee. In the recent years industrial life insurance has declined in importance because of the more favourable terms offered by group life insurance.

6. Annuities

An annuity is a form of pension providing an income for a fixed period or for life. There are several types of annuities designed for different purposes:

a) Immediate Annuity. An immediate annuity is normally purchased in a lump sum by people near retirement. For example, an individual (the annuitant) may hand over a lump sum to an insurance company which agrees to pay him/her an income until he/she dies.

b) Deferred Annuity. A deffered annuity is designed to provide an income in some future date. For example, an insurer may collect the premiums in instalments during working years of an individual (the annuitant) in return for a promise to provide the annuitant with an income for some future date (e.g., when the annuitant reaches age 65, or 70).

c) Fixed Annuity. A fixed annuity provides fixed periodic income payments.

d) Flexible Annuity. Under a flexible annuity, periodic income payments vary depending on the level of common stock prices.

3.4 The Need for Life Insurance Marketing

Over the last decade or so there has been a real growth of interest in the marketing of life insurance. Today most companies have marketing departments and devote substantial sums to developing effective marketing programmes. More and more companies are applying various marketing techniques as a means of increasing the level of sales and profitability. The growth of interest in life insurance marketing has been due to a number of reasons which are listed below.

1. Increased Competition

   Competition has brought about many changes to the life insurance industry. Competition, above all, has made life insurers aware of the need for new and more attractive policies (products) in order to match the consumer needs. It has also encouraged the companies to expand their service capacity and to consider marketing tools such as pricing, distribution, advertising, and promotion as a means of attracting new consumers.

2. Changing Expectations of Customers

   Today consumers are better informed of their rights and are more knowledgeable about the products than their counterparts a few decades ago. The increased consumer

awareness of the insurance market has made the consumer less loyal to one company. The consumer of today has more experience and will ensure that the product he/she buys offers him/her good value.

3. Inflation

Inflation is one of the main environmental elements which affects consumer purchasing decisions. This especially applies to those policies designed as an aid to saving or investment. Consumers are increasingly becoming more inflation conscious. In order to satisfy consumer needs, life insurers will need to design products which would offer some kind of protection against inflation. In fact, in the recent years life insurers have developed a number of policies which offer protection against inflation (e.g., indexed life insurance policies).

4. Government Legislation and Tax Concessions

Government legislation has a considerable impact on types of life insurance contracts written and the policy conditions. In some countries government legislation provides tax concessions which encourage long term savings through life insurance policies. In order to meet consumer needs, life insurers will need to consider all new financial and insurance requirements and update their marketing strategies accordingly.

5. Population Growth and National Income

Population growth is likely to have an impact on life insurance market. On the other hand, an increase in real income may lead to more personal consumption and savings.

However , because of the growing competition from other financial institutions, such as banks and building societies, life insurers will need to adopt more effective marketing programmes in order to attract new customers.

3.5 Life Insurance Marketing Programme

The identification and satisfaction of consumer needs and profitability are the main objectives of most life insurance companies. To achieve these objectives there is need for an effective marketing programme. An effective marketing programme consists of at lest five elements (Meidan, 1984):

1. Market Research

   An effective market research involves discovering:

   - the need and wants of customers;
   - the nature of competition;
   - the costs involved in developing and introducing new products; and
   - the size and nature of the existing and potential markets.

2. Product Development

   Based on the research findings, to develop the type of products which will meet the expressed needs of the consumer.

3. Pricing

   Establishing the level of premiums is vital for attracting

customers. Pricing policies in insurance are based on market research and acturial findings. In determining the price level, the following factors must be taken into consideration:

- the effects of inflation;
- operating costs;
- probability of claims;
- price offered by the competitors.

4. Advertising and Promotion

Advertising and other promotional tools are vital for creating product awareness and attracting consumer attention. Life insurance advertising may be conducted through TV, newspapers, magazines, and so on.

5. Distribution

This involves selection of appropriate marketing systems (channels) for distribution of life policies. Distribution channels affect almost every other marketing decisions and thus play a critical role in life insurance marketing. The main distribution channels are discussed below.

3.6 Life Insurance Marketing Systems

Life insurance marketing systems refer to the various distribution channels used by life insurers for selling their products to the consumers. The basic systems for marketing life insurance products can be split into two distinct categories: (1)

direct marketing systems, and (2) indirect marketing systems.

3.6.1 Direct Marketing Systems

Under a direct marketing system, life insurer deals directly with the consumer. The system offers the company total control over the range of policies it offers and their precise terms, i.e., price, guarantees, etc. The special nature of life insurance makes it a product which is not bought, but has to be sold. Direct marketing offers substantial customer contact which can enhance customer loyalty. The main direct marketing systems include:

1. Full-Time Company Sales Staff (Direct Sales Force)
   These are trained professional sales representatives whose main concern is with selling their employer's products. They may achieve this either by selling directly to the public or through brokers and other intermediaries. The insurer determines the precise policy terms. nonetheless, the nature of their duties may change from company to company.

2. Home Service Agents (Door-to-Door Salesperson)
   These are employed by industrial life insurance companies, and work on full-or part-time basis. Their duty consists of collecting premiums at the home of each policyholder.

3. General Agents
   The general agent is an independent business person who

undertakes to sell the products of only one insurer. The general agent receives commission based on the business rendered. Such an agent is responsible for hiring and training new agents. The insurer may pay all or part of the expenses involved in hiring and training new agents. The insurer thus has control over the selection of agents and their training.

4. Association

Under this system, preferential terms for different types of policies are offered for members of a particular group, such as employers of a firm or members of a trade organisation. The main objective is to gain access into a large potential market at low costs.

5. Direct Response Marketing

This consists of a whole range of communication channels such as radio, TV, telephone, direct mail, and direct response press advertising. Direct response marketing is becoming increasingly more popular with life insurance companies. More and more life companies are employing direct marketing systems alongside their traditional marketing activities. This is mainly due to the following characteristics of direct response marketing:

- it allows precise targeting and effective segmentation;
- it offers the insurer the opportunity to make direct contacts with the existing and potential customers;
- it enhances existing distribution methods and helps

to create alternative distribution channels;

- the results and cost effectiveness of direct response marketing activities can be measured precisely and quickly.

6. Selling Through Vending Machines

This is a recent development. It involves selling life and accident policies in major airports, railway stations, bus stations, and supermarkets through vending machines.

3.6.2 Indirect Marketing Systems

Life insurance offers highly complex policies which are not easily understood by the great majority of consumers. Indirect marketing systems involve use of intermediaries. Professional intermediaries, such as brokers, have the knowledge and expertise to provide customers with up-to-date information and impartial advice. The main indirect marketing channels include:

1. Brokers

A broker is a person who legally represents the insured. Brokers represent a major force in the life market and are regarded as the single most important group in marketing life insurance. This is mainly because of the professional and unbiased advice which they are able to offer to their customers. Brokers are not employed by insurers, but are able to place business with most, if not all life companies. Brokers receive commission for the services rendered.

2. Part-Time Agents

These are individuals or institutions whose principal business activity is not insurance, but who sell insurance as a supplement to their own range of services. Part-time agents are not employed by, but act for, insurers. Part-time agents include accountants, solicitors, building societies, travel agents, etc., who introduce business to life insurance companies. Part-time agents are of two types: (1) independent agents, and (2) exclusive agents. Independent agents offer a range of policy brands, while exclusive agents offer the policies of only one insurer.

3.7 Summary

Life insurance product is not a commercial good but a special kind of service. The special characteristics that make marketing of life insurance products different from the manufacturing ones include: (1) intangibility, (2) inseparability, (3) perishability, (4) hetrogenity, and (5) labour intensivity.

Life insurance differs from other forms of insurance because whilst other types of insurance are designed to protect the policyholder in person for financial loss, life insurance exists primarily to protect dependents or others in the event of policyhoder's death. The main types of life insurance include: term life insurance; whole life insurance; endowement insurance; industrial life insurance, group insurance, and annuities.

In the recent years there has been a real growth of interest in marketing life insurance. This has been due to factors such as

increased competition; changing expectations of customers; inflation, government legislation; and population growth and national income.

The identification and satisfaction of consumer needs requires the development of an effective marketing programme. Such a programme consists of five elements: market research; product development; pricing; distribution, advertising and promotion.

Life insurance marketing systems refer to the various distribution channels used by life insurers for selling their products to consumers. There are two basic systems for marketing life insurance products: (1) direct marketing systems, and (2) indirect marketing systems.

Under direct marketing system, the life insurer deals directly with the consumer. The main direct marketing channels include: full-time agents; home service agents; general agents; association; direct response marketing; and selling through vending machines.

Indirect marketing systems involve use of intermediaries. The main indirect marketing channels include brokers and part-time agents.

CHAPTER FOUR

LITERATURE REVIEW

4.1 Introduction

4.2 Review of Related literature

4.3 Summary

4.1 Introduction

Marketing life insurance is an area where very little work of direct relevance has been carried out in the past. The available literature relate almost entirely to the American life insurance industry. On the other hand, most of the relevant studies are concerned with the demand for life insurance, with very few relating to the marketing activities in the life insurance industry. However, a review of the prior studies is essential in order to better understand the problem under investigation. This chapter provides a summary of the relevant studies in chronological order.

4.2 Review of Related Literature

This section provides a summary of those studies which have some connection with this research. The literature related to marketing and demand for life insurance was reviewed in order to provide a background and build support for the objectives of this study.

Life insurance companies have long realised that a thorough knowledge about consumers and the market is essential for developing an effective marketing programme and for designing the type of policies which would meet consumer demand. Individual researchers and companies themselves have long been involved in gathering and analysing data from both actual and potential consumers. In the United States most life insurance companies are members of the Institute of Life Insurance Research Service which

sponsors an annual survey under the name of Monitoring Attitudes of the Public (MAP). The objective is to investigate the attitudes of the public towards life insurance in general, types of life insurance, and other financial services. such information is then used to produce products which would satisfy consumer needs.

Almost all past research in the field of life insurance has concentrated in life insurance purchasing behaviour as function of various socioeconomic and demographic variables. In 1957, the Survey Research Centre of the University of Michigan conducted a survey on life insurance ownership among American families. The survey found income, life-style, and occupation to be significant explanatory variables associated with life insurance premium expenditures. Green (1963 and 1964) conducted two studies in order to examine attitudes towards risk as a measure of insurance consumption. In both studies he found no significant relationship between risk taking attitudes and previous insurance buying behaviour. In the second study (1964), a group of 56 teachers were asked questions about their actual insurance purchasing behaviour in the areas of automobile, residence, life and health coverage. Green found no evidence that insurance purchasing behaviour could be predicted from risk taking behaviour in other areas. He then speculated that insurance buying behaviour could be a function of education, income, or other socioeconomic variables.

Katona, Lininger, and Muller (1964) undertook a survey of consumer finances in the United states. Their findings indicated

that income, financial reserves, occupation and life-style were statistically related to life insurance premium expenditures. The findings indicated that income was a major determinant of life insurance premium expenditures: families with a modest level of reserve funds were found to be more likely to purchase life insurance than families with larger financial reserves. With respect to occupation, families whose breadwinners were managers, craftsmen and foremen spend more on life insurance premiums. finally, their findings indicated that young singles and young married couples with no children spend less on life insurance than those in other life cycle stages.

Bickley (1967) conducted a research based primarily upon information drawn from in-depth interviews with the chief executives of a wide cross section of insurers in the United States. The findings suggested that many executives considered that a flexible approach to insurance marketing was essential and that they were willing to use whatever distribution methods that would provide the maximum market penetration for their firm. Consideration was also being given to how insurers could provide a broader range of financial services. Bickley's findings also indicated that life insurers were turning more and more to professional agents as a means of increasing sales. A marketing approach receiving close attention was the "salary saving or franchise system". Several life insurers were encouraging their agents to make arrangements with employers in order to have frequent opportunities to discuss individual insurance problems.

Hammond, Houston, and Mclander (1967) investigated the relationship between socioeconomic and demographic variables and

life insurance premium expenditures. Premiums were regressed on income, net worth, education, occupation and stage of life cycle. They found all five variables to be significant in explaining premium expenditures of households.

Mantis and Farmer (1968) conducted a study for predicting the demand for life insurance, using the available published data. The independent variables considered in this study were: births, marriages, personal income, relative price index, and employment. Their findings indicated that "relatively small changes in either births or marriages will make a considerable difference in life insurance sales, while relatively lower prices or increased employment will have less effect".

Duker (1969) investigated the extent of and reasons for "under consumption" of life insurance by working-wife families. Duker used the data from the Survey Research Centre of the University of Michigan Survey of Consumer Finances for 1959, and also data from the 1950 BLS (Bureau of Labour Statistics)-Wharton Survey of Consumer Expenditures. Duker treated the data in tabular comparisons of life insurance premium expenditures between "working wife families" and "housewife families". A Linear Multiple Regression Analysis was then performed using life insurance premium expenditures as dependent variables and a series of socioeconomic and demographic variables such as income, occupation, etc., as the independent variables. He found life insurance premiums paid by working wife-families were less relative to income than those of other families. In terms of determinants, he found income, occupation, education, total

assets and age to be significant in explaining premium expenditures. Duker argued that an economic hypothesis relevant to the working-wife situation is Friedman's (1957) permanent income hypothesis. This hypothesis views families as saving and spending not in accordance to their current incomes, but in accordance to their permanent incomes. Thus, since working-wife's labour force participation is shorter and often sporadic than that of married male, it is logical to believe that her income includes a transitory component. Thus, the working-wife family may have a lower permanent income than that of the housewife family with equal current income. The lower permanent income may be the reason for lower life insurance premiums because people with lower permanent income would avoid long term money commitments. Duker thus concluded that "working-wife families with fully employed husbands may constitute both an opportunity and a challenge to the life insurance industry because they spend substantially less on life insurance than do housewife families with similar incomes".

Berekson (1972) investigated the role of anxiety in insurance purchasing decisions. It was hypothesised that first-born and only children would purchase more life insurance, total and individual, than would later borns. Samples, including demographic, insurance purchasing and birth-order data, were drawn from two student populations. The first sample was taken at California State College, Los Angeles (CSCLA) during the summer of 1969. The School offers both bachelor's and master's degrees. The second sample was taken among students at Fairleigh Dickinson University (FDU), New Jersey. A Multiple Regression Analysis was

selected in order to determine the possible significance of the birth-order variable operating simultaneously with five other independent variables: age, marital status, number of children for which financially responsible, gross income of subject only, and subject's parents divorced.

The findings were inconclusive. The effect of birth-order on life insurance purchasing behaviour was found to be significant in some groups and not in others. The results thus suggested that birth-order may not be an effective tool in establishing the role of anxiety in all life insurance purchasing decisions. Other variables (e.g., age, income, number of children) were found to be significant in influencing life insurance purchasing decisions.

Ferrel (1972) tested the hypothesis that no significant relationship exists between attitudes towards product, price and promotion of life insurance and selected socioeconomic variables. The findings indicated that education, occupational status, and age to be significant in explaining premium expenditure. As the level of education, occupational status, and age of the respondent increase, so does the level of premium expenditure. Furthermore, The findings revealed that respondents were very positively oriented toward ownership of life insurance and desired more information on the price of life insurance policies offered.

Davis (1972) undertook a study of the attitudes of students of the University of Alabama towards life insurance ownership, life insurance product, and the operations of life insurers. He

tested the hypothesis that there was no significant relationship between the students attitudes concerning life insurance ownership, product and insurers, and the demographic variables. The findings revealed that married respondents were more likely to have life insurance than the single respondents. Furthermore, students' attitudes towards the life insurance product revealed that the primary benefit of life insurance ownership was to provide protection against premature death. Attitudes towards the life insurance agent indicated that the life insurance agent was seen to provide vital services and useful information about the nature of life policies. Most respondents indicated that they would like to see an inflation clause in the life insurance policies.

Headen and Lee (1972) explored the effects of short-term financial market behaviour and consumer expectations on purchase of ordinary life insurance. The main objective in their study was to develop information concerning the structural determinants of life insurance demand. The authors made a strong case for the recognition of the concept that life insurance may well be a substitute to financial assets such as equity or other perhaps lower risk assets. They thus argued that life insurance demand may be determined by household financial asset portfolio decisions. Their study involved an examination of the short-term behaviour of life insurance demand as it is influenced by changes in financial market conditions and changes in the household demand for alternative financial assets.

In their study, Headen and Lee, separated the demand determinants for life insurance into three basic groups: (1)

variables that stimulate demand as a result of life insurance company selling effort, (2) variables that affect the size of the potential market and the ability to buy, and (3) variables that affect household decisions to save and accumulate financial assets along with variables that determine the composition of these assets. They concentrated only on the third group of variables in their study.

Their findings indicated that "a proper aggregate formulation of life insurance demand function would include variables reflecting savings, consumer sentiment, and price conditions in financial markets along with other variables reflecting market potential and marketing effort". The results suggest that low-asset holders view life insurance as an attractive investment asset and that high savings rates stimulate demand. Consumer sentiment was shown to play a major role in life insurance demand determination. The impact of interest rates on life insurance demand was found to be both a short and long run phenomenon, with demand increasing with higher rates only in the short run. In the long run life insurance demand is inelastic with respect to a change in interest rates. Finally, their findings indicated that companies should intensify their marketing efforts during times when consumers are pessimistic about future economic prospects and when economic conditions are expected to deteriorate. The authors believe that these efforts should take the form of accelerated advertising budgets and intensified personal selling since consumers would be expected to be more savings conscious and risk averse.

Fortune 1972 estimated the effects of inflation on savings through life insurance. He found that while the effect of the expected rate of inflation on policy reserves per dollar of insurance in force is zero, there is positive relation between expected future prices and policy reserves. Fortune thus concluded that "the expected rate of inflation does have a negative impact through its effect on the relative real yields of financial and real assets, but that this effect is offset by the expected rate of inflation expected through expected future price levels". Fortune's findings were in contrast with those of Neumann's (1969). Neumann tested the hypothesis that inflation is not adverse to "saving through life insurance". He concluded by accepting the hypothesis.

In a second study Fortune (1973), using the utility theory, developed a model that estimates the determinants of the optimal amount of pure insurance, defined as per capita net insurance in-force (total insurance-in-force less policy reserves). Fortune's findings indicated that the optimal amount of life insurance coverage was sensitive to changes in the "real" interest rates and the amount of personal wealth.

Bamira (1975) in an attempt to determine the variables affecting the ownership of life insurance defined the dependent variable as the amount of face value a person owned relative to his/her income. The dependent variable was viewed as a person being a "heavy" or "light" owner of insurance. The independent variables used were: attention (awareness), motive, overt search, attitude, comprehension, and general sophistication in the field of financial products. Bamira's findings supported his basic

hypothesis that the defined independent variables related significantly to the amount of life insurance owned relative to one's income. Bamira also examined the relationship between these independent variables and the dependent variable on a multivariate basis, using Discriminant Analysis. The findings indicated that the set of the defined variables effectively discriminated between the heavy and light ownership of life insurance.

Anderson and Nevin (1975) examined the variables influencing the amount and type of life insurance purchased by a sample of young newly-married couples. Socioeconomic, demographic, psychographic, and other variables were examined by means of Multiple Classification Analysis (MCA). Six independent variables were found to be statistically significant in explaining the amount of life insurance purchased: education of husband, current household income, expected household income, net worth of household, husband's insurance before marriage, and wife's insurance before marriage. However, the independent variables, taken together, explained 10.3 percent of the variance in the amount of life insurance purchased. The variables thus did not account for a high proportion of the variance in the dependent variable. The results thus indicated the weakness of socioeconomic, demographic, and other variables included as predictors of household life insurance purchasing behaviour. Anderson and Nevin concluded that this could be due to the exclusion of life cycle as an explanatory variable. The sample of young married couples were all in a similar stage of the human

life cycle.

Cooper and Krebs (1976) examined the findings of a study of the consumer's perceptions about the life insurance, and compared those perceptions to the agent's perceived reasons for purchase. The study was based on a limited convenience sample of personal interviews in a medium-sized city in the United States. The findings suggested that both the agent and the consumer agreed that a change in life style is the key to consideration of the purchase of life insurance. Furthermore, both the agent and the consumer recognised the dominant influence of the agent on the decision making process.

Ferber and Lee (1980) examined the acquisition and accumulation of life insurance by couples in the first eight years of marriage. The findings revealed that socioeconomic variables affect life insurance purchases. Life insurance ownership was found to be influenced by home ownership, husband's education, and the husband's role as the family financial officer.

An important source of influence in the acquisition of life insurance before marriage was found to be friends and one's job. Agents were found to be the most important influence in the purchasing of life policies. The presence of children was found to be an important determinant of life insurance purchases.

Finally, the study revealed that attitudes affect life insurance purchasing behaviour, even after considering the influence of other variables. The analysis revealed that in families where either the husband or the wife assigned top priority to saving a greater tendency to accumulate more life

insurance after eight years of marriage exists than among the families that either did not save or assigned lower priority to saving.

Diacon (1980) undertook both a theoretical and practical study of demand for life insurance, using data on the UK ordinary life insurance policyholder over the years 1946-1968. The study suggested that life insurance is purchased for three main motives: (1) life time savings (endowement contracts), (2) non-life time saving (whole life policies),and (3) provision for protection (term insurance). Finally, the findings indicated that new financial savings via life insurance was adversely affected by inflation expectations over the period under study.

Goldsmith (1983) investigated the degree to which households substitute the wife's human capital for life insurance on the husband, using data on buyers and non-buyers of insurance in 1980. The findings suggested that households with a more educated wife had a lower likelihood of purchasing term insurance on the husband. The findings indicated that households substitute accumulated, marketable, non-human capital assets for life insurance. Current household income, existing coverage, household characteristics, and the decision making environment were all found to have significant influences on the decision to purchase term insurance on the husband.

Skinner and Dubinsky (1984) investigated the predictors of family decision making responsibility in the purchase of life, auto and homeowner insurance for a sample of 1,462 families. The focus of the study was to determine whether certain demographic

variables could discriminate between families. The data was collected as part of a mail survey of 1,968 families in the United States. A stepwise Discriminant Analysis was used to differentiate between families in which the insurance purchase decision was made solely by the husband or entailed wife involvement. A separate Discriminant analysis was conducted for each kind of insurance, using ten demographic characteristics as predictor variables, and family decision making responsibility as the criterion variable. The findings for life insurance revealed that of the ten demographic variables examined in the investigation seven entered a statistically significant discriminant function. These include: husband's educational level, wife's educational level, wife's employment status, family income, husband's occupation, years married, and wife's age. The findings indicated that the "key" decision maker within the family can be identified based on demographic characteristics.

Burnett and Palmer (1984) examined various demographic and psychographic variables in order to determine how well they relate to differing levels of life insurance ownership. The data analysed were collected from a consumer panel located in a middle sized southern city in the United States. Respondents were asked questions on the following topics: (1) demographic variables, (2) psychographic variables, and (3) amount of life insurance currently owned. The data were analysed through Multiple Classification Analysis. The findings revealed that belief in traditional work ethic, fatalism, religious salience, and assertiveness were the most important predictor variables. Fatalism was found to be a very strong predictor of the amount of

life insurance owned. Respondents who did not believe in fate, and who felt that they had control over their destiny, had significantly greater amounts of life insurance. On the other hand, respondents who were low information seekers had larger amounts of life insurance than respondents who seek information because of its perceived salience. Finally, respondents who had very little concern for price and price comparison bought more life insurance than those who were somewhat price conscious.

The findings also suggested that amount of life insurance purchased increased with education. On the other hand, as the number of children increased, the amount of life insurance owned also increased. Finally, larger incomes were found to be associated with larger amounts of life insurance.

Harby (1985) undertook an investigation of the variables which influence life insurance purchasing decisions in Egypt. The data were collected by means of personally administered questionnaires. The data collected consisted of two different types of variables: attitudinal and categorical. The data were analysed through Non-Metric Multidimensional Scaling and the Multiple Classification Analysis.

The findings suggesed that the insured and the non-insured were similar in their attitudes towards life insurance purchasing decision variables. The most important reasons for purchasing life insurance (both insured and non-insured) were found to be: protection of dependents, retirement income, and savings for daughter's marriage costs.

Harby's findings indicated that the most desirable financial

facilities, offered by the insurers, as perceived by the insured and the non-insured, were: profit sharing, borrowing against the cash value of the policy, and the guarantee of surrender values. Finally, The most important financial aspects for purchasing life insurance were considered, both by the insured and the non-insured, to be provision against inflation, and safety for money.

The Multiple Classification Analysis results in Harby's research study show that the selected demographic and socioeconomic variables (age, education, family size, family life cycle, and income) account for a relatively high proportion of the variance in the amount of life insurance purchased (R^2 = 55%).

Watkins and Wright (1986) conducted a survey on behalf of the Nottingham Institute for Financial Studies (NIFS). The NIFS in early 1985 surveyed suppliers of personal financial services using postal questionnaires. Respondents were asked for their opinions on sources of major competition over the next five years to 1990. Over 90% of the respondents who said life insurance companies were likely to be a "very important" source of competition were themselves life insurance companies. In contrast, the proportion of life insurance companies who perceived banks and building societies as a "very important" source of competition was very small. One of the strongest findings in the NIFS investigation has been the trend to direct marketing by insurance companies. The NIFS survey indicated that 97% of insurance company respondents considered that direct marketing would have at least some influence in their marketing strategy.

Fitzgerald (1987) developed a model of life insurance demand

for a household with two potential earners. Members of household can share risks so that the future potential earnings of one spouse can reduce the need for life insurance on the other. The model assumes that two social security measures are relevant: "the social security wealth available to the family conditional on one earner, say the husband, surviving the planning period, and the social security wealth available to the surviving family conditional on the husband dying during the planning period". Social security survival benefits were found to decrease the demand for life insurance on an earner, while social security benefits that are conditional on the earner's survival, such as his/her retirement benefits, increase the demand. The findings further suggested that wives' future earnings tend to increase the demand for life insurance on the husband, contrary to the model's prediction.

4.4 Summary

This chapter presented a summary of those studies relevant to this research work. Most of the studies find life insurance purchases to be related to a large number of socioeconomic and demographic variables, e.g., income, age, education, occupation, number children, birth order, life cycle and so on. A number of authors also investigated attitudes of consumers towards life insurance ownership. The findings suggest that attitudes affect life insurance purchases, even after considering the influence of other variables.

CHAPTER FIVE

FACET DESIGN

5.1 Introduction

5.2 The Facet Approach and Research Design

5.3 The Mapping Sentence for the Definition by Facets of the Research Study

5.4 The Context of Life Insurance Marketing Decisions and Life Insurance Purchasing Behaviour

5.5 Summary

5.1 Introduction

This chapter describes the principles and advantages of facet design which is adopted in this research study. The facet approach offers a systematic and formal method of defining the components of a marketing problem. It helps the researcher with the formulation of research hypothesis and the definition of a universe of content. The main advantage of the facet approach is that, by specifying the facets and their elements, the researcher can state more precisely what is the complete universe of content to be analysed, what portions of the domain of universe are to be studied and what portions remain to be studied.

5.2 The Facet Approach and Research Design

The facet approach consists of a set of related ideas about how to do a research and why it should be done that way (Runkel and McGrath, 1982). It is not an explanatory theory itself but helps to formulate theories. Generally speaking, the approach provides a structural framework for the research undertaken. It helps to produce a systematic design of a research. In other words, it is a way of laying out a domain for research. The approach developed out of the work of Louis Gutman (1954) and his colleagues (Foa, 1965). The approach was described in detail by Borg (1978) and Shye (1978), and reviewed in relation to applied psychology by Canter (1983).

A facet, as stated by Canter (1983), "is any conceptually

distinct way of classifying the universe of observations". One of the main advantages of the facet approach lies in the formalisation of the the process of defining the components of a problem and its generality. The approach permits the researcher to test whether a particular facet design produces similarity patterns which are confirmed by empirical results. Gutman (1959) termed this similarity or proximity pattern among the elements of a facet as the principle of continguity. The principle of continguity implies that variables more similar in their facet structure will also be more related empirically. This helps the researcher to predict a certain statistical structure for the matrix of correlation coefficients. By examining the empirical data the researcher can see whether they reveal the statistical structure that was predicted from the semantic structure. Furthermore, the relationship between the facet elements lead to predictions of the locations of regions in the space. Using the principles of proximity, items with similar elements will be found in the same region of the space. In this research study the MINISSA Programme was used to produce a configuration of all facet elements in the space. It should be noted that the facet theory perspective on social science research has emerged out of the Multidimensional Scaling (MDS) literature.

The facet approach, as stated by Canter (1983), utilises three major constituents of a scientific activity:

a) formal definition of the variables under investigation

b) hypothesis of some specific relationship between the definition and an aspect of the empirical observation.

c) a rationale for the correspondence between the definition of the domain of concern and the observations.

Generally speaking, a facet may be any way of categorising observations as long as the elements of the category are mutually exclusive.

The main advantages of the facet approach can be outlined as follows. Specifically the approach facilitates:

1) Systematic presentation of the whole universe of content of a research
2) Systematic and logical selection of the sample of items included in the research project
3) Identification and definition of items to be investigated, also identification of areas left out for further research
4) Design of the questionnaires by putting each item (or element) of the facets into a question
5) Systematic analysis of the data collected since the approximate relations between items (variables) are known from the faceted analysis of the research
6) Formulation of research hypotheses. Each hypothesis should include the elements of at least one facet

The main limitation of a faceted approach is that the choice of facets are subjective and depend on the researcher's judgement.

Based on the above objectives of the facet design, the universe of content in this research study is the attitudes of marketing managers of life and composite insurance companies towards marketing life insurance, and the attitudes of the

insured and the non-insured towards the variables which influence life insurance purchasing behaviour. Two sources were drawn upon to generate facets for this research study:

1) research of the existing literature; and

2) open and informal interviews-in-depth with a number of marketing managers and consumers.

Based on the relevant literature survey and interviews eight facets were generated (Table 5.1):

Facet D1: Sales and Marketing Variables
Facet D2: Economic Variables
Facet D3: Customer Services and Competition Variables
Facet D4: Environmental Variables
Facet D5: Strategic Marketing Variables
Facet D6: Marketing Effectiveness Variables
Facet D7: Direct Response Marketing Variables
Facet D8: Socioeconomic and Demographic Variables

5.3 The Mapping Sentence for the Definition by Facets of the Research Study

The concept of mapping sentence, as developed by Gutman (1954), provides a semantic presentation of the research facets in a mapping form. Shye (1978, p. 143) defines a mapping sentence as "a verbal statement of the domain and of the range of a mapping including connectives between facets as in ordinary language". Generally speaking, a mapping sentence provides a summary of the universe of content of a research study. The universe of content in this research study is the attitudes of marketing managers of life and composite insurance companies towards marketing life insurance in the UK, and the attitudes

Table 5.1	The Context of a Comparative Analysis of Marketing Life Insurance Policies in the UK
NO	Title of Facets, Subfacets and Elements
FACET D1	SALES & MARKETING VARIABLES (QUESTIONNAIRES A, B & C)
D 1a	Subfacet (i): Intermediaries
	1) life insurance agent
	2) life insurance broker
D 1b	Subfacet (ii): Publicity & Direct Sales Variables
	3) company offices
	4) sports sponsorship
	5) charity sponsorship
	6) advertisements in newspapers and magazines
	7) telephone advertising
	8) television advertising
	9) radio advertising
	10) direct mail
	11) outdoor posters
	12) catalogues and circulars
	13) presentations
	14) cable TV
D 1c	Subfacet (iii): Persuasibility Variables
	25) husband/wife
	26) children
	27) colleagues/friends
	28) life insurance agent

NO	Title of Facets, Subfacets and Elements
Facet D2	ECONOMIC VARIABLES (QUESTIONNAIRES A, B & C)
D 2d	Subfacet (i): Financial Benefits
	15) family protection 16) retirement income 17) children's education 18) saving for emergencies
D 2e	Subfacet (ii): Financial Advantages
	19) provision for inflation 20) a good method of saving 21) return on investment 22) policy prizes (bonuses) 23) mortgage repayment plans 24) mitigation of capital transfer tax and estate duty
FACET D3	CUSTOMER SERVICES & COMPETITION VARIABLES (QUESTIONNAIRES A, B & C)
D 3f	Subfacet (i): Quality and Convenience Variables
	29) standard of service 30) quality of product 31) quality of staff 32) accurate information 33) attention to customer needs 34) contact by the agent
D 3g	Subfacet (ii): Credit Card Facilities
	35) use of credit cards

NO	Title of Facets, Subfacets and Elements
D 3h	Subfacet (iii): Main Competitors
	36) building societies 37) banks 38) unit trusts 39) pension funds
D 3i	Subfacet (iv): Direct Investments
	40) direct ownership of stocks and shares 41) government bonds
FACET D4	ENVIRONMENTAL VARIABLES (QUESTIONNAIRES A & B)
D 4j	Subfacet (i): Financial benefits in saving with competitors
	42) family protection 43) retirement income 44) children's education 45) saving for emergencies
D 4k	Subfacet (ii): Financial Advantages in saving with Competitors
	46) provision for inflation 47) a good method of saving 48) return on investment 49) policy prizes (bonuses) 50) mortgage repayment plans 51) mitigation of capital transfer tax and estate duty

NO	Title of Facets, Subfacets and Elements

FACET D5 STRATEGIC MARKETING VARIABLES (QUESTIONNAIRE C)

D 51 Subfacet (i): Strategic Management Variables

42) market research
43) product innovation
44) product diversification
45) market segmentation
46) response to marketing challenges
47) distribution channels
48) policy benefits
49) monitoring and evaluating performance
50) packaging
51) development of training programmes for the field force

D 5m Subfacet (ii): Customer Relations Variables

52) consumer trust
53) consumer habits

FACET D6 MARKETING EFFECTIVENESS VARIABLES (QUESTIONNAIRE C)

D 6n Subfacet (i): Intermediaries

54) life insurance agent
55) life insurance broker

D 6o Subfacet (ii): Publicity & Direct Sales Variables

56) company offices
57) sports sponsorship
58) charity sponsorship
59) advertisements in newspapers and magazines
60) telephone advertising

NO	Title of Facets, Subfacets and Elements
	61) television advertising 62) radio advertising 63) direct mail 64) outdoor posters 65) catalogues and circulars 66) presentations 67) videotex (viewdata systems)
FACET D7	DIRECT RESPONSE MARKETING VARIABLES (QUESTIONNAIRE C)
D 7p	Subfacet (i): Complementary Variables
	68) supplementary role 69) changing attitudes and life style 70) support vehicle for salesforce
D 7q	Subfacet (ii): Additional Sales Variables
	71) entering new market segments 72) customer attention 73) increases sales 74) lapse prevention
D 7r	Subfacet (iii): Special Characteristics Variables
	75) testability 76) cost effectiveness 77) versatility 78) controllability 79) selectivity

NO	Title of Facets, Subfacets and Elements
FACET D8	SOCIOECONOMIC AND DEMOGRAPHIC VARIABLES
	(QUESTIONNAIRES A & B)
	marital status family life cycle family size age education occupation annual income

of the insured and the non-insured towards the variables which influence life insurance purchasing decisions.

The facet formula for a research study can be written as:

$$P \times C = R$$

where P = population being studied; C = the direct product of different facets (parameters): A, B, C, ..., where each of these facets (parameters) are composed of elements: $a_1, a_2, a_3 \ldots .b_1, b_2, b_3 \ldots .$; and R = the set of possible responses.

This research study concentrates on five parameters: A (attitude), B (referent or action), C (time), D (context or content), and E (object). Full details are provided in Figure 5.1.

Attitudes (parameter A) are an intrinsic part of an individuals personality. It is generally accepted that attitudes are determinants of an individual's behaviour, because they are linked with personality and perception. An attitude is generally conceived of as having three components: (1) cognitive, (2) affective, and (3) conative or behavioural. Cognition refers to the person's beliefs about the attitude object, e.g., a consumer's perceptions of a products quality. Affect refers to the feelings of liking and disliking of the attitude object. Finally, conative or behavioural refers to the person's action or behaviour towards the attitude object. Attitudes are normally learned from family, peer groups, and society. An attitude, as stated by Kerlinger (1973), "is an enduring structure of beliefs that predisposes the individual to behave selectively toward attitude referents. A referent is a category, clan, or set of phenomena: physical objects, events, even constructs". In this

Figure 5.1
A Mapping Sentence for the Definition by Facets of a Research Study in Marketing Life Insurance Policies in the UK

A
Attitude (Behaviour)

A study of	a1 Cognition (belief) a2 Emotion (Feeling) a3 Conation (Intention) a4 Action (Overt action)	of the

B
Referent (Actor)

b1 Marketing managers b2 Customers (Actual & Potential) b3 Overseas Competitors b4 Particular Customer Segment

C
Time

As percieved by the referent at	C1 Present C2 Future C3 Past	with regard to the

D
Context of Marketing Managers' Attitudes and Consumer Behaviour in the UK

D1 Sales and Marketing D1a Intermediaries

Cont./

A Mapping Sentence for the Definition by Facets of a Research Study in Marketing Life Insurance Policies in the UK

D publicity & Direct Sales variables 1b

D persuasibility variables 1c

D Economic Variables 2

D family benefits 2d

D financial advantages 2e

D Customer services & Competition Variables 3

D quality and convenience variables 3f

D credit card facilities 3g

D main competitors 3h

D direct investment 3i

D Environmental Variables 4

D financial benefits in saving with competitors 4j

D financial advantages in saving with competitors 4k

D Strategic Marketing Variables 5

D strategic management variables 5l

D customer relations variables 5m

D Marketing Effectiveness Variables 6

Towards the

Cont./

A Mapping Sentence for the Definition by Facets of a Research Study in Marketing Life Insurance Policies in the UK

D intermediaries 6n
D publicity & direct sales variables 6o

D Direct Response Marketing Variables 7
D complementary variables 7p
D additional sales variables 7q
D special characteristics variables 7r

D Socioeconomic and Demographic Variables 8

Towards the

E

Objectives

e Attitudes of 1 marketing managers towards life insurance marketing in the UK

e Attitudes of 2 consumers (actual and potential) towards the variables influencing life insurance purchasing decisions

is

High
(very important)

Low
(not important at all)

research study attitudes are perceived as having at least four different elements (Figure 5.1):

a_1 cognition (belief)

a_2 emotion (feeling)

a_3 conation (intention)

a_4 action (overt action)

Cognition (a_1), as mentioned above, refers to a respondent's beliefs, information and evaluation about an object as: good or bad, important-unimportant, etc., Emotion (a_2) refers to the affection for or against the object, e.g., like or dislike, etc. Conation (a_3) relates to the intention towards an object. Finally, action (a_4) refers to overt action for or against an object.

The second parameter (B) refers to the possible referents or actors whose attitudes towards the variables under investigation will be measured. The possible actors in this study are:

b_1 marketing managers

b_2 customers (actual and potential)

b_3 overseas competitors

b_4 particular customer segments (e.g., university lecturers)

The third parameter (C) indicates the time at which the referent's attitudes are referred. This include:

c_1 present

c_2 future

c_3 past

The forth parameter (D) refers to the content of the attitudes of marketing managers of life and composite insurance

companies towards life insurance marketing, and the attitudes of the insured and the non-insured towards the variables which influence life insurance purchasing behaviour. This consists of (Table 5.1):

D sales and marketing variables
 1
D economic variables
 2
D customer services and competition variables
 3
D environmental variables
 4
D strategic marketing variables
 5
D marketing effectiveness variables
 6
D direct response marketing variables
 7
D socioeconomic and demographic variables
 8

Finally, parameter E refers to the research objectives. In this research study the objective elements which are of interest to us include:

e attitudes of marketing managers towards life insurance
 1
 marketing in the UK

e attitudes of consumers (both actual and potential) towards
 2
 variables influencing life insurance purchasing behaviour

The mapping sentence for the facet design of this research study could be written as: a comparative study of the attitude (A) of the referent (B) at time (C) towards aspects of context (D) of object (E) of the respondents - marketing managers, the insured and the non-insured - (P) range (R).

The mapping sentence enables the researcher to obtain almost all the possible attributes of the universe of content by different combinations of the various elements of each of the facets. It thus follows that if we intend to analyse all the

elements of content included in the facets, the number of the questions to be asked would be equal to the number of combinations of all the elements in the five parameters (i.e., 4 x 4 x 3 x 94 x 2 = 9024). Thus, we would have to ask over nine thousand questions in order to clarify the content of all of the universe presented. However, one of the advantages of the facet approach is that it permits the researcher to delimitate the universe of content of the research once the whole content is presented in the mapping sentence. This process of delimitation (sampling) of the content of the research depends on factors such as the interest of the researcher, availability of resources, time constraints, and the research hypotheses. In this research study it was decided to limit the universe of content to be researched to a_1, b_1, b_2, c_1, D (all the elements), e_1, and e_2 (Figure 5.1).

5.4 The Context of Life Insurance Marketing Decisions and Life Insurance Purchasing Behaviour in the UK.

This section provides a summary of the facets, subfacets and the variables included in parameter D (Table 5.1).

Facet D1: Sales and Marketing Variables

This facet consists of three subfacets:

D_{1a} Subfacet (i): Intermediaries

D_{1b} Subfacet (ii): Publicity and Direct Sales Variables

D_{1c} Subfacet (iii): Persuasibility Variables

Facet D1 includes eighteen variables and was designed to measure the degree of importance that marketing managers attach to these variables for selling and marketing their products, and also to measure the effectiveness of these variables in attracting consumer attention and encouraging them to purchase life insurance. Intermediaries such as brokers and agents play an important role in life insurance marketing. They have the knowledge and professional skills in handling of insurance business. On the other hand, more and more companies are employing direct marketing methods in order to increase sales. Finally, the persuasibility variables were intended to measure the role of "husband/wife", "children", "colleagues/friends" and "life insurance agent" in encouraging life insurance purchases.

Facet D2: Economic Variables

It consists of two subfacets:

D_{2d} Subfacet (i): Financial Benefits in Purchasing Life Insurance

D_{2c} Subfacet (ii): Financial Advantages in Purchasing Life Insurance

This facet consists of ten variables (Table 5.1) and was intended to measure the emphasis that marketing managers attach to financial aspects of life policies in their marketing campaigns, and how they are perceived by the consumers (the insured and the non-insured).

Facet D3: Customer Services and Competition Variables

This facet consists of four subfacets:

D 3f Subfacet (i): Quality and Convenience Variables

D 3g Subfacet (ii): Credit Card Facilities

D 3h Subfacet (iii): Main Competitors

D 3i Subfacet (iv): Direct Investments

The reason for including customer services variables and competition into one facet is a technical one. The accuracy of the final configuration produced by the MINISSA Programme depends on the number of variables used. The configuration is poor if the number of variables is less than ten. It was thus decided to combine these variables into one facet in order to obtain a reliable output.

This facet consists of thirteen variables and measures the attitudes of marketing managers, the insured and the non-insured towards customer services and competition in the life insurance industry.

Facet D4: Environmental Variables

It consists of two subfacets:

D 4j Subfacet (i): Financial Benefits in Saving through other Financial Institutions

D 4k Subfacet (ii): Financial Advantages in Saving through other Financial Institutions

This facet consists of ten variables and measures the attitudes of the insured and the non-insured towards the reasons for saving through other financial institutions. The variables in this facet are the same as those in Facet D2: Economic Variables, but in different context. In Facet D2 they were intended to

examine the reasons for saving through life and composite insurance companies.

Facet D5: Strategic Marketing Variables

It consists of two subfacets:

D_{51} Subfacet (i): Strategic Marketing Variables

D_{5m} Subfacet (ii): Customer Relations Variables

Strategic marketing is a process of analysing and monitoring marketing opportunities. Only careful strategic marketing will lead to effective customer relations. The facet is thus intended to measure the attitude of marketing managers towards strategic marketing variables. It consists of twelve variables which are used in questionnaire C only. It should be noted that questionnaire C was designed to measure the attitudes of marketing managers towards life insurance marketing (Appendix C).

Facet D6: Marketing Effectiveness Variables

This facet consists of two subfacets:

D_{6n} Subfacet (i): Intermediaries

D_{6o} Subfacet (ii): Publicity and Direct sales Variables

Marketing effectiveness refers to the efficiency with which an organisation employs its marketing funds. This is an important undertaking essential for the success of an organisation in the present competitive environment. This facet consists of fourteen variables which are included in questionnaire C only. This facet measures the degree of importance that marketing managers attach

to various sales and marketing variables in terms of fund allocation.

Facet D7: Direct Response Marketing Variables

This facet consists of three subfacets:

D_{7p} Subfacet (i): Complementary Variables
D_{7q} Subfacet (ii): Additional Sales Variables
D_{7r} Subfacet (iii): Special Characteristics Variables

Direct response marketing is becoming increasingly popular with life insurance companies. More and more companies are employing direct marketing methods alongside their traditional marketing activities. This facet consists of twelve variables which are intended to measure the attitudes of life insurance marketing managers towards direct response marketing. The variables are included in questionnaire C only.

Facet D8: Socioeconomic an Demographic Variables

This facet includes variables such as marital status, family life cycle, family size, age, education, occupation, and income which are regarded as being important in influencing life insurance purchasing behaviour. This facet thus examines the effects of the above predictors in explaining variations in life insurance purchasing decisions. These variables are included in questionnaires A (for the insured) and B (for the non-insured) only (Appendices A and B).

5.5 Summary

This chapter presented a description of the design of the research study using the facet theory. The specification of the facets utilised, and their elements, were also discussed. The facets were generated on the basis of the literature survey and the informal interviews with marketing managers and consumers. Eight facets were generated in this study:

Facet D1: Sales and Marketing Variables
Facet D2: Economic Variables
Facet D3: Customer Services and Competition Variables
Facet D4: Environmental Variables
Facet D5: Strategic Marketing Variables
Facet D6: Marketing Effectiveness Variables
Facet D7: Direct Response Marketing Variables
Facet D8: Socioeconomic and Demographic Variables

A mapping sentence was then used to summarise the universe of content of this research study. The facet approach facilitated the delimitation of the universe of content of this research study once the whole content was presented in the mapping sentence. In this research study it was decided to limit the universe of content to be researched to a_1, b_1, b_2, c_1, D (all the elements), e_1, and e_2 (Figure 5.1).

CHAPTER SIX

QUESTIONNAIRE DESIGN AND DATA COLLECTION

6.1 Introduction

The design of the questionnaires in this research study are based on the faceted design of the universe of content. One of the main advantages of the facet approach is that it helps the researcher to construct questionnaires by putting each item of the facets into a question.

This chapter provides a review of the main steps involved in questionnaire design and data collection.

6.2 Questionnaire Design

A questionnaire, as defined by Kinnear and Taylor (1979), "is a formalised schedule for collecting data from respondents". A questionnaire thus plays a crucial role in a research study. the design of the questionnaire is a skill which a researcher learns through experience. The quality of a questionnaire can be improved by pretesting it with a small number of respondents who are representative of the types of people who will be used in the ultimate research project. Pretesting helps to determine whether the questions asked are easily understood by the respondents; whether they are in a satisfying order; and whether all relevant phases of the research work have been included.

Generally speaking, Questionnaire design involves seven major steps (Tull and Hawkins, 1984):

1) Preliminary Decisions. Before a questionnaire is structured, the researcher must decide what information is to be collected from which respondents by what techniques.

2) Question Content. The content of the questions is influenced by the ability and willingness of the respondent to answer accurately. A respondent may not be able to answer a question because he/she: (1) is unimformed, (2) is forgetful, and (3) is unable to verbalise the answer. Respondents are often asked questions which requires them to rely on memory for facts that they may have been exposed to in the past. In such circumstances the respondent may not be able to recall the event unless he/she is provided with cues or aids. Aided recall provides the respondents with all or some aspects of the original events. Even if a respondent can accurately answer a question, he or she may not be willing to do so. There are a number of reasons for unwillingness to respond accurately: (1) the question may be personal in nature; (2) disclosure of the information would be embarrassing; and (3) disclosure is a potential threat to the respondent's prestige. In order to overcome this problem researchers often make use of counterbiasing statements. This involves beginning a question with a statement which suggests that the behaviour in question is rather common and thus make the potentially embarrassing responses seem common or hard to deny.

3) Question Wording. Question wording has direct implications on the character of the results to be obtained. It is of vital importance to the researcher to understand clearly what effect a particular wording can have on the results. In designing the wording of a question the researcher must make sure that the wording is simple, and familiar to all respondents.

4) Response Format. The form of the question to be used must be based on the objective for the particular question. Response

formats include: (1) open-ended questions; (2) multiple choice questions; and (3) dichotomous questions.

Open-ended questions require the respondents to provide their own answer to the question. This type of questions are not appropriate for self-administered questionnaires because most respondents will not write elaborate answers. Furthermore, there is the high potential of interviewer bias. Interviewers will vary in their ability to record the respondent's answers.

Multiple choice questions require the respondents to choose an answer from among a list provided by the researcher. This type of questions are easier for both the field interviewers and the respondent. They reduce interviewer bias. However, the design of a sound set of multiple choice questions requires considerable time and cost, including the preliminary use of open-ended questions.

Dichotomous questions allow only two responses, such as yes-no, did-did not, etc. Dichotomous questions are quick and easy to administer. However, forcing respondents to express their views in a dichotomous manner can produce results which contain substantial measurement error.

5) Question Sequence. This refers to the order or flow of the questions in the questionnaires. The sequencing of the questions can influence the nature of the respondent's answers and is thus a potential source of error. There are a number of guidelines for sequencing a questionnaire. These include: (1) the opening question should be simple; (2) the questionnaire should flow smoothly and logically from one topic to the next; (3) general

questions should be asked first; and (4) sensitive or difficult questions should be placed late in sequence.

6) Physical characteristics of questionnaires. The physical characteristics of the questionnaires can play a vital role in encouraging the co-operation of the respondent. Characteristics such as the quality of the paper and printing are important variables in securing co-operation from the respondent. This is particularly the case with mail surveys.

7) Pretest. Before a questionnaire is ready for field operations, it needs to be pretested and revised.

6.3 Attitude Measurement

A questionnaire can be used to measure: (1) behaviour-past, present, or intended; (2) respondent characteristics-e.g., age, income, etc.; (3) attitudes; and (4) level of knowledge (Tull and Hawkins, 1984).

The measurement of attitudes is crucial in many marketing situations. it is therefore not surprising to see that the measurement of attitudes has grown in importance. There has also been a growth in attitude measurement techniques. The strategy of Market segmentation is often based on attitudinal data. On the other hand, attitude measurement is often the basis for evaluating an advertising campaign. Furthermore, purchase decisions are based almost entirely upon attitudes existing at the time of purchase. Many researchers thus use attitude as an important explanatory variable in creating models of behaviour.

An attitude is defined as "an individual's enduring

perceptual, knowledge based, evaluasive, and action oriented process with respect to an object or phenomenon" (Kinnear and Taylor, 1979). Attitudes are regarded as mental states used by individuals to structure the way they respond to it. Attitudes are important in marketing because of the assumed link between attitudes and behaviour. A substantial proportion of all marketing activities is designed to influence the attitudes of consumers. One of the most extensive studies of the relationship between attitudes and behaviour was conducted by Achenbaum (1972). The study involved interviewing consumers in three different time periods regarding their attitudes towards nineteen brands in seven product categories. Assael and day (1968) also found a clear relationship between attitudes and behaviour. Their study involved an analysis of the relationship between changes in attitude and subsequent market share for deodorants and instant coffee.

An attitude, as described in chapter five, consists of three components: (1) a cognitive component-i.e., a person's belief or information about an object; (2) an affective component-i.e., a person's feelings of like or dislike about the object; and (3) a behavioural component-i.e., a person's readiness to respond behaviourally to the object. The marketing implications of attitude-behaviour link relate to measuring the cognitive and affective components of the buyer's attitude and being able to predict future purchase behaviour.

Attitude scaling in marketing refers to the measurement of the respondent's beliefs about a product's attributes (cognitive component) and the respondent's feelings regarding the

desirability of these attributes (affective component). Some combination of beliefs and feelings is assumed to influence intention to purchase (behavioural component).

Attitude measurement procedures rely on data from respondents. Scaled responses are an increasingly popular type of format in which the respondents are presented with a range of categories in which to express their opinions. A large variety of scaling techniques have been developed and applied in marketing studies. Three major types of attitude scales include:

1) Likert Summated Scale. This is a technique in which the subjects are asked to indicate their degree of agreement or disagreement with a variety of statements related to the attitude object. The scores of the items of such a scale are summed, or summed and arranged, to yield an individual's attitude score.

The popularity of this scale is due to its relative ease of construction and administration. However, an important assumption of this scaling method is that each of the statements measures some aspect of a single common factor; otherwise the statements cannot legitimately be summed. Likert scale assumes only ordinal properties regarding respondent's attitudes.

2) Thurstone Scale. This is also known as the method of equal appearing interval scale. The first step is to generate a large number of statements reflecting all degrees of favourableness towards the attitude object. A group of judges are then asked to classify these statements according to their degree of favourableness or unfavourableness. This is usually done with an eleven category bipolar scale ranging from "most favourable" to

"least favourable" with regard to a specified attribute. The sixth pile represents the "interval point". The intervals between categories are treated as equal. The scale value of each item is the median position to which it is assigned by the judges. In the final questionnaire which includes twenty to twenty five items respondents are asked to select those statements which best reflect their feelings towards the attitude object. The respondent's attitude score is the average of the scale scores of the chosen statements. However, because of the two stage procedure, a Thurstone scale is both time consuming and expensive to conduct.

3) Semantic Differential Scale. This scaling procedure is widely used in marketing studies. The technique requires the respondents to evaluate an object on a seven-point rating scale bounded at each end by bipolar adjectives. The respondents are to check the cell between a set of bipolar adjectives or phrases that best describes their attitudes towards the object. The technique is simple and easy to develop and administer.

6.4 Development of the Questionnaires

This research work involved the use of three sets of questionnaires. The questionnaires were used for collecting data from: (1) marketing managers of life and composite insurance companies (Appendix C); (2) the insured (Appendix A); and (3) the non-insured (Appendix B). The questionnaire designed for marketing managers included 79 attitudinal questions. The questionnaire designed for the insured and the non-insured, on

the other hand, each included 51 attitudinal questions and five demographic and socioeconomic questions. The first 41 questions (1-41) in all three sets of questionnaires are the same questions but in different contexts. In questionnaire C these questions were intended to measure the attitudes of marketing managers towards life insurance marketing, while in questionnaires A and B the same questions were intended to measure the attitudes of the insured and the non-insured towards the variables which influence life insurance purchasing decisions. The categorical questions in questionnaires A and B were designed to measure the impact of socioeconomic and demographic variables on life insurance purchasing behaviour.

In designing the questionnaires great care was taken to make them simple, clear, purposeful, and easy to answer. Likert-type statements were arranged on a five-point continuum ranging from "not important at all" to "very important". The respondents were asked to indicate the level of their agreement or disagreement by circling the number that best described their attitudes towards the statement. Likert scales, also referred to as summated scales, are the most widely used in marketing research. This is because the Likert scale is easy to construct and administer. Furthermore, the instructions that must accompany the scale are easily understood, which makes the technique ideal for mail surveys. As for demographic and socioeconomic questions (questionnaires A and B) categories were provided for each question, and the respondents were asked to tick the category they fell into.

In order to minimise a potential source of error in the

process and administration of the questionnaires, the first page of the questionnaires included some instructions as how to complete the questionnaires. The respondents were also assured about the confidentiality of the matter, and were asked not to give any names or addresses.

Once the questionnaires were ready it was decided to pretest them in order to minimise respondent error. Pretesting is usually done with a small group of respondents who are representative of the types of people who will be used in the ultimate research project. Fifteen questionnaires were sent out to marketing managers of fifteen life insurance companies. Twelve companies responded to the pilot survey. The comments provided by some managers helped to restructure certain questions. A total of fifty questionnaires were distributed among the insured (25 questionnaires) and the non-insured (25 questionnaires). Some personal interviews were also conducted in order to assess the understanding of the content of the questionnaires. The responses received from the insured and the non-insured helped to make some changes in the initial questionnaires. The pilot test procedure thus helped to finalise the design of the three sets of questionnaires.

6.5 Sampling and Marketing Research

Virtually every marketing research study involves the selection of some kind of sample from some population. Generally speaking, a sample saves time, and money, and may be more accurate. The major objective of any sampling process is to

secure a sample which will reproduce the characteristics of a population as closely as possible. A population is the aggregate of all the elements defined over space and time that are relevant to the scope of the problem. A study population, on the other hand, is the aggregate of elements from which the sample is drawn. An element is the unit about which information is collected. Elements in marketing research sampling are people. A sampling unit is the element or elements available for selection at some stage of the sampling process. A list of all the sampling units in the population is known as the sampling frame. A frame may be a list of registered voters, an employee list, a telephone book, etc.

There are a variety of methods by which researchers may select their samples. These include: probability sampling, non-probability sampling, and shopping-centre sampling.

1) Probability Sampling. In probability sampling each element of the population has a known, non-zero, chance of being included in the sample. It is not necessary that the probabilities of selection be equal. Equal chance probability sampling is a special case of probability sampling, known as simple random sampling.

2) Non-Probability Sampling. In non-probability sampling there is no way of estimating the probability that any population element will be included in the sample. The selection of a population element to be part of the sample depends on the judgement of the researcher. Several types of non-probability samples are in common use. They include Convenience, Judgement

and Quota samples. Convenience sampling consist of soliciting information from any convenient group whose views may be relevant to the subject of inquiry. In judgement sampling respondents are selected on the basis of the interviewer's subjective opinion that they constitute a cross section of the population. In quota sampling the respondent type is specified on the basis of characteristics of the population at large. Each interviewer is then assigned a quota and solicits information from people who meet the specification.

3) Shopping-Centre Sampling. This is the most widely used market research sampling technique. The technique is widely used by many researchers because costs are low. However, the technique has been subject to criticism because of the biases introduced by the methods used to select the sample. For example, biases may be caused by the selection of the shopping centre, the part of the shopping centre from which the respondents are drawn, the time of day, etc. Sudman (1980) suggests approaches to minimise such problems and improve the quality of shopping centre sampling:

Shopping-Centre Selection. A shopping-centre sample will represent those families who live in the area. It thus follows that there can be great differences between people living in a working-class low-income neighbourhood and those in a middle-class, or upper middle-class, high-income neighbourhood. In order to overcome this problem one can use several shopping centres.

