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The Diversity of Behaviour by Young People in the Process of Purchasing Insurance Services

Summary

The insurance services market is highly competitive. Insurance companies are fighting for customers by adapting a broad range of services for individual segments and offering favourable conditions to contract. For insurance companies important is the knowledge of not only marketing practices but also of the factors, preferences, and motives of customers when choosing an insurance. Many factors determine the behaviour of customers in the insurance services market. A specific group of customers are young people. The article is based on a survey, factors, preferences, and motives of behaviour of young people in the process of purchasing insurance services.

Key words: need, behaviour of young people, insurance service, insurance awareness, preferences, motives.

JEL codes: G22

Introduction

The starting point of all customer activities, including behavior in the sphere of consumption, are customers needs. Therefore both the functioning and the whole human activities are inextricably linked with the development of peoples needs and the desire to satisfy them. By needs you should understand the state (or process in which this states exists) of absence of something and at the same time the factor that motivates to action in the purpose of changing this state (Altkorn, Kramer 1998, p. 276). By feeling the need, the process of thinking about the purchase starts. A characteristic associated with the need for the purchase of insurance services is its economic character. It is therefore important economic factor significantly influencing and conditioning the behavior of customers in the market of insurance services is income, considered both from the point of view of the economy as a whole (distribution of national income), and in terms of individual household or individual. In addition to these factors include the level and ratio of insurance premiums, as well as offered insurance services.

The insurance contribution is one of the most important decisions affecting the purchase of certain insurance services. It is worth noting that this legal changes related to the organization of insurance services sector introduced in 1990 created the conditions for the development and expansion of the offered market insurance. A wide range of insurance services and good location makes it easy to purchase insurance, but makes it difficult to decide which one to choose.

Beside the income, insurance contribution and offered insurance services, important factors affecting customers behavior are : age, education, and place where they live and also the insurance awareness. To determine the cause of customer behavior on the insurance services market, these factors should be taken into account in the analysis of their impact. However, do not consider the impact of each factor individually, but cumulatively. Factors influencing customer behavior often modify each other, thereby creating new conditions influencing these behaviors (Smyczek 2001, p. 49).

In order to analyze the behavior of young clients in the insurance market, keep in mind that the income can be a direct reason why young customers often do not fully feel the need to insure themselves and occasionally enjoy the offers of insurance companies. Many of them only pay the annual insurance contribution at school or university, and thus is covered by collective insurance against accidents.

However, young people are a large group, which seems to be an ideal group of potential customers of insurance companies. Therefore, insurers increasingly take the fight to create among young people need to take advantage of insurance services. For this purpose, insurance companies make special offers targeted at young people.

Next to standard insurance services such as life insurance , accident insurance, medical insurance, travel insurance there are also insurance cards offered. Insurance cards next to insurance package, are offering the discounts in the country and abroad. For example, discounts might include travel services, language courses, cultural events, visits to restaurants and pubs or discount passes to the gym. It is intentional intervention of the insurers, who on the one hand encouraged by additional benefits to the use of insurance services on the other hand inform about the need to purchase insurance services. On the market there are many proposals on these: these are the most popular EURO <26 card, ISIC card, card Planet Young.

European Youth Card EURO 26 proposed by the company Managements Youth Projects in collaboration with the insurance company AXA is a product aimed for those aged from 5 to 30 years ,to become its holder does not need a student status. The card can be purchased at distribution points and through the Internet. The card may include various types of insurance. There are four types of cards: Poland, Polish Sports, World, Sports. They differ in the scope of insurance and the price. World and Sports Cards are valid throughout the world, excluding the USA and Canada.

ISIC (International Student Identity Card) is the only document confirming student status worldwide. UNESCO World Heritage Site, and was introduced in 1968 in order to create a single identification document for students around the world. It is for students of state universities and private universities of all kind os studies (day, evening, weekend, undergraduate, master's and doctoral degrees) with no upper age limit, but the cardholder can be any student over 12 years old. The card can be issued for a maximum of 16 months. The cardholder has access to discounts and various types of insurance. Within the cards they offer a variety of insurance packages. Insurance within the ISIC provides Gothaer Insurance Company.

