The influence of social media on consumer purchasing decisions for motor insurance products in South Africa.

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DECLARATION

I, Morena Mokebe, declare that this research article is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the Graduate School of Business Administration, University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

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ABSTRACT

Multiple attributes impact the insurance industry when it comes to consumers selection of short-term insurance. Social media is observed as the essential attribute in the sale of short-term motor insurance products in the South African context. Respondents from a gender perspective prefer full-online self-services as a form of engaging with the short terms insurers and engagement with brokers was least preferred. Breaking down the engagement preference by age revealed that the older generation remained unchanged regarding the engagement method. Insurer's understanding of consumer behaviour is fundamental, and the journey that consumers would follow in seeking short-term motor insurance products is essential. The study focused on the top four insurance companies based on their insurance book. This sample group chosen was based on the South African insurance survey and KPMG research on the top 4 insurance companies in South Africa. The research adopted a quantitative approach and utilised a questionnaire designed using the Conjoint software. The conjoint analysis is usually used in marketing research to understand what features a new product should have, as well as how it should be priced.

The results of the study revealed social media platforms such as YouTube and Facebook, although popular with organisations as an advertising channel, are not popular with consumers. LinkedIn was the most preferred engagement channel and insurers should begin placing more effort into the platform as it is viewed as a more professional site and targeted marketing can be effective when using LinkedIn.

Consumers understand the different types of short-term insurance products in South Africa and prefer comprehensive insurance covers for their vehicles. Respondents would prefer to pay as little as possible for their insurance covers being low premium/low excess; however, a medium premium/medium excess was also selected by respondents. The utility theory should be observed and be adjusted to factor social media engineering as a form of assessing individual's level of risk. Having a platform where consumers can efficiently rank different products is extremely important; therefore, providing platforms for reducing search process for consumer would be extremely helpful for consumers and insurers.

Introduction

World dynamics are reshaping how business is conducted and shifting away from the industrial economy to one that is information-centric, intangible, and more service driven supported by technology (Kehal & Singh, 2005). Innovative technology is an essential commodity for business existence to the future (Chesbrough, 2010). When the internet became popular, many businesses made it the basis of their strategy and began compromising on the quality of their products through outsourcing and forgetting about the customer needs on quality (Porter, 2001). The digital economy is changing how businesses deliver solutions to customers, and this is achieved through the amalgamation of data, communication, and increasing computing power (Kehal & Singh, 2005). Considering the above concepts of technology, data, and communication, Porter (2001) indicated that technology should not inform your strategic direction, but instead, your strategy should be informing the organisation's technology requirements for the future to ensure you remain competitive.

The focus of this paper is on Short-term insurance and Social media within the South African context. Short-term Insurance is best defined according to the Short-term insurance act (Act No. 53 of 1998) as the business of providing or undertaking to provide "policy benefits" under "short-term insurance policies" (Still & Stokes, 2016). This is further expanded into a simple definition of "*A financial service provider that is in the business of providing protection for individuals and firms against the financial losses that occur following unforeseen but quantifiable loss events*" (Still & Stokes, 2016).

Social media is described by A. M. Kaplan and Haenlein (2010) as "a group of Internet-based applications that build on the ideological and technological foundations Web 2.0 and that allow the creation and exchange of User Generated content".

We, therefore, need to appreciate that consumers decision to purchase insurance is understood through the application of the Utility theory, the theory has both prescriptive models on when the insurance should be purchased and descriptive models on how the insurance should be purchased (Slovic, Fischhoff, Lichtenstein, Corrigan, & Combs, 1977).

During stressful periods when organisations products become commoditised management needs to understand their organisation's core strengths and capabilities, and focus efforts on product innovation (Cooper & Edgett, 2010). Innovators dilemma was introduced by Christensen (2013), it states that organisations do not have problems with innovation and technology. The issue with innovation exists with decision making at senior management level and with them being captured by their largest and most profitable clients and inability or unwillingness to divert resources to attract and serve new customers at lower margins (Henderson, 2006).

Consumers in the South African market are seeking cheaper alternatives to goods they consume; this is as a result of dropping consumer confidence and bleak economic prospects for the South African market, many organisations need to find creative ways to capture consumer attention (Nielsen, 2016). Marketing executives in many organisations believed they had finally mastered customer interaction in the web 1.0, and then web 2.0 which is more interactive and an enabler of social media (Hanna, Rohm, & Crittenden, 2011). Consumers have become global citizens and are aware of what is happening in the global space from a product perspective (Berthon, Pitt, Plangger, & Shapiro, 2012).

Social media presence is increasingly becoming important for many organisations, and the short-term insurance industry is not shielded from this technological development for engaging with clients (Vijay, 2017). In 2016 it was highlighted by Nielsen (2016) that South Africa had an internet penetration rate of 49%. With the growth and maturity of millennials, insurance companies, specifically motor insurance companies, are now faced with a conundrum of either operating in their traditional form or transforming and becoming more digital and having a presence in the social media space to capture the attention of millennials (Ferreira, 2017).

The motor industry is now on a change of trajectory with connected cars developments gaining traction, more so with self-driving vehicles in developed markets, and it is estimated that by 2035, 75% of vehicles sold would have some form of autonomous capability (Swan, 2015). Swan (2015), further highlights that the transportation service delivery ecosystem is growing with the likes of Uber, Lyft, and

Sidecar, and a declining number of people will find the need to own a motor vehicle, which is becoming a reality in South African major cities. The insurance industry is not sheltered from disruption, traditional ways of writing insurance will no longer be applicable in developed markets, and will slowly be changing in emerging markets (Boston_Consulting_Group & Morgan_Stanley, 2016). Insurers are now forced to find innovative ways of valuing risk of their clients with the plethora of available data. Original equipment manufacturers are now able to collect data from their vehicles and will soon be able to issue a better value proposition to their clients better shielding out insurance providers (Boston_Consulting_Group & Morgan_Stanley, 2016).

With all this information available, insurance companies in the motor industry are more likely to pay for access to driver information to help them become more competitive in the market (Viereckl, Ahlemann, Koster, & Jursch, 2015). A country's technological advancements dictate appropriate communication mediums with consumers, for example, a country with low bandwidth cannot place focus on YouTube marketing (Berthon et al., 2012).

Insurers such as swiftcover in the UK found that their clients were experiencing problems with supporting evidence during the claims, to resolve this issue they introduced dashcam for them to assist with claims evidence, this has been implemented in South Africa for motorbike users (Ferreira, 2017).

In the insurance value chain, there are two kinds of affected parties, those that want to buy insurance, and companies that want to sell it (Mehr, 1969). Therefore individuals purchase insurance contracts to mitigate against the unforeseen risk that would alter their disposable income, thus making it easy, based on probabilities of accidents patterns, for insurance companies to determine demand (Rothschild & Stiglitz, 1976).

A short-term motor insurance policy is defined by Still and Stokes (2016) as "A contract in terms of which a person, in return for a premium, undertakes to provide policy benefits if an event, contemplated in the contract as a risk relating to the possession, use or ownership of a motor vehicle, occurs; and includes a reinsurance policy in respect to such a policy."

There comes a question of whether insurance is sold or bought, with short-term insurance it is believed that it is bought, as most individuals who purchase a motor vehicle and property would do so with borrowed money, thus the requirement for insurance cover before obtaining financing (Still & Stokes, 2016). However, if the said motor vehicle and property are already paid-off then insurance is sold as brokers must convince the owners of probabilities of loss (Still & Stokes, 2016).

Customer engagement strategy should in the insurance industry focus on impressive and individualised experiences that would result in customer loyalty, however, digitised solutions strategy targets data and improved products and services that will prove new value for customers (Jeanne W. Ross, Ina M. Sebastian, & Beath, 2016).

A competitive advantage framework presented that a decision strategy would be a choice between providing general low-cost services or products and customised solutions for specific segments of the market (R. S. Kaplan & Norton, 2008). Companies that are innovative in their product development and offering are the ones that will survive into the future and strategies on how consumers are acquired will be most important due to the similarity in products (Porter, 2008).

The development of social media such as Facebook, Twitter and YouTube etc. have changed how consumers interact with information, products, and organisations (Hanna et al., 2011).

As there is no real definition of what social media is, we observe Miller et al. (2016) statement on the core of studies to social science which is based on how people relate or associate with each other from social relations and societies, this is then referred to as sociality. Therefore the best way to define social media is by the inclusion of prior media, thus describing the new situation as "scalable sociality" (Miller et al., 2016).

From a marketing perspective social media is viewed as mediums in which active consumers will engage in behaviours that can be consumed by peers almost immediately and at a later stage if they so wish, irrespective of their location (Hennig-Thurau et al., 2010).

Business models have now transformed to those that require the upliftment of social media due to the high level of connectivity and interactivity of customers and content goes hand in hand with the new technology yielding far-reaching effects in how marketers influence current and potential customers (Hanna et al., 2011).

The cost of an information search by consumers is not truly known. However, it is believed that consumers will apply multiple heuristics in their search for best products, and these heuristics can be implemented in the short-term motor insurance market, be it social media, word of mouth, or direct sales (Ratchford, 1982).

Traditionally Short-term motor insurance would have only been sold through an insurance broker, however, in efforts to drive down costs, consumers were given the opportunity to approach insurance companies directly through a telephonic medium with call centre agents (Still & Stokes, 2016).

The development and advancement of technology within the South African context has afforded South African enities ability to apply a marketing mix that includes "direct insurance", "telephonic insurance" and "online insurance" (Still & Stokes, 2016).

The South African direct insurance coined the following phrase "By harnessing the power and convenience of the internet, we aim to empower you, the South African consumer; to quote and buy your insurance online" (Still & Stokes, 2016).

The insurance industry is changing significantly with consumer behaviour being an element that needs to be understood if companies are to survive in the foreseeable future, Internet-led sales channels are growing and multiple channels to reach consumers need to be understood (Dumm & Hoyt, 2003).