Sampling of Locations Within a Shopping-Centre. Selection of respondents within a shopping-centre may be done either as they enter the centre or as they move around within it. In order to avoid biases one must make sure that all entrances have same

probability of selection. On the other hand, since not all entrances receive equal use, an unbiased sample would require that entrances to be sampled in proportion to the fraction of customers attracted. However, sometimes it is necessary to sample within a shopping centre because the entrances are not appropriate place to intercept respondents. In such circumstances, in order to avoid biases, it is necessary to select several "representative" locations. Furthermore, one has to determine from traffic counts about how many shoppers pass by each location, and weight the results accordingly.

Time Sampling. People visit shopping centres during lunch hours, evenings, weekends, etc., depending on the time available and also on the other less predictable factors such as weather and whether there are special events or sale at the centre. It is therefore reasonable to stratify by time segments, i.e., weekdays, weekends, etc., and conduct interviews during each segment. Time segments are similar to geographic clusters and may be sampled in the same way. The length of the time segments to be sampled probably depends on the length of the interview and other administrative considerations. Estimates of the proportion of shoppers that would be in each stratum can be obtained through traffic counts, so that the final results can be weighted appropriately.

Probability of Visit. Some people visit shopping centres more frequently than the others. It thus follows that some people will be more likely to be selected in a shopping-centre sample than the others. It is therefore important to adjust the sample so

that it reflects the frequent as well as infrequent shoppers. One approach is to ask respondents how many times they visited the centre during a specified time period. Those whose current visit was the only one during the time period would receive a weight of one. Those who visited twice would receive a weight of one-half; and so on. Alternatively, one could use quotas in order to reduce sample biases. One obvious factor to control is the sex of the respondent. The interviewers can be instructed to sample an equal proportion of men and women. An other factor to control would be employment status. Unemployed people tend to spend more time shopping than those employed. Furthermore, shoppers aged 25 to 54 tend to make more visits to shopping centre than do either younger or older shoppers. Thus, age is another factor which the researcher needs to control. The quotas would be set up so that the number sampled would be proportional to the number in the population.

The choice of a sample size depends on factors such as statistical precision requirements, study objectives, time available, cost, and the data analysis plan (Kinnear and Taylor, 1979). Data analysis procedures have an effect on the sample size for the study. Some analytical techniques such as Factor Analysis, Cluster Analysis, Analysis of Variance, and Multidimensional Scaling can be used with small sample sizes, while some other techniques such as AID (Automatic Interaction Detector) require large sample sizes. The AID requires a sample size of 1000 plus. The researcher must think ahead to the plan of data analysis in determining sample size.

6.6 Sampling and Administration of the Questionnaires

The mode of data collection in this research study was based on questionnaires. The facet approach, as mentioned above, helped to compile three sets of questionnaires. They were addressed to (a) marketing managers of life and composite insurance companies, (b) the insured, and (3) the non-insured.

This research study involves an investigation of the attitudes of marketing managers of life and composite insurance companies towards life insurance marketing in the UK, and also an investigation of the attitudes of the insured and the non-insured towards the variables which influence life insurance purchasing behaviour. It was decided to collect data from marketing managers by means of mail questionnaires. All the necessary information concerning the companies were obtained from the Insurance Directory and Year Book (1986) and Insurance Register (1986/7). Prior to sending out the questionnaires, marketing managers/directors or their secretaries were contacted by telephone and were informed about the nature of the research study. The questionnaires were then addressed to marketing managers/directors who already knew about the research. Table 6.6.1 represents the number of the questionnaires sent out to marketing managers and the response rate. All the questionnaires were accompanied by a covering letter from the University of Sheffield, School of Management and Economic Studies (Appendix D). Stamped self-addressed envelopes were supplied with the questionnaires. The response rate, as it can be seen from Table 6.6.1, was very encouraging. Some of the managers even offered to

provide further assistance if required. Four companies asked for a copy of the final results.

Table 6.6.1 Response Rate from Marketing Managers of Life and Composite Insurance Companies		
Number of questionnaires sent out	111	
Number of responses (initial mailing)	73	(66%)
Number of questionnaires sent out (second mailing)	38	
Number of responses received (second mailing)	16	(42%)
Total number of responses received	89	(80%)
Number of responses duly completed	83	(75%)
Number of questionnaires not duly completed	6	(5%)

As for the insured and the non-insured it was decided to conduct random interviews at shopping centres in Sheffield, Manchester, Leeds, London and Canterbury. Different sets of questionnaires were designed for the insured and the non-insured. Shoppers were intercepted in the appropriate locations at the shopping centres and after a brief introduction about the objectives of the survey were presented with the appropriate questionnaire. Those who had already purchased a life policy were asked to complete questionnaire A (Appendix A), and those without a life insurance policy, i.e. the non-insured, were asked to complete questionnaire B (Appendix B). Considering the length of the questionnaires, respondents were offered the choice of completing the appropriate questionnaire at their convenience and returning them in the stamped and addressed envelope provided. All the questionnaires were accompanied with a supporting letter

from the University of Sheffield, School of Management and Economic Studies (Appendix D). The survey was administered entirely by the author. The respondents were ensured about the confidentiality of the research by asking them not to provide any names or addresses.

One limitation with shopping-centre surveys is the biases introduced by the methods used to select data. These biases, as mentioned above, are caused by the selection of a particular shopping centre, the part of the shopping centre from which the respondents are drawn, the time of the day, and probability of visit. In order to minimise these biases, the approaches suggested by Sudman (1980), as described above, were followed as guidelines.

The determination of the sample size was influenced by the requirements of the various analytical techniques used in this study, and also the time and the cost of data analysis. The size of the samples in this study was also influenced by the extent to which it was intended to divide them into sub groups for analysis purposes. The proposed sample size for the insured and the non-insured was between 130 to 150 of each typology. As for marketing managers questionnaires were sent out to marketing departments (head offices) of almost all life and composite companies in the UK.

The purchase of life insurance is a rather confidential and complex matter. In fact life insurance is a subject that people often prefer not to talk about. This posed a major problem in data collection. Shoppers intercepted were often reluctant to

co-operate. They were also suspicious that they were about to be asked to purchase life insurance. Data collection from the insured, and especially the non-insured, was thus a troublesome and tedious task. Most of those without life insurance simply did not want to hear about it. Table 6.6.2 presents the number of the questionnaires distributed and the response rates. As it can be seen a total of 1,150 questionnaires were distributed. 500 questionnaires were distributed among the insured, and 650 among the non-insured. The reason for distributing more questionnaires among the non-insured was because of the poor response rate from this typology. A large number of the questionnaires were not properly completed and were thus excluded from the analysis. The total number of the questionnaires included in the analysis was 147 for the insured and 130 for the non-insured.

Table 6.6.2 Response Rates from the Insured and the Non-Insured

No.	Insured	Non-Insured
Number of questionnaires distributed	500	650
Number of responses received	172 (34%)	193 (30%)
Number of questionnaires duly completed	147	130
Questionnaires not duly completed	25	63

6.7 Summary

A questionnaire plays a crucial role in a research study. The facet approach adopted in this study helped to compile three sets

of questionnaires. They were addressed to: (a) marketing managers of life and composite insurance companies, (b) the insured, and (c) the non-insured. Likert type scales were used in all three sets of questionnaires. the questionnaires were designed to measure the attitudes of marketing managers towards life insurance marketing, and also to investigate the attitudes of the insured and the non-insured towards the variables which influence life insurance purchasing behaviour. The measurement of attitudes is crucial in many marketing situations. Attitude measurement techniques rely on data from respondents. Scaled responses are an increasingly popular type of format in which the respondents are presented with a range of categories in which to express their opinions.

Virtually every marketing research involves the selection of some kind of sample from some population. There are a variety of methods by which researchers may select their samples: probability sampling, non-probability sampling, and shopping centre sampling.

Data from marketing managers of life and composite insurance companies were collected by means of mail questionnaires. Questionnaires were sent out to marketing departments (head offices) of almost all life and composite insurance companies. As with respect to the insured and the non-insured it was decided to conduct shopping-centre sampling. The response rate from life and composite insurance companies was very encouraging (80%). However, data collection from the insured and the non-insured proved to be a difficult task. Nonetheless, the end results were satisfactory.

CHAPTER SEVEN

RESEARCH METHODOLOGY

7.1 Introduction

This research study has the prime objective of investigating the attitudes of marketing managers of life and composite insurance companies towards life insurance marketing, and also an examination of the variables which influence life insurance purchasing decisions. The relevant data, as mentioned above in chapter six, were collected by means of three sets of questionnaires directed to marketing managers, the insured, and the non-insured. Once a set of survey data have been obtained which represent the universe from which they are drawn, the next step is to prepare the data for analysis. It is important to process the raw data prior to analysis. This involves editing, coding and ordering the data into response categories. the primary purpose of editing and coding is to eliminate errors in the raw data and to process the data into categories so that tabulation may take place. Tabulation consists of counting the number of items which fall into the established categories. This is a technical operation and virtually all large studies are now tabulated by computers. Once the data collected have been properly converted to a computer file, analysis can be carried out.

The data analysis, depending on the number of the variables, can be univariate, bivariate, or multivariate. The univariate technique is used for comparing a group mean to a null hypothesis or to other group means or proportions. A number of analytical techniques may be used to examine a single variable. These include Z-Test, T-Test, and Chi Square. Bivariate data analysis,

on the other hand, looks at the interaction among pairs of variables. In most research studies the researcher is often interested in the relationship between variables taken two at a time. There are a number of bivariate techniques available. These include Man-Whitney U-Test, and Kalmogorov. Finally multivariate analysis is concerned with the study of interaction among sets of variables. Multivariate analysis methods are distinguished from univariate and bivariate methods by their focus on more variables; and the simultaneous, complex relationship between these multiple variables (Cox, 1979). Any simultaneous analysis of more than two variables is a part of multivariate analysis.

Multivariate analysis, on the basis of whether one or more variables have been designed as dependent on other variables, are grouped into dependence and interdependence methods. In dependence methods one or more variables are specified as being predicted by a set of independent variables, e.g., Analysis of Variance and Covariance, Dummy Variable Multiple Regression, Automatic Interaction Detection (AID), Multiple Classification Analysis (MCA), and Discriminant Analysis. On the other hand, in independence methods, we are interested in the relationship of a set of variables, no variable being selected as dependent variable, e.g., Factor Analysis, Cluster Analysis, Latent Structure Analysis, and Non-Metric Multidimensional Scaling.

7.2 Methodology of Analysis

In selecting appropriate analytical techniques for data analysis, three factors must be taken into consideration: (1) the type of data input; (2) the independence or interdependence

between the variables under investigation; and (3) the data output.

This research study involves an investigation of the variables (both attitudinal and categorical) which affect life insurance marketing decisions and life insurance purchasing behaviour. Furthermore, the attitudinal variables are ordinal scaled, while socioeconomic and demographic variables are nominal scaled. Thus, since the study is concerned with the effects of the various variables which determine life insurance marketing and purchasing decisions, multivariate methods are appropriate for the analysis.

Multivariate techniques are largely empirical and "can easily handle the complexity presumed to be inherent in market research" (Sheth, 1971). The techniques are useful when marketing research involves the study of consumer behaviour. According to Gatty (1966, p. 158): "for the purpose of marketing research or any other applied field, most of our tools are, or should be multivariate. One is pushed to a conclusion that unless a marketing problem is treated as a multivariate problem, it is treated superficially".

The following multivariate techniques were deemed to be suitable for the purposes of analysis in this research work: (1) Non-Metric Multidimensional Scaling (MINISSA Programme), (2) Discriminant Analysis, (3) Multiple Classification Analysis. In addition Wilcoxon Matched-Pairs Signed-Rank Test,and F-Test will be used for testing the research hypotheses. Finally, Spearman Rank-Order Correlation Coefficient will be used for

discovering the correlation association between the variables under investigation.

7.3 Non-Metric Multidimensional Scaling (NMS)

The NMS technique was first introduced by Shepard (1962). Since that time a growing number of researchers have employed this technique. It is a technique which makes it possible to analyse ordinal, multivariate and interdependent data. The technique is thus appropriate for analysing the attitudinal data in this research study because the variables are ordinal scaled, multivariate and interdependent.

The main purpose of NMS, as stated by Young (1970), "is to find a set of numbers representing the similarities (or dissimilarities) between a set of points". In Non-Metric Multidimensional Scaling attitudinal or perceived similarities among a set of objects (variables) are statistically transformed into distances by placing these objects (variables) in a multidimensional space. The variables which are perceived to be the most similar will be plotted close to each other.

One of the main advantages of NMS methods is that they enable the researcher to find a scaled location of an individual's ideal point (Christopher, 1973, p. 112). The closer an object (variable) is to the ideal point in the joint space, the more likely is the individual to prefer that object (variable) to those further away from the ideal point. NMS thus aims to portray objects in a space with a well-defined distance function. This is usually taken to be Euclidean. However, there is no reason why other distance methods should not be used

(Doyle, 1973, p. 87).

The application of the NMS in marketing are numerous. The major applications have been in the areas of sales and market research, consumer behaviour, brand and product analysis.

One of the main reasons for increasing popularity of the NMS is the availability of a wide variety of computer programmes for analysing the research data. The various NMS programmes, e.g., M-D-Scale, SSA (MINISSA), TORSCA, McGee (INDSCAL), and KYST, are very similar. All of them convert an ordinal input data into an interval scale or metric output and aim at a configuration of points in an interpretable space. The main differences among these programmes are in their flexibility, speed, number and type of various options available. The various programmes generally produce similar results. In this research study the MINISSA Programme was deemed to be the most appropriate technique for analysing the attitudinal data.

7.3.1 MINISSA Programme

The MINISSA (Michigan-Israel-Nijmegen-Integrated-Smallest-Space-Analysis) Programme was originally developed by professor Lingoes of the University of Michigan and professor Roskam of the University of Nijmegen in 1968. Since then, both Lingoes and Roskam have further elaborated the Programme independent of each other and various versions of the Programme now exist.

The Programme provides internal analysis of two-way data of a lower triangle format of a similarity (dissimilarity) measure, by a Euclidean distance model using a monotone transformation of

data. Given the rank order or ratings of the similarities or dissimilarities among n objects (or stimuli), the purpose of the basic Non-Metric Smallest Space Analysis Programme "is to find the coordinates of n points, representing the stimuli, in an r-dimensional space such that the distances among these points are in approximately the same rank order as the dissimilarities" (The MDS (X) Series of Multidimensional Scaling Programmes, 1977).

Figure 7.3.1 presents general outline of the MINISSA Programme. As it can be seen the Programme involves six major steps (Coxon, 1982):

i) The Programme starts with creating an initial configuration which uses only the ordinal information in the data and provides a good estimate of the final solution.

ii) The second step involves normalisation of the initial configuration so that the origin is at the centroid (centre of gravity) of the stimulus points of location.

iii) The third step involves calculating the Euclidean distances. The Euclidean distances represent the distances from the centroid.

iv) The fourth step involves a comparison of the distances in the current configuration with the data, which is done by first calculating disparities, which is to be monotonic with the data.

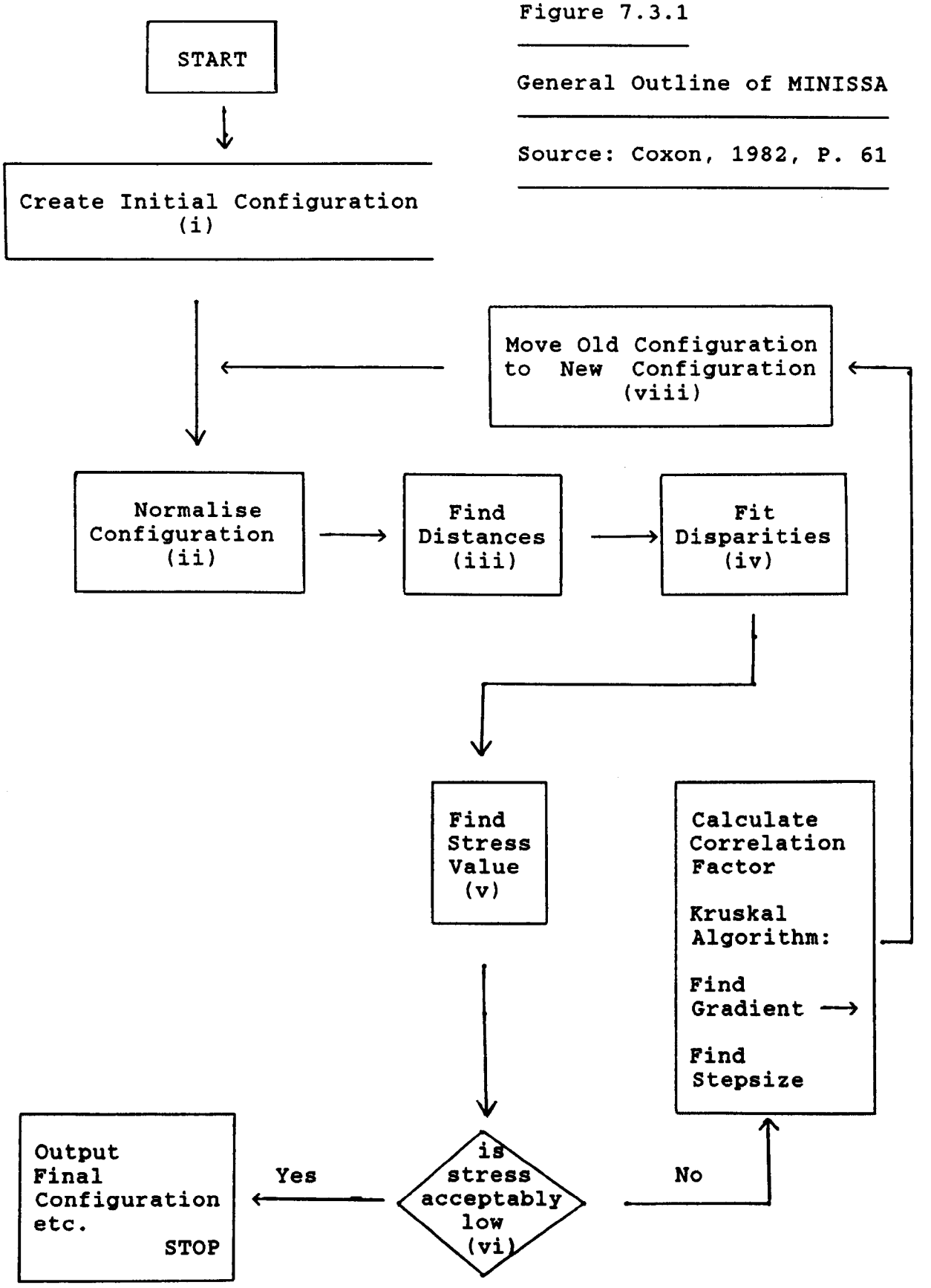
v) The fifth step involves an assessment of how well the current configuration fits the data. This is achieved by calculating the extent to which the actual distances diverge from the distances-made-to-conform-to monotonicity.

vi) The sixth step examines whether stress value is acceptably low.

Figure 7.3.1

General Outline of MINISSA

Source: Coxon, 1982, P. 61



```
stress < .01          : excellent
  .01 <  S  < .05     : good
  .05 <  S  < .10     : fair
  .10 <  S  < .15     : moderate
  .15 <  S            : poor
```

If the stress value is acceptably low the final configuration will be printed and the programme will stop. However, if the stress value is not acceptably low the Programme will then calculate the correction factor which involves differential calculus. Once all the correction factors have been calculated every point will be moved into greater conformity with the data. The new configuration will then replace the old configuration and the iterative cycle will terminate. Finally, the iterative cycle process may also be terminated if improvement in the last few iterations is so little that it is not worth continuing.

The Programme, once successfully completed, provides a final configuration of p points in r dimensions. It calculates each point according to the similarity (dissimilarity) within the corresponding points. The Euclidean distances represent the distances from the centroid. The centroid is simply the centre of gravity of a set of points, so that those represented by points at or near the centroid may be deemed to hold attributes typical of that group, while those represented by points at a distance may have relatively somewhat deviant attributes.

The main reasons for selecting the MINISSA Programme in this research work are listed below.

1) It is an appropriate technique for analysing ordinal, multivariate and interdependent data.
2) It converts an ordinal input data into an interval scale

or metric output.

3) It is an appropriate technique for reducing a large number of variables to a few interpretable constructs.

4) It provides a configuration of all the variables in the space. Thus making the data easily comprehensible.

5) The technique allows a comparative analysis of the attitudes of marketing managers, the insured and the non-insured towards variables under investigation.

6) Finally, the Programme was selected because of its smoothness, speed of convergence, and versatility of options for manipulating the data matrix.

One major limitation of the MINISSA Programme is the subjective nature of the choice of the number of dimensions, and interpretation of these dimensions. However, in order to overcome this problem, a two-dimensional approach was adopted because it is easier to comprehend and is thus more popular.

Finally, NMS describes the data, it does not test research hypotheses. It was thus decided to use Wilcoxon Test for testing research hypotheses, using the MINISSA output.

7.4 Discriminant Analysis

This is a technique in which linear combination of variables are used to distinguish between two or more categories of cases. The variables discriminate between groups of cases and predict into which category a group or a case falls.

The linear combination of the discriminating variables, known as discriminant functions, consist of coefficients that reflect

the relative ability of each variable to discriminate between groups when other variables are held constant. The maximum number of discriminant functions to be derived is either one less than the number of groups or equal to the number of discriminating variables, whichever is smaller.

The technique is useful for identifying the likely group membership of a case when the only information known is the case's values on the discriminating variables. Classification is achieved through a series of classification functions. The purpose of classification is to see how effective the discriminating variables are. If a large proportion of misclassification occurs, then the variables selected are poor predictors. From the classification table, also known as the confusion matrix, one can tell whether the errors tend to fall into certain groups, which perhaps are not as distinct as others. The classification table thus provides an indication of how well the discriminant function (s) predict group membership. Once a set of variables is distinguished which provides satisfactory class discrimination of cases with known group memberships, a set of classification functions can be derived which will permit the classification of new cases with unknown memberships.

Further evidence about the group differences can be obtained from group centroids and a plot of the group cases. Group centroids are the mean discriminant scores for each group on the respective function. Classification plots provide further evidence about the relationship of groups to each other and graphically depict misclassification. The plots, depending on the number of functions produced, have two forms. If the analysis

produces more than one discriminant function, two types of scatterplots and territorial map will be printed. The separate group scatterplot provides a scatterplot for each group. The all-group scatterplot, on the other hand, plots all groups on one scatterplot using different symbols to represent each group. The axes of the scatterplots are the discriminant scores calculated from the first two discriminant functions. The territorial map outlines the general territory for each group. If, on the other hand, the analysis produces only one function, the Programme produces all-groups and separate groups histogram of the discriminant scores. This happens when there are only two groups, or the researcher may reduce the number of functions to one.

In this research study it was decided to use the stepwise method of Wilks (SPSS-X, 1988). This method computes the linear discriminant functions by a stepwise procedure. With this method, variables are entered one by one on the basis of significance of their contributions in accounting for among group relative to within group variations. The most discriminating variable is entered first, and so on, until all discriminating variables that pass tolerance and significance levels for inclusion and retention are included.

Discriminant Analysis was selected in this study for the following reason:

1) To investigate the variables which discriminate between the marketing managers of the large and the small life and composite insurance companies with respect to their attitudes towards life insurance marketing.

2) To investigate the variables which discriminate between the insured and the non-insured with respect to their attitudes towards purchasing life insurance.

3) To plot the cases in order to see the degree to which the groups overlap.

4) To test the research hypotheses.

It should be noted that, as described in chapter six, in this research study the questionnaires were designed on the basis of a Likert-type scale. However, in Discriminant Analysis the predictor variables are (typically) interval scaled. Nonetheless, most researchers treat the data from Likert-type scale as if they were equal interval in nature. This is because the results of most standard statistical techniques are not affected significantly by small deviations from the interval requirement (Tull and Hawkins, 1984, P. 230).

A large number of research studies have applied Discriminant Analysis mostly for prediction. For example, the technique has been used in marketing to predict how do consumers who are loyal to one brand differ in their demographic profiles from those who are not loyal. A number of research studies also deal with prediction of innovators from non-innovators on a number of socioeconomic, personality and purchase characteristics.

7.5 Multiple Classification Analysis (MCA)

MCA is a multivariate technique which examines the interrelationships between a dependent variable and several predictor variables. The Programme provides statistics which show

how each predictor relates to the dependent variable, both before and after adjusting for the effects of other predictors, and how all other predictors taken together relate to the dependent variable. Furthermore, the Programme makes no restrictions about the data type. The predictors are usually treated as sets of classes or categories. It therefore makes no difference whether a particular set represents a nominal scale, ordinal scale, or an interval scale. The Programme requires no conversion of the original basic data and no creation of dummy variables, since each class of each predicting characteristic becomes, in essence, a dummy variable. The Programme thus accepts the data the way it arrives and plots the results in the most convenient way (Multivariate Analysis Programme Manual, 1978).

The major statistics printed by the Programme include (Andrews, et al., 1973):

1) Beta Statistic. The Beta statistic measures the ability of the independent variable to explain variation in the dependent variable, after adjusting for the effects of all other predictors.
2) Eta Statistic. This is the correlation ratio and indicates the ability of the predictor to explain variation in the dependent variable. Eta statistic is thus directly analogous to the Beta statistic, but is based on the raw mean rather than the adjusted mean.
3) The Coefficient of Determination (R^2). This coefficient shows the proportion of the variance in the dependent variable explained by all predictors considered together.
4) The F-Ratio. This ratio is used to determine whether a

predictor explains significant portion of the variance of the dependent variable, holding constant all other predictors. It should be noted that the Programme does not calculate F-Tests as they may be misinterpreted by many users. However, the statistics from which F-Tests can be easily calculated are part of the output.

The Programme has been used by a large number of researchers in order to determine the effects of socioeconomic, demographic, psychographic, and other variables associated with amount of life insurance purchased, e.g., Anderson and Nevin (1975), and Harby (1985).

7.6 Spearman Rank-Order Correlation Coefficients

This is a nonparametric correlation computed by the NONPAR subprogramme (SPSS-X, 1988). Nonparametric means that the technique is free of assumptions concerning the underlying population distribution. Many nonparametric tests are in terms of ranks or orders rather than numerical values of the observations.

This method provides a rank-order correlation coefficient, which is a measurement of how closely the two sets of rankings correspond. A coefficient of +1 indicates perfect correspondence of the rankings. A coefficient of -1, on the other hand, indicates perfect inverse relationship of the rankings. For each coefficient, NONPAR prints the number of cases used and the significance level. The Programme was selected because it makes no assumptions about the underlying population distribution. Furthermore, the input data is ordinal scaled.

7.7 Wilcoxon Matched- Pairs Signed-Rank Test

This is a nonparametric test for significant differences between paired observations which does take account of the magnitude of the differences. The test has a power-efficiency of about 95% for large samples (i.e., N > 25) and not much less than that for smaller samples (N ≤ 25).

The test was chosen because the study employs two related samples and it yields score differences which may be ranked in order of absolute magnitude. The formula for calculating the Wilcoxon Test when N > 25 is (Siegel, 1956):

$$Z = \frac{T - \frac{N\,(N+1)}{4}}{\sqrt{\frac{N\,(N+1)\,(2N+1)}{24}}}$$

Where: T = the smaller of the sums of the like-signed ranks.

and N = the number of pairs (minus any pairs with zero differences).

When N is 25 or less, Table G (Siegel, 1956), provides critical values of T for various sizes of N.

Finally, it should be noted that, in this research work, output from the MINISSA Programme will be used as input for the Wilcoxon Test.

7.8 F-Test

The MCA programme provides the basic statistics necessary for

calculating various F-Tests. The F-Test is used to determine whether an independent variable explains a significant portion of the variance of the dependent variable, holding constant all other independent variables. The independent variables used to explain life insurance purchasing behaviour include: marital status, family life cycle, family size, age, education, occupation, and income. The F-Test in this research study was used to answer the following two questions:

Test No. 1: Do all predictors considered together explain a significant portion of the variance of the dependent variable?

The F-value can be obtained using the following equation (Andrews, et al., 1973):

$$F = \frac{E/(C - P)}{Z/(N - C + P - 1)}$$

Where E = Explained sum of squares.

C = Total number of categories.

P = Number of predictors.

Z = Residual sum of squares.

N = Number of individuals.

Test No. 2: Does a predictor all by itself explain a significant portion of the variance of the dependent variable?

An F-Test for predictor i which answers this question is (Andrews, et al., 1973):

$$F_i = \frac{U_i/(C - 1)}{(T - U_i)/(N - C_i)}$$

Where U_i = Sum of squares based on unadjusted deviations for predictor i.

C_i = Total number of categories in predictor i.

T = Total number of squares.

N = Number of individuals.

Both the adjusted and unadjusted coefficients are expressed as deviations from the overall mean.

7.9 Summary

In choosing from among the many analytical techniques, the characteristical features of the data collected should be taken into consideration. The factors to be considered include: (1) the nature of the variables (i.e., the interdependence or independence of the variables under investigation); (2) the type of scaling measurement of the input data (i.e., metric or non-metric); and (3) the main objectives of the research study.

In this research study the data collected consists of both attitudinal variable and categorical variables (socioeconomic and demographic variables). It was thus decided to use Non-Metric Multidimensional scaling (MINISSA Programme) for the analysis of the attitudinal data, and Multiple classification Analysis (MCA) for the analysis of the categorical data. The main reason for the application of the MINISSA Programme is that it permits the configuration of all the variables in a joint space, such that the structure of the data is easily comprehensible. The MCA Programme, on the other hand, examines the association between a dependent (criterion) variable and several independent (predictor) variables.

Discriminant Analysis is selected in order to investigate the

variables which discriminate between marketing managers of the large and the small life and composite insurance companies with respect to their attitudes towards marketing life insurance; and also to investigate the variables which discriminate between the insured and the non-insured with respect to their attitudes towards purchasing life insurance.

Spearman Rank-Order Correlation Coefficient provides a rank-order correlation coefficient, which is a measurement of how closely the two sets of rankings correspond. This is a nonparametric correlation, and thus makes no assumptions about the underlying population distribution.

Finally, Wilcoxon Matched-Pairs Signed-Rank Test and F-Test are selected for testing the research hypothesis. Output from the MINISSA programme will be used as input for the Wilcoxon Test. MCA, on the other hand, provides the basic statistics for calculating F-Test.

CHAPTER EIGHT

MINISSA & SPEARMAN CORRELATION COEFFICIENTS FINDINGS FOR LIFE AND COMPOSITE INSURANCE COMPANIES

8.1 Introduction

In this chapter the findings from the MINISSA Programme are discussed in conjunction with the Spearman Correlation coefficients results.

Table 8.1 represents the findings from the MINNISSA Programme. The Programme, as described in chapter 7, provides a final configuration, Figure 8.1, of p points in r dimensions. It calculates each point according to the similarity (or dissimilarity) within the corresponding points. The inter-point distances reflect the degree of similarity (or dissimilarity). The Euclidean distance represent the distances from the centroid. The centroid, as described above, is the centre of gravity for a set of points. The closer a point to the centroid, the more important it is. Table 8.1 represents a two dimensional solution to the MINISSA Programme. A two dimensional approach was adopted because it is easier to comprehend and thus is more popular.

Table 8.2 (Appendix E) represents the Spearman Correlation Coefficients results which are significant at 1 percent level. In order to interpret the findings, the following arbitrary scale was adopted:

r of .39 & under	=	negligible/weak correlation
r of .40 to .49	=	fair correlation
r of .50 to .69	=	strong correlation
r of .70 to .89	=	very strong correlation
r of .90 & over	=	perfect correlation

In this chapter the data collected from life and composite insurance companies has been treated as a whole in order to obtain an overall picture of the marketing activities of life insurance marketing managers in the UK. In the following

chapter the data will be split into two groups (large & small companies) in order to conduct a comparative analysis of the data. To the best of our knowledge no similar study has been conducted in the past.

In this research study, as already pointed out, a faceted approach was adopted. the following six facets were included in the analyses undertaken for this chapter:

Facet D1: Sales and Marketing Variables
Facet D2: Economic Variables
Facet D3: Customer Services and Competition Variables
Facet D5: Strategic Marketing Variables
Facet D6: Marketing Effectiveness Variables
Facet D7: Direct Response Marketing Variables

8.2 Interpretation of the Research Findings

Figure 8.1 represents the final configuration from the MINISSA output. The variable points are investigated and plotted in a two dimensional space. The number of the variables analysed and portrayed in the final configuration is 79. The centroid (+) is the average respondent (marketing manager). Points at or near the centroid are more important than those plotted at a distance. (Meidan, 1977). The interpoint distances reflect the degree of association among the points. Points which are closer to each other are more related.

A closer look at Figure 8.1 reveals that the points are not evenly distributed over the space. Some points cluster together. This reflects their high similarity. In fact, three facets (Facet D5: Strategic Marketing, Facet D6: Marketing Effectiveness, and Facet D7: Direct Response Marketing) are clustered very close to each other. This reflects the degree of association among these

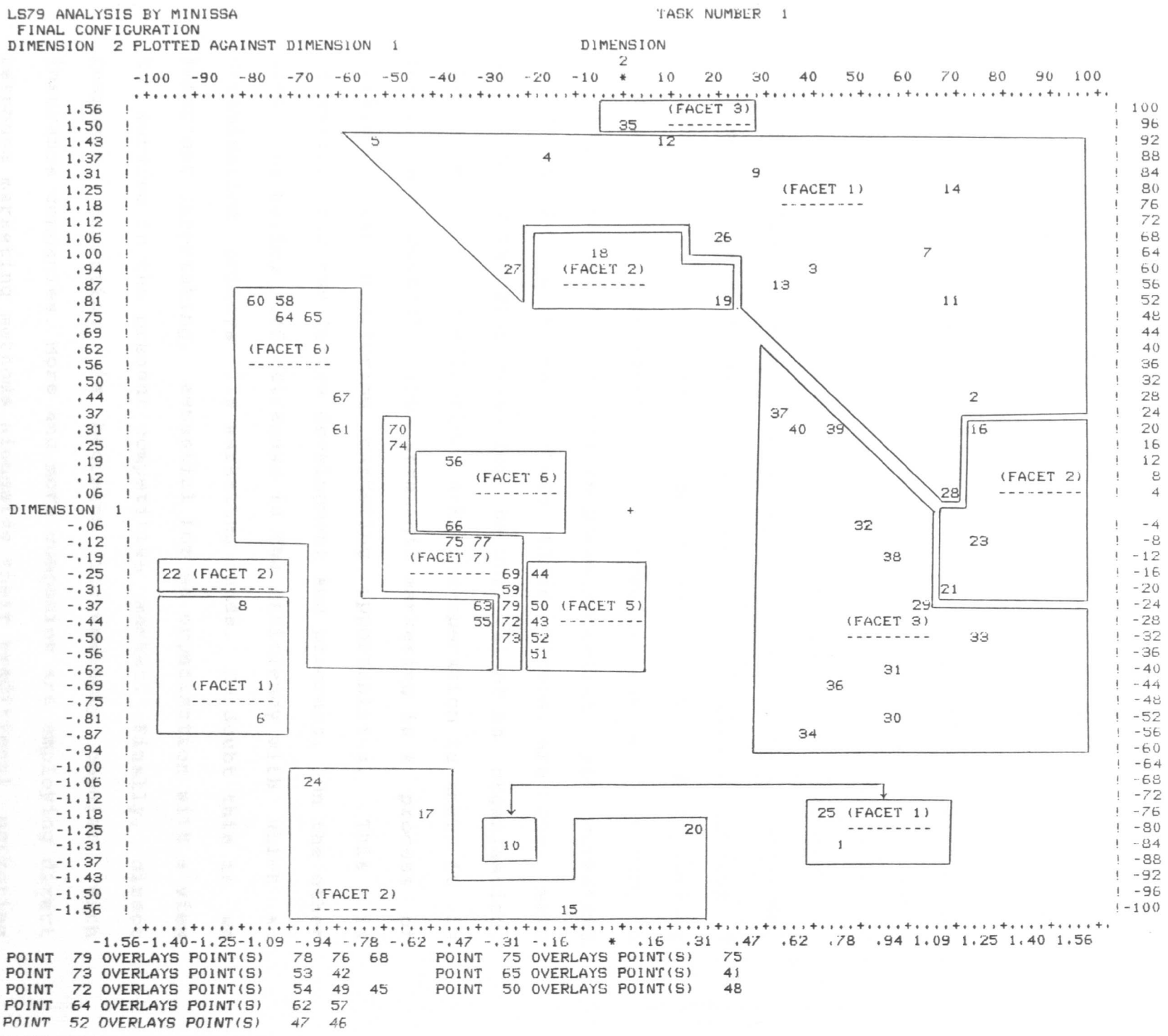


Figure 8.1 Final Configuration: Attitudes of Marketing Managers of Life and Composite Insurance Companies towards Marketing Life Insurance Policies in the UK.

facets. On the other hand, most of the points related to Facet D1 and Facet D3, are plotted in the same regions. The most dispersed facet is Facet D2: Economic Variables.

The most important facets, within the six facets, were found to be Facet D5: Strategic Marketing, and Facet D7: Direct Response Marketing, each with an average Euclidean distance of .45 (Table 8.1). The second most important facet is Facet D6: Marketing Effectiveness Variables, with an average Euclidean distance of .83. In Figure 8.1 these three facets are portrayed as three clusters, very close to each other. This finding indicates the importance that marketing managers attach to strategic marketing, direct response marketing, and marketing effectiveness variables. These three facets are the main marketing strategies vital for the survival of an organisation. The essence of an effective marketing operation is that it is under full control. The strategic marketing is a process of analysing and monitoring marketing opportunities. This is essential for the future development and progress. On the other hand, marketing effectiveness is the efficiency with which an organisation employs its marketing funds. No doubt this is an important undertaking, essential for an organisation with a view to survive in the present competitive market. Finally, direct response marketing is becoming increasingly popular with insurance companies. More and more companies are employing direct response marketing methods alongside their traditional marketing activities. Companies have discovered that direct marketing can increase their market share by reaching large number of customers

Table 8.1 MINISSA Space Co-ordinates & Distances for two Dimensions: An Analysis of the Attitudes of Marketing Managers of Life & Composite Insurance Companies towards Marketing Life Insurance Policies In The UK (Whole Sample N=83, VR=79)

NO	Title of Facets, Subfacets & Elements	Dimensions 1	Dimensions 2	Distances from Centroid
FACET D1	SALES VARIABLES			1.29
D 1a	Subfacet (i): Intermediaries			1.36
	1) life insurance agent	-1.27	.82	1.51
	2) life insurance broker	.43	1.36	1.43
D 1b	Subfacet (ii): Publicity & Direct Sales Variables			1.34
	3) company offices	.92	.70	1.16
	4) sports sponsorship	1.33	-.12	1.14
	5) charity sponsorship	1.41	-.67	1.56
	6) ads in newspapers & magazines	-.78	-1.07	1.32
	7) telephone advertising	.99	1.07	1.46
	8) television advertising	-.35	-1.44	1.48
	9) radio advertising	1.25	.54	1.36
	10) direct mail	-1.27	-.21	1,29
	11) outdoor posters	.78	1.10	1.35
	12) catalogues & circulars	1.43	.27	1.45
	13) presentations	.75	.55	.93
	14) cable TV	1.24	1.14	1.68
D 1c	Subfacet (iii): Persuasibility Variables			1.12
	25) husband/wife	-1.17	.62	1.32
	26) children	1.04	.40	1.11
	27) colleagues/friends	.91	-.20	.93
	28) life insurance agent	.03	1.10	1.10

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NO	Title of Facets, Subfacets & Elements	Dimensions 1	Dimensions 2	Distances from Centroid
FACET D2	ECONOMIC VARIABLES			1.24
D 2d	Subfacet (i): Financial			1.27
	Benefits			
	15) family protection	-1.56	-.05	1.56
	16) retirement income	.28	1.23	1.59
	17) children's education	-1.15	-.53	1.60
	18) saving for emergencies	.99	.02	.99
D 2e	Subfacet (ii): Financial			1.21
	Advantages			
	19) provision for inflation	.75	.42	.86
	20) a good method of saving	-1.21	.28	1.54
	21) return on investment	-.28	1.18	1.47
	22) policy prizes (bonuses)	-.21	-1.29	1.31
	23) mortgage repayment plans	-.06	1.25	1.25
	24) mitigation of capital transfer tax & estate duty	-1.04	-.86	1.35
FACET D3	CUSTOMER SERVICES &COMPETITION			1.04
D 2f	Subfacet (i): Quality &			
	Convenience Variables			1.13
	29) standard of service	-.37	1.07	1.28
	30) quality of product	-.81	.97	1.27
	31) quality of staff	.58	.99	1.15
	32) accurate information	-.01	.86	.86
	33) attention to consumer needs	-.50	1.20	1.30
	34) contact by the agent	-.87	.65	1.08
D 2g	Subfacet (ii): Credit Card			
	Facilities			1.49
	35) use of credit cards	1.48	.14	1.49

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NO	Title of Facets, Subfacets & Elements	Dimensions 1	Dimensions 2	Distances from Centroid
D 3h	Subfacet (iii):			
	Main Competitors			.89
	36) building societies	-.64	.78	1.01
	37) banks	.37	.63	.73
	38) unit trusts	-.14	.98	.99
	39) pension funds	.29	.79	.84
D 3i	Subfacet (iv)			
	Direct Investments			.84
	40) stocks & shares	.25	-.53	.59
	41) government bonds	.72	-.83	1.10
FACET D5	STRATEGIC MARKETING VARIABLES			.45
D 51	Subfacet (i):			
	Strategic Marketing			.44
	42) market research	.46	-.18	.49
	43) product innovation	-.39	-.18	.43
	44) product diversification	-.20	-.18	.27
	45) market segmentation	-.38	-.20	.59
	46) response to marketing challenges	-.44	-.18	.47
	47) distribution channels	-.45	-.17	.48
	48) policy benefits	-.34	-.16	.38
	49) monitoring and evaluating performance	-.39	-.19	.43
	50) packaging	-.35	-.17	.39
	51) training programmes for the field force	-.55	-.17	.58
D 5m	Subfacet (ii):			.48
	Customer Relations			
	52) consumer trust	-.44	-.18	.47
	53) consumer habits	-.46	-.18	-.29

Table 8.1 MINISSA Space Co-ordinates & Distances for two Dimensions: An Analysis of the Attitudes of Marketing Managers of Life & Composite Insurance Companies towards Marketing Life Insurance Policies In The UK (Whole Sample N=83, VR=79)

NO	Title of Facets, Subfacets & Elements	Dimensions 1	Dimensions 2	Distances from Centroid
FACET D6	MARKETING EFFECTIVENESS			
	VARIABLES			.83
D 6n	Subfacet (i): Intermediaries			.51
	54) life insurance agent	-.43	.27	.51
	55) life insurance broker	-.41	-.29	.50
D 6o	Subfacet (ii): Publicity & Direct Sales Variables			.89
	56) company offices	.15	-.46	.48
	57) sports sponsorship	.73	-.97	1.21
	58) charity sponsorship	.78	-.93	1.91
	59) advertisements in newspapers & Magazines	-.27	-.25	.37
	60) telephone advertising	.77	-1.01	1.27
	61) television advertising	.26	-.74	.78
	62) radio advertising	.75	-.95	1.21
	63) direct mail	-.35	-.30	.46
	64) outdoor posters	.73	-.94	1.19
	65) catalogues and circulars	.70	-.90	1.14
	66) presentations	-.00	-.42	.42
	67) videotex (viewdata systems)	.42	-.80	.90

Table 8.1 MINISSA Space Co-ordinates & Distances for two Dimensions: An Analysis of the Attitudes of Marketing Managers of Life & Composite Insurance Companies towards Marketing Life Insurance Policies In The UK (Whole Sample N=83, VR=79)

NO	Title of Facets, Subfacets & Elements	Dimensions 1	Dimensions 2	Distances from Centroid
FACET D7	DIRECT RESPONSE MARKETING			
	Variables			.45
D 7p	Subfacet (i): Complementary			
	Variables			.47
	68) supplementary role	-.36	-.19	.41
	69) changing attitudes & life style	-.22	-.23	.32
	70) support vehicle for salesforce	.26	-.62	.67
D 7q	Subfacet (ii): Additional			
	Sales Variables			.50
	71) entering new market segments	-.12	-.39	.41
	72) customer attention	-.39	-.19	.43
	73) increases sales	-.45	-.19	.49
	74) lapse prevention	.25	-.62	.67
D 7r	Subfacet (iii): Special			
	Characteristics Variables			.41
	75) testability	-.10	-.41	.42
	76) cost effectiveness	-.35	-.24	.42
	77) versatility	-.12	-.35	.37
	78) controllability	-.35	-.24	.43
	79) selectivity	-.35	-.23	.42

at the same time, and because the results and cost effectiveness of direct marketing activities can be measured precisely and quickly.

Facet D5: Strategic Marketing is divided into two subfacets: strategic management and customer relations (Table 8.1). Subfacet (i): strategic management with an average Euclidean distance of .44 is more important than subfacet (ii): customer relations (Euclidean distance .48). This is an interesting finding as one considers the fact that only careful strategic management will lead to effective customer relations. A closer look at Table 8.1 and Figure 8.1 reveals that strategic marketing variables are situated very close to the centroid and are plotted very close to each other. This implies that marketing managers attach almost the same degree of importance to strategic marketing variables. Variable 44, "product diversification", is the most important variable in this facet (Euclidean distance .27). Variable 48, "promoting policy benefits" is the second important variable (Euclidean distance .38), and variable 50, "packaging", with an Euclidean distance of .39, is the third variable in terms of importance. One possible explanation for these findings is that intense competition in the insurance market has encouraged the insurance companies to develop and market new products also to expand their activities to include the sale of some non-insurance products traditionally sold by other financial institutions. Promoting policy benefits is also an essential tool for increasing sales. on the other hand, despite the fact that insurance products, like all financial services, are not tangible, packaging plays an important role in insurance

marketing. Because of the complexity of the insurance contracts, life insurers have the difficult task of making the package easy to understand and accurate in order to assist sale. The three variables are therefore essential for effective strategic marketing. The remaining variables in this facet have almost attracted the same degree of importance.

The Correlation analysis of the variables is presented in Table 8.2, Appendix E. The findings indicate that variable 45, "market segmentation", is fairly correlated to variable 6, "advertisements in newspapers and magazines", and variable 10, "direct mail" (correlation coefficients r = .44 and r = .40, respectively). This indicates that those managers who regard market segmentation as an important strategy essential for strategic marketing are also receptive to the idea of advertisements in newspapers and magazines (variable 6). According to Kotler (1980), "market segmentation is the act of subdividing a market into distinct and meaningful subsets of customers who might merit separate marketing programming and effort". In terms of life insurance marketing, it is an effort to identify the type and level of services desired by different groups of customers. Once segments are identified, appropriate advertisement messages and direct response marketing methods will be adopted to suit the needs of the particular segment.

Variable 46, "response to marketing challenges", is fairly correlated to variable 43, "product innovation" (r = .41). Product innovation is an important source of growth and development. Despite all the risks involved, it is a competitive

necessity in the face of a rapidly changing social and economic environment. It is, in fact, a response to marketing challenges. It is not therefore surprising to see a correlation association between the two variables.

Variable 48, "promoting policy benefits", and variable 32, "accurate information" about policies are fairly correlated to each other (r = .41), indicating that those managers who believe in promoting policy benefits are also receptive to the idea of providing the consumer with accurate and detail information about policies. The terminology of life insurance is complicated and unfamiliar to the consumer. It is thus important to provide the consumer with accurate and easy to understand information about the policies.

Variable 52, "developing consumer trust", is fairly correlated to variable 29, "standard of service" (r = .41), and variable 31, "quality of staff" (r = .47). Both standard of service and quality of staff are essential for developing consumer trust. Consumers are increasingly becoming more aware of their rights. A well trained sales staff and better standard of service are thus essential for attracting new customers and developing consumer trust.

Variable 53, "understanding consumer habits", is fairly correlated to variable 31, "quality of staff" (r = .41), variable 33, "attention to consumer needs" (r = .44), and variable 48, "promoting policy benefits" (r = .39). This is an interesting correlation association because effective marketing requires understanding consumer habits and this can be achieved by paying attention to consumer needs through a well trained sales force.

Variable 53, "understanding consumer habits", is also strongly correlated to variable 52, "developing consumer trust" (r = .55). The two variables are in fact interrelated. Both variables are essential for effective marketing.

Facet D7: Direct Response Marketing is divided into three subfacets: Complementary Variables, Additional Sales Variables, and special characteristics Variables. Subfacet (iii): Special Characteristics Variables is more important than the other two subfacets (Euclidean distance .41). One possible explanation is that it is these special characteristics which encourage the use of direct response marketing methods. The very specific and targetable nature of the direct response techniques, especially direct mail, allows marketing managers to carry out appropriate testing and determine their cost effectiveness. Four of the variables included in this subfacet (i.e., testability, cost effectiveness, controllability, and selectivity) have attracted the same degree of importance (Euclidean distances .42). Variable 77, "versatility" with an Euclidean distance of .37 is more important than the other variables.

Subfacet (i): Complementary Variables is the second subfacet in terms of importance (Euclidean distance .45). Direct marketing involves taking the message directly to the consumer and looking for him/her to respond by whatever means suits him/her best. Thus it acts as a supplement to conventional marketing methods. Changing attitudes and life styles of customers requires life insurers to provide the consumer with what he/she wants rather than what the insurer wants to provide for them. From Table 8.1

it can be seen that variable 69, "changing attitudes and life style", is the most important variable (Euclidean distance .32). Variable 68, "supplementary role", is the second important variable (Euclidean distance .41).

Subfacet (ii): Additional Sales Variables is the third subfacet in terms of importance (Euclidean distance .50). From Table 8.1 it can be seen that variable 71, "entering new market segments", with an Euclidean distance of .41 is more important than variable 72, "new customers" (Euclidean distance .43), which is in turn more important than variable 73, "sales increase" (Euclidean distance .49). Direct response marketing helps to enter new market segments and thus attracts new customers which lead to sales increase. It is intersesting to note that in a survey by Watkins and Wright (1986) on behalf of the Nottingham Institute for Financial Studies (NIFS) it was found that 97% of the insurance company respondents considered that direct marketing would have at least some influence in their marketing strategy.

A fair correlation exists between variables 71, "entering new market segments", and variable 10, "direct mail" (r = .39), indicating that those managers who regard direct response marketing as an important marketing tool for entering into new market segments also favour the idea of direct mail which will have the additional advantage of being less costly and not too risky.

Variable 72, "new customers", is fairly correlated to variable 68, "supplementary role" (r = .40), and strongly correlated to variable 71, "entering new market segments" (r =

.53). Thus those marketing managers who regard direct response marketing as an important marketing tool for attracting new customers also look at it as an efficient supplement to traditional marketing methods, and also as means for entering into new markets segments with a minimum of risk.

Variable 73, "additional sales", is fairly correlated to variable 50, "Packaging" (r = .48), and variable 72, "new customers" (r = .49). This correlation association indicates that those managers who believe direct marketing helps to make additional sales to existing customers also believe that it attracts new customers. They also regard packaging as an important marketing tool.

Variable 74, "lapse prevention", is strongly correlated to variable 72 "new customers" (r = .52), and variable 73, "additional sales" (r = .57). Experience has shown that direct selling business has a higher renewal rate. This is probably due to the fact that direct marketing allows the benefits of renewing with the insurer to be clearly and efficiently presented to the policyholder in a less competitive context. The strong correlation among the three variables indicates that those managers who regard direct response marketing as a means of lapse prevention also believe that it attracts new customers and helps to make additional sales to existing customers.

Variable 75, "testability", is fairly correlated to variable 71, "entering new market segments" (r = .46), and variable 74, "lapse prevention" (r = .43). Variable 75 is also strongly correlated to variable 72, "new customers" (r = .56). One major

advantage of direct marketing is that it allows testing of all components that go into a marketing campaign. A product's success or failure can be tested by selecting small clearly definable target market segments.

Variable 76, "cost effectiveness", is fairly correlated to variable 68, "supplementary role" (r = .41), Variable 72, " new customers" (r = .42), and variable 75, "testability" (r =.39). Direct response methods can be measured precisely and quickly. Furthermore, their cost effectiveness can be established immediately.

Variable 77, "versatility", is fairly correlated to variable 63, "direct mail" (r = .39), variable 71, "entering new market segments" (r = .45), variable 72, "new customers" (r = .43), and variable 74, "lapse prevention" (r = .39). Direct mail approach allows an unlimited space for the sales message, providing detailed information on policy terms and conditions. The correlation association between "versatility" and "direct mail" is thus natural. The versatile nature of the direct mail package also allows for entering new market segments and thus attracting new customers.

Variable 78, "controlability", is fairly correlated to variable 68, "supplementary role" (r = .49), variable 69, "changing attitudes and life style" (r = .41), variable 71, "entering new market segments" (r = .44), and variable 75, "testability" (r = .43). It is also strongly correlated to variable 72, "new customers" (r = .51), variable 76, "cost effectiveness" (r = .53), and variable 77, "versatility" (r = .60). Direct marketing helps to control and restrict the number

of mailing packages and thus facilitates planning and estimation of response rates. It thus provides the companies with information about marketing opportunities.

Variable 79, "selectivity", is fairly correlated to variable 45, "market segmentation" (r = .45), variable 63, "direct mail" (r = .47), variable 71, "entering new market segments" (r = .44), variable 75, "testability" (r = .42), and variable 76, "cost-effectiveness" (r = .47). It is also strongly correlated to variable 68, "supplementary role" (r = .51), Variable 72, "new customers" (r = .54), and variable 77, "versatility" (r = .66). A very strong correlation also exists between variables 79, "selectivity", and variable 78, "controllability" (r = .80). Direct response marketing methods have a further advantage of being targetable. It is possible, for example to select members of a particular segment for telephone interviewing, or to target a particular mailing package to a specific segment. It thus makes it possible to control the outcome which emphasises the cost effectiveness of the approach. Almost all the direct marketing variables are in one way or another correlated to each other (Table 8.2, Appendix E). On the other hand, as mentioned above, direct marketing variables are plotted very close to each other.

Facet D6: Marketing Effectiveness Variables is the second facet in terms of importance (Euclidean distance .83). It is divided into two subfacets: (i) Intermediaries, and (ii) publicity and Direct Sales Variables. Subfacet (i) with an Euclidean distance of .51 has attracted more importance than subfacet (ii) (Euclidean distance .89).

Life insurance is sold through brokers, general agents, home service agents, part-time agents, company sales staff and direct marketing. Some of these main channels are further subdivided into separate categories. Amongst these channels, brokers are assumed to have a high level of technical skill and to be able to offer impartial advice. Brokers are not employed by the insurance companies, but their principal activity is the selling of insurance. Part-time Agents are also not employed by the insurance companies. nonetheless, they act for insurers. Travel agents, banks, etc., act as part-time agents. The large majority of insurance companies have their own full-time sales staff whose prime responsibility is selling their employer's whole range of policies, either directly or through brokers or agents. Direct marketing is a recent development which is becoming more and more popular with the insurance companies.

From Table 8.1 it can be seen that, with respect to funds allocation, "advertisements in newspapers and magazines" (Euclidean distance .37), "direct mail" (Euclidean distance .46), and "TV advertising" (Euclidean distance .77) are considered as being important direct marketing techniques which deserve extra funds. "Presentations" and "company offices", i.e., points of sale, are also considered as being important for allocating funds (Euclidean distances .42 and .48, respectively). Life insurance "agents" and "brokers" are also considered as deserving more financial rewards (Euclidean distances .51 and .50, respectively).

It should be noted that variables 1 to 13 in Facet D1: Sales and Marketing Variables are exactly the same as those in Facet

D6: Marketing Effectiveness, but in a different context. In Facet D1 the intention is to measure the degree of importance that marketing managers attach to these variables as sales and marketing channels. Facet D6, on the other hand, is designed to measure their importance in terms of funds allocation. No doubt if a variable is not considered as an important marketing tool will not attract any funds. It can be seen from Table 8.1 that variables 3 and 56, "company offices", variables 59 and 6, "ads in newspapers and magazines", variables 61 and 8, "TV advertising", variables 63 and 10, "direct mail", variables 66 and 13, "presentations", variables 54 and 1, "life insurance agent", and variables 55 and 2, "life insurance broker",are plotted , in both facets, closer to the centroid than the rest of the variables. Moreover, from Table 8.2 (appendix E) it can be seen that almost all the variables, from both facets, are correlated to each other. Variables 54, 1, and 28, "life insurance agent"- same variable in different contexts, are fairly correlated to each other (r = .44, and r = .47). The correlation association among the three variables indicates that those managers who favour the idea of providing life insurance agents with more financial rewards, also consider them as important marketing channels, playing an important role in encouraging people to purchase life policies. A strong correlation exists between variables 55 and 2, "life insurance broker" (r = .65). The same argument also applies in this case and also in the following cases. A fair correlation exists between variables 56 and 3, "company offices" (r = .45). A strong correlation exists

between variables 57 and 4, "sports sponsorship" (r = .62). On the other hand, variable 58, "charity sponsorship", is strongly correlated to variable 5, same variable in a different context (r = .59), and variable 57, "sports sponsorship" (r = .52).

There is a very strong correlation association between variables 59 and 6, "advertisements in newspapers and magazines" (r = .74). Thus newspaper and magazine advertisements are considered both as an important marketing channels and also worth allocating additional funds. The same variable is also fairly correlated to variable 8, "TV advertising" (r = .45), variable 10, "direct mail" (r = .39), variable 45, "market segmentation" (r = .41), and variable 52, "consumer trust" (r = .41). All these variables are important marketing channels. The correlation associations among these variables further emphasises the importance of these variables.

A strong correlation exists between variables 60 and 7, "telephone advertising" (r = .56). A very strong correlation also exists between variables 61 and 8, "TV advertising (r = .80); variables 62 and 9, "radio advertising" (r = .75); variables 63 and 10, "direct mail" (r = .84); variables 64 and 11, "outdoor posters" (r = .75); variables 65 and 12, "catalogues and circulars" (r = .75); and variables 66 and 13, "presentations" (r = .75). Thus those marketing managers who regard these variables as important marketing channels, also believe in allocating funds to these channels.

Variable 61, "TV advertising", is strongly correlated to variable 9, "radio advertising" (r = .51). It is also fairly correlated to variable 11 "outdoor posters" (r = .47), and

variable 59, "ads in newspapers and magazines" (r = .39). On the other hand, variable 62, "radio advertising", is fairly correlated to variable 60, "telephone advertising" (r = .39), and variable 61, "TV advertising (r = .48). This further emphasises the importance that marketing managers attach to the above variables as marketing channels.