Young Planet Card is a product of the Association of Young Planet, Wrocław student organizations cooperating with the insurance EUROPE SA, addressed to people aged 5 to 39 years to be able to use it is not necessary to have student status. Discount card applies only in Poland, while the insurance is valid both in Poland and other countries of the world (excluding the US and Canada) depending on the type. There are four types of packages: Poland Classic, Polish Sports, World Travel, World Travel Sports and combine 10 different variants that will adjust the price to the requirements and needs. Table X present the basic sum of insurance and the price of 8 variants, 2 additional cards are a VIP, which guarantee insurance also in Canada and the United States. VIP cards are priced at 230 zlotys and 260 zlotys for the basic version and the Sport version. This card is valid for one year.

Table 1
Comparison of insurance cards for young people

Name of the card	Type	Price (in PLN)	Amount of the insurance		
			NNW	OC	KL
Euro 26	Poland	50	20 000 PLN	80 000 PLN	-
	Poland Sport	65	15 000 PLN	80 000 PLN	-
	World	74	5 000 EUR	20 000 EUR	60 000 EUR
	Sport	137	5 000 EUR	20 000 EUR	60 000 EUR
young planet	Classic (CA)	35	7 000 PLN	-	-
	Classic (CD)	48	20 000 PLN	-	-
	Classic Sport (CSA)	55	7 000 PLN	-	-
	Classic Sport (CSD)	75	20 000 PLN	-	-
	Travel (TA)	60	7 000 PLN	60 000 EUR	50 000 EUR
	Travel (TD)	70	20 000 PLN	60 000 EUR	50 000 EUR
	Travel Sport (TSA)	90	7 000 PLN	60 000 EUR	50 000 EUR
	Travel Sport (TSD)	110	20 000 PLN	60 000 EUR	50 000 EUR
ISIC	Poland	59	20 000 PLN	-	-
	World	79	20 000 PLN	60 000 EUR	-

Source: own calculations based on information from insurance companies.

All these special forms of insurance are very similar. The idea of this type of insurance is to offer a completely new product. The above-mentioned cards are a combination, depending on the issuer, insurance, discount cards, international student card.

The above examples show that insurance companies offer a wide range of insurance services for young people according to their needs, expectations and interests.

Methodology

This article is based on results of the survey conducted in period between May and April 2015, on sample of 234 people aged 18-32 years. The method used in survey was nonprob-

ability – deliberate sampling, and the survey was quantitative. In the study has been used a questionnaire, and the survey was carried in the internet. The questionnaire consisted of eight basic questions and two metrics questions (gender: women 47%, men 53% and age: 18-25 – 55%, 26-32 – 45%).

Insurance awareness of young people

Among the various conditions affecting customer behavior occupies a special place conditionality associated with the level of insurance awareness. Customer insurance awareness is knowledge of what insurance market is about, as well as being aware of the need for insurance yourself your family and your property (Nowotarska-Romaniak 2013, p. 134-135). T. Szumlicz concept of insurance awareness identifies with the knowledge and skills that allow rational use of the customer's insurance coverage (Szumlicz 2006, p. 21-26).

Insurance awareness is necessary in order to make customer feel the need to insurance himself, as well as to know which insurance service is the most profitable. Averaged, potential customer has a poor knowledge on the polish insurance market (Nowotarska-Romaniak 2013). Therefore, the first question in the survey was, what is the knowledge of young people about insurance.

Table 2
Awareness of young people about insurance

No.	Polish people answers	Numerical data (in %)
1.	Insurance do not interest me	15
2.	I don't know too much about the insurance	25
3.	I know, what are the insurance is about, but I am unable to find the offer for yourself	31
4.	I know what the insurance is about and know more or less which offer suits me	17
5.	Well-versed in insurance offers	9
6.	Perfect knowledge on the insurance offers	3

Source: like in Table 1.