After defining what is meant by short-term motor insurance and the development of social media, as well as how powerful it may be in marketing efforts, the research question of this study arises, i.e. *how does the influence of social media impact on the purchasing decision of consumers within the motor insurance sector in South Africa?*

The research article aims to evaluate the extent of *influence of various digital social media platforms on consumer purchasing decisions in the short-term motor insurance industry.*

In addressing the research question, the article will be discussing the following issues through literature:

- Consumers behavioural process that will lead to purchasing insurance products
- Prospecting method of consumers in the insurance industry
- Consumers value of short-term insurance products purchased

Research on consumer purchasing behaviour has been assessed with a specific focus on the insurance industry and consumer buying decisions (Kehal & Singh, 2005; Mehr, 1969; Vivian, 2003; xe & slund, 1979). Observed consumers were segmented in the following manner (Peter & Donnelly, 2015):

- Age group,
- Gender,
- Employment status,
- Period of uninterrupted insurance

By understanding the various segments, we were able to answer the question of the consumer type that short-term motor insurance companies should be concentrating on, understand the decision process by each group and gender based on marketing platform preference (Peter & Donnelly, 2015, p. 74).

Limitations to the research were the ability to obtain good enough response across all segmented age groups to be able to gain useful insight into their decision-making process, and the extent of influence that social media has on the consumer's decision of insurance company. The research did not segment consumers based on income brackets due to the potential reluctance of respondents to release their information. The data was collected through a circulated questionnaire, and some respondents did not complete the survey which resulted in reduced number of valid responses. We utilised the Con-joint analysis method to understand the results as this is a widely used method in marketing research to understand the impact of

selected products and consumer characteristics in preference of products and services (Cattin & Wittink, 1982).

Literature Review

Services industries such as banking and insurance tend to retain their customers for long periods of time as a result of reluctance to switching by consumers because of the number of products they hold with the institutions (Colgate & Lang, 2001). However, with the emergence of new technology, consumers now have a choice in their product selection, and financial services companies now have to understand consumer behaviour (Beckett, Hewer, & Howcroft, 2000). The literature review explored behavioural economics concepts to understand the psychology behind consumer decisions (Mullainathan & Thaler, 2000). The concept of prospect theory was reviewed to understand consumer search for insurance products and how consumers apply utility theory in deciding on the insurance cover required (Fishburn, 1968; Kahneman & Tversky, 1979).

Behavioural Economics

Behavioural economics is the study of psychology and economics observing how people derive their purchase decisions; it is the adoption of economic thinking that incorporates psychological models for the accuracy of decision making (Koszegi, 2014).

Solomon, Bamossy, Askegaard, and Hogg (2010) state that behavioural economics is concerned with the human side of the economic decision, it looks at how consumers' motives for current spending are affected by their perception of the future and how these individuals' decisions will affect the well-being of society. The fundamental question in our communities is their ability to buy, which looks at individuals income and the willingness to buy, which then looks at whether the desired goods are a necessity or a want (meaning they can be postponed for future utilisation) (Solomon et al., 2010).

Consumers as individuals are driven by emotion when performing a purchase; this is based on either the short-term or long-term purchase decision they will be making (Loewenstein, 2000). Thus, behavioural economics is stated as application steps from other social sciences to economics (Shiller, 2005). An issue that is poorly understood in behavioural economics is on how to educate and inform consumers on their purchasing behaviours (Koszegi, 2014).

In the 1870s the assumption that organisations maximise profits while employees and consumers capitalise on utility was introduced by economists, behavioural economists seek to present premises that could be deemed more realistic behaviours of economic effects (Hattwick, 1989). One of the critical principles of behavioural economics is establishing that human actions profoundly influence the theory's frame of reference, thus attempting to understand concepts and insight from social sciences maximise models applied by mainstream economics in understanding profit and utility application (Hattwick, 1989; Shiller, 2005).

The insurance industry is currently experiencing drastic change with the old agent model of approaching consumers, hoping they are not well informed and will be able to secure a sale, are no longer applicable (Chui et al., 2012). With the evolution of social media, agents now have to mine information from social media networks and build products that are tailored to consumers current needs (Chui et al., 2012).

Consumers tend to be reluctant to purchase products that do not offer immediate benefits such as banking products (Koszegi, 2014). However, even though insurance companies are now offering additional benefits, consumers will still switch if they feel they are paying too much (Koszegi, 2014). This leads to Shiller (2005) explanation that innovation at an institutional level requires discussions with full of energy people to have meaningful economic innovation. However, such considerations are usually encouraged during financial crises, more specifically in this environment where consumers are well informed and have access to information (Shiller, 2005).

In the era of big data, insurances companies along with their marketing departments need to find innovative ways of acquiring new clients, data from connected devices and social networks are to be used to exploit specific behavioural traits of their target consumers (Arons, Driest, & Weed, 2014). To be able to win, positioning is

extremely important, Arons et al. (2014) further states that you need to have the ability to deliver on all three assertions of brand purpose being functional benefits, i.e what will this product do for me; emotional benefits, how will this product bring joy to my purchase; and societal benefits, and what more is this product giving back to the community.

Consumers are now becoming price conscious and seek bargains in products that they purchase, and the motor insurance industry in South Africa is not protected from this, online acquisition of customers in the motor industry should result lower insurance premiums due to lower overheads (Brown & Goolsbee, 2002). However, in the South African context, approximately 60% of vehicles on the roads are uninsured due to unaffordability of insurance by consumers, with this in mind we can appreciate the fact that 40% of consumers that pay for insurance are ultimately subsidising the other 60% (Malherbe & Dixon, 2016).

With the growth of financial technology firms that are disrupting the market, incumbent motor insurance entities are faced with a question of whether they are going to compete head-on with the new competitors, or maintain the status quo (Flier, Van Den Bosch, & Volberda, 2003; Hill & Rothaermel, 2003). Mullins and Walker (1996) state that one's willingness to bet on uncertain events is based on estimated likelihoods of events, and the quality of these estimates.

Organisations are willing to place bets in areas which they are comfortable with, which may lead to lost opportunities because of the uncertainty (Heath & Tversky, 1991). The insurance industry is facing disruption in the coming years, and as younger consumers get more comfortable with technology, traditional insurance companies are going to be at risk of losing business to disruptors (Chui et al., 2012). Young fresh out of university consumers find insurance policies to be a hindrance as they extract a more significant percentage of their income when they can least afford it, and extract a smaller portion when they can afford it (Mehr, 1969). These insurance policies will be least attractive to people who are constantly thinking about their financial situations (Mehr, 1969).

Consumer interaction becomes significant in the motor insurance industry as insurers can measure the risk levels of each consumer through interaction, some

signals for low-risk consumers is when they are not willing to buy full comprehensive covers for their assets (Outreville, xe, & ois, 2010).

Critics of behavioural economics are more concerned about the rationality of the consumers, consistency is required in your choices, and when not presented with the same type of information, the decisions you make may be irrational (Sen, 1977). When applied to the social media context, the information that is presented to you is based on applied algorithms on the social media platform, because of your interests social media allows accelerated spread and coalescence of interpretive frameworks (Berthon et al., 2012).

Prospect Theory

Prospect theory is especially important in the insurance industry; it is a theory supporting behavioural economics explaining how people would choose between alternatives based on probabilistic outcomes involving risk, specifically where the probability of outcomes will be known (Kahneman, 1979).

The question of priorities by individuals is raised by Happich and Mazurek (2002), the focus of their study was in the medical industry observing when people would purchase health insurance. The study further looked at how individuals would measure the importance of health insurance from one person to another, how would the benefits be observed from the person receiving, and the person paying the premiums or the hospital bills (Happich & Mazurek, 2002).

The fear of financial loss is applied to the motor insurance industry because of uncertainty or unpredictability of incidents, which inclines individuals to seek cover to protect their assets (de Meza & Webb, 2001). The effects of moral hazard become especially important in the motor insurance industry, with the fact that since people know that they are covered, the likelihood of responsible behaviour on the roads tends to diminish (de Meza & Webb, 2001).

Prospect theory is developed for natural selection of goods or services based on affordability and probability of outcomes, this is further expanded to two selection phases; in the first phase the individual will analyse offered products and come to a

shortlist of likely candidates, the second phase is the choice stage which will be based on the product that will yield the highest benefits (Kahneman, 1979).

The most significant issue with prospect theory is that it does not have mechanisms to discern between interactions of decision-makers, that being the buyer and the seller within the motor insurance industry, the only interaction that consumers have with the insurance company is the fixed offerings being provided by the insurance brokers (Butler, 2007).

Earlier a question of whether insurance is sold or bought was asked, Mullins and Walker (1996) state that decision makers are more risk-averse following prior losses and will be risk-taking following gains. People with vehicles will be willing to take a risk with their assets when they feel they can absorb the losses and be risk-averse when they know the liability still exists with their financing partners (Thaler, 1985).

In the motor insurance industry persuasion is an essential facet of prospect theory in that there will be a persuader, i.e. the insurance agent that will be influencing the actions of an actor, being the client (Funkhouser & Parker, 1999). Given the rise of technology, insurance companies are using social media to allow the consumer to make their own decisions through tailored messaging being placed on the platforms (Mosley Jr, 2012).

Individuals that are more risk-averse and cautious are more likely to purchase comprehensive insurance cover and will put more effort in their purchase decision, however, as premiums for insurance are increased annually, and risk profiles for individuals are adjusted, the more insured people are likely to drop out and the probability of reckless individuals being insured diminishes (de Meza & Webb, 2001).

Since the original prospect theory by Kahneman and Tversky (1979) was one dimensional, looking only at loss and gain based on binary probabilities, the theory was further expanded by Tversky and Kahneman (1992) to a cumulative prospect theory asserting that ranking based on weights should be included in the decision making of your purchase, this was based on work by several authors such as (Quiggin, 1982; Weymark, 1981).