Facet D3: Customer Services and Competition is the third facet in terms of importance (Euclidean distance 1.04). It consists of four subfacets: Subfacet (i): quality and Convenience Variables; Subfacet (ii): Credit Card Facilities; Subfacet (iii): Main Competitors; and Subfacets (iv): Direct Investments.

In terms of importance, with respect to the distances from the centroid, Subfacet (iv): Direct Investments with an Euclidean distance of .84 is more important than the other three subfacets. It consists of two variables: "direct investments in stocks and shares", and "purchase of government bonds".

"Direct investments in stocks and shares" with an Euclidean distance of .50 is found to be a more important source of competition than "government bonds" (Euclidean distance 1.10). Subfacet (iii); Main Competitors, is the second subfacet in terms of importance (Euclidean distance .89). It should be noted that life insurance is no longer the sole provider of personal and family security. Banks and other financial institutions offer a whole range of alternatives. The industry must compete for personal savings against other purveyors of financial services. From Table 8.1 it can be seen that "banks" with an Euclidean distance of .73 are considered as the main source of competition.

On the other hand, "pension funds" (Euclidean distance .84), "Unit trusts" (Euclidean distance .99), and "building societies" (Euclidean distance 1.01) are considered as the second , third and forth main competitors, respectively.

Subfacet (i): Quality and Convenience Variables, is the third subfacet in terms of importance (Euclidean distance 1.13). It consists of six variables which were intended to measure life marketing managers attitudes towards customers. Variable 32, providing the customer with "accurate information", is the closest to the centroid (Euclidean distance .86). This indicates that marketing managers believe in providing the customer with accurate and detailed information about the policies. Considering the complex nature of the life insurance policies, customers do need clear and accurate information in order to make a decision about the type of policy that they want to purchase. On the other hand, consumers are becoming more aware of their rights. Today consumers are more informed and knowledgeable about their rights. Thus there is a need for clear and adequate information about the policy packages in order to satisfy the consumer needs. On the other hand, complex nature of the new products makes the human aspects of customer service the key to success in marketing life insurance policies. A knowledgeable agent can provide the consumer with all the information needed and ensure that the policy is utilised effectively. It is not therefore surprising that variable 34, "consistent customer contact by the agent", is the second most important variable (Euclidean distance 1.08), and "quality of staff", variable 31, is the third important variable (Euclidean distance 1.15) in this subfacet.

Subfacet (iv): Credit Card Facilities, is the forth subfacet in terms of importance (Euclidean distance 1.49). In the recent years credit cards are becoming more and more popular, especially in the United States. In the field of insurance, credit cards can greatly simplify direct selling.

It can be seen from Table 8.1 that variables comprising Facet D3, with the exception of variable 35, "credit card facilities", are plotted in the same region and very close to each other. Variable 35, as mentioned above, is the least important variable in this facet. It is therefore not surprising that it is not plotted in the same region together with the rest of the variables in this fact.

From Table 8.2 (appendix E) it can be seen that variable 31, "quality of staff", is fairly correlated to variable 29, "standard of service" (r = .45). A fair correlation also exists between variables 32, "accurate information", and variable 30, "quality of product" (r = .43). Variable 33, "attention to consumer needs", is fairly correlated to variable 29, "standard of service" (r = .43); strongly correlated to variable 31, "quality of staff" (r = .52); and weakly correlated to variable 32, "accurate information" (r = .39). Thus all the variables relating to consumer services are correlated to each other. This further indicates that those managers who believe in providing the consumer with accurate information are also concerned with the standard of service, quality of product, and quality of staff.

Variable 37, "banks", is strongly correlated to variable 36,

"building societies" (r = .52). On the other hand, variable 39, "pension funds", is fairly correlated to variable 38, "unit trusts"(r = .43). Thus, those managers who are concerned with the banks are equally concerned with the building societies as main competitors. Meanwhile, those managers who regard pension funds as a source of competition also regard unit trusts as attracting consumers away from life insurance companies.

Facet D2: Economic Variables is the fourth important facet (Euclidean distance 1.24). It consists of two subfacets: Subfacet (i): Family Benefits (Euclidean distance 1.27), and Subfacet (ii): Financial Advantages (Euclidean distance 1.21). This facet was intended to measure the emphasis that marketing managers attach to financial aspects of life policies in their marketing activities. As it can be seen from Table 8.1, variable 18, "saving for emergencies" (Euclidean distance .99), Variable 21 (return on investments (Euclidean distance 1.21), and variable 19, "provision for inflation" (Euclidean distance .86) are the most important variables in this facet. Thus inflation and savings aspects are considered as being the most important variables for marketing purposes. The other variables considered as being important are: variable 23, "mortgage repayment plans" (Euclidean distance 1.28), variable 20, "a good method of saving" (Euclidean distance 1.28), and variable 16, "retirement income" (Euclidean distance 1.29).

Many individuals purchase a life policy in connection with house purchases. On the other hand, many people concerned with their children's education purchase special policies for school fees. There are also various policy schemes which provide

opportunities for savings and retirement plans.

It can be seen from table 8.2 (appendix E) that variable 19, "provision for inflation", is fairly correlated to variable 17, "children's education" (r = .42), and variable 18, "saving for emergencies" (r = .45). Thus those managers who emphasise on inflation in their marketing campaigns also attach importance to children's education and savings for emergencies as important marketing tools.

Variable 23, "mortgage repayment plans", is fairly correlated to variable 8, "television advertising" (r = .48) and variable 22, "policy prizes" (r = .41). Finally, variable 24, "mitigation of capital transfer tax" and "estate duty", is fairly correlated to variable 17, "children's education" and variable 23, "mortgage repayment plans" (r = .43). It should be noted that life insurance plays an important role in providing funds to pay capital transfer tax. Sophisticated policies have been developed in order to meet consumer needs. For example, grandparents may agree to pay school fees when they arise and transfer a lump sum into a family education trust set up for this purpose. The main advantage of this method is that the lump will escape capital transfer tax. It is therefore interesting to see a correlation association between mitigation of capital transfer tax and children's education.

Facet D2 is the most dispersed facet. The variables are plotted all over the place in the final configuration. One possible explanation for this is because of the diverse nature the questions asked. Although all the questions in this subfacet

relate to the financial aspects of life insurance, they vary a great deal in their contents. Thus variables relating to "savings for emergencies" and "inflation" (variables 18 and 19, respectively) are plotted close to each other and in the same region; variables relating to "mortgage repayment plans", "return on investment" and "retirement income" (variables 16, 23 and 21, respectively) in another region; and variables relating to "capital transfer tax", " children's education", "savings and family protection" (variables 24, 17, and 15, respectively) in a different region. Variable 22, "policy prizes", is portrayed separately. This may be because it is different from the other variables in this facet.

Facet D1: Sales and Marketing Variables is the fifth fact in terms of importance (Euclidean distance 1.29). As mentioned above, variables 1 to 13 in this facet are exactly the same as those in Facet D6: Marketing Effectiveness variables, put in a different context. Facet D1 was designed to measure the degree of importance that marketing managers attach to these variables as sales and marketing tools. Facet D6, on the other hand, was formulated to measure the importance of these variables in terms of funds allocation.

This facet consists of three subfacets. Subfacet (iii): Persuasibility Variables is the most important subfacet (Euclidean distance 1.12). This subfacet was designed to measure the role of "husband/wife", " children", "colleagues/friends" and "life insurance agent" in encouraging the purchase of life policies. It can be seen from Table 8.1 that variable 27, "colleagues/friends", was considered as being more important than

the rest of the variables in this subfacet (Euclidean distance .93). The second variable in terms of importance is "life insurance agent" with an Euclidean distance 1.10. "Children" are considered as the third important factor in encouraging the purchase of life policies.

Subfacet(i): Intermediaries, is the second subfacet in terms of importance (Euclidean distance 1.29). Both "brokers" and "agents", as mentioned above, play an important role in life insurance marketing. They have the knowledge and professional skills in handling of life insurance business. They are almost of the same distance from the centroid (Euclidean distances 1.35 and 1.37, respectively).

Subfacet (ii): Publicity and Direct Sales Variables is the third subfacet in terms of importance (Euclidean distance 1.34). As mentioned above, and as it can be seen from Table 8.1, Variables 3 and 56, "company offices", variables 6 and 59, "ads in newspapers and magazines", variables 8 and 61, "TV advertising", variables 10 and 63, "direct mail", and variables 13 and 66, "presentations", are in both facets plotted closer to the centroid than the rest of the variables. On the other hand most variables are plotted in the same region (Figure 8.1) Variables 8 "TV advertising", and variable 6, "ads in newspapers and magazines", are plotted in a different region but close to each other. On the other hand, as it can be seen from Table 8.2, (Appendix E) both variables are fairly correlated to each other ($r = .48$). A strong correlation association exists between variables 9, "radio advertising", and variable 8, "TV

advertising" (r = .56). This reflects the importance that marketing managers attach to radio, television, and press advertising.

Variable 10, "direct mail", is fairly correlated to variable 6, "ads in newspapers and magazines" (r = .40). Finally, Variable 14, "cable TV", is fairly correlated to variable 8, "TV advertising", and variable 9, "radio advertising" (r = .40 and r = .41, respectively). The correlation association among these variables further emphasises the importance that marketing managers attach to communicating their marketing messages through cable TV, TV, newspapers/magazines, radio, and direct mail.

8.3 Summary

In this chapter the data collected from life and composite insurance companies were analysed as a whole, using Spearman Correlation Coefficients and NMS (MINISSA) techniques. The main objective was to obtain an overall picture of the life insurance marketing activities in the UK. Six facets were included in the analysis:

Facet D1: Sales and Marketing Variables
Facet D2: Economic Variables
Facet D3: Customer Services and Competition Variables
Facet D5: Strategic Marketing Variables
Facet D6: Marketing Effectiveness Variables
Facet D7: Direct Response Marketing Variables

In terms of importance, facet D5: Strategic Marketing, and Facet D7: Direct Response Marketing, were found to be the most important facets. The second facet in terms of importance was found to be Facet D6: Marketing Effectiveness. Facet D3: Customer

Services and Competition was the third, Facet D2: Economic Variables was the forth, and Facet D1: Sales and Marketing was the fifth in terms of importance. Thus, based on the research findings, we can conclude that marketing managers give priority to strategic marketing, direct response marketing, and marketing effectiveness, and then concern themselves with customer services, competition, economic and sales problems. This is an interesting finding considering the fact that the mere survival of a company depends on strategic marketing and marketing effectiveness which involves the choice of major directions for pursuing company objectives and the allocation of company resources.

CHAPTER NINE

A COMPARATIVE ANALYSIS OF THE ATTITUDES OF MARKETING MANAGERS OF THE LARGE AND THE SMALL LIFE AND COMPOSITE INSURANCE COMPANIES TOWARDS MARKETING LIFE INSURANCE POLICIES IN THE UK

9.1 Introduction

In this chapter the data collected from life and composite insurance companies are divided into two groups: (1) large companies, and (2) small companies. The objective is to conduct a comparative analysis of the attitudes of marketing managers of the two groups of companies towards marketing life insurance policies in the UK.

The classification of the sample into the large and the small companies was quite arbitrary. Companies with total assets up to and including £ 500,000,000 were classified as the small companies, and those with total assets above £ 500,000,000 were classified as the large companies. On the basis of the above classification the sample consists of 39 large and 43 small companies.

The analytical techniques used in this chapter Include:

i) Discriminant Analysis

ii) MINISSA Programme

iii) Wilcoxon Matched Pairs Test

Discriminant analysis was used to test whether the marketing variables significantly discriminate between marketing managers of the two groups of companies (hypothesis 1).

MINISSA Programme was used for conducting a facet by fact analysis of each group, and making a comparison of the outputs.

Wilcoxon test was employed for testing three out of the four hypotheses included in this chapter. Output from the MINISSA Programme was used as input for the Wilcoxon test.

9.2 Testing Hypothesis No. 1: Discriminant Analysis

The null hypothesis to be tested in this section, using the discriminant output, is that attitudes of marketing managers of the two groups of companies are similar with respect to marketing life insurance, i.e., the mean values of the two groups of companies are equal.

The programme used was the stepwise method of Wilk's (SPSS-X, 1988). This method was selected because it eliminates redundant and insignificant variables and produces a model containing an optimum set of variables.

Figure 9.2.1 summarises the main results of the analysis. It should be noted that, in this analysis, we have only two groups, and, therefore, only one function. From figure 9.2.1 we can see that the group centroids, i.e., the mean discriminant scores on the function for each group, are not equal. On the other hand, both Wilk's Lambda (.20) and the Chi Square statistic of 102.90 (significance = 0) indicate that there is a significant discrimination between the two groups. It should be noted that the smaller Lambda is the more the discriminating power. This indicates that there is a substantial discriminating power in the variables being used. This is also evident from the all group histogram on classification results, Figure 9.2.1. The histogram is a stacked histogram as there are only two groups. The horizontal axis is the one discriminant function extracted during the analysis phase. The groups into which the cases are classified, given their discriminant scores, are indicated by the labelling of the horizontal axis. From the classification results

Figure 9.2.1 Discriminant Analysis: the Large and the Small Life and Composite Insurance Companies

CANONICAL DISCRIMINANT FUNCTIONS

FUNCTION	EIGENVALUE	PERCENT OF VARIANCE	CUMULATIVE PERCENT	CANONICAL CORRELATION	AFTER FUNCTION	WILKS' LAMBDA	CHI-SQUARED	D.F.	SIGNIFICANCE
1*	3.92988	100.00	100.00	0.8928356	0	0.2028446	102.90	33	0.0000

* MARKS THE 1 CANONICAL DISCRIMINANT FUNCTIONS REMAINING IN THE ANALYSIS.

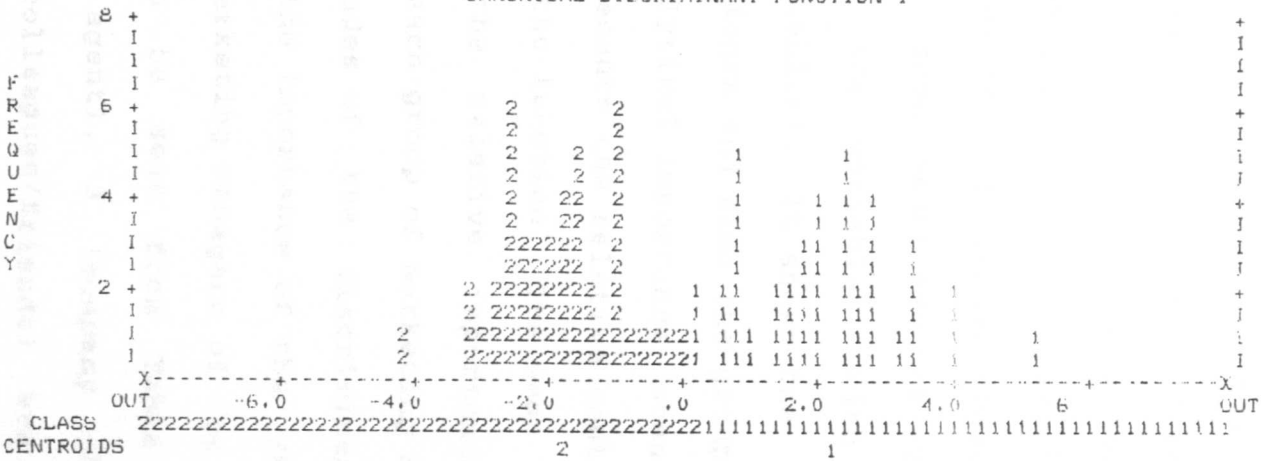
SYMBOLS USED IN PLOTS

SYMBOL	GROUP	LABEL
1	1	LARGE COMPANIES
2	2	SMALL COMPANIES

CANONICAL DISCRIMINANT FUNCTIONS EVALUATED AT GROUP MEANS (GROUP CENTROIDS)

GROUP	FUNC 1
1	2.08011
2	-1.84374

ALL-GROUPS STACKED HISTOGRAM
CANONICAL DISCRIMINANT FUNCTION 1



CLASSIFICATION RESULTS

ACTUAL GROUP	NO. OF CASES	PREDICTED GROUP MEMBERSHIP 1	2
GROUP 1	39	39 100.0%	0 0.0%
GROUP 2	44	0 0.0%	44 100.0%

PERCENT OF "GROUPED" CASES CORRECTLY CLASSIFIED: 100.00%

figure one can see that percent of grouped cases correctly classified is 100%. It is also evident from the all-group histogram that there are no misclassified cases, i.e., there is no overlap. It should be noted that in the histogram the numbers present cases from the group with the corresponding number (i.e., 1 = large companies and 2 = small companies). Thus, despite the fact that the actual classification was quite arbitrary, all the cases were correctly classified. Thus, we reject the null hypothesis and conclude that the attitudes of marketing managers of the two groups of companies are not similar towards marketing life insurance policies, i.e., group means are not equal.

Table 9.2.1 presents the variables with the most discriminating power (33 variables). It shows the standardised discriminant function coefficients and also the group means. The coefficients are of great analytical importance. when the sign is ignored each coefficient represents the relative contribution of its associated variable to the function. The mean values are useful for identifying the relative importance of the discriminating variables for each group of marketing managers.

By examining the magnitudes of the discriminant function coefficients, one can see the importance of the variables in distinguishing between the marketing managers of the two groups of companies. Thus, it can be seen from Table 9.2.1 that variables 1 (life insurance agent), 3 (company offices), 10 (direct mail), and 27 (colleagues/friends) are the main discriminant variables in Facet D1: Sales and Marketing Variables. By looking at the group means we can also see that

Table 9.2.1 Standardised Canonical Discriminant Function Coefficients & Group Means for the Large & the Small Life & Composite Insurance Companies

NO	Title of Facets, Subfacets & Elements	Function 1	Group Means	
			Large Companies	Small Companies
FACET D1	SALES & MARKETING VARIABLES			
D 1a	Subfacet (i): Intermediaries			
	1) life insurance agent	-1.24	4.15	4.41
D 1b	Subfacet (ii): Publicity & Direct Sales Variables			
	3) company offices	.91	3.36	3.02
	10) direct mail	-.53	3.95	3.87
	12) catalogues & circulars	-.44	2.54	2.41
D 1c	Subfacet (iii): Persuasibility Variables			
	25) husband/wife	-.22	4.56	4.64
	27) colleagues/friends	.94	3.31	2.89
FACET D2	ECONOMIC VARIABLES			
D 2d	Subfacet (i) Family Benefits			
	16) retirement income	-.77	4.69	4.61
	17) children's education	1.73	3.77	3.45
D 2e	Subfacet (ii): Financial Advantages			
	19) provision for inflation	-.62	3.49	3.34
	22) policy prizes (bonuses)	.47	3.79	3.11

Table 9.2.1 Standardised Canonical Discriminant Function Coefficients & Group Means for the Large & the Small Life & Composite Insurance Companies

NO	Title of Facets, Subfacets & Elements	Function 1	Group Means	
			Large Companies	Small Companies
	23) mortgage repayment plans	-.57	4.59	4.32
	24) mitigation of capital transfer tax & estate duty	.79	3.92	3.36
Facet D3	CUSTOMER SERVICES &COMPETITION			
D 3f	Subfacet (i): Quality & Convenience Variables			
	29) standard of service	.82	4.64	4.50
	32) accurate information	-.79	4.00	4.11
	33) attention to consumer needs	-.31	4.64	4.59
	34) contact by the agent	.71	3.95	4.14
D 3h	Subfacet (iii): Main Competitors			
	36) building societies	-.28	4.05	4.02
	38) unit trusts	-.21	4.25	4.32
D 3i	Subfacet (iv): Direct Investments			
	41) government bonds	.53	2.41	2.29
FACET D5	STRATEGIC MARKETING VARIABLES			
D 51	Subfacet (i): Strategic Management			
	42) market research	.49	4.31	4.14
	44) product diversification	-.38	3.56	3.63
	49) monitoring and evaluating performance	-.65	4.07	4.02

Table 9.2.1 Standardised Canonical Discriminant Function Coefficients & Group Means for the Large & the Small Life & Composite Insurance Companies

NO	Title of Facets, Subfacets & Elements	Function 1	Group Means: Large Companies	Group Means: Small Companies
	50) packaging	.39	4.05	3.93
	51) training programmes for the field force	-.47	4.54	4.39
FACET D6	MARKETING EFFECTIVENESS			
D 6n	Subfacet (i): Intermediaries			
	55) life insurance broker	-.67	3.95	4.02
D 6o	Subfacet (ii): Publicity & Direct Sales Variables			
	56) company offices	-1.64	3.02	3.25
	57) sports sponsorship	1.04	2.36	2.18
	61) television advertising	.77	3.54	2.64
	63) direct mail	-.95	3.89	3.82
	67) videotex	.36	3.33	2.73
FACET D7	DIRECT RESPONSE MARKETING			
D 7p	Subfacet (i): Complementary Variables			
	68) supplementary role	.42	4.07	3.82
D 7r	Subfacet (iii): Special Characteristics Variables			
	77) versatility	1.13	3.59	3.36
	78) controllability	-.48	3.97	3.75

marketing managers of the large companies attach more importance to these variables than their counterparts in the small companies.

Variable 16 (retirement income), 17 (children's education), 19 (provision for inflation), 22 (policy prizes), 23 (mortgage repayment plans), and 24 (mitigation of capital transfer tax and estate duty) are the main discriminating variables in Facet D2: Economic Variables. All six variables are more important for marketing managers of the large companies. Variable 29(standard of service), 32 (accurate information), 34 (contact by the agent), and 41 (government bonds) are the main discriminating variables in Facet D3: Customer Services and Competition Variables. It can be seen from Table 9.2.1 that marketing managers of the large companies attach more importance to "standard of service" (variable 29) and "government bonds" (variable 41) than their counterparts in the small companies. On the other hand, marketing managers of the small companies attach more importance to providing the consumer with "accurate information" about the policies (variable 32) and "regular contact by the agent" (variable 34) than marketing managers of the large companies.

Variable 42 (market research), 49 (monitoring and evaluating performance), and 51 (training programmes for the field force) have the most discriminating power in Facet D5: Strategic Marketing Variables. From Table 9.2.1 it can be seen that marketing managers of the large companies attach more importance to these variables than their counterparts in the small companies. One possible explanation for this could be due to

costs involved in undertaking market research programmes, monitoring and evaluating performance and providing the field force with up-to-date training programmes. Small firms may not have sufficient resources for such programmes.

Variable 55 (life insurance broker), 56 (company offices), 57 (sports sponsorship), 61 (TV advertising), and 63 (direct mail) are the most powerful discriminating variables in Facet D6: Marketing Effectiveness Variables. In terms of fund allocations, marketing managers of the small companies have attached more importance to brokers and company offices than marketing managers of the large companies. On the other hand, marketing managers of the large companies have attached more importance to the idea of allocating more funds to sports sponsorship, TV advertising, and direct mail than marketing managers of the small companies. This could be due to financial reasons. Large companies, because of their resources, can afford to embark on costly and new adventures, thus allocating more funds to direct mail, TV advertising and sports sponsorship.

Finally, variables 68 (supplementary role), (77 versatility), and 78 (controllability) are the main discriminating variables in Facet D7: Direct Response Marketing Variables. Marketing managers of the large companies have attached more importance to the supplementary role and versatile qualities of direct response marketing, while marketing managers of the small companies have attached more importance to "controllability", which is one of the main characteristics of direct response marketing.

9.3 MINISSA Programme: Findings and Interpretations

This section provides a facet by facet analysis of the data collected from the large and the small companies. The analytical technique used was the MINISSA Programme. The main objective in this section is to make a comparison of the attitudes of marketing managers of the two groups with respect to each facet.

9.3.1 Facet D1: Sales and Marketing Variables

This facet includes eighteen variables grouped into three subfacets: Subfacet (i): Intermediaries, Subfacet (ii): Publicity and Direct Sales, and Subfacet (iii): Persuasibility Variables.

From Table 9.3.1 and Figures 9.3.1.1 and 9.3.1.2 it can be seen that variables 3 (company offices), 6 (advertisements in newspapers and magazines), 8 (TV advertising), 9 (radio advertising), 10 (direct mail), 11 (outdoor posters), 13 (presentations), 26 (children) and 27 (colleagues/friends) are, in both groups, plotted closer to the centroid than the rest of the variables. It should be noted that the average Euclidean distance in this facet for the two groups of companies are almost equal (.90 for the large companies and .91 for the small companies). The average Euclidean distances for each subfacet are also almost equal (Table 9.3.1). Thus marketing managers of the two groups of companies have, more or less, similar attitudes towards the sales and marketing variables. Both groups regard "company- offices", "advertisements in newspapers and magazines", "TV advertising", "radio advertising", "direct mail", "outdoor posters", and "presentations" as the most

Table 9.3.1 Facet 1: Sales Variables: MINISSA Space Co-ordinates & Distances for two Dimensions: A Comparative Analysis of the Attitudes of Marketing Managers of the Large and the Small Life & Composite Insurance Companies towards Marketing Life Insurance Policies in the UK (Facet by Facet Analysis)

NO	Title of Facets, Subfacets & Elements	Large Companies Dimensions		Small Companies Dimensions		Distances from Centroid	
		1	2	1	2	Large Companies	Small Companies
FACET D1	SALES AND MARKETING VARIABLES					.90	.91
D 1a	Subfacet (i): Intermediaries					1.52	1.49
	1) life insurance agent	1.22	.57	1.50	.25	1.35	1.52
	2) life insurance broker	1.67	-.34	1.42	-.32	1.70	1.46
D 1b	Subfacet (ii): Publicity & Direct Sales Variables					.80	.81
	3) company offices	.16	.14	-.01	-.22	.21	.22
	4) sports sponsorship	-.79	.13	-1.00	-.08	.80	1.00
	5) charity sponsorship	-1.03	.04	-1.00	.19	1.03	1.01
	6) ads in newspapers & magazines	.57	-.09	.44	.06	.57	.44
	7) telephone advertising	1.56	-.41	-1.01	-.23	1.61	1.04
	8) television advertising	.35	-.27	-.09	.43	.44	.44
	9) radio advertising	-.72	-.27	-.82	.12	.77	.83
	10) direct mail	.73	-.27	.83	.44	.78	.94
	11) outdoor posters	-.51	-.15	-.62	.50	.53	.79
	12) catalogues & circulars	-.79	.35	-.85	-.54	.86	1.01
	13) presentations	.11	-.44	.37	-.54	.45	.65
	14) cable TV	-1.54	-.05	-1.36	.34	1.54	1.40
D 1c	Subfacet (iii): Persuasibility Variables					.88	.91
	25) husband/wife	1.27	-.10	1.52	-.02	1.27	1.52
	26) children	-.43	.61	-.34	.53	.75	.63
	27) colleagues/friends	.17	.31	-.21	.08	.35	.23
	28) life insurance agent	1.13	.14	1.27	.06	1.14	1.27

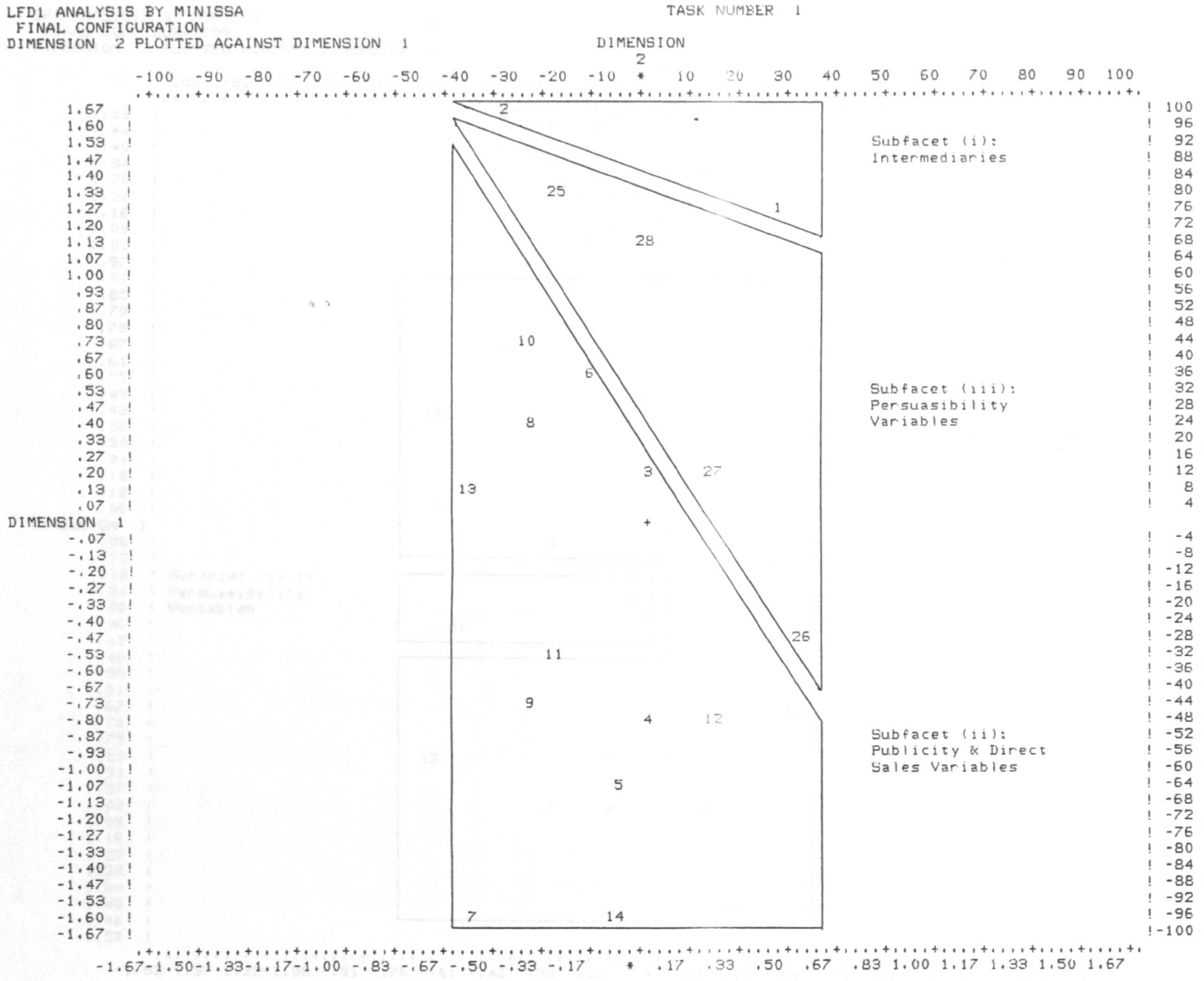


Figure 9.3.1.1 Final Configuration - Facet D1: Sales and Marketing Variables (Large Companies)

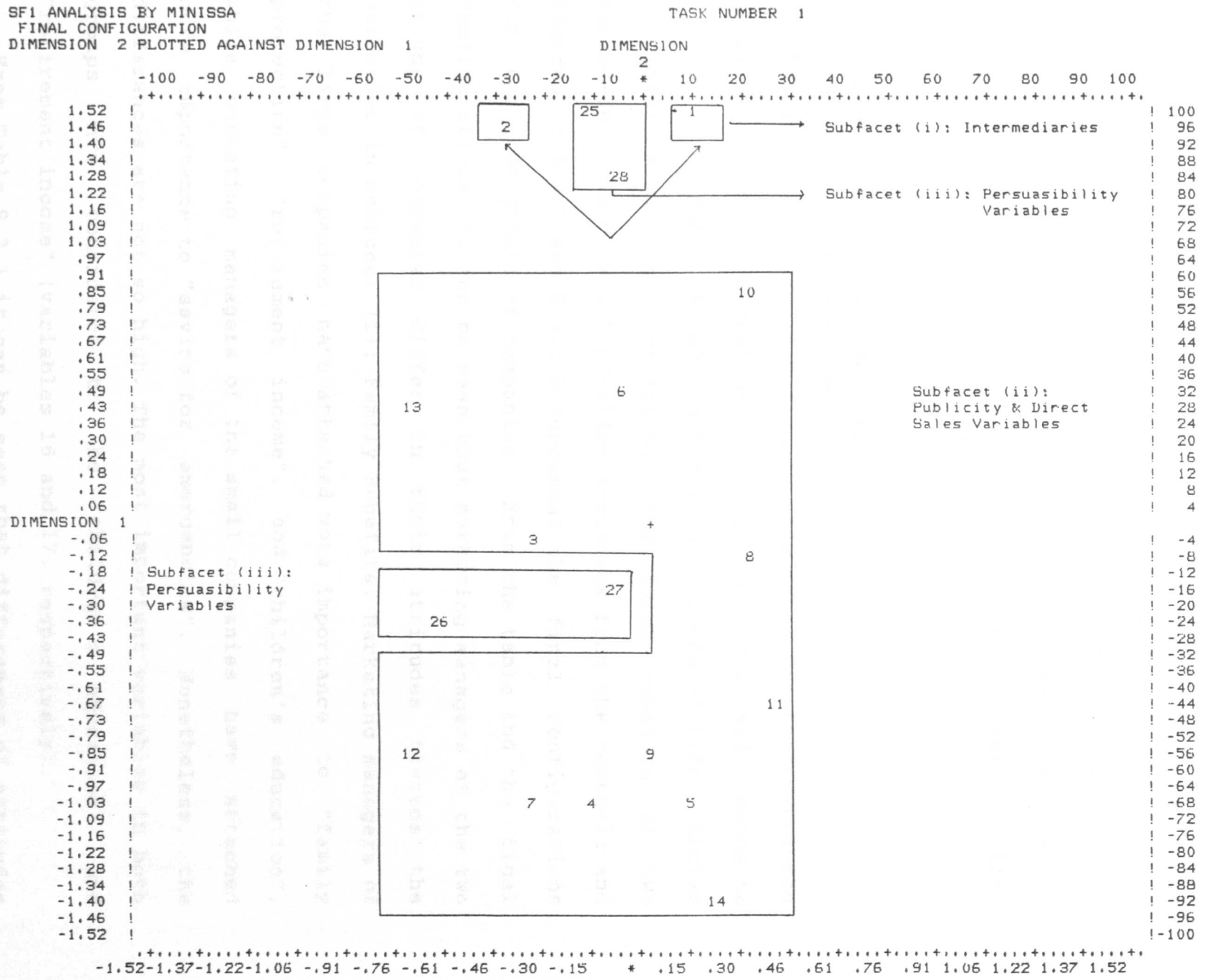


Figure 9.3.1.2 Final Configuration – Facet D1: Sales and Marketing Variables (Small Companies)

important publicity and direct sales variables. Both groups also regard "children", and "colleagues/friends" as the main persuasibility variables. The two variables are considered as playing an important role in encouraging the purchase of life policies.

9.3.2 Facet D2: Economic Variables

The main objective in designing this facet was to measure the importance that marketing managers of life and composite insurance companies attach to financial aspects of life policies in their marketing activities. The facet consists of two subfacets. Table 9.3.1 provides distances from the centroid and Figures 9.3.2.1 and 9.3.2.2 represent the final configurations for the two groups of companies. From the table and the final configurations it can be seen that marketing managers of the two groups of companies differ in their attitudes towards the variables in subfacet (i): Family Benefits. Marketing managers of the large companies have attached more importance to "family protection", "retirement income", and "children's education", while marketing managers of the small companies have attached more importance to "saving for emergencies". Nonetheless, the differences are not so high. The most important variables in both groups are considered to be "children's education" and "retirement income" (variables 16 and 17, respectively).

From Table 9.3.1 it can be seen that differences of attitudes exist with respect to variables in Subfacet (ii): Financial advantages in buying life policies. Marketing managers of the

Table 9.3.1 Facet 2 & Facet 3: MINISSA Space Co-ordinates and Distances for two Dimensions: A Comparative Analysis of the Attitudes of Marketing Managers of the Large and the Small Life & Composite Insurance Companies towards Marketing Life Insurance Policies in the UK (Facet by Facet Analysis)

No	Title of Facets, Subfacets & Elements	Large Companies Dimensions		Small Companies Dimensions		Distances from Centroid	
		1	2	1	2	Large Companies	Small Companies
FACET D2	ECONOMIC VARIABLES					.90	.93
D 2d	Subfacet (i) Family Benefits					1.00	1.07
	15) family protection	-1.08	.19	1.20	-.01	1.09	1.20
	16) retirement income	-.93	.07	1.08	-.25	.93	1.11
	17) children's education	.31	.17	-.37	-.19	.35	.42
	18) saving for emergencies	1.65	-.03	-1.55	.18	1.65	1.56
D 2e	Subfacet (ii): Financial Advantages					.83	.83
	19) provision for inflation	.96	.52	-.88	-.28	1.09	.92
	20) a good method of saving	.19	-.16	.13	-.02	.25	.13
	21) return on investment	-.36	-.15	.98	.55	.39	1.24
	22) policy prizes (bonuses)	.23	-1.36	-.56	1.01	1.38	1.16
	23) mortgage repayment plans	-.83	-.24	.55	-.26	.86	.61
	24) mitigation of capital transfer tax & estate duty	-.15	.99	-.58	-.74	1.00	.94
Facet D3	CUSTOMER SERVICES &COMPETITION					.81	.84
D 3f	Subfacet (i): Quality & Convenience Variables					.65	.86
	29) standard of service	-.83	-.06	.83	-.18	.83	.85
	30) quality of product	-.82	.01	.94	-.06	.82	.94
	31) quality of staff	-.77	-.07	.78	.02	.77	.78
	32) accurate information	-.33	.06	.54	-.07	.33	.54
	33) attention to consumer needs	-.84	-.16	.87	.09	.85	.87
	34) contact by the agent	-.27	-.03	.54	-.68	.27	.87
D 3g	Subfacet (ii): Credit Card Facilities					2.21	2.06
	35) use of credit cards	2.19	-.32	-2.01	-.47	2.21	2.06

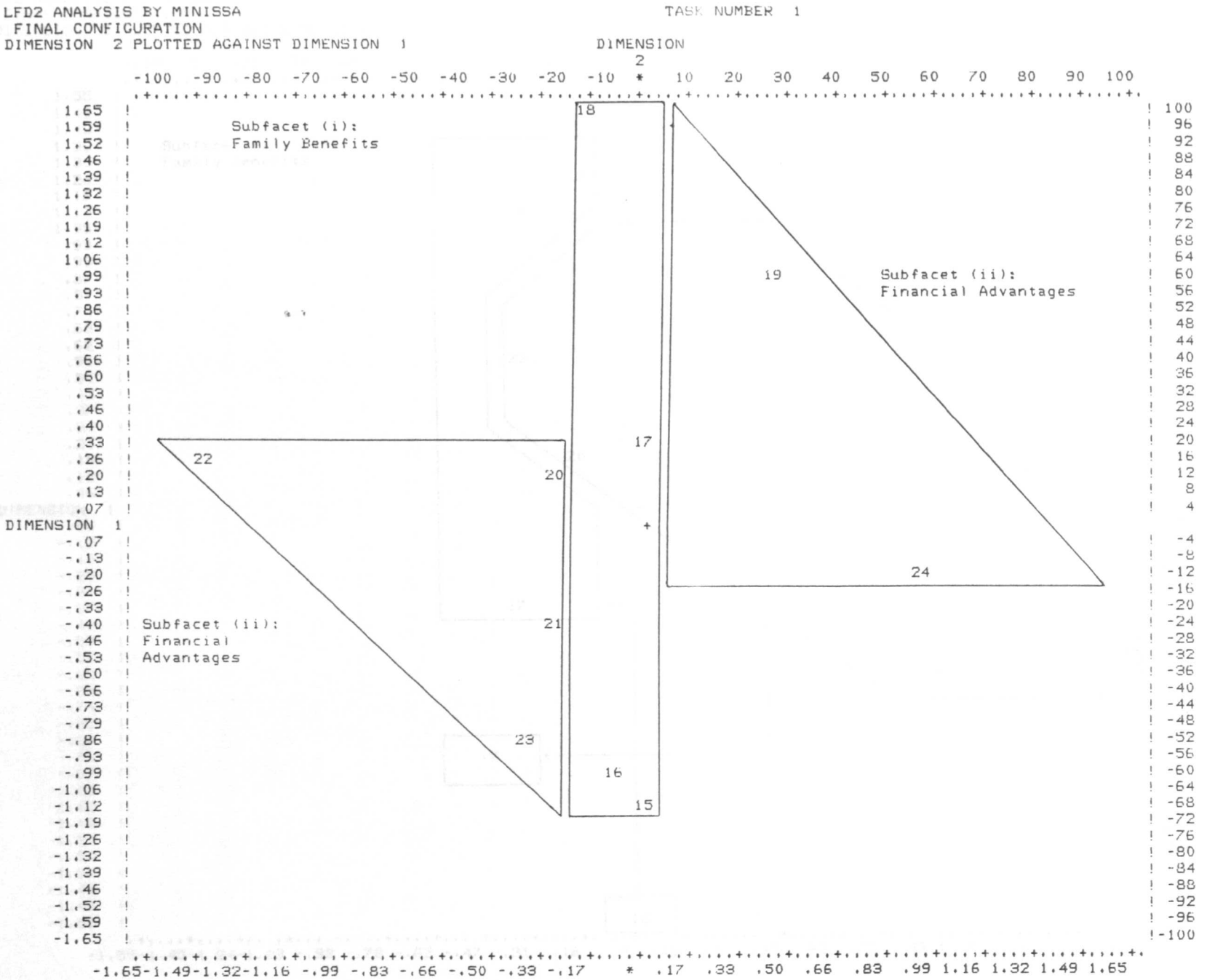


Figure 9.3.2.1 Final Configuration - Facet D2: Economic Variables (Large Companies)

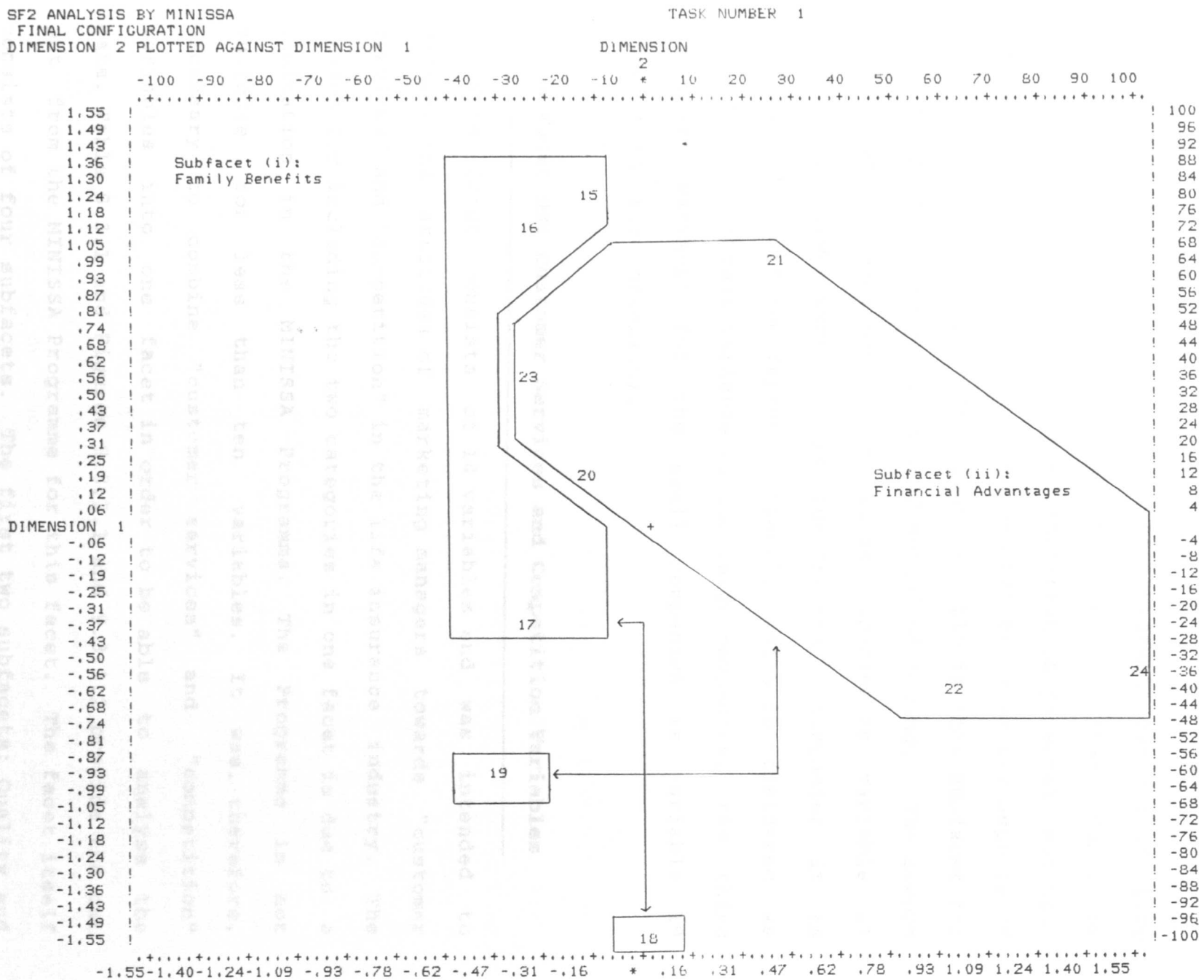


Figure 9.3.2.2 Final Configuration - Facet D2: Economic Variables (Small Companies)

large companies put more emphasis on investment aspects of life policies, while their counterparts in the small companies emphasise more on the effects of inflation on personal savings, bonuses, mortgage repayments, and capital transfer tax aspects of life policies. The most important variable in this subfacet for both groups is variable 21 (a good method of saving). The second most important variable for the large companies is variable 21 (return on investment), as for the small companies it is variable 23 (mortgage repayment plans), which is considered as the third important variable by the large companies. the third important variable for the small companies is variable 19 (provision for inflation).

9.3.3 Facet D3: Customer Services and Competition Variables

This facet consists of 14 variables and was intended to measure the attitudes of marketing managers towards "customer services" and "competition" in the life insurance industry. The reason for including the two categories in one facet is due to a limitation in the MINISSA Programme. The Programme is not suitable for less than ten variables. It was, therefore, necessary to combine "customer services" and "competition" variables into one facet in order to be able to analyse the data. Table 9.3.1 and Figures 9.3.3.1 and 9.3.3.2 provide the out put from the MINISSA Programme for this facet. The facet itself consists of four subfacets. The first two subfacets: Quality and Convenience Variables and Credit Card Facilities relate to customer services. The other two subfacets: Main Competitors and

Direct Investments, relate to competition in the life insurance market.

From Table 9.3.1 and Figures 9.3.3.1 and 9.3.3.2 it can be seen that, with respect to customer services, all the variables in subfacet (i): Quality and Convenience Variables have attracted more credit from marketing managers of the large companies. The most important variable for this group of managers is considered to be variable 34 (contact by the agent). The second most important variable is considered to be variable 32 (accurate information), which is the most important variable for the small companies. The third most important variable for the large companies is variable 31 (quality of staff). It thus follows that marketing managers of the large companies believe that customers should be regularly contacted by the agents and that they should be provided with accurate information. The other three variables in this subfacet: "standard of service", quality of product", and "attention to consumer needs" have attracted almost the same degree of importance from marketing managers of the large companies.

The use of credit cards, variable 35, has not attracted much credit from either group of managers. It is in fact the least important variable for both groups. Thus, marketing managers do not seem to favour the idea of collecting premiums on credit.

From Table 9.3.1 it can be seen that marketing managers of the small companies do take "competition" more seriously than their counterparts in the large companies. In fact, all the competition variables, with the one exception of variable 41

Table 9.3.1 Facet 3 & Facet 5: MINISSA Space Co-ordinates and Distances for two Dimensions: A Comparative Analysis of the Attitudes of Marketing Managers of the Large and the Small Life & Composite Insurance Companies towards Marketing Life Insurance Policies in the UK (Facet by Facet Analysis)

NO	Title of Facets, Subfacets & Elements	Large Companies Dimensions		Small Companies Dimensions		Distances from Centroid Large Companies	Small Companies
		1	2	1	2		
D 3h	Subfacet(iii): Main Competitors					.56	.41
	36) building societies	-.38	-.38	.18	.18	.54	.25
	37) banks	.07	-.20	-.17	.00	.21	.17
	38) unit trusts	-.68	.19	.48	.32	.70	.58
	39) pension funds	.10	.72	-.34	.55	.72	.65
D 3i	Subfacet (iv) Direct Investments					1.14	1.19
	40) stocks & shares	.98	-.16	-.92	.11	.99	.93
	41) government bonds	1.25	.35	-1.44	.18	1.30	1.45
FACET D5	STRATEGIC MARKETING VARIABLES					.93	.89
D 5l	Subfacet (i): Strategic Management					1.01	.96
	42) market research	.65	-.96	-1.19	.57	1.16	1.32
	43) product innovation	-.34	1.07	.63	.80	1.04	1.02
	44) product diversification	-1.68	-.11	-.15	-1.34	1.68	1.35
	45) market segmentation	-.42	-.32	-1.53	-.28	.53	1.55
	46) response to marketing challenges	.74	-.27	.37	.08	.79	.38
	47) distribution channels	1.08	.08	-.28	-.26	1.08	.38
	48) policy benefits	-.45	.80	.15	.57	.92	.58
	49) monitoring and evaluating performance	-.76	.26	.25	-.46	.80	.52
	50) packaging	-.51	.38	.74	-.59	.64	.95
	51) training programmes for the field force	.66	1.23	1.56	.09	1.40	1.56
D 5m	Subfacet (ii): Customer Relations					.51	.52
	52) consumer trust	.75	-.05	-.25	.07	.75	.26
	53) consumer habits	.27	.04	-.29	.74	.27	.79

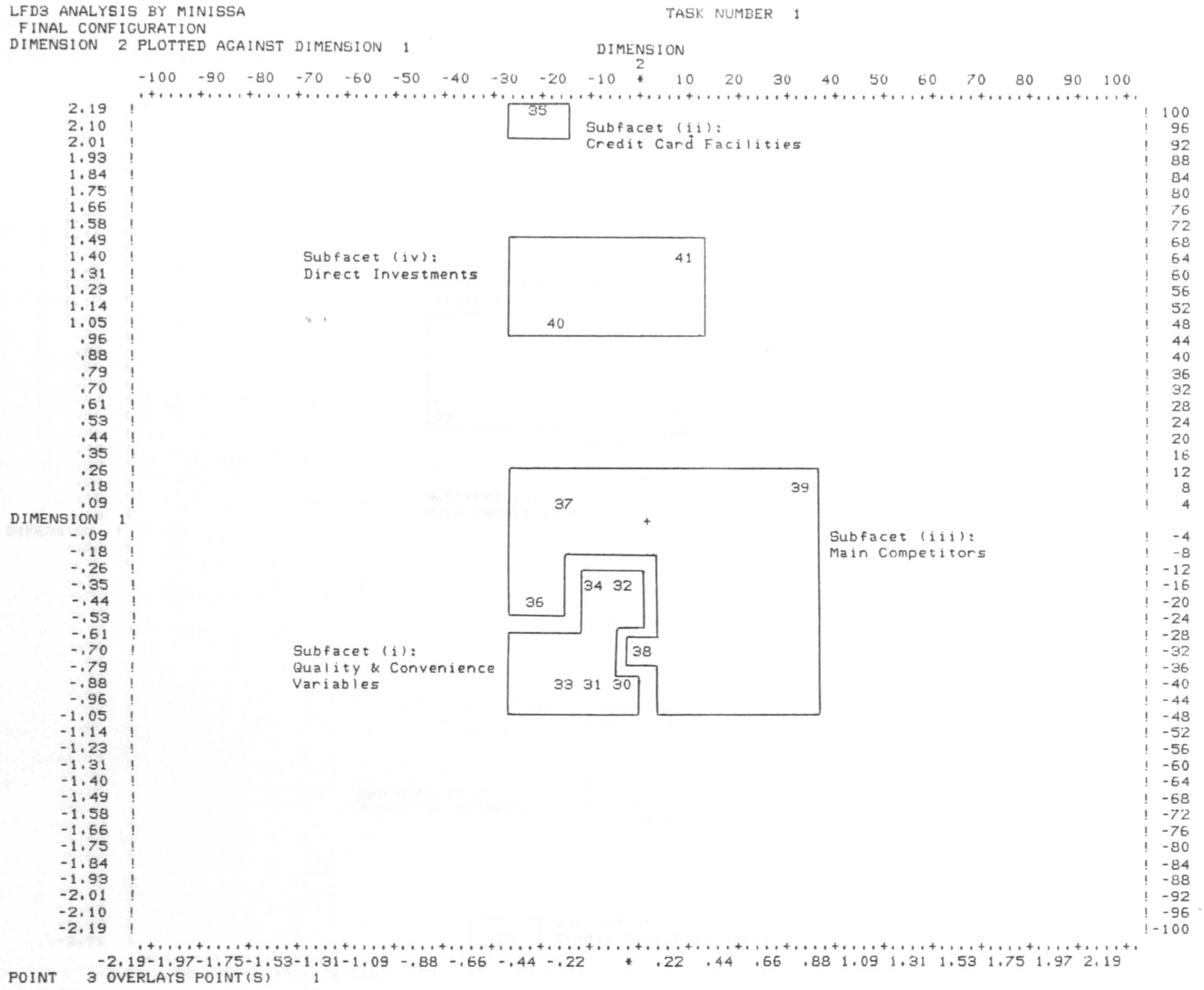


Figure 9.3.3.1 Final Configuration - Facet D3: Customer Services and Competition Variables (Large Companies)

Figure 9.3.3.2 Final Configuration - Facet D3: Customer Services and Competition Variables (Small Companies)

(government bonds), have attracted more importance from marketing managers of the small companies than those in the large companies. It should be noted that both groups consider "banks" as the main competitors. "building societies" and "unit trusts" are considered as being the second and the third main competitors, respectively, by both groups of companies.

From Figures 9.3.3.1-2 it can be seen that variables in each subfacet are grouped in the same region. Thus, one can see four distinct groupings in each configuration. Overall, marketing managers of the large companies have attached more importance to customer services variables, while marketing managers of the small companies have attributed more importance to competition variables. One possible explanation is that small companies because of their limited resources are more concious of the competitors.

9.3.4 Facet D5: Strategic Marketing

The strategic marketing, as described above, is a process of analysing and monitoring marketing opportunities. This facet consists of 12 variables and two subfacets.

Table 9.3.1 (p. 182) and Figures 9.3.4.1 and 9.3.4.2 represent the MINISSA findings for this facet. As it can be seen differences of opinion exist with respect to strategic marketing variables. Marketing managers of the large companies have attributed more importance to variables 42 (market research), 45 (market segmentation), 50 (packaging), 51 (providing training programmes for the field force), and 53

Figure 9.3.4.1 Final Configuration - Facet D5: Strategic Marketing Variables (Large Companies)

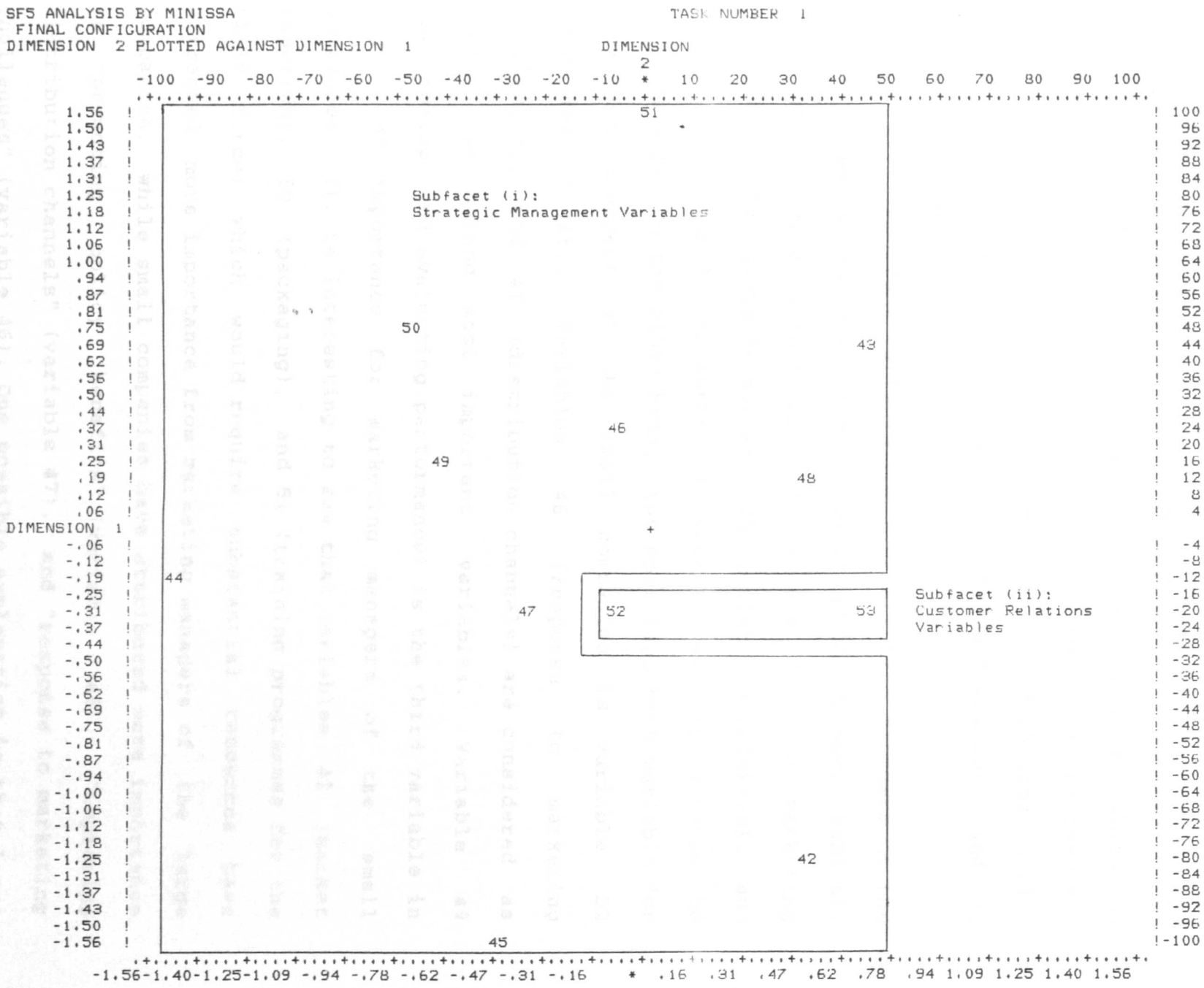


Figure 9.3.4.2 Final Configuration - Facet D5: Strategic Marketing Variables (Small Companies)

(understanding consumer habits), while marketing managers of the small companies have attributed more importance to variables 44 (product diversification), 46 (response to marketing challenges), 42 (improving distribution channels), 48 (promoting policy benefits), 49 (monitoring and evaluating performance), and 52 (consumer trust).