Research shows that young people insurance awareness is not high. Many (15%) of young people are not interested in insurance. However, given that each insurance company has its own website, you can also contact with specialists in the field of insurance, this situation should change. Since young people in a wide range of users of internet and most of the information gathered via the Internet. In contrast, as follows from the study on the knowledge of insurance, the most frequently mentioned are the PZU, Warta, Allianz, Aviva, Generali, Hestia, AXA, ING Compensa. Almost one in three young people (32%) said that a broad and understandable information about insurance are encouraged to take advantage of the services offered (See Table 3).

Table 3**Sources of information from which young people derive information on insurance**

No.	Source of information	Answers (in %)*
1.	family, friends	31
2.	agent, broker	43
3.	employee of the insurance company	13
4.	press	4
5.	television	6
6.	advertisement	7
7.	pages www	39
8.	social forums	27
6.	other	9

* The percentage of indications do not add up to 100% due to multiple-choice answers.
Source: like in Table 1.

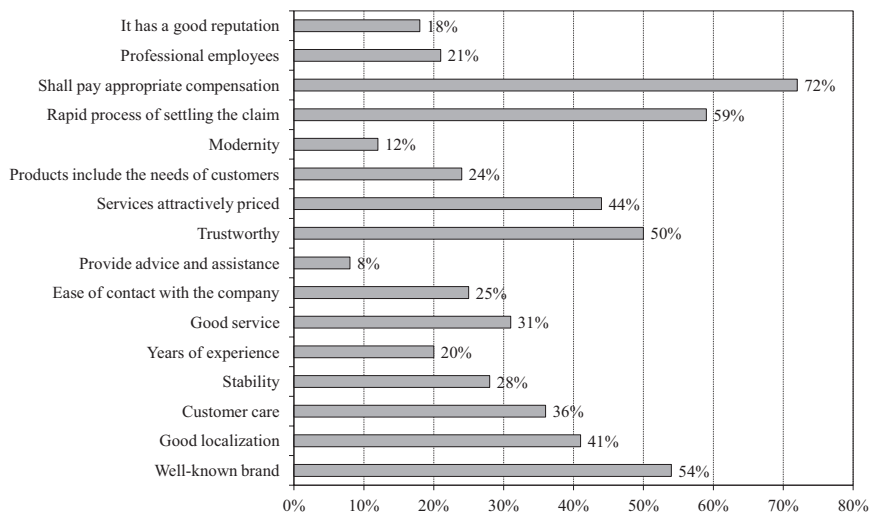
As sources of information that have a positive impact on the behavior of young people into the insurance market listed agent (43%), websites (39%). The diversity of young people's behavior in given age groups that prefer to use the Internet as an information source. They use the services of an insurance intermediary, but are open to remote channels and direct.

Factors influencing the behavior of young people in the process of purchasing insurance services

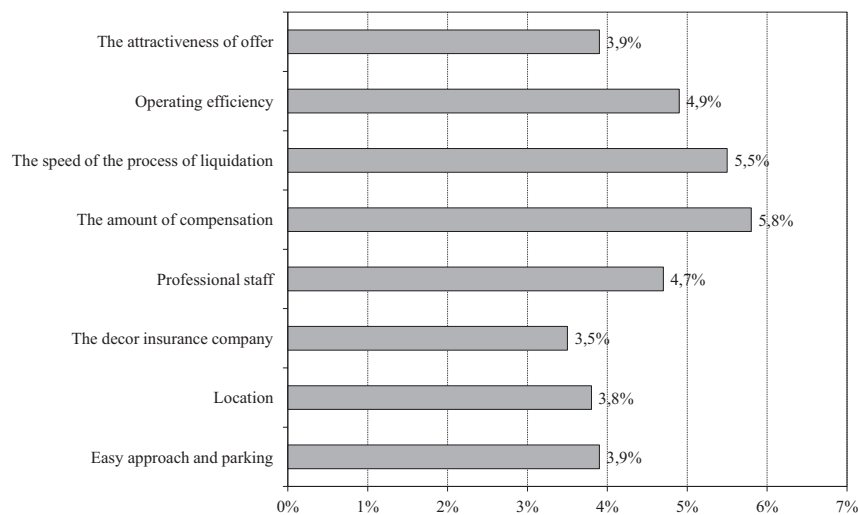
Customers behavior, in this also young people in the insurance market is determined by factors. The systematics of these factors can be made based on multiple criteria, and depending on its objectives (Smyczek 2012). Showing all the factors influencing the behavior of young people in the insurance market is impossible in the context of the article. This is why the specific factors affecting the process of buying insurance services were discussed. Customers making a purchase of insurance services in the first place decide on the choice of the insurance company and then the purchase of insurance services. Figure 1 shows the characteristics of what young people are guided in choosing insurance company.