Since people can make decision-based on products that are sold, aspects of regret exists in the purchase; this lead to further evolution of the prospect theory to the third generation prospect theory by Schmidt, Starmer, and Sugden (2008). The new theory argues that there are observations that individuals show signs of preference reversal which show that regret is a phenomenon that exists with our purchase decisions (Schmidt et al., 2008).

Although studies by (Kahneman & Tversky, 1979; Tversky & Kahneman, 1992) were well received in the fields of behavioural economics, there was criticism on their research in that there were many important elements that had not been considered which could be significant when applied to short-term motor insurance purchasing decision from a social media perspective.

It was stated by Nwogugu (2006) that the following should be considered when applying prospect theory:

- The impact that the order in which information for selection is presented;
- The effects of individuals memory during the decision-making process;
- The impact of individuals natural bias during the purchase decision process;
- The impact of limited knowledge about the products;
- The impacts of context and gender influence on decision making.

The original prospect theory and cumulative prospect theory are purely based on human judgement explicitly looking at risk minimization from an insurance perspective (Nwogugu, 2006). As a result of people being emotional concerning their purchase, it is prevalent that human decision making are subject to elements of fairness considerations, effects of emotions, considerations of ethical fairness, regret, and social pressure (Nwogugu, 2006).

Both the prospect theory and utility theory fall short in assuming that risky selection will always emerge from application weights, and averaging price information that you would have obtained through your quotation process, when the insured makes their decision on insurance very little is known about the details of the insurance and decisions are made purely on price information presented to the buyer (Berg & Gigerenzer, 2010).

Utility Theory

Utility theory is complemented by the prospect theory and subsequently the cumulative prospect theory; utility theory is focused on people's decisions and choice, more specifically looking at the worth of products or services (Fishburn, 1968). The value is to be derived from products offered which is supported by one's preferences, value, goodness, or any of some similar concepts (Fishburn, 1968).

In the insurance industry, insurers utilise the expected utility model to understand how much the insured will be willing to pay for cover; the insured are risk averse and are ultimately the decision makers (Kaas, Goovaerts, Dhaene, & Denuit, 2002). Based on Jensen's inequality, the insured is ready to part with more money than the expected claims just to ensure they will be left in the same financial position should an incident occur (Kaas et al., 2002).

In the early years of utility theory, establishment utility meant a subjective measure of one's value of wealth that was independent of any consideration of risk, it was suggested that utility of wealth increases at a diminishing rate and more specifically the utility added by increase in wealth is inversely proportional to the amount of wealth already on hand (Fishburn, 1989).

Ellsberg (1961) demonstrated how Von Neumann and Morgenstern (1945) were able to offer comparable-differences as bait only to retract it an instant later, which is what is prevalent in the motor insurance industry with the plethora of products and consumers thinking they will get the best deals (Fishburn, 1989).

It is prevalent from above that consumers need a mechanism in which they will be able to make a sound judgement on their decisions when considering that value is derived under conditions of certainty while utility is derived under uncertain conditions (Happich & Mazurek, 2002). However, the thought of risk is perceived as being pervasive in economics; therefore there is a need for a theory that will allow individual decision making without probabilities (Starmer, 2000). Hogarth and Kunreuther (1985) argue that there is ambiguity experienced when probability is applied in attempting to guess individuals' choices, thus experts not agreeing on probability estimates, they advocate for understanding people's imagination and

attempting to model it. It is trivially understandable that any theory in decision making under insurance risk will take into consideration the repercussions of choices and their associated probabilities (Starmer, 2000).

Many theorists have succumbed to the axioms of traditional theories presented by Von Neumann and Morgenstern (1945), but they have established that decision-makers do not behave as expected according to the axioms. When asked to act expectedly some people choose to ignore the request and revert to their normal behaviour (Bell & Farquhar, 1986).

Purchasing motor insurance is essential to individuals especially when considering the potential loss if an incident occurs, buyers of insurance are driven by price and type of cover (Dumm & Hoyt, 2003). The theory assumes that consumers will rank products by weighting and summing to arrive at a product providing maximum utility (Berg & Gigerenzer, 2010).

Research Methodology and Ethical clearance

To enable successful and insightful data gathering, two methods can be applied to a questionnaire, i.e. self-administered or interviewer-administered for the respondents (Saunders, 2011). The self-administered questionnaire can either be facilitated through the internet, postal questionnaire, or delivery and collection questionnaire (Saunders, 2011). The postal or delivery collection survey has the risk of respondent electing not to answer some of the questions; however, in a computerised method, some delimiters can be programmed to force a response from participants (Coffey & Weber, 1990). Since this is a marketing insight research, looking at consumer preference for motor insurance products, the conjoint analysis method will be applied to this particular research (Cattin & Wittink, 1982).

The research was quantitative and utilised a questionnaire designed using Conjoint software from Sawtooth. The conjoint analysis is utilised in marketing research to understand what features a new product should have and how it should be priced (Curry, 1996). In designing the survey attributes that contribute to consumer choice of insurance products, features of these attributes had to be researched. This

method provided us insight into the importance of social media platform, insurance premium, sales channels, brands, and preference of insurance cover to consumers.

The ordinal choice method was applied to the survey to allow respondents to select their preferred choice; ordinal data is known to be more precise as it is descriptive (Saunders, 2011).

The selection of insurance brands was based on the South African insurance survey and KPMG research on the top 4 insurance companies in South Africa (Berthon et al., 2012; Brown & Goolsbee, 2002).The Social media platform chosen was based on a combination of reviewing insurance companies websites and popular social media platforms in South Africa research (Petje & Goldstuck, 2017). Sales channels, insurance premiums, and cover preference was based on the South African short-term insurance survey (Still & Stokes, 2016).

No.	Attribute	Levels
1	Social Media Platform	Facebook, Twitter, Instagram, LinkedIn, YouTube,
2	Insurance Premium	Low Premium/High excess, Low Premium/Low excess, Medium premium/Medium excess, High premium/Low excess
3	Sales Channel	Telesales, Insurer Website, Full online self-service, Broker
4	Brands	Santam, Mutual and Federal, Hollard, OUTsurance
5	Cover preference	Third party cover, Third party fire and theft, Comprehensive cover, comprehensive cover without car hire

The conjoint analysis allowed the research to establish further how consumers trade off product features with premiums for insurance (Orme, 2010).

The selection of respondents was individuals who own vehicles and have insurance cover. Consumer selection had no restriction based on geographic placement within South Africa. Based on the number of attributes applied, the system initially

generated 50 permutations, due to a high number of responses that we wanted to obtain, the number of permutations was reduced to 25 to ascertain a higher response rate.

To be able to test respondents' reaction to price, random quotes with various risk profiles were obtained from multiple insurance companies to build a pricing data for various insurance products. This price contained the insurance premium and respective excess for the various product classes we were testing. The pricing data was sorted per insurance products and worked out the max, median and min prices, these were mapped to the respective insurance premium attributes Low premium/High excess, medium premium/medium excess etc.

Responses from the survey were uploaded into the Sawtooth software, and results on preferences were assessed.

The questionnaire was reviewed by the university's Associate professor responsible for decision science & research methods; this ensured that there is validity in the selection of attributes being used. For reliability, the survey questionnaires were shared with MBA candidates to test if the line of questioning made sense to respondents. Where questions did not make sense, they were amended before sharing the final survey, for example premium range was initially described high, medium and low, however respondents indicated that actual rand value would make sense. The rand value was then mapped back to the attribute level for data analysis. The collected survey information was downloaded from Qualtrics, placed on a spreadsheet that was to be uploaded onto sawtooth for analysis, and the demographic information was analysed using a statistical package SPSS to apply frequency distribution and percentage for people with insurance coverage.

Ethical clearance for the research was sourced and granted by the University of Witwatersrand Ethics committee. As the survey was facilitated through Qualtrics, anonymity was assured to the respondents as they were not required to reveal their personal information.

Results

Profiles of Respondents

Table 1 and Table 2 respectively depict the personal and insurance profiles of the respondents. There are seven characteristics, three were a personal profile (gender, age and employment) and four were insurance characteristics (vehicle ownership, short-term insurance, length of insurance, and replacement value). In gender, male comprised of 63.03% (n=75) and female 36.97% (n=44). Within these participants, the highest number of respondents were in the age of 25 - 34 years with 49.58% (n=59) followed by age group of 35-44 with 36.97% (n=44), and the least were in the age 45-54 years with 5.04% (n=6). Most of the participants were currently employed with 78.15% (n=93), and 21.85% (n=26) currently being unemployed.

Table 1 Personal profile of the respondents

Personal profile		Frequency (n)	Percentage frequency (%)
Gender	Male	75	63.03
	Female	44	36.97
	Total	119	100
Age	25 - 34years	59	49.58
	35 - 44years	44	36.97
	45 - 54years	6	5.04
	55years and older	10	8.4
	Total	119	100
Employment status	Yes	93	78.15
	No	26	21.85
	Total	119	100

The table 2 shows that all the participants had vehicle ownership 100% (n=119). Most of these participants had short-term insurance with 92.44% (n=110), and only 7.56% (n=9) did not have a short-term insurance. Within these participants, most of

them had a 6-9 year long uninterrupted insurance cover with 33.61% (n=40) followed by 4-5 years long uninterrupted insurance cover with 16.81% (n=20), and only 6.72 (n=8) had a 0-1-year cover. The highest number of participants had a vehicle replacement value of R150001- 450000 with 49.58% (n=59) followed by R50000-150000 with 31.09% (n=37) and the least had a replacement value of more than R750000 comprising of 1.68% (n=2) followed by the ones that elected not to disclose with 4.2% (n=5).