The most important variable for the marketing managers of the large companies is variable 53 (understanding consumer habits). The second variable in terms of importance for the marketing managers of this group is variable 45 (market segmentation), and the third variable, in terms of importance, is variable 50 (packaging). On the other hand, the most important variable for marketing managers of the small companies is variable 52 (consumer trust). Variables 46 (response to marketing challenges), and 47 (distribution channels) are considered as being the second most important variables. Variable 49 (monitoring and evaluating performance) is the third variable in terms of importance for marketing managers of the small companies. It is interesting to see that variables 42 (market research), 50 (packaging), and 51 (training programmes for the field force) which would require substantial resources have attracted more importance from marketing managers of the large companies, while small companies have attributed more importance to "promoting policy benefits" (variable 48), "improving distribution channels" (variable 47), and "response to marketing challenges" (variable 46). One possible explanation is that large companies can afford to undertake costly projects and thus attract new customers, while small companies can do so through

improving their existing distribution channels and promoting policy benefits.

9.3.5 Facet D6: Marketing Effectiveness Variables

Marketing effectiveness refers to the efficiency with which an organisation employs its marketing funds. This facet consists of 14 variables and two subfacets. As mentioned above, variables in this facet are the same as those in Facet D1, but in a different context. The main objective in this facet is to measure the attitudes of the two groups of marketing managers towards allocating funds to various marketing functions.

Table 9.3.1 and Figures 9.3.5.1 and 9.3.5.2 represent the MINISSA findings for this facet. As it can be seen there are no substantial differences with respect to the variables in subfacet (i): Intermediaries, i.e., life insurance agent and broker. However there are major differences with respect to the variables in subfacet (ii): Publicity and Direct Sales Variables. Marketing managers of the large companies have attached more importance to variables 56 (company offices), 57 (sports sponsorship), 63 (direct mail), 64 (outdoor posters), 65 (catalogues and circulars), and 66 (presentations). The most important variable for this group of managers is variable 56 (company offices). The second variable in terms of importance is variable 66 (presentations). Finally, the third variable in terms of importance is variable 61 (TV advertising). Thus, marketing managers of the large companies are in favour of allocating

Table 9.3.1 Facet 6: MINISSA Space Co-ordinates and Distances for two Dimensions: A Comparative Analysis of the Attitudes of Marketing Managers of the Large and the Small Life & Composite Insurance Companies towards Marketing Life Insurance Policies in the UK (Facet by Facet Analysis)

NO	Title of Facets, Subfacets & Elements	Large Companies Dimensions		Small Companies Dimensions		Distances from Centroid	
		1	2	1	2	Large Companies	Small Companies
FACET D6	MARKETING EFFECTIVENESS						
	VARIABLES					.88	.93
D 6n	Subfacet (i): Intermediaries					1.52	1.51
	54) life insurance agent	1.45	.64	1.44	.00	1.58	1.44
	55) life insurance broker	1.36	-.54	1.55	.33	1.46	1.58
D 6o	Subfacet (ii): Publicity & Direct Sales Variables					.77	.83
	56) company offices	-.07	-.06	.45	-.04	.09	.45
	57) sports sponsorship	-.88	-.13	-.82	-.47	.89	.94
	58) charity sponsorship	-1.08	-.09	-.72	-.22	1.08	.75
	59) advertisements in newspapers & Magazines	.83	.05	.66	-.43	.83	.79
	60) telephone advertising	-1.41	.21	-1.18	-.20	1.42	1.19
	61) television advertising	.19	.22	-.17	-.24	.29	.29
	62) radio advertising	-.89	.37	-.73	-.08	.96	.73
	63) direct mail	1.08	.09	1.01	-.69	1.08	1.22
	64) outdoor posters	-.71	.39	-.99	.19	.81	1.01
	65) catalogues and circulars	-.58	-.53	-1.02	.58	.79	1.17
	66) presentations	.19	-.11	.62	.71	.22	.94
	67) videotex (viewdata systems)	.24	-.80	-.09	.54	.83	.55

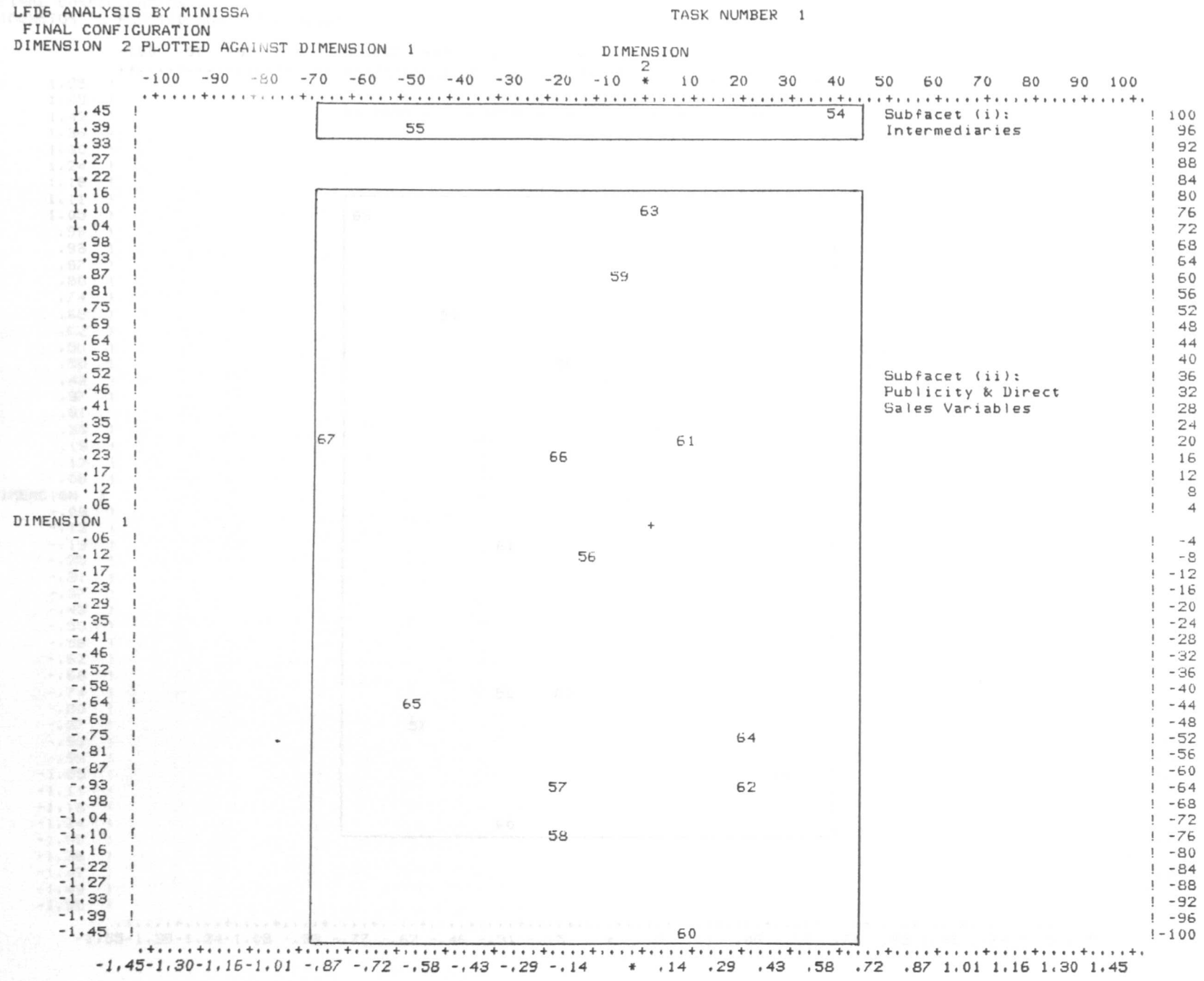


Figure 9.3.5.1 Final Configuration - Facet D6: Marketing Effectiveness Variables (Large Companies)

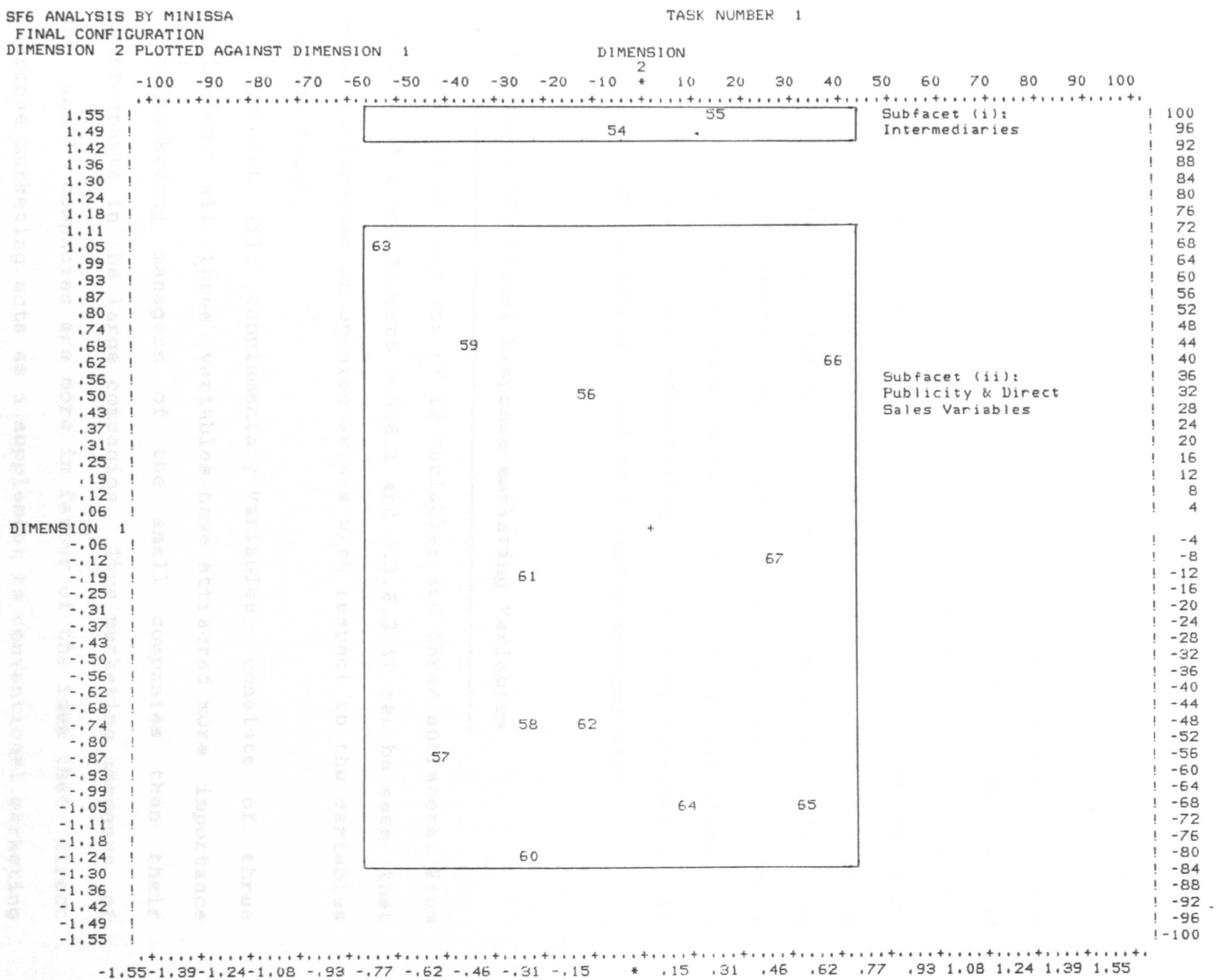


Figure 9.3.5.2 Final Configuration - Facet D6: Marketing Effectiveness Variables (Small Companies)

additional funds to "TV advertising", "presentations", and "company offices", i.e., providing more incentives for company sales force.

The most important variable for marketing managers of the small companies is variable 62 (TV advertising). The second variable in terms of importance is variable 56 (company offices). Variable 65 (videotex) is considered as being the third important variable by marketing managers of this group. Thus marketing managers of the small companies are also in favour of allocating funds to to "TV advertising", and "company offices", but in a lesser degree. They have also attached more importance to variables 62 (radio advertising), 59 (advertisements in newspapers and magazines), and 59 (charity sponsorship).

9.3.6 Facet D7: Direct Response marketing Variables

This facet consists of 12 variables and three subfacets. From Table 9.3.1 and Figures 9.3.6.1 and 9.3.6.2 it can be seen that major differences of opinion exists with respect to the variables in this facet.

Subfacet (i): Complementary Variables, consists of three variables. All three variables have attracted more importance from marketing managers of the small companies than their counterparts in the large companies. Thus marketing managers of the small companies are more in favour of the idea that direct response marketing acts as a supplement to conventional marketing methods and can be considered as a support vehicle for sales force in an environment where customer attitudes and life-style

Table 9.3.1 Facet 7: MINISSA Space Co-ordinates and Distances for two Dimensions: A Comparative Analysis of the Attitudes of Marketing Managers of the Large and the Small Life & Composite Insurance Companies towards Marketing Life Insurance Policies in the UK (Facet by Facet Analysis)

NO	Title of Facets, Subfacets & Elements	Large Companies Dimensions		Small Companies Dimensions		Distances from Centroid	
		1	2	1	2	Large Companies	Small Companies
FACET D7	DIRECT RESPONSE MARKETING					.87	.80
	Variables						
D 7p	Subfacet (i): Complementary						
	Variables					1.32	.90
	68) supplementary role	-.84	-.10	-.51	-.05	.85	.51
	69) changing attitudes & life style	-.22	.79	.09	.37	.82	.38
	70) support vehicle for salesforce	2.26	.32	1.63	.79	2.28	1.81
D 7q	Subfacet (ii): Additional						
	Sales Variables					.85	1.17
	71) entering new market segments	.66	.26	.09	-.59	.71	.60
	72) new customers	-.29	-.47	-.44	.11	.55	.45
	73) increases sales	-.85	-.32	-.95	.02	.91	.95
	74) lapse prevention	1.07	-.64	1.20	-.72	1.25	1.40
D 7r	Subfacet (iii): Special						
	Characteristics Variables					.61	.45
	75) testability	.09	-.64	.40	-.39	.65	.56
	76) cost effectiveness	.98	.35	-.46	-.25	1.04	.52
	77) versatility	.18	.17	.26	.31	.25	.40
	78) controllability	-.52	.12	-.32	.25	.53	.41
	79) selectivity	.56	.17	-.34	.15	.58	.37

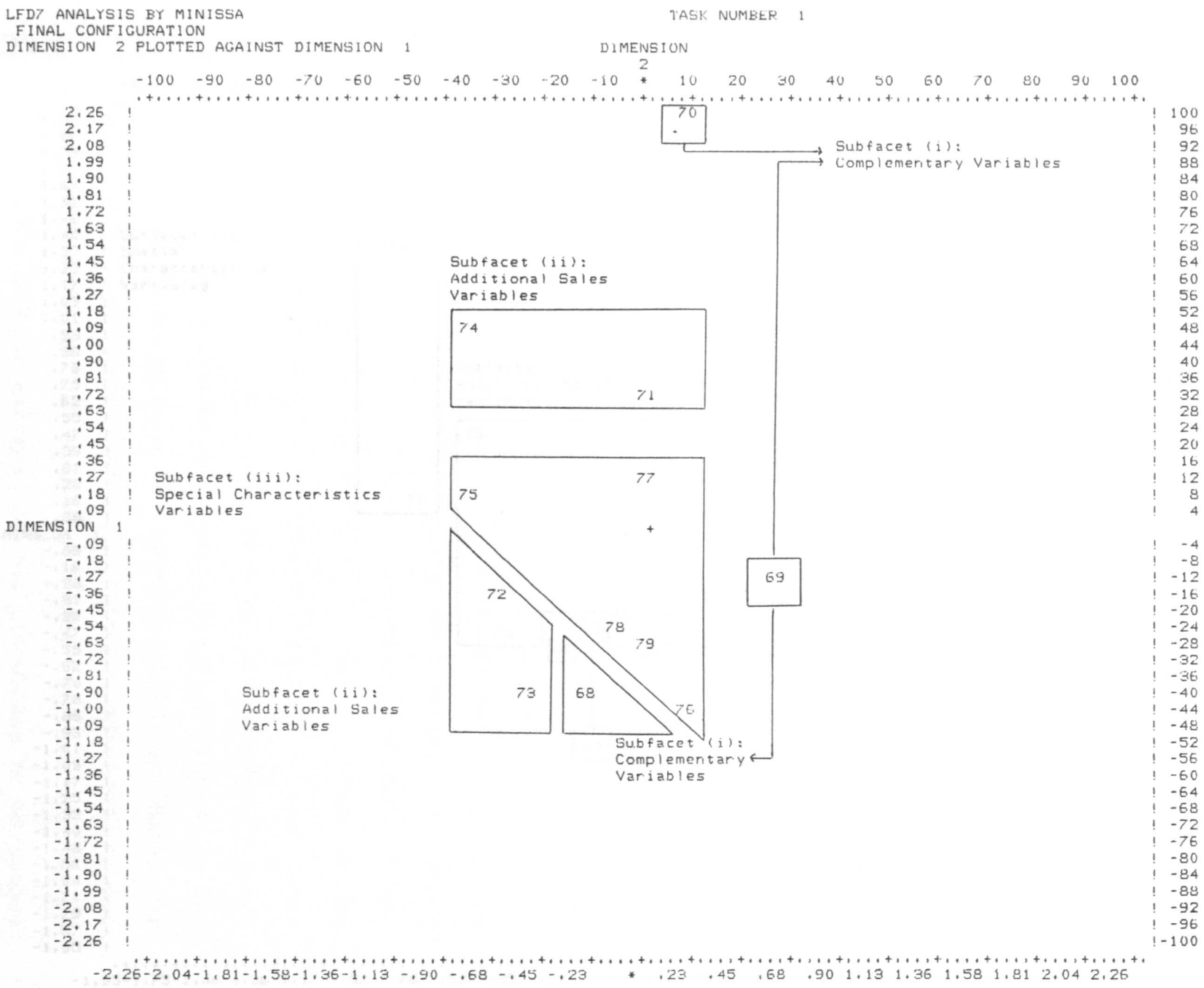


Figure 9.3.6.1 Final Configuration - Facet D7: Direct Response Marketing Variables (Large Companies)

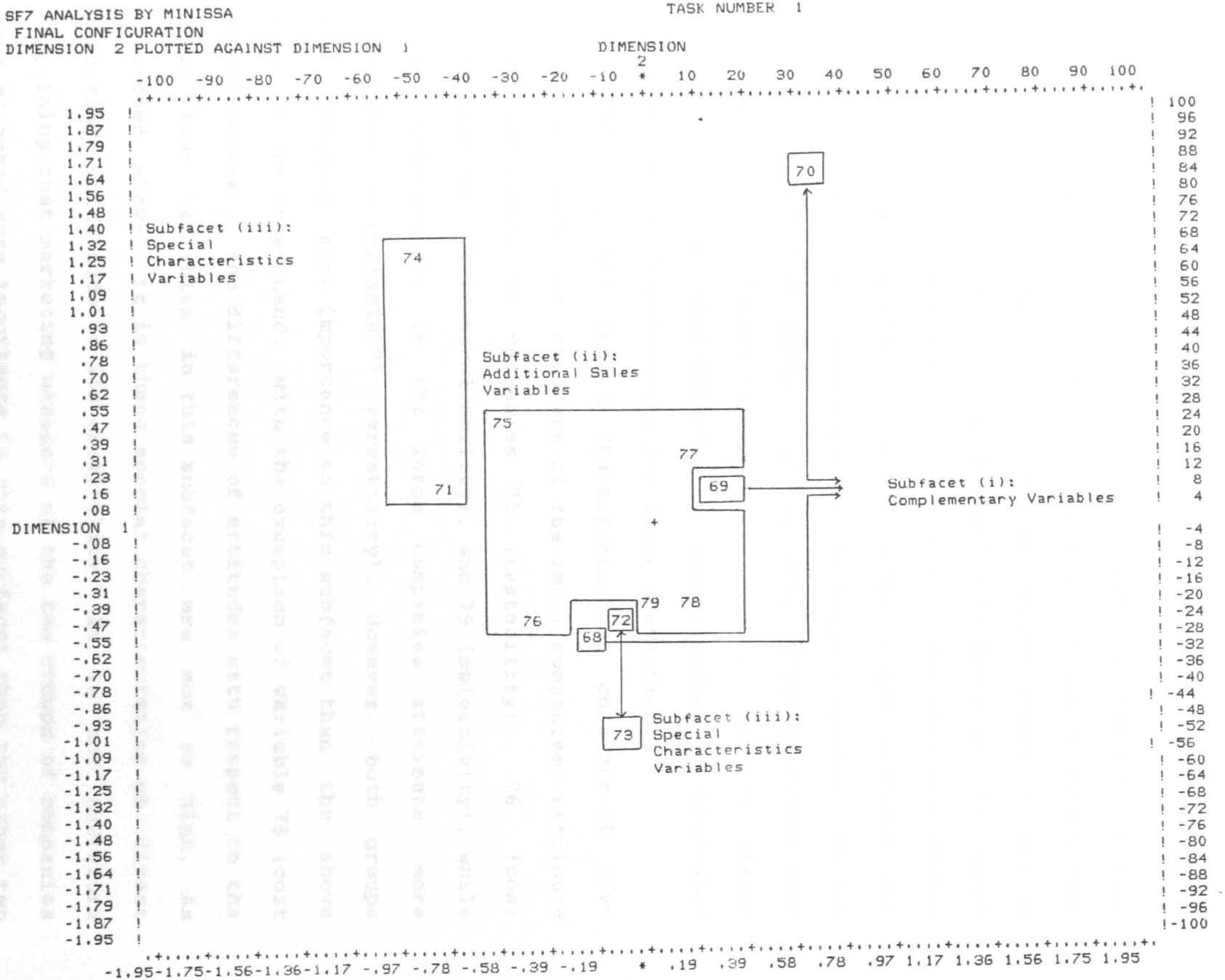


Figure 9.3.6.2 Final Configuration - Facet D7: Direct Response Marketing Variables (Small Companies)

changes rapidly.

Subfacet (ii): Additional Sales Variables, consists of four variables. Marketing managers of the small companies attach more importance to variables 71 (entering new market segments), and 72 (attracts new customers) than marketing managers in the large companies. Thus, they are more in favour of the idea that direct marketing helps to enter new market segments and attracts new customers than their counterparts in the large companies. On the other hand, marketing managers of the large companies attach more importance to variables 73 (increases sales), and 74 (lapse prevention). Thus they believe that direct marketing increases sales and is an adequate means for lapse prevention,

Subfacet (iii): Special Characteristics, consists of five variables. Marketing managers of the small companies attribute more importance to variables 75 (testability), 76 (cost effectiveness), 78 (controllability), and 79 (selectivity), while their counterparts in the large companies attribute more importance to variable 77 (versatility). However, both groups have attached more importance to this subfacet than the above two. On the other hand, with the exception of variable 76 (cost effectiveness), the differences of attitudes with respect to the other four variables in this subfacet are not so high. As mentioned above, it is these special characteristics of direct marketing which adds to its credibility. It is not therefore surprising that marketing managers of the two groups of companies have attached more importance to this subfacet than the other two subfacets.

9.4 Testing Research Hypotheses: Wilcoxon Test

The hypotheses presented and tested in this section are based on the output of the MINISSA Programme. The Wilcoxon Test was employed for testing these hypotheses. The Wilcoxon Test, as mentioned above, is a nonparametric test for significant differences between paired observations, which does take account of the magnitude of the differences. The Wilcoxon test was selected because the differences between paired observations could be quantitatively measured, using Euclidean distances.

A two tailed test was found to be appropriate for testing the above hypotheses because the trend of the differences between the two groups was not known.

9.4.1 Hypothesis 2

Null Hypothesis: Attitudes towards marketing variables are similar for marketing managers of the large and the small companies.

Alternative Hypothesis: Attitudes towards marketing variables are not similar for marketing managers of the large and small companies.

The number of the variables investigated in this test is 35 (N = 35). It includes all the variables in Facet D1 and Facet D2, and also the first seven variables in Facet D3. As mentioned above, one of the main advantages of employing a faceted approach is that it helps to formulate research hypothesis. Each hypothesis should include the elements of at least one facet. A MINISSA Programme was run for the 35 variables in this hypothesis and the output was used as input for the wilcoxon Test. In this

test the level of significance (α) was set at .05.

Table 9.4.1 (Appendix F) presents the relevant calculations for this test. These are the absolute values of differences obtained and ranked from 1 to n. "Absolute" meaning we disregard signs in our ranking. To use the Wilcoxon Test we give the rank of 1 to the smallest difference and the rank of 2 to the next smallest, and so on. These ranks are then given the sign (+ or -) of the corresponding value. If there are ties in ranking, the rank assigned is the average of the tied items. On the other hand, if the differences between the paired observations is zero that item is dropped, and the number of differences is accordingly reduced. In Table 9.4.1 ranks have been summed according to the sign of differences. The smaller of these is taken as Wilcoxon's T statistic (i.e., T = 284.5). In this test N is larger than 25, thus using the equation presented in section 7.7, chapter 7:

$$Z = \frac{284.5 - \frac{(35+1)}{4}}{\sqrt{\frac{35\ (35+1)\ (35 \times 2+1)}{24}}} = \frac{30 - 50}{61 - .05} = .50$$

From Table A (Siegel, 1956) we can see that the probability associated with the occurrence under the null hypothesis of a Z of .50 is .62, i.e., P = 2 (.3085) = .62, for a two-tailed test. The value of p = .62 does not occur in the region of rejection (α = .05). Thus, we accept the null hypothesis and conclude that attitudes towards the marketing variables are similar for marketing managers of the large and the small companies.

9.4.2 Hypothesis 3

Null Hypothesis: Attitudes towards strategic marketing variables are similar for marketing managers of the large and the small companies.

Alternative Hypothesis: Attitudes towards strategic marketing variables are not similar for marketing managers of the two groups of companies.

Table 9.4.2 (Appendix F) presents the calculations for hypothesis 3. The number of the variables is 12 (N = 12). Table G (Siegel, 1956) gives values from the sampling distribution of T, for $N \leqslant 25$. In this test the smaller of the sum of the like-signed ranks is 33 (T = 33). Table G shows that T for N = 12 is 14. The region of rejection consists of all values of T which are so small that the probability associated with their occurrence under the null hypothesis is equal to or less than .05. Thus, since the calculated value of T (i.e., 33) exceeds 14 we accept the null hypothesis and conclude that attitudes towards strategic marketing variables are similar for marketing managers of the two groups of companies.

9.4.3 Hypothesis 4

Null Hypothesis: Attitudes towards marketing effectiveness variables are similar for marketing managers of the large and the small companies.

Alternative Hypothesis: Attitudes towards the above variables are not similar for marketing managers of the two groups of companies.

Table 9.4.3 (Appendix F) presents the calculations for this test. N = 12, and $\alpha = .05$. It should be noted that if the

difference between the paired observations for an item is zero, that item is dropped and the number of differences is accordingly reduced. There is one such item in Table 9.4.3. Thus the effective sample size in this test is 13 (N = 14 - 1 = 13). The smaller of the like- signed ranks in Table 9.4.3 is 39.5. From Table G (Siegel, 1956) one can see that the critical value of T in Wilcoxon test, when N = 13, is 8. Thus, since the calculated value of T (39.5) exceeds 8 we accept the null hypothesis and conclude that attitudes towards marketing effectiveness variables are similar for marketing managers of the two groups of companies.

9.4.4 Hypothesis 5

Null Hypothesis: Attitudes towards direct response marketing are similar for marketing managers of the large and the small companies.

Alternative Hypothesis: Attitudes towards direct response marketing are not similar for marketing managers of the two groups of companies.

From Table 9.4.4 (Appendix F) it can be seen that the smaller of the sums of the like-signed ranks is 14. N = 12 and the significance level is .05. Table G (Siegel, 1956) indicates that with N = 12 pairs, the null hypothesis would be rejected at the 5% significance level, using a two tailed test at $T \leq 14$ ($T_{.05} = 14$). Thus since the calculated value of T = 14, we reject the null hypothesis and conclude that attitudes of marketing managers of the two groups of companies are not similar with respect to direct response marketing variables.

9.5 Summary

A comparative analysis of the attitudes of marketing managers of the large and the small life and composite insurance companies towards marketing life insurance policies was carried out in this chapter. A Discriminant Analysis was conducted in order to find the linear combination of variables that best discriminated between the two groups. The output was used to determine whether attitudes of the two groups of marketing managers were similar with respect to marketing life insurance policies (hypothesis 1). 33 variables were found to have the most discriminating power. The findings indicate that marketing managers of the two groups of companies differe in their attitudes towards the variables under investigation.

A facet by facet analysis of the data collected from the two groups of companies was conducted using the MINISSA Programme. The main objective was to make a comparison of the attitudes of marketing marketing managers of the two groups of companies with respect to each facet. The main findings can be summarised as follows:

Facet D1: Sales and Marketing Variables. The most important direct sales and publicity variables in this facet for both groups of managers were found to be variables 3 (company offices), 6 (ads in newspapers and magazines), 8 (TV advertising), 9 (radio advertising), 10 (direct mail), 11 (outdoor posters), and 13 (presentations). In addition variables 26 (Children), and 27 (colleagues/friends) were regarded as the most important variables influencing the purchase of life

insurance policies. Overall marketing managers of the two groups of companies were found to have similar attitudes towards the variables in this facet.

Facet D2: Economic Variables. This facet was intended to measure the importance that marketing managers of the two groups of companies attach to financial advantages offered by life policies. marketing managers of the two groups of companies were found to differ in their attitudes with respect to all the variables in this facet. Nonetheless, with the exception of variables 21 (return on investment), and 23 (mortgage repayment plans), the differences of attitudes with respect to the rest of the variables were not so high. Overall the most important variables in Subfacet (i): Family Benefits, were found to be variables 16 (retirement income) and 17 (children's education). In subfacet (ii): Financial advantages, was found to be variable 20 (a good method of saving).

Facet D3: Customer Services and Competition Variables. This facet was intended to measure the attitudes of the two groups of marketing managers towards customer services and competition. Overall it was found that large companies attached more importance to "customer services" variables, while small companies attached more importance to "competition" variables. Nonetheless, the differences with respect to "customer services" variables, with the exception of variable 34 (contact by the agent), were not so high.

Facet D5: Strategic Marketing Variables. This facet was intended to investigate the attitudes of marketing managers of the two groups of companies with respect to strategic marketing

variables. marketing managers of the large companies were found to attach more importance to variables 41 (market research), 45 (market segmentation), 50 (packaging), 51 (providing training programmes for the field force), and 53 (understanding consumer habits), while their counterparts in the small companies were found to attach more importance to variables 44 (product diversification), 46 (response to marketing challenges), 47 (improving distribution channels), 48 (promoting policy benefits), 49 (monitoring and evaluating performance), and 52 (developing consumer trust). Thus, marketing managers of the large companies tend to favour the type of projects that would require substantial resources (e.g., packaging, and training programmes), while their counterparts in the small companies believe in improving distribution channels, promoting policy benefits and developing consumer trust. This could be because large companies can afford to undertake costly projects.

Facet D6: Marketing Effectiveness Variables. This facet was intended to measure the attitudes of marketing managers of the two groups of companies towards allocating funds to various marketing variables. The most important variable for both groups of managers were found to be variables 61 (TV advertising), and 56 (company offices). However, large companies were found to favour the idea more than small companies. "Advertisements in newspapers and magazines" and radio advertising were also considered as being important by both groups of companies, with small companies attaching more importance to these variables than the large companies. On the other hand "sports sponsorship" and

"presentation" have attracted more importance from the large companies than the small companies.

Facet D7: Direct Response Marketing. this facet consists of three subfacets. Subfacet (iii): Special Characteristics were considered as being more important by both groups of companies than the other two subfacets (i.e., Intermediaries and Additional Sales Variables). Marketing managers of the small companies attached more importance to this subfacet than their counterparts in the large companies. Both groups have similar attitudes towards the variables in Subfacet (i): Intermediaries, but differ in their attitudes towards the variables in Subfacet (ii): Additional Sales Variables. Marketing managers of the large companies favoured direct marketing as an adequate tool for "lapse prevention" and "increasing sales", while their counterparts in the small companies regard it as an adequate tool for "entering new market segments" and "attracting new customers".

Finally, Wilcoxon Test was employed for testing three out of the four hypotheses included in this chapter. The one remaining hypothesis was tested using the Discriminant analysis. It was found that the two groups of marketing managers have similar attitudes towards "marketing", "strategic marketing", and "marketing effectiveness" variables, but differ in their attitudes towards "direct response marketing".

CHAPTER TEN

A COMPARATIVE ANALYSIS OF THE ATTITUDES OF THE INSURED AND THE NON-INSURED TOWARDS THE MARKETING STRATEGIES ADOPTED BY MARKETING MANAGERS OF LIFE AND COMPOSITE INSURANCE COMPANIES IN THE UK

10.1 Introduction

This chapter provides a comparative analysis of the insured and the non-insured towards the variables under investigation. The main objective is to determine the variables which are the main component elements of life insurance purchasing decisions. The analytical techniques used for the analysis of the data collected from the two typologies include:

1) Discriminant Analysis

2) MINISSA Programme

3) Spearman Correlation Coefficients

4) Wilcoxon Matched Pairs Test

Discriminant Analysis was used in order to discover the variables which best discriminate between the two typologies. It was also used to test the hypothesis whether the attitudes of the two typologies differ with respect to the variables under investigation (hypothesis 6).

MINNISSA Programme was employed for conducting a comparative analysis of the two typologies. The data collected was analysed at two stages: (1) it was analysed taking the sample as a whole, and (2) facet by facet analysis.

Spearman Correlation Coefficients was conducted for discovering the correlation associations between the variables under investigation.

Finally, Wilcoxon Test was used to test the hypothesis whether the importance attached to variables influencing life insurance purchasing behaviour are similar for the insured and the non-insured.

10.2 Testing Hypothesis 6: Discriminant Analysis

Null Hypothesis: Attitudes towards the variables under investigation are similar for the insured and the non-insured (i.e., the mean values of the two typologies are equal.

Alternative Hypothesis: Attitudes towards the variables under investigation are not similar for the insured and the non-insured.

The stepwise method of Wilks (SPSS-X, 1988) was used to compute the Discriminat Analysis. Figure 10.2.1 summarises the main findings of the Discriminant Analysis (51 variables). From Figure 10.2.1 we can see that the group centroids are not equal (.99794 and -1.12844). This indicates that the two groups differ significantly. Moreover, both Wilk's Lambda (.47) and the Chi Square statistic of 200.53 (significance = .00) indicate that there is a significant discrimination between the two typologies. The all-group histogram and classification results table (Figure 10.2.1) also indicate that there is a substantial discriminating power in the variables being investigated. From the classification table one can see that 84.20% of cases are correctly classified. The histogram also shows that there are few misclassified cases. Thus we reject the null hypothesis and conclude that attitudes of the two typologies differ significantly with respect to the variables under investigation.

Table 10.2.1 presents the standardised discriminant function coefficients and also the group means. Each coefficient, once the sign is ignored, presents the relative contribution of its associated variables to that function. The mean values indicate the relative importance of the discriminating variables for each

CANONICAL DISCRIMINANT FUNCTIONS

FUNCTION	EIGENVALUE	PERCENT OF VARIANCE	CUMULATIVE PERCENT	CANONICAL CORRELATION	AFTER FUNCTION	WILKS' LAMBDA	CHI-SQUARED	D.F.	SIGNIFICANCE
1*	1.13431	100.00	100.00	0.7290168	0	0.4685345	200.53	21	0.0000

* MARKS THE 1 CANONICAL DISCRIMINANT FUNCTIONS REMAINING IN THE ANALYSIS.

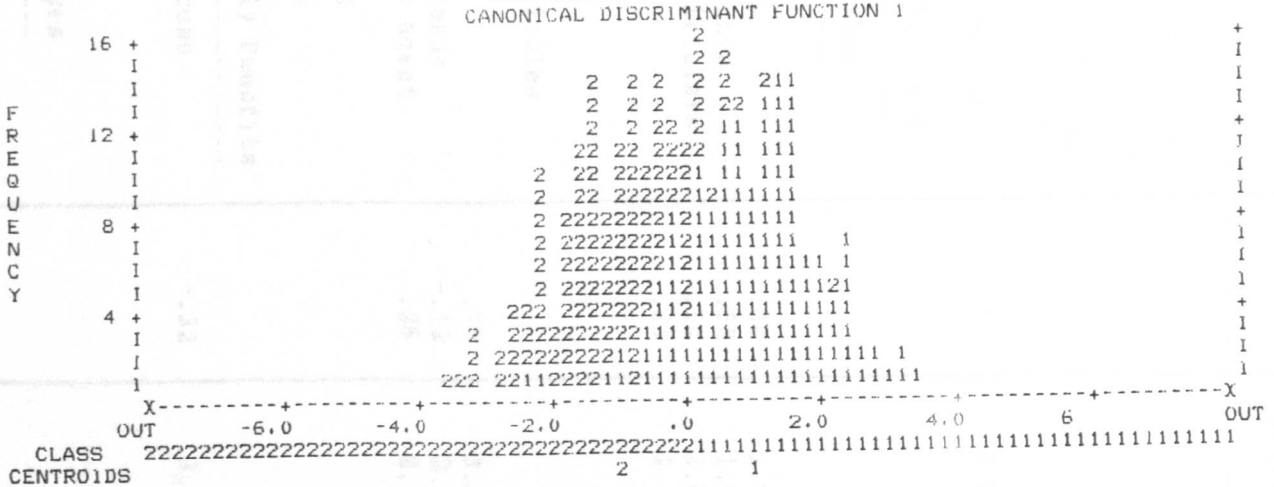
SYMBOLS USED IN PLOTS

SYMBOL	GROUP	LABEL
1	1	INSURED
2	2	NON-INSURED

CANONICAL DISCRIMINANT FUNCTIONS EVALUATED AT GROUP MEANS (GROUP CENTROIDS)

GROUP	FUNC 1
1	0.99794
2	-1.12844

ALL-GROUPS STACKED HISTOGRAM
CANONICAL DISCRIMINANT FUNCTION 1



CLASSIFICATION RESULTS

ACTUAL GROUP		NO. OF CASES	PREDICTED GROUP MEMBERSHIP 1	2
GROUP	1	147	126	21
			85.7%	14.3%
GROUP	2	130	20	110
			15.4%	84.6%

PERCENT OF "GROUPED" CASES CORRECTLY CLASSIFIED: 85.20%

Figure 10.2.1 Discriminant Analysis: Insured and Non-insured

Table 10.2.1 Standardised Canonical Discriminant Function Coefficients and Group Means for the Insured and the Non-Insured Typologies

NO	Title of Facets, Subfacets & Elements	Function 1	Group Means	
			Insured	Non-Insured
FACET D1	SALES & MARKETING VARIABLES			
D 1a	Subfacet (i): Intermediaries			
	2) life insurance broker	.18	2.98	1.97
D 1b	Subfacet (ii): Publicity & Direct Sales Variables			
	3) company offices	.28	2.67	1.80
	4) sports sponsorship	-.50	1.55	1.78
	12) catalogues & circulars	.14	2.00	1.81
	14) Cable TV	.21	1.44	1.34
D 1c	Subfacet (iii): Persuasibility Variables			
	25) husband/wife	.75	3.87	2.24
	27) colleagues/friends	-.12	2.19	2.18
	28) life insurance agent	.25	2.79	2.12
FACET D2	ECONOMIC VARIABLES			
D 2d	Subfacet (i) Family Benefits			
	16) retirement income	-.32	3.60	3.52
D 2e	Subfacet (ii): Financial Advantages			
	21) return on investment	.13	3.01	2.41
	22) policy prizes (bonuses)	.14	2.75	2.18
	23) mortgage repayment plans	.20	3.57	2.78

Table 10.2.1 Standardised Canonical Discriminant Function Coefficients and Group Means for the Insured and the Non-Insured Typologies

NO	Title of Facets, Subfacets & Elements	Function 1	Group Means	
			Insured	Non-Insured
Facet D3	CUSTOMER SERVICES &COMPETITION			
D 3f	Subfacet (i): Quality & Convenience Variables			
	32) accurate information	-.27	4.50	4.48
D 3g	Subfacet (ii): Credit Card Facilities			
	35) use of credit cards	-.35	1.73	2.04
D 3h	Subfacet (iii): Main Competitors			
	36) building societies	.15	3.94	3.58
	37) banks	-.18	3.15	3.53
	39) pension funds	.16	3.35	2.77
D 3i	Subfacet (iv) Direct Investments			
	40) stocks & shares	-.19	2.82	2.68
	41) government bonds	.29	2.33	1.97
FACET D4	ENVIRONMENTAL VARIABLES			
D 51	Subfacet (i): Family Benefits			
	44) children's education	-.28	2.54	2.57
	Subfacet (ii): Financial Advantages			
	46) provision for inflation	.23	2.38	2.85

typology. Twenty one variables were found to have the most discriminating power.

From Table 10.2.1 it can be seen that variables with the most discriminating power in Facet D1: Sales and Marketing Variables are variables 3 (company offices), 4 (sports sponsorship), 25 (husband/wife), and 28 (life insurance agent). On the other hand, the group means indicate that the insured have has attached more importance to variables 3 (company offices), 25 (husband/wife), and 28 (contact by the agent), than the non-insured who have attached more importance to variable 4 (sports sponsorship).

In Facet D2: Economic Variables, "retirement income" (variable 16), and "mortgage repayment plans" (variable 23) have the most discriminating power. Both variables, looking at their group means, are more important for the insured typology than for the non-insured typology.

In Facet D3: Customer Services and Competition Variables, variables 32 (accurate information), 35 (use of credit cards), 37 (banks), 41 (government bonds) have the most discriminating power. The insured typology are more conscious about the "accuracy of information" concerning life policies. The non-insured attach more importance to the "use of credit cards" and prefer investing with the "banks". The insured typology favour the idea of purchasing government bonds as a form of investment.

The variables with the most discriminating power in Facet D4: Environmental Variables are variables 44 (children's education), and 46 (provision for inflation). The mean scores for both

variables are the highest for the non-insured. Thus the non-insured prefer to save with other financial institutions in order to provide for "children's education" and as a "provision" for inflation.

10.3 MINISSA and Spearman Correlation Findings: Taking the Sample as a whole

In this section the samples collected from the insured and the non insured were treated as a whole in order to obtain an overall picture of life insurance purchasing decisions, and to identify the most important facets. the facets analysed in this section include:

Facet D1: Sales and Marketing variables
Facet D2: Economic Variables
Facet D3: Customer Services and Competition Variables
Facet D4: Environmental Variables

Table 10.3.1 and Figures 10.3.1 and 10.3.2 present the MINISSA findings. Spearman Correlation findings are presented in Tables 10.3.2 and 10.3.3 (Appendix G). The number of the variables = 51 for each typology. As mentioned above, in the final configurations the centroid (+) is the average respondent (the insured/the non-insured). Points at or near the centroid are more important to the average respondent than those at a distance.

The correlation findings were interpreted using the following arbitrary scale:

r of .39 & under = negligible/weak correlation
r of .40 to .49 = fair correlation
r of .50 to .69 = strong correlation
r of .50 to .89 = very strong correlation

Table 10.3.1 Facet 1: Sales Variables: MINISSA Space Co-ordinates & Distances for two Dimensions: A Comparative Analysis of the Attitudes of the Insured and the Non-Insured towards Marketing Life Insurance Policies in the UK (Whole Samples N=147/130 VR=51)

NO	Title of Facets, Subfacets & Elements	Insured Dimensions 1	Insured Dimensions 2	Non-Insured Dimensions 1	Non-Insured Dimensions 2	Distances from Centroid: Insured Typology	Distances from Centroid: Non-Insured Typology
FACET D1	SALES AND MARKETING VARIABLES					1.96	.97
D 1a	Subfacet (i): Intermediaries					.79	1.00
	1) life insurance agent	.33	-.68	-.73	.77	.76	1.06
	2) life insurance broker	-.01	.83	-.78	-.54	.83	.95
D 1b	Subfacet (ii): Publicity & Direct Sales Variables					1.18	.98
	3) company offices	-.32	.62	-.87	.49	.70	1.00
	4) sports sponsorship	-1.40	.31	-.83	.68	1.44	1.07
	5) charity sponsorship	-1.27	.65	-1.17	-.35	1.42	1.22
	6) ads in newspapers & magazines	-.51	.61	-.16	.53	.79	.55
	7) telephone advertising	-1.51	-.57	-1.39	.17	1.61	1.40
	8) television advertising	-.74	-.77	-.24	-.77	1.07	.81
	9) radio advertising	-1.22	-.30	-.88	-.12	1.58	.89
	10) direct mail	-.81	.59	-.54	.65	1.00	.84
	11) outdoor posters	-1.16	-.18	-.8	.26	1.17	.85
	12) catalogues & circulars	-1.00	.22	-.89	.09	1.05	.89
	13) presentations	-1.17	.12	-1.01	.10	1.17	1.06
	14) cable TV	-1.58	-.01	-1.26	.18	1.58	1.27
D 1c	Subfacet (iii): Persuasibility Variables					.93	.93
	25) husband/wife	1.50	-.55	-.88	-.73	1.60	1.14
	26) children	-.60	-.67	-1.19	-.11	.90	1.19
	27) colleagues/friends	-.76	.00	-.57	-.10	.76	.58
	28) life insurance agent	-.10	.41	-.71	.44	.45	.83

Table 10.3.1 Facet 2 & Facet 3: MINISSA Space Co-ordinates & Distances for two Dimensions: A Comparative Analysis of the Attitudes of the Insured and the Non-Insured towards Marketing Life Insurance Policies in the UK (Whole Samples N=147/130 VR=51)

NO	Title of Facets, Subfacets & Elements	Insured Dimensions 1	Insured Dimensions 2	Non-Insured Dimensions 1	Non-Insured Dimensions 2	Distances from Centroid Insured Typology	Distances from Centroid Non-Insured Typology
FACET D2	ECONOMIC VARIABLES					.73	.70
						---	---
D 2d	Subfacet (i) Family Benefits					.89	.90
						---	---
	15) family protection	1.85	-.17	1.91	-.26	1.85	1.93
	16) retirement income	.80	.21	1.01	.20	.82	1.03
	17) children's education	-.48	-.14	.01	-.45	.50	.45
	18) saving for emergencies	-.40	.09	-.19	.07	.41	.20
D 2e	Subfacet (ii):						
						.57	.51
	Financial Adsvantages					---	---
	19) provision for inflation	-.57	.23	-.52	.07	.61	.52
	20) a good method of saving	.04	.18	-.25	.29	.18	.38
	21) return on investment	.15	.35	-.14	.20	.38	.24
	22) policy prizes (bonuses)	-.13	.19	-.49	.36	.23	.61
	23) mortgage repayment plans	1.01	.70	.28	.51	1.23	.58
	24) mitigation of capital transfer tax & estate duty	-.78	.11	-.70	-.28	.79	.75
FACET D3	CUSTOMER SERVICES &COMPETITION					.91	.87
						---	---
D 3f	Subfacet (i): Quality &						
	Convenience Variables					1.20	1.57
						----	----
	29) standard of service	1.12	.09	1.49	.02	1.12	1.49
	30) quality of product	1.55	.23	1.96	.11	1.57	1.96
	31) quality of staff	.88	.42	-.44	1.17	.04	1.17
	32) accurate information	1.83	.13	-1.21	2.22	.26	2.23
	33) attention to consumer needs	1.43	.04	-.95	1.80	.26	1.82
	34) contact by the agent	.27	.16	.60	.44	.31	.74
D 3g	Subfacet (ii): Credit						
	Card Facilities					1.22	.66
						----	---
	35) use of credit cards	-1.22	-.03	-.65	.11	1.22	.66

Table 10.3.1 Facet 3 & Facet 4: MINISSA Space Co-ordinates & Distances for two Dimensions: A Comparative Analysis of the Attitudes of the Insured and the Non-Insured towards Marketing Life Insurance Policies in the UK (Whole Samples N=147/130 VR=51)

NO	Title of Facets, Subfacets & Elements	Insured Dimensions 1	Insured Dimensions 2	Non-Insured Dimensions 1	Non-Insured Dimensions 2	Distances from Centroid: Insured Typology	Distances from Centroid: Non-Insured Typology
D 3h	Subfacet(iii): Main Competitors					.70	.74
	36) building societies	1.33	.45	1.18	.66	1.40	1.35
	37) banks	.40	.44	1.17	.51	.59	1.27
	38) unit trusts	.02	-.00	-.02	-.00	.02	.02
	39) pension funds	.66	-.46	.28	.15	.80	.32
D 3i	Subfacet (iv): Direct Investments					.53	.53
	40) stocks & shares	-.06	-.47	.23	-.57	.47	.61
	41) government bonds	-.49	-.33	-.38	-.22	.59	.44
FACET D4	ENVIRONMENTAL VARIABLES					.69	.68
D 5j	Subfacet (i) Financial Benefits in Saving with Competitors					.80	.77
	42) family protection	.88	-.69	.67	-.59	1.12	.89
	43) retirement income	.77	-.27	.59	-.55	.82	.81
	44) children's education	-.38	-.41	-.01	-.65	.56	.65
	45) saving for emergencies	.71	-.11	.72	-.13	.72	.73
D 5k	Subfacet (ii): Financial Advantages in Saving With Competitors					.59	.60
	46) provision for inflation	.04	-.19	-.16	-.24	.19	.29
	47) a good method of saving	.83	-.14	.97	-.42	.84	1.06
	48) return on investment	.87	-.22	.80	-.61	.90	1.01
	49) policy prizes (bonuses)	-.25	-.24	-.28	-.23	.35	.36
	50) mortgage repayment plans	.33	-.46	.12	-.22	.56	.25
	51) mitigation of capital transfer tax & estate duty	-.62	-.31	-.47	-.46	.69	.66

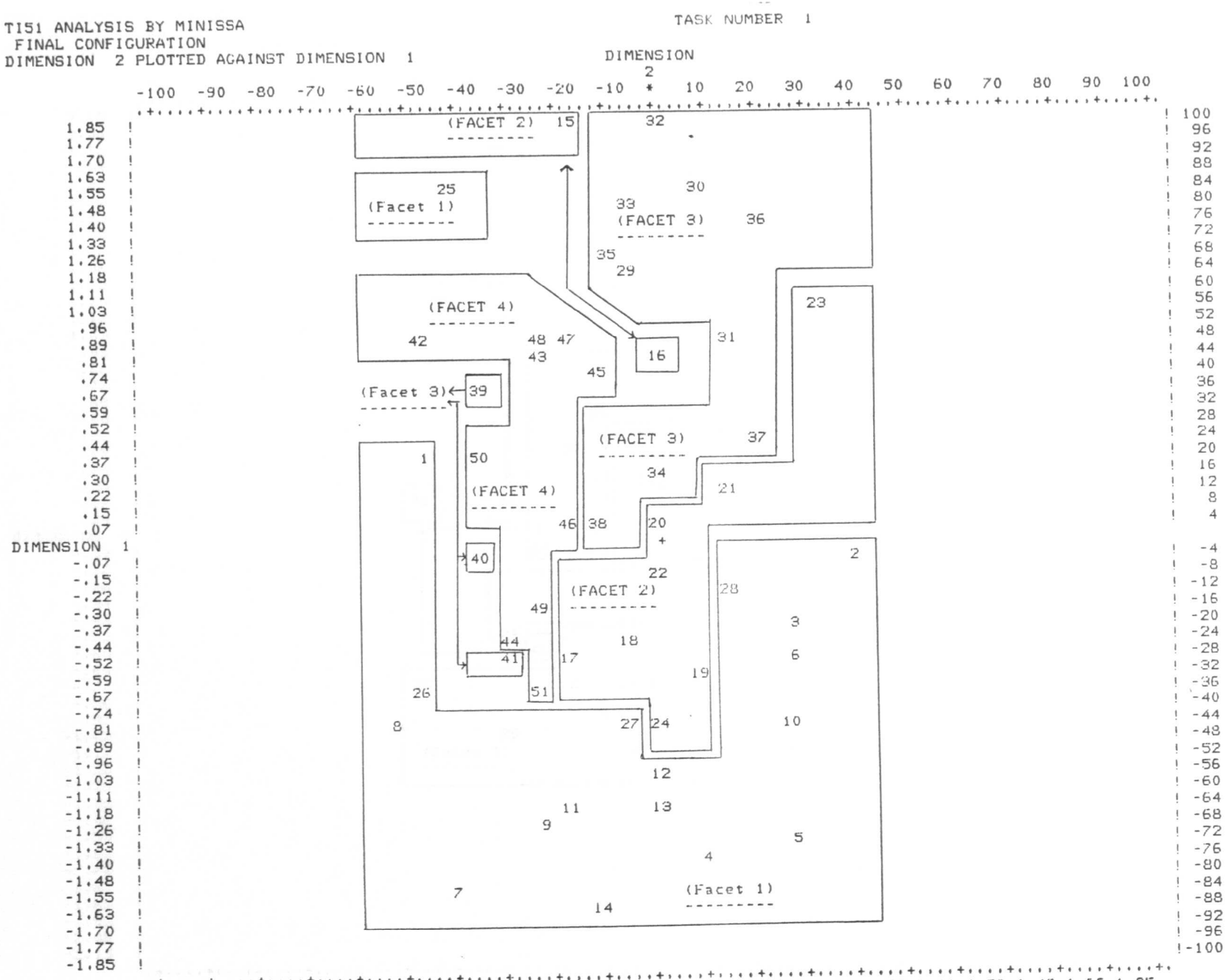


Figure 10.3.1 Final Configuration: Attitudes of the Insured towards the Variables Influencing Life Insurance Purchasing Decisions

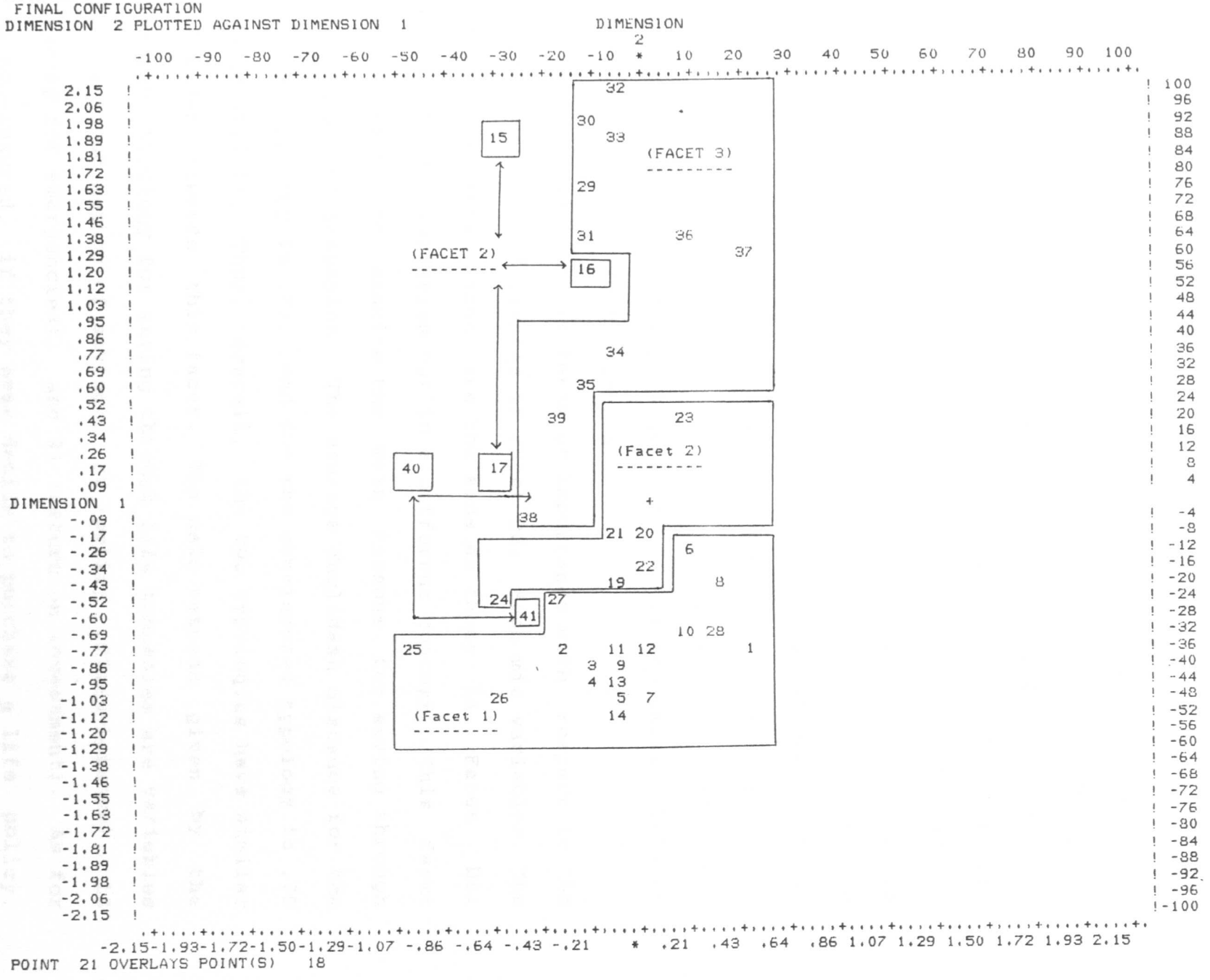


Figure 10.3.2 Final Configuration: Attitudes of the Non-Insured towards the Variables Influencing Life Insurance Purchasing Decisions

r of .90 & over = perfect correlation

From Table 10.3.1 and Figures 10.3.1 and 10.3.2 we can see that Facet D4: Environmental variables is the most important facet for both the insured (average Euclidean distances .69) and the non-insured (average Euclidean distance .68). This reflects the importance that customers (both actual and potential) attach to saving through other financial intermediaries. Both groups considered "provision for inflation" (variable 46), "policy prizes (bonuses)" (variable 49), and "mortgage repayment plans" (variable 50) as the main reasons for saving through other financial institutions. From Tables 10.3.2 and 10.3.3 (Appendix G) one can see that a high degree of correlation exists between the variables in both typologies.