Analyzing the figure 1 it can be seen that young people choosing from the insurance company are not guided by only the attractiveness of the prices for insurance services (44%), more draws attention to the amount of compensation (72%), how the process of settlement of claims (59%) and that it is a well-known brand (54%) and is trustworthy (50%). An important factor is also location (41%).

Presenting the characteristics that are important when choosing an insurance company customer should analyze the factors affecting young people's satisfaction with the choice of insurance company.

Figure 1**Features that guide young people when choosing insurance company**

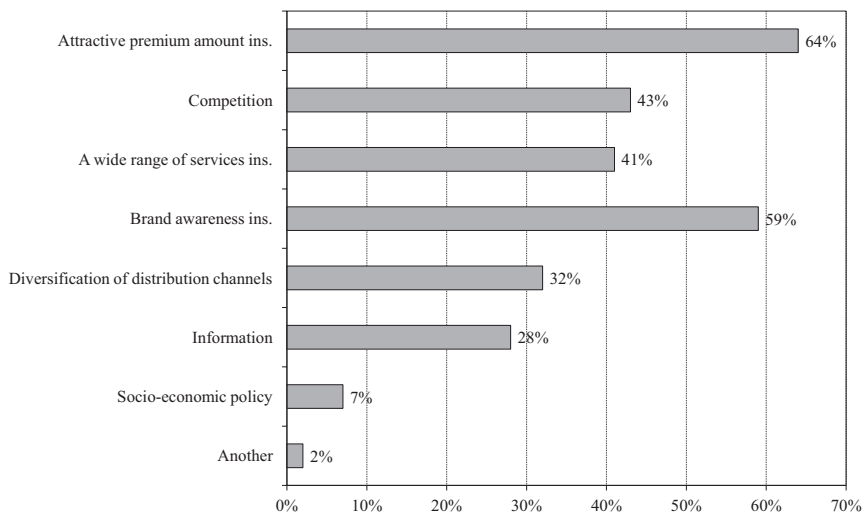
Source: own calculations based on direct testing.

Figure 2**Factors influencing young people's satisfaction with insurance companies**

* The average arithmetic indicated by the customer on a scale of 1 to 6 the least satisfied most satisfied.
Source: like in Figure 1.

For customers of insurance the most important factors determining the satisfaction of owned insurance services are: the amount of compensation received at the time of the damage, the speed of the process of settling the claim, professional service and professionalism. Hence it follows that the greatest satisfaction is based on the assessment of insurance protection through the prism of such compensation.

Figure 3
Factors affecting the behavior of young people in the market for insurance