Table 2 Insurance characteristics profile of the respondents

Insurance characteristics		Frequency (n)	Percentage frequency (%)	Insurance characteristics		Frequency (n)	Percentage frequency (%)
Short-term insurance	Yes	110	92.44	Length of insurance	0 -1year	8	6.72
	No	9	7.56		2 - 3years	18	15.13
	Total	**119**	**100**		4 - 5years	20	16.81
Replacement value	Elect not to disclose	5	4.2		6 - 9years	40	33.61
	R50 000 - 150 000	37	31.09		10 years and more	33	27.73
	150 001 - 450 000	59	49.58		**Total**	**119**	**100**
	450 001 - 750 000	16	13.45	Vehicle ownership	Yes	119	100
	More than R750 000	2	1.68		**Total**	**119**	**100**
	Total	**119**	**100**				

Attribute Relative Importance

The relative importance of the five determinant attributes of consumer purchasing decisions for motor insurance products in South Africa is shown in Table 3. The calculated percentages from the relative ranges, obtaining a set of attribute importance values that add to 100 percent. There were five attributes in the study, which were social network platform, insurance premium, sales channel, brand (insurance company) and type of cover. Measures of importance are exemplified and are present within the study, should the range of attribute levels that are reviewed change, the subsequent importance of the attribute is also likely to change (Iman, Pieng, & Gan, 2012). The results show that the social media platforms and premiums are the most essential attributes in influencing buyers' preference. This is followed by the sales channel design, while the least significant attribute is the type of insurance cover.

Table 3 Attribute relative importance

	Mean	Std. Error	95% Confidence Interval	
Social Media Platform	26,268	0,9196	24,4474	28,0895
Premium	26,024	0,8948	24,2518	27,7958
Channel	23,451	0,7925	21,8818	25,0204
Brands	19,164	0,6854	17,8065	20,5210
Cover	5,092	0,7224	3,6617	6,5228

Utilities

1.1 Social network platform

Table 4 represents the mean and standard deviations of the social networks. The most preferred network was LinkedIn with a mean of 8.26 and standard deviation of 5.554 followed by Twitter with a mean of 1.86 and standard deviation of 4.631. The least preferred network was YouTube with a mean value of -6.72 and standard deviation of 4.470 followed by Facebook with a mean value of -2.98 and standard deviation of 4.555.

Table 4 Utility values for social media platform

	Mean	Std. Err.	[95% Conf. Interval]		Rank
Facebook	-2.98523	4.55473	-12.0048	6.034377	4
Twitter	1.858431	4.631214	-7.31263	11.02949	2
Instagram	-0.40768	4.225953	-8.77622	7.960854	3
LinkedIn	8.257163	5.553786	-2.74085	19.25517	1
YouTube	-6.72268	4.470395	-15.5753	2.129919	5

1.2 Premium

Table 5 present the means and standard deviations for the different premiums. The most preferred premium was Low premium/ Low excess as it had the highest mean value of 40.26 with a standard of 4.356. The least preferred premium was High premium/ Low excess with a mean value of -21.11 and standard deviation of 4.985.

Table 5 Utility values for Premium

	Mean	Std. Err.	[95% Conf. Interval]		Rank
Low premium / Low excess	40.25976	4.356208	31.63329	48.88624	1
Low Premium / High excess	-13.3395	4.556752	-22.3631	-4.31588	3
Medium premium / Medium excess	-5.80513	3.76654	-13.2639	1.65365	2
High premium / Low excess	-21.1152	4.985542	-30.9879	-11.2424	4

1.3   Sales channel

Table 6 presents the mean and standard deviations for Telesales, insurer website, full online self-service, and broker. The most preferred was full online self-service with a mean value of 35.94, and standard deviation of 4.123 and the least preferred one was a broker with a mean value of -17.53 and standard deviation of 4.132.

Table 6 Utility values for sales channel

	Mean	Std. Err.	[95% Conf. Interval]		Rank
Telesales	-10.095	3.893095	-17.8044	-2.3856	3
Insurer website	-8.30876	4.141272	-16.5096	-0.10792	2
Full Online self service	35.93823	4.122985	27.7736	44.10286	1
Broker	-17.5345	4.13228	-25.7175	-9.35144	4

1.4   Brand (insurance company)

Table 7 presents the mean and standard deviation of the insurance brands. OUTsurance was the most likely to be purchased insurance with a mean value of 6.18 and standard deviation of 3.733 followed by Santam, with a mean value of 2.06 and standard deviation of 4.125. The least to be purchased insurance was Hollard with a mean value -4.61 and standard deviation 3.302, this was closely followed by Mutual & Federal with a mean value of -3.63 and standard deviation of 3.583.

Table 7 Utility values for the brand (insurance company)

	Mean	Std. Err.	[95% Conf. Interval]		Rank
Santam	2.062973	4.125913	-6.10746	10.2334	2
Mutual & Federal	-3.63924	3.58288	-10.7343	3.455833	3
Hollard	-4.60975	3.302389	-11.1494	1.929884	4
OUTsurance	6.186016	3.733638	-1.2076	13.57964	1

1.5   Insurance cover

Table 8 presents the mean and standard deviation of the categories of the insurance cover. The most preferred was the comprehensive insurance with a mean value of 14.26 and standard deviation of 2.157 followed by comprehensive no car hire insurance with a mean value of 4.26 and standard deviation of 1.129. The least preferred was the third party with a mean value of -11.20 and standard deviation of 1.594.

Table 8 Utility values for the brand (insurance company)

	Mean	Std. Err.	[95% Conf. Interval]		Rank
Third party	-11.2018	1.594389	-14.3591	-8.04448	4
Third party, fire & theft	-7.31821	1.334973	-9.96182	-4.6746	3
Comprehensive no car hire	4.259466	1.129002	2.023735	6.495197	2
Comprehensive	14.26055	2.157637	9.987841	18.53326	1

Overall the study finds that with the attributes, the low premium with low access insurance cover, which could be acquired through full online self-service, comprising of comprehensive cover and advert of OUTsurance was seen on LinkedIn, was the preferred choice for the consumer purchasing decisions for short-term motor insurance products in South Africa, this is depicted in figure one
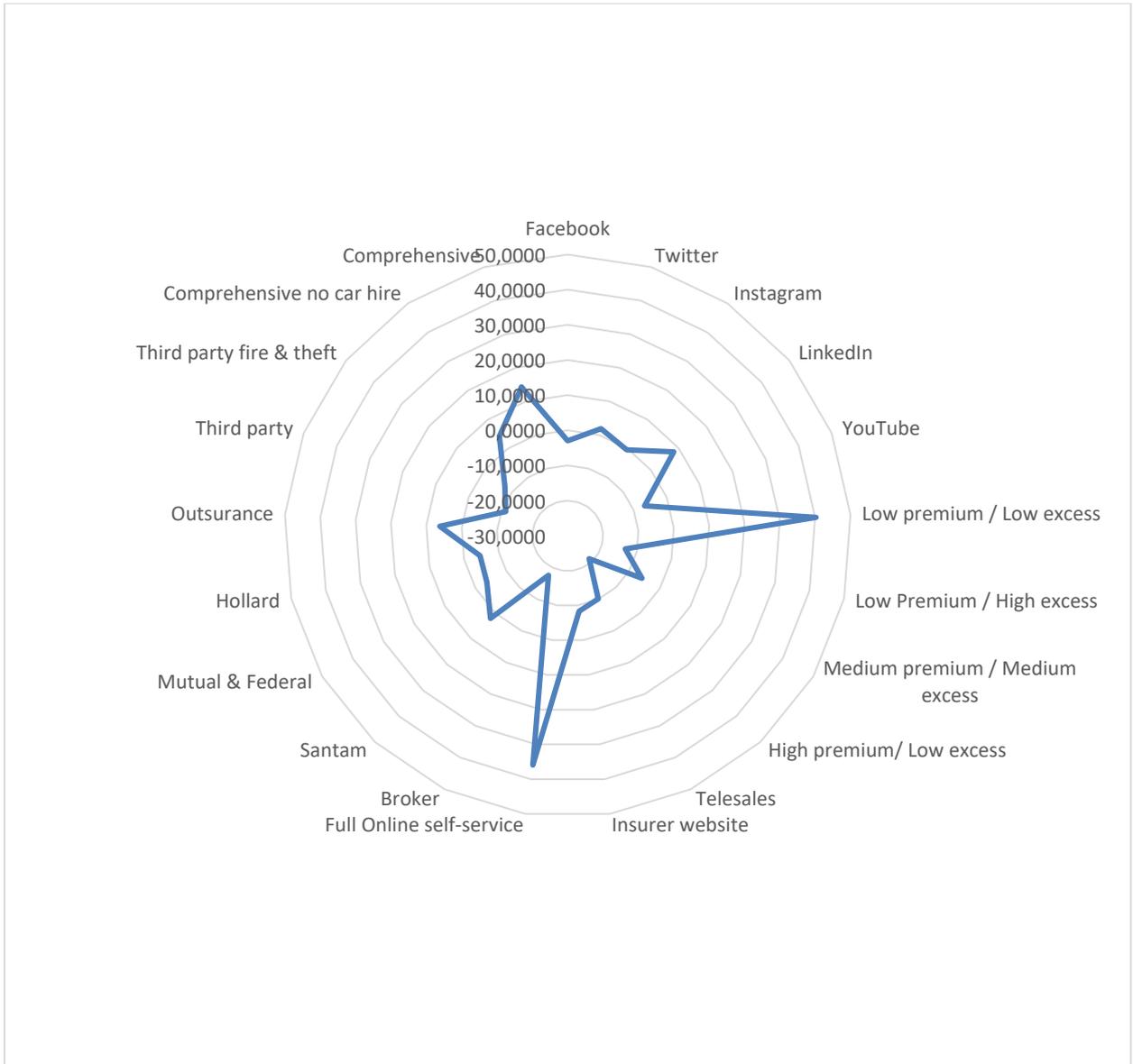
Figure 1 Utilities Score: Inter-group Comparison (Diagrammatic Representation)

Relationships

Spearman's correlation assess relationships between two variables, it is a measure of monotone, it describes a relationship between two variables, it does not require a linear relationship between variables (Hauke & Kossowski, 2011). A series of Spearman rank-order correlations were conducted to determine if there were any relationships between the insurance companies with social media, insurance premium, sales channel, and the insurance cover.