The second facet in terms of importance with respect to the average Euclidean distances is Facet D2: Economic variables. The variables in this facet are the same as those in Facet D4: Environmental Variables but in a different context. This facet was intended to examine the main reasons for saving through life insurance companies. The average Euclidean distance for the Insured typology is .73, and for the non-insured typology is .70 (Table 10.3.1). Thus, overall, the two typologies have similar attitudes towards this facet. The main reasons given by the insured typology for saving through life companies are variables 20 (a good method of saving), 22 (policy prizes-bonuses), 18 (saving for emergencies), and 21 (return on investment). As for the non-insured, if they ever decide to purchase a life policy, the main reasons would be variables 20 (saving for emergencies), 24 (return on investment), 20 (a good method of saving), and 17

(children's education). A high degree of correlation exists between the variables in both typologies (Tables 10.3.2-3, Appendix G).

The third facet in terms of importance with respect to the average Euclidean distances is Facet D3: Customer Services and Competition Variables. This facet consists of 13 variables. The average Euclidean distances for the insured and for the non-insured are .91 and .87, respectively. Again no major differences of attitude exist between the two typologies. For the insured typology the most important sets of variables are "unit trusts" (variable 38), "contact by the agent" (variable 34), and direct investment in "stocks and shares" (variable 40) and "government bonds" (variable 41). As for the non-insured, the most important sets of variables are "unit trusts" (variable 38),"pension funds" (variable 39), and direct investment in "stocks and shares" (variable 40) and "government bonds" (variable 41). A high degree of correlation exists between the variables of both typologies (Appendix G).

Facet D1: Sales and Marketing Variables is the forth facet in terms of importance for both the insured and the non-insured typologies. This facet consists of 18 variables. The most important variables for the insured typology are variables 28 (life insurance agent), 3 (company offices), and 27 (colleagues/friends). As for the non-insured the most important variables are "life insurance agent" (variable 28), "colleagues/ friends" (variable 27), and "telephone advertising" (variable 7). Again a high degree of correlation exists between the variables

of both typologies (Appendix G).

From the above discussion it does emerges that overall, both the insured and the non-insured have similar attitudes towards all four facets. However, this section was intended to provide an overall picture of the attitudes of the two typologies towards the above four facets. In the next section each facet will be analysed separately in order to obtain a more detailed picture of the purchase decision process of the insured and the non-insured.

10.4 MINISSA Findings for the Insured and the Non-Insured: Facet by Facet Analysis

This section provides a facet by facet analysis of the data collected from the insured and the non-insured. The MINISSA Programme was employed to conduct a comparative analysis of the two typologies. The number of the variables = 51 for each typology. The facets included in the analysis are listed below:

Facet D1: Sales and Marketing Variables
Facet D2: Economic Variables
Facet D3: Customer Services and Competition Variables
Facet D4: Environmental Variables

10.4.1 Facet D1: Sales and Marketing Variables

This facet was designed to measure the importance of the intermediaries, publicity and direct marketing variables in

keeping the customers informed about life policies and encouraging them to make a purchase. It was also intended to measure the influence of other factors such as "husband/wife", "children", "colleagues/friends", and also the role of the "life insurance agent" in influencing life insurance purchasing decisions.

From Table 10.4.1 and Figures 10.4.1.1 and 10.4.1.2 it can be seen that Subfacet (ii): Publicity and Direct Sales Variables with Euclidean distances of .76 and .76 is the most important subfacet for both typologies. This subfacet consists of 12 variables which were designed to measure the importance of direct marketing variables in marketing life insurance. From the final configurations for both typologies (Figures 10.4.1.1-2) one can see that the variables included in this facet are plotted in the same region, and close to the centroid for both typologies. Furthermore, the points are plotted close to each other indicating the degree of similarity between the variables.

For the insured typology the most important variables in this facet were found to be variables 6 (ads in newspapers and magazines), 8 (television advertising), 13 (presentations), 10 (direct mail), and 11 (outdoor posters). It thus follows that those who have purchased a life policy regard advertisements in the newspapers and magazines as the most useful sources of information about life policies. It should be noted that life insurance products are complex and thus require more explanation. Newspapers and magazines provide plenty of space for the direct marketeer to describe the benefits of the policies offered in full. This also applies to direct mail. Direct mail provides more

Table 10.4.1 Facet 1: Sales Variables: MINISSA Space Co-ordinates & Distances for two Dimensions: A Comparative Analysis of the Attitudes of the Insured and the Non-Insured towards Marketing Life Insurance Policies in the UK (Facet by Facet Analysis)

NO	Title of Facets, Subfacets & Elements	Insured		Non-Insured		Distances from Centroid	
		Dimensions		Dimensions		Insured	Non-Insured
		1	2	1	2	Typology	Typology
FACET D1	SALES AND MARKETING VARIABLES					.84	.87
D 1a	Subfacet (i): Intermediaries					1.51	1.22
	1) life insurance agent	-1.46	.43	-.34	1.59	1.52	1.63
	2) life insurance broker	-1.13	.98	.37	.72	1.50	.81
D 1b	Subfacet (ii): Publicity & Direct Sales Variables					.76	.76
	3) company offices	-.23	.91	.31	.29	.94	.42
	4) sports sponsorship	.70	-.20	.28	-.82	.72	.87
	5) charity sponsorship	.68	-.28	.35	.01	.73	.35
	6) ads in newspapers & magazines	.14	.26	-.59	-1.33	.29	1.45
	7) telephone advertising	.87	-.20	-.59	.14	.89	.61
	8) television advertising	.35	.04	-1.03	-.99	.35	1.43
	9) radio advertising	.60	-.15	-.17	-.01	.62	.17
	10) direct mail	.46	.29	-.72	-.48	.54	.87
	11) outdoor posters	.53	-.10	-.21	-.15	.54	.26
	12) catalogues & circulars	.60	.16	-.43	-.19	.62	.47
	13) presentations	.53	.00	-.01	.31	.53	.31
	14) cable TV	.84	-.19	-.08	.42	.85	.43
D 1c	Subfacet (iii): Persuasibility Variables					1.13	1.38
	25) husband/wife	-2.29	-.98	2.02	-.44	2.49	2.07
	26) children	-.39	-1.00	1.39	-.07	1.07	1.39
	27) colleagues/friends	.00	-.14	.31	-.76	.14	.82
	28) life insurance agent	-.80	.18	-.65	1.04	.82	1.23

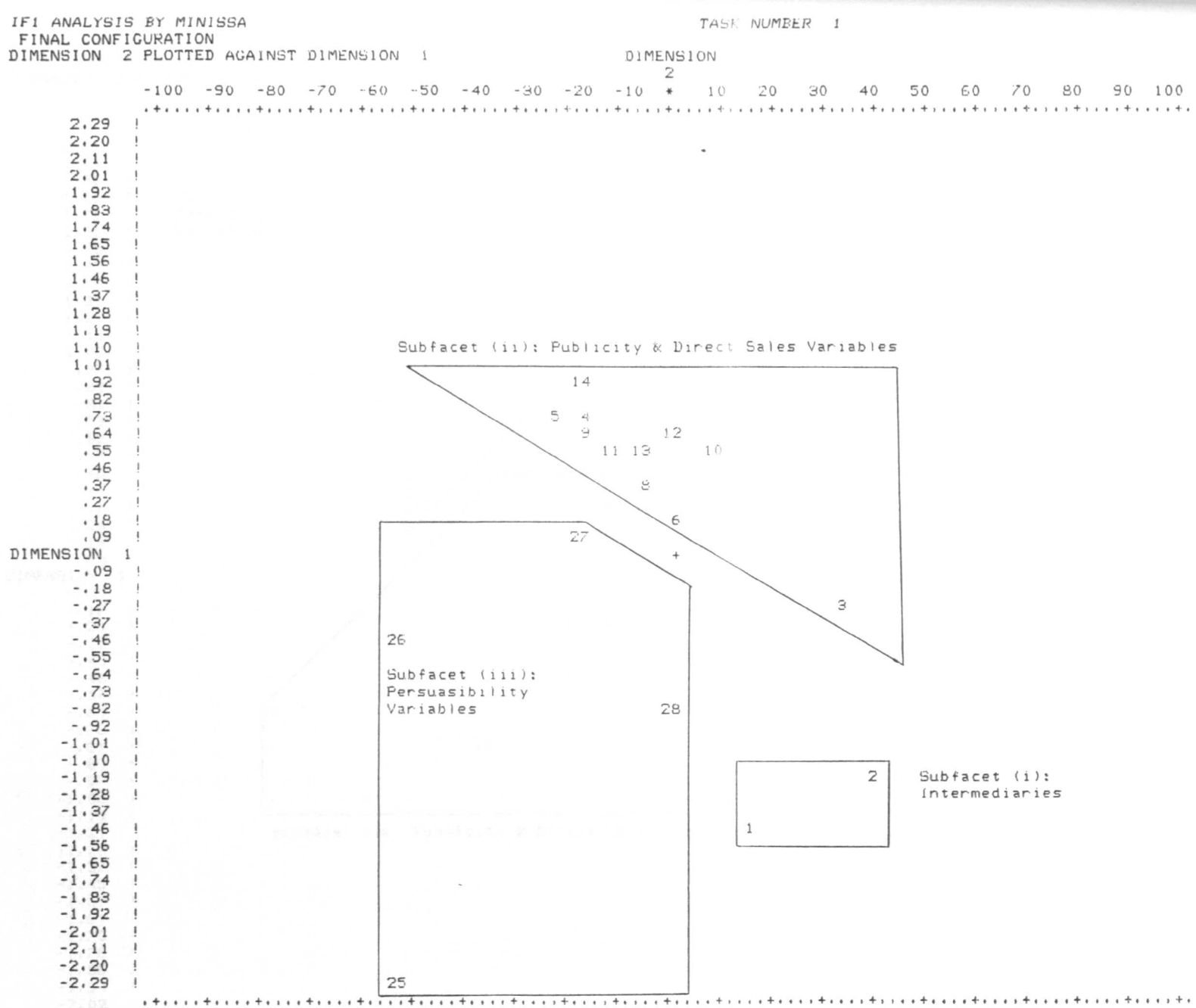


Figure 10.4.1.1 Final Configuration – Facet D1: Sales and Marketing Variables (Insured Typology)

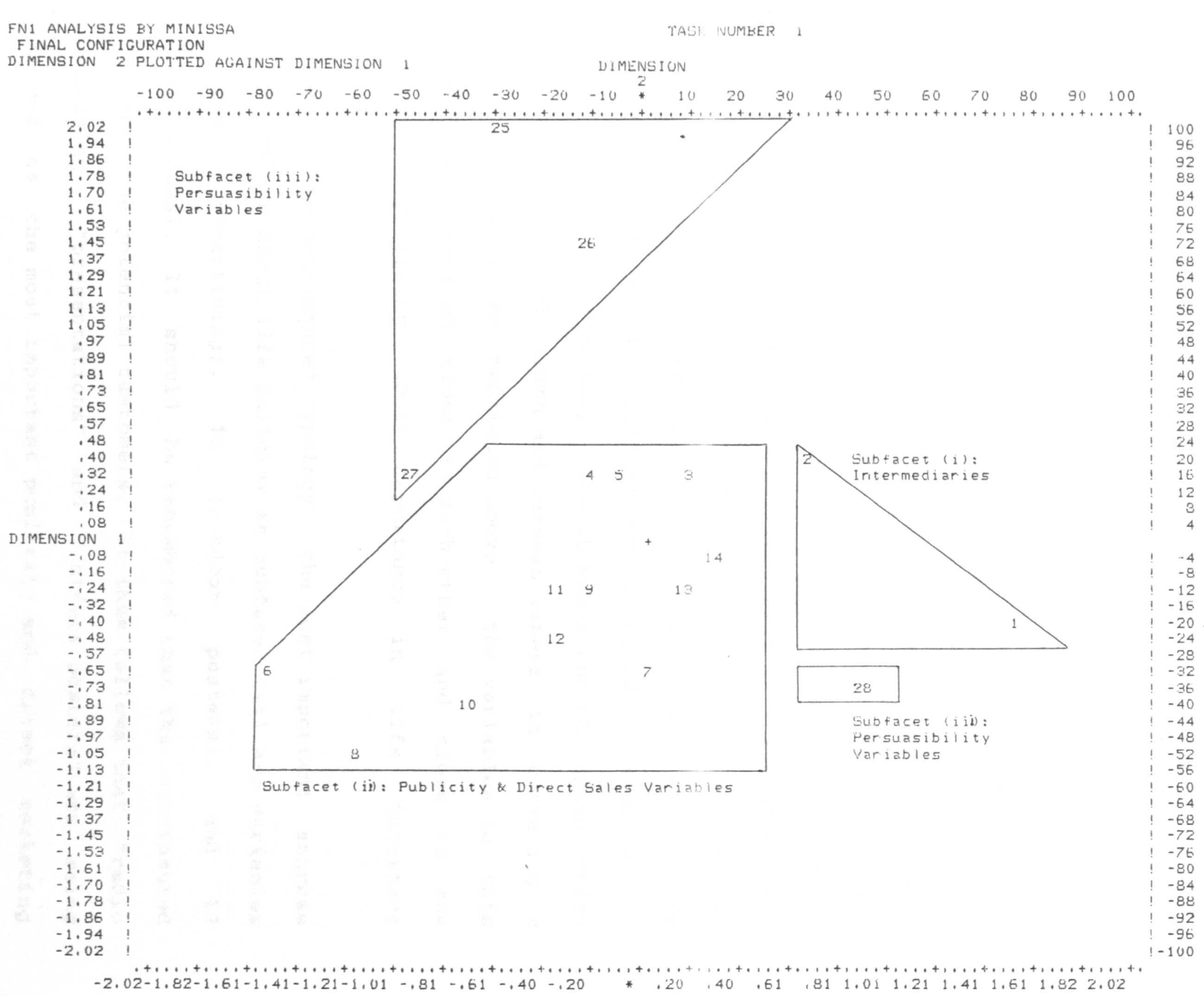


Figure 10.4.1.2 Final Configuration - Facet D1: Sales and Marketing Variables (Non-Insured Typology)

space than any other medium for the marketeer. In addition, the format of the direct mail package allows for as many enclosures as necessary and in any shape or size.

The second variable in terms of importance for the insured typology is "television advertising". Television, as an advertising medium, can achieve quick response from the prospects as it makes use of both sight and sound. However, because of the limited time available in TV advertising, full description of the complex products is not possible. Variables 12 (catalogues and circulars), and 9 (radio advertising) are also considered as being important in terms of providing information about life policies. Radio is an important medium for advertising as it reaches virtually everybody, and it makes use of human voice which has a natural warmth and persuasiveness in conveying a message. Overall, as mentioned above , the variables in this subfacet are plotted close to each other and close to the centroid emphasising their importance in life insurance marketing.

As for the non-insured typology, the most important sources of information about life policies in subfacet (ii) are variables 9 (radio advertising), 11 (outdoor posters), and 13 (presentations). It should be remembered that the non-insured represent the potential customers. It thus follows that "radio advertising", "presentations" and "outdoor posters" are being regarded as the most important publicity and direct marketing variables in providing the non-insured with information about life policies. Variables 12 (catalogues and circulars), 7

(telephone advertising) are also considered as being important source of information. Overall, all the variables in this subfacet, with the exception of variables 6 and 8 are plotted close to each other and close to the centroid indicating their importance in keeping the potential customers informed about life insurance (Table 10.4.1, Figures 10.4.1.2). It is interesting to note that the insured typology consider variables 6 (ads in newspapers and magazines) and 8 (TV advertising) as the main sources of information about life policies, while the non-insured attach less importance to these variables and regard "radio advertising" as the main source of information about life policies. One possible explanation is that people with an intention to purchase do actually concentrate on terms and conditions of the policies offered. Magazine and newspaper advertisements do often provide lengthy description of the terms of the policies offered. TV advertisements are brief and are more likely to attract the attention of those who have already learned about the policies offered from other sources such as magazines and newspapers. Radio, on the other hand, does not require the concentration required by other media. People can listen to radio regardless of their other activities. It is thus possible for people to hear more about life insurance or any other advertisements from radio than from any other sources, but without acquiring a deep knowledge about the content of the advertisements. Those who do not intend to purchase a life policy in the near future are unlikely to read or even to notice the advertisements in the newspapers and magazines. On the other hand, whether they like it or not they may hear the message from

the radio.

Subfacet (ii): Intermediaries is the second subfacet in terms of importance with regard to Euclidean distances for both typologies. It consists of two variables: "life insurance agent" (variable 1) and "life insurance broker" (variable 2). The insured have attached the same degree of importance to both variables. On the other hand, the difference of attitudes between the two typologies is not so high with respect to "life insurance agent". However the two typologies differ in their attitudes towards "life insurance broker". The non-insured regard "brokers" as the main source of information about life insurance. Brokers, as already pointed out, present a major force in the life insurance market and are regarded as the single most important group in marketing life products. It is thus not surprising for those without a life policy to regard brokers as the main source of information about life insurance (Table 10.4.1, and Figures 10.4.1.1-2).

Subfacet (iii): Persuasibility Variables is the third subfacet in terms of importance in Facet D1. It was intended to measure the influence of social channels in life insurance purchasing decisions. Life insurance, as already pointed out, exists primarily to protect dependents or others in the event of policyholder's death. People often purchase life insurance because they are encouraged to do so by their partners, i.e.,"husband/wife", "children", "colleagues/friends", and "life insurance agent". From Table 10.4.1 and Figures 10.4.1.1-2 it can be seen that the insured regard "colleagues/friends" (variable

27) as the most important social channel encouraging them to purchase a life policy. The non-insured also regard this variable as an important source of information about life policies. "Life insurance agent" has been regarded as the second most important source of influence by both typologies. The insured have attached more importance to this variable than the non-insured. "children" (variable 26) have been regarded as the third important source of influence by both typologies. Again the insured have attached more importance to this variable than the non-insured. Finally, those who have actually purchased a life policy, i.e., the insured, have attached less importance to the role of their partner (husband/wife) than those who have never purchased a life policy. One possible explanation is that those who have already purchased a life policy have done so as part of their social responsibility for their partners. The main objective of buying a life policy is to provide protection for the dependents after the death of the policyholder. On the other hand, buying a life policy is a rather delicate and confidential matter and is often not openly discussed, even between husband and wife. However, in situations when the husband does not actually consider providing protection for his wife or children, the wife may become more conscious about the need for a life cover and may even be encouraged by an agent, colleagues/friends, or children to persuade her husband to purchase a life policy. The same argument may also apply to the wife, especially if she is working (Table 10.4.1, Figures 10.4.1.1-2).

10.4.2 Facet D2: Economic Variables

This facet relates to consumer expectations when entering into a contract with a life insurance company. From Table 10.4.1 and Figures 10.4.2.1 and 10.4.2.2 it can be seen that both typologies attach more importance to Subfacet (ii): Financial Advantages than Subfacet (ii): Financial Benefits in saving with life and composite insurance companies. The most important reasons given by the insured in saving through life and composite insurance companies is "return on investment" (variable 21). Interestingly the non-insured have also attached more importance to this variable indicating that if they ever decide to purchase a life policy it will be because of the investment element involved. The second variable in terms of importance for both typologies is variable 20 (a good method of saving). Both groups consider life insurance as a good method of saving. However the insured with an Euclidean distance of .16 attach more importance to this variable than the non-insured, Euclidean distance = .50. Policy prizes (bonuses) is considered as being the third important factor in influencing life insurance purchasing decisions by the insured (Euclidean distance .47). When people decide to purchase a life policy they would often shop around and are more likely to purchase a policy which offers a prize/bonus on top of the policy purchased. The non-insured are less considered with this variable. This could be because they have no intention of purchasing a life policy as yet. This is the fourth variable in terms of importance for the non-insured. The third variable in terms of importance for the non-insured is variable

Table 10.4.1 Facet 2 & Facet 3: MINISSA Space Co-ordinates & Distances for two Dimensions: A Comparative Analysis of the Attitudes of the Insured and the Non-Insured towards Marketing Life Insurance Policies in the UK (Facet by Facet Analysis)

NO	Title of Facets, Subfacets & Elements	Insured Dimensions 1	Insured Dimensions 2	Non-Insured Dimensions 1	Non-Insured Dimensions 2	Distances from Centroid: Insured Typology	Distances from Centroid: Non-Insured Typology
FACET D2	ECONOMIC VARIABLES					.83	.88
D 2d	Subfacet (i): Financial benefits					1.05	1.44
	15) family protection	1.94	.51	2.02	.10	2.00	2.02
	16) retirement income	.58	.25	1.22	-.02	.63	1.22
	17) children's education	-.57	.60	.03	.82	.83	.82
	18) saving for emergencies	-.72	.17	-.38	.36	.74	.52
D 2e	Subfacet (ii) Financial Advantages					.69	.70
	19) provision for inflation	-.73	-.03	.55	.21	.73	.59
	20) a good method of saving	-.16	-.01	-.44	-.24	.16	.50
	21) return on investment	-.07	-.13	-.30	-.06	.15	.31
	22) policy prizes (bonuses)	-.29	-.37	-.56	-.42	.47	.70
	23) mortgage repayment plans	1.19	-.83	.17	-.88	1.45	.90
	24) mitigation of capital transfer tax & estate duty	-1.18	-.15	-1.21	.14	1.19	1.22
FACET D3	CUSTOMER SERVICES &COMPETITION					.91	.93
D 3f	Subfacet (i): Quality & Convenience Variables					.75	.76
	29) standard of service	-.56	.06	-.75	-.09	.56	.75
	30) quality of product	-.95	.27	-1.04	-.09	.99	1.04
	31) quality of staff	-.45	-.18	-.44	-.15	.48	.46
	32) accurate information	-1.25	-.07	-1.21	-.20	1.25	1.23
	33) attention to consumer needs	-.96	.09	-.95	-.31	.96	1.00
	34) contact by the agent	.23	-.15	.09	.01	.27	.09
D 3g	Subfacet (ii): Credit Card Facilities					1.85	1.41
	35) use of credit cards	1.78	-.51	1.32	.50	1.85	1.41

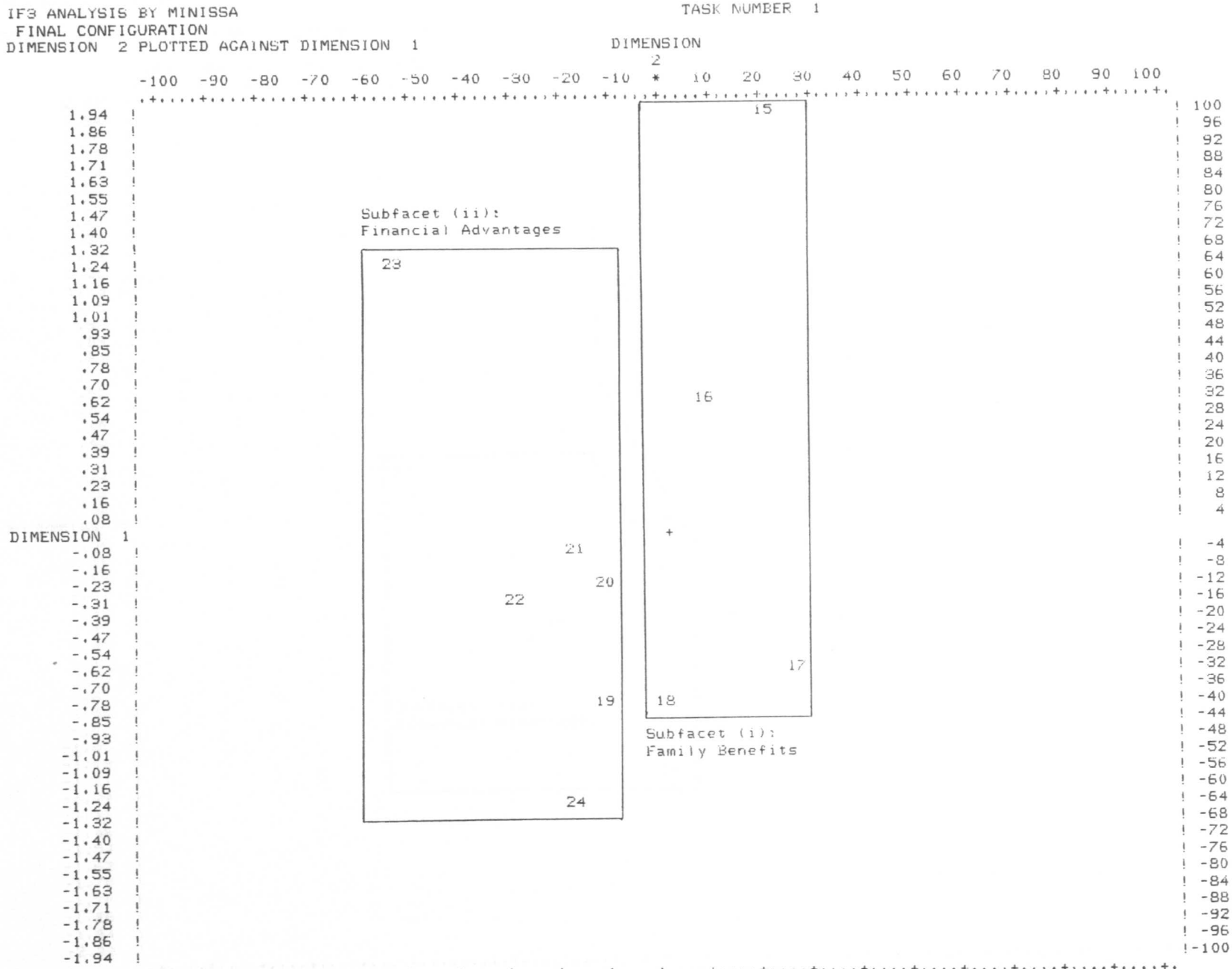


Figure 10.4.2.1 Final Configuration - Facet D2: Economic Variables (Insured Typology)

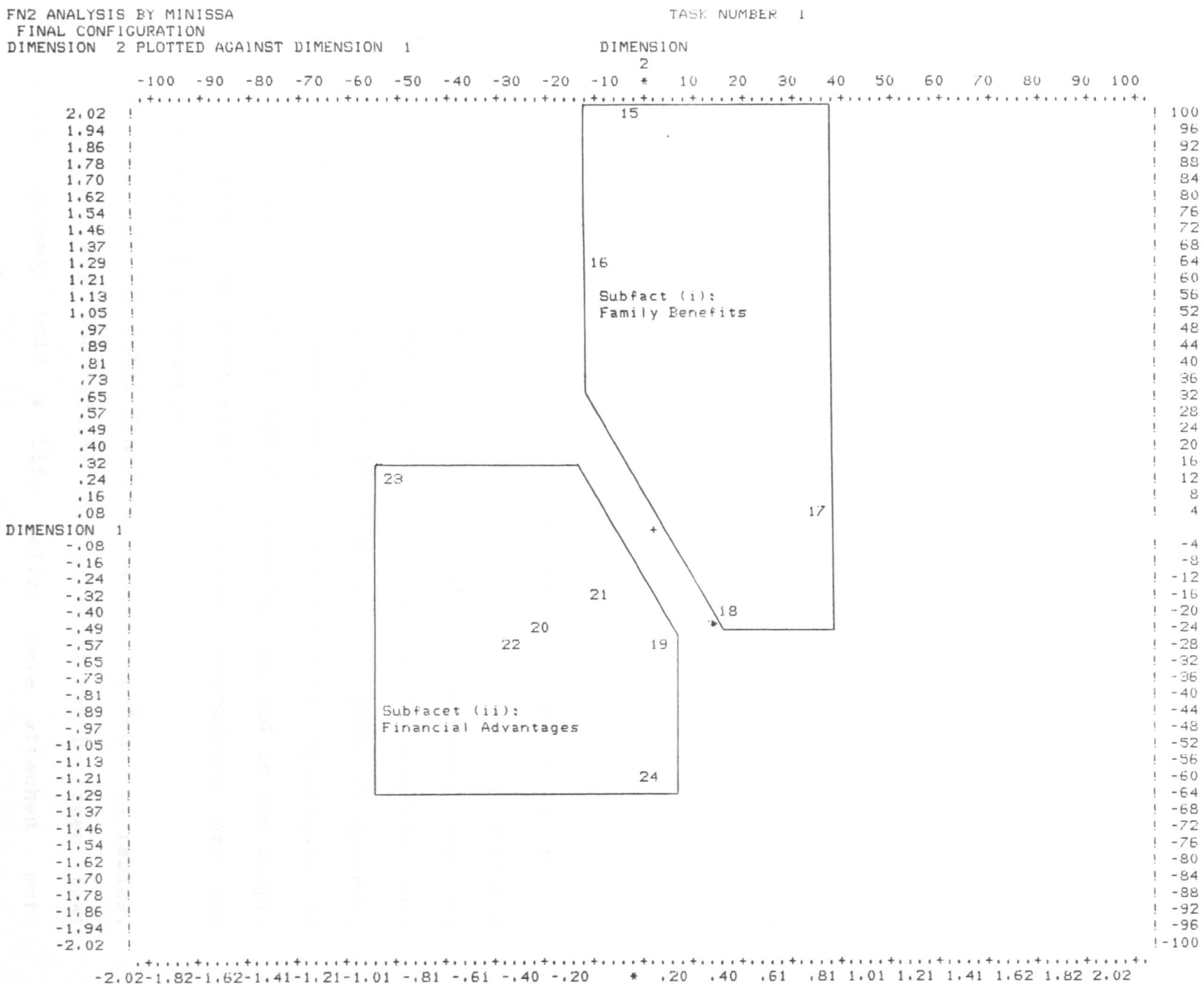


Figure 10.4.2.2 Final Configuration - Facet D2: Economic Variables (Non-Insured Typology)

19 (provision for inflation, Euclidean distance = .59). The insured have attached less importance to this variable (Euclidean distance .73). This could be because people who are determined to purchase a life policy will do so without giving much thought to the effects of inflation. On the other hand, those who have not considered purchasing a life policy may actually be more hesitant and cautious about the effects of inflation. As discussed in chapter 4, Fortune (1972) in a similar study concluded that inflation does have a negative impact on life insurance through its effect on the relative real yields of financial and real assets. The same argument could also apply to variable 23 (mortgage repayment plans). Those who have already purchased a life policy are probably either in a situation which does not require them to worry about mortgage repayments or the advantages of having life policy to them outweighs the mortgage repayment problem. On the other hand, those who have not purchased a life policy may actually consider the benefits that the particular policy may offer towards mortgage repayments. Finally, the least important variable for both typologies is variable 24 (mitigation of capital transfer tax and estate duty). It seems that the great majority of the respondents are not concerned with this variable.

Subfacet (i): Financial Benefits consists of four variables. From table 10.4.1 and Figures 10.4.2.1-2 it can be seen that those who already hold a life policy have attached more importance to the benefits offered by life and composite insurance companies (average Euclidean distance = 1.05), than the non-insured (average Euclidean distance = 1.44). Thus those who

have purchased a life policy have done so because it provides for "family protection", "retirement income", "children's education", and "saving for emergencies". In terms of importance, with respect to the Euclidean distances, "saving for emergencies" is the most important variable for both the insured and the non-insured. However, the non-insured with an Euclidean distance of .52 have attached more importance to this variable than the non-insured (Euclidean distance = .74). The second variable in terms of importance for both typologies is variable 17 (children's education). Both typologies have similar attitudes towards this variable (Euclidean distances = .83 and .82 for the insured and the non-insured, respectively). The third variable in terms of importance for both typologies is variable 16 (retirement income). However, as it can be seen from Table 10.4.1 and Figures 10.4.2.1-2 the importance attached to this variable by the insured (Euclidean distance = .63) is much more than the importance attached to it by the non-insured (Euclidean distance = 1.22). Thus one of the main concerns of those who purchase a life policy is to provide for the "retirement income". On the other hand, it is possible that those who have not considered purchasing a life policy are not fully aware of this aspect of life insurance. Finally, variable 15 (family protection) is the least important variable for both the insured and the non-insured (Euclidean distances = 2.00 and 2.02, respectively). One would expect this variable to be considered as being more important than the other three variables in this subfacet as it concerns with family protection. One possible explanation could be because

the question was too general. Broadly speaking, "family protection" could be interpreted as standing for "retirement income", "children's education", and "saving for emergencies", which have been considered as being important reasons for purchasing life insurance. It is thus possible that the respondents were more concerned with the specific aspects of "family protection".

10.4.3 Facet D3: Customer Services and Competition Variables

This facet consists of 13 variables and four subfacets. From Table 10.4.1 and Figures 10.4.3.1 and 10.4.3.2 it can be seen that in terms of average Euclidean distances Subfacet (i): Quality and Convenience Variables is the most important subfacet for both the insured and the non-insured (Euclidean distances = .75 and .76, respectively). From the final configurations (Figures 10.4.3.1-2) it can be seen that the six variables in this subfacet are plotted in the same region and close to each other in both typologies. This reflects the degree of similarities among the variables. The most important variable for both typologies was found to be variable 34 (contact by the agent). Life insurance products are complex. It thus sounds natural for both typologies to have attached more importance to this variable. Life insurance agents could provide their customers with adequate and up-to-date information about the policies offered. The non-insured with an Euclidean distance of .09 have in fact attached more importance to this variable than the insured, Euclidean distance = .27. The second variable in

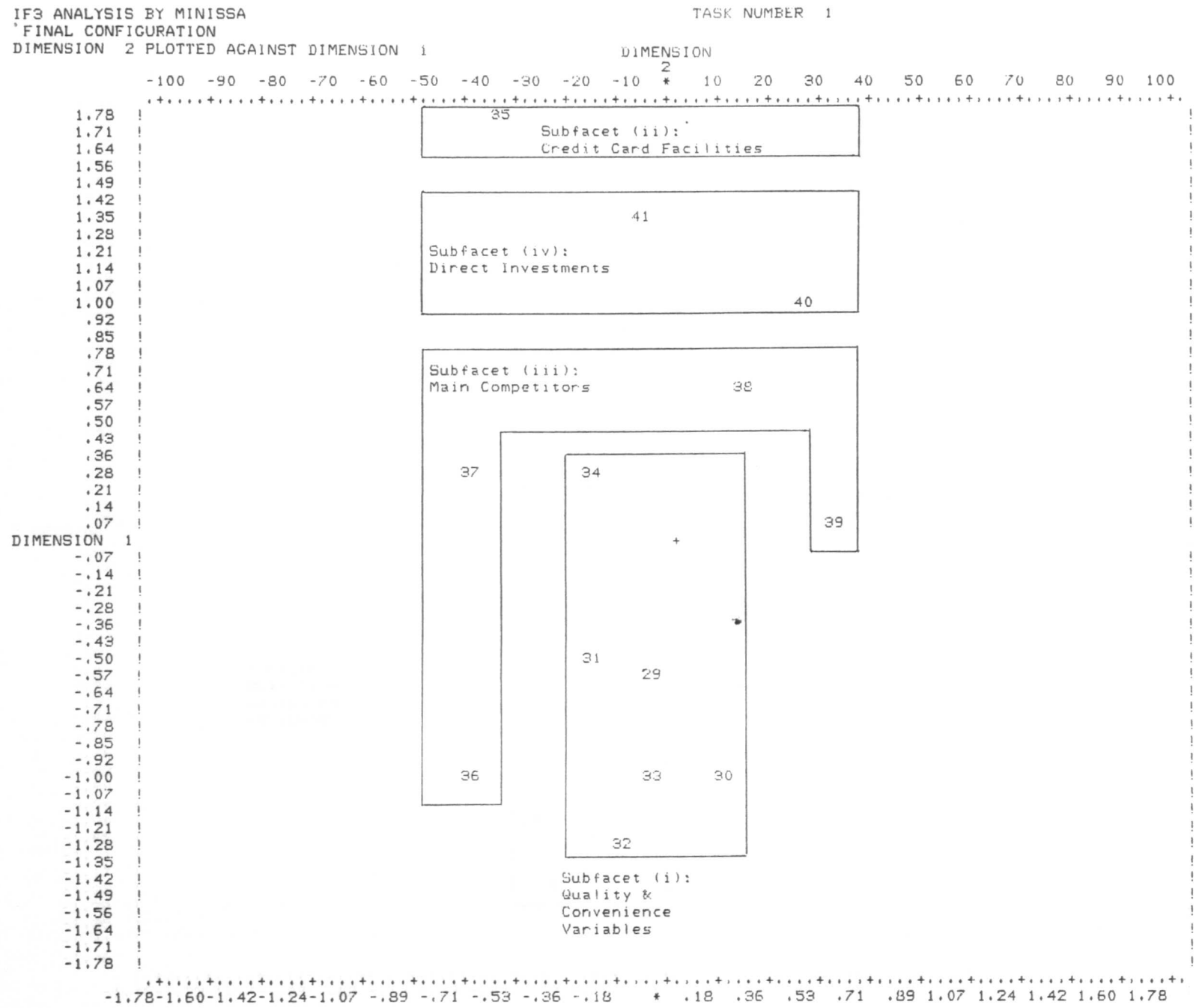


Figure 10.4.3.1 Final Configuration: Facet D3: Customer Services and Competition Variables (Insured Typology)

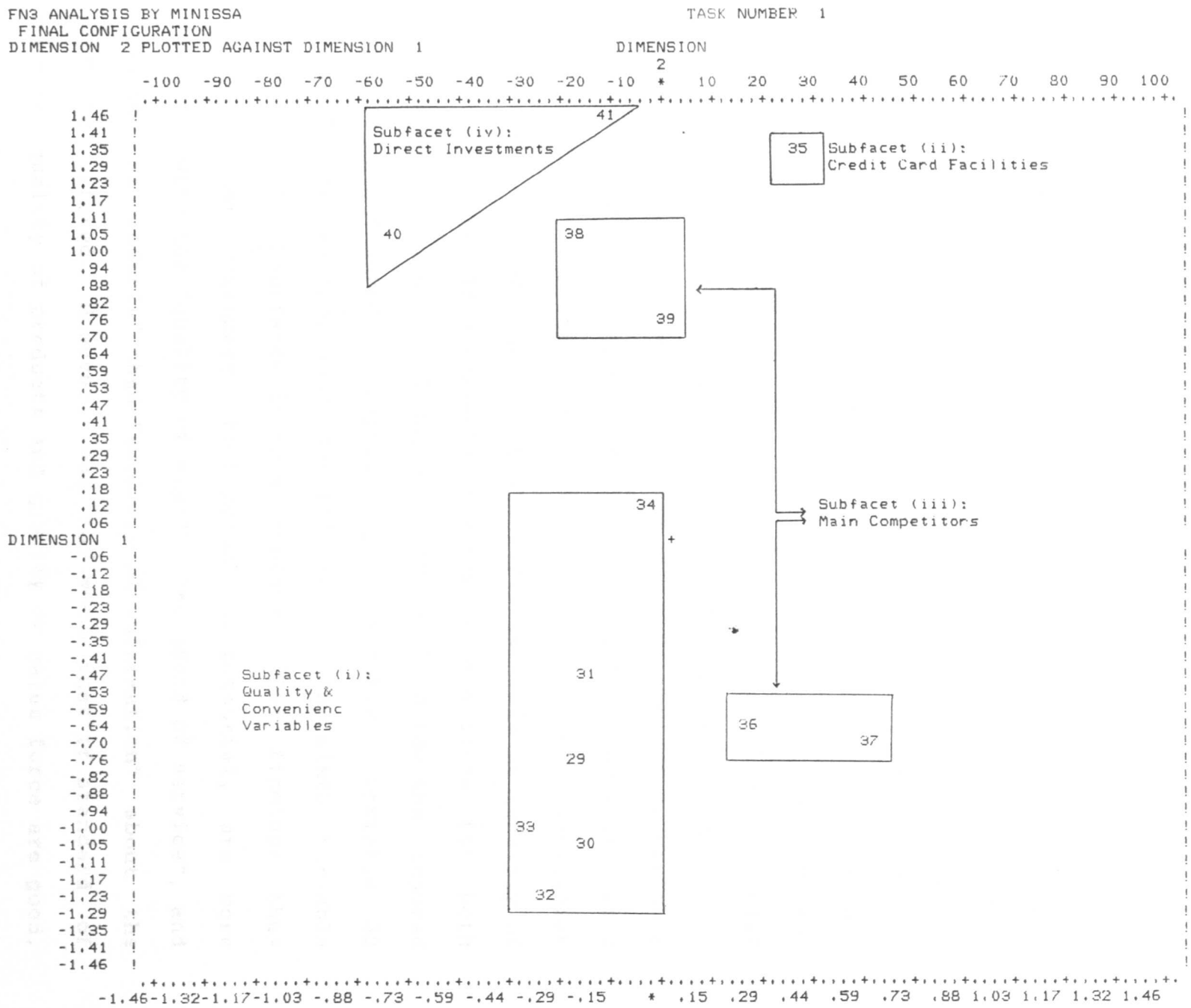


Figure 10.4.3.2 Final Configuration: Facet D3: Customer Services and Competition Variables (Non-Insured Typology)

terms of importance for both typologies is variable 31 (quality of staff). Both typologies have almost similar attitudes towards this variable (Euclidean distances = .48 and .46 for the insured and the non-insured, respectively). Both groups are thus concerned with the quality of staff. The third variable in terms of importance for both typologies is variable 29 (standard of service). The insured with an Euclidean distance of .56 are in fact more concerned with the "standard of service" than the non-insured, Euclidean distance = .75. This could be because the insured who have already purchased a policy have actually experienced the standard of service offered, while the non-insured have no such experience with the life companies. Variable 33 (attention to consumer needs is the fourth variable in terms of importance for the insured and the non-insured (Euclidean distances = .96 and 1.00, respectively). Variable 30 (quality of product) is the fifth variable in terms of importance for both typologies (Euclidean distances = .99 and 1.04 for the insured and the non-insured, respectively). Finally, variable 32 (accurate information about the policies) is the sixth variable in terms of importance in this subfacet. The findings thus indicate that consumers, both actual and potential, are more concerned with the "quality of staff", "standard of service", and "quality of products" than "accuracy of information" about the products offered. However, one may argue that if standard of service, quality of products and quality of sales force are good, one would expect accurate information about the policies to be provided.

The second subfacet in terms of importance for both the

insured and the non-insured is Subfacet (ii): Main competitors (Euclidean distances = .77 and .85, respectively). Table 10.4.1 and Figures 10.4.3.1 and 10.4.3.2 provide a comparison of the two typologies with respect to this subfacet. The insured have attached more importance to saving through banks, while the non-insured prefer saving through building societies.

The third subfacet in terms of importance is Subfacet (iv): direct investments. It consists of two variables: "stocks and shares" (variable 40) and "government bonds" (variable 41). The insured typology have attached more importance to these variables than the non-insured (Table 10.4.1 and Figures 10.4.3.1-2). One possible explanation is that those who have purchased a life policy could be more familiar with alternative sources of investment than those without a life policy.

Finally, Subfacet (ii): Credit Card Facilities is the fourth subfacet in terms of importance. From Table 10.4.1 and Figures 10.4.3.1-2 it can be seen that the non-insured with an Euclidean distance of 1.41 are more in favour of making use of "credit card facilities" than the insured (Euclidean distance = 1.85). It thus follows that marketing managers should take this point into consideration in their marketing activities, especially that those without a life policy (i.e., potential customers) are more in favour of the idea than the insured.

10.4.4 Facet D4: Environmental Variables

This facet consists of ten variables and two subfacets. The variables in this facet are the same as those in Facet D2:

Economic Variables but in a different context. In Facet D2 the variables were intended to measure the attitudes of the two typologies towards the various financial benefits offered by life and composite insurance companies, while in Facet D4 the same variables are used to measure the attitudes of the two typologies towards the financial rewards offered by other financial institutions.

Table 10.4.1 and Figures 10.4.4.1 and 10.4.4.2 present the findings for this facet. As it can be seen Subfacet (ii): Financial Advantages in Saving with Competitors, with an average Euclidean distance of .88, is the most important subfacet for the insured typology, while it is the second in terms of importance for the non-insured (Euclidean distance = 1.00). However, both typologies regard "mortgage repayment plans" (variable 50) as the main reason for saving through other financial institutions. The insured with an Euclidean distance of .32 have attached more importance to this variable than the non-insured (Euclidean distance = .63). The second variable in terms of importance in both typologies is variable 46 (provision for inflation). Again the insured with an Euclidean distance of .55 have expressed more concern about this variable than the non-insured (Euclidean distance = .86). The third variable in terms of importance for both typologies is variable 49 (policy prizes (bonuses). Again the insured typology with an Euclidean distance of .84 have attached more importance to this variable than the non-insured (Euclidean distance = .92).

Finally, as with regards to Subfacet (i): Financial Benefits

Table 10.4.1 Facet 3 & Facet 4: MINISSA Space Co-ordinates & Distances for two Dimensions: A Comparative Analysis of the Attitudes of the Insured and the Non-Insured towards Marketing Life Insurance Policies in the UK (Facet by Facet Analysis)

NO	Title of Facets, Subfacets & Elements	Insured Dimensions 1	Insured Dimensions 2	Non-Insured Dimensions 1	Non-Insured Dimensions 2	Distances from Centroid: Insured Typology	Distances from Centroid: Non-Insured Typology
D 3h	Subfacet (iii):					.77	.85
	Main Competitors					---	---
	36) building societies	-.92	-.53	-.61	.34	1.06	.70
	37) banks	.22	-.60	-.66	.68	.64	.95
	38) unit trusts	.60	.32	1.01	-.16	.68	1.02
	39) pension funds	.03	.70	.72	.13	.70	.73
D 3i	Subfacet (v):					1.20	1.34
	Direct Investments					----	----
	40) stocks & shares	.94	.59	1.04	-.63	1.11	1.22
	41) government bonds	1.31	.00	1.46	-.02	1.31	1.46
FACET D4	ENVIRONMENTAL VARIABLES					1.03	.94
D 5j	Subfacet (i): Financial						
	Benefits in Saving With					1.03	.94
	Competitors					----	---
	42) family protection	.34	1.14	.75	.76	1.19	1.07
	43) retirement income	.68	.43	.55	.69	.80	.87
	44) children's education	-1.16	.60	-.09	.95	1.31	.95
	45) saving for emergencies	.76	-.32	.86	-.17	.83	.88
D 5k	Subfacet (ii): Financial						
	advantages in saving with					.88	1.00
	Competitors					---	----
	46) provision for inflation	-.07	-.55	-.69	-.51	.55	.86
	47) a good method of saving	.82	-.44	.84	-.77	.93	1.14
	48) return on investment	1.11	.11	.68	-.82	1.12	1.06
	49) policy prizes (bonuses)	-.67	-.51	-.87	-.30	.84	.92
	50) mortgage repayment plans	-.32	.03	-.62	.12	.32	.63
	51) mitigation of capital transfer tax & estate duty	-1.49	-.26	-1.41	.04	1.51	1.41

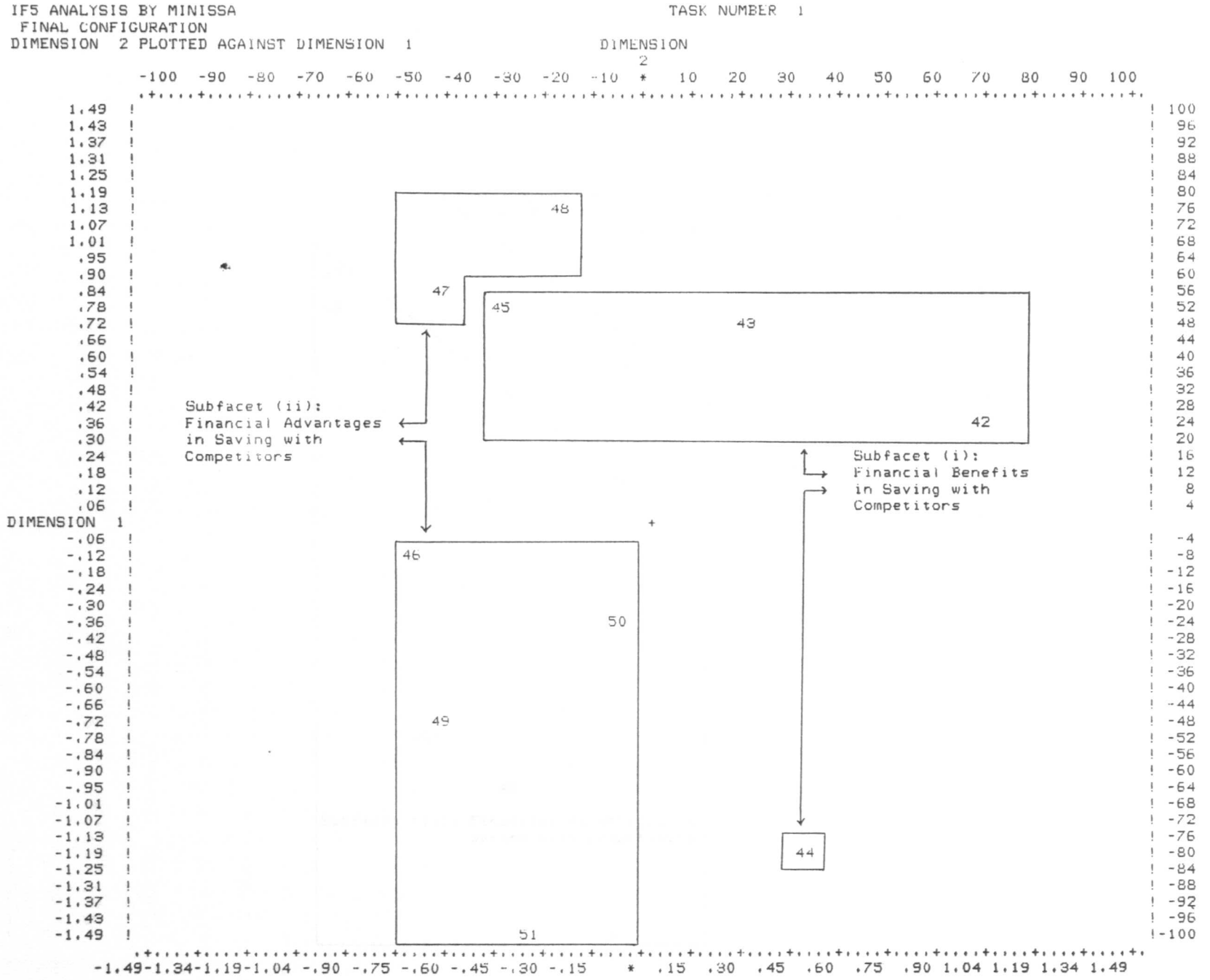


Figure 10.4.4.1 Final Configuration - Facet D4: Environmental Variables (Insured Typology)

Figure 10.4.4.2 Final Configuration - Facet D4: Environmental Variables (Non-Insured Typology)

in Saving with Competitors the non-insured with an average Euclidean distance of .94 have attached more importance to this subfacet than the insured, Euclidean distance = 1.03. However, both typologies regard "saving for emergencies" and "retirement income" as the main reasons for saving through other financial institutions (Table 10.4.1 and Figures 10.4.4.1-2).

10.5 A Comparative Analysis of the Attitudes of the Insured Typology towards Saving through Life Insurance Companies and Saving through other Financial Institutions.

Table 10.5.1 provides a comparison of the attitudes of the insured towards saving through life and composite insurance companies (Facet D2: Economic Variables) and saving through other financial institutions (Facet D4: Environmental Variables). As it can be seen, the main reasons put forward by the insured for saving through life companies are: "return on investment", "a good method of saving", "policy prizes (bonuses)", "saving for emergencies", and "Children's education". The importance attached to these variables in saving through life insurance companies is more than the importance attached to saving through other financial institutions. For example, the importance attached to "return on investment" is almost eight times more than the importance attached to saving through other financial institutions. The importance attached to variable 20 "a good method of saving" is almost six times the importance attached to saving through other financial institutions.

Table 10.5.1 Facet D2: Economic Variables Facet D4: Environmental Variables	Euclidean Distances	
	life Insurance companies	Other Financial Institutions
15) family protection	2.00	1.19
16) retirement income	.63	.80
17) children's education	.83	1.31
18) saving for emergencies	.74	.83
19) provision for inflation	.73	.55
20) a good method of saving	.16	.93
21) return on investment	.15	1.12
22) policy prizes (bonuses)	.47	.84
23) mortgage repayment plans	1.45	.32
24) mitigation of capital-transfer tax and estate duty	1.19	1.51

The main reasons given for saving through other financial institutions are "mortgage repayment plans" and "provision for inflation". Marketing managers need to take these variables into considerations and offer policies which would satisfy specific needs. Overall, looking at Table 10.5.1 the insured typology have attached more importance to saving through life insurance companies than other financial institutions.

10.6 A Comparative Analysis of the Attitudes of the Non-Insured Typology towards Saving through Life Insurance Companies and Saving through other Financial Institutions

Table 10.6.1 provides a comparison of the attitudes of the non-insured towards saving through life and composite insurance companies (Facet D2: Economic Variables) and saving through other financial institutions (Facet D4: Environmental Variables).

Table 10.6.1 Facet D2: Economic Variables Facet D4: Environmental Variables	Euclidean Distances	
	life Insurance companies	Other Financial Institutions
15) family protection	2.02	1.07
16) retirement income	1.22	.88
17) children's education	.82	.95
18) saving for emergencies	.52	.88
19) provision for inflation	.59	.86
20) a good method of saving	.50	1.14
21) return on investment	.31	1.06
22) policy prizes (bonuses)	.70	.92
23) mortgage repayment plans	.90	.63
24) mitigation of capital-transfer tax and estate duty	1.22	1.41

Looking at Table 10.6.1 one can see that the non-insured, favour the idea of saving through life companies as a more efficient way for providing for "children's education", "saving for emergencies", "provision for inflation", "a good method of saving", and "return on investment". However, a comparison of Tables 10.5.1 and 10.6.1 reveals that the degree of importance attached to the above variables by the insured in saving through life companies is much higher than the importance attached by the non-insured.

The non-insured, on the other hand, regard saving through other financial institutions as a better way for providing for "mortgage repayments", "retirement income", and "family protection". It is interesting to note that the insured typology, as discussed above, also regard saving through other financial institutions as a better way for providing for mortgage payments.

Finally, one important conclusion to be drawn from the findings in this section is that the non-insured can be regarded

as potential customers for life companies. The findings indicate that the non-insured do have positive attitudes towards the services offered by life companies and hence can be encouraged to purchase life policies.

10.7 Testing Hypothesis 7: Wilcoxon Test

Null Hypothesis: The importance attached to variables influencing life insurance purchasing decisions (i.e, marketing variables) are similar for the insured and the non-insured.

Alternative Hypothesis: The importance attached to the above variables are not similar for the insured and the non-insured.

The number of the variables in this test = 35. It includes all the variables from Facet D1, Facet D2, and also the first seven variables from Facet D3. A MINISSA Programme was run for the 35 variables employed in this hypothesis. The output from the Programme was then used as input for the Wilcoxon Test. The level of significance in this test was set at .05.

Table 10.7.1 (Appendix H) provides the relevant calculations for this test. The ranks have been summed according to the sign of differences. The smaller of this is taken as Wilcoxon's T statistic (T = 287). The number of the variables in this test exceeds 25 (N = 35). Thus using the equation presented in section 7.7, chapter 7:

$$Z = \frac{287 - \frac{35\ (35+1)}{4}}{\sqrt{\frac{35\ (35+1)\ (35 \times 2 +1)}{24}}} = \frac{-28}{61.05} = -.46$$

From Table A (Siegel, 1956) one can see that the probability associated with the occurrence under the null hypothesis of a Z of .46 for a two tailed test is P = 2 (.3228) = .64. In this case one should accept the null hypothesis since the value of P = .64 does not occur in the region of rejection (α = .05). We thus conclude that attitude towards the variables influencing life insurance purchasing decisions are similar for the insured and the non-insured.

10.8 Summary

In this chapter a comparative analysis of the insured and the non-insured was undertaken in order to investigate the variables which influence the purchasing decisions of the two typologies.

A Discriminant Analysis was conducted in order to obtain a linear combination of the variables that best discriminate between the two typologies. The output thus obtained was used to test the hypothesis whether the two typologies have similar attitudes towards the variables under investigation. Twenty one variables were found to have the most discriminating power thus indicating that the two typologies differ in their attitudes towards the variables under investigation.

MINISSA and Spearman Correlation Coefficients were used to analyse the data collected from the two typologies as a whole. The objective was to determine the degree of importance attached to each facet and also to examine the degree of correlation associations between the variables in both typologies. Four facets (51 variables) were included for the purposes of analysis

in this chapter:

Facet D1: Sales and Marketing Variables
Facet D2: Economic Variables
Facet D3: Customer Services and Competition Variables
Facet D4: Environmental Variables

Facet D1 consists of 18 variables and was intended to measure the attitudes of the the two typologies towards life insurance intermediaries, and publicity and direct sales variables. It was also intended to examine the effect of the social channels in influencing life insurance purchasing decisions.

Facet D2 was designed to investigate the attitudes of the two typologies towards the various uses of life insurance, i.e., "family protection", "retirement income", and so on (N = 10).

Facet D4 consists of 13 variables and was designed to measure the attitudes of the two typologies towards the services provided by life companies and also to determine the degree of importance that the two typologies attach to saving through other financial institutions.

Facet D4 consists of 10 variables. The variables are the same as those in Facet D2 but in a different context. This facet was intended to investigate the reasons given by the two typologies for saving through other financial institutions.

The findings indicate that both typologies regard Facet D4: Environmental Variables more important than the other three facets. The second facet in terms of importance was found to be Facet D2: Economic Variables. However, the differences of attitudes towards this two facets are not so high. This finding is interesting in a sense that the variables in both facets are the same but in different contexts. Facet D4 was intended to

examine the reasons for saving through other financial institutions, while Facet D2 was designed to examine the reasons for saving through life companies. The findings indicate that both typologies are, above all, concerned with the financial benefits offered by various financial institutions and then concern themselves with the quality of the services offered. Facet D3: Customer Services and Competition Variables is the third facet in terms of importance.

