

Factors affecting consumer purchasing decision of motor insurance, Vientiane Capital

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Abstract

The purpose of this study is to investigate factors affecting consumer purchasing decision for motor insurance in Vientiane Capital, Lao PDR. In this study, primary data was collected from 421 participants by using purposive sampling method with structure questionnaires via online platforms in Vientiane Capital, Lao PDR during August, 2021. The study was guide by the following specific objectives: to understand the relationship between service quality factor and consumer purchasing decision, to understand the relationship between brand factor and consumer purchasing decision, and to understand the relationship between marketing mix (4Ps) factor and consumer purchasing decision. A descriptive analysis is used to analyze the collected data regarding the factors affecting consumer purchasing decision for motor insurance (service, brand and marketing mix factors). The statistic used for data analysis were frequency, percentage, mean, and multiple regression analysis. According to the analysis, the results show that service quality, brand and marketing mix have a relevance for the consumer purchasing decision for motor insurance of Vientiane Capital inhabitants. The hypothesis testing confirmed that the all factors (service, brand and marketing mix) influence on consumer purchasing decision for motor insurance with a statistically significant level of 0.05.

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I. Introduction

The insurance industry is considered as one of the three major financial pillars which plays a significant role in helping people live better lives, maintaining financial stability and strengthening the economic system, and mitigating the negative effects of calamities (*Insurance Business Annual Report, 2019*). By 2019, 193 insurance products have been approved by Department of State-Owned Enterprise and Insurance management (DSI) from 22 insurance companies. The statistic from annual report of DSI also shows that the amount of insurance premium increased triple times from 238 billion Kip to 685 billion Kip during 2010 to 2019. In a main time, the number of insurance claims from 2010 to 2019 is significantly soaring from 42 billion Kip to 653 billion Kip respectively. Motor insurance is one of the most fast-growing sectors for insurance industry in the Lao PDR. This can be seen by the increasing numbers of vehicle, especially in Vientiane capital raise from 901,427 in 2018 to 953,885 in 2019. This will be an opportunity for insurance firms to capitalize on the expending market of vehicle insurance, due to the fact that every single car must have at least third-party insurance according to the

According to Laos Statistics Bureau (2020), the number of accidents in Vientiane Capital soared from 1,167 cases to 1,250 cases between 2018 and 2019 respectively. This figure shows the urgent need to mitigate the numbers of loss each year. To mitigate the risks, people might attempt to find the most possible solution to protect their loss or minimize their risks. Buying car insurance is one of the most effective hedging methods for car owners to protect their assets. That means they can make a claim for repaired or replaced right after their car has been loss or damage based on type of insurance contract they bought. The customer demand car insurance in order to obtain a transfer of premium they paid to compensate when the loss occurred. However, the information about insurance may not generate to customer effectively. Many people still not quite sure or understand about type of car insurance they are holding. As a result, they may not even realize when the loss occurred. In the worst-case scenario, many automobile owners do not have care insurance, which causes them financial problems once an accident happens.

The customer are people who purchase a wide range of goods and services to suit their current and future requirement on a regular basis. Purchasing insurance services, on the other hand, is a highly specialized transaction. It is important to remember to acquire and sell the commitment in writing, but not all insurance services are created equal standard of services. The approach whereby a buyer makes their choice differs depending on whether they are forced to buy by law or are buying voluntarily based on an individual utility assessment. However, the research to investigate what decision elements led consumers' purchasing decisions on insurance products, (especially motor insurance in Laos) is not yet accessible, particularly those studies published in the international literature Many variables have been proposed in the literature as influencing customers'

buying decisions for both physical and non-physical items manufactured by any company. This includes many factors, for instance service quality, price, promotion and brand awareness. Therefore, the present research aims to investigate factors that effecting consumer purchasing decision on car insurance, case study: Vientiane Capital, Lao PDR.