1.1 The relationship between the insurance company and social media

Table 9 represents a two-tailed test of significance indicating that there was a significant positive relationship between the Hollard and LinkedIn, r_s (119) = 0.16, p < .1, and a negative significant relationship between Hollard and YouTube, r_s (119) = -0.18, p < .1, there was also a significant positive relationship between OUTsurance and YouTube, r_s (119) = 0.15, p < .1. All these relationships were significant at 90% confidence level and were weak in nature (Pallant, 2010). These results show no significant relationship between Santam and Mutual & Federal within all the social media networks (Facebook, Twitter, Instagram and LinkedIn).

Table 9 Rho Spearman correlation between social media and insurance company

	Santam	Mutual & Federal	Hollard	OUTsurance
Social Media Platform	-0,119	-0,025	0,066	0,130
Facebook	0,142	-0,110	-0,142	0,048
Twitter	0,080	-0,076	0,135	-0,113
Instagram	-0,086	-0,062	0,036	0,086
LinkedIn	-0,059	0,085	**0,163**	-0,128
YouTube	-0,121	0,130	**-0,178**	**0,154**

Bold. Correlation is significant at 0.1 level (2-tailed)

The estimated results of the linear regression for the relationship between LinkedIn and YouTube with Hollard are summarised in Table 10. Only 3.8% of the total variation was explained by the model, with results (t-statistics) for both LinkedIn and YouTube not statistically significant. The same was found for YouTube with OUTsurance with R^2 of 1.8% and a t-test = 1.451, p>.05. This means that these models do not have the goodness of fit, and that social media networks are not good predictors of the whether Hollard or OUTsurance will be selected as insurance of choice by the consumers.

Table 10 Model Summary (Dependent: Insurance company) for social media platforms

Hollard	R Square	0,038		
	Adjusted R Square	0,021		
	F	1,775		
	Std. Error of the Estimate	35,642		
	Sample size	119		
	Independent variables	Coefficient	t-test	*p*-value
	LinkedIn	0,037	0,621	0,536
	YouTube	-0,119	-1,625	0,107
OUTsurance	R Square	0,018		
	Adjusted R Square	0,009		
	F	2,105		
	Std. Error of the Estimate	40,540		
	Sample size	119		

Independent variables	Coefficient	t-test	*p*-value
YouTube	0,111	1,451	0,149

1.2 The relationship between the insurance company and sales channel

The results show a significant positive relationship of the medium in strength between the insurer's website and Santam, $r_s(119) = 0.33$, $p < .05$. This is in contrary to the negative relationship that was found between the insurer's website and Hollard, $r_s(119) = -0.18$, $p < .1$ and that of insurer's website and OUTsurance, $r_s(119) = -0.24$, $p < .01$ (Table 11).

Table 11 Rho Spearman correlation between sales channel and insurance company

	Santam	Mutual & Federal	Hollard	OUTsurance
Channel	0,010	0,049	**.192**[*]	**-.252**[**]
Telesales	**-0,176**	-0,025	0,010	**.217**[*]
Insurer website	**.331**[**]	**-0,176**	0,027	**-.244**[**]
Full Online self-service	-0,108	0,040	**0,175**	-0,137
Broker	-0,042	0,143	**-.226**[*]	0,180

**. Correlation is significant at the 0.01 level (2-tailed).

*. Significant at .05 Bold significant at .1

This means the websites of Santam was positive as a sales channel, while those of Mutual & Federal and Hollard were negative as sales channels. In addition, Broker's had a negative relationship with Hollard, $r_s(119) = -0.23$, $p < .05$. The results also show a positive significant relationship between the full online service with Hollard, $r_s(119) = 0.18$, $p < .1$, and for telesales and OUTsurance, $r_s(119) = 0.22$, $p < .05$. Both these relationships are weak based on the guidelines of Pallant (2010). Overall, the sales channel had a negative relationship with OUTsurance and positive relationship with Hollard.

Table 12 shows that the overall models of Santam, Hollard and OUTsurance are significant at .05, with the one of Mutual & Federal significant at 0.1. All the models have low explained variance with R^2 all less than 10%, the highest being the one of Santam, with 9.6% and lowest being Mutual & Federal at 2.5%. The t-statistics showed that insurer's website had a predicting power as a sales channel for Santam at 99% confidence interval (p<.01).

Table 12 Model Summary (Dependent: Insurance company) for sales channel

	Santam			Mutual & Federal			Hollard			OUTsurance		
R Square	0,096			0,025			0,054			0,051		
Adjusted R Square	0,080			0,017			0,038			0,035		
F	6,156			3,001			3,325			3,127		
Std. Error of the Estimate	43,162			38,757			35,335			40,014		
Sample size	119			119			119			119		
Independent variables	Coefficient	t-test	p-value	Coefficient	t-test	p-value	Coefficient	t-test	p-value	Coefficient	t-test	p-value
Telesales	0,072	0,577	0,565							0,056	0,481	0,631
Insurer website	0,349	2,981	0,004	-0,137	-1,732	0,086				-0,166	-1,526	0,130
Full online self service							0,030	0,038	0,759			
Broker							-0,164	-0,206	0,096			

1.3   The relationship between the insurance company and premium

Several relationships were significant between the different type of premiums and the insurance companies. Low premium and high excess was positive significantly related with Hollard, and this relationship had medium strength, $r_s(119) = 0.299$, $p < .01$, there was also a negative relationships with low premium and low excess $r_s(119) = -0.18$, $p < .1$ and high premium and low excess, $r_s(119) = 0.15$, $p < .1$ (Table 13). This was indicative of Hollard, having huge offering across the different ranges with varying premiums and excess. At the same time, there was positive significant relationship that were weak in nature for low premium and low excess with Santam, $r_s(119) = 0.18$, $p < .1$ and medium premium and medium excess with OUTsurance, $rs(119) = 0.15$, $p < .1$.

Table 13 Rho Spearman correlation between premiums and insurance company

	Santam	Mutual & Federal	Hollard	OUTsurance
Premium	-0,018	0,133	-0,080	-0,012
Low premium / Low excess	**0,176**	0,040	**-0,175**	-0,075
Low Premium / High excess	-0,090	-0,027	**.299**[**]	-0,051
Medium premium / Medium excess	-0,143	-0,119	0,095	**0,154**
High premium/ Low excess	0,029	0,065	**-0,152**	-0,015

The overall model of Hollard was significant at .05, with the one of Santam and OUTsurance significant at .1. All the models have low explained variance with R^2 all less than 10%, the highest being the one of Hollard, with 9.6% and lowest being both Santam and OUTsurance at 2.5%. The t-statistics are presented for individual premium option and none were significant at 95% or 99% confidence levels. However, low premium and low excess were significant at 90% for both Santam and

Hollard insurance companies. There also significance at this level for medium premium and medium excess with OUTsurance.

Table 14 Model Summary (Dependent: Insurance company) for premiums

	Santam			Hollard			OUTsurance		
R Square	0,025			0,096			0,025		
Adjusted R Square	0,016			0,072			0,017		
F	2,968			4,054			3,052		
Std. Error of the Estimate	44,637			34,702			40,372		
Sample size	119			119			119		
Independent variables	Coefficient	t-test	p-value	Coefficient	t-test	p-value	Coefficient	t-test	p-value
Low premium / Low excess	0,149	1,723	0,088	-0,163	-1,835	0,069			
Low Premium / High excess				0,099	1,078	0,283			
Medium premium / Medium excess							0,158	1,747	0,083
High premium/ Low excess				-0,101	-1,129	0,261			

1.4 The relationship between the insurance company and insurance cover

There was no significant relationship between the type of cover and the insurance company. This means that the type of cover was unrelated to the insurance company -with all relationships not significant at 90% (p <.1), 95% (p <.05) or 99% (p <.01) confidence intervals (Table 15).

Table 15 Rho Spearman correlation between cover and insurance company

	Santam	Mutual & Federal	Hollard	OUTsurance
Cover	0,107	-0,049	-0,060	-0,021
Third party	-0,103	0,038	0,062	0,019
Third party fire & theft	-0,034	-0,015	0,086	-0,041
Comprehensive no car hire	0,077	0,040	-0,141	0,018
Comprehensive	0,098	-0,047	-0,048	-0,023