A facet by facet analysis using the MINISSA Programme was also conducted. In Facet D1: Sales and Marketing Variables the most important sources of information for the insured typology were found to be "colleagues/friends", "ads in newspapers and magazines", and "TV advertising". The non-insured, on the other hand, consider "radio advertising", "outdoor posters", as the main sources of information about life insurance. In Facet D2: Economic Variables, the main reasons put forward by the insured for purchasing a life policy were found to be "return on investment", "a good method of saving", and "policy prizes (bonuses)". As for the non-insured, if they ever decide to purchase life insurance, it would be for "return on investment", "a good method of saving" and "Children's education". In Facet D3: Customer Services and Competition Variables both typologies regard "contact by the agent", "quality of staff" and "standard of service" as being important factors influencing their purchasing decisions. In Facet D4: Environmental Variables both typologies regard "mortgage repayment plans" as the main reason for saving through other financial institutions.

A comparative analysis of the attitudes of both the insured and the the non-insured towards saving through life companies and saving through other financial institutions revealed that both typologies consider "children's education", "saving for emergencies", "a good method of saving", "return on investment", and "policy prizes (bonuses)" as the main reasons for saving through life companies. Both typologies, on the other hand, consider "mortgage repayment plans" as the main reason for saving through other financial institutions.

Finally, Wilcoxon Test was used to test the hypothesis whether the two typologies have similar attitudes towards the variables influencing life insurance purchasing decisions. The test indicates that the insured and the non-insured have similar attitudes towards the above variables.

CHAPTER ELEVEN

A COMPARATIVE ANALYSIS OF THE ATTITUDES OF MARKETING MANAGERS OF LIFE AND COMPOSITE INSURANCE COMPANIES, THE INSURED AND THE NON-INSURED TOWARDS LIFE INSURANCE MARKETING

11.1 Introduction

This chapter provides a comparative analysis of the attitudes of marketing managers of life and composite insurance companies, the insured and the non-insured towards marketing life insurance policies in the Uk. As already pointed out in chapter six, variables one to forty-one (i.e., Facets D1, D2 and D3) are the same in all three questionnaires but in different contexts. A comparative analysis of the three groups was thus conducted based on the above three facets. In section 11.2 the data collected from each group involved is treated as a whole in order to compare the degree of importance attached to each facet by each group.

A facet by facet analysis of the attitudes of marketing managers, the insured and the non-insured is conducted in section 11.3. The main objective is to examine and make a comparison of the importance attached to elements of each facet by each group. Furthermore, the data collected from life and composite insurance companies is also divided into two groups: the large and the small companies. Thus a comparative analysis of the attitudes of all four groups is also included in this chapter

Finally, in section 11.4 Wilcoxon Test is used to test the research hypotheses.

Overall, the main objective in this chapter is to assess the attitudes of the insured and the non-insured towards the marketing strategies adopted by marketing managers of life and composite insurance companies. This will give us an idea of the

degree of success or failure of marketing managers in attracting consumer attention towards life insurance through their marketing activities.

11.2 A Comparative Analysis of the Attitudes of Marketing Managers, the Insured, and the Non-Insured towards Marketing Life Insurance Policies

In this section the MINISSA Programme is run for the data collected from marketing managers, the insured and the non-insured. Only three facets (41 variables) are employed for the purposes of analysis in this chapter. These are the common facets in all three groups involved and are listed below:

Facet D1: Sales and Marketing Variables
Facet D2: Economic Variables
Facet D3: Customer Services and Competition Variables

In this section the data collected from marketing managers are treated as one group. Table 11.2.1 and Figures 11.2.1-3 provide the MINISSA output for all three groups. It should be noted that in this section the samples from each group are treated as a whole in order to be able to rank the facets employed in terms of importance attached to them by the three groups involved.

From Table 11.2.1 and final configurations (Figures 11.2.1-3) one can see that all three groups have attached more importance to Facet D2: Economic Variables than the other two facets. looking at the average Euclidean distances, one can see that all three groups have almost similar attitudes towards this facet. It

Table 11.2.1 MINISSA Space Co-ordinates & Distances for two Dimensions: A Comparative Analysis of the Attitudes of Marketing Managers of Life and Composite Insurance Companies, the Insured & the Non-Insured towards Marketing Life Insurance Policies in the UK (N=83/147/130 VR=41)

NO	Title of Facets, Subfacets & Elements	Distances from Centroid		
		Marketing Managers	Insured	Non-Insured
FACET D1	SALES & MARKETING VARIABLES	1.05	.96	.82
D 1a	Subfacet (i): Intermediaries	1.22	.82	.84
	1) life insurance agent	1.22	.76	.94
	2) life insurance broker	1.22	.89	.74
D 1b	Subfacet (ii): Publicity & Direct Sales Variables	1.09	1.02	.80
	3) company offices	.64	.66	.85
	4) sports sponsorship	1.37	1.24	.90
	5) charity sponsorship	1.56	1.20	.98
	6) ads in newspapers & magazines	.21	.61	.41
	7) telephone advertising	1.82	1.35	1.01
	8) television advertising	.66	.83	.56
	9) radio advertising	1.34	1.12	.79
	10) direct mail	.54	.85	.72
	11) outdoor posters	1.09	1.02	.71
	12) catalogues & circulars	1.40	.93	.78
	13) presentations	.43	1.02	.87
	14) cable TV	2.03	1.37	1.07
D 1c	Subfacet (iii): Persuasibility Variables	.85	.87	.85
	25) husband/wife	1.07	1.60	1.09
	26) children	.97	.88	1.05
	27) colleagues/friends	.42	.65	.49
	28) life insurance agent	.95	.35	.76

Table 11.2.1 MINISSA Space Co-ordinates & Distances for two Dimensions: A Comparative Analysis of the Attitudes of Marketing Managers of Life and Composite Insurance Companies, the Insured & the Non-Insured towards Marketing Life Insurance Policies in the UK (N=83/147/130 VR=41)

NO	Title of Facets, Subfacets & Elements	Distances from Centroid		
		Marketing Managers	Insured	Non-Insured
FACET D2	ECONOMIC VARIABLES	.69	.63	.60
D 2d	Subfacet (i) Family Benefits	.76	.85	.92
	15) family protection	1.19	1.86	1.94
	16) retirement income	1.08	.86	1.12
	17) children's education	.17	.38	.48
	18) saving for emergencies	.60	.29	.15
8 2e	Subfacet (ii): Financial Advantages	.65	.49	.38
	19) provision for inflation	.18	.44	.41
	20) a good method of saving	.55	.17	.21
	21) return on investment	.90	.37	.10
	22) policy prizes (bonuses)	.68	.03	.38
	23) mortgage repayment plans	.93	1.28	.54
	24) mitigation of capital transfer tax & estate duty	.64	.64	.65
Facet D3	CUSTOMER SERVICES & COMPETITION VARIABLES	.82	.99	1.14
D 3f	Subfacet (i): Quality & Convenience Variables	.88	1.23	1.59
	29) standard of service	1.03	1.18	1.56
	30) quality of product	1.00	1.56	1.95
	31) quality of staff	.92	1.00	1.31
	32) accurate information	.61	1.82	2.15
	33) attention to consumer needs	1.07	1.44	1.84
	34) contact by the agent	.67	.35	.71

Table 11.2.1 MINISSA Space Co-ordinates & Distances for two Dimensions: A Comparative Analysis of the Attitudes of Marketing Managers of Life and Composite Insurance Companies, the Insured & the Non-Insured towards Marketing Life Insurance Policies in the UK (N=83/147/130 VR=41)

NO	Title of Facets, Subfacets & Elements	Distances from Centroid		
		Marketing Managers	Insured	Non-Insured
D 3g	Subfacet (ii): Credit			
	Card Facilities	1.65	1.07	.55
	35) use of credit cards	1.65	1.07	.55
D 3h	Subfacet(iii):			
	Main Competitors	.48	.78	.85
	36) building societies	.56	1.43	1.39
	37) banks	.29	.58	1.37
	38) unit trusts	.79	.25	.26
	39) pension funds	.30	.88	.40
D 3i	Subfacet (iv):			
	Direct Investments	.91	.65	.68
	40) stocks & shares	.56	.62	.79
	41) government bonds	1.25	.69	.58

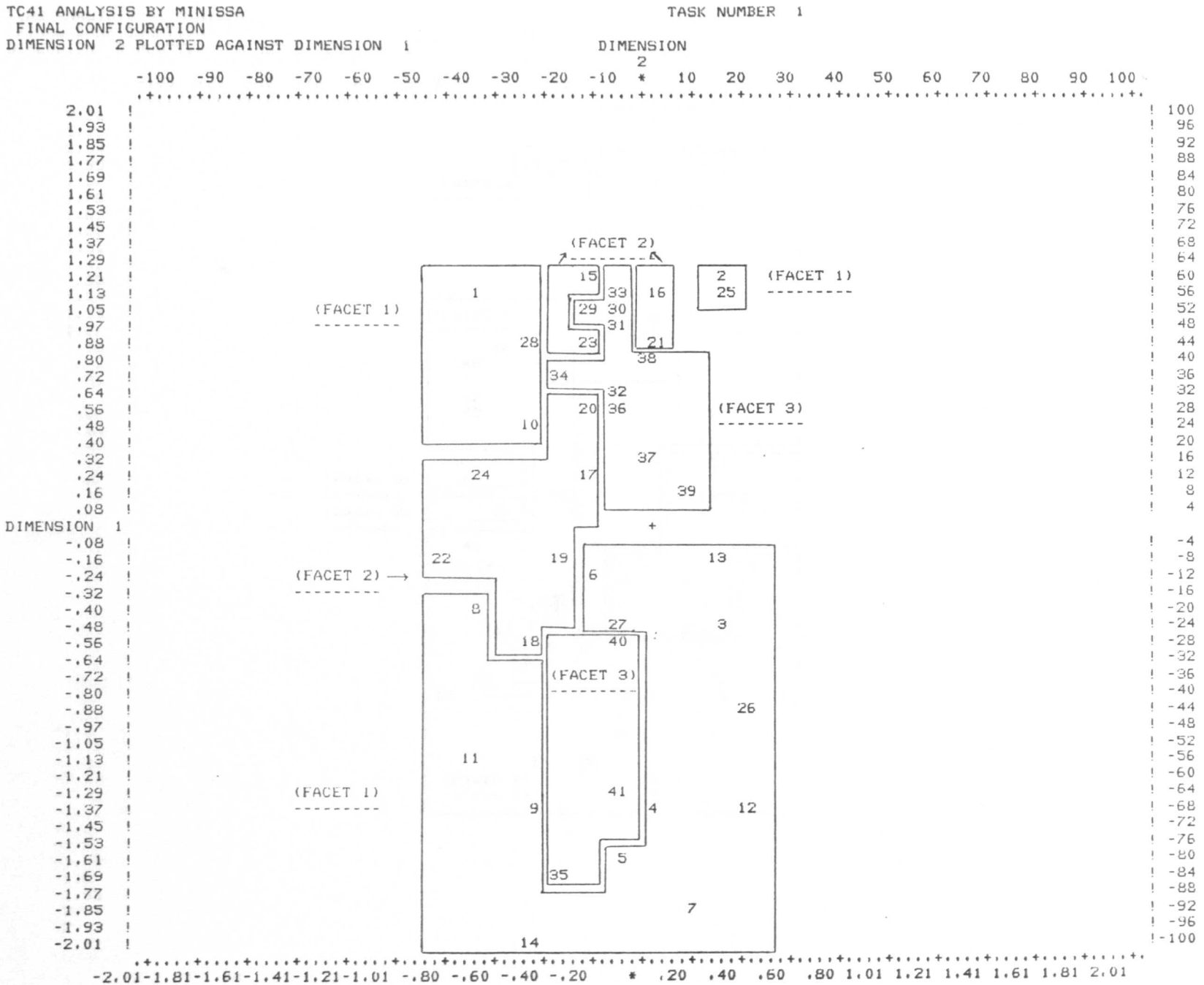


Figure 11.2.1 Final Configuration: Life and Composite Insurance Companies (Facets D1, D2 and D3)

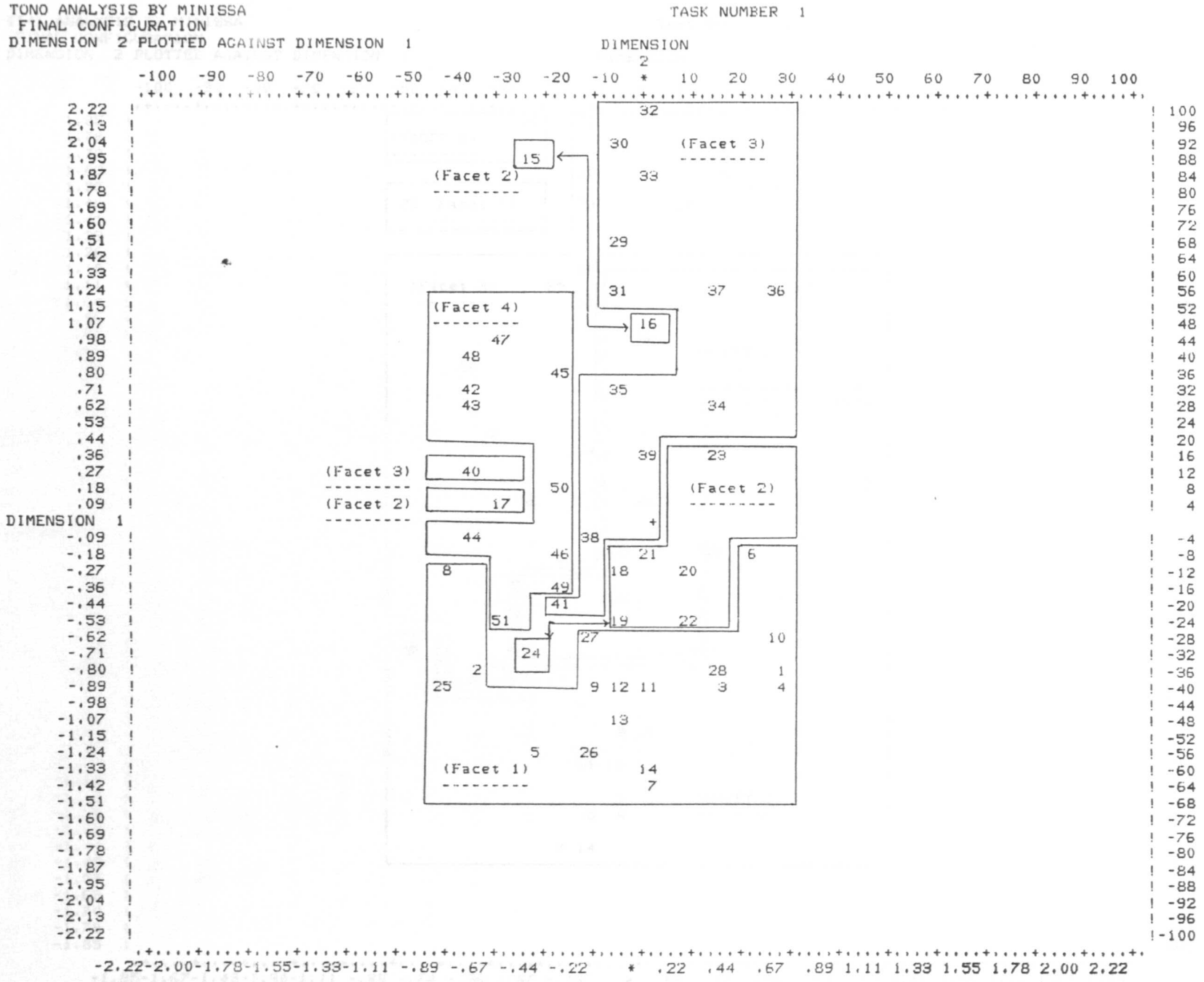


Figure 11.2.3 Final Configuration: Non-Insured Typology (Facets D1, D2 and D3)

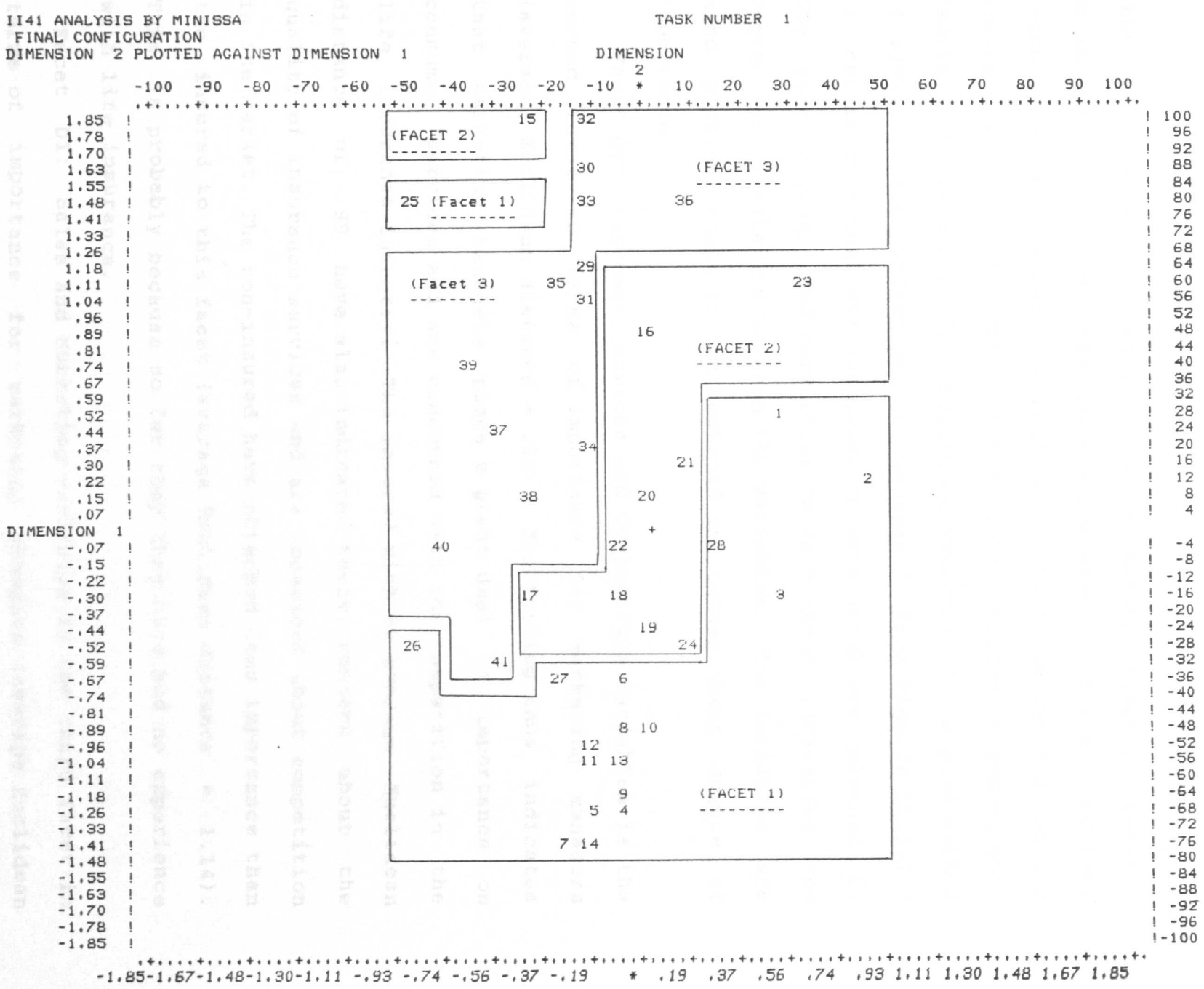


Figure 11.2.2 Final Configuration: Insured Typology (Facets D1, D2 and D3)

thus follows that the factors that marketing managers emphasise on in their marketing campaigns are perceived as being important reasons for purchasing life policies by both the insured and the non-insured. These include: "providing for children's education", "saving for emergencies", "return on investment", a good method of saving", and "policy prizes (bonuses)". From Figures 11.2.1-3 it can be seen that the variables in each group are plotted in the same region, and very close to each other indicating the degree of similarity between the variables. The variables are also plotted close to the centroid indicating their degree of importance.

Facet D3: Customer Services and Competition Variables is the second facet in terms of importance for marketing managers (average Euclidean distance = .82). The finding thus indicates that marketing managers place a great deal of importance on consumer services and are concerned with the competition in the life insurance industry. The insured with an average Euclidean distance of .99 have also indicated their concern about the quality of insurance services and are conscious about competition in the market. The non-insured have attached less importance than the insured to this facet (average Euclidean distance = 1.14). This is probably because so far they they have had no experience with life insurance.

Facet D1: Sales and Marketing variables is the third facet in terms of importance for marketing managers (average Euclidean distance = 1.05). This facet is about the marketing systems adopted by marketing managers. This is the second facet in terms

of importance for both the insured and the non-insured. From Figures 11.2.1-3 one can see that most of the variables in each group are plotted close to each other and in the same region.

From the above analysis it thus follows that, in marketing life insurance, marketing managers of life and composite insurance companies give priority to presenting consumers the benefits of the policies offered (Facet D2), and then concern themselves with the quality of services and marketing systems. Both the insured and the non-insured, on the other hand, attach more importance to the financial benefits offered by life insurers (Facet D2), than the quality of services and marketing systems. The findings thus indicate that marketing managers are successful in attracting consumer attention. The variables they emphasis on in their marketing campaigns catch consumer attention.

11.3 A Facet by Facet Comparative Analysis of the Attitudes of Marketing Managers, the Insured and the Non-Insured towards Marketing Life Insurance Policies

In this section a facet by facet analysis of the attitudes of marketing managers, the insured and the non-insured is undertaken using Facets D1, D2 and D3, i.e., the common facets in all three groups. It should be noted that a comparative study of the insured and the non-insured was undertaken in chapter ten. furthermore, a comparative study of the large and the small companies was carried out in chapter nine. This section thus

provides a brief comparison of the findings in chapters nine and ten. Table 11.3.1 presents a comparative summary of the attitudes of marketing managers (both the large and the small companies), the insured and the non-insured. Table 11.3.2, on the other hand, provides a comparative summary of the attitudes of marketing managers of the large and the small companies, the insured and the non-insured towards marketing life insurance. However, because the findings in chapter nine indicated that there are no major differences of attitudes between marketing managers of the large and the small companies towards marketing life insurance, this section will mainly concentrate on the comparative results presented in Table 11.3.1 where data from marketing managers has been treated in aggregate form.

11.3.1 Facet D1: Sales and Marketing Variables

This facet concentrates on marketing systems (channels) used by marketing managers for marketing and distributing their products. It also examines the influence of social channels in life insurance marketing.

From Table 11.3.1 it can be seen that the importance attached to intermediaries (i.e., agents and brokers) by marketing managers is similar to the importance attached to these variables by the insured. The non-insured are less concerned with the life insurance agent, but place more importance with the life insurance broker than the insured and marketing managers. Brokers represent the single most important group in marketing life insurance. Brokers are not employed by the life insurers. It is

Table 11.3.1 MINISSA Space Co-ordinates & Distances for two Dimensions: A Comparative Analysis of the Attitudes of Marketing Managers of Life and Composite Insurance Companies, the Insured & the Non-Insured towards Marketing Life Insurance Policies in the UK (Facet by Facet Analysis)

NO	Title of Facets, Subfacets & Elements	Distances from Centroid		
		Marketing Managers	Insured	Non-Insured
FACET D1	SALES & MARKETING VARIABLES	.91	.84	.87
D 1a	Subfacet (i): Intermediaries	1.50	1.51	1.22
	1) life insurance agent	1.46	1.52	1.63
	2) life insurance broker	1.55	1.50	.81
D 1b	Subfacet (ii): Publicity & Direct Sales Variables	.82	.76	.76
	3) company offices	.50	.94	.42
	4) sports sponsorship	.90	.72	.87
	5) charity sponsorship	1.02	.73	.31
	6) ads in newspapers & magazines	.51	.29	1.45
	7) telephone advertising	1.36	.89	.61
	8) television advertising	.44	.35	1.43
	9) radio advertising	.77	.62	.17
	10) direct mail	.85	.54	.87
	11) outdoor posters	.71	.54	.26
	12) catalogues & circulars	.91	.62	.47
	13) presentations	.49	.53	.35
	14) cable TV	1.43	.86	.43
D 1c	Subfacet (iii): Persuasibility Variables	.85	1.13	1.38
	25) husband/wife	1.42	2.49	2.07
	26) children	.65	1.07	1.39
	27) colleagues/friends	.08	.14	.82
	28) life insurance agent	1.27	.82	1.23

possible that those who have never purchased life insurance have heard about it in their dealings with the brokers.

In Subfacet (ii): Publicity and Direct Sales Variables the marketing systems most favoured by marketing managers are "TV advertising", "presentations", "company offices", "ads in newspapers and magazines", "outdoor posters", "radio advertising", and "direct mail". As for the "TV advertising", it has been regarded as an important source of information by the insured but not the non-insured. "Presentations" are considered as being important sources of information by both the insured and the non-insured. "company offices" as a source of information have attracted more importance from the non-insured than the insured. "Ads in newspapers and magazines" are considered being important sources of information by the insured, but not by the non-insured. This is probably because those interested in life insurance are more likely to read relevant advertisements. On the other hand those who have already purchased life insurance may read such advertisements in order to compare the terms offered with those in the policies purchased. The insured with an Euclidean distance of .29 have attached more importance to this variable than marketing managers. Both the insured and the non-insured have attached more importance to "outdoor posters" than marketing managers. However, From Table 11.3.2 it can be seen that marketing managers of the large companies show more concern for "outdoor posters" than marketing managers of the small companies. This is probably because they can better afford such expenditures.The non-insured, on the other hand, have attached more importance to this variable than the insured and

marketing managers (Euclidean distance = .26). The same argument also applies to "radio advertising". Both the insured and the non-insured place more importance to this variable than marketing managers. The non-insured with an Euclidean distance of .17 have attached more importance to this variable than the non-insured. Radio, as already pointed out, is probably the most universal of all direct marketing media. "Direct mail" has also been considered as being important source of information by both the insured and the non-insured. Direct mail can provide more imformation about policy terms than any other medium. Looking at Table 11.3.2 one can see that marketing managers of the large companies have attached more importance to this variable as a marketing system than their counterparts in the small companies. From the above discussion it thus follows that marketing managers need to place more emphasis on "radio advertising", "outdoor posters", and "direct mail" in their marketing campaigns. The same argument also applies to "sports sponsorship", "charity sponsorship", "catalogues and circulars", and "cable TV". marketing managers have attached less importance to these variables than the insured and the non-insured. However since consumers (both actual and potential) consider these variables as important sources of information about life policies, marketing managers should take these marketing systems more seriously.

In Subfacet (iii): Persuasibility variables it can be seen that marketing managers regard "colleagues/friends" as being the most important social channel in encouraging others to purchase life insurance. This view is also shared by the insured who

Table 11.3.2 MINISSA Space Co-ordinates and Distances for two Dimensions: A Comparative Analysis of the Attitudes of Marketing Managers of the Large & the Small life & Composite Insurance Companies, the Insured & the Non-Insured towards Marketing Life insyrance Policies in the UK (Facet by Facet Analysis)

NO	Title of Facets, Subfacets & Elements	Distances from Centroid			
		Companies			
		Large	Small	Insured	Non-Insured
FACET D1	SALES & MARKETING VARIABLES	.90	.91	.84	.87
D 1a	Subfacet (i): Intermediaries	1.52	1.49	1.51	1.22
	1) life insurance agent	1.35	1.52	1.52	1.63
	2) life insurance broker	1.70	1.46	1.50	.81
D 1b	Subfacet (ii): Publicity & Direct Sales Variables	.80	.81	.76	.76
	3) company offices	.21	.22	.94	.42
	4) sports sponsorship	.80	1.00	.72	.87
	5) charity sponsorship	1.03	1.01	.73	.31
	6) ads. in newspapers & magazines	.57	.44	.29	1.45
	7) telephone advertising	1.61	1.04	.89	.61
	8) television advertising	.44	.44	.35	1.43
	9) radio advertising	.77	.83	.62	.17
	10) direct mail	.78	.94	.54	.87
	11) outdoor posters	.53	.79	.54	.26
	12) catalogues & circulars	.86	1.01	.62	.47
	13) presentations	.45	.65	.53	.35
	14) cable TV	1.54	1.40	.86	.43
D 1c	Subfacet (iii): Persuasibility Variables	.88	.91	1.13	1.38
	25) husband/wife	1.27	1.52	2.49	2.07
	26) children	.75	.63	1.07	1.39
	27) colleagues/friends	.35	.23	.14	.82
	28) life insurance agent	1.24	1.14	.82	1.23

regard "colleagues/friends" as an important source of information and encouragement for purchasing life insurance. The non-insured also regard this variable as being an important source of information encouraging them to purchase life insurance. "children's education" has also been considered as being an important factor encouraging consumers to purchase life insurance by marketing managers. The insured have attached more importance to this variable than the non-insured. "Life insurance agent" has been considered as being an important marketing channel by all three groups involved.

11.3.2 Facet D2: Economic Variables

In marketing life insurance marketing managers normally emphasise on certain financial benefits and rewards offered by the particular policy. The marketing messages thus consist a description of the policy benefits. This facet is about the main financial benefits often emphasised on in marketing campaigns.

From Table 11.3.1 it can be seen that the variables most emphasised on by marketing managers are "children's education", "a good method of saving", "mortgage repayment plans", "mitigation of capital transfer tax and estate duty", "return on investment", and "provision for inflation". Both the insured and the non-insured regard "a good method of saving" and "children's education" as being important reasons for purchasing life insurance. Both typologies, on the other hand, attach more importance to "provision for inflation", "return on investment", "policy prizes(bonuses)", and "saving for emergencies" than

Table 11.3.1 MINISSA Space Co-ordinates & Distances for two Dimensions: A Comparative Analysis of the Attitudes of Marketing Managers of Life and Composite Insurance Companies, the Insured & the Non-Insured towards Marketing Life Insurance Policies in the UK (Facet by Facet Analysis)

NO	Title of Facets, Subfacets & Elements	Distances from Centroid		
		Marketing Managers	Insured	Non-Insured
FACET D2	ECONOMIC VARIABLES	.91	.83	.88
D 2d	Subfacet (i) Family Benefits	1.07	1.05	1.14
	15) family protection	1.16	2.00	2.02
	16) retirement income	1.12	.63	1.22
	17) children's education	.49	.83	.82
	18) saving for emergencies	1.59	.74	.52
D 2e	Subfacet (ii): Financial Advantages	.80	.69	.70
	19) provision for inflation	1.00	.73	.59
	20) a good method of saving	.17	.16	.50
	21) return on investment	.90	.15	.31
	22) policy prizes (bonuses)	1.38	.47	.70
	23) mortgage repayment plans	.72	1.45	.90
	24) mitigation of capital transfer tax & estate duty	.64	1.19	1.22
Facet D3	CUSTOMER SERVICES & COMPETITION VARIABLES	.85	.91	.93
D 3f	Subfacet (i): Quality & Convenience Variables	.73	.75	.76
	29) standard of service	.82	.56	.75
	30) quality of product	.85	.99	1.04
	31) quality of staff	.77	.48	.46
	32) accurate information	.39	1.25	1.23
	33) attention to consumer needs	.86	.96	1.00
	34) contact by the agent	.71	.27	.09

Table 11.3.2 MINISSA Space Co-ordinates & Distances for two Dimensions: A Comparative Analysis of the Attitudes of Marketing Managers of the Large & the Small life & Composite Insurance Companies, the Insured & the Non-Insured towards Marketing Life Insurance Policies in the UK (Facet by Facet Analysis)

NO	Title of Facets, Subfacets & Elements	Distances from Centroid			
		Companies		Insured	Non-Insured
		Large	Small		
FACET D2	ECONOMIC VARIABLES	.90	.93	.83	.88
D 2d	Subfacet (i) Family Benefits	1.00	1.07	1.05	1.14
	15) family protection	1.09	1.20	2.00	2.02
	16) retirement income	.93	1.11	.63	1.22
	17) children's education	.35	.42	.83	.82
	18) saving for emergencies	1.65	1.56	.74	.52
D 2e	Subfacet (ii): Financial Advantages	.83	.83	.69	.70
	19) provision for inflation	1.09	.92	.73	.59
	20) a good method of saving	.25	.13	.16	.50
	21) return on investment	.39	1.24	.15	.31
	22) policy prizes (bonuses)	1.38	1.16	.47	.70
	23) mortgage repayment plans	.86	.61	1.45	.90
	24) mitigation of capital transfer tax & estate duty	1.00	.94	1.19	1.22
Facet D3	CUSTOMER SERVICES & COMPETITION VARIABLES	.81	.84	.91	.93
D 3f	Subfacet (i): Quality & Convenience Variables	.65	.80	.75	.76
	29) standard of service	.83	.85	.56	.75
	30) quality of product	.82	.94	.99	1.04
	31) quality of staff	.79	.78	.48	.46
	32) accurate information	.33	.54	1.25	1.23
	33) attention to consumer needs	.85	.87	.96	1.00
	34) contact by the agent	.27	.87	.27	.09

marketing managers. On the other hand, "mortgage repayment plans" and "mitigation of capital transfer tax and estate duty" have not been regarded as being important reasons for purchasing life insurance by both the insured and the non-insured. Finally, the insured typology regard "retirement income" as one of the main reasons for purchasing life insurance. Nonetheless, marketing managers have not attached much importance to this variable.

From the above discussion it thus follows that marketing managers will need to put more emphasis on "retirement income", "saving for emergencies", "return on investment", "provision for inflation" and "policy prizes(bonuses)" in their marketing campaigns in order to attract consumer attention to the policies offered.

11.3.3 Facet D3: Customer Services and Competition Variables

This facet is about the customer services and competition in the life insurance industry.

Subfacet (i) consists of six variables which relate to the quality and the standard of services offered. As it can be seen, marketing managers regard all six variables, i.e., "standard of service", "quality of product", "quality of staff", "accurate information", "attention to consumer needs" and "contact by the agent" as being important factors for successful marketing. The importance attached to "accurate information" is more than the importance attached to the other five variables. However, this is the least important variable for both the insured and the non-insured. Both typologies regard "contact by the agent", "standard of service", and "quality of staff" as the main factors

Table 11.3.1 MINISSA Space Co-ordinates & Distances for two Dimensions: A Comparative Analysis of the Attitudes of Marketing Managers of Life and Composite Insurance Companies, the Insured & the Non-Insured towards Marketing Life Insurance Policies in the UK (Facet by Facet Analysis)

NO	Title of Facets, Subfacets & Elements	Distances from Centroid		
		Marketing Managers	Insured	Non-Insured
D 3g	Subfacet (ii): Credit			
	Card Facilities	2.14	1.85	1.41
	35) use of credit cards	2.14	1.85	1.41
D 3h	Subfacet (iii):			
	Main Competitors	.45	.77	.85
	36) building societies	.37	1.06	.70
	37) banks	.09	.64	.95
	38) unit trusts	.66	.68	1.02
	39) pension funds	.70	.71	.73
D 3i	Subfacet (iv):			
	Direct Investments	1.34	1.20	1.34
	40) stocks & shares	.97	1.11	1.22
	41) government bonds	1.30	1.31	1.46

Table 11.3.2 MINISSA Space Co-ordinates & Distances for two Dimensions: A Comparative Analysis of the Attitudes of Marketing Managers of the Large & the Small life & Composite Insurance Companies, the Insured & the Non-Insured towards Marketing Life Insurance Policies in the UK (Facet by Facet Analysis)

NO	Title of Facets, Subfacets & Elements	Distances from Centroid			
		Companies		Insured	Non-Insured
		Large	Small		
D 3g	Subfacet (ii): Credit Card Facilities	2.21	2.26	1.85	1.41
	35) use of credit cards	2.21	2.06	1.85	1.41
D 3h	Subfacet (iii): Main Competitors	.56	.41	.77	.85
	36) building societies	.54	.25	1.06	.70
	37) banks	.21	.17	.64	.95
	38) unit trusts	.70	.58	.68	1.02
	39) pension funds	.72	.65	.71	.73
D 3i	Subfacet (iv): Direct Investments	1.14	1.19	1.20	1.34
	40) stocks & shares	.99	.93	1.11	1.22
	41) government bonds	1.30	1.45	1.31	1.46

influencing their purchasing decisions. Marketing managers thus need to stress more on "quality of staff", "standard of service", and "frequent contact by the agent" in their marketing campaigns.

From Tables 11.3.1-2 it can be seen that marketing managers do not put much emphasis on the "use of credit cards" (Euclidean distance = 2.14). The non-insured with an Euclidean distance of 1.41 have attached more importance to this variable than the insured and marketing managers. Thus, the fact that those without a life policy (i.e., potential customers) are concerned with the "use of credit cards" requires some consideration from the management side, especially if they are making use of direct marketing systems.

Marketing managers regard "banks" and "building societies" as the main competitors. The insured also indicate that in saving through other financial institutions they would prefer "banks", while the non-insured prefer "building societies". Finally, marketing managers do not regard direct investments in stocks and shares and government bonds as being serious challenges to life insurance. Both the insured and the non-insured have also not considered direct investments in stocks and shares and government bonds as being real alternatives to life insurance.

11.4 Testing Research Hypotheses: Wilcoxon Test

This section involves testing six research hypotheses using Wilcoxon Test. The input data for the Wilcoxon Test were obtained from the MINISSA output. The MINISSA Programme was run for the variables included in each hypothesis. The variables used

were the first thirty five-five variables from the three sets of questionnaires (same variables but in different contexts).

11.4.1 Hypothesis 8

Null Hypothesis: Attitudes towards marketing variables (i.e., variables influencing life insurance purchasing decisions) are similar for marketing managers and the insured typology.

Alternative Hypothesis: Attitudes towards marketing variables are not similar for marketing managers and the insured typology.

The number of the variables included in this test = 35. It includes all the variables from Facet D1, Facet D2, and the first seven variables from Facet D3. A MINISSA programme was run using these variables in order to obtain the Euclidean distances which were used as input for the Wilcoxon Test. The level of significance in this test was set at .05.

Table 11.4.1 (Appendix I) summarises the relevant calculations for this test. The smaller of the summed rates is taken as the Wilcoxon's T statistic (T = 295). The number of the variables in this test is more than 25, thus using the equation presented in section 7.7, chapter 7:

$$Z = \frac{298 - \frac{35\ (35+1)}{4}}{\sqrt{\frac{35\ (35+1)\ (35 \times 2 + 1)}{24}}} = \frac{-17}{61.05} = -.28$$

From Table A (Siegel, 1956) one can see that the probability associated with the occurrence under the null hypothesis of a Z of .28 for a two tailed test = .78 [P = 2 (.3897)]. We therefore

accept the null hypothesis because .78 does not occur in the region of rejection ($\alpha = .05$). Thus attitudes towards marketing variables are similar for marketing managers and the insured. This finding indicates that overall marketing managers have been successful in attracting the attention of customers through their marketing campaigns.

11.4.2 Hypothesis 9

Null Hypothesis: Attitudes towards marketing variables (i.e., variables influencing life insurance purchasing decisions) are similar for marketing managers and the non-insured typology.

Alternative Hypothesis: Attitudes towards marketing variables are not similar for marketing managers and the non-insured typology.

The number of the variables included in this test is = 35 Table 11.4.2 (Appendix I) summarises the relevant calculations for this test. The smaller of the summed rates is taken as the Wilcoxon's T statistic (T = 273). As it can be seen there is one pair of difference that has no sign (variable 24). Thus N = 34. The number of the variables is more than 25, using the equation presented in section 7.7, chapter 7:

$$Z = \frac{273 - \frac{34\ (34+1)}{4}}{\sqrt{\frac{34\ (34+1)\ (34 \times 2+1)}{24}}} = \frac{-24.5}{58.50} = -.42$$

Table A (Siegel, 1956) indicates that the probability

associated with the occurrence under the null hypothesis of a Z of .42 for a two tailed test is .68 [P = 2 (.3372)]. Thus the null hypothesis cannot be rejected because the value of P = .68 does not fall in the region of rejection (α = .05). We therefore conclude that attitudes towards marketing variables are similar for marketing managers and the non-insured. This finding is interesting because it indicates that those who have never purchased life insurance do pay attention to marketing campaigns concerning life insurance. Thus, those without a life insurance could be regarded as being potential customers who can be encouraged to purchase life insurance.

11.4.3 Hypothesis 10

Null Hypothesis: Attitudes towards marketing variables (i.e., variables influencing life insurance purchasing decisions) are similar for marketing managers of the large companies and the insured.

Alternative Hypothesis: Attitudes towards marketing variables are not similar for marketing managers of the large companies and the insured typology.

The number of the variables included in this test = 35. Table 11.4.3 summarises the relevant calculations for this test. The smaller of the summed rates is taken as the Wilcoxon's T statistic (T = 311.5). Thus using the above equation:

$$Z = \frac{311.5 - \frac{35\ (35+1)}{4}}{\sqrt{\frac{35\ (35+1)\ (35 \times 2+1)}{24}}} = \frac{-3.5}{61.05} = -.06$$

The probability associated with the occurrence under the null hypothesis of .06 for a two tailed test = .95 [P = 2 (.4761)]. Thus, since the value of P = .95 does not occur in the region of rejection (α = .05), we accept the null hypothesis (Table A, Siegel, 1956). Attitudes towards marketing variables are thus similar for marketing managers of the large companies and the insured.

11.4.4 Hypothesis 11

Null Hypothesis: Attitudes towards marketing variables (i.e., variables influencing life insurance purchasing decisions) are similar for marketing managers of the large companies and the non-insured.

Alternative Hypothesis: Attitudes towards marketing variables are not similar for marketing managers of the large companies and the non-insured.

The number of the variables investigated in this test = 35. Table 11.4.4 (Appendix I) presents the relevant calculations for this test (α = .05). The smaller of the summed values is taken as the wilcoxon's T statistic (T = 309.5).

Since the number of the variables is more than 25, Wilcoxon's T statistics is calculated using the equation presented in section 7.7, chapter 7:

$$Z = \frac{309.5 - \frac{35\ (35+1)}{4}}{\sqrt{\frac{35\ (35+1)\ (35 \times 2 + 1)}{24}}} = \frac{-5.5}{61.05} = -.09$$

Therefore, using Table A (Siegel, 1956):

$$P = 2\ (.4641) = .93$$

We thus accept the null hypothesis because the value of P = .93 does not occur in the rejection region (α = .05). Attitudes towards marketing variables are therefore similar for marketing managers of the large companies and the non-insured. The findings indicate that marketing managers of the large companies are successful in bringing their products to the attention of the non-insured (i.e. potential customers).

11.4.5 Hypothesis 12

Null Hypothesis: Attitudes towards marketing variables (i.e., variables influencing life insurance purchasing decisions) are similar for marketing managers of the small companies and the insured.

Alternative Hypothesis: Attitudes towards marketing variables are not similar for marketing managers of the small companies and the insured typology.

The number of the variables included in this test = 35 (variables 1-35), Table 11.4.5 (Appendix I). The smaller of the summed rates is taken as the Wilcoxon's T statistic (T = 311.5). Thus using the equation presentede in section 7.7, chapter 7:

$$Z = \frac{283.5 - \frac{35\ (35+1)}{4}}{\sqrt{\frac{35\ (35+1)\ (35 \times 2+1)}{24}}} = \frac{-\ 31.5}{61.05} = -\ .52$$

From Table A (Siegel, 1956) the probability associated with the occurrence under the null hypothesis of a Z of .52 for a two tailed test = .61 [P = 2 (3050)]. This value does not occur in

the region of rejection ($\alpha = .05$). Thus we accept the null hypothesis and conclude that attitudes towards marketing variables are similar for marketing managers of the small companies and the insured.

11.4.6 Hypothesis 13

Null Hypothesis: Attitudes towards marketing variables (i.e., variables influencing life insurance purchasing decisions) are similar for marketing managers of the small companies and the non-insured.

Alternative Hypothesis: Attitudes towards marketing variables are not similar for marketing managers of the small companies and the non-insured.

The number of the variables investigated in this test = 35, α = .05. Table 11.4.6 (Appendix I). The smaller of the summed values is taken as the wilcoxon's T statistic (T = 215).

Since the number of the variables is more than 25, Wilcoxon's T statistics is calculated using the equation presented in section 7.7, chapter 7:

$$Z = \frac{215 - \frac{35\ (35+1)}{4}}{\sqrt{\frac{35\ (35+1)\ (35 \times 2 + 1)}{24}}} = \frac{-100}{61.05} = -1.64$$

Therefore, using Table A (Siegel, 1956): P = 2 (.0505) = .10 Since the value of P = .10 does not occur in the rejection region of .05 we accept the null hypothesis and conclude that attitudes towards marketing variables are similar for marketing managers of the small companies and the non-insured.

11.5 Summary

This chapter involved a comparative analysis of the attitudes of marketing managers, the insured and the non-insured towards marketing life insurance. The analysis were based on Facet D1, Facet D2 and Facet D3 (variables 1-41). These are the common facets in all three questionnaires. In section 11.2 data collected from marketing managers, the insured and the non-insured were analysed using the MINISSA Programme. A comparative analysis of the three groups indicated that Facet D2: Economic Variables is the most important facet for all three groups involved. This indicates that marketing managers are using the correct strategy by emphasising on financial benefits that life insurance can offer.

In section 11.3 a facet by facet comparative analysis of the attitudes of marketing managers, the insured and the non-insured was undertaken in order to compare the attitudes of the three groups towards the elements in each facet. In Facet D1: Sales and Marketing Variables, the most important variables for all three groups were found to be "company offices", "presentations", and "colleagues/friends". "Ads in newspapers and magazines" were regarded as being important marketing systems by marketing managers. The insured typology also regarded this variable as the main source of information about life insurance. In Facet: D2 Economic Variables, it was found that marketing managers stressed on "children's education", "return on investment", "a good method of saving", and "provision for inflation" in their marketing activities. Both the insured and the non-insured also considered

these factors (variables) as the main reasons for purchasing life insurance. However, it was found that marketing managers will also need to emphasise on "retirement income", "saving for emergencies" and "policy prizes (bonuses)" in their marketing campaigns. In Facet D3: Customer Services and Competition Variables the findings indicate that marketing managers are concerned with providing their customers with "accurate information" about the policies offered. However, they also need to emphasise on "standard of service", quality of staff" and "more frequent contact by the agent". On the other hand, marketing managers have shown less concern for the "use of credit cards". Nonetheless, the non-insured favour the idea of using credit cards for premium payments. Marketing managers thus need to take this into consideration, especially if they are employing direct response marketing systems.

Finally, in section 11.4 six research hypotheses were tested using Wilcoxon Test. Output from the MINISSA Programme was used as input for Wilcoxon Test. The tests revealed that attitudes towards marketing variables (variables 1-35) are similar for marketing managers (the large and the small companies), the insured and the non-insured. The findings thus indicate that marketing managers are successful in bringing their products to the attention of the customers (both actual and potential). Furthermore, the interest shown by the non-insured towards life insurance indicates that those who have never purchased life insurance can be encouraged to do so.

CHAPTER TWELVE

DETERMINANTS OF LIFE INSURANCE PURCHASING BEHAVIOUR

MULTIPLE CLASSIFICATION ANALYSIS (MCA)

12.1 Introduction

This chapter examines the effects of the various socioeconomic and demographic variables in life insurance purchasing behaviour. The independent variables (i.e., socioeconomic and demographic variables) employed in this section include: marital status, family life cycle, family size, age, education, occupation, and income.

Multiple Classification Analysis (MCA) was used for analysing the data because it examines the relationship between several categorical predictor variables and a dependent variable, in terms of an additive model. The Programme makes no assumptions about the data type. The predictors are usually treated as sets of classes or categories. It thus makes no difference whether a predictor set represents a nominal scale, ordinal scale or interval scale. The MCA results indicate the way each predictor variable relates to the dependent variable. It provides the basic statistics from which F-tests can be easily calculated. A multivariate correlation coefficient is also calculated which, when required, indicates the proportion of variance in the dependent variable explained by all the independent variables taken together. Table 12.2.1 provides a summary of the MCA output.

12.2 Multiple Classification Analysis (MCA) Findings

The MCA Programme investigates the effects of the various socioeconomic and demographic variables influencing life insurance purchasing decisions. Table 12.2.1 presents a summary of the findings. A total of 277 cases (147 insured and 130 non-

Table 12.2.1 MCA Output . Life Insurance Purchasing Behaviour
Independent Variables Dependent Variable

No	Response Categories	Category Size	%	Beta	F-ratio	Class Mean
- Y	Grand Mean	.5307				
X 1	Marital Status					
	1) married	147	52.7	.19	23.3	.74
	2) Single	124	44.8			.28
	3) divorced	6	2.2			.68
	4) widowed/widower	1	.4			00
X 2	Family Life Cycle					
	1) newly married with no children	22	7.9	.54	17.6	.32
	2) married with no dependent children	34	12.3			.74
	3) married with dependent children	90	32.5			.86
	4) divorced/separated with dependent children	3	1.1			.67
	5) divorced/separated with no dependent children	3	1.1			.10
	6) single with no dependents	121	43.6			.27
	7) single with dependents	3	1.1			.25
	8) widow/widower with dependents	1	.4			00
X 3	Family Size					
	1 person	119	43.0	.20	14.2	.29
	2 persons	57	20.6			.56
	3 persons	29	10.5			.76
	4 persons	56	19.9			.82
	5 persons & more	17	6.1			.82
X 4	Age Group					
	1) 30 & under	117	41.9	.19	26.3	.26
	2) 31 - 40	84	30.3			.67
	3) 41 - 50	50	18.1			.78
	4) 50 & over	26	9.7			.78

cont./

Table 12.2.1 MCA Output Independent Variables		Life Insurance Purchasing Behaviour Dependent Variable				
No	Response Categories	Category Size	%	Beta	F-ratio	Class Mean
X 5	Education					
	1) up to & including A' levels	62	22.4	.14	00	.61
	2) A' level and college education	37	13.4			.51
	3) higher education & professional qualifications	178	64.3			.51
X 6	Occupation					
	1) professionals	94	33.9	.30	15	.75
	2) managerial	18	6.5			.89
	3) skilled non-manual	69	24.9			.54
	4) skilled manual	18	6.5			.33
	5) partly skilled/ unskilled	51	20.6			.19
	6) housewives	8	2.9			.37
	7) students	13	4.7			.27
X 7	Annual Income (pounds sterling)					
	1) 6,000 & under	100	36.1	.11	9[a]	.62
	2) 6,001 - 9,000	67	24.2			.67
	3) 9,001 - 12,000	20	7.2			.15
	4) 12,001 - 15,000	35	12.6			.12
	5) 15,001 - 18,000	20	7.2			.15
	6) 18,001 - 21,000	16	5.8			.81
	7) 21,001 - 24,000	9	3.3			.89
	8) 24,001 & over	10	3.6			.90

a significant at the .01 level

coefficient of determination (R^2) = .39

Total Sum of Squares = .68

Explained sum of Squares = 32

Residual Sum of Squares = 37

insured) were used in the analysis. Table 12.2.1 presents category size (the number of respondents which fall into each category, percents, Beta statistics and F ratio. The Table thus presents the results which are relevant for the purposes of analysis in this research study.

The Beta statistic measures the ability of a predictor to explain variation in the dependent variable after adjusting for the effects of all other independent variables. The F-ratio, on the other hand, helps to determine whether an independent variable explains a significant portion of the variation of the dependent variable.

The MCA also provides the coefficient of determination which indicates the proportion of variance in the dependent variable explained by all predictors together. From Table 12.2.1 it can be seen that the independent variables, taken together, explain 39% of the variations in life insurance purchasing decisions. This is a significant finding especially when one compares this with other similar studies such as the study undertaken by Anderson and Nevin 1975 where the coefficient of determination equaled .10. The coefficient of determination in this research study indicates that almost 60% of variation in life insurance purchasing decisions remain unaccounted for. This could be due to factors already explained in the previous chapters (i.e. attitudinal data analysis). As mentioned above, life insurance purchasing decisions are affected by a large number of variables such as advertising, direct marketing, environmental variables, and so on.

Looking at Table 12.2.1 one can see that "family life cycle"

with a Beta statistic of .54 has the greatest ability to explain variation in the dependent variable (i.e., life insurance purchasing behaviour). "Occupation" of the respondent is the second most significant explanatory variable, as evidenced by its Beta value of .30. "Family size" is the third significant explanatory variable (Beta = .20). In the forth place come "marital status", and "age group" each with Beta value of .19. "Education" and "annual income" were found to be the least significant in explaining variation in life insurance purchasing decisions (Beta values of .14 and .11, respectively). Six out of the seven independent variables examined had F-ratios statistically significant in explaining variation in life insurance purchasing decisions. These include: marital status, family life cycle, family size, age, occupation and annual income. Only one variable, "education", had no statistically significant F-ratio. The findings thus indicate that education level of the respondent has no significant effect in explaining variation in life insurance purchasing decisions. It should be noted that "education" has a Beta value of .14 which makes it one of the least significant explanatory variables.

12.3 Testing Research Hypotheses: F-Test

The MCA Programme does not calculate F-tests. This is because the results could be misinterpreted by the users. However, the Programme provides the basic statistics from which F-tests can be easily calculated.

12.3.1 A test for all predictors simultaneously: Hypothesis 14

Null Hypothesis: There is no significant effect of all predictors (i.e., marital status, family life cycle, family size, age, education, occupation, and income), taken together, in explaining variations in life insurance purchasing decisions.

Alternative Hypothesis: There is a significant effect of all the above predictors in explaining variations in life insurance purchasing decisions.

The F-value can be obtained using the formula presented in section 7.8, chapter 7:

$$F = \frac{32/(39 - 7)}{37/(277 - 39 + 7 - 1)}$$

$$F\ (32,\ 244) = \frac{1}{.15} = 6.7$$

$$F_{.01}\ (32,\ 244) = 1.64$$

Thus since the obtained F-value exceeds the tabled value for c = .01 level (i.e., 6.7 > 1.64), we reject the null hypothesis and conclude that all predictors taken together do explain a significant portion of the variance of life insurance purchasing decisions (i.e., the dependent variable).

12.3.2 A Test for A Single Predictor

A test for a single predictor is necessary in order to see whether a single predictor can explain a significant portion of the variance of the dependent variable. An F-test for predictor i can be calculated using the equation presented in section 7.8, chapter 7.

12.3.2.1 Hypothesis 15

Null Hypothesis: There is no significant effect of the marital status of the respondent in explaining variation in life insurance purchasing behaviour.

Alternative Hypothesis: There is a significant effect of the marital status of the respondent in explaining variation in life insurance purchasing behaviour.

Using the equation presented in section 7.8, chapter 7 and the relevant figures provided in the MCA output (Table 12.2.1) an F-test for the above predictor can be calculated as follows:

$$F = \frac{14/(4-1)}{68 - 14/(277 - 4)} = 23.5$$

$$F_{.01}(3, 243) = 3.83$$

Since 23.5 > 3.83 we reject the null hypothesis and conclude that the marital status of the respondent has a significant effect in explaining variation in life insurance purchasing decisions.

2.3.2.2 Hypothesis 16:

Null Hypothesis: There is no significant effect of the family life cycle of the respondent in explaining variation in life insurance purchasing behaviour.

Alternative Hypothesis: There is a significant effect of the family life cycle of the respondent in explaining variation in life insurance purchasing behaviour.

Again using the above equation and the MCA output the F-value for the predictor is:

$$F = \frac{21/(8-1)}{68 - 21/(277 - 8)} = 17.6$$

On the other hand

$$F_{.01}(7, 269) = 2.64$$

The obtained value of F therefore exceeds the tabled value at α = .01 level of significant (17.6 > 2.46). Hence we reject the null hypothesis and conclude that family life cycle explains a significant portion of the variance of the dependent variable.

12.3.2.3 Hypothesis 17

Null Hypothesis: There is no significant effect of the family size of the respondent in explaining variation in life insurance purchasing behaviour.

Alternative Hypothesis: There is a significant effect of the family size of the respondent in explaining variation in life insurance purchasing behaviour.

Again using the above equation and the MCA output the F-value for the predictor is:

$$F = \frac{16/(5-1)}{68 - 16/(277 - 5)} = 21$$

On the other hand

$$F_{.01}(4, 272) = 3.32$$

Since 21 > 3.32 we reject the null hypothesis in favour of the alternative one and conclude that family size has a significant effect in explaining the variations in life insurance purchasing decisions.

12.3.2.4 Hypothesis 18

Null Hypothesis: There is no significant effect of the age of the respondent in explaining variation in life insurance purchasing behaviour.

Alternative Hypothesis: There is a significant effect of the age of the respondent in explaining variation in life insurance purchasing behaviour.

Again using the above equation and the MCA output the F-value for this predictor can be calculated as follows:

$$F = \frac{15/(4-1)}{68 - 15/(277 - 4)} = 26.3$$

On the other hand

$$F_{.01}(3, 273) = 3.88$$

Since 26.3 > 3.88 we reject the null hypothesis in favour of the alternative hypothesis and conclude that the age of the respondent explains a significant portion of the variance of the dependent variable.

12.3.2.5 Hypothesis 19

Null Hypothesis: There is no significant effect of the education level of the respondent in explaining variation in life insurance purchasing behaviour.

Alternative Hypothesis: There is a significant effect of the education level of the respondent in explaining variation in life insurance purchasing behaviour.

The F-value can be obtained using the above equation and the MCA output:

$$F = \frac{0/(3-1)}{68 - 0/(277 - 3)} = 0$$

On the other hand

$$F_{.01}(2, 274) = 4.66$$

Thus, since 0 < 4.66 (i.e., the obtained value of F is less than the tabled value for $\alpha = .01$) we accept the null hypothesis and conclude that education level of the respondent has no significant effect in explaining the variance of the dependent variable.

12.3.1.6 Hypothesis 20

Null Hypothesis: There is no significant effect of the occupation of the respondent in explaining variation in life insurance purchasing behaviour.

Alternative Hypothesis: There is a significant effect of the occupation of the respondent in explaining variation in life insurance purchasing behaviour.

The F-value can be obtained using the above equation and the relevant figures from the MCA output:

$$F = \frac{15/(7-1)}{68 - 15/(277 - 7)} = 12.5$$

On the other hand

$$F_{.01}(6, 270) = 2.85$$

As we can see the calculated value of F exceeds the table value (i.e., 12.5 > 3.06). We therefore reject the null hypothesis in favour of the alternative hypothesis and conclude that the occupation of the respondent can explain a significant portion of the variance of the dependent variable.

12.3.2.7 Hypothesis 21

Null Hypothesis: There is no significant effect of the income of the respondent in explaining variation in life insurance purchasing behaviour.

Alternative Hypothesis: There is a significant effect of the income of the respondent in explaining variation in life insurance purchasing behaviour.