II. Objectives

As this research study aims to investigate factors that effecting customer purchasing on motor insurance, the main objectives are as follows:

- To analyze the relationship between service quality factor and consumer purchasing decision
- To assess the relationship between brand factor and consumer purchasing decision
- To estimate the relationship between marketing mix (4Ps) factor and consumer purchasing decision

III. Literature review

1) Brand image

Brand image is a product's perception that reflects customers' memories of the product. Brand image is defined as an image that can be remembered by the public, resulting in a position brand that is relevant and easy to recall by the public. Furthermore, brand image is a significant driver of brand equity since it refers to a customer's general perception and emotional attachment to a brand, which influence consumer behavior (Mehmood & Shafiq, 2015). Mehmood & Shafiq (2015) also notice that customers purchase decision is based on how they know and understand about that brand. This is because purchase products from famous brand or good brand image will help customers minimize risk of purchase. Therefore, from marketers' point of view, the primary goal of their marketing activities, regardless of their companies' marketing strategies, is to influence consumers' perceptions and opinions of a brand, establish the brand image in consumers' minds, and encourage consumers' actual purchasing behavior of the brand, resulting in increase sales, market share, and brand equity. The research study by Mehmood & Shafiq (2015) concludes that brand image and service quality has positive impact on purchase intention which influence customer satisfactions.

2) Service quality

Service quality is the fundamental element which identify the successful of the business to deliver services to meet consumer expectation and needs. In business scenario, service quality is considered to be the foremost component for business strategy to influence customer satisfactions (Sawagvudcharee1 et al., 2018). Bandar (2019) explains that there is a strong relationship between service quality and purchase intension when customers are satisfying on certain the products or services. It is approved that good service quality increase customer purchase intention continuously (Mehmood & Shafiq, 2015).

In technical terms, the basic concept of service quality consists of three main concepts: customer satisfaction, service quality and customer value. According to such basic concepts of customer reaction to service is the psychological behavior that an individual has toward a service received or caused. Because of rising consumer expectation and increased competition in recent years, service quality has emerged as a critical aspect in service firm success (Weerasiri, 2015). There are five indices of service quality, namely: 1) Tangible: or witness evidence, for instance, the company's capacity to demonstrate its presence to interested stakeholders; 2) Reliability: this refers to a company's capacity to deliver services precisely and consistently as promised; 3) Responsiveness: a problem and a willingness to assist consumers in a timely and accurate manner; 4) Assurance: awareness, compassion, and the capability to build consumer confidence across the organization, 5) Empathy: providing genuine, personal, or individual attention to consumers (Djaharuddin, 2021).

3) Marketing mix

The so-called 4P's is the well know marketing tools have been used all around the world. This marketing mix includes: Product, Price, Place and Promotion, an enterprise utilizes to promote their products or services to the target customers (Armstrong et al., 2015). Marketing mix is a set of firm's strategies which utilize to influence target customers with expected to expend market share.

3.1. Product

The goods and services provided by the company are referred to as a product. A pair of shoes, a bag, and a lipstick are all examples of products. All of these items were purchased to meet one or more of our requirements. We are not paying for a real product, but rather for services and the advantage it will provide. In other words, a product might be defined as a collection of things or benefits that a marketer provider offered to a customer. According to Putra et al. (2020), the research conducted in the Surabaya (Indonesia) by applied quantitative method with 125 samples. The study reveals that product plays a significant role to influence consumer purchasing decision on Hotel services. From the view point of modern marketing, product refers to an offering the collection of advantages or values that the company promises to provide to customers in order to meet their demands.

3.2. Price

A product's or service's price is the amount charged for it. It is the marketing mix's second most significant component. Fixing the product's price is difficult task. Many considerations, such as product demand, cost consumer ability to pay, pricing paid by competitors for similar items, government regulations, and so on, must be considered when setting the price. In fact, pricing is a critical decision area because it influences product

demand as well as firm's profitability. The study from Putra et al. (2020) reveals that price has a positive and significant effect on customer purchasing decision on Hotel in Indonesia, which could help to increase sale value for the hotel.