Age and Gender Analysis against utilities

1.1   *Premiums*

As shown by the results, low premium/low excess was the most preferred premium within the age groups especially by those in the age of 55 years and more. Following was the medium premium/ medium excess and low premium/ high excess. The high premium/low excess was mostly preferred by those in the age of 25-34 years.
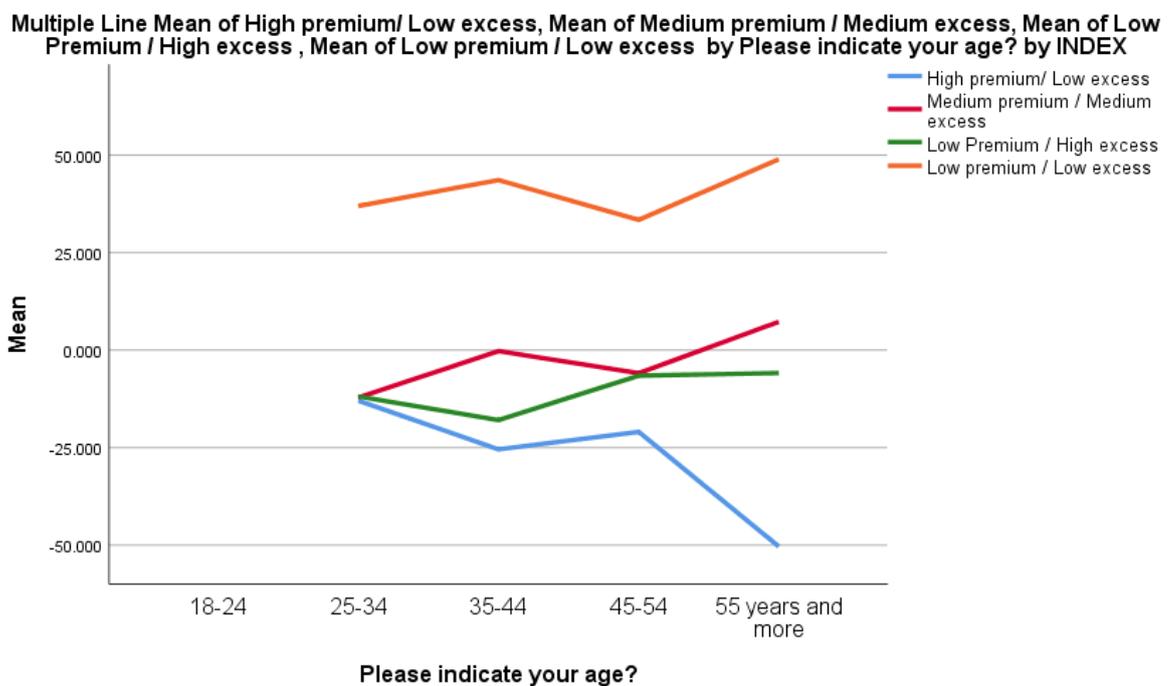
Figure 2 Premiums and Age

1.2   *Insurance covers*

The results show that the participants in the ages of 25-34 years mostly preferred the comprehensive insurance covers followed by those in the ages of 35-44 years. The least preferred insurance cover was the third party.
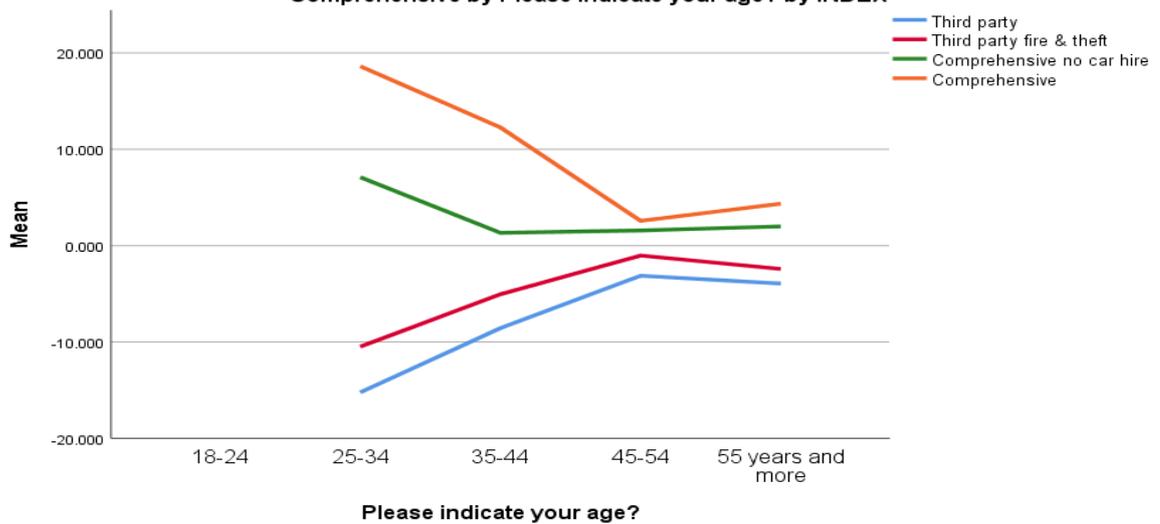
Figure 3 Insurance Cover and Age

1.3   Brand (Insurance company)

As shown by the results, the participants in the ages of 55 years and more preferred mutual federal while those in the ages of 25-34years preferred OUTsurance.
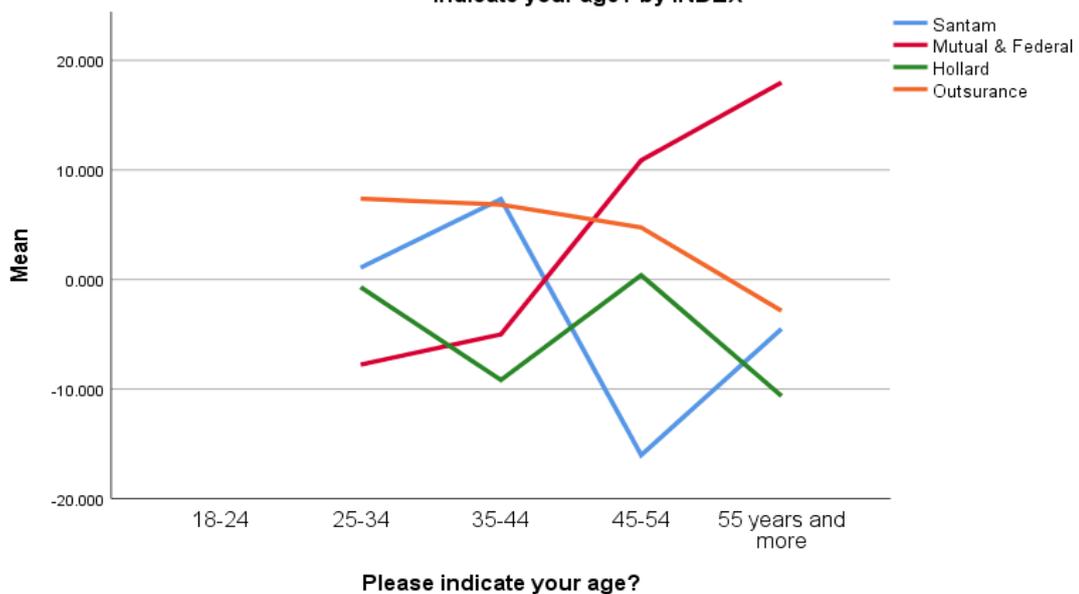
Figure 4 Insurance Brands and Age

1.4 Social Networks

The most preferred social network by the groups in the age of 25-34, 45-54 and 55 years and more was LinkedIn Followed by Twitter. Instagram and Facebook were also preferred by those in the age of 35-44 years.
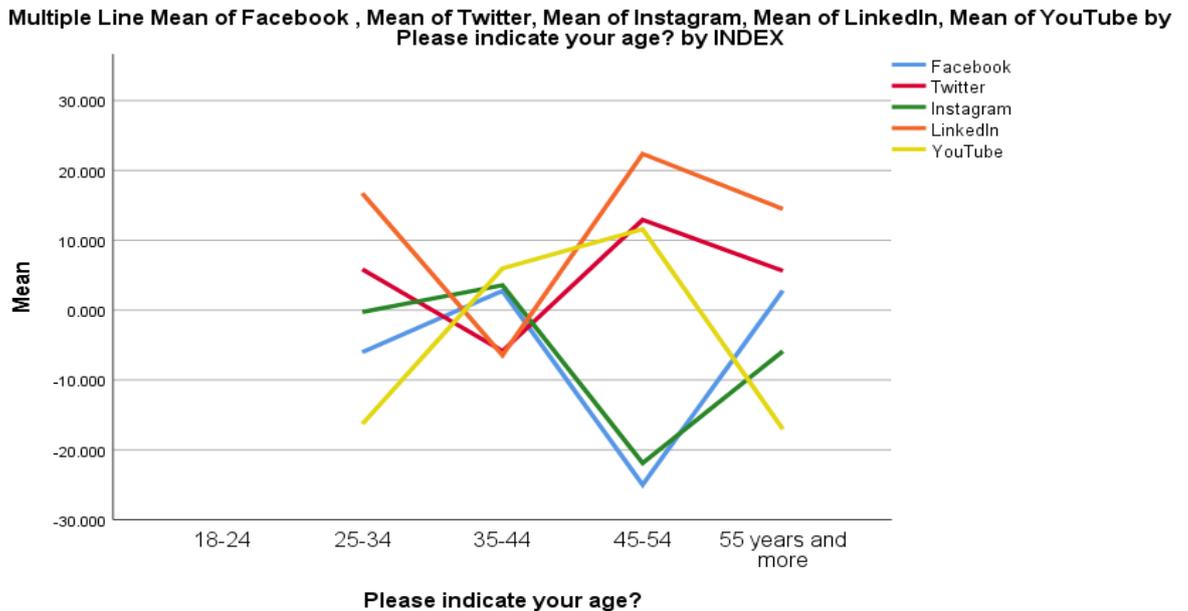

Figure 5 Social Media Platform and Age

1.5 Gender Construct

In the gender figure depicted below, results show that the females mostly preferred Twitter and LinkedIn, while males mostly preferred LinkedIn and Facebook.