Again using the above equation and the MCA output the F-value for this predictor can be calculated as follows:

$$F = \frac{13/(8-1)}{68 - 13/(277 - 8)} = 9$$

On the other hand

$$F_{.01}(7, 269) = 2.69$$

Since $9 > 2.69$ we reject the null hypothesis and conclude that the occupation of the respondent explains a significant portion of the variation in life insurance purchasing decisions.

12.4 An Analysis of the Explanatory Variables

This section provides further details on the effects of various demographic and socioeconomic variables in explaining variation in life insurance purchasing behaviour. As mentioned above, seven independent variables were utilised for the purposes of analysis in this chapter. It should be noted that the total number of cases employed in the Multiple Classification Analysis is 277 (insured = 147 and non-insured = 130). From the MCA output (Table 12.2.1) it is possible to calculate the number of the insured and the non-insured in each category for each predictor,

and thus determine the importance of each category in explaining variation in the dependent variable (i.e., life insurance purchasing behaviour).

12.4.1 Predictor No. 1: Marital Status

This predictor measures the effect of marital status of the respondent in explaining variation in life insurance purchasing behaviour. This predictor, as mentioned above, is the forth significant explanatory variable (Beta = .19). The F-test also indicated that marital status of the respondent also explains a significant portion of the variance of the dependent variable. Looking at Table 12.4.1 one can see that 146 out of the 277

Table 12.4.1 Predictor No. 1: Marital Status

Marital Status	Category Size	Insured	%	Non-Insured	%
1) married	146	108	.74	38	.26
2) single	124	35	.28	89	.78
3) divorced	6	4	.67	2	.33
4) widowed/ widower	1	0	0	1	1.00
Total	277	147		130	

respondents are married. Furthermore, 108 (77%) of the married respondents have purchased life insurance. On the other hand, 124 of the 277 respondents are single. Only 35 (28%) of the single respondents are insured, while 89 (72%) are non-insured. It thus follows that married couples are more likely to purchase life insurance than the singles. However, the fact that 24% of the singles do actually hold a life policy indicates that it is

possible to sell life insurance to single people.

12.4.2 Predictor No. 2: Family Life Cycle

This predictor, with a Beta value of .54 and a statistically

Table 12.4.2 Predictor No. 2: Family Life Cycle

Family Life Cycle	Category Size	Insured	%	Non-Insured	%
1) newly married with no children	22	7	.32	15	.68
2) married with no dependent children	34	25	.74	9	.26
3) married with dependent children	90	77	.85	13	.15
4) divorced/ separated with dependent children	3	2	.67	1	.33
5) divorced/ separated with no dependents	3	3	1.00	0	00
6) single with no dependents	121	33	.27	88	.73
7) single with dependents	3	0	00	1	1.00
8) widow/widower with no dependents	1	0	00	1	1.00
Total	277	147		130	

significant F-ratio at the .01 level, is the most significant explanatory variable (Table 12.2.1). From Table 12.4.2 it can be seen that 22 of the 277 respondents are newly married with no children. Seven (32%) of the newly married couples do hold a life policy, while 15 (68%) were non-insured. This is probably because at this stage there may be a shortage of income, and also young

couples may decide to satisfy their more urgent needs. 34 of the 277 respondents were married with no dependent children. 25 (74%) of the respondents in this category have purchased life insurance, while 9 (26%) were non-insured. Thus as the marriage survives couples tend to purchase life insurance. 90 of the 277 respondents were married with dependent children. 77 (85%) of the respondents in this category do hold a life policy, only 13 (15%) are non-insured. It thus follows that the longer the couples remain married, the higher the chance of purchasing a life policy. 121 of the 277 respondents are single with no dependents. However, only 33 (27%) of the respondents in this category are insured, while 88 (73%) are non-insured. Based on the above findings we can thus conclude that those married with dependent children are the more likely to purchase life insurance. Thus family life cycle does explain a significant portion of the variance in life insurance purchasing behaviour.

Fortune and Lee (1980), also found that the presence of children is an important determinant of life insurance purchase. The responsibility of children is likely to motivate couples to purchase life insurance.

12.4.3 Predictor No. 3: Family Size

This predictor, as mentioned above, is the third significant explanatory variable (Beta = .20). It also has a statistically significant F-ratio (Table 12.2.1). The F-test indicated that family size has a significant effect in explaining the variance in the dependent variable. From Table 12.4.3 it can be seen that

119 of the 277 respondents are single (1 person). 34 (29%) of the respondents in this category are insured, while 85 (76%) are not insured. when the family size is two (57 of the 277 respondents) 56% (32 people) are insured, while 44% (25) are non-insured. When the family consists of three members (29 of the 277 respondents) 76% (22 people) are insured, and 24% (7) are non-insured. When the family size is four (55 of the 277 respondents) 82% (45) of the respondents have purchased life insurance, while only 18% (10) people are non-insured. Finally when the family size is five or more (17 out of the 277 respondents) 82% (14) of the respondents are insured, while 18% (3) are non-insured. Thus as the family size grows so does the percentage of the insured.

Table 12.4.3 Predictor No. 3: Family Size

Family Size	Category Size	Insured	%	Non-Insured	%
1 person (single)	119	34	.29	85	.71
2 persons	57	32	.56	25	.44
3 persons	29	22	.76	7	.24
4 persons	55	45	.82	10	.18
5 & more persons	17	14	.82	3	.18
Total	277	147		130	

The above findings indicate that family composition does effect the variance in life insurance purchasing behaviour. When an individual has no dependents the need for life insurance is very small or non-existent. As people get married and the number of the dependents grow, the economic loss caused by the death of the head of family carries a greater impact and justification for purchasing life insurance becomes stronger.

12.4.4 Predictor No. 4: Age

The relationship between age and the variations in life insurance purchasing behaviour was statistically significant at .01 level of significance (F-test). The Beta value of .19 also indicated that this predictor was the forth significant explanatory variable (Table 12.2.1). From Table 12.4.4 it can be seen that the percentage of the insured increases with the age of the respondents. The highest frequency proportion falls in the

Table 12.4.4 Predictor No. 4: Age

Age	Category size	Insured	%	Non-insured	%
1) 30 & under	117	30	.26	87	.74
2) 31 - 40	84	56	.67	28	.33
3) 41 - 50	50	40	.80	10	.20
4) 51 & over	26	21	.80	5	.20
Total	277	147		130	

41 - 50 age brackets (80%). The lowest percentage of the insured is in the age group of 30 and under. The percentage of purchases actually increases up to the age of 50 after which there is no increase. This is probably because most people purchase life insurance before they reach 50. The above findings indicate that the age of an individual does influence life insurance purchasing decisions. When people are young, single and with no dependents they may not feel the need and the justification for purchasing life insurance. However, as they grow older, get married and have children there are more reasons for purchasing life insurance.

12.4.5 Predictor No. 5: Education

AS mentioned above, The F-test for this predictor indicated that the education level of the respondent has no significant effect in explaining the variance of the dependent variable (life insurance purchasing behaviour). The Beta statistic of .14 also indicated that this predictor was not significant in explaining variation in the dependent variable (Table 12.2.1). From Table 12.4.5 it can be seen that three is no positive association

Table 12.4.5 Predictor No. 5: Education

Education	Category Size	Insured	%	Non-Insured	%
1) up to & including O' levels	62	38	.61	24	.39
2) A'level & college education	37	19	.51	18	.49
3) higher education & professional qualifications	178	90	.51	89	.50
Total	277	147		130	

between education levels and the percentage of the insured. The number of those without life insurance increases at the higher education levels. This finding contradicts with some of the early research findings (Hammond, et al., 1967) where higher education levels were found to be associated with increased purchase of life insurance. According to Hammond, et al.:

> ".....education may be viewed as being positively associated with premium expenditures, the general notion being that higher education levels are a positive influence upon such outlays."

However, Anderson and Nevin (1975) in a similar study did not

find a positive association between education and life insurance purchases. It should be noted that the data used by Hammond, et al., was collected in 1962. On the other hand, the data used by Anderson and Nevin were gathered in 1968-1969.The data used for this research were gathered in 1987. Social and economic changes are probably the main reasons for obtaining different results. It is possible that in the course of 25 years better educated people are now analysing their purchases more critically and are not easily convinced to make a purchase. It is also possible that marketing managers have not been effective enough in encouraging people with higher qualifications to purchase life insurance. Krech, Crutchfield, and Ballachy (1962) observed that "less intelligent person, once reached by propagandist, may be less able to evaluate his material critically and hence may be more susceptible to the propaganda". Thus, in order to be able to encourage the better educated persons to consider buying life insurance, marketing managers will need more effective and stimulating marketing strategies.

12.4.6 Predictor No. 6: Occupation

The F-test, as mentioned above, indicated that this predictor explained a significant portion of the variance of the dependent variable. It is the second most significant explanatory variable as evidenced by its Beta value of .30 (table 12.2.1). From Table 12.4.6 it can be seen that the percentage of the insured is higher in the well paid occupations (professionals, managerial, and skilled non-manual). This could be due to a number of

reasons. Firstly, those in higher income occupations may have a greater awareness of the necessity of life insurance and can afford to purchase the required policy. Secondly, one must take account of the increasing availability of group life insurance schemes. Many companies have group life insurance schemes for their employees. Finally, businessmen often require sizeable loans for various purposes. Such loans are normally guaranteed by a life policy which is a precondition for obtaining such loans. Looking at Table 12.4.6 one can see that a high percentage of the skilled manual, partly skilled and unskilled have never

Table 12.4.6 Predictor No. 6: Occupation

Occupation	Category Size	Insured	%	Non-Insured	%
1) professionals	94	71	.75	23	.25
2) managerial	18	16	.89	2	.11
3) skilled non-manual	69	37	.54	32	.46
4) skilled manual	18	6	.33	12	.67
5) partly skilled/ unskilled	57	11	.19	46	.71
6) housewives	8	3	.37	5	.63
7) students	13	3	.23	10	.80
Total	277	147		130	

purchased life insurance. These people are often engaged in relatively high risk jobs and are more in need of life insurance. However, it is possible that these people are not fully aware of the benefits offered by life insurance or simply cannot afford to purchase life insurance. However, the findings indicate that marketing managers need to formulate new policies which would appeal to people in these categories and take appropriate

steps towards communicating the benefits of such policies.

Only three of the 8 housewives had purchased life insurance. One of them was an ex post office employee. The other two had worked as secretaries. One of them was retired and the other one had left the job after giving birth to her second child. It is often argued that working women tend to purchase life insurance, while women who do not work often never purchase life insurance. It should be noted that 113 of the 277 respondents in this survey were females. Furthermore 60 (53%) of the female respondents were insured. 164 of the 277 respondents were male. Interestingly, 87 (53%) of the male respondents were insured. Thus, equal percentage of the male and the female respondents were insured.

A total of 13 respondents were students. Eighty percent of the student respondents were non-insured. This is not surprising as people normally purchase life insurance once they start earning money. The insured students (23%) were mature research associates who had worked before.

12.4.7 Predictor No. 7: Annual Income

The relationship between income and life insurance purchasing behaviour was statistically significant at .01 level of significance (F-test). However, this explanatory variable was found to be the sixth statistically significant variable in explaining variation in the dependent variable, as evidenced by its Beta value of .11 (Table 12.2.1). Looking at Table 12.4.7 one can see that in the sample collected for this study the percentage of the insured does not rise uniformly as income

rises. In this arbitrary classification the number of the

Table 12.4.7 Predictor No. 7: Annual Income

Annual Income (pounds sterling)	Category Size	Insured	%	Non-Insured	%
1) 6,000 & under	100	82	.62	38	.38
2) 6,001 - 9,000	67	45	.67	22	.33
3) 9,001 - 12,000	20	3	.15	17	.85
4) 12,001 - 15,000	35	4	.12	31	.88
5) 15,001 - 18,000	20	3	.75	17	.85
6) 18,001 - 21,000	16	13	.81	3	.19
7) 21,000 - 24,000	9	8	.89	1	.11
8) 24,001 & over	10	9	.90	1	.10
Total	277	147		130	

insured is the lowest for the middle income categories (3, 4 and 5) than for either the lower or upper income categories. Past research by Berekson (1972), Duker (1969), Hammond (1967), and Katona (1965) has indicated a linear relationship between income and life insurance premium expenditures. However, the study undertaken by Anderson and Nevin (1975) suggested a non-linear relationship between income and the amount of life insurance purchased. Looking at Table 12.4.7 one can see that there is no linear relationship between income levels and percentage of the insured. The number of the insured is the highest in the low and the high income categories (1, 2 - 6, 7 and 8) than in the middle income categories (3,4, and 5). Anderson and Nevin suggest that the reason for their findings could be because life insurance companies have been somewhat ignoring middle income categories. Life insurance intermediaries are probably concentrating on higher income households rather than middle income because of the potential for higher commissions.

Furthermore, life insurance offers tax advantages for those individuals in higher income categories. As mentioned above, the percentage of the insured is higher in the low income categories than in the middle income categories. One possible explanation, as stated by Anderson and Nevin, is that "mass advertising and other sales efforts could very well be more effective in reaching lower income households than middle income households". Moreover, low income people are more likely to take advantage of industrial life policies which are specifically designed for low income persons. Industrial life insurance premiums are paid weekly or monthly to an insurance agent at the policyowner's home. The regular contact by the agent is likely to provide further justification for the policyowner to purchase more life insurance. Finally, group life insurance offers even more favourable terms than individual life insurance which further encourages low income persons to purchase life insurance. Group life insurance provides benefits to a number of people in a single contract. The contract is formed between the group policyowner (normally the employer) and the insurance company. Group life insurance rates are lower than the industrial rates because of the reduced administrative and marketing expenses that result from mass distribution methods.

Anderson and Nevin (1975) suggested that the utility function proposed by Friedman and Savage (1968) could be used to explain why the low and high income people tend to purchase more life insurance than the middle income people (Figure 12.4.7). They argued that for the low and high income categories (i.e., when

the curve is convex) "preference is for certainty or for purchase of life insurance". On the other hand, for the middle income (i.e., when the curve is concave from above) "preference is for risk taking or gambling".

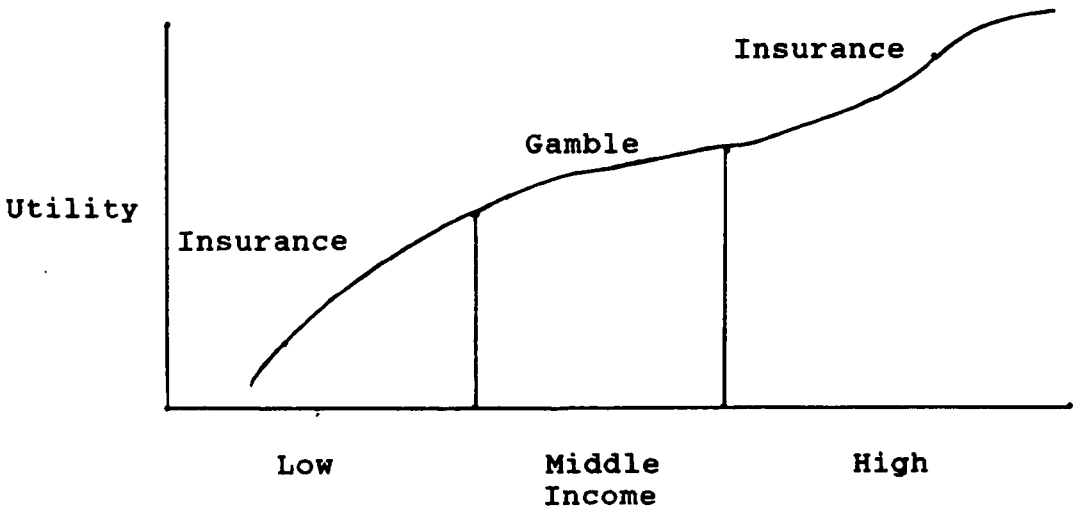


Figure 12.4.7 Friedman - Savage Utility Function

Finally, from the above discussion it thus emerges that the middle income households represent a relatively unexploited segment for the life insurance industry. Life insurance managers need to consider new marketing strategies in order to be able to encourage middle income persons to purchase life insurance.

12.5 Summary

This chapter examined, using the MCA Programme, the relationship between life insurance purchasing behaviour and the seven predictor variables selected in this research study (i.e., marital status, family life cycle, family size, age, education, occupation, and income). Family life cycle was found to be the most significant explanatory variable. Occupation and family size

were found to be the second and the third significant explanatory variables, respectively. The independent variables, taken together, explained 39% of the variance in life insurance purchasing behaviour (R^2 = .39).

The MCA Programme provided the basic statistics from which F-Tests were calculated. It was found that all predictors, taken together, explained a significant proportion of variation in the dependent variable. Furthermore, six of the seven independent variables, when tested separately, were found to be statistically significant in explaining a significant portion of the variance of the dependent variable. These include: marital status, family life cycle, family size, age, occupation and income. Only education was not statistically significant in explaining life insurance purchasing behaviour.

The findings indicate that married couples are more likely to purchase life insurance than singles. Furthermore, the longer the couples remain married the higher the chances of purchasing life insurance. Couples with dependent children presented the highest percentage of the insured. The findings suggest that as the number of the dependents grows so does the number of the insured. The percentage of the insured also rises with the age of the respondent. Education was found to have no significant effect in explaining variation in life insurance purchasing behaviour. The findings also suggest that occupation does influence life insurance purchasing behaviour. The percentage of the insured is higher in the well paid occupations. Finally, the percentage of the insured was found to be the highest for the low and the high income categories.

CHAPTER THIRTEEN

CONCLUSIONS AND RECOMMENDATIONS

13.1 Summary and Conclusions

Life insurance differs from other forms of insurance to the extent whilst other insurances are designed to protect the policyholder in person for financial loss, life insurance exists primarily to protect dependents or others in the event of policyholder's death. Life insurance thus fulfils vital economic and social functions as it provides substantial insurance and savings services to the consumer. Generally speaking, life insurance affects several important aspects of economic life: (1) it provides policyholder with both a form of protection and a mode of saving; (2) it offers consumers an opportunity to make financial provisions for their retirement by contributing regularly to a pension scheme; (3) the industry provides employment and income for substantial number of people; (4) the financial resources accumulated by life companies play an important role in national and international capital markets; (5) it is a major earner of foreign currency; and (5) life insurance enhances a person's credit. Life insurance industry has thus developed into one of the most important social and financial institutions of the contemporary times. Life insurance companies have long realised the need for developing effective marketing programmes as a means of increasing the level of sales and profitability.

Specifically, the main objectives of this research study were: (1) to investigate the attitudes of marketing managers of life and composite insurance companies towards marketing life insurance policies in the UK ; (2) to investigate the main

differences of attitudes between marketing managers of the large and the small life and composite insurance companies towards marketing life insurance; (3) to investigate the most important marketing variables which are the main component elements of life insurance purchasing decisions; (4) to investigate consumer (both actual and potential) awareness of life insurance marketing and the main reasons for purchasing life insurance; (5) to investigate the reasons for saving through other financial institutions; (6) to conduct a comparative study of the attitudes of marketing managers, the insured and the non-insured towards the variables under investigation, and (7) to examine the effects of socioeconomic and demographic variables such as marital status, family life cycle, family size, age, education, occupation and annual income on life insurance purchasing decisions.

The mode of data collection in this research study was based on questionnaires. The faceted approach adopted in this study helped to compile three sets of questionnaires. They were addressed to (a) marketing managers of life and composite insurance companies, (b) the insured, and (c) the non-insured. The data collected for each category were analysed by means of Non-metric Multidimensional Scaling (MINISSA Programme), Discriminant Analysis, Multiple Classification Analysis (MCA), Spearman Rank-Order Correlation Coefficients, Wilcoxon Test and F-Test.

One of the main advantages of the facet approach is that it provides a systematic presentation of the whole universe of content of a research study. Based on the relevant literature

survey and interviews eight facets were generated in this study:

Facet D1: Sales and Marketing Variables
Facet D2: Economic Variables
Facet D3: Customer Services and Competition Variables
Facet D4: Environmental Variables
Facet D5: Strategic Marketing Variables
Facet D6: Marketing Effectiveness Variables
Facet D7: Direct Response Marketing Variables
Facet D8: Socioeconomic ad Demographic Variables

The facet approach helps to formulate research hypotheses. Each hypothesis should include the elements of at least one facet. The facet approach facilitated the delimitation of the universe of this study once the whole content was presented in the mapping sentence. The mapping sentence enables the researcher to obtain almost all the possible attributes of the universe of content by different combination of the various elements of the facets.

The data collected from life and composite insurance companies were first analysed as a whole (chapter 8) using Spearman Correlation Coefficients and the MINISSA Programme. The main objective was to obtain an overall picture of life insurance marketing activities in the UK. Facets 1 to 7 were employed in this analysis. In terms of importance Facet D5: Strategic Marketing and Facet D7: Direct Response Marketing were found to be the most important facets. The second facet in terms of importance was found to be Facet D6: Marketing Effectiveness Variables. Facet D3: Customer Services and Competition Variables was the third, Facet D2: Economic Variables was the fourth, and Facet D1: Sales and Marketing Variables was the fifth in terms of importance. The findings thus indicated that life insurance companies give priority to strategic marketing, direct response

marketing, and marketing effectiveness and then concern themselves with customer services, competition, economic, environmental and sales problems. This finding is interesting especially when one considers that in a competitive market the survival of a company depends on strategic marketing and marketing effectiveness.

In chapter nine the data collected from life and composite insurance companies were divided into two groups: The large and the small companies. A comparative analysis, using Discriminant Analysis and the MINISSA Programme, was undertaken in order to determine whether the attitudes of the two groups of companies differed with respect to the variables under investigation.

Discriminant Analysis was conducted in order to find the linear combination of the variables that best discriminated between marketing managers of the large and the small companies. The output was used to test the hypothesis whether the attitudes of the two groups of marketing managers were similar with respect to life insurance marketing. 33 variables were found to have the most discriminating power. The findings indicate that marketing managers of the two groups of companies differ in their attitudes towards life insurance marketing.

A facet by facet analysis of the data collected from the two groups of companies was also conducted in chapter nine, using the MINISSA Programme. The main objective was to make a comparison of the attitudes of marketing managers of the two groups of companies with respect to each facet. The main results are summarised below.

Facet D1: Sales and Marketing Variables. Marketing managers of both groups of companies were found to have similar attitudes towards the variables in this facet. Both groups considered "ads in newspapers and magazines", "TV advertising", "direct mail", "presentations", "company offices", "outdoor posters", "presentations", and "radio advertising" as the main sales and marketing variables. Furthermore, the influence of "children" and "colleagues/friends" were regarded as being the main social channels encouraging people to purchase life insurance.

Facet D2: Economic Variables. This facet was intended to measure the financial aspects of life policies that marketing managers stress upon in their marketing activities. The most important variables for marketing managers of both groups of companies were found to be "retirement income", "providing for children's education", "a good method of saving", "and return on investment". However, marketing managers of the large companies attached more importance to "retirement income", "children's education", and "return on investment" than marketing managers of the small companies. Marketing managers of the small companies stressed more on variable 20 (a good method of saving) than their counterparts in the large companies.

Facet D3: Customer Services and Competition Variables. Marketing managers of both groups of companies attached more importance to customer services variables than competition variables. Marketing managers of the small companies were more concerned with competition in the life insurance industry than marketing managers of the large companies. The findings indicate that life insurance companies are concerned with

providing customers with adequate policies and understanding their needs.

Facet D5: Strategic Marketing Variables. Marketing managers of the large companies attached more importance to "market research", "market segmentation", "packaging", "providing training programmes for the field force", and "understanding consumer needs", while marketing managers of the small companies attached more importance to "product diversification", "monitoring and evaluating performance", "improving distribution channels", "promoting policy benefits", "and developing consumer trust". Thus marketing managers of the large companies were found to favour the type of projects which would require substantial resources. This is probably because they can afford to embark on costly projects.

Facet D6: Marketing Effectiveness Variables. Both groups of companies favoured the idea of allocating more founds to "TV advertising", "radio advertising", "ads in newspapers and magazines", and "company offices". Marketing managers of the large companies attached more importance to allocating more funds to "TV advertising", and "company offices", while marketing managers of the small companies favoured the idea of allocating more funds to "radio advertising" and "press advertising".

Facet D7: Direct Response Marketing. Both groups of companies favoured direct response marketing because of the special characteristics such as "testability", "cost effectiveness", "versatility", "controllability", and "selectivity". Overall marketing managers of the small companies

have attached more importance to these variables than marketing managers of the large companies.

Finally, the testing of research hypotheses, using the Wilcoxon Test, indicated that marketing managers of both groups of companies have similar attitudes towards marketing variables, marketing effectiveness and strategic marketing variables, but differ in their attitudes towards direct response marketing variables.

The data collected from the insured and the non-insured were used in chapter 10 to conduct a comparative analysis of the attitudes of the two typologies towards the variables influencing life insurance purchasing behaviour. Four facets were included in this chapter:

Facet D1: Sales and Marketing Variables
Facet D2: Economic Variables
Facet D3: Customer Services and Competition Variables
Facet D4: Environmental Variables

Discriminant Analysis was used to test whether the insured and the non-insured have similar attitudes towards the variables under investigation. Twenty one variables were found to have the most discriminating power thus indicating that the two typologies differ in their attitudes towards the variables under investigation.

MINISSA Programme and Spearman Correlation Coefficients were first used to analyse the data collected from the insured and the non-insured as a whole. the findings indicated that both typologies attached more importance to variables in Facet D4: Environmental Variables and Facet D2: Economic Variables. It should be noted that the variables in both facets are the same

but in different context. In facet D2 the variables were intended to examine the main reasons for saving through life insurance companies, while in Facet D4 the same variables were used to examine the reasons for saving through other financial institutions. Both typologies were more in favour of saving through other financial institutions than life insurance. Customer services and competition variables (Facet D3) was found to be the third facet in terms of importance for both typologies. Sales and marketing Variables (Facet D1) was the forth facet in terms of importance for both typologies.

A facet by facet analysis, using the MINISSA Programme, was conducted to compare the attitudes of the insured and the non-insured towards the variables in each facet. In Facet D1: sales and Marketing variables, the insured typology regarded "ads in newspapers and magazines", "TV advertising", and "colleagues/friends" as the main sources of information keeping them informed about life insurance. The non-insured, on the other hand, attached more importance to "radio advertising", and "outdoor posters" as the main sources of information about life insurance.

In Facet D2: Economic Variables, the main reasons put forward by the insured typology for purchasing life insurance were found to be "return on investment", "a good method of saving", "and "policy prizes (bonuses). As for the non-insured, if they ever decide to purchase life insurance, it would be for "children's education", "return on investment", and "a good method of saving".

In Facet D3: Customer Services and Competition Variables,

both the insured and the non-insured regarded "contact by the agent", "quality of staff", and "standard of service" as being the most important factors influencing their purchasing decisions.

In Facet D4: Environmental Variables, both typologies regarded "mortgage repayment plans" as the main reason for saving through other financial institutions.

A comparative analysis of the attitudes of both the insured and the non-insured towards saving through life insurance companies and saving through other financial institutions revealed that both typologies regarded "children's education", "saving for emergencies", "a good method of saving", and "return on investment" as the main reasons for purchasing life insurance. Both typologies, on the other hand, regarded "mortgage repayment plans" as the main reasons for saving through other financial institutions.

Finally, Wilcoxon Test was used to test the hypothesis whether the two typologies have similar attitudes towards the marketing variables (variables 1 to 35), i.e., variables influencing life insurance purchasing decisions. It was found that there is no significant difference of attitudes between the insured and the non-insured toward the above variables.

A comparative analysis of the attitudes of marketing managers, the insured and the non-insured was undertaken in chapter eleven. Three facets were used in the analysis:

Facet D1: Sales and Marketing Variables
Facet D2: EConomic Variables
Facet D3: Customer Services and Competition Variables

These are the common facets for all three groups involved. The samples collected from all three groups were first treated as a whole, using the MINISSA Programme. Facet D2: Economic variables was regarded as being the most important facet by all three groups. The findings thus indicated that the financial benefits stressed upon by marketing managers are effective in attracting the attention of both the insured and the non-insured (i.e., actual and potential customers).

A facet by facet analysis of the attitudes of marketing managers, the insured and the non-insured was also undertaken in chapter eleven. In Facet D1: Sales and Marketing Variables, the most important variables for all three groups were found to be "company offices", "colleagues/friends" and "presentations". "ads in newspapers and magazines", and "TV advertising", were also regarded as being important marketing systems by marketing managers. The insured typology also regarded these variables as being important sources of information in keeping them informed and encouraging them to purchase life insurance.

In Facet D2: Economic Variables, the findings indicated that marketing managers emphasise more on "return on investment', "provision for inflation", "children's education", and "a good method of saving" in marketing life insurance. Both the insured and the non-insured also regard these variables as the main reasons for purchasing life insurance. However, the findings also indicate that marketing managers will need to put more emphasis on "retirement income", "saving for emergencies", and "policy prizes (bonuses) in their marketing campaigns in order to attract consumer attention.

In Facet D3: Customer Services and Competition Variables, the findings revealed that marketing managers are more concerned in providing their customers with "accurate information" about policies offered. However, the findings indicate that they also need to emphasise on "standard of service", "quality of staff", and "frequent contact by the agent". Both the insured and the non-insured have attached a great deal of importance to these variables. On the other hand, Marketing managers have shown less concern in providing the consumer with "credit card facilities". The findings indicate that the non insured favour the idea of paying life insurance premiums using credit cards. Marketing managers thus need to take this into consideration, especially if they are employing direct marketing systems.

Finally, the hypotheses tested, using the Wilcoxon Test, indicated that attitudes towards marketing variables (variables 1-35) are similar for marketing managers, the insured, and the non-insured. It thus follows that those without a life policy (i.e., the non-insured) present a potential market and can be encouraged to purchase life insurance.

The study also examined the effect of socioeconomic and demographic variables in life insurance purchasing decisions. The MCA Programme was used to examine the relationship between life insurance purchasing behaviour and the seven predictor variables (i.e., marital status, family life cycle, family size, age, education, occupation, and income). Family life cycle was found to be the most significant explanatory variable influencing life insurance purchasing behaviour. Occupation and family size were

found to be the second and the third important explanatory variables, respectively.

The MCA Programme provided the basic statistics from which several F-tests were calculated. The tests revealed that all above predictors, taken together, explained a significant portion of the variance of the dependent variable. On the other hand, marital status, family life cycle, family size, age, occupation, and income, when tested separately, were found to be statistically significant in explaining variation in life insurance purchasing behaviour. Education was not statistically significant in explaining the variance of the dependent variable.

The findings from the MCA Programme also indicated that married couples are more likely to purchase life insurance than singles. Furthermore, the longer the couples remained married, the higher the chances of purchasing life insurance. The couples with dependent children presented the highest percentage of the insured. The findings also suggest that as the number of the dependents increase so does the number of the insured. The percentage of the insured also rises with the age of the respondent. Furthermore, the percentage of the insured is higher in the well paid occupatiuons. Finally, the percentage of the insured does not rise uniformely as income rises. The percentage of the insured was found to be the highest for the low and the high income categories.

13.2 Recommendations

The various analyses carried out in this research study have

provided detailed information about the attitudes of marketing managers of life and composite insurance companies, the insured and the non-insured towards marketing life insurance. The recommendations made in this section are based on the research findings. It is hoped that marketing managers will find these recommendations useful in planning their marketing strategies.

1) Today consumers are more informed and knowledgeable about their rights. They also expect a high standard of service. Considering the complex nature of life insurance policies, customers need to be provided with clear and accurate information about the policies they intend to purchase. The findings suggest that the insured and the non-insured attach a great deal of importance to "standard of service", and "quality of staff". Marketing managers will need to improve standard of services offered. This can be achieved by improving the quality of staff through adequate and up-to-date training programmes.
2) The complex nature of the new products, in many respects, makes the personal aspects of customer services the key to success in marketing life insurance. The findings suggest that both the insured and the non-insured favour the idea of more "frequent contact by the agent". A knowledgeable agent can provide the consumer with all the information needed and ensure that the policy offered is utilised effectively. It therefore follows that marketing managers need to put more emphasis on the role of the agent.
3) The findings indicate that both the insured and the non-insured consider the main reasons for purchasing life

insurance to be "return on investment", "providing for children's education", "a good method of saving", and "policy prizes" (bonuses). Marketing managers will need to provide the type of policies which will satisfy these needs.

4) More emphasis should also be placed on "ads in newspapers and magazines", "TV advertising", "radio advertising", and "outdoor posters". Both the insured and the non-insured consider these variables as the main sources of information about life insurance.

5) The research findings suggest that both the insured and the non-insured regard "mortgage repayment plans", and "provision for inflation" as the main reasons for saving through other financial institutions. Thus marketing managers will need to provide policies which will satisfy specific needs.

6) The findings indicate that both the insured and the non-insured regard "colleagues/friends" as being an important social channel providing them with information about life insurance and also encouraging them to make a purchase. It thus follows that marketing managers should emphasise word of mouth influence. Since life insurance is a complex product, recommendations and information provided by close friends/colleagues can play a major role in encouraging people to purchase life insurance.

7) Marketing managers should aim at all income groups in their marketing campaigns. The findings in this research

study suggest that the middle income households represent a relatively unexploited segment. New marketing strategies need to be formulated in order to encourage middle income persons to purchase life insurance.

8) In the field of life insurance, credit cards can greatly simplify direct selling. Marketing managers do not seem to have put much emphasis on the "use of credit cards". However, the findings suggest that the non-insured (potential customers) favour the ides of paying life insurance premiums through credit cards. Marketing managers will need to take this into consideration.

9) Policies offered should be reviewed on a periodic basis in order to determine whether they meet consumer needs.

10) In marketing life insurance policies marketing managers will need to take socioeconomic and demographic factors into consideration. The findings indicate that marital status, family life cycle, family size, age, occupation, and income are statistically significant in explaining life insurance purchasing behaviour.

11) More emphasis should be placed on direct mail and telephone. Direct mail and telephone once used together can result in increased sales and present a more professional method of selling. This involves sending out a suitably worded letter to carefully selected clients which are then followed up by means of a telephone call. This follow-up is crucial to the effectiveness of the method as the response to mailouts can otherwise be very poor.

12) Finally, the identification and satisfaction of consumer needs and profitability cannot be achieved unless an appropriate marketing programme is adopted by marketing managers. Such a programme should include:

a) Market Research. This involves the identification of the needs and wants of consumers, the nature of competition, and the size and the nature of the existing and potential markets.

b) Product Innovation and Diversification. Products need to be renewed and diversified in order to meet consumer needs.

c) Pricing. Establishing the level of premiums is vital for attracting consumers. In determining the price level, the effects of inflation, probability of claims, and the prices offered by the competitors must be taken into consideration.

d) Advertising and Promotion. This is vital for creating product awareness and attracting new customers.

e) Selection of appropriate marketing channels for distribution of products.

f) Policy Wording. Life insurance contracts are complex. In designing policy contracts care must be taken to make them simple and easy to understand.

13.3 Research Contributions

The main research contributions of this study can be divided

into (1) theoretical contributions; and (2) methodological contributions.

13.3.1 Theoretical Contributions

Theoretical contributions can be outlined as follows:

1) This research study is, to the best of our knowledge, the first in marketing life insurance which examines the attitudes of both customers (actual and potential) and marketing managers. It involves:
   i) A study of the attitudes of marketing managers of life and composite insurance companies towards marketing life insurance in the UK.
   ii) A comparative study of the attitudes of the large vs the small life and composite insurance companies towards marketing life insurance.
   iii) A comparative study of the attitudes of the insured and the non-insured towards the variables which are the main component elements of life insurance purchasing decisions.
   iv) A comparative study of the attitudes of the insured and the non-insured towards saving through life insurance companies and saving through other financial institutions.
   v) A comparative study of the attitudes of marketing managers of life and composite insurance companies, the insured and the non-insured toward the variables under investigation.
   vi) A study of the effects of the socioeconomic and

demographic variables in life insurance purchasing decisions.

2) This research study examines certain issues and variables which are used for the first time in such a large scale comparative study relating life insurance marketing. These include:

   i) Marketing managers attitudes towards:

      a) life insurance intermediaries

      b) competition

      c) customer services

      d) advertising

      e) strategic marketing

      f) marketing effectiveness

      g) direct response marketing

   ii) Customers' (both actual and potential) attitudes towards the variables influencing life insurance purchasing behaviour. These include:

      a) life insurance intermediaries

      b) competition

      c) advertising

      d) customer services

13.3.2 Methodological contributions

The methodological contributions in this study include:

1) The facet approach employed in this study has for the first time been used to conduct a comparative study of the attitudes of marketing managers of life and composite

insurance companies towards marketing life insurance, and the attitudes of the insured and the non-insured towards the variables which influence life insurance purchasing behaviour. The approach facilitated:

- Systematic selection of the sample of items included in the study, and the identification of the other areas left for further research.
- Design of the questionnaires by putting each item (or element) of the facet into a question.
- Formulation of research hypotheses
- Systematic analysis and interpretation of the research findings.

2) The MINISSA Programme employed in this research study has for the first time been used to conduct a comparative study of the attitudes of marketing managers, the insured and the non-insured towards life insurance marketing.

3) The Discriminant Analysis employed in this study has for the first time been used to find the variables which best discriminate between (1) marketing managers of the large and the small life and composite insurance companies, and (2) the insured and the non-insured.

4) Finally, the MCA Programme used in this study has for the first time been used in such a large scale study using data collected from both the insured and the non-insured in order to examine the effects of the various socioeconomic and demographic variables in influencing life insurance purchasing decisions.

13.4 Limitations of the Study

The main limitations of the research design include:

1) The faceted approach employed in this study, despite its obvious advantages, suffers from a major limitation. The choice of facets and the items in each facet is subjective and depends on the researcher's judgement. However, it enables a systematic choice of elements under study.
2) The complexity of life insurance marketing and purchasing behaviour makes it impossible to compare all the variables which are included in the universe of content of this investigation. The facet approach was used to delimitate the universe of content of the research once the whole content was presented in the mapping sentence.
3) The MINISSA Programme used in this research study is subject to criticism because of the subjective nature of the choice of the dimensions, and the interpretations of the dimensions. In this study a two dimensional approach is adopted because it is easy to comprehend and hence it is more popular.
4) Shopping centre sampling, despite its advantages, is subject to criticism because bias may be caused by the selection of the shopping centre, the part of the shopping centre from which the respondents are drawn, the time of the study, and so on. A simple random sampling could provide more reliable data. However it would have been impossible to adopt it in this study. Companies would not disclose the names and addresses of the policyholders.

7) The determination of the sample size was influenced by the time and the cost of data collection. The proposed sample size of between 130 and 150 for the insured and the non-insured was influenced by the above constraints. A larger sample could have provided more reliable data. However, because of the time and especially the cost of data collection the size of the data was limited to 130 for the non-insured and 147 for the insured.

13.5 Areas for Further Research

Briefly, this research study, as mentioned above, investigates the attitudes of marketing managers of life and composite insurance companies towards marketing life insurance; and also examines the most important marketing variables which are the main component elements of life insurance purchasing decisions. Certainly this is an area where further research is necessary. In fact, this is an area where very little work of direct relevance has been carried out. What I hope to have achieved is a start in the right direction. Several major areas remain, as yet, unexploited, or are in need of further study. Below are listed some of the areas which one could explore in a similar study:

1) Additional research should explore the attitudes of particular segments of customers (e.g., special occupation groups, students, university lecturers, etc.) towards purchasing life insurance marketing. Attitudes of such segments can then be compared to the attitudes of

marketing managers towards these segments.

2) Attitudes of marketing managers towards overseas competition and prospects for marketing overseas need to be investigated, especially when trade barriers within the EEC are to be removed by 1992.

3) Further research should investigate the type of policies that customers are more likely to purchase and whether life insurance companies are successful in designing the type of policies which would satisfy specific needs.

4) Further research should also be carried out in order to investigate the relationship between the amount of life insurance actually purchased and the effects of the socioeconomic and demographic variables.

APPENDIX A

A COMPARATIVE ANALYSIS OF MARKETING

LIFE INSURANCE POLICIES IN THE UK

Questionnaire A: To be completed by persons who have purchased a life insurance policy

Have you ever purchased a life policy for yourself or for any member of your family?

Please Tick

Yes ( ) No ( )

If yes, please answer the questions in the attached questionnaire.

If no, please answer the questions in questionnaire "B" for the non insured.

All the information will be treated in the strictest confidence and the data will be analysed in aggregate form.

No names or addresses are required.

Please return the completed questionnaire in the stamped and addressed envelope supplied.

Please return to:

Mr Razmik Sayadian
Doctoral Research Associate
School of Management &
Economic Studies
The University of Sheffield
Crookesmoor Building
Sheffield
S10 1FL

THANK YOU

Please circle the number that best describes your attitude towards the statement

	Very Important	Important	Average Importance	Not Important	Not Important At All
A. Could you please rate the importance of each of the following sources of information in keeping you informed and encouraging you to purchase a life policy?					
1) life insurance agent	1	2	3	4	5
2) life insurance broker	1	2	3	4	5
3) company offices	1	2	3	4	5
4) sports sponsorship	1	2	3	4	5
5) charity sponsorship	1	2	3	4	5
6) advertisements in newspapers & magazines	1	2	3	4	5
7) telephone advertising	1	2	3	4	5
8) television advertising	1	2	3	4	5
9) radio advertising	1	2	3	4	5
10) direct mail	1	2	3	4	5

	Very Important	Important	Average Importance	Not Important	Not Important At All
11) outdoor posters	1	2	3	4	5
12) catalogues & circulars	1	2	3	4	5
13) presentations	1	2	3	4	5
14) cable TV	1	2	3	4	5
B. How would you rate the importance of each of the reasons below for purchasing a life policy?					
15) family protection	1	2	3	4	5
16) retirement income	1	2	3	4	5
17) children's education	1	2	3	4	5
18) saving for emergencies	1	2	3	4	5
19) provision for inflation	1	2	3	4	5
20) a good method of saving	1	2	3	4	5
21) return on investment	1	2	3	4	5
22) policy prizes (bonuses)	1	2	3	4	5
23) mortgage repayment plans	1	2	3	4	5
24) mitigation of capital transfer tax and estate duty	1	2	3	4	5
C. When taking a decision to purchase a life policy, how important is the influence of the following people?					

	Very Important	Important	Average Importance	Not Important	Not Important At All
25) husband/wife	1	2	3	4	5
26) children	1	2	3	4	5
27) colleagues/friends	1	2	3	4	5
28) life insurance agent	1	2	3	4	5

D. How would you rate the importance of the following functions of life insurance in taking a decision to buy a life policy?

29) standard of service	1	2	3	4	5
30) quality of product	1	2	3	4	5
31) quality of staff	1	2	3	4	5
32) accurate & detailed information about policies	1	2	3	4	5
33) attention to customer needs	1	2	3	4	5
34) consistent customer contact by the agent	1	2	3	4	5
35) use of credit cards	1	2	3	4	5

E. In saving through other financial institutions, except life insurance, could you please indicate

	Very Important	Important	Average Importance	Not Important	Not Important At All
your preferences by rating the degree of importance that you attach to each of them?					
36) building societies	1	2	3	4	5
37) banks	1	2	3	4	5
38) unit trusts	1	2	3	4	5
39) pension funds	1	2	3	4	5
40) direct ownership of stocks and shares	1	2	3	4	5
41) government bonds	1	2	3	4	5
F. In saving through other financial institutions, except life insurance, could you please rate the importance of the reasons below for your savings?					
42) family protection	1	2	3	4	5
43) retirement income	1	2	3	4	5
44) children's education	1	2	3	4	5
45) saving for emergencies	1	2	3	4	5
46) provision for inflation	1	2	3	4	5
47) a good method of saving	1	2	3	4	5
48) return on investment	1	2	3	4	5

	Very Important	Important	Average Importance	Not Important	Not Important At All
49) policy prizes (bonuses)	1	2	3	4	5
50) mortgage repayment plans	1	2	3	4	5
51) mitigation of capital transfer tax and estate duty	1	2	3	4	5

***** *** *****

G. Background Information

	PLease Tick	
Sex	Female ( )	Male ( )
Family Composition		
marital status	Married ( )	Single ( )
newly married with no children	Yes ( )	No ( )
married with no dependent children	Yes ( )	No ( )
married with dependent children	Yes ( )	No ( )
others, please specify	.....	
family size	.....	

Age Group

under 30	( )	41 - 50	( )
31 - 40	( )	51 & over	( )

Education

1) up to and including O'level	Yes ( )	No ( )
2) A'level and college education	Yes ( )	No ( )
3) higher education & professional qualifications	Yes ( )	No ( )

Occupation, please specify .....

Annual Income (in Pounds Sterling)

Please Tick

under 6,000	( )	15,001 - 18,000	( )
6,001 - 9,000	( )	18,001 - 21,000	( )
9,001 - 12,000	( )	21,001 - 24,000	( )
12,001 - 15,000	( )	24,001 & over	( )

APPENDIX B

A COMPARATIVE ANALYSIS OF MARKETING

LIFE INSURANCE POLICIES IN THE UK

Questionnaire B: To be completed by persons who have never purchased a life insurance policy

Have you ever purchased a life policy for yourself or for any member of your family?

Please Tick

Yes ( ) No ( )

If no, please answer the questions in the attached questionnaire.

If yes, please answer the questions in questionnaire "A" for the insured.

All the information will be treated in the strictest confidence and the data will be analysed in aggregate form.

No names or addresses are required.

Please return the completed questionnaire in the stamped and addressed envelope supplied.

Please return to:

Mr Razmik Sayadian
Doctoral Research Associate
School of Management &
Economic Studies
The University of Sheffield
Crookesmoor Building
Sheffield
S10 1FL

THANK YOU

Please circle the number that best describes your attitude towards the statement

	Very Important	Important	Average Importance	Not Important	Not Important At All
A. If you have ever heard of life insurance benefits through any of the following sources, please specify the degree of their importance in keeping you informed and encouraging you to purchase a life policy.					
1) life insurance agent	1	2	3	4	5
2) life insurance broker	1	2	3	4	5
3) company offices	1	2	3	4	5
4) sports sponsorship	1	2	3	4	5
5) charity sponsorship	1	2	3	4	5
6) advertisements in newspapers & magazines	1	2	3	4	5
7) telephone advertising	1	2	3	4	5

	Very Important	Important	Average Importance	Not Important	Not Important At All
8) television advertising	1	2	3	4	5
9) radio advertising	1	2	3	4	5
10) direct mail	1	2	3	4	5
11) outdoor posters	1	2	3	4	5
12) catalogues & circulars	1	2	3	4	5
13) presentations	1	2	3	4	5
14) cable TV	1	2	3	4	5
B. If you ever decide to purchase a life policy, would you please rate the importance of the reasons below for doing so?					
15) family protection	1	2	3	4	5
16) retirement income	1	2	3	4	5
17) children's education	1	2	3	4	5
18) saving for emergencies	1	2	3	4	5
19) provision for inflation	1	2	3	4	5
20) a good method of saving	1	2	3	4	5
21) return on investment	1	2	3	4	5
22) policy prizes (bonuses)	1	2	3	4	5
23) mortgage repayment plans	1	2	3	4	5
24) mitigation of capital transfer tax and estate duty	1	2	3	4	5
C. If you have ever been encouraged to purchase a life					

	Very Important	Important	Average Importance	Not Important	Not Important At All
policy, how important has been the influence of the following people?					
25) husband/wife	1	2	3	4	5
26) children	1	2	3	4	5
27) colleagues/friends	1	2	3	4	5
28) life insurance agent	1	2	3	4	5
D. If you ever decide to purchase a life policy, how would you rate the importance of the following functions in influencing your decision?					
29) standard of service	1	2	3	4	5
30) quality of product	1	2	3	4	5
31) quality of staff	1	2	3	4	5
32) accurate & detailed information about policies	1	2	3	4	5
33) attention to customer needs	1	2	3	4	5
34) consistent customer contact by the agent	1	2	3	4	5
35) use of credit cards	1	2	3	4	5
E. In saving through					

	Very Important	Important	Average Importance	Not Important	Not Important At All
other financial institutions, except life insurance, could you please indicate your preferences by rating the degree of importance that you attach to each of them?					
36) building societies	1	2	3	4	5
37) banks	1	2	3	4	5
38) unit trusts	1	2	3	4	5
39) pension funds	1	2	3	4	5
40) direct ownership of stocks and shares	1	2	3	4	5
41) government bonds	1	2	3	4	5
F. In saving through other financial institutions, except life insurance, could you please rate the importance of the reasons below for your savings?					
42) family protection	1	2	3	4	5
43) retirement income	1	2	3	4	5
44) children's education	1	2	3	4	5
45) saving for emergencies	1	2	3	4	5

	Very Important	Important	Average Importance	Not Important	Not Important At All
46) provision for inflation	1	2	3	4	5
47) a good method of saving	1	2	3	4	5
48) return on investment	1	2	3	4	5
49) policy prizes (bonuses)	1	2	3	4	5
50) mortgage repayment plans	1	2	3	4	5
51) mitigation of capital transfer tax and estate duty	1	2	3	4	5

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G. Background Information — Please Tick

Sex — Female ( ) Male ( )

Family Composition

marital status	Married ( )	Single ( )
newly married with no children	Yes ( )	No ( )
married with no dependent children	Yes ( )	No ( )
married with dependent children	Yes ( )	No ( )
Others, please specify	.....	
family size	.....	

Age Group

under 30	( )	41 - 50	( )
31 - 40	( )	51 & over	( )

Education

1) up to and including O'level	Yes ( )	No ( )
2) A'level and college education	Yes ( )	No ( )
3) higher education & professional qualifications	Yes ( )	No ( )

Occupation, please specify .....

Annual Income (in Pounds Sterling)

Please Tick

under 6,000	( )	15,001 - 18,000	( )
6,001 - 9,000	( )	18,001 - 21,000	( )
9,001 - 12,000	( )	21,001 - 24,000	( )
12,001 - 15,000	( )	24,001 & over	( )

APPENDIX C

A COMPARATIVE ANALYSIS OF MARKETING

LIFE INSURANCE POLICIES IN THE UK

Questionnaire C

To be completed by the marketing directors/managers

Please circle the number that best describes your attitude towards the statement

	Very Important	Imoprtant	Average Importance	Not Important	Not Important At All
A. How would you rate the importance of the following variables in marketing life insurance?					
1) life insurance agent	1	2	3	4	5
2) life insurance broker	1	2	3	4	5
3) company offices	1	2	3	4	5
4) sports sponsorship	1	2	3	4	5
5) charity sponsorship	1	2	3	4	5
6) advertisements in newspapers & magazines	1	2	3	4	5
7) telephone advertising	1	2	3	4	5
8) television advertising	1	2	3	4	5
9) radio advertising	1	2	3	4	5
10) direct mail	1	2	3	4	5
11) outdoor posters	1	2	3	4	5
12) catalogues & circulars	1	2	3	4	5
13) presentations	1	2	3	4	5
14) cable TV	1	2	3	4	5

	Very Important	Important	Average Importance	Not Important	Not Important At All
B. In marketing life insurance which one of the following functions would you stress on? Please rate in terms of importance.					
15) family protection	1	2	3	4	5
16) retirement income	1	2	3	4	5
17) children's education	1	2	3	4	5
18) saving for emergencies	1	2	3	4	5
19) provision for inflation	1	2	3	4	5
20) a good method of saving	1	2	3	4	5
21) return on investment	1	2	3	4	5
22) policy prizes (bonuses)	1	2	3	4	5
23) mortgage repayment plans	1	2	3	4	5
24) mitigation of capital transfer tax and estate duty	1	1	3	4	5
C. How would you rate the importance of the following people to influence the decision of the potential customer?					
25) husband/wife	1	2	3	4	5

	Very Important	Important	Average Importance	Not Important	Not Important At All
26) children	1	2	3	4	5
27) colleagues/friends	1	2	3	4	5
28) life insurance agent	1	2	3	4	5

D. How would you rate the importance of each of the factors below for successful marketing?

29) standard of service	1	2	3	4	5
30) quality of product	1	2	3	4	5
31) quality of staff	1	2	3	4	5
32) accurate & detailed information about policies	1	2	3	4	5
33) attention to customer needs	1	2	3	4	5
34) consistent customer contact by the agent	1	2	3	4	5
35) use of credit cards	1	2	3	4	5

E) Could you please rate the degree of importance that you attach to each of the following institutions as the main challengers of life companies?

	Very Important	Important	Average Importance	Not Important	Not Important At All
36) building societies	1	2	3	4	5
37) banks	1	2	3	4	5
38) unit trusts	1	2	3	4	5
39) pension funds	1	2	3	4	5
40) direct ownership of stocks and shares	1	2	3	4	5
41) government bonds	1	2	3	4	5
F. How would you rate the importance of the following factors for effective marketing?					
42) market research	1	2	3	4	5
43) product innovation	1	2	3	4	5
44) product diversification	1	2	3	4	5
45) market segmentation	1	2	3	4	5
46) prompt response to identified marketing challenges	1	2	3	4	5
47) improving distribution channels	1	2	3	4	5
48) promoting policy benefits	1	2	3	4	5
49) monitoring and evaluating performance	1	2	3	4	5
50) packaging	1	2	3	4	5
51) development of training programmes for the field force	1	2	3	4	5
52) developing consumer trust	1	2	3	4	5
53) understanding consumer habits	1	2	3	4	5
G. How would you rate the importance of					

	Very Important	Important	Average Importance	Not Important	Not Important At All
allocating funds to the following aspects of marketing activities?					
54) life insurance agent	1	2	3	4	5
55) life insurance broker	1	2	3	4	5
56) company offices	1	2	3	4	5
57) sports sponsorship	1	2	3	4	5
58) charity sponsorship	1	2	3	4	5
59) advertisements in newspapers & magazines	1	2	3	4	5
60) telephone advertising	1	2	3	4	5
61) television advertising	1	2	3	4	5
62) radio advertising	1	2	3	4	5
63) direct mail	1	2	3	4	5
64) outdoor posters	1	2	3	4	5
65) catalogues and circulars	1	2	3	4	5
66) presentations	1	2	3	4	5
67) videotex (viewdata systems)	1	2	3	4	5

I. How would you rate the importance of the following reasons for encouraging companies to adopt direct response marketing methods?

	Very Important	Important	Average Importance	Not Important	Not Important At All
68) an efficient supplement to traditional marketing methods	1	2	3	4	5
69) changing attitudes and life style of customers	1	2	3	4	5
70) a major support vehicle for the salesforce	1	2	3	4	5
71) entering new market segments with minimum risk	1	2	3	4	5
72) attracts new customers	1	2	3	4	5
73) helps to make additional sales to existing customers	1	2	3	4	5
74) it can be used as a means of lapse prevention	1	2	3	4	5
75) it enables the company to carry out extensive testing	1	2	3	4	5
76) cost effectiveness	1	2	3	4	5
77) versatility, i.e it offers a variety of sales messages	1	2	3	4	5
78) controllability	1	2	3	4	5
79) selectivity	1	2	3	4	5

***** ** *****

This survey is confidential. Data will be analysed in aggregate form.

Please return the completed questionnaire in the stamped and addressed envelope supplied.

Please return to: Mr Razmik Sayadian
Doctoral Research Associate
School of Management & Economic Studies
The University of Sheffield
Crookesmoor Building
Sheffield S10 2NN

THANK YOU

The University of Sheffield

School of Management and Economic Studies

Crookesmoor Building
Conduit Road
Sheffield S10 1FL
Tel: (0742) 768555

AM/WR

APPENDIX D

Dear

I am writing to ask for your assistance in a research study Mr. R. Sayadian is undertaking on the British life insurance industry.

Mr. Sayadian is collecting data from the British life and composite insurance companies, the insured and non-insured. The objective is to conduct a comparative analysis of marketing life insurance policies in the United Kingdom.

The data collected will be treated confidentially and will be analysed in aggregate form.

We shall be grateful to you for returning the completed questionnaire in the stamped addressed envelope supplied.

Please accept our thanks for your assistance.

Yours sincerely,

A Meidan.

Dr. Arthur Meidan,
Reader

enc.