3.3. Place

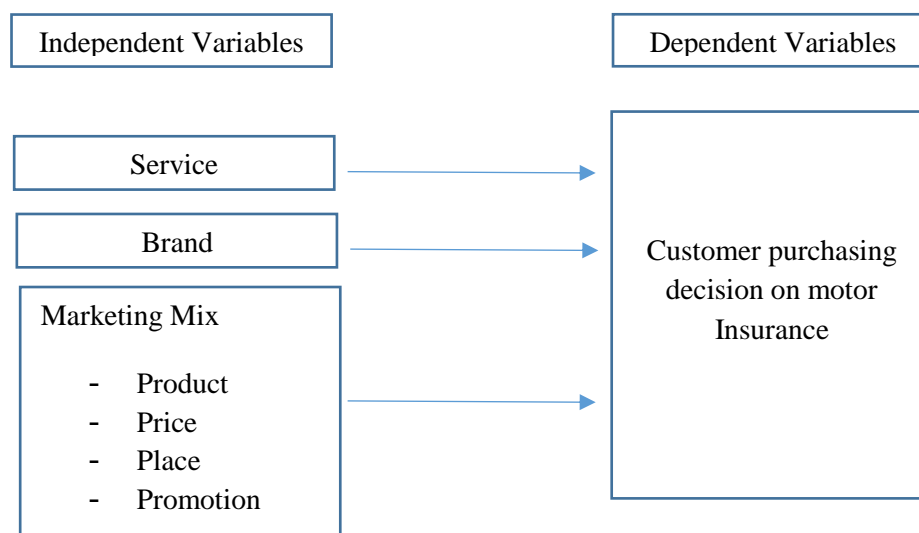
Products are manufactured in order to be sold to consumers. They must be made available to consumers in a convenient location where they can be purchased. This entails a network of persons and institutions such as distributors, wholesalers, and retailers who form the firm's distribution network (also called a channel of distribution). The organization must determine whether to sell directly to retailers or through distributor/wholesalers, and so on. It may even intend to sell it directly to customers. A variety of things influences the decision. Therefore, place or location is one of the most important factors that influence consumers to buy products/services. As the study from Putra et al. (2020) in the area of Hotel services, concluded that place has a significant impact on consumer purchasing decision.

3.4. Promotion

Promotion is one of the marketing mix aspects, along with product, price and place, which comprise the 4ps of marketing. Marketing mix decisions must be made with the goal of influencing trade channels as well as the final customer and resulting in increased sales (Kinoti et al., 2019). Promotional activities are the critical component to accept the insurance offers from insurance companies (Ćurčić et al., 2019). If a product is developed without the consideration of the customer's wants, is reasonably priced, and is offered at outlets convenient to them but the customer is not made aware of it, if people are not aware of its price, features, availability, and so on, its marketing efforts may fail. As a result, promotion is an important component of the marketing mix because it relates to a process of informing, persuading, and influencing a customer to select a product bought. Personal selling, advertising, publicity, and sales promotion are all methods of this marketing tool. It is done primarily to enlighten prospective customer on the availability, qualities, and usage of a product. It piques a potential consumer's interest in the product, allowing him/her to compare it to competitor's offerings and make his/her decision. The development of print and electronic media has greatly aided the promotion process.

4. Conceptual framework

Figure 4.1. the impact of service, brand and marketing mix on customer purchasing decision of car insurance.



Source: Adapted from the factors affecting on customer purchasing decision of motor insurance, 2021.

5. Research Hypothesis

H1: Service quality factor has positively significant influence on consumer purchasing decision on car insurance

H2: Brand factor has positively significant influence on purchases decision on car insurance

H3: Marketing mix's (4P's) factor has positively significant influence on consumer purchasing decision of car insurance

6. Materials and Methods

6.1 Data collection

As the aim of this paper is to identify factors affecting customer purchasing decision on car insurance, the research questionnaire is chosen to conduct in this paper. The questionnaire will be provided online to respondents via Email, Facebook and Google drive. Online questionnaire (Google form) is chosen due to the COVID-19 situation. The convenience method, a non-probability sampling procedure will be applied to collect the data. The target samples are insurers in Vientiane Capital who are holding motor insurance of any insurance companies. The sample size is calculated by applying Taro Yamane's formula (Taro Yamane, 1973). The data will be collected from 421 samples by using

purposive sampling method. This would help to reduce sampling error and generate more precise outcomes.

The questionnaire consisted of two parts. The first section is demographic questions which related to age, gender, education, occupation, status, income and choice of insurance of the respondents. There are eleven questions related to demographics and respondents only need to tick one answer for each question.