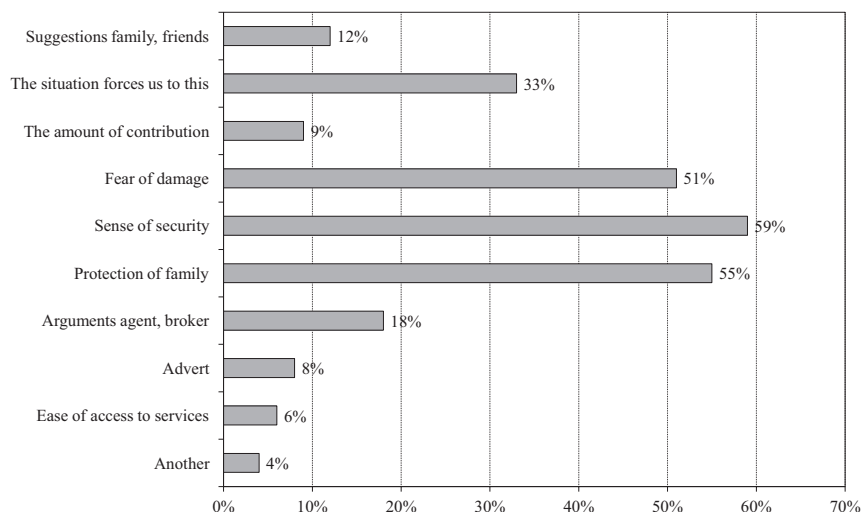


Source: like in Figure 1.

Our audit have revealed that for young people as clients of insurance companies, the most important external factors are the factors of an economic nature (see Figure 3). The most influencing factor for the use of insurance services is the amount of insurance contribution (64%). The importance of this factor affect the income achieved by customers on the basis of which shall decide as to fulfill their needs. The other external factors that also affect the behavior of customers in the insurance services market must also include the insurance brand awareness (59%). Less important is the broad range of insurance and diversification of distribution channels.

The motive of insurance for clients are the factors explaining the use of insurance services. The factors that motivate young people to use the services of insurance is shown in Figure 4.

Based on the research it can be stated that young people benefit from insurance services primarily guided by factors such as: a sense of security and fear of injury. Desire to feel safe is most common among women (59%) and people aged 26-32 (approx. 61%). In contrast, for

Figure 4**Factors motivating young people to use the services of insurance**

Source: like in Figure 1.

fear of damage most often men insure themselves. Motivator is also a question of a situation that causes insure themselves (occupation, the loan taken, owning a car).

Conclusions

We conclude that young people deciding to purchase insurance services primarily look for information on the Internet. Choose the service that has the features that they are looking for. However, when making decisions to buy, young people rarely have a full understanding of all market insurers and the types of services they provide. Hence its decision to purchase is influenced mainly by: the amount of the insurance contribution and knowledge of existing brand or brands. Young people during the purchase of insurance services uses the services of an insurance agent, but are open to direct channels and remote channels. It is a group of customers, which emphasizes the modernity, speed and uniqueness.

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Zróżnicowanie zachowań ludzi młodych w procesie zakupu usługi ubezpieczeniowej

Streszczenie

Rynek usług ubezpieczeniowych jest bardzo konkurencyjny. Zakłady ubezpieczeń walczą o klientów dostosowując szeroki pakiet usług do poszczególnych segmentów oraz proponując korzystne warunki zawarcia umowy ubezpieczeniowej. Dla zakładów ubezpieczeń istotna staje się wiedza w zakresie nie tylko praktyki marketingowej, ale również na temat czynników, preferencji i motywów działania klientów przy wyborze usługi ubezpieczeniowej. Zachowania klientów na rynku usług ubezpieczeniowych warunkuje wiele czynników. Specyficzną grupą klientów są ludzie młodzi. W artykule przedstawiono w oparciu o badanie ankietowe czynniki, preferencje i motywy zachowań ludzi młodych w procesie zakupu usługi ubezpieczeniowej.

Słowa kluczowe: potrzeba, zachowania ludzi młodych, usługa ubezpieczeniowa, świadomość ubezpieczeniowa, preferencje, motywy.

Kody JEL: G22

Дифференцирование поведения молодых людей в процессе покупки услуги страхования

Резюме

Рынок страховых услуг весьма конкурентен. Страховые заведения борются за клиентов, приспособив широкий набор услуг к отдельным сегментам и предлагая выгодные условия заключения страхового договора. Для страховых заведений существенными становятся знания в области не только маркетинговой практики, но и факторов, предпочтений и мотивов действия клиентов при выборе страховой услуги. Поведение клиентов на рынке страховых услуг обусловлено многими факторами. Молодые люди – специфическая группа клиентов. В статье представили, на основе опросов, факторы, предпочтения и мотивы поведения молодых людей в процессе покупки страховой услуги.

Ключевые слова: потребность, поведение молодых людей, страховая услуга, страховая сознательность, предпочтения, мотивы.

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