Figure 6 Social Media and Gender

1.6 Premiums

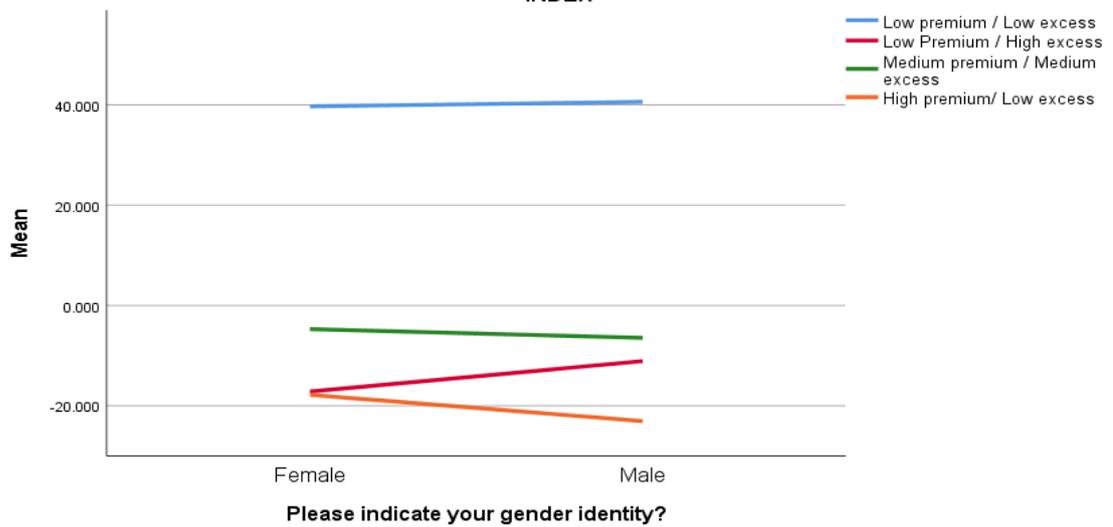Both genders mostly preferred Low premium/Low excess

Figure 7 Insurance Premium and Gender

1.7   Sales Channels

On the sales channels, the most preferred was full online self-service with males having a higher mean value as shown by the line. The least preferred sales channel was the broker.
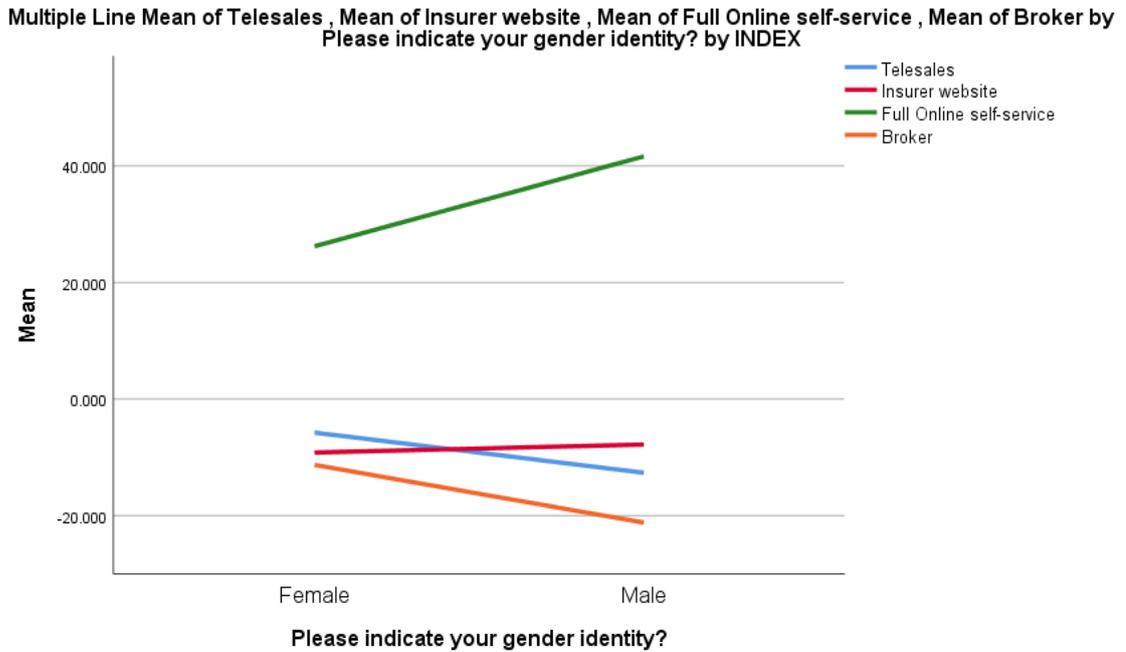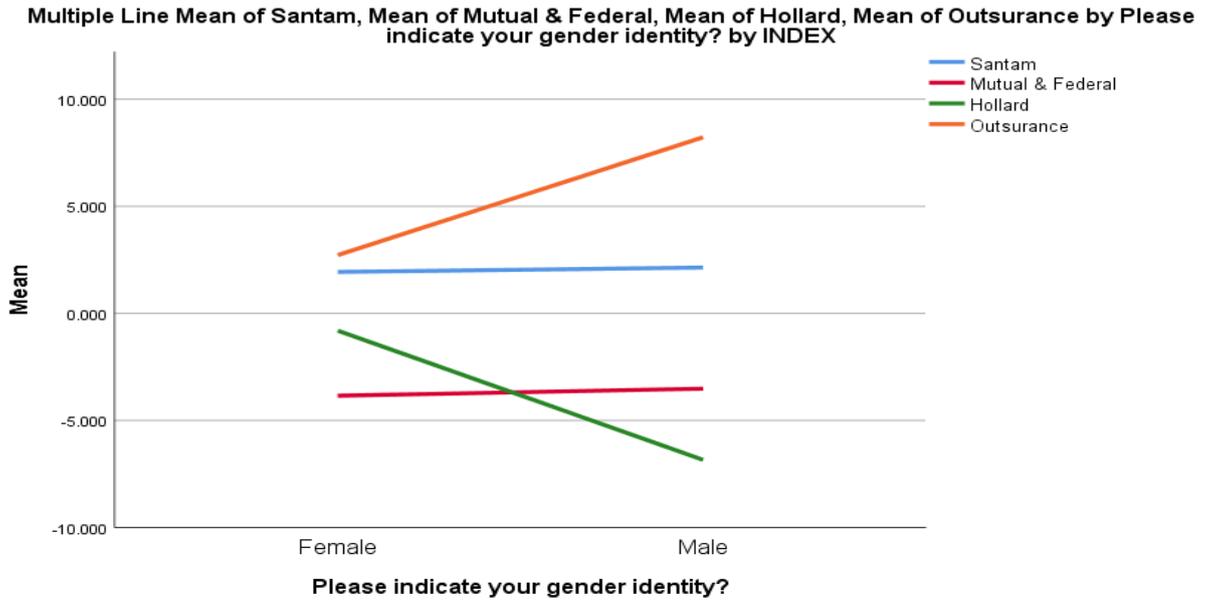

Figure 8 Sales Channel and Gender

1.8   Insurance company

The results show that the participants mostly preferred OUTsurance followed by Santam, and the least preferred insurance company was Hollard for males, while for females it was Mutual and Federal.

Figure 9 Insurance Brand and Gender

1.9   Insurance cover

The most preferred insurance cover depicted by Figure 9 below was Comprehensive cover followed by Comprehensive no car hire. The least preferred insurance cover was Third party.
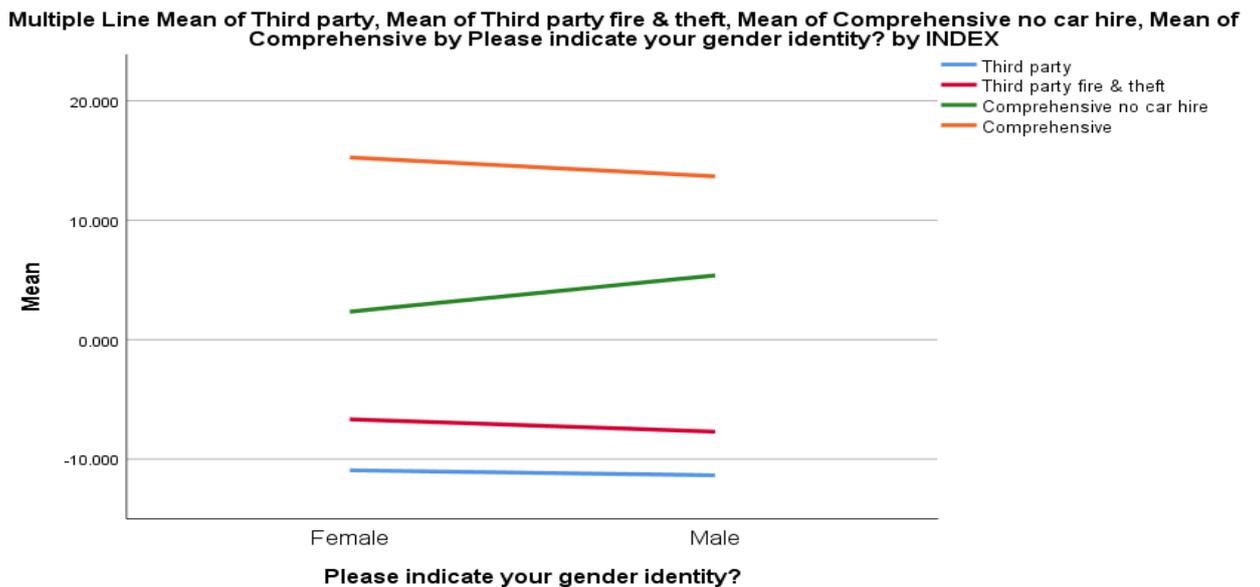
Figure 10 Insurance Cover and Gender

Discussion of results

Factors that determine consumer behaviour are evident in the current study in that motor insurance is not the most pleasurable purchase for many consumers (Van_Heerden & Eden, 2017). There is a great deal of decision making that takes place in consumers selecting their insurance partner to ensure they are fully protected to prevent financial losses as stated by de Meza and Webb (2001). From the results above, it is evident, though not conclusive, that social media does have a part to play in how consumers become aware of insurance partners and their offerings, the results will be unpacked further to understand what factors may lead to the insurance company is selected.

With the growth in technology adoption across South Africa and interest in social media consumption, it is not surprising that social media does have a high preference as a mode of advertisement consumption by consumers, this is consistent with Berthon et al. (2012) study on South Africans social media platform preference. When plunging more in-depth into the social media construct, it doesn't come as a surprise that overall consumers least prefer YouTube, this result is consistent with a study by Pikas and Sorrentino (2014) which indicated that 81% of their sample respondents were usually annoyed by advertisements on social media platforms, more specifically from YouTube, their study focused on YouTube, Facebook and Twitter. Berthon et al. (2012) further highlighted that a country with low bandwidth could not place too much effort on YouTube advertisements which is consistent with the data analysis above. As it can be observed in table 4 above, LinkedIn is the preferred social media platform for receiving insurance adverts; this is consistent with views by JURČIĆ and JURČIĆ (2016) in that LinkedIn is viewed as a social network platform that is not associated with aggressive marketing campaigns. The evolution of the internet and social media has resulted in consumers that are well informed and can do self-searching for information; insurers need to have the ability to build products that are tailored to consumers (Chui et al., 2012).