The second part of the questionnaire asking about the factor that influences consumer purchasing decision of car insurance. It consists of 28 questions related to factor influencing customer purchasing decision of car insurance by using Linkert Scale. The researcher decides to measure the variables using five Linkert-pointed scales. Linkert scale is described by researchers (Joshi et al. , 2015) as a group of items or statements that are offered for real or hypothetical situation. Respondents are asked to indicate on metric scale how much they agree or disagree with the given item. Likert scale items are used for surveys exploring attitudes by collecting responses to questions or related statements about motor insurance. The common practice is asking respondents to express their level of agreement by applying the five-point scale from 'strongly disagree' to 'strongly agree'. Respondents choose and circle one answer only for each statement that most appropriate to them.

The variables in this research are: 1) Independent variable (X) consisting of: X1 = Service quality, X2 = Brand, X3 = Marketing mix (4P's), 2) the dependent variable (Y) is the Customer purchasing decision on motor Insurance. To determine how an independent variable affects a dependent variable, the researcher decides to use multiple linear regressions. Multiple linear regression, according to Uyanik and Güler (2013), is a statistic used to ascertain whether or not two or more variables are correlated and have an effect on one another.

6.2 Reliability test

The study sought to establish the reliability of the research instrument by computing the Cronbach's Alpha coefficient in regard to the elements in the study variables. The degree to which measurements are devoid of random error and produce consistent findings is referred to as reliability. Cronbach's Alpha, in other words, reflects how effectively elements in a collection are positively connected to one another. To evaluate the reliability of questionnaire, reliability test will be applied with 40 respondents. If the result of reliability test is equal or greater than 0.7 it indicates that the questionnaire is reliable and can be disseminated to respondents (Cronbach, 1951).

Table 6.2.1: Reliability Results

| Variable | Item | Cronbach's Alpha |
|-----------------|------|------------------|
| Service quality | 10 | 0.8901 |
| Brand | 7 | 0.8603 |

| | | |
|---------------|----|--------|
| Marketing mix | 10 | 0.8899 |
|---------------|----|--------|

Source: constructed by the researcher, 2021

According to the Cronbach's alpha reliability results in Table 6.2.1, all of the variables had reliability values greater than 0.7, suggesting that the variables were reliable for the research. As a result, the internal coherence of things to the notion is trustworthy. This means that the data dependability for this variable is satisfactory.

6.3 Data Scaling and Processing

The 5-point Likert Scale will be applied to measure the respondent's attitudes towards factors that affect them to purchase car insurance.

$$\begin{aligned} \text{The 5-point of Likert Scale range} &= \frac{\text{maximum} - \text{minimum}}{5} \\ &= \frac{5 - 1}{5} = 0.8 \end{aligned}$$

Table 6.3.1 The 5-point Likert Scale

| The length of the cells | Represents |
|-------------------------|-------------------|
| 1 – 1.80 | Strongly disagree |
| 1.81 – 2.60 | Disagree |
| 2.61 – 3.40 | Neutral |
| 3.41 – 4.20 | Agree |
| 4.21 – 5.00 | Strongly agree |

Source: constructed by the researcher, 2021

The five-point Likert scale is considered as interval scale. The mean is very significant. From 1 to 1.8 means strongly disagree. From 1.81 to 2.60 means disagree. From 2.61 to 3.40 means neutral. From 3.41 to 4.20 means agree, and from 4.21 to 5.00 means strongly agree.

7. Summary of Demographic Data

Table 7.1: Demographic data of respondents

| Demographics | Number of respondents (N =400) | Percentage (%) |
|--------------|--------------------------------|----------------|
| Gender | | |
| Male | 164 | 41 |
| Female | 236 | 59 |
| Total | 400 | 100 |