APPENDIX E

VR	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
2	.10																									
3	.04	.19																								
4	-.11	-.16	.25																							
5	-.11	-.11	.34	.30																						
6	-.15	.07	.12	-.02	.22																					
7	.01	.05	.13	.07	.11	.12																				
8	.16	.14	.13	.10	.15	.48	-.02																			
9	.12	.11	.22	.23	.15	.33	.26	.56																		
10	-.06	-.02	.08	.12	.00	.40	.10	.24	.27																	
11	.18	.04	.08	.22	.11	.24	-.04	.49	.31	.25																
12	-.11	.05	.08	.29	.04	.19	.29	.15	.36	.05	.29															
13	-.14	.21	.13	-.01	.18	.26	.30	.22	.25	.03	.13	.21														
14	-.05	.23	.19	.13	.13	.11	.21	.40	.41	.30	.32	.24	.19													
15	.18	-.01	.06	.06	.12	.30	.28	.25	.36	.27	.14	.14	.18	.24												
16	-.24	.11	.14	.11	.21	.18	.09	.07	.04	.18	.10	.10	.18	.26	.25											
17	-.09	.37	-.00	-.14	.04	.25	-.05	.12	.07	.23	.14	.11	.16	.18	.16	.33										
18	.03	.21	.18	-.08	.03	.10	-.06	.06	.15	.05	.34	.19	.20	.22	-.06	.09	.25									
19	.15	.21	-.03	-.08	-.03	.18	.14	.08	.16	.20	.30	.28	.14	.24	.23	.19	.42	.45								
20	.12	.00	-.14	-.03	-.15	-.05	-.08	.02	-.05	.13	.11	.09	-.04	.18	-.06	.03	.30	.23	.41							
21	.05	.09	-.01	-.05	-.17	.19	.03	.12	.06	.07	.14	.19	.15	.03	-.01	.12	.19	.08	.14	.26						
22	.04	.05	.15	.22	.06	.21	.04	.37	.29	.25	.40	.32	.12	.32	.15	-.05	.14	.12	.10	.28	.29					
23	-.04	.12	.18	.29	.10	.16	.08	.48	.22	.14	.38	.32	.18	.25	.16	.17	.24	.13	.25	.29	.25	.41				
24	-.07	.31	.08	.11	-.06	.25	-.03	.24	.10	.35	.31	.20	.13	.13	.12	.18	.45	.10	.37	.19	.20	.21	.43			
25	.17	.22	.00	.00	-.01	.04	-.14	.12	.03	.08	.20	-.05	.15	.06	-.11	.06	.06	.08	.00	.17	.17	.02	.07	.06		
26	.15	.16	.18	.17	.13	.12	-.02	-.02	-.00	.03	.22	.23	.03	.07	.02	.18	.02	.23	.25	.13	.25	.01	.03	.21	.25	
27	.14	-.10	-.04	.19	-.04	.07	.10	.18	.08	.22	.27	.07	-.05	.09	.17	.27	-.04	-.03	.10	.06	.12	.13	.18	.25	.18	.10
28	.52	.17	-.06	-.00	-.01	-.16	.01	.19	.11	-.09	.10	.00	.03	.02	.21	-.14	.08	.07	.22	.21	.13	.01	.20	.10	.19	.03
29	.23	.05	.29	.11	.22	.19	.16	.24	.22	.00	.10	.11	.18	.16	.29	.24	.04	.00	.16	.12	.15	.09	.20	.08	.12	.20
30	-.12	-.05	.17	.07	.27	.33	.02	.25	.00	.02	.09	.18	.19	.03	-.02	.17	.09	.00	-.01	.09	.39	.16	.21	.09	.06	.21
31	-.00	-.12	.05	.06	.11	.20	.13	.29	.18	.20	.22	.08	.17	.20	.23	.16	.10	-.02	.10	.11	.22	.08	.15	.13	.02	.06
32	-.07	-.10	.06	.07	.06	.22	.11	.07	.09	.21	.05	.14	.08	.01	.16	.27	.23	.05	.09	.13	.16	.08	.05	.03	.10	.14
33	.17	.07	.17	.08	.24	.28	.23	.18	.18	.32	.21	.16	.28	.12	.41	.05	.19	.06	.20	.13	.14	.19	.05	.19	.04	.06
34	.30	.07	-.01	.06	-.05	-.03	.16	.07	.25	.09	.11	.02	.26	.10	.10	-.07	-.03	.21	.28	.22	.18	-.02	.14	.13	.25	.18
35	.02	.20	.38	-.01	.14	.06	.16	.05	.17	.24	.16	-.00	.13	.38	.18	.16	.08	.20	.09	.06	.16	.17	.08	.13	.09	.19
36	-.01	.05	.06	.20	.10	.30	.23	.27	.09	.21	.30	.15	.22	.26	.18	.30	.20	.15	.17	.13	.22	.02	.21	.18	.13	.14
37	-.09	.05	.16	.24	.21	.24	.18	.05	.10	.08	.15	.10	.18	.15	.11	.11	.04	.10	.03	-.08	.04	.04	.02	-.01	.11	.18
38	-.12	.31	.18	.05	.14	.20	.09	.12	-.00	.12	-.03	.07	.15	-.08	.11	.24	.19	.05	-.00	.00	.17	-.07	.20	.28	.11	.13
39	-.10	.24	.04	.05	.16	.09	.20	-.09	.03	.07	.18	.13	.17	-.07	.08	.22	.14	.15	.14	-.12	.06	-.00	.08	.04	-.03	.13
40	-.05	.08	.04	.08	.01	.20	.11	.09	.11	.23	.04	.11	.08	-.02	.08	.24	.15	.06	.08	.04	.22	.17	.04	.26	.04	.05
41	-.08	.10	.18	.25	.29	.30	.34	.02	.20	.24	.10	.22	.27	.14	.25	.20	.15	.25	.20	-.11	.01	.14	.06	.06	.05	.21
42	.08	.11	.24	.15	.23	.23	.27	.27	.25	.29	.23	.18	.20	.16	.17	.21	.04	.09	.09	-.07	.05	.24	.15	.18	.23	.14
43	-.15	.14	.13	.14	.05	.32	.34	.12	.19	.19	.24	.25	.30	.16	.04	.02	.03	.19	.07	.10	.33	.35	.28	.21	.13	.22
44	-.03	.03	.07	.12	.08	.03	.08	.13	.07	.22	.14	.26	.14	.30	.15	.20	.26	.10	.14	.23	.27	.34	.24	.11	.17	.26
45	-.14	-.07	-.00	-.07	-.05	.44	.17	.21	.11	.40	.10	.16	.12	.11	.12	.07	.13	.09	.13	-.04	-.02	.22	.17	.27	-.12	.05
46	.03	.20	.32	.07	.14	.38	.15	.25	.27	.26	.25	.28	.27	.15	.07	.11	.23	.32	.31	.23	.28	.34	.20	.25	.25	.14
47	.06	.09	-.08	-.03	-.07	.21	.09	.03	.09	.23	.04	-.03	.16	-.04	.07	.10	.23	.20	.21	.15	.11	.00	.04	.12	.00	.00

Table 8.2: Spearman Correlation Coefficients for Life & Composite Insurance Companies for the Sample as a Whole (N=83 VR=79)

Cont./

VR	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
48	.14	.06	-.10	.14	.24	.18	.11	-.05	.00	.20	.16	.12	.27	.06	.26	.15	.16	.05	.26	.14	.11	.20	.04	.12	.17	.29
49	-.15	-.05	.08	.18	.17	.00	-.16	-.06	-.07	-.02	-.01	.14	.28	-.07	-.06	.06	.14	.08	-.06	.11	.13	.24	.06	.10	.13	.21
50	-.04	-.01	.13	.03	.03	-.00	.06	-.10	-.13	-.02	.12	.11	.09	.09	-.04	.19	.12	.08	.04	.17	.15	.21	.15	-.08	.17	.18
51	-.06	-.00	.19	.17	.20	.03	-.18	.06	.04	.08	-.00	-.02	.18	.04	.16	.12	.13	.13	.20	.11	-.10	.09	.25	.13	.06	.03
52	.09	-.10	.07	.10	.18	.37	.23	.26	.28	.33	.28	.19	.18	.13	.34	.13	.19	.06	.18	.21	.28	.17	.14	.12	.11	.14
53	.07	.07	.10	.01	.27	.28	.15	.18	.05	.21	.02	.02	.16	.08	.29	.19	.22	-.19	.00	.16	.26	.21	.21	.14	.06	.09
54	.44	.07	-.03	.05	.12	.01	-.02	.23	.19	-.06	.22	-.08	.01	.04	.11	-.07	.06	.16	.12	.22	-.03	.10	.13	.04	.13	.05
55	.02	.65	.22	-.08	.11	.02	.07	.05	.03	-.01	.05	-.04	.33	.06	.03	.08	.21	.21	.15	-.14	.05	-.01	.14	.31	.00	.09
56	-.09	.10	.45	.29	.16	.12	.28	.09	.19	.13	.16	.03	.21	.10	.22	.19	.06	.03	-.05	-.19	-.06	.05	.16	.15	.14	.19
57	-.05	-.26	.21	.62	.23	.10	.04	.14	.20	.34	.28	.08	-.08	.08	.15	.05	-.22	-.10	-.12	-.10	-.22	.16	.10	-.03	-.10	.09
58	-.09	.02	.26	.33	.59	.14	.14	.18	.07	.22	.17	.10	.18	.14	.22	.24	.01	-.01	.02	.21	-.12	-.11	.05	.02	.00	.27
59	-.20	.01	-.05	.07	.17	.76	-.01	.45	.17	.39	.24	.20	.20	.07	.22	.09	.33	.01	.18	.04	.01	.16	.18	.31	.17	.09
60	.07	-.01	.00	-.06	.07	.20	.56	.07	.30	.31	.08	.09	.18	.32	.36	.14	-.12	.08	.15	-.10	-.08	.17	-.06	.04	-.02	.08
61	.10	.06	.14	.24	.33	.35	-.02	.80	.51	.21	.47	.10	.17	.31	.23	.14	.13	.13	.03	.03	.01	.32	.22	.17	.14	-.11
62	.13	.05	.27	.38	.20	.19	.14	.35	.75	.34	.34	.28	.11	.33	.33	.07	-.01	.20	.11	-.12	-.06	.23	.12	.10	.15	.04
63	-.10	-.08	.14	.17	.10	.36	.18	.17	.16	.84	.11	.03	-.01	.21	.22	.18	.15	-.02	.08	-.02	.04	.19	.11	.28	.00	.01
64	.04	-.08	.13	.29	.09	.18	-.02	.24	.22	.18	.75	.37	.13	.28	.08	.07	-.08	.26	.13	.08	.15	.30	.33	.15	.18	.23
65	-.17	.06	.23	.27	.08	.19	.26	.08	.25	.07	.14	.75	.07	.11	.09	.03	.07	.18	.25	.06	.07	.18	.29	.19	-.19	.22
66	-.01	.17	.14	.05	.14	.08	.08	.22	.22	-.17	.27	.19	.75	.04	.11	-.02	.02	.31	.18	.07	.16	.16	.25	.14	.24	.15
67	-.20	.36	.19	.28	.19	.19	.05	.30	.31	.09	.28	.37	.28	.34	.00	.22	.22	.25	.19	-.08	.05	.20	.23	.25	.04	.23
68	-.12	.10	-.07	.12	.12	.18	.24	.10	.06	.36	.08	.05	.05	.29	.18	.23	.27	.05	.14	.16	.07	.18	.18	.09	.08	.06
69	-.11	-.01	.07	.14	.02	.13	-.04	.05	-.05	.21	-.05	.10	.08	-.00	.04	.24	.20	.09	.07	.01	.10	.04	.08	.10	.05	.16
70	.07	-.12	.06	.34	.27	-.06	.26	.04	.18	.14	-.03	.07	.15	.16	.23	.08	.00	-.16	.10	-.14	-.15	-.11	-.04	.09	.10	.16
71	-.01	-.03	.24	.16	.13	.30	.23	.08	.11	.39	.02	-.06	.10	.19	.19	.17	.01	-.06	-.03	-.15	.05	.04	.00	.12	.03	.21
72	-.03	-.15	.14	.15	.10	.09	.32	.05	.05	.29	.01	.01	.26	.24	.27	.21	-.04	-.10	.01	.01	.10	.10	.16	-.00	.19	.11
73	-.05	-.07	.23	.01	.07	.09	.17	-.00	-.10	.12	.06	-.03	.12	.08	.13	.22	.07	.11	.06	.16	-.02	.07	.06	.07	.06	.17
74	.23	-.18	.01	.13	-.00	.08	.25	.00	.07	.24	.10	.04	.07	.10	.29	.09	-.02	.08	.19	.10	-.00	-.07	-.10	-.00	-.06	.30
75	-.04	-.03	.10	-.07	.13	.27	.34	-.01	-.01	.27	-.16	.02	.17	.13	.22	.27	.05	-.03	.17	.09	.08	.03	.03	.05	-.07	.11
76	-.23	.01	.13	.27	.19	.25	.05	.07	.02	.37	.03	.10	.13	.25	.12	.29	.09	.02	.17	.20	.08	.20	.19	.26	.08	.14
77	.05	-.17	.11	.11	.20	.18	.24	.05	.05	.35	.09	.11	.11	.12	.21	.20	-.01	-.01	.14	.00	.01	.12	-.06	.06	.06	.27
78	-.09	-.14	.07	.15	.10	.25	.21	.03	-.01	.31	-.01	.03	.12	.25	.17	.17	.05	-.04	-.01	.19	.09	.26	.13	.04	-.01	.05
79	-.11	-.16	.15	.23	.14	.32	.30	.12	.08	.41	.16	.13	.22	.28	.16	.22	.01	.02	.06	.08	.12	.27	.24	.13	.04	.16

VR	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52
28	.11																									
29	.16	.21																								
30	-.03	-.06	.26																							
31	.19	.04	.45	.31																						
32	.05	-.06	.35	.43	.34																					
33	.08	.16	.43	.24	.52	.39																				
34	.08	.31	.24	.09	.24	.10	.10																			
35	.02	-.04	.25	-.03	.04	.07	.08	.17																		

Table 8.2: Spearman Correlation Coefficients for Life & Composite Insurance Companies for the Sample as a Whole (N=83 VR=79)

Cont./

VR	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52
36	.17	.07	.31	.19	.31	.27	.35	.14	.18																	
37	.06	-.01	.09	.01	.24	.20	.16	.11	.10	.52																
38	.05	-.04	.19	.24	.10	.18	.26	-.03	.04	.29	.21															
39	.10	-.07	-.00	-.02	.01	.05	.09	-.13	-.17	.09	.14	.43														
40	.19	-.01	-.04	-.00	.13	.04	.18	-.03	.05	.25	.18	.26	.17													
41	.13	-.06	.10	.07	-.00	.24	.31	-.01	.04	.25	.25	.11	.28	.22												
42	.26	.14	.15	.17	.05	.27	.17	-.02	.31	.31	.24	.17	.15	.33	.38											
43	-.07	-.07	.03	.27	.07	.25	.21	.24	.13	.29	.22	.10	.11	.14	.27	.09										
44	.09	.10	.11	.30	.16	.16	.15	.31	.12	.21	.01	.04	.03	.13	.04	.19	.21									
45	.19	-.07	.05	.08	.13	.13	.25	-.01	.09	.19	.16	.14	.04	.18	.25	.29	.17	.16								
46	.08	.07	.23	.14	.17	.11	.38	.27	.15	.30	.18	.18	.11	.30	.36	.27	.41	.31	.18							
47	.24	.14	.19	-.00	.23	.18	.13	.35	-.06	.16	.08	.16	.26	.19	.26	.19	.10	.12	.28	.36						
48	.10	.08	.20	.26	.23	.41	.37	.24	.12	.26	.29	.04	.12	.01	.33	.20	.23	.22	.09	.17	.18					
49	.08	-.00	.25	.30	.20	.37	.18	.15	.06	.19	.27	.18	.08	.14	.20	.18	.20	.32	.23	.15	.14	.33				
50	.11	.01	.11	.22	.14	.17	-.03	.12	.21	.14	.21	-.01	-.02	-.00	.03	.05	.17	.29	.03	.12	.03	.29	.37			
51	-.05	.10	.31	.10	.33	.18	.24	.20	.11	.09	.16	.04	-.09	-.06	.23	-.00	.10	.14	-.00	.23	.05	.26	.34	.24		
52	.18	-.08	.41	.23	.47	.37	.52	.23	.16	.38	.25	.32	.11	.20	.20	.08	.28	.24	.16	.34	.32	.37	.26	.13	.09	
53	.20	.05	.37	.16	.41	.31	.44	.12	.28	.38	.32	.28	.06	.27	.10	.21	.14	.24	.31	.19	.20	.39	.35	.18	.18	.55
54	.11	.47	.17	-.02	-.06	-.08	.04	.26	-.02	.04	.03	-.04	.11	-.05	-.02	.07	.02	-.03	-.17	.05	.13	.01	-.08	-.10	-.00	.01
55	-.07	.09	-.00	-.02	-.07	-.12	.06	.13	.11	.03	.09	.34	.43	.11	.29	.11	.18	-.01	-.08	.09	.10	.08	.08	-.07	.20	-.06
56	.10	-.06	.08	.07	.16	.16	.07	.27	.18	.12	.25	.16	.09	.10	.27	.16	.35	.21	.12	.30	.15	.10	.11	.16	.14	.23
57	.11	-.16	-.06	.08	.07	.12	.11	.09	.09	.12	.18	.07	.01	.07	.19	.12	.13	.04	.07	-.02	-.11	.14	.17	.10	.17	.16
58	-.04	-.02	.05	.21	.12	.08	.21	.04	.18	.21	.25	.27	.12	.11	.26	.19	.22	.17	.06	.11	-.10	.23	.13	.04	.19	.20
59	.14	-.11	.14	.28	.26	.17	.19	-.06	-.01	.26	.17	.13	.01	.14	.24	.14	.18	.09	.41	.21	.15	.18	.22	.06	.12	.41
60	.28	-.01	.05	-.06	.09	.10	.02	.15	.22	.14	.14	-.04	.10	.18	.28	.37	.19	.12	.22	.04	.18	.18	-.05	.01	-.09	.23
61	.18	.23	.15	.16	.33	.09	.18	.04	-.09	.25	.17	.10	.11	.14	.14	.30	.12	.11	.06	.24	.09	-.00	.00	-.11	.19	.27
62	.08	.07	.13	-.14	.10	.02	.10	.18	.29	.12	.25	.05	.05	.28	.20	.40	.09	.11	.05	.23	.10	.03	.06	-.04	.16	.28
63	.31	-.16	-.02	.03	.12	.14	.21	.03	.28	.08	.09	.09	.06	.23	.32	.32	.10	.14	.35	.22	.18	.22	-.05	.00	.01	.27
64	.19	-.10	-.02	.17	.03	-.00	.04	-.03	.11	.11	.04	-.14	.13	.01	.14	.19	.26	.21	.03	.20	-.03	.20	-.01	.12	-.05	.18
65	.02	-.17	.11	.20	.11	.07	.18	-.07	.08	.10	.05	.12	.11	.02	.28	.11	.25	.12	.13	.25	-.04	.11	.14	.17	.15	.24
66	-.03	.21	.16	.19	.14	-.03	.14	.36	.11	.15	.07	.13	.08	.06	.16	.05	.33	.09	-.02	.27	.12	.23	.33	.16	.28	.14
67	.06	-.05	.01	.18	.04	.00	.04	-.02	.02	.17	.14	.22	.30	.13	.29	.13	.12	.13	.10	.19	.02	.21	.11	.16	.06	.06
68	.22	.10	.01	-.03	.07	.25	.06	.10	.18	.31	.21	.02	.33	.23	.28	.37	.15	.37	.37	.08	.35	.20	.19	.15	-.09	.20
69	.08	-.02	.08	.16	.10	.12	.08	-.07	.07	.10	.23	.19	.03	.38	.21	.21	.01	.21	.27	.07	.18	.09	.27	.22	.17	.15
70	.04	.03	.24	-.12	.19	-.00	.19	.20	.13	.22	.23	-.05	-.07	.14	.23	.11	-.02	.18	-.08	.07	-.05	.26	.04	-.04	.26	.17
71	.13	-.16	.15	.00	.13	.04	.08	.05	.28	.09	.32	.22	.09	.25	.22	.17	.08	.12	.30	.10	.14	.11	.19	.20	.04	.37
72	.17	.05	.21	.06	.14	.24	.22	.10	.35	.18	.20	.04	.05	.14	.28	.45	.09	.23	.20	.07	.14	.32	.21	.31	.05	.34
73	.09	.00	.03	.06	.11	.12	.01	.10	.25	.21	.14	-.11	-.04	.13	.09	.27	.05	.28	.24	.19	.13	.10	.17	.48	.00	.07
74	.11	-.01	.16	-.08	.23	.21	.23	.13	.23	.24	.17	.00	.04	.11	.16	.20	-.09	.11	.19	-.05	.09	.28	.06	.11	-.06	.30
75	.18	-.05	.14	-.03	.02	.17	.05	.09	.34	.14	.18	.05	.04	.21	.33	.33	.05	.04	.27	.06	.15	.17	.12	.19	.07	.23
76	.24	-.06	.14	.10	.03	.04	.18	.03	.10	.28	.06	.18	.15	.28	.35	.27	.08	.28	.21	.30	.14	.14	.22	.12	.22	.18
77	.28	-.00	.20	.04	.07	.21	.31	.00	.09	.06	.17	-.05	.06	.02	.30	.18	.17	.15	.28	.20	.05	.25	.14	.13	.15	.28
78	.26	-.17	.14	.08	.10	.15	.21	.01	.19	.22	.28	.00	-.03	.18	.23	.18	.16	.26	.41	.13	.18	.21	.28	.29	.09	.37
79	.31	-.15	.18	.12	.17	.22	.22	.09	.21	.28	.26	-.02	.08	.07	.30	.21	.31	.29	.45	.11	.16	.31	.23	.20	.09	.37

Table 8.2: Spearman Correlation Coefficients for Life & Composite Insurance Companies for the Sample as a Whole (N=83 VR=79)

Cont./

VR	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78
54	.01																									
55	.05	.33																								
56	.17	.00	.27																							
57	.08	.01	-.07	.32																						
58	.12	-.04	.16	.35	.52																					
59	.23	.01	.04	.17	.10	.19																				
60	.12	.10	.08	.25	.08	.08	.10																			
61	.20	.37	.16	.16	.15	.10	.39	.15																		
62	.09	.16	.06	.26	.32	.22	.15	.39	.48																	
63	.28	-.03	.04	.21	.29	.18	.38	.30	.20	.28																
64	-.08	.13	-.02	.14	.24	.15	.18	.15	.30	.29	.14															
65	.03	-.14	.04	.13	.15	.07	.25	.07	.06	.19	.13	.28														
66	.07	.13	.35	.28	-.01	.19	.15	.07	.21	.16	-.24	.27	.13													
67	.01	-.02	.29	.20	.08	.09	.24	.07	.29	.23	.15	.29	.30	.26												
68	.37	.12	.14	.18	.04	.06	.31	.28	.21	.10	.39	.01	.04	-.04	.20											
69	.19	.05	.11	.15	.06	.20	.32	-.02	.11	.12	.33	.01	.16	.02	.25	.29										
70	.17	.25	-.04	.12	.18	.30	.01	.10	.10	.29	.19	-.10	-.01	.08	.01	.10	.14									
71	.25	-.00	.08	.24	.23	.23	.29	.39	.07	.29	.44	.03	.07	-.06	.10	.26	.35	.25								
72	.33	.00	-.04	.15	.14	.13	.14	.33	.10	.18	.36	.10	.05	.02	.04	.40	.26	.23	.53							
73	.11	-.06	-.09	.30	.02	.10	.19	.18	.02	-.05	.16	.13	.01	.08	.02	.34	.22	.06	.23	.49						
74	.18	.07	-.09	.02	.18	.20	.16	.24	-.04	.11	.22	.10	.05	-.08	-.01	.23	.16	.30	.39	.52	.57					
75	.39	.03	.06	-.01	.06	.12	.17	.44	-.04	.03	.35	-.14	.06	-.12	.01	.34	.28	.11	.46	.56	.36	.43				
76	.20	.03	.18	.14	.24	.20	.28	.21	.12	.11	.35	.06	.13	.03	.18	.41	.31	.16	.33	.42	.31	.23	.39			
77	.19	.06	-.02	.22	.13	.29	.28	.28	.08	.06	.39	.07	.12	-.00	-.03	.28	.28	.25	.45	.43	.32	.39	.37	.38		
78	.37	.01	-.05	.17	.20	.11	.29	.20	.04	.04	.37	.08	.06	-.03	-.04	.49	.41	.16	.44	.51	.38	.27	.43	.53	.60	
79	.35	.02	.04	.27	.20	.19	.38	.32	.16	.12	.47	.22	.09	.06	.03	.51	.28	.18	.44	.54	.32	.32	.42	.47	.66	.80

Table 8.2: Spearman Correlation Coefficients for Life & Composite Insurance Companies for the Sample as a Whole (N=83 VR=79)

APPENDIX F

Table 9.4.1 Wilcoxon Test: Hypothesis 2

VR	Euclidean Distances		Differences	Rank of |d|	Signed Rank	
	Large Companies	Small Companies	d		+	-
1	1.07	1.38	-31	29		29
2	1.32	1.03	29	28	28	
3	.57	.71	-14	18.5	18.5	
4	1.28	1.40	-12	17		17
5	1.49	1.54	- 5	7.5		7.5
6	.27	.17	10	13.5	13.5	
7	2.04	1.48	56	35	35	
8	.43	.76	-33	30		30
9	1.16	1.32	-16	20		20
10	.43	.66	-23	23		23
11	.97	1.23	-26	25		25
12	1.30	1.35	- 5	7.5		7.5
13	.39	.53	-14	18.5		18.5
14	1.97	1.91	6	10	10	
15	1.08	1.19	-11	15.5		15.5
16	1.06	1.05	1	1.5	1.5	
17	.24	.15	9	12	12	
18	.49	.53	4	4.5	4.5	
19	.16	.15	1	1.5	1.5	
20	.47	.52	5	7.5	7.5	
21	.69	1.03	-34	31		31
22	.88	.39	49	34	34	
23	.96	.79	17	21	21	
24	.50	.48	2	3	3	
25	.88	1.12	-24	24		24
26	1.09	.82	27	26.5	26.5	
28	.28	.55	-27	26.5		26.5
29	.79	.90	-11	15.5		15.5
30	.96	1.00	- 4	4.5		4.5
31	.90	1.00	10	13.5	13.5	
32	.85	.92	- 7	11		11
32	.46	.66	-20	22	22	
33	.96	1.01	- 5	7.5		7.5
34	.37	.77	-40	32.5		32.5
35	1.79	1.39	40	32.5	32.5	
Total					284.5	345.5

APPENDIX F

Table 9.4.2 Wilcoxon Test: Hypothesis 3

VR	Euclidean Distances		Differences	Rank of	Signed Rank	
	Large Companies	Small Companies	d	|d|	+	-
42	1.16	1.32	-16	2.5		2.5
43	1.04	1.02	2	1	1	
44	1.68	1.35	33	6	6	
45	.53	1.55	-102	12		12
46	.79	.38	41	8	8	
47	1.08	.38	70	11	11	
48	.92	.58	34	7	7	
49	.80	.52	28	4	4	
50	.64	.95	-31	5		5
51	1.40	1.56	-16	2.5		2.5
52	.75	.26	49	9	9	
53	.27	.79	-52	10		10
Total					46	32

Table 9.4.3 Wilcoxon Test: Hypothesis 4

VR	Euclidean Distances		Differences	Rank of	Signed Rank	
	Large Companies	Small Companies	d	|d|	+	-
54	1.58	1.44	14	4.5	4.5	
55	1.46	1.54	- 8	3		3
56	.09	.45	-36	11		11
57	.89	.94	- 5	2		2
58	1.08	.75	33	10	10	
59	.83	.79	4	1	1	
60	1.42	1.19	23	7.5	7.5	
61	.29	.29	0	0		
62	.96	.73	23	7.5	7.5	
63	1.08	1.22	-14	4.5		4.5
64	.81	1.01	-20	6		6
65	.79	1.17	-38	12		12
66	.22	.94	72	13		13
67	.83	.55	28	9	9	
Total					39.5	51.5

APPENDIX F

Table 9.4.4 Wilcoxon Test: Hypothesis 5

VR	Euclidean Distances		Differences	Rank of	Signed Rank	
	Large Companies	Large Companies	d	|d|	+	-
68	.85	.51	34	9	9	
69	.82	.38	44	10	10	
70	2.28	1.81	47	11	11	
71	.71	.60	11	4	4	
72	.55	.45	10	3	3	
73	.91	.95	- 4	1		1
74	1.25	1.40	-15	6.5		6.5
75	.65	.56	9	2	2	
76	1.04	.52	52	12	12	
77	.25	.40	-15	6.5		6.5
78	.53	.41	12	5	5	
79	.52	.37	21	8	8	
Total					64	14

APPENDIX 6

VR	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
2	.33																								
3	.28	.35																							
4	.18	.25	.31																						
5	.16	.20	.32	.75																					
6	.14	.09	.26	.44	.42																				
7	.16	.09	.24	.49	.41	.37																			
8	.19	.24	.34	.51	.52	.60	.43																		
9	.22	.17	.28	.58	.63	.50	.56	.67																	
10	.06	.02	.26	.32	.29	.50	.42	.47	.44																
11	.30	.18	.28	.50	.43	.52	.54	.68	.57	.45															
12	.08	.02	.23	.36	.26	.55	.41	.46	.45	.70	.62														
13	.22	.18	.37	.54	.52	.51	.50	.66	.65	.46	.68	.49													
14	.15	.10	.31	.58	.56	.45	.56	.53	.66	.33	.52	.38	.58												
15	.05	.10	.20	.01	-.03	.17	-.07	.09	-.05	.05	.10	.07	.05	.03											
16	.31	.25	.27	.24	.23	.23	.07	.18	.15	.14	.22	.17	.19	.21	.29										
17	.16	.20	.17	.34	.43	.33	.27	.36	.39	.20	.28	.16	.28	.37	.22	.41									
18	.41	.36	.32	.37	.45	.32	.28	.39	.44	.28	.35	.28	.40	.40	.12	.46	.56								
19	.25	.24	.37	.26	.29	.26	.11	.14	.19	.17	.06	.13	.13	.16	.08	.47	.39	.58							
20	.28	.26	.36	.22	.21	.33	.14	.24	.25	.25	.17	.23	.25	.13	.21	.46	.36	.48	.53						
21	.32	.25	.40	.25	.26	.27	.14	.23	.25	.20	.24	.27	.26	.15	.17	.47	.32	.42	.44	.71					
22	.10	.10	.28	.16	.22	.24	-.00	.18	.12	.14	.14	.20	.11	.07	.26	.35	.32	.32	.41	.53	.57				
23	.10	.12	.18	.01	.09	.11	-.03	.03	.01	.09	.02	.05	.03	-.09	.17	.04	.10	.06	.11	.11	.15	.21			
24	.28	.39	.34	.45	.46	.29	.29	.34	.35	.11	.37	.11	.40	.34	.15	.43	.46	.49	.40	.36	.42	.36	.11		
25	.09	.07	.03	.06	.11	.19	.16	.14	.09	.15	.20	.10	.10	.17	.45	.18	.33	.10	-.03	.03	.04	.03	.11	.03	
26	.12	.14	.05	.23	.28	.16	.31	.26	.28	.12	.24	.10	.23	.22	.24	.28	.43	.30	.16	.10	.14	.08	.09	.30	.44
27	.10	.31	.20	.31	.21	.25	.23	.28	.28	.18	.23	.18	.21	.20	.14	.15	.27	.29	.31	.24	.14	.12	.02	.32	.14
28	.40	.32	.17	.15	.20	.17	.16	.22	.22	.25	.22	.13	.20	.08	.12	.22	.23	.31	.15	.24	.23	.11	.00	.35	.12
29	.18	.06	.21	.21	.23	.26	.22	.18	.23	.29	.18	.28	.20	.18	.13	.21	.25	.44	.29	.29	.22	.19	.08	.26	.19
30	.05	.19	.08	.11	.15	.21	-.06	.08	.15	.22	.04	.16	.05	.02	.19	.25	.23	.23	.28	.25	.18	.26	.10	.28	.13
31	.08	.18	.22	.07	.22	.18	.02	.23	.26	.24	.16	.24	.20	.16	.17	.18	.12	.37	.30	.27	.24	.26	.09	.29	.08
32	.08	.04	.03	-.02	-.02	.14	-.06	.08	.02	.16	-.00	.13	.05	-.07	.34	.16	.14	.12	.11	.31	.26	.21	.13	.16	.19
33	.22	.18	.21	.14	.19	.22	.05	.20	.16	.24	.12	.18	.21	.11	.20	.23	.27	.26	.17	.32	.24	.29	.18	.28	.19
34	.35	.21	.28	.32	.35	.23	.32	.41	.36	.29	.43	.25	.36	.23	.07	.33	.35	.46	.26	.33	.34	.28	-.01	.45	.20
35	.10	.12	.25	.29	.31	.31	.29	.26	.24	.22	.36	.24	.35	.34	.11	.10	.33	.31	.10	.18	.15	.15	.16	.24	.16
36	.04	.05	.05	-.04	.03	.06	-.03	.18	.02	.19	.05	.12	-.08	.01	.04	.02	-.05	.12	.11	.03	.09	.17	.04	-.06	.06
37	.17	.11	.16	.10	.11	.05	.17	.13	.13	.16	.22	.12	.10	.10	.13	.13	.03	.28	.16	.05	.02	.05	.04	.19	.02
38	.23	.25	.21	.16	.16	.13	.26	.17	.13	.11	.16	.16	.19	.16	.12	.36	.28	.34	.17	.30	.32	.27	.05	.39	.10
39	.13	.21	.20	.09	.12	.14	.04	.11	.06	.04	.08	.10	.09	.01	.19	.34	.22	.20	.15	.20	.29	.27	.12	.28	.11
40	.05	.18	.12	.25	.28	.31	.28	.22	.16	.10	.24	.23	.22	.23	.25	.24	.32	.21	.12	.21	.23	.25	-.04	.42	.23
41	.14	.13	.08	.19	.15	.11	.29	.10	.21	.07	.19	.19	.21	.18	.10	.18	.31	.25	.10	.16	.14	.11	-.13	.32	.11
42	.10	.05	.12	.17	.22	.05	.10	.09	.13	.06	.12	.02	.03	.14	.42	.21	.29	.26	.05	-.01	.08	.14	.09	.19	.32
43	.10	.20	.22	.15	.24	.07	.08	.03	.15	.05	.05	.09	.10	.11	.16	.47	.20	.28	.17	.20	.33	.22	.17	.26	.11
44	.12	.16	.18	.35	.41	.18	.29	.26	.35	.17	.28	.19	.28	.36	.27	.19	.58	.36	.17	.15	.23	.18	.03	.37	.41
45	.11	.11	.27	.11	.12	.18	.13	.19	.17	.35	.21	.33	.15	.04	.18	.17	.08	.28	.21	.30	.26	.20	.10	.05	.05
46	.10	.29	.25	.13	.28	.10	.04	.11	.07	.05	-.01	.11	.11	-.00	.07	.20	.12	.32	.45	.28	.25	.28	.10	.29	-.06
47	.10	.17	.17	.08	.13	.28	.10	.20	.18	.28	.10	.27	.10	.07	.17	.17	.19	.30	.35	.46	.31	.37	.14	.05	.06

Table 10.3.2: Spearman Correlation Coefficients for the Insured Typology for the sample as a whole (N=147, VR=51)

Cont./

VR	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
48	.07	.28	.19	.09	.12	.20	.16	.22	.13	.25	.20	.27	.15	.13	.04	.22	.09	.20	.20	.27	.41	.30	.04	.29	.01
49	.19	.14	.30	.24	.28	.25	.12	.34	.20	.15	.28	.19	.19	.20	.27	.39	.39	.42	.33	.41	.50	.63	.17	.38	.10
50	.16	.25	.28	.15	.21	.08	.03	.21	.15	.15	.21	.11	.21	.08	.19	.22	.22	.27	.24	.21	.25	.25	.50	.24	.14
51	.23	.25	.30	.49	.53	.35	.41	.42	.44	.19	.46	.27	.47	.46	.17	.43	.50	.49	.35	.36	.36	.25	.03	.68	.15

VR	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
27	.22																								
28	.00	.33																							
29	.14	.22	.11																						
30	.13	.31	.15	.46																					
31	.09	.32	.25	.56	.51																				
32	.11	-.05	.06	.37	.34	.35																			
33	.13	.09	.21	.39	.40	.45	.60																		
34	.27	.24	.41	.44	.21	.39	.24	.40																	
35	.21	.19	.09	.24	.03	.15	.02	.16	.25																
36	.02	-.01	.05	.06	.08	.13	.10	.07	.05	.07															
37	.17	.18	.21	.13	.03	.28	-.00	.04	.22	.21	.23														
38	.14	.24	.24	.24	.14	.17	.14	.18	.31	.17	-.13	.10													
39	.20	.16	.07	.15	.19	.06	.21	.18	.13	.13	-.02	.15	.33												
40	.19	.20	.24	.17	.16	.19	.14	.18	.28	.25	-.12	.13	.48	.33											
41	.25	.30	.31	.14	.03	.18	.05	.12	.29	.27	-.22	.19	.45	.22	.57										
42	.36	.12	.15	.13	.05	.00	-.02	.04	.07	.09	.05	.25	.10	.18	.19	.18									
43	.19	.02	.02	.22	.18	.09	.11	.12	.08	.06	-.08	.16	.34	.47	.32	.22	.45								
44	.57	.27	.15	.19	.21	.16	.11	.18	.30	.23	-.03	.08	.21	.10	.29	.27	.52	.26							
45	.12	.22	.18	.21	.16	.17	.11	.16	.17	.23	.29	.26	.11	.20	.06	.06	.13	.14	.13						
46	.16	.26	.07	.29	.36	.29	.19	.23	.16	.05	.02	.06	.36	.22	.19	.18	.08	.24	.21	.40					
47	.00	.21	.14	.29	.19	.27	.34	.39	.17	.11	.19	.17	.24	.14	.13	.10	-.01	.19	.03	.54	.38				
48	.05	.20	.13	.29	.19	.30	.22	.26	.18	.05	.17	.09	.35	.21	.26	.22	.02	.27	.05	.36	.36	.57			
49	.21	.14	.17	.20	.19	.15	.03	.15	.32	.25	.17	.25	.28	.36	.26	.18	.26	.28	.30	.31	.29	.27	.30		
50	.25	.09	.07	.13	.12	.13	.08	.17	.10	.20	.07	.21	.07	.22	.07	-.02	.22	.31	.21	.26	.27	.22	.12	.38	
51	.39	.34	.24	.34	.23	.25	.09	.23	.44	.37	-.11	.16	.37	.36	.47	.38	.29	.31	.47	.19	.35	.14	.24	.47	.30

Table 10.3.2: Spearman Correlation Coefficients for the Insured Typology for the sample as a whole (N=147, VR=51)

APPENDIX G

VR	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
2	.52																								
3	.33	.54																							
4	.24	.34	.59																						
5	.23	.40	.57	.70																					
6	.13	.27	.19	.20	.29																				
7	.26	.18	.38	.34	.27	.19																			
8	.15	.24	.36	.34	.36	.51	.34																		
9	.38	.42	.52	.48	.48	.32	.33	.53																	
10	.24	.26	.42	.41	.28	.33	.49	.45	.38																
11	.24	.37	.44	.40	.46	.38	.39	.56	.61	.59															
12	.16	.35	.40	.40	.37	.39	.45	.46	.40	.63	.72														
13	.32	.55	.50	.41	.44	.29	.34	.37	.63	.35	.60	.56													
14	.34	.38	.37	.40	.42	.10	.39	.20	.51	.23	.43	.35	.60												
15	-.02	.17	.28	.09	.12	.16	.20	.15	.15	.07	.15	.14	.17	.02											
16	.14	.20	.14	.09	.13	.20	.20	.20	.21	.15	.15	.15	.22	.06	.42										
17	-.01	.24	.31	.30	.33	.19	.24	.25	.30	.17	.27	.30	.38	.20	.44	.42									
18	.05	.16	.23	.28	.35	.34	.43	.29	.28	.26	.28	.32	.25	.21	.24	.28	.47								
19	.06	.28	.30	.21	.30	.21	.29	.21	.24	.30	.23	.25	.25	.12	.22	.29	.44	.66							
20	.18	.19	.17	.07	.10	.12	.29	.23	.21	.08	.13	.09	.25	.17	.16	.39	.31	.43	.47						
21	.14	.29	.26	.17	.14	.15	.34	.24	.21	.14	.18	.12	.22	.16	.28	.41	.42	.48	.58	.74					
22	.12	.10	.17	.02	.08	.07	.17	.12	.17	-.01	.07	.04	.13	.04	.22	.26	.25	.36	.42	.62	.55				
23	.14	.06	.18	.05	.04	.23	.18	.13	.19	.18	.17	.16	.20	.01	.31	.38	.24	.25	.28	.29	.39	.37			
24	.01	.21	.22	.26	.26	.11	.18	.15	.14	.06	.11	.16	.29	.19	.28	.21	.45	.26	.29	.22	.38	.30	.33		
25	.26	.41	.48	.42	.34	.22	.22	.11	.30	.21	.25	.27	.25	.16	.33	.20	.42	.26	.25	.17	.13	.12	.10	.22	
26	.19	.32	.45	.44	.35	.07	.23	.03	.30	.21	.21	.24	.28	.25	.27	.05	.37	.29	.26	.18	.10	.12	.07	.17	.79
27	.17	.33	.47	.33	.30	.30	.24	.41	.33	.37	.39	.44	.33	.21	.27	.17	.37	.28	.20	.13	.14	.09	.26	.28	.53
28	.57	.40	.38	.27	.24	.19	.14	.16	.30	.18	.19	.27	.33	.25	.06	.11	.09	.13	.05	.24	.18	.23	.18	.08	.19
29	-.11	.04	.11	.14	.05	.21	.17	.24	.16	.21	.24	.22	.20	.15	.28	.24	.20	.15	.17	.07	.19	-.03	.13	.19	.09
30	-.25	-.13	-.09	-.04	-.10	.01	.03	-.05	-.02	.10	.05	.02	-.02	-.05	.31	.21	.08	.03	.11	.03	.05	.01	.15	.24	.02
31	-.14	.11	.04	.10	.12	.08	-.03	.06	-.10	.08	.11	.18	.08	.05	.23	.09	.07	-.03	.03	-.05	.08	-.12	.12	.26	.05
32	.05	-.01	-.07	-.16	-.13	.01	-.03	-.17	.01	-.08	-.01	-.03	.04	-.07	.34	.31	.02	.10	.10	.21	.20	.18	.25	.12	-.06
33	-.02	.03	.05	-.03	-.04	.08	.11	.07	.06	.22	.15	.22	.07	.07	.25	.18	.18	.09	.11	.08	.16	.06	.21	.17	.04
34	.21	.24	.23	.25	.27	.12	.12	.08	.19	.16	.16	.16	.31	.14	.25	.34	.24	.23	.22	.29	.20	.13	.17	.14	.21
35	.08	.28	.35	.27	.32	.16	.32	.27	.23	.23	.28	.27	.31	.28	.22	.19	.38	.26	.21	.22	.33	.14	.02	.29	.23
36	.15	.12	.12	.13	.14	.24	.14	.14	.19	.12	.14	.13	.22	.05	.15	.25	-.02	.20	.11	.23	.17	.03	.14	-.11	.08
37	-.04	.05	.02	-.12	.02	.09	.20	.18	.08	.04	.17	.16	.16	.15	.08	.07	.15	.18	.15	.30	.20	.20	.04	-.10	-.01
38	.06	.21	.19	.26	.13	.16	.11	.14	.04	.15	.15	.20	.19	.18	.12	.15	.26	.17	.19	.19	.28	.13	.13	.28	.21
39	.06	.22	.26	.14	.08	.17	.16	.10	.17	.06	.18	.15	.21	.19	.38	.36	.20	.29	.15	.19	.26	.07	.34	.17	.21
40	.04	.15	.23	.17	.03	.12	.08	.15	.19	.02	.13	.20	.20	.09	.26	.15	.28	.16	.11	.08	.20	.05	.23	.35	.11
41	.17	.27	.31	.29	.19	.12	.17	.05	.25	.04	.12	.13	.30	.25	.22	.26	.31	.27	.24	.25	.38	.15	.20	.23	.23
42	.05	.28	.30	.30	.27	.24	.19	.23	.30	.17	.29	.31	.27	.21	.47	.33	.55	.42	.34	.27	.32	.18	.27	.27	.49
43	-.05	.13	.17	.19	.14	.13	.11	.27	.16	.16	.19	.18	.13	.07	.17	.37	.36	.33	.28	.18	.25	.03	.26	.25	.29
44	-.03	.21	.35	.25	.29	.25	.22	.34	.30	.20	.32	.31	.27	.20	.26	.13	.65	.39	.27	.18	.19	.12	.17	.31	.45
45	-.01	.04	.02	-.02	.03	.19	.19	.06	.05	.21	.24	.33	.12	.06	.14	.19	.18	.38	.32	.34	.31	.27	.20	.07	.10
46	-.10	.09	.19	.29	.30	.24	.09	.18	.07	.24	.20	.25	.15	.10	.09	.21	.24	.35	.41	.07	.23	.02	.16	.31	.13
47	-.12	.02	.07	.03	-.01	.20	.08	.25	.09	.10	.09	.10	.12	-.07	.08	.00	.15	.14	.15	.24	.32	.11	.22	.08	-.03

Table 10.3.3: Spearman Correlation Coefficients for the Non-Insured Typology for the sample as a whole (N=130, VR=51)

Cont./

VR	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
48	-.08	.11	.08	.03	-.05	.20	-.11	.13	.14	-.01	.09	.08	.15	-.03	.13	.14	.18	.04	.11	.13	.23	.10	.28	.22	.10
49	.12	.24	.22	.13	.13	.23	.13	.20	.29	.01	.14	.11	.24	.16	.24	.30	.32	.32	.28	.25	.30	.51	.31	.25	.23
50	.24	.26	.27	.15	.16	.29	.19	.20	.34	.17	.23	.15	.31	.14	.23	.29	.22	.25	.18	.21	.24	.17	.63	.23	.15
51	-.04	.24	.34	.33	.30	.14	.06	.19	.25	-.01	.18	.13	.34	.30	.17	.06	.29	.19	.11	.04	.16	.07	.20	.63	.09

VR	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
27	.42																								
28	.16	.42																							
29	.10	.13	-.12																						
30	.03	.07	-.14	.56																					
31	.17	.13	-.07	.60	.44																				
32	-.02	-.11	.04	.23	.35	.29																			
33	.17	.11	-.05	.40	.42	.47	.40																		
34	.30	.16	.31	.17	.14	.26	.30	.36																	
35	.27	.31	.23	.25	.16	.13	.04	.25	.20																
36	.09	-.04	.14	.24	.18	.13	.29	.19	.34	.11															
37	.00	.14	.07	.16	.07	.02	.12	.14	-.06	.08	.22														
38	.16	.26	.08	.09	.07	.12	-.01	.05	.02	.20	-.12	-.12													
39	.21	.19	.05	.21	.16	.19	.28	.14	.22	.27	.16	-.02	.33												
40	.07	.27	.19	.07	-.02	.08	-.02	.13	.08	.13	-.14	-.12	.40	.30											
41	.17	.21	.23	.14	.02	.14	.26	.09	.20	.33	.08	.03	.39	.45	.46										
42	.44	.36	.12	.21	.04	.16	.19	.15	.23	.29	.02	.07	.41	.44	.31	.35									
43	.17	.32	-.01	.23	.04	.12	.05	.02	.08	.06	-.09	.01	.38	.44	.26	.17	.61								
44	.39	.43	.11	.08	-.11	.01	-.16	.10	.11	.27	-.12	.16	.29	.25	.31	.24	.65	.52							
45	.07	.05	.03	.29	.16	.16	.31	.17	.10	.14	.28	.31	.05	.15	-.06	.03	.40	.25	.17						
46	.09	.25	.03	.11	-.02	.14	-.10	-.03	.01	.03	-.05	-.12	.25	.17	.27	.20	.20	.37	.27	.19					
47	-.12	.08	-.01	.22	.07	.14	.09	.15	.00	-.01	.16	.22	.10	-.05	.18	.06	.08	.05	.12	.29	.19				
48	-.03	.14	.00	.15	-.02	.13	.09	.02	-.09	-.07	.06	-.07	.32	.18	.42	.21	.23	.25	.23	.23	.35	.58			
49	.12	.24	.17	.04	-.06	-.05	.06	-.02	.08	.13	.02	.00	.31	.16	.18	.31	.27	.17	.30	.20	.21	.27	.41		
50	.03	.26	.27	.09	.02	.03	.16	.04	.27	.01	.16	.02	.10	.27	.24	.24	.32	.37	.35	.17	.22	.26	.27	.42	
51	.05	.20	.15	.10	.08	.22	.06	-.01	.09	.17	-.13	-.15	.21	.27	.43	.30	.27	.23	.37	-.01	.32	.11	.25	.30	.42

Table 10.3.3: Spearman Correlation Coefficients for the Non-Insured Typology for the sample as a whole (N=130, VR=51)

APPENDIX H

Table 10.7.1 Wilcoxon Test: Hypothesis 7

VR	Euclidean Distances		Differences	Rank of |d|	Signed Rank	
	Insured	Non-Insured	d		+	-
1	.75	.90	-15	10.5		10.5
2	.95	.67	28	16.5	16.5	
3	.63	.78	-15	10.5		10.5
4	1.15	.81	34	25	25	
5	1.11	.77	34	25	25	
6	.55	.41	14	7.5	7.5	
7	1.26	.92	34	25	25	
8	.74	.51	23	15	15	
9	1.02	.73	29	18.5	18.5	
10	.78	.63	15	10.5	10.5	
11	.94	.65	29	18.5	18.5	
12	.87	.70	17	14	14	
13	.93	.80	13	5	5	
14	1.25	.97	28	16.5	16.5	
15	1.95	1.93	2	1	1	
16	.88	1.19	-31	21		21
17	.35	.49	-15	10.5		10.5
18	.23	.10	13	5	5	
19	.37	.34	3	2	2	
20	.18	1.03	-85	35		35
21	.36	.04	32	23	23	
22	.15	.28	-13	5		5
23	1.30	.65	65	33	33	
24	.65	.55	10	3	3	
25	1.58	1.00	58	32	32	
26	.84	.98	-14	7.5		7.5
28	.61	.45	16	13	13	
29	.43	.74	-31	21		21
30	1.22	1.63	-41	29		29
31	1.57	1.99	-42	30.5		30.5
32	1.03	1.38	-35	27		27
32	1.83	2.19	-36	28		28
33	1.45	1.87	-42	30.5		30.5
34	.45	.76	-31	21		21
35	1.01	.48	53	34	34	
Total					343	287

APPENDIX I

Table 11.4.1 Wilcoxon Test: Hypothesis 8

VR	Euclidean Distances		Differences	Rank of |d|	Signed Rank	
	Companies	Insured	d		+	-
1	1.15	.75	40	20	20	
2	1.16	.95	21	11.5	11.5	
3	.59	.63	- 4	1		1
4	1.34	1.15	19	8.5	8.5	
5	1.52	1.11	41	21.5	21.5	
6	.20	.55	-35	19		19
7	1.78	1.26	52	28	28	
8	.56	.74	-18	7		7
9	1.27	1.02	25	14	14	
10	.52	.78	-26	15		15
11	1.14	.94	20	10	10	
12	1.33	.87	46	25.5	25.5	
13	.39	.93	-54	29.5		29.5
14	1.95	1.25	70	33	33	
15	1.15	1.95	-80	34		34
16	1.07	.88	19	8.5	8.5	
17	.20	.33	-15	5		5
18	.53	.23	30	17	17	
19	.08	.37	-29	16		16
20	.52	.18	34	18	18	
21	.84	.36	48	27	27	
22	.61	.15	46	25.5	25.5	
23	.88	1.30	-42	23		23
24	.55	.65	-10	2		2
25	1.04	1.58	-54	29.5		29.5
26	.95	.84	11	3	3	
27	.40	.61	-21	11.5		11.5
28	.86	.43	43	24	24	
29	.99	1.22	-23	13		13
30	.97	1.57	-60	32		32
31	.89	1.03	-14	4		4
32	.60	1.83	-123	35		35
33	1.04	1.45	-41	21.5		21.5
34	.61	.45	16	6	6	
35	1.60	1.01	59	31	31	
Total					332	298

APPENDIX I

Table 11.4.2 Wilcoxon Test: Hypothesis 9

VR	Euclidean Distances		Differences	Rank of	Signed Rank	
	Companies	Non-Insured	d	|d|	+	-
1	1.15	.90	25	12	12	
2	1.16	.67	49	19	19	
3	.59	.78	-19	9		9
4	1.34	.81	53	22	22	
5	1.52	.77	75	26	26	
6	.20	.41	-21	10		10
7	1.78	.92	86	30	30	
8	.56	.51	5	3.5	3.5	
9	1.27	.73	54	23	23	
10	.52	.63	-11	5		5
11	1.14	.65	49	19	19	
12	1.33	.70	63	24	24	
13	.39	.80	-41	16		16
14	1.95	.97	98	31	31	
15	1.15	1.93	-78	27		27
16	1.07	1.19	-12	6.5		6.5
17	.20	.49	-29	14		14
18	.53	.10	43	17	17	
19	.08	.34	-26	13		13
20	.52	1.03	-51	21		21
21	.84	.04	80	28	28	
22	.61	.28	33	15	15	
23	.88	.65	23	11	11	
24	.55	.55	00			
25	1.04	1.00	4	2	2	
26	.95	.98	- 3	1		1
27	.40	.45	- 5	3.5		3.5
28	.86	.74	12	6.5	6.5	
29	.99	1.63	-64	25		25
30	.97	1.99	-102	32		32
31	.89	1.38	-49	19		19
32	.60	2.19	-159	34		34
33	1.04	1.87	-83	29		29
34	.61	.76	-15	8		8
35	1.60	.48	112	33	33	
Total					322	273

Table 11.4.3 Wilcoxon Test: Hypothesis 10

VR	Euclidean Distances		Differences	Rank of |d|	Signed Rank	
	Large Companies	Insured	d		+	-
1	1.07	.75	32	17	17	
2	1.32	.95	37	23	23	
3	.57	.63	- 6	3		3
4	1.28	1.15	13	6	6	
5	1.49	1.11	38	24	24	
6	.27	.55	-28	14		14
7	2.04	1.26	78	32.5	32.5	
8	.43	.74	-31	16		16
9	1.16	1.02	14	7	7	
10	.43	.78	-35	21		21
11	.97	.94	3	1.5	1.5	
12	1.30	.87	43	25	25	
13	.39	.93	-54	27		27
14	1.97	1.25	72	30	30	
15	1.08	1.95	-87	34		34
16	1.06	.88	18	8.5	8.5	
17	.24	.35	-11	5		5
18	.49	.23	26	12.5	12.5	
19	.16	.37	-21	10		10
20	.47	.18	29	15	15	
21	.69	.36	33	18.5	18.5	
22	.88	.15	73	31	31	
23	.96	1.30	-34	20		20
24	.68	.65	3	1.5	1.5	
25	.88	1.58	-70	29		29
26	1.09	.84	25	11	11	
27	.28	.61	-33	18.5		18.5
28	.39	.43	36	22	22	
29	.96	1.22	-26	12.5		12.5
30	.90	1.57	-67	28		28
31	.85	1.03	-18	8.5		8.5
32	.46	1.83	-137	35		35
33	.96	1.45	-49	26		26
34	.37	.45	- 8	4		4
35	1.79	1.01	78	32.5	32.5	
Total					318.5	311.5

Table 11.4.4 Wilcoxon Test: Hypothesis 11

VR	Euclidean Distances		Differences	Rank of	Signed Rank	
	Large Companies	Non-Insured	d	|d|	+	-
1	1.07	.90	17	7.5	7.5	
2	1.32	.67	65	25.5	25.5	
3	.57	.78	-21	11		11
4	1.28	.81	47	20	20	
5	1.49	.77	72	28	28	
6	.27	.41	-14	6		6
7	2.04	.92	112	33	33	
8	.43	.51	- 8	1		1
9	1.16	.73	43	19	19	
10	.43	.63	-20	10		10
11	.97	.65	32	14	14	
12	1.30	.70	60	23.5	23.5	
13	.39	.80	-41	18		18
14	1.97	.97	100	31	31	
15	1.08	1.93	-85	29		29
16	1.06	1.19	-13	4.5		4.5
17	.24	.49	-25	12		12
18	.49	.10	39	16.5	16.5	
19	.16	.34	-18	9		9
20	.47	1.03	-56	21		21
21	.69	.04	65	25.5	25.5	
22	.88	.28	60	23.5	23.5	
23	.96	.65	31	13	13	
24	.68	.55	13	4.5	4.5	
25	.88	1.00	-12	3		3
26	1.09	.98	11	2	2	
27	.28	.45	-17	7.5		7.5
28	.39	.74	-35	15		15
29	.96	1.63	-67	27		27
30	.90	1.99	-109	32		32
31	.85	1.38	-58	22		22
32	.46	2.19	-173	35		35
33	.96	1.87	-91	30		30
34	.37	.76	-39	16.5		16.5
35	1.79	.48	131	34	34	
Total					320.5	309.5

Table 11.4.5 Wilcoxon Test: Hypothesis 12

VR	Euclidean Distances		Differences	Rank of |d|	Signed Rank	
	Small Companies	Insured	d		+	-
1	1.38	.75	63	31	31	
2	1.03	.95	8	4.5	4.5	
3	.71	.63	8	4.5	4.5	
4	1.40	1.15	25	15	15	
5	1.54	1.11	43	24	24	
6	.17	.55	-38	21.5		21.5
7	1.48	1.26	22	12	12	
8	.76	.74	2	1.5	1.5	
9	1.32	1.02	30	17.5	17.5	
10	.66	.78	-12	7		7
11	1.23	.94	29	16	16	
12	1.35	.87	48	28	28	
13	.53	.93	-40	23		23
14	1.91	1.25	66	32	32	
15	1.19	1.95	-76	34		34
16	1.05	.88	17	8.5	8.5	
17	.15	.35	-20	10		10
18	.53	.23	30	17.5	17.5	
19	.15	.37	-22	12		12
20	.52	.18	34	20	20	
21	1.03	.36	67	33	33	
22	.39	.15	24	14	14	
23	.79	1.30	-51	29		29
24	.48	.65	-17	8.5		8.5
25	1.12	1.58	-46	26		26
26	.82	.84	- 2	1.5		1.5
27	.55	.61	- 6	3		3
28	.90	.43	47	27	27	
29	1.00	1.22	-22	12		12
30	1.00	1.57	-57	30		30
31	.92	1.03	-11	6		6
32	.66	1.83	-117	35		35
33	1.01	1.45	-44	25		25
34	.77	.45	32	19	19	
35	1.39	1.01	38	21.5	21.5	
Total					346.5	283.5

Table 11.4.6 Wilcoxon Test: Hypothesis 13

VR	Euclidean Distances		Differences	Rank of	Signed Rank	
	Small Companies	Non-Insured	d	|d|	+	-
1	1.38	.90	48	20	20	
2	1.03	.67	36	17	17	
3	.71	.78	- 7	3.5		3.5
4	1.40	.81	59	24.5	24.5	
5	1.54	.77	77	29	29	
6	.17	.41	-24	13		13
7	1.48	.92	56	22	22	
8	.76	.51	25	14	14	
9	1.32	.73	59	24.5	24.5	
10	.66	.63	3	2	2	
11	1.23	.65	58	23	23	
12	1.35	.70	65	27	27	
13	.53	.80	-27	15		15
14	1.91	.97	94	32	32	
15	1.19	1.93	-74	28		28
16	1.05	1.19	-14	8.5		8.5
17	.15	.49	-34	16		16
18	.53	.10	43	18	18	
19	.15	.34	-19	12		12
20	.52	1.03	-51	21		21
21	1.03	.04	99	33.5	33.5	
22	.39	.28	11	6	6	
23	.79	.65	14	8.5	8.5	
24	.48	.55	- 7	3.5		3.5
25	1.12	1.00	12	7	7	
26	.82	.98	-16	10.5		10.5
27	.55	.45	10	5	5	
28	.90	.74	16	10.5		10.5
29	1.00	1.63	63	26	26	
30	1.00	1.99	99	33.5	33.5	
31	.92	1.38	-46	19		19
32	.66	2.19	-153	35		35
33	1.01	1.87	-88	30		30
34	.77	.76	1	1	1	
35	1.39	.48	91	31	31	
Total					415	215

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