When considering that insurance purchases are viewed as a form of a grudge purchase as stated by Van_Heerden and Eden (2017), consumers will tend to

go for options which will offer full comprehensive cover at the lowest cost as it can be observed from Table 5 and Table 8 with Low Premium/Low Excess and Comprehensive cover having means of 40.259 and 14.260 respectively. This is consistent with Koszegi (2014) who asserts that consumers are often reluctant to spend money on products that will not give immediate benefits. Therefore spending as little as possible is preferred. After observing the demographics of our respondents in table 1, 49% were between the ages 25 – 34 years old, at this age group, consumers are only just beginning to be independent and expenses such as insurance tend to be more expensive due to risk attributed by short-term insurers as stated by Still and Stokes (2016) from insurance risk rating perspective. This is consistent with Mehr (1969) observation that young fresh out university consumers find insurance to be a hindrance due to higher percentage extraction of their already low income.

Looking deeper into the type of cover, table 8 highlights that comprehensive insurance cover is more preferred over other types of insurance cover. It appears that the Comprehensive with no car hire was the second most preferred type of cover. As this is broken down based on age referring to figure 2, it can be observed that the respondents between ages 35 – 44 years more preferred a full comprehensive insurance cover, however, this number normalises as the age increases from 45 - 55 years, with the selection of comprehensive without car hire. As individuals get older they wish to start reducing their expenses, and it can be observed from figure 1 that most of the older respondent wish to have the lowest premiums and excess. This is consistent with Dumm and Hoyt (2003), indicating that consumers want insurance, but they are driven by price and the type of cover.

Technology has now become a dependency for many consumers due to accessibility, hence the unsurprising high preference for full online services for engagement with insurance companies. From table 6, it can be observed that full online self-service had a mean of 35.93823, the remaining forms of sales channels had negative means calculated depicting reluctance to utilise the channels, with broker channel having the lowest mean score of -17.5345. The negative preference for brokers supports Butler (2007) in that during consumers

prospecting process, their only interaction with insurers is through brokers who offer a fixed offering, and they are not the ultimate decision makers. The information in table 6 further highlights that Telesales with a mean value of -10.095 is also not preferred by the consumers. When making comparison across genders and referring to figure 8, it can be observed that both male and females prefer the full-online service option. Across both genders Telesales and Broker were least preferred. Outreville et al. (2010) indicated that personal interaction from the insurer's point of view is significant as they may be able to adequately measure the customer's risk profile based on their responses. The data suggest the contrary to the insurer's personal interaction preference as indicated above, that consumers would prefer not to deal with brokers or telesales individuals.

In addressing the research question, relationships are presented in the next sections based on the results above. For the analysis "Insurance company" was the dependent variable to understand what the most critical relationships are for insurance companies to concentrate on. Spearman's correlation was applied in conducting these comparisons.

The relationship between the insurance company and social media

The results above depict that based on the Spearman's correlation, even though respondents tended to react well with Hollard insurance questions when paired with LinkedIn, there is no significant relationship amongst the two, there is a weak positive correlation of 0.163. There was a definite correlation between OUTsurance and YouTube, with a correlation of 0.154. When observing the data based on the Age groups and insurance brand, it can be observed from figure 4 that respondents in the age range 24 – 44 identified more with OUTsurance, and when applied to social media, the age range of between 35 – 44 had a positive relationship with YouTube which will explain the weak relationship. Both the positive correlations of 0.163 and 0.154 were significant at 90% confidence level, but were weak in nature according to Pallant (2010).

The relationship between the insurance company and social media does not produce goodness of fit. Therefore social media networks are not good strong predictors of whether Hollard and OUTsurance presence in social media will influence consumers purchasing decisions.

The findings above contradict research by Chui et al. (2012) in that insurance agents need to have an online presence to be able to attract a new type of consumer. Insurers need to apply behavioural economics principles in understanding what process consumers will follow in finding insurance products.

The relationship between the insurance company and sales channel

When observing the insurance company and sales channel, it appears that respondents had a preference in obtaining motor insurance products from Santam's website as a form of sales channel; this was based on a strong correlation of 0.331. OUTsurance had a positive relationship i.e. a significant relationship of 0.217 with telesales. The results also depicted a positive relationship between the full online service and Hollard, with a correlation of 0.175. When applying the prospect theory to this analysis consumers will go through a natural search process where they know the product they need. The channel in which they are going to obtain this product is equally important (Kahneman, 1979). The model contained in table 12 indicates that with a correlation of 9.5%, a website is a good predictor of sales for Santam at a 99% confidence level. However, the pairing contradicts the finding in table 6 of full online preference which had the highest mean of 35.94 across the sales channels for obtaining insurance products. However this analysis is based on the dependency being tested utilising Spearman's correlation. The preference for websites could be linked to Tversky and Kahneman (1992) cumulative prospect theory which states that ranking based on importance should be used by consumers when making insurance decisions, a website gives you the ability to search at your leisure, and a commitment is not yet made.

The relationship between the insurance company and premium

As indicated in table 14, the assessed correlation between the insurance companies and the expected premiums to be paid by consumers is extremely low at 10%. Therefore, this means that there is very little correlation between the insurer and premiums. However, with the observed low correlation, Hollard insurance had the highest correlation with 9.6%. The utility theory states that value cost for products is derived from preferences, value, goodness or any similar concepts (Fishburn, 1968). At 90% confidence level, low premium and low excess were observed to have a high level of significance with Santam and Hollard insurance companies. However, medium premium and medium excess were observed to be significant with OUTsurance. The results show that people would prefer to pay as little as possible for insurance, but they are also willing to pay more to ascertain themselves that they will get paid should an incident occur and will be left in the same position before the incident occurred. This appears to be consistent with Kaas et al. (2002) utility theory on insurance.

Synthesis

Based on the conjoint analysis that was conducted and looking at table 3, the relative importance is projected as a result of respondent's preference for the medium of communication that was presented to them. It depicted that Social Media platforms as a communication medium was important with a mean of 26.27, followed by Premium with a mean of 26.02 and type of channel with a mean of 23.45. The insurance brand appeared not to be as important to consumers with a mean of 19.16, and the type of cover was the least important with a low mean of 5.09.

As indicated above the social platform that appears to be a lot more popular is LinkedIn, although the mean of 8.26 can be considered to be low when compared to the high mean of low premium and low excess of 40.26 for insurance premiums. The channel in which consumers interact with insurance companies is observed to be the third most important attributed. Full online self-service portal recorded the second highest mean against utilities of 35.94.

When ignoring the brand and the type of cover, it can be observed that insurance companies marketing departments need to start concentrating on the top three attributes mentioned above. By understanding consumer behaviour and their prospecting methods, the utility theory applications can be better applied to help the insurer understand what consumers value more, the research of Hogarth and Kunreuther (1985) could be applied in attempts to understand consumers decision making through imagination and thought process in deriving probabilities for their insurance purchases. Consumers will always believe that their level of risk should be low, this results in their continued search for cheaper insurance. Insurance companies are advised to assess how they measure risk for various individuals based on their history of claims and relative behaviour.

The paper by Hogarth and Kunreuther (1985) further indicated that the ambiguity that is experienced by consumers in the insurance market leads them to not taking insurance cover due to insurers inability to measure risk effectively.

Technology should be effectively used in measuring risk for consumers, no claims history, age, and gender. Place of residence should not be most important deciding factors for insurance. Behavioural history of consumers should now be efficiently used in determining the level of risk that will be applied to consumers. With the internet of things picking up, insurance companies should start to collaborate with original parts manufacturers in assessing consumers and the level of risk they carry based on driving behaviour over time.

Conclusion

On face value, it was observed, after looking at attributes applied for purchasing decisions for motor insurance products, that social media does influence consumers taking the next step to contacting an insurance partner provided they are in the market. It can be seen that insurance premiums are important to consumers, as this is the amount that they have to part with for months and years to come without ever having to claim. Consumers would prefer to pay the

lowest value possible for insurance, being a low premium and lowest possible excess as possible.

It can be concluded that the presence of insurance companies in the social media space is important to consumers; however it is not conclusive that it would lead to customers making the initial call or obtaining an online quote for insurance cover should they believe they would get reasonable insurance.

The study was limited to testing what is important to consumers, and from a short-term motor insurance perspective, insurance companies will have to understand attributes for the different social media platforms to be able to target the correct consumers, and only having a page on the various platforms is not enough. Insurers should have a team working on understanding different consumers from the various platforms and have targeted marketing campaigns. LinkedIn is seen as a professional platform and should be exploited based on the reputation that it holds across professionals.

The extent of influence of various digital social media platforms on consumer purchasing decisions in the short-term motor insurance industry cannot be conclusively verified without access to the insurance companies financial, and access to their clients for engagement, to understand what led them to select that particular insurance company. However, it can be stated that based on the study, as an attribute, social media is more preferred to the respondents, and insurers should look into more investment in this space. Insurers should start investigating insurance products that are flexible such as pay per use insurance, more specifically in an industry where consumers also make use of public transports. Behavioural economics does not take into consideration the varying nature of technology, and data that consumers are subconsciously producing and providing to original parts manufacturers and social media networks. Consumers must be aware of data mining activities that insurers perform on them before claim processes commence and during the claims process. Focused studies are recommended for further studies to understand what consumers are truly looking for in insurance products, the results of which could lead to reduced insurance costs.

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