| | | |
|--|-----|-------|
| Age | | |
| 20-30 | 183 | 45.75 |
| 31-40 | 172 | 43 |
| 41-50 | 37 | 9.25 |
| 51-60 | 7 | 1.75 |
| 60 more | 1 | 0.25 |
| Civil status | | |
| Single | 174 | 43.5 |
| Married | 206 | 51.5 |
| Divorced | 20 | 5 |
| Education background | | |
| Diploma / technical school certificate | 86 | 21.5 |
| Bachelor degree | 292 | 58 |
| Master's degree | 79 | 19.75 |
| Doctoral degree | 3 | 0.75 |
| Occupation status | | |
| Entrepreneur | 55 | 13.75 |
| Employee | 163 | 40.75 |
| Student | 98 | 24.5 |
| Other | 84 | 21 |
| Income | | |
| Below 1,000,000 | 48 | 12 |
| 1,000,001 - 3,000,000 | 121 | 30.25 |
| 3,00,001 - 5,000,000 | 134 | 33,50 |
| Above 5,000,000 | 97 | 24.25 |
| Current car insurance | | |
| Allianz | 103 | 25.75 |
| Lao-Viet | 125 | 31.25 |
| Dhipaya | 93 | 23.25 |
| Lanxang | 47 | 11.75 |
| Vieng Chan | 26 | 6.5 |
| Other | 6 | 1.5 |
| Type of car insurance | | |
| Volunteer | 275 | 68.75 |
| Compulsory/Basic | 66 | 16.5 |
| Not sure | 59 | 14.75 |
| Car usage (per week) | | |
| 1-3 days | 59 | 14.75 |
| 4-6 days | 135 | 33.75 |

| | | |
|---|-----|-------|
| Everyday | 206 | 51.5 |
| Insurance renewal | | |
| Renew contract with current company | 358 | 89.5 |
| Buy a new contract with a new company | 42 | 10.5 |
| Factors influence to buy car insurance | | |
| Advises from friends or cousins | 119 | 29.75 |
| Sales representative | 109 | 27.25 |
| Advertisement | 111 | 27.75 |
| Experienced from the previous company | 61 | 15.25 |

Source: survey data 2021

Table 7.1. Illustrates the demographic profile of the respondents who stayed in Vientiane Capital. The result shows that the most respondent are female, 59%. Out of total respondents (400), the majority (45.75%) is the age group of 20-30 years. In term of civil status, 51.5% were married, 43.5% were single and the rest were divorced.

Education background is considered as one of the crucial factors that effects insurance purchasing decision. This study classified participants' level of education into four levels, including diploma/technical school certificate, Bachelor, Master and Ph.D. the result indicates that the majority of respondents (58%) are holding Bachelor degree, follow by diploma/technical school certificate (21.5%) and master degree (19.75%) respectively. As the result of the study, most respondents seem to be well educated.

Regarding occupational status of the participants in this study, the most respondent are employees, 40.75%. Following by 24% are students, 21% are working in other area and 13.75% are doing their own businesses. All in all, the majority of the participants are working which represent the largest proportions in the study.

For monthly income, 33.50% had a monthly income 3,000,001 – 5,000,000 Kip, 30.25% had a monthly income 1,000,001 - 3,000,000 Kip, 24.25% had a monthly income above 5,000,000 Kip, and 12% had the lowest income which below 1,000,000 Kip. The result of this study illustrates that the majority of respondents have middle to high level of income which represent more than 80% who earn income from 1,000,001 to above 5,000,000 Kip.

According to the table above, it also summarizes that the majority of respondents (31.5%) bought car insurance from Lao-Viet Insurance company, 25.75% bought from Allianz Insurance company, 23.25% bought from Dhipaya Insurance company, 11.75% bought from Lanxang Insurance company, 6.5% bought from Vieng Chan Insurance company and only 1.5% bought from others.

In terms of car insurance types that the participants currently have, more than 68% are holding volunteer type of motor insurance, 14.75% not sure what type of insurance they are holding and 16.5% is holding Compulsory/Basic type of motor insurance.

It is found that in term of car usage per week, 51.5% were use the car every day, follow by 33.75% use for 4-6 days and 14.75% use for 1-3 days. Furthermore, 89.5% most of respondents were renewing their insurance contract with current company and only 10.5% change a new contract with the new companies. The factors that influence them to by insurance are mainly from friends or cousins (29.75%), advertisement (27.75%) and sales representative (27.25%).

The results of this study demonstrate that the majority of respondents are females in the age of 20-30 years old, most of them are married, Bachelor level of education, employee, average income 3,000,001 – 5,000,000 kip per year, currently holding motor insurance from Lao-Viet Insurance company, volunteer type of motor insurance, use the car every day, renewing their insurance contract with current company and friends or cousins are the influencing factors for them to by motor insurance.

8. Factors effecting purchasing decision for motor insurance

This section reveals statistical analysis results from collected data by using SPSS program.

8.1 Service quality factors

Table 7.1.1: Service quality factors effecting purchasing decision for motor insurance

| Descriptive Statistics | | | | | |
|--|-----|---------|---------|-------|----------------|
| | N | Minimum | Maximum | Mean | Std. Deviation |
| 1. Sale agent provides all the details about the contract condition clearly | 421 | 1.00 | 5.00 | 4.150 | 0.736 |
| 2. Operator service you rapidly and politely | 421 | 2.00 | 5.00 | 4.024 | 0.707 |
| 3. Staff services you rapidly | 421 | 2.00 | 5.00 | 3.831 | 0.735 |
| 4. Always be informed when the contract will expire | 421 | 1.00 | 5.00 | 3.848 | 0.708 |
| 5. The amount of time to claim and receive payment is appropriate | 421 | 1.00 | 5.00 | 3.746 | 0.736 |
| 6. Offer good quality vendors to repair your vehicles | 421 | 2.00 | 5.00 | 3.822 | 0.746 |
| 7. Received a basic advice immediately when the accident happened | 421 | 2.00 | 5.00 | 3.860 | 0.779 |
| 8. The adjuster devotes the time and attention to follow up the claim payment process | 421 | 1.00 | 5.00 | 3.912 | 0.752 |
| 9. You expect to receive assistance from the company in accordance with the policy contract in time of an accident | 421 | 2.00 | 5.00 | 4.064 | 0.736 |
| 10. You expect the company to take action on your behalf in time of an accident | 421 | 2.00 | 5.00 | 3.986 | 0.737 |
| Valid N (listwise) | 421 | | | | |

Source: survey data 2021

The table 7.1.1. indicates the relationship between the service quality factors and the purchasing decision for motor insurance. Overall, it can be observed that all the above ten factors collectively influence the buying decision of the customer for motor insurance products. The factor “sale agent provides all the details about the contract condition clearly” carries the highest mean value (4.15), followed by “you expect to receive assistance from the company in accordance with the policy contract in time of an accident” (Mean 4.064

and S.D 0.736) and “the amount of time to claim and receive payment is appropriate” indicates the lowest value of Mean and S.D, 3.746 and 0.736 respectively.

8.2 Brand factors

Table 7.2.1: Brand factors effecting purchasing decision for motor insurance

| Descriptive Statistics | | | | | |
|--|-----|---------|---------|-------|----------------|
| | N | Minimum | Maximum | Mean | Std. Deviation |
| 1. you would renew the contract with the current firm | 421 | 1.00 | 5.00 | 3.967 | 0.661 |
| 2. you would recommend an existing insurance company to someone around you | 421 | 2.00 | 5.00 | 3.810 | 0.670 |
| 3. you feel trusted in the insurance company that you selected | 421 | 1.00 | 5.00 | 3.955 | 0.673 |
| 4. your current car insurance company is trustable | 421 | 2.00 | 5.00 | 4.033 | 0.693 |
| 5. your current car insurance company is stable | 421 | 2.00 | 5.00 | 4.026 | 0.722 |
| 6. your current car insurance company has a good reputation | 421 | 1.00 | 5.00 | 4.121 | 0.705 |
| 7. your current car insurance company is admittedly | 421 | 2.00 | 5.00 | 4.107 | 0.662 |
| Valid N (listwise) | 421 | | | | |

Source: survey data 2021

Based on the result of table 7.2.1, all the variables under brand factors have standard deviation value greater than 0.05, that means there is a strong relationship between the extended brand factors and customer purchasing decision for motor insurance. The factor “your current car insurance company has a good reputation” carries the highest of mean value. That means this factor is the most influential variable under the brand factor.

8.3 Marketing mix (4Ps) factors

7.3.1: Marketing mix (4Ps) factors effecting purchasing decision for motor insurance

| Descriptive Statistics | | | | | |
|---|-----|---------|---------|-------|----------------|
| | N | Minimum | Maximum | Mean | Std. Deviation |
| 1. benefits of the contract are reasonable | 421 | 2.00 | 5.00 | 4.083 | 0.687 |
| 2. The terms of coverage conditions are easy to understand. | 421 | 2.00 | 5.00 | 4.086 | 0.674 |
| 3. the car insurance has a good reputation and stable financial position | 421 | 2.00 | 5.00 | 4.048 | 0.688 |
| 4. the insurance premium is cheaper than other firms | 421 | 2.00 | 5.00 | 3.969 | 0.715 |
| 5. an average insurance premium is reasonable when compared with coverage | 421 | 2.00 | 5.00 | 3.998 | 0.712 |
| 6. Number of branches or service centers covering the whole country | 421 | 1.00 | 5.00 | 3.941 | 0.801 |
| 7. premium discount for customers with a good driving history | 421 | 1.00 | 5.00 | 3.943 | 0.751 |
| 8. discounts on other products such as life insurance | 421 | 1.00 | 5.00 | 3.893 | 0.759 |
| 9. Installment payment of insurance premiums | 421 | 2.00 | 5.00 | 3.945 | 0.733 |
| 10. advertising from TV, Radio, Newspaper, Billboard, attracting you to make a decision of buying car insurance | 421 | 1.00 | 5.00 | 3.898 | 0.766 |
| Valid N (listwise) | 421 | | | | |

Source: survey data 2021

The above table indicates the mean and SDs for marketing mix theme. The majority of respondents agree that the “discounts on other products such as life insurance” factor is lowest evaluation level (Mean 3.893 and SD 0.759). The respondent priority in terms of this theme is the terms of coverage condition are easy to understand (Mean 4.086 and SD 0.687).

Table 7.3.2: The results of multiple linear regression

The results of multiple linear regression show that all of three independent variables are significant. It is found that there is a positive relationship between service, brand and marketing mix factors and customer purchasing decision on motor insurance at 5% of a significant level.

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|------------|-----------------------------|------------|---------------------------|--------|------|
| | B | Std. Error | Beta | | |
| (Constant) | 1.011 | .142 | | 7.147 | .000 |
| Service | .167 | .042 | .183 | 3.969 | .000 |
| Brand | .109 | .048 | .115 | 2.286 | .023 |
| 4P's | .495 | .044 | .525 | 11.209 | .000 |

Dependent Variable: Customer purchasing decision

Source: survey data 2021

From table 7.3.2, when we look at the B value that shows which factor effect the dependent variable the most. We can see that 4P's has the highest B value with beta of 0.495, which means 4P's is significantly affect customers to buy motor insurance. Following by service factor and brand factor with beta of 0.109 and 0.197 respectively. Hence, we can conclude that when people in Vientiane capital decided to purchase motor insurance the marketing mix factor is the factor that affects them the most.

The results of regression model can be written as follows:

$$Y = 1.011 + 0.167X_1 + 0.109X_2 + 0.495X_3$$

Where:

Y = Consumer purchasing decision

X₁ = Service quality factor

X₂ = Brand factor

X₃ = Marketing mix (4P's) factor

From this model, it can be said that all the three independent variables (service quality, brand and marketing mix) have a positive contribution to the customer's purchasing decision on motor insurance from the result of (p = 0.000), (p = 0.023) and (p = 0.000) as its p – value is less 0.05

9. Test of Significant

Hypothesis 1: H1: Service quality factor has positively significant influence on consumer purchasing decision on car insurance

Reject H1, if $p > 0.05$

Base on table 8.3.2, the p-value of service quality factor is 0.000 which is less than the significant level 0.05. Thus, H1 is accepted. It indicated service quality has a positive relation between the customer purchasing decision on motor insurance.

Hypothesis 2:

H2: Brand factor has positively significant influence on purchases decision on car insurance

Reject H2, if $p > 0.05$

Base on table 8.3.2, the p-value of Brand factor is 0.023 which is less than the significant level 0.05. Thus, H2 is accepted. It indicated brand has a positive relation between the customer purchasing decision on motor insurance.

Hypothesis 3:

H3: Marketing mix's (4P's) factor has positively significant influence on consumer purchasing decision of car insurance

Reject H3, if $p > 0.05$

Base on table 8.3.2, the p-value of marketing mix's (4P's) factor is 0.000 which is less than the significant level 0.05. Thus, H1 is accepted. It indicated marketing mix's (4P's) has a positive relation between the customer purchasing decision on motor insurance.

Table 9.1: The results of Model summary

| Model Summary ^b | | | | | | | | | |
|----------------------------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | |
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change |
| 1 | .741 ^a | .549 | .546 | .32006 | .549 | 166.797 | 3 | 411 | .000 |

a. Predictors: (Constant), Marketing mix (4P's), Service quality, Brand

b. Dependent Variable: Consumer purchasing decision

Source: survey data 2021

As shown in the table 8.3.3, R is 0.741, which means that customers purchasing decision and independent variables (service, brand and marketing mix 4P's) are collated. R square (proportion of the variance in the dependent variables accounted by model) is

0.549, and adjusted R square is 0.546 with three independent variables. It indicates that independent variables can explain 54.6% of the variance in the dependent variable.

10. Conclusion and discussion

This research study contributes the knowledge and better understanding about factors influence customer purchasing decision on motor insurance in Lao PDR. It can assist insurance company in comprehending consumer purchasing choices. Additionally, it greatly helps insurance companies in improving their performance to influence more customers to make purchases. The main purpose of this research is to investigate factors that effecting customer purchasing on motor insurance in Vientiane Capital, Lao PDR. Due to Covid 19, it is challenging to collect printed questionnaires from respondents. However, the survey was still carried out by researcher using Google Form to distribute the online questionnaire, and SPSS was used to process and analyze the data from 400 respondents. Service factor, brand factor and marketing mix (4Ps) factor were the study's independent variables. Customer purchasing decision on motor Insurance was considered the study's dependent variable.

Based on the study's findings, it is clear that three factors – service quality, brand and marketing mix (4P's) – have significant influence on consumer purchasing decision on motor insurance in Laos. As a result, insurance companies should develop and improve all variables in this research in order to increase customer purchasing decision on motor insurance.

Three research hypotheses of this study were developed, which pointed out the relationship between variables of the proposed model. According to the research done, the relationship between all three factors (service, brand and marketing mix) have significant effect on consumer purchasing decision on motor insurance in Lao PDR. The results implied that an increase or improvement in utilizing of service, brand and marketing mix (4P's) led to increase in consumer purchasing decision on motor insurance.

11. Limitation

Due to the widespread epidemic of COVID-19, the researcher had to collect the data via using social media instead of generating questionnaire to the respondents directly. However, beside distributing the online questionnaires, the researcher also used the printed questionnaires to distribute in the areas near the researchers' house and in the office. This to make sure that the data collected is reliable and generate the most valuable outcomes.

12. Suggestion and recommendation

This research contributes the knowledge and better understanding of the motor insurance industry in Lao PDR. It can assist insurance companies in understanding consumer purchasing decisions and in developing their performance in order to boost consumer purchasing decisions. The primary goal of this research is to identify factor that impact consumer purchasing decision for motor insurance in Lao PDR.

According to the findings of this study, three variables, namely service, brand, and marketing mix, have a considerable effect on consumer purchasing decision for motor insurance. As a consequence, in order to enhance client purchase decisions, insurance businesses should develop and improve all variables in this study, including service, brand, and marketing mix. In terms of service factor, the insurance companies should improve knowledge and skills for front service by training, and be more enthusiastic about the service in order to satisfy customer.

In addition, brand factor is another important element that affect consumers to purchase insurance. In other word, the reputation of the organization and the recognition in the car insurance market is a crucial part of the purchase decision. Hence, constant development and improvement of strategies to compete with the competitors have to be taken into the priority concern for all insurance firms.

Last but not least, developing their marketing mix (4P's) strategies regularly would benefit for entrepreneurs to improve their business structures in order to meet the need of customers effectively.

13. Further study

Because this research study focuses just on Vientiane Capital, Lao PDR and customers who choose to get motor insurance through an insurance provider. Researcher suggested that similar research should be conducted in different provinces and use other variables that may related to the variables studied in this research. Further study might focus on study which media is the most effective factors in motivating customers purchasing decision for motor insurance.

This study solely focused on quantitative data. The researcher proposes that if future studies have adequate time and fund, they should apply quantitative research, such as interviews, to collect in-depth information, experiences, feelings, and knowledge from respondents. This method is capable of reducing biases in research results and assisting the searcher in accurately analyzing material